DeFuniak Springs City Council
Budget Workshop #3 Minutes
1350 Baldwin Avenue, City Hall
June 15, 2026

Mayor B. Campbell called the meeting to order at 4:02 p.m. followed by the invocation and Pledge of Allegiance.

The following members were present: Mayor Bob Campbell; Councilmember Todd Bierbaum (Seat 1); Councilmember Josh Sconiers (Seat 2); Mayor Pro-Tempore Amy Heavilin (Seat 3); Councilmember Danny Cosson (Seat 5).
Also present were City Manager Koby Townsend, City Attorney Clay Adkinson, and City Clerk Madison Lewis.

Absent: Councilmember Glen Harrison (Seat 4)

ITEM 2 – ESTIMATED REVENUES

2.A. General Fund Revenue Overview/Forecast

City Manager K. Townsend presented an overview of projected Fiscal Year 2026-2027 revenues and reviewed current year revenue trends. He advised that final taxable values from the Florida DOR are expected in July and noted that any proposed constitutional amendment affecting homestead exemptions would not impact the Fiscal Year 2026-2027 budget but could affect future budget cycles.

Councilmember A. Heavilin requested clarification regarding projected revenue collections and budget assumptions.

City Manager K. Townsend reported that General Fund revenues budgeted for Fiscal Year 2025-2026 total $14,728,000. He advised that, as of March 31, 2026, General Fund revenues totaled approximately $4.9 million and expenditures totaled approximately $5.6 million. He noted that several major revenue sources, including grants and fund transfers, had not yet been fully received. He also reported that budgeted transfers include approximately $2,757,675 from the Water, Sewer, and Gas Funds and approximately $1.6 million from sanitation-related revenues.

Councilmember D. Cosson expressed concern regarding future reductions in ad valorem tax revenues and the city's ability to maintain service levels if constitutional amendments reduce local government revenues.

Councilmember A. Heavilin emphasized the importance of identifying future revenue gaps and prioritizing expenditures accordingly.

City Manager K. Townsend reported that utility transfers from the Water, Sewer, and Gas Funds are budgeted at $2,757,675, representing approximately 18.7% of projected General Fund revenues.

Councilmember J. Sconiers expressed concern regarding the city's continued reliance on utility transfers and referenced previous discussions regarding reducing transfers to approximately 10% of General Fund revenues.

City Manager K. Townsend advised that current financial obligations do not allow a reduction in transfers at this time and stated that staff are not recommending an increase in transfers for Fiscal Year 2026-2027.

Councilmember T. Bierbaum noted that implementation of the City's pavement management plan is expected to require approximately $500,000 annually beginning in Fiscal Year 2028 and expressed concern regarding identification of future funding sources.

2.B. FY26 Comprehensive Fee Schedule

City Manager K. Townsend reviewed the Comprehensive Fee Schedule and advised that several fee categories have recently been updated. He noted that utility rates will be adjusted in accordance with the Consumer Price Index pursuant to the city's adopted rate resolution.

Cemetery Fees

City Manager K. Townsend reported that cemetery fees have remained unchanged for several years and may require future review due to increasing operational costs.

Councilman T. Bierbaum suggested increasing cemetery fees to ensure they remain consistent with maintenance and operational expenses.

Planning and Development Fees

City Manager K. Townsend reported that revised development review fees cover consultant review expenses and reduce General Fund subsidization of development activities.

Senior Center Revenues

City Manager K. Townsend reported that Senior Center revenues are currently exceeding budget projections and advised that staff has requested additional funding support from Walton County.

Christmas Reflections Revenues

City Manager K. Townsend reported that Christmas Reflections revenues were below projections and stated that staff are evaluating opportunities to improve future event revenues.

Councilmember D. Cosson attributed lower attendance in part to weather-related impacts.

Commercial Sanitation Rates and Additional Residential Containers

City Manager K. Townsend presented information regarding sanitation revenues and explained that commercial dumpsters, commercial cans, and additional residential containers are billed at actual cost without generating additional revenue for the city.

