MINUTES

CITY OF COCOA
FISCAL SUSTAINABILITY WORKSHOP

June 29, 2017

A Fiscal Sustainability Workshop was held on Wednesday, June 29, 2017, in City Council Chambers. Cocoa City Hall, 65 Stone Street, Cocoa, Florida as publicly noticed.

I. OPENING MATTERS:

Mayor Parrish called the workshop to order at 5:37 p.m.

Present:	Henry Parrish	Mayor
	Don Boisvert	Deputy Mayor
	Brenda Warner	Councilwoman
	Clarence Whipple	Councilman
	Jeri Blanco	Councilwoman
	John Titkanich	City Manager
	Matt Fuhrer	Assistant City Manager
	Monica Arsenault	Assistant City Clerk
Absent:	Anthony Garganese	City Attorney

Other Staff Members Present:

Tammy Gemmati, Administrative Services Director; Jack Walsh, Utilities Director; Ed Wegerif, Public Works Director; Nancy Bunt, Acting Community Services Director; Larry Lallo, Economic Development Manager; Gene Prince, Fire Chief; Jonathan Lamm, Deputy Fire Chief; Michael Cantaloupe, Chief of Police; Robert Beach, I.T. Manager; Teri Butler, Finance Director; Lora Howell, Deputy Finance Director; and Lea Taylor, Budget Analyst.

City Manager Titkanich advised the budget meeting is necessary to update and present opportunities, strategies, present projects, to review the budget to date, to look towards the FY 2018 improvements and infrastructure, and to look to Council for direction. He further mentioned that Burton and Associates would provide an interactive presentation.

II. WORKSHOP TOPICS:

1. Current Budget Update by City Manager

City Manager Titkanich introduced the FY 2018 Budget [illegible]orities and Fiscal Sustainability Presentation[1].

City Manager Titkanich defined the meaning of a "budget". He sh[illegible] a snapshot report of the FY17 budget as of May 31, 2017.

He presented the revenue trends of the General Fund, the Water/S[illegible] fund, and the Stormwater Fund. He also presented a more detailed graph of the [illegible]eral Fund revenue trends which correlates with the FY17 General Fund revenues by [illegible]ing source as of May 31, 2017.

City Manager Titkanich presented a snapshot of the Water/Sewer [illegible]s and Stormwater funds for FY17 through May 31, 2017.

He explained the Actual Expenditures General Fund and Actual E[illegible]ses Water/Sewer fund by category as of May 31, 2017 and shared the FY18 Water/[illegible]er Budget overview, which is only projected at this time.

He explained that in FY15 Stantec (Burton and Associates) work[illegible] ith City staff to develop a model for Cocoa's General Fund. He announced that th[illegible] y will continue to work with them in FY18.

Furthermore, City Manager Titkanich shared the General Fund Fi[illegible] Sustainability Model from the FY17 Workshop last year. He explained that staff [illegible] made anticipated adjustments to the model over the course of the next several years [illegible] to projects such as the Walmart Distribution Center.

City Manager Titkanich went on to discuss the preliminary FY18 [illegible]eral Fund Budget which he explained will still need tweaking. He reviewed budget [illegible]ense increases and decreases.

Increases:

- Salaries 3%
- Health Insurance 5%
- Worker's Comp 8%
- General Liability Insurance 10%
- Property Insurance 5%
- Auto Insurance 15%
- Public Safety Pensions – Police 28% and Fire 4%
- Fire Station Debt Service – Projected: $425,000 per year
  Actual: $465,000 per year

Decreases:

[1] Exhibit A: Budget Priorities and Fiscal Sustainability Presentation

- Federal and State Grants (with no offsetting expenses)
- Reduction in certain State shared revenues
- Reduced State Contribution to Public Safety pensions, combined 4% from FY17
- Lower than projected property valuation increase, 2.7% versus 4.5%

2. Priority Budget Items

City Manager Titkanich reviewed the framework for budget prioritization. The criteria is as follows:

Priority I –Imperative: Projects represent projects that cannot reasonably be postponed in order to avoid harmful or undesirable consequences.

- Addresses a condition dangerous to public health, safety or welfare.
- Achieves compliance with a mandate or other legal obligation (contract/development order).
- Alleviates an emergency service disruption or deficiency.
- Prevents irreparable damage to a critical public facility.

Priority II –Essential: Projects represents projects that address clearly demonstrated needs or objectives.

- Projects identified in the 2016-2021 Strategic Plan that will stimulate economic growth and induces opportunity to attract private capital investment.
- Deferment would result in severe degradation of public facilities and/or reduction in level of service.
- Reduces future operating and maintenance costs and advances fiscal sustainability.
- Leverages available federal, state or county funding or public-private partnerships (grant awarded or public-private partnership, matching requirement considerations).
- Reduces demand on natural resources and/or promotes sustainability.

Priority III –Important: Projects represent projects that benefit the community but may be delayed without detrimental effects to core municipal services.

- Rehabilitates or replaces an obsolescent public facility.
- Provides a new or expanded level of service to City of Cocoa residents and/or business owners.
- Leverages available federal, state or county funding (grant opportunities/joint funding).
- Enhances natural or cultural resources.

Priority IV –Desired: Projects represent projects that would add value to the community's quality of life, but are not necessary to the delivery of core municipal services.

- Promotes and enhances the City of Cocoa's image, physic...n ...r emotionally.
- Enhances and expands recreational or community ameniti...
- Presents an opportunity to enhance and strengthen commu...i... identification within the Space Coast region

City Manager Titkanich discussed capital projects expressed by ... ... Council Members that are NOT included in FY18 GF Budget:

- Parking garage ($6.4 M)
- Civic Center ($7.7M)
- Dr. Joe Lee Smith Center ($2.9M)
- Heart of Cocoa Community Meeting Room ($200,000)

He expressed the importance of considering the additional c... for operation and maintenance on each of these projects.

City Manager Titkanich asked Council if there are other proje... ...at they would like staff to consider.

Mayor Parrish inquired about the high costs of these projects. ... Manager Titkanich stated that the costs are not numbers that staff put together, they ... determined by the City's architect.

Discussion followed regarding the Civic Center. City Manager T...nich stated that the City has to compete the surrounding areas. Councilwoman Wa... ...dded that the City also competes with Civic Centers located beachside. Additionally ... added that she felt the only project listed in which the City would collect a return ... ...stment is the Civic Center project as it can be rented.

Mayor Parrish expressed that he felt the costs of the projects ... ...ed very high. City Manager Titkanich stated that a market study for facility use can ...mine which project may be most efficient.

Councilman Whipple stated that he felt both the updated Civic C... and parking garage are both projects that the City needs, however, he mentioned the ...nise that was made to Cocoa citizens to build a Community Meeting Room. He ...uraged Council to consider moving forward with this project.

Councilwoman Blanco stated that she had no problem considerin... ...is project as long as the citizens showed a commitment to utilize the facility.

City Manager Titkanich explained that while the City has boug... ...e land, created the design, and committed to maintain the exterior of the building, ... is the issue of who will maintain the inside of the building, which involves janitorial ... ...ces and security.

Councilwoman Warner inquired who the group is that was wanting to partner with the City to maintain the building. In response, City Manager Titkanich stated that Mr. Nate Hooks and his group had come forward to partner with the City amongst other groups.

Council members raised concerns regarding the interior maintenance, to which City Manager Titkanich suggested that a deposit could be retained in the event that citizens use the facility and do not clean up when they are finished.

City Manager Titkanich also mentioned that the neighboring church has expressed interest in purchasing the property.

Councilwoman Warner inquired if Mr. Hooks could be contacted and asked to attend the next Council meeting to discuss a partnership with the City to maintain the building.

Councilwoman Warner, Councilwoman Blanco, and Deputy Mayor Boisvert expressed several concerns regarding the maintenance and safety of the facility.

City Manager Titkanich stated that since money has already been set aside for the project the City has the ability to move forward. He asked Councilman Whipple to reach out to citizens in the community to see if there are any groups who would like to partner with the City to commit to maintaining the building.

City Manager Titkanich elaborated on capital project financing alternatives.

City Manager Titkanich reviewed the basis for the FY18 General Fund budget analysis. He stated that this is a preliminary budget, and that adjustments still need to be made. He stated that the GF recommendations are as follows:

- No millage rate increase, maintain at 5.9790
- Consider 5% annual adjustment to Fire Assessment rates
- Adopt Public Service Tax (city customers water service only)
    - Effective January 1, 2018
- Fund balance policy
    - Reserves used for capital expenses only, not recurring expenses
    - Preserve Fund Balance at minimum reserve requirement
- Continue use for catalytic capital projects to enhance City growth and quality of life
    - Utilize Fund Balance available to fund projects
    - Capital Projects – potential revenue source for future operations and maintenance

3. Fiscal Sustainability Presentations, Burton and Associates

City Manager Titkanich shared a tentative FY18 FAMS screenshot. He invited Burton and Associates members Mike Burton and Vita Quinn to share their Fiscal Sustainability Presentation. Mr. Burton pointed out the additional CIP Capital Outlay over the next three fiscal years. He expressed that the City definitely has the financial sustainability to fund several capital projects throughout the next three years. He expressed that even though it is hard to anticipate unexpected costs such as storm damages or a need for additional staff, the City should feel secure in moving forward with the current plan.

City Manager Titkanich asked for direction from Council to approve or decline the proposed FY18 Budget.

A CONSENSUS WAS MADE BY COUNCIL TO ACCEPT THE PROPOSED FY18 BUDGET.

City Manager Titkanich reviewed upcoming events pertaining to Public Hearings and Budget Workshops.

III. ADJOURNMENT:

* **MOTION by Deputy Mayor Boisvert; Seconded by Councilman Whipple to adjourn the Fiscal Sustainability Workshop of June 29, 2017.**

AYES: Parrish, Boisvert, Warner, Blanco, Whipple

THE MOTION PASSED UNANIMOUSLY (5-0)

The Fiscal Sustainability Workshop adjourned at 8:00 p.m.

Henry J. Parrish III, Mayor

ATTEST:

Carie Shealy, City Clerk
(Transcribed by M. Arsenault, Assistant City Clerk)

EXHIBIT A: Budget Priorities &
Fiscal Sustainability Presentation

COCOA
FLORIDA

FY 2018
Budget Priorities & Fiscal Sustainability Workshop

June 29, 2017

Agenda

COCOA FLORIDA

- Review of FY2017 Budget to date
- FY2018 Priority Budget Items
  - Capital Outlay Budgeted
  - Capital Projects not budgeted – City Council discussion and consensus on expressed projects
- Interactive Financial Analysis Management System (FAMS) Model – Stantec (Burton & Associates)
  - City Council Discussion and Direction
- FY2018 Budget Calendar

What is a budget?

- *Planning Tool*
  - Link between Strategic Plan and Resource Allocation
  - Roadmap to carry out City Council's policies and initiatives
  - Provides for long-term financial sustainability
- *Communication Tool*
  - Communicates to citizens what services they can expect and how their tax dollars are being spent
  - Defines how the City will allocate its resources to accomplish what it identifies as important (Strategic Plan)
- *Control Tool*
  - Ensures accountability, trust and transparency in managing the taxpayer's money
  - Offers a monitoring device to ensure the City is staying the course with the budget
- **Management Tool**
  - Establishes spending for upcoming Fiscal Year
  - Identifies "How much it costs?" to provide services

FY2017 Review

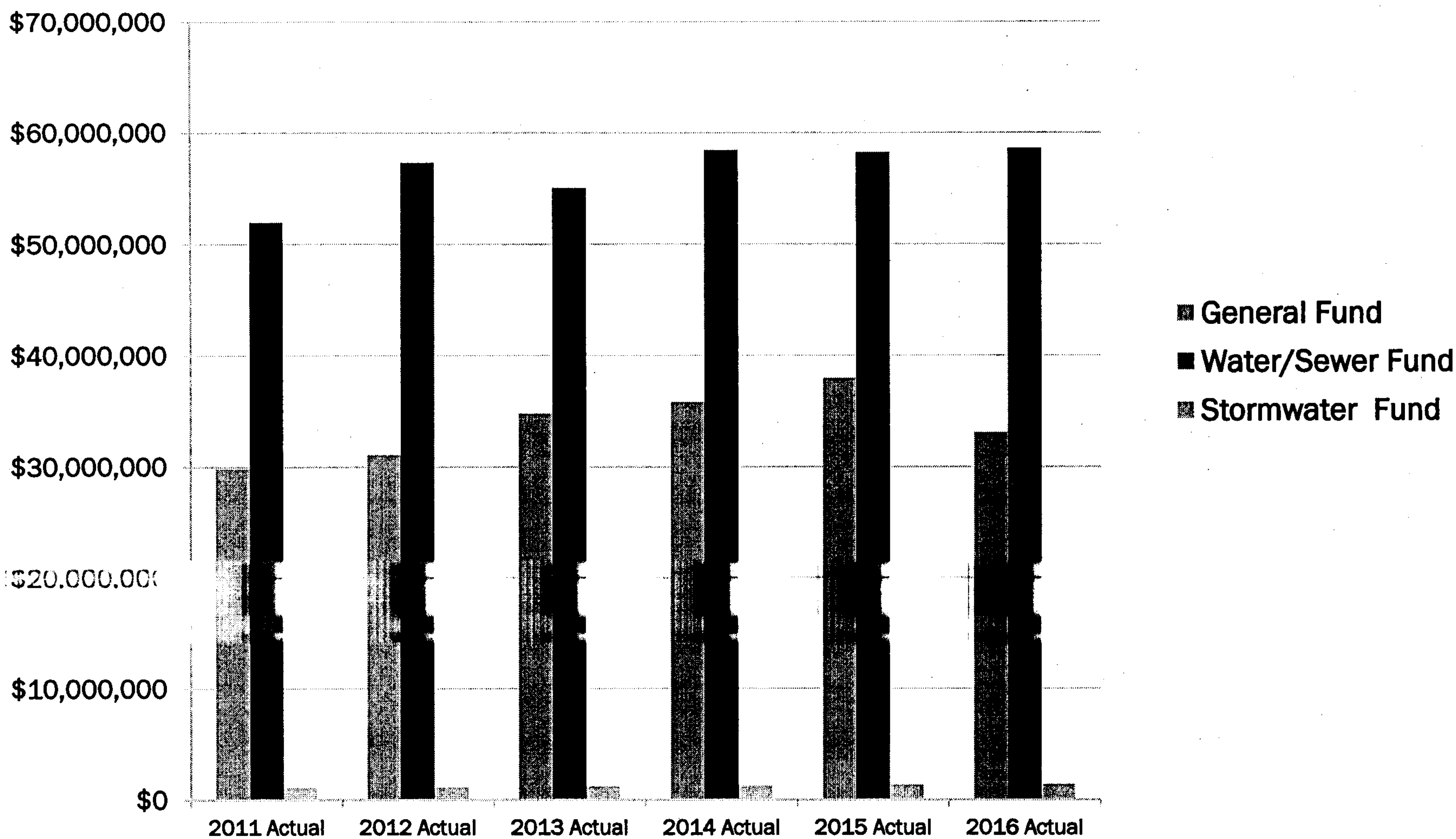
Actuals To Date as of 5/31/2017

FY 2017 BUDGET to ACTUAL SNAPSHOT
as of May 31, 2017

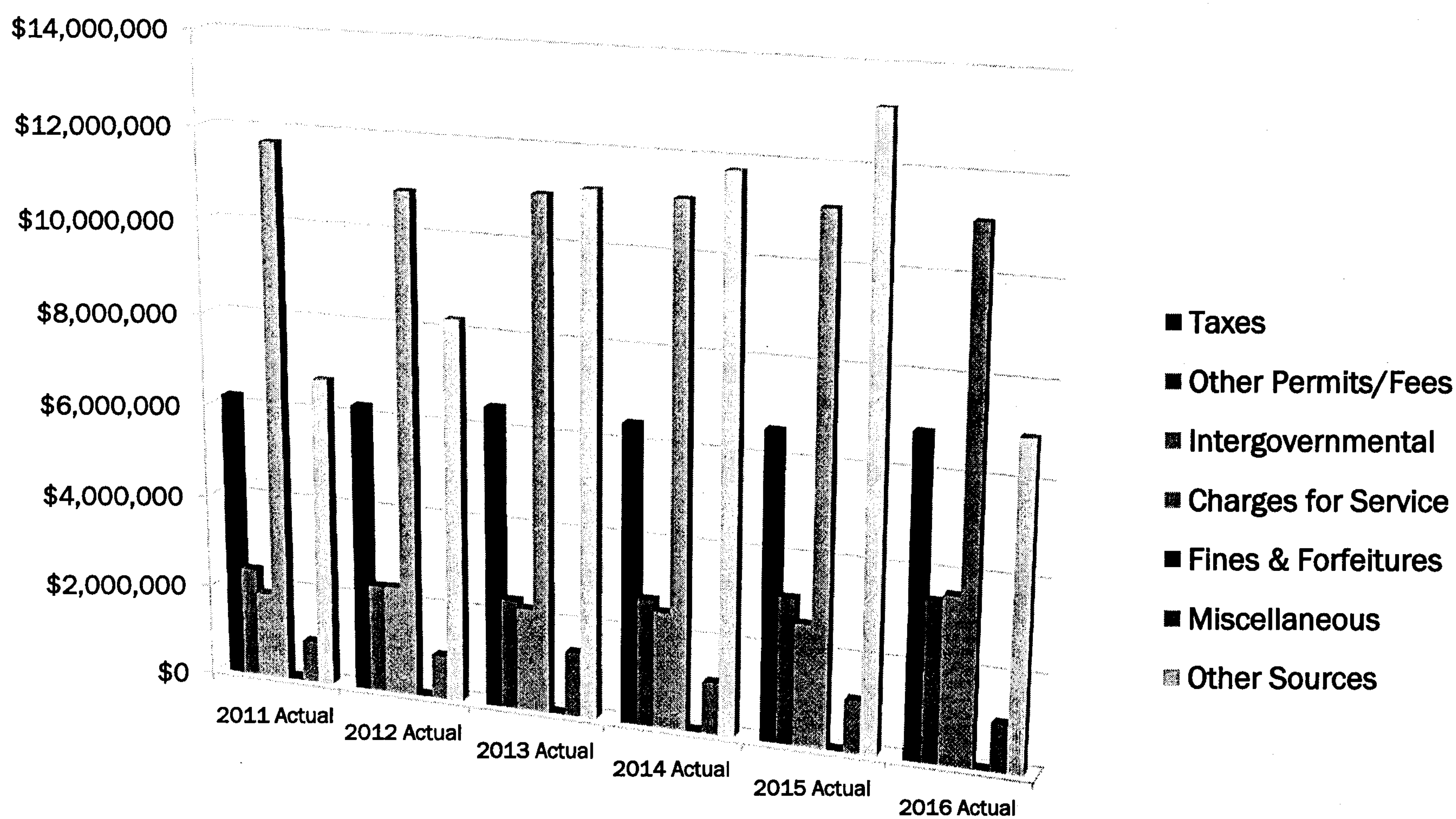
COCOA FLORIDA

	FY17 Amended Budget	YTD Encumbrances	FY17 Actual Transactions	Remaining Balance	% of Budget Remaining
General Fund					
Revenues	$48,768,136		$31,155,763	$17,612,373	36%
Expenses	$48,768,136	$3,263,168	$30,421,882	$15,083,086	31%
Net			$733,881		
Water/Sewer Fund					
Revenues	$83,124,425		$40,434,095	$42,690,330	52%
Expenses	$83,124,425	$20,802,405	$32,077,203	$30,244,817	36%
Net			$8,356,892		
Stormwater Fund					
Revenues	$3,088,652		$1,012,010	$2,076,642	67%
Expenses	$3,088,652	$1,103,325	$1,251,167	$734,160	24%
Net			$239,157		

Revenue Trends



General Fund Revenue Trends



FY 2017 General Fund Revenues by Funding Source as of May 31, 2017

Funding Source	FY 2017 Budget	Amount YTD	% of Budget Received
Taxes (Ad Valorem, UST and CST)	$7,052,116	$5,554,554	79%
Other Permits & Fees (Building Permits, Franchise Fees, Fire Assessment, and Planning & Zoning Fees)	$3,412,358	$2,645,304	78%
Intergovernmental (Local, State & Federal Grants, Housing Authority Payments in Lieu of Taxes, and State Shared Revenues)	$3,230,830	$1,426,405	44%
Charges for Service (Water Billing Services, Garbage Collection Services, Allocation for Services and Culture/Recreation Fees)	$11,159,533	$7,285,672	65%
Fines & Forfeitures	$24,000	$15,253	64%
Miscellaneous (Interest Earned, Rent and Royalties, Disposition of Fixed Assets, Contributions, Police & Fire State Pension Revenues, Insurance Proceeds, etc.)	[illegible]	[illegible]	[illegible]
Other Non-Revenue (Inter-fund transfers, Water/Sewer ROI and 6% PILOFF, Debt Proceeds, Revenues from Unassigned FB (Reserves)	$23,078,253	$13,807,091	60%
TOTAL FY 2017	**$48,768,136**	**$31,155,762**	**64%**

FY 2017 Water/Sewer Fund Revenues by Funding Source as of May 31, 2017

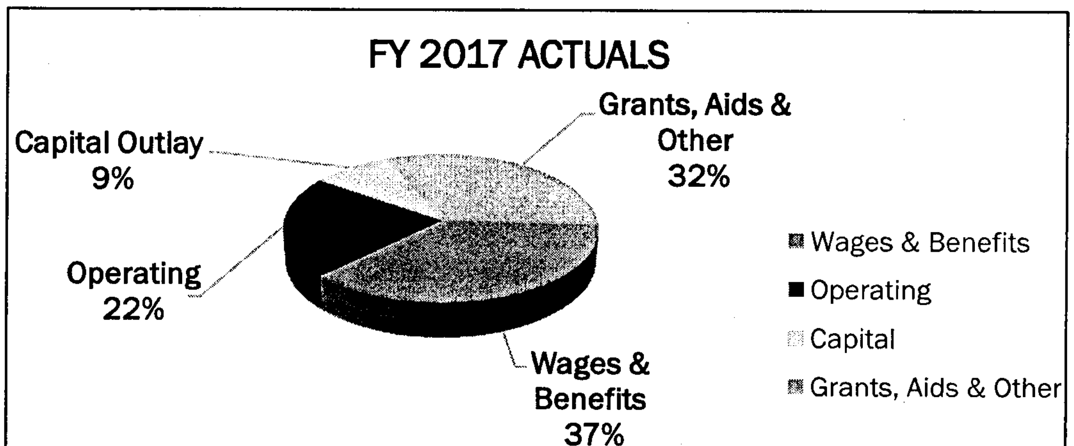
Funding Source	FY 2017 Budget	Amount YTD	% of Budget Received
Charges for Service	$52,128,130	$38,339,545	74%
Impact Fees	$1,668,443	$1,207,557	72%
Miscellaneous	$307,595	$427,846	139%
Other Non-Revenue	$29,020,257	$459,146	2%
TOTAL FY 2017	**$83,124,425**	**$40,434,094**	**49%**

FY 2017 Stormwater Fund Revenues by Funding Source as of May 31, 2017

Funding Source	FY 2017 Budget	Amount YTD	% of Budget Received
Charges for Service	$1,372,033	$988,942	72%
Miscellaneous	$2,000	$1,285	64%
Other Non-Revenue	$1,714,619	$21,783	1%
TOTAL FY 2017	$3,088,652	$1,012,010	33%

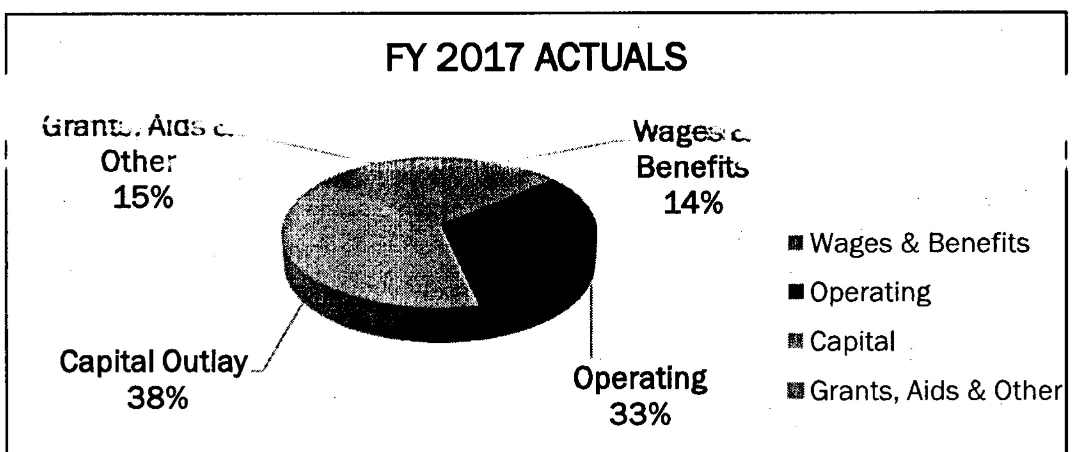
FY 2017 Actual Expenditures
General Fund
by Category as of May 31, 2017

Category	FY 2017 Budget	FY 2017 Expenditures Including Encumbrances	FY 2017 Budget– YTD Transactions	FY 2017 % of Budget Used	FY 2016 % of Budget Used
Wages & Benefits	$21,184,087	$12,425,495	$8,758,594	59%	61%
Operating	$10,812,654	$7,539,380	$3,273,272	70%	64%
Capital Outlay	$4,117,988	$3,041,120	$1,076,868	74%	77%
Grants, Aids & Other	$12,653,407	$10,679,055	$1,974,352	84%	23%
TOTALS	**$48,768,136**	**$33,685,050**	**$15,083,086**	**69%**	**61%**



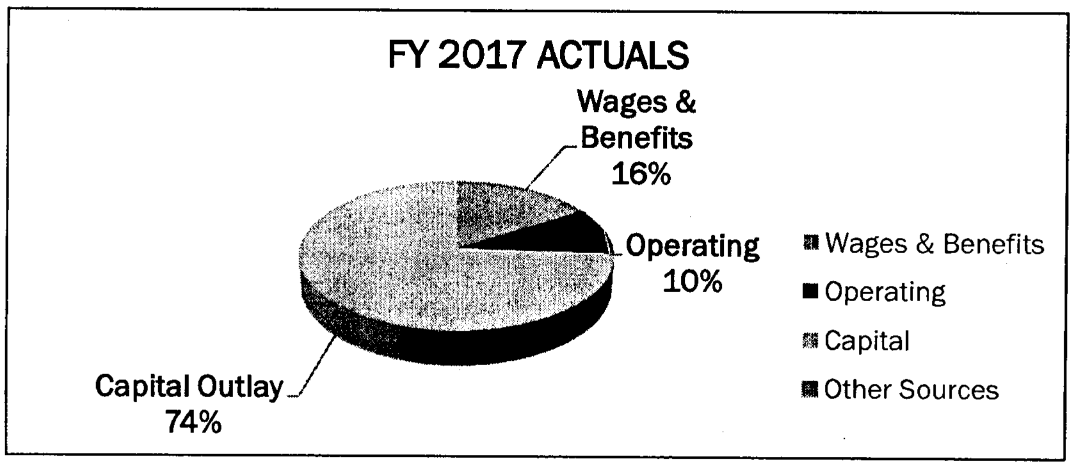
FY 2017 Actual Expenses
Water/Sewer Fund
by Category as of May 31, 2017

Category	FY 2017 Budget	FY 2017 Expenses Including Encumbrances	FY 2017 Budget – YTD Transactions	FY 2017 % of Budget Used	FY 2016 % of Budget Used
Wages & Benefits	$13,914,625	$7,607,461	$6,307,164	55%	54%
Operating	$24,615,956	$17,068,883	$7,547,073	69%	77%
Capital Outlay	$29,117,727	$20,268,111	$8,849,616	70%	69%
Grants, Aids & Other	$15,476,117	$7,935,152	$7,540,965	51%	32%
TOTALS	**$83,124,425**	**$52,879,607**	**$30,244,818**	**64%**	**62%**



FY 2017 Actual Expenses
Stormwater Fund
by Category as of May 31, 2017

Category	FY 2017 Budget	FY 2017 Expenses Including Encumbrances	FY 2017 Budget – YTD Transactions	FY 2017 % of Budget Used	FY 2016 % of Budget Used
Wages & Benefits	$609,163	$371,546	$237,617	61%	57%
Operating	$390,994	$239,161	$151,833	61%	48%
Capital Outlay	$2,088,495	$1,743,784	$344,711	83%	34%
TOTALS	**$3,088,652**	**$2,354,491**	**$734,161**	**76%**	**41%**



COCOA
FLORIDA

FY2018

Water/Sewer Budget Overview

FY2018 Water/Sewer Budget Overview

Preliminary FY2018 Water/Sewer Budget:

- Revenues: $56,747,649
- Expenses: $85,823,077
- **Budget Shortfall: $29,075,428**
- Non-CIP Capital Requests FY2018: $358,581
- **Total Capital Outlay Requests FY2018: $30,501,632**

- **Unrestricted Net Position at 9/30/2016: $10,477,812**

Five Year Capital Improvement Program by Funding Source:

	Bond	Combination	Reserves	Revenue	Total
FY 2018	$ 14,648,262	-	$ 4,495,629	$ 10,999,160	**$ 30,143,051**
FY 2019	$ 22,563,379	$ 46,725	-	$ 5,573,059	**$ 28,183,163**
FY 2020	$ 20,130,501	-	-	$ 7,230,249	**$ 27,360,750**
FY 2021	-	-	$ 38,100	$ 22,977,148	**$ 23,015,248**
FY 2022	-	-	-	$ 25,291,619	**$ 25,291,619**
Totals	**$ 57,342,142**	**$ 46,725**	**$ 4,533,729**	**$ 72,071,235**	**$ 133,993,831**

COCOA FLORIDA

COCOA
FLORIDA

FAMS GF Model - Fiscal Sustainability
Stantec (Burton & Associates)

Background

- In FY 2015 Stantec (Burton & Associates) worked collaboratively with City staff to develop a Fiscal Sustainability Model for Cocoa's General Fund
- The City utilized the modeling process to identify options for the fund's sustainability over a 10-year projection period
- The City contracted with Stantec (Burton & Associates) to update the model with current data to aid in the FY 2018 Budget Process
  - Validate/update assumptions
  - Evaluate current fiscal conditions
  - Evaluate FY18 Millage, Fire Assessment Rates, and planned Public Service Tax

COCOA FLORIDA

General Fund Baseline Scenario Screenshot

(May 19, 2015 Budget Workshop)

BURTON & ASSOCIATES

No Changes in Millage Assumed

Modest Property Value Growth Assumptions

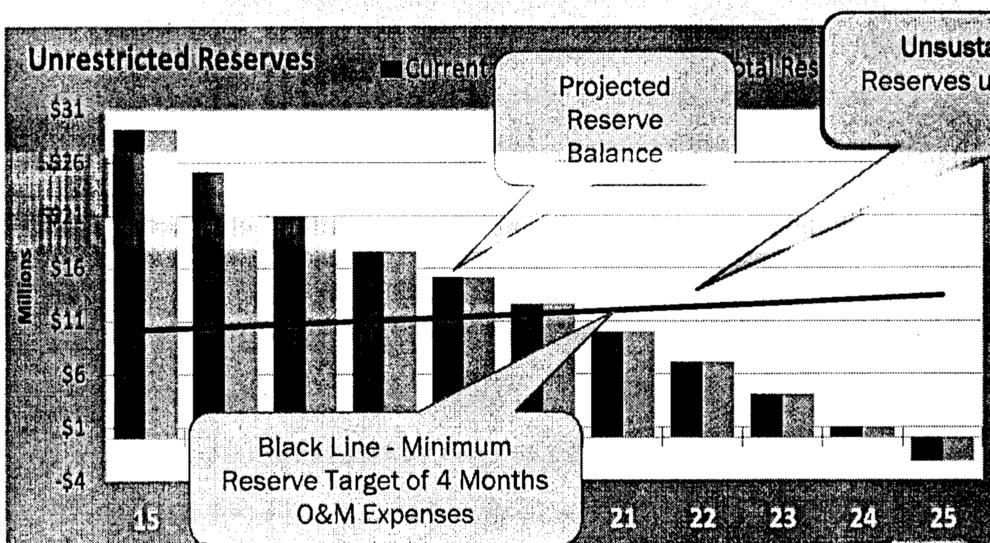
SAVE CALC

GENERAL FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS - GF) SUMMARY

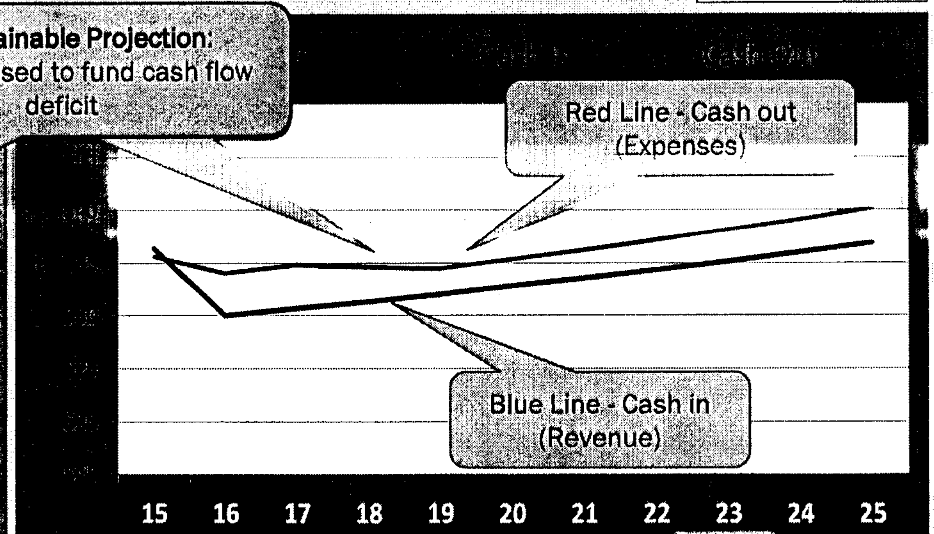
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 20[illegible]	FY 2025
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.979[illegible]	[illegible].9790	5.9790
Millage Rate Adjustment											
Existing Property Value Adjustment	*N/A*	*0.00%*	*0.50%*	*1.00%*	*1.25%*	*1.50%*	*1.50%*	*[illegible]50%*	*1.50%*	*1.50%*	*1.50%*
New Construction	*N/A*	*0.81%*	*0.91%*	*1.01%*	*1.10%*	*1.08%*	*1.2[illegible]%*	*1.23%*	*1.20%*	*1.16%*	*1.13%*
Total Property Value Adjust.	N/A	0.81%	1.41%	2.01%	2.35%	2.58%	2.76%	2.73%	2.70%	2.66%	2.63%
Millage Rate - Last Plan	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Property Value Adj. - Last Plan	N/A	0.81%	1.41%	2.01%	2.35%	2.58%	2.76%	2.73%	2.70%	2.66%	2.63%
Cash Flow Surplus/(Deficit) $M	$0.7	($4.0)	($4.2)	($3.3)	($2.5)	($2.6)	($2.7)	($2.8)	($3.0)	($3.1)	($3.2)
End of Year Fund Balance $M	$29.1	$25.2	$21.0	$17.7	$15.2	$12.6	$9.9	$7.1	$4.1	$1.0	($2.3)
Reserve Target Surplus/(Deficit) $M	$19.0	$14.7	$10.2	$6.6	$3.8	$0.9	($2.1)	($5.3)	($8.6)	($12.1)	($15.7)

Port Project?

PST Year?



Unsustainable Projection: Reserves used to fund cash flow deficit



General Fund Fiscal Sustainability Model

FY2017 Workshop

BURTON & ASSOCIATES

Millage Rate unchanged over Projection period

Projection includes Walmart & Port Properties phased in over the projection period

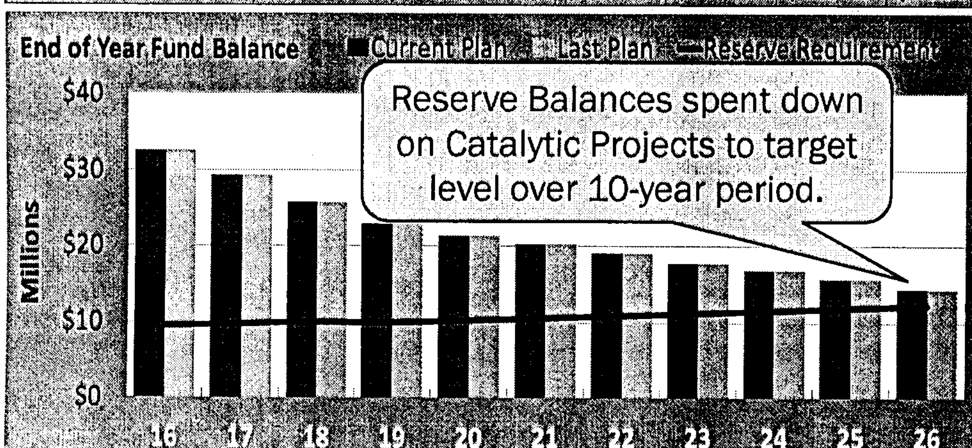
Capital Spending on Catalytic and One-Time Non-Recurring Capital Expenses

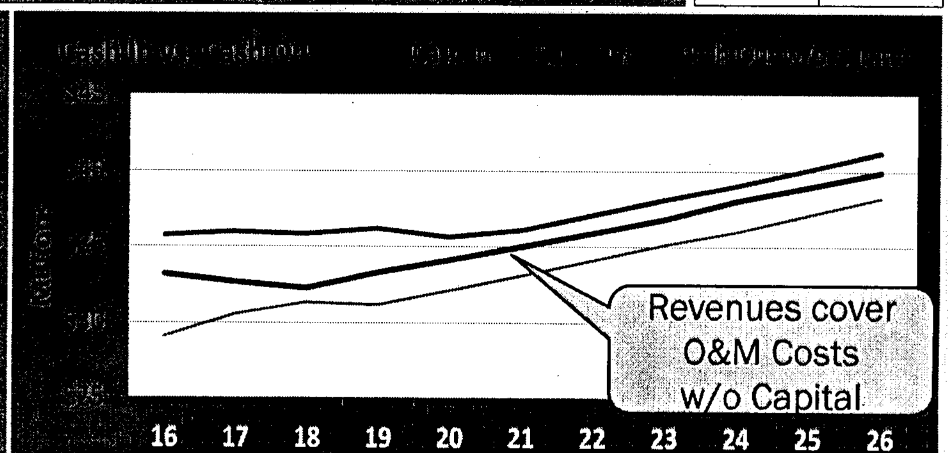
3% increases to Fire Assessment, annually

TY OF COCOA, FL - GENERAL FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023			
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.979		5.979		
Existing Property Value Adjust.	N/A	N/A	3.5%	3.5%	3.5%	[illegible]	3.5%	3.5%	3.5%	3.5%	3.5%
New Construction	N/A	N/A	1.0%	5.1%	1.8%	1.0%	2.4%	2.4%	6.0%	1.0%	1.0%
Total Property Value Adjustment	4.8%	4.5%	4.5%	8.6%	5.3%	4.5%	5.9%	5.9%	9.5%	4.5%	4.5%
	$2.5)	($3.3)	($3.6)	($2.9)	($1.5)	($1.1)	($1.2)	($1.3)	($1.0)	($1.1)	($1.3)
	23.2	$19.6	$15.8	$12.9	$11.1	$9.7	$8.2	$6.6	$5.3	$3.8	$2.1
	32.6	$29.4	$25.8	$22.9	$21.4	$20.3	$19.1	$17.8	$16.8	$15.7	$14.4
	0	4	0	0	0	0					
Total Capital Outlay $M	$6.2	$5.4	$4.5	$5.0	$3.5	$3.0	$				
Fire Assessment Revenue $M	$2.1	$2.2	$2.2	$2.3	$2.4	$2.4	$2.5	$2.6	$2.7	$2.7	$2.8
Residential Assessment (per DU)	$187.93	$193.57	$199.38	$205.36	$211.52	$217.87	$224.41	$231.14	$238.07	$245.21	$252.57
Fire Asmt Rev - Last Plan $M	$2.1	$2.2	$2.2	$2.3	$2.4	$2.4	$2.5	$2.6	$2.7	$2.7	$2.8
Residential Asmt - Last Plan	$187.93	$193.57	$199.38	$205.36	$211.52	$217.87	$224.41	$231.14	$238.07	$245.21	$252.57

Port Proj?	Y
PST Year?	
Per FTE:	$80,000
Escalator	3.0%
Debt Svc?	$425,000





FY2018 GF Budget Overview

Preliminary FY2018 General Fund Budget:

- Revenues: $31,691,944
- Expenses: $37,138,284
- Fund Balance for Capital: $3,358,431 ($2.8 million planned)
- Assigned Fund Balance for Walmart EDI Expense ($1M)
- **General Fund $1,087,859 shortfall**

CM has already cut $2.1m from GF department requests

CM re-reviewing Operating Accounts

Meeting scheduled with Fleet Manager on Department Fleet Requests, and Fuel and Repair/Maintenance Estimates.

Budget Expense/Revenue Drivers:

- **Increases:**
  - Salaries – 3%
  - Health Insurance – 5%
  - Workers Compensation – 8%
  - General Liability Insurance – 10%
  - Property Insurance – 5%
  - Automobile Insurance – 15%
  - Public Safety Pension
    - Police 28% and Fire 4% – although still below thresholds enacted through Pension Reform
  - Fire Station Debt Service:
    - Projected: $425,000 per year Actual: ~$465,000 per year
- **Decreases:**
  - Federal and State Grants (w/no off-setting expenses)
  - Reduction in certain State shared revenues
  - Reduced State Contribution to Public Safety pensions, combined 4% from FY2017
  - Lower than projected property valuation increase, 2.7% versus 4.5%

Budget Prioritization

Priority I – Imperative (Must Do) Projects represent projects that cannot reasonably be postponed in order to avoid harmful or undesirable consequences.

- Addresses a condition dangerous to public health, safety or welfare.
- Achieves compliance with a mandate or other legal obligation (contract/development order).
- Alleviates an emergency service disruption or deficiency.
- Prevents irreparable damage to a critical public facility.

Priority II – Essential (Should Do) Projects represents projects that address clearly demonstrated needs or objectives.

- Projects identified in the 2016-2021 Strategic Plan that will stimulate economic growth and induces opportunity to attract private capital investment.
- Deferment would result in severe degradation of public facilities and/or reduction in level of service.
- Reduces future operating and maintenance costs and advances fiscal sustainability.
- Leverages available federal, state or county funding or public-private partnerships (grant awarded or public-private partnership, matching requirement considerations).
- Reduces demand on natural resources and/or promotes sustainability.

Priority III – Important (Could Do) Projects represent projects that benefit the community but may be delayed without detrimental effects to core municipal services.

- Rehabilitates or replaces an obsolescent public facility.
- Provides a new or expanded level of service to City of Cocoa residents and/or business owners.
- Leverages available federal, state or county funding (grant opportunities/joint funding).
- Enhances natural or cultural resources.

Priority IV – Desired (Nice to Do) Projects represent projects that would add value to the community's quality of life, but are not necessary to the delivery of core municipal services.

- Promotes and enhances the City of Cocoa's image, physically or emotionally.
- Enhances and expands recreational or community amenities.
- Presents an opportunity to enhance and strengthen community identification within the Space Coast region.

COCOA FLORIDA

FY2018 GF Budgeted Capital

Projects planned to be funded through GF Fund Balance (Reserves):

- Fiske Boulevard Phase 3 ($1,750,000 GF)
  - UT ($1M) and SW ($140,000)
- Stone Street Streetscape Project ($580,000 GF Contribution)
  - Diamond Square CRA Project – DS CRA $80,000
  - UT ($752,510) and SW ($123,181)
- Annual Street Paving ($300,000)
- Annual Sidewalk R/M ($50,000)

Other currently budgeted capital outlay:

- SR520 Interim Safety Improvements ($100,000)
- SCTPO Sidewalk Gap LAP project ($150,000)
- Digital Message Board – FS#3 ($50,000)

FY2018 GF Budgeted Capital

<u>Other currently budgeted capital outlay, continued:</u>

- IT Machinery & Equipment ($28,000)
  - WFO Data Center Room UPS
- IT Hardware ($65,000)
- CPD Machinery & Equipment ($70,660)
  - Covert DVRs; Motor Radars; 2 Code Vehicle Replacements w/laptop replacements
- CPD IT Hardware ($52,000)
  - Laptop Replacements (doesn't include JAG Grant – additional 5 laptops)
- CFD Machinery & Equipment ($96,106)
  - LifePak Monitor/Defibrillator; Gas Detector; LifePak AED's; Laryngoscope; Signal Alarm (Aerial Truck); Skid Packs, Forestry Nozzles and Booster Hose for Brush Trucks

FY2018 GF Budgeted Capital

Other, currently budgeted capital outlay, continued:

- CS Machinery & Equipment ($18,100)
  - Replace Bldg. Inspector Vehicle
- PW Parks & Beautification Machinery & Equipment ($60,400)
  - Replace Mower and Utility Vehicle, and purchase Industrial Stump Grinder
- PW Fleet Machinery & Equipment ($33,409)
  - Tire Changer; Tire Balancer; and Hydraulic Filter Crusher
- PW Facilities Infrastructure ($26,050)
  - School Street Compound Fence Replacement
- PW Facilities Machinery & Equipment ($20,200)
  - HVAC Replacement Capital Over $1,000 (multiple facilities); Pressure Washer; Fountain Pump; and Security Key Duplicator

Capital Projects Expressed by City Council Members NOT included in FY2018 GF Budget

- Parking Garage - $6.4M
  - **Parking Study Underway**
  - $15,000 p/space, 400 spaces (6%)
  - **Design/Engineering ($600K) FY18**
  - Construction FY2019/2020
  - **Annual O&M $150-200K**
- Civic Center - $7.7M
  - Facility Use/Market Study
    - Fund study in FY2018
  - **Design/Engineering ($725K) FY18**
  - Demolition $570K FY2019
  - Construction FY2019/2020
  - 25,000 s.f., $250 p/s.f. (6%)
  - **Annual O&M Costs ($125K, Est.)**
- Dr. Joe Lee Smith Center - $2.9M
  - Conceptual Design in FY17
  - **Design & Engineering ($175K) FY18**
  - Construction FY2019
  - CDBG Section 108 Loan (±$835K)
  - **County Operate and Maintain Facility?**
- Heart of Cocoa Community Meeting Room $200K (Est.)
  - Land purchased in FY2015
  - Budgeted in FY2016 & FY2017
  - Designed and redesigned
    - FY2017 Budget - $160K
  - **Non-Profit – O&M**

Other City Council Capital Projects?

Capital Project Financing Alternatives

Pay As You Go	Subject to sufficient revenues and/or reserves
General Obligation Debt (1 mil)	Requires voter approval (Raise ±$882K for debt service)
Business Improvement District	Cocoa Village – establish to benefit Cocoa Village Pursuant to s. 163.511, F.S., requires City Council Ordinance and then approval by referendum of electors of district and to levy an ad valorem tax on real/personal property of up to 2 mills annually. Appointment of 3-member board of directors.
Special Assessment	Cocoa Village – based on benefit accrued to commercial (residential) property owners
CVP Ticket Surcharge	Supplement debt service (renegotiation of Municipal Services Agreement)
Metered Parking	Premium parking spaces – streets and/or public parking lots
Parking Enforcement Revenues	Increases parking availability and turnover and provides revenues
Payment In-Lieu of Parking Fee **Parking Impact Fees**	Optional average per space cost based on parking requirements (maximizes development opportunity of properties in CRAs). Eliminate parking variances.
Public-Private Partnership	Subject to P[illegible] Agreement: Annual Lease Payment (20-30 year[illegible] Equity Contribution to Project Partner
CDBG Section 108 Loan	Subject to CDBG program continuation and revenues
Community Contribution Tax Credits	Subject to program allocations and corporate contributions
CRA Funding	Subject to TIF Revenues and projects identified in Redevelopment Plan

Potential revenue sources for combined funding and/or to cover O&M costs associated with Capital Projects

FY2018 Budget Analysis

Basis for FY2018 GF Budget Analysis

- FY 2017 Actual Budget and FY 2016 CAFR (FB)
- FY 2018 Preliminary Submitted Budget
  - FAMS projects expenses for future fiscal years through FY2027
- Validation/Update from Prior Year's Analysis
  - Property value adjustment, Walmart DC timing/impacts
  - Fire Assessment - Evaluation
    - Prior Year Recommendation: 3% annual adjustments
  - Public Service Tax implementation (planned for FY2018)
- Maintain Fund Balance (Reserves) equal to 4 Months of O&M Expenses
- Capital Improvements Program – 5 years

GF Recommendations

- No millage rate increase, maintain at 5.9790
- Consider 5% annual adjustment to Fire Assessment rates (vs. originally proj. 3% - unanticipated debt service incr.)
- Adopt Public Service Tax (City customers water service only)
  - Effective January 1, 2018
- Fund Balance Policy
  - Reserves used for capital expenses only, **cannot** sustain recurring expenses
  - Preserve Fund Balance at minimum reserve requirement