



City of Oak Hill, Florida

Budget Workshop Minutes
August 11, 2025 – 4:30 PM
City Hall, Commission Chambers

Call to Order

The Budget Workshop of the City Commission of the City of Oak Hill, Florida was called to order on Monday, August 11, 2025, at 4:30 PM by **Mayor Ricky Taylor**.

Invocation and Pledge of Allegiance

The invocation was followed by the Pledge of Allegiance to the Flag of the United States of America.

Roll Call

Roll call was conducted by **City Manager John Barkley**.

- Commissioner Hyatt – Present
- Vice Mayor Catigano – Present
- Commissioner Drollinger – Absent
- Commissioner Werning – Present
- Mayor Ricky Taylor – Present

Quorum present: Four (4) of five (5) Commissioners.

Opening Remarks

Mayor Taylor welcomed attendees and noted that the purpose of the workshop was to review and discuss the tentative Fiscal Year 2025–2026 budget.

Budget Workshop Discussion

City Manager John Barkley provided an overview:

- This workshop is part of a series leading to the adoption of the FY 2025–2026 budget, effective **October 1, 2025**.
- Upcoming key dates:
 - **August 25, 2025 (4:30 PM):** Finalize tentative budget.
 - **September 8, 2025:** Adopt tentative budget and millage rate.
 - **September 22, 2025:** Adopt final budget and millage rate.
 - **October 1, 2025:** Start of Fiscal Year 2025–2026.
- These dates will be posted on the City’s website.
- Mr. Barkley introduced **Mr. Brendan McKitrick** of James Moore & Co., the City’s financial consultant, noting the firm’s partnership in guiding Oak Hill’s financial planning and providing oversight throughout the year.

Mr. Brendan McKitrick presented an overview of the proposed budget framework:

- Revenue projections were based on the prior year’s millage rate, along with available state revenue estimates.
- For revenue categories not yet updated by the State, a **12-month rolling estimate** was used. Adjustments will be made once updated figures are released.
- **Expenditure:**
 - Payroll remains the largest driver of operating costs. A payroll worksheet with assumptions was included in the draft.
 - Adjustments may be made during the process based on Commission direction.
 - Grant activity is included within the **Special Revenue Fund** and tracked separately from general operations.
 - Capital projects are limited at this stage, aside from grant-funded activity.
 - Debt service is accounted for according to existing agreements.
- McKitrick emphasized that this was a high-level review, with further details to be provided in subsequent workshops.

City Manager Barkley –ditch maintenance line item:

- \$13,000 under Street Non-Capital to track costs at \$2 per linear foot for ~6,900 feet.

City Manager Barkley – On payroll:

- Three percent of COLA applied to all positions based on CPI trends.
- Each 1% adjustment equals \$10,000.

McKitrick – Clarified that FY 2025 actuals were not annualized for all positions, so FY 2026 reflects a full year with COLA applied.

City Manager Barkley – Summarized budget philosophy:

- Maintain steady spending.
- Avoid “wish list” items.
- Prioritize base maintenance.
- Preserve financial stability.

Commissioner Werning inquired about the reduction in projected **ad valorem tax revenue**, noting that the proposed FY 2025–2026 budget reflected \$110,000 **less** than what was received in the prior fiscal year.

- **Commissioner Werning:** Referenced a budget-to-actual report from QuickBooks (as of August 7, 2025) indicating actual income of approximately **\$1,381,388** for FY 2024, compared to the proposed budget projection of **\$1,272,000** for FY 2026. She questioned why the City would project significantly lower ad valorem revenue despite higher actuals and rising property values in Oak Hill.
- **Mr. Brendan McKitrick (James Moore & Co.):** Responded that the proposed schedule presented showed the prior adopted budget compared against actuals and acknowledged that further review of the **general ledger details** would be necessary to reconcile the discrepancy. He emphasized that ad valorem revenues are based on **property values, millage rates, and collect percentages**, and confirmed that if actual revenues are higher, then projected revenues should reflect that trend.
- **City Manager John Barkley:** Noted that the city takes a **conservative approach** in budgeting revenues to avoid overestimating income. He explained that any revenues collected beyond budgeted amounts can be used for **carryover, reserves, or mid-year budget amendments**, thereby strengthening the City’s financial position. Mr. Barkley reported that the City is currently operating **under budget of several hundred thousand dollars in expenditure and above budget by over \$100,000 in revenues**, which reflects a positive and responsible financial position.

Non-Ad Valorem Assessment – Solid Waste Fees

- **City Manager Barkley** reported a change in the **non-ad valorem solid waste fee** included in the proposed budget. The draft budget reflected an increase from **\$320 per household to \$350 per household** in anticipation of a substantial rise in trash collection service costs once the City renegotiates its waste services contract (set to renew at the end of October 2025).
- He clarified that the Commission may choose to leave the fee at **\$320 per household** if desired, but the increase to **\$350** was included to ensure adequate coverage for anticipated costs.
- **Mr. McKitrick** added that, for budgeting purposes, revenues and expenses were matched **one-to-one** in this line item. Since the new contract figures are unknown, the adjustment was made as a conservative planning measure to avoid a shortfall.

Commissioner Werning asked for clarification regarding the proposed **solid waste fee adjustment**.

- **Mr. McKittrick** explained that the **estimated amount is \$350 per household**, with the expense side of the budget matched accordingly, given the uncertainty of the upcoming waste contract renewal. He noted this adjustment appears under line item– **Solid Waste Services**.

Ad Valorem Millage Rate

- **Commissioner Werning** inquired whether the **millage rate** was being proposed to remain unchanged.
- **City Manager Barkley** confirmed the rate is to remain at **5.680 millage per \$1,000 of taxable value**, the same as the prior fiscal year.
- Mr. Barkley further explained that if the Commission were to adopt a **rollback rate**, projected revenues would decrease significantly. By maintaining the same millage, the City benefits from the **increase in property values**, noting that Oak Hill had the **highest property valuation increase in Volusia County**.
- He described this as both “something to be proud of, but also a little concerning,” given the rapid pace of appreciation.

Budget Overview

- City Manager Barkley noted that the proposed budget reflects **48.2% less in total operating expenditure** compared to the prior year, an anomaly due to one-time revenues from sewer-related funding.
- He emphasized that while the City is reducing overall expenditures, the financial plan remains stable and responsible.

Public Works Equipment

- Discussion turned to **public works equipment needs**.
- **City Manager Barkley** stated that the city intends to purchase needed equipment, including a **tractor for ditch maintenance**, during the **current fiscal year** rather than budgeting for it in FY 2025–2026. Funds are available this year for this purpose, including the potential use of **American Rescue Plan (ARPA) funds**.
- **Public Works Supervisor Travis Allen** has researched purchase options, including the use of a **cooperative contract**, which may streamline procurement without requiring a full competitive bid process.
- A detailed proposal may be brought forward for Commission consideration at the **August 25, 2025, workshop/meeting** if finalized in time.
- City Manager Barkley emphasized that staff is focused on **meeting current operational needs** and avoiding unnecessary additions to the upcoming year’s budget.

General Budget Philosophy

- Mr. Barkley concluded this portion of discussion by reiterating his message to staff and Commissioners: **“Let us keep it even. This is not wish list territory.”** He stressed that

the city does not have the luxury at this time to pursue projects or spending beyond essential needs.

City Manager Barkley emphasized the importance of maintaining financial stability:

- Recommended a **“keep it even”** approach to avoid overspending on capital purchases in the coming fiscal year.
- Reiterate that **base maintenance remains the number one priority** for the city.
- Reported the addition of a **\$13,000 line item** (under **Streets, Non-Capital**, page 7 of 9 in the proposed budget) to track **ditch maintenance costs**.
 - This was defined using the **Volusia County cost estimate of \$2 per linear foot**, with Oak Hill responsible for approximately **6,900 linear feet** of ditches.
 - While modest in the current draft, the line item is expected to grow as more accurate costs are tracked.

Mayor Taylor asked which line the \$13,000 appeared under, and Mr. Barkley confirmed it was within **Street, Non-Capital** with a note identifying ditch maintenance.

Employee Compensation

- **City Manager Barkley** noted a **3% cost-of-living adjustment (COLA)** was included in the payroll assumptions across all positions.
- It stated that the city currently has a projected **\$127,000 surplus**, which is planned to be held in **reserves** but could be used to increase salary adjustments if the Commission desired.
 - Each **1% increase in COLA would cost approximately \$10,000**.
- Mr. Barkley explained that the **3% COLA assumption** was recommended by James Moore & Co. based on prevailing **Consumer Price Index trends** and inflationary indicators.

Commissioner Werning noted that the **3% COLA appeared in the FY 2025 budget calculations** but was unclear in the FY 2026 worksheet.

- **Mr. McKittrick** explained that the FY 2025 budget did not reflect full-year payroll figures for several positions due to mid-year adjustments. Therefore, FY 2026 figures were **annualized with the COLA applied**, which may not appear as a direct 3% increase when compared side-by-side with FY 2025 actuals.
- He confirmed that the **FY 2026 budget figures do incorporate the COLA adjustment** for all positions.

Mayor Taylor asked for clarification on whether the **City Clerk’s salary was less than the Deputy City Clerk’s** according to the worksheet.

- **Commissioner Werning** clarified that the **City Clerk position is higher ranked than the Deputy City Clerk**, and therefore the salary should reflect that hierarchy.

- **City Manager Barkley** acknowledged the discrepancy in the worksheet, noting it may be a **miscalculation or mislabeling**. He confirmed that the **City Clerk's salary should be higher** than the Deputy City Clerk's and that this item would be **reviewed and corrected**.

Payroll and Position Clarifications

- **City Manager Barkley** clarified that the correct title for his position is **Executive**, not "Administrative." He acknowledged that the use of "City Clerk" within the budget worksheets was an oversight and would be corrected.
- He explained that the salary lines for **City Clerk** and **Deputy City Clerk** appeared to have been misaligned in the FY 2026 projections, with the Deputy's salary being incorrectly reflected under the Clerk line item. Adjustments will be made and a corrected version brought back to the Commission.

Law Enforcement Contract (Volusia Sheriff's Office)

- **Commissioner Hyatt** asked about potential increases in the City's law enforcement services contract.
- **City Manager Barkley** stated that, while the contract contains an **escalation clause**, the City has **not received any notice of an increase** from the Sheriff's Office.
- **Commissioner Hyatt** expressed hope that costs would remain flat.
- **Commissioner Werning** noted that other cities, such as Pierson, had experienced sharp increases (up to 10%) and had even considered terminating their contracts with the Sheriff's Office due to affordability concerns.
- **City Manager Barkley** stated that, in the absence of official notice, the budget nevertheless includes a **3% increase as a conservative measure**.
- **Mr. McKittrick** confirmed that the increase was built into the FY 2026 proposal to ensure coverage if rates are adjusted.

Grants and Special Revenue

- **City Manager Barkley** reported that the city has secured **\$186,888 in grant funding for the Canal Avenue Drainage Project**.
- The proposed budget shows **\$300,000 under the Special Revenue category** on the first summary page, which includes:
 - The confirmed **\$186,888 grant**.
 - An estimated balance of approximately **\$110,000** in potential grant awards still pending, including applications through **Transform 386** and other programs.
 - Possible future grants for projects such as **pickleball courts** and **stormwater improvements**, though not yet secured.
- **Commissioner Werning** sought clarification on where these grant revenues were reflected in the budget worksheets.
- **City Manager Barkley** explained that they are captured within the **\$300,000 "Special Revenue" line item** on the summary page, though not broken down further at this stage.

- Commissioners noted that more details may be needed in future drafts to clearly track specific grant-funded projects such as the **sewer project on Halifax Avenue** and the **Canal Avenue drainage project**.
- City Manager Barkley noted that in the budget narrative, the **City Manager position should be categorized as “Executive” rather than “Administrative.”** He also clarified that the title “City Clerk” would no longer be used going forward, acknowledging that its appearance in the draft budget was an oversight. Corresponding line items and totals will be adjusted accordingly, including hourly wages shifting from FY25 to FY26 to reflect the Deputy City Clerk’s position.
- **Sheriff’s Contract:**
Commissioner Hyatt asked if the Volusia County Sheriff’s Office contract had increased. **Mr. Barkley** explained that while the agreement includes an escalation clause, the city has received no notification of an increase. A conservative 3% increase was included in the budget as a precaution. Commissioners discussed recent disputes between other municipalities and the Sheriff’s Office regarding rising costs, noting that Oak Hill must remain prepared should increases occur.
- **Grants and Special Revenue:**
Mr. Barkley highlighted that the city successfully secured **\$186,888 in grant funding for the Canal Avenue Drainage Project**. The FY26 budget shows a round number of **\$300,000 in Special Revenue** on the first page, which encompasses the Canal Avenue funds plus potential additional awards (such as Transform 386 or future grant opportunities). Possible future projects mentioned included pickleball courts and stormwater improvements.
- Commissioner Werning asked where the **\$3 million grant for the Halifax sewer project** appeared in the budget. **Mr. Barkley** clarified that the \$300,000 shown was within the General Fund, while the \$3 million Halifax sewer project was a **special revenue project funded through cost-reimbursement draws** (like the Indian Harbor sewer project). Commissioner Werning stressed that this funding should be clearly reflected in both income and expense lines to avoid showing negative expenditures without offsetting revenue. **Mr. Barkley** agreed and stated he would provide the Commission with a **special revenue analysis** comparing the current year and proposed FY26 to break out those amounts.
- **State Revolving Fund (SRF) Grant Revenue:**
Commissioner Werning further noted that the City receives **\$6,000 per month (\$72,000 annually)** from Volusia County to offset the SRF loan and requested that this revenue be reflected in the budget. **Mr. Barkley** stated he would review the agreement and ensure the amount is added if not included.
- **Half-Cent Sales Tax:**
Commissioner Werning questioned why the **half-cent sales tax revenue estimate decreased** from \$140,000 in the prior year to **\$136,000 for FY26**. **Brendan** explained that these figures come directly from the State’s July 1 revenue estimate and the city is required to use the published projection. **Commissioner Werning** expressed concern about the reduction, noting that Oak Hill has historically met or exceeded its budgeted revenues in this category. The Commission also questioned whether the half-cent sales tax has an expiration date and directed staff to research this further.

- **Sanitation Revenue & Fund Balance:**

Brendan reviewed the sanitation assessment, explaining that moving to **\$350 per EDU** would increase revenue to approximately **\$127,000**, reflected on the first page of the budget under fund balance reserves.

- **Fund Balances and Trash Service**

City Manager Barkley noted that the fund balance would increase with the addition of \$350 for EDU trash service, pending Commission approval. Commissioner Werning sought clarification on the change, and City Manager Barkley confirmed that the increase to \$127,000 reflected the updated trash service rate. Brendan explained that the difference between the original \$120,000 and the new \$127,000 balance was strictly attributable to the revised trash service rate. The original \$120,000 fund balance was a conservative approach to maintain sufficient carry-forward funds, while the \$7,000 increase resulted from a last-minute adjustment to trash fees. Commissioner Werning confirmed that the revised fund balance would be reflected in the next budget iteration.

- **Echo Grant Inquiry**

Commissioner Werning asked about an \$11,128 Echo grant received in February 2025. City Manager Barkley could not immediately recall the purpose, noting that the last Echo grant he remembered was for the ball field. Vice Mayor Catigano clarified that the last playground equipment installation at Nancy Cummings Park was approximately \$68,000 and fully new. Commissioner Werning indicated that the expenditure did not appear in the P&L report and may have been included in the 2023–2024 budget rather than the current year. City Manager Barkley agreed to verify and provide clarification.

- **Land Development Revenue**

Commissioner Werning inquired about line item 00341202 (Land Development). Brendan explained that the account was originally set up to track developer fee reimbursements that were not billed for six months. Payments received from developers should correspond to the related legal, engineering, or planning expenses. Commissioner Werning noted that approximately \$78,000 had been recovered by developers, with additional amounts still outstanding. City Manager Barkley confirmed that about \$20,000 in delinquent invoices had been collected since his tenure began.

- **State Highway Compensation and Lien Inquiries**

Commissioner Werning noted that no state highway compensation was budgeted for 2025–2026, which was consistent with actual collections. He also highlighted that lien inquiry revenue had totaled \$2,000 in the current year, while only \$1,000 was budgeted for next year. Brendan explained that a conservative approach was applied to that revenue line.

- **Solid Waste and Animal Services Contracts**

Commissioner Werning confirmed that the City maintained a contract with the County for solid waste and animal services, with payments budgeted accordingly. Commissioner Drollinger inquired about the POW property payment, which was paid annually in June and applied to debt service line item 519710.

- **Debt Service and SRF Loan**

City Manager Barkley provided an overview of the debt service schedule, noting a principal payment of \$34,611 and interest of \$4,342. He acknowledged that the accounting system had posted all payments as principal reductions, and the contract's interest rate was not clearly documented. Brendan noted the interest rate at 1.99% and

confirmed the loan maturity date as July 16, 2031. Commissioner Werning raised a concern regarding long-term debt line item 39539710 (SRF debt service principal), which appeared under-budgeted compared to the prior year. The Commission agreed that this line item required further review and potential adjustment.

- **County Reimbursements / SRF:** Commissioner Werning questioned relying on county reimbursement without a separate contract and the contract's term. The City Manager clarified that the budget line combines principal and service fees, explaining a \$10,053 total for SRF, including service fees under long-term debt.
- **Line-Item Clarifications:**
 - Software for the Building Department: \$3,000 budgeted for a community development software program; costs will be spread across departments.
 - Code Enforcement Overtime: Duplicate line items noted; will be consolidated.
 - PTO Tracking: Currently only in Public Works. Commissioner Werning suggested separate schedules for all departments to track PTO liability and usage. The City Manager noted it is tracked as an accrued liability for audits but not reflected in the budget.
 - Magistrate Fees: \$4,000 budgeted; actual payments \$2,000. City Manager to review historical trends to adjust.
 - Pest Control: Contracted at \$450/month (\$5,400 annually); budgeted only \$3,000. City Manager to correct budget.
 - Cleaning Services: Contracted at \$3,600/year; budget to be reviewed.
 - Promotional Activities: Past budgets \$12,000; further review required.
- **Overall Budget Status:** City Manager reported the budget is solid with some accounting nuances. Emphasize conservative approach and flexibility to amend if new revenue sources arise.

Commissioner Werning:

- Wants to increase funding for the Christmas parade and other events.
- Noted no budgeted amount for IT services this year. Paid so far: \$6,680. Questions where it shows in the budget.
- General operating supplies: Budgeted \$3,500, but \$4,500 already spent → shortfall.
- Janitorial supplies: No budgeted amount; currently posting expenses → need allocation.
- Website/domain costs: \$5,000 for hosting; Facebook domain costs need to be added.
- Mentions other items: Powell property, police contract, building inspector.
- P&L report; Tosha is now preparing it.

Commissioner Hyatt:

- Suggested Werning make a list and review it with City Manager before the full commission meeting.

City Manager (Barkley):

- Confirms the additional budget workshop scheduled for July 25th (tenant-related) → should provide time to address issues.

- Surplus reserves/fund balance: Clarifies this is not technically an emergency fund; currently just a proposed fund balance. Policy for emergency funds is forthcoming. Last year \$20,000 was in the fund, still available.

Public Input:

1. **Tamee Kreek (124 North Gaines):**
 - Asked about surplus reserves → clarified by City Manager.
 - Suggested established policy to maintain a percentage of cash in the general fund for emergencies.
2. **Dru Ann Welch (222 Cypress Avenue):**
 - Emphasized importance of monthly **Actual vs Budget / P&L reports** to track spending.
 - Stressed that commissioners need these reports to make accurate budget decisions and prevent under-budgeting or overspending.

Mayor Taylor:

- After public input, the workshop concluded with a motion by Commissioner Hyatt & Seconded by: Commissioner Werning to adjourn.
- **Note:** In accordance with Resolution 2006-17, a three-minute time limit per speaker is enforced. If any individual decides to appeal a decision made during this meeting, a verbatim record of the proceedings will be required as per Florida Statute 166.041(3)(A).

- **Attest:**

X

City Manager
John Barkley

X

Ricky Taylor
Mayor