Councilmember D. Cosson expressed interest in evaluating whether sanitation fees should include a surcharge to generate additional revenue.

Councilmember T. Bierbaum cautioned against increasing fees on businesses already facing additional assessments and operating expenses.

City Manager K. Townsend reported that revenues associated with commercial sanitation service and additional residential containers were budgeted at $880,000 for Fiscal Year 2025-2026. He advised that collections throughout May totaled approximately $629,000, indicating revenues were generally tracked with budget projections.

Knuckle Boom Operations

Mayor B. Campbell expressed concern regarding repeated service calls, mixed debris piles, and abuse of the city's knuckle boom collection program.

Public Works Director Andrew Anderson reported that staff recently implemented a pilot collection schedule intended to improve route efficiency and reduce unscheduled pickups. He advised that the pilot program has shown positive results and recommended additional evaluation before making permanent operational changes.

City Manager K. Townsend reported annual personnel costs of approximately $176,000 and operating expenses of approximately $46,000, for a total annual operating cost of approximately $222,000. He noted that these figures do not include future vehicle replacement costs and that the most recent knuckle boom truck purchase cost approximately $250,000, with a service life of 5 to 7 years.

CRA Funding Discussion

Councilmember D. Cosson inquired about Community Redevelopment Agency funding levels and whether CRA funds could be redirected toward other City priorities.

City Manager K. Townsend explained that the city's Fiscal Year 2025-2026 contribution to the CRA Trust Fund is approximately $1.1 million and clarified that a previously referenced trust fund balance of approximately $3.4 million represents accumulated CRA reserves rather than the city's annual contribution.

Councilmember T. Bierbaum stated that CRA funds should continue to be used to accomplish eligible redevelopment projects that might otherwise require General Fund expenditures.

City Attorney C. Adkinson explained limitations on CRA expenditure and discussed examples of infrastructure and redevelopment projects eligible for CRA participation. He Explained potential future CRA sunset/termination options and how CRA funds are restricted to redevelopment purposes.

ITEM 3 – CAPITAL IMPROVEMENT PLAN PROJECTS

3.A. 2026-2031 CIP

City Manager K. Townsend reviewed the status of projects included in the 2026-2031 Capital Improvement Plan. He reported that the Library Project is complete and will be removed from the Capital Improvement Plan. Mr. Townsend advised that the Police Department Headquarters project remains inactive and reported progress on repairs to the Chautauqua Hall building.

Chief J. Hurley reported that the Washington-Holmes Technical Center drafting program may assist with portions of the Police Department planning effort, reducing consultant costs.

City Manager K. Townsend reviewed the status of Twin Lakes Drive improvements, City Hall planning efforts, Lakeview Drive improvements, Safe Streets and Roads for All initiatives, Reconnecting Communities grant activities, and sidewalk projects.

Councilmember A. Heavilin questioned why certain projects were listed as inactive.

City Manager K. Townsend explained that funding remains budgeted for those projects, but design, grant, or implementation activities have not yet commenced.

Councilmember T. Bierbaum expressed interest in removing the Permanent Outfall project from the Capital Improvement Plan for future consideration.

ITEM 4 – CITY COUNCIL GENERAL DISCUSSION/FOLLOW UP

Council members provided follow-up comments regarding long-term infrastructure funding, revenue diversification, utility transfers, and future budget priorities.

Councilmember T. Bierbaum requested that the City Manager provide a budget scenario showing projected revenues and expenditures without balancing adjustments so the Council could better evaluate the City's funding gap and future budget priorities.

ITEM 5 – ADJOURNMENT

Mayor B. Campbell adjourned the meeting at 6:01 p.m.

Approved:

Bob Campbell, Mayor

ATTEST:

Minutes taken by Madison Lewis, City Clerk
Proper notice having been duly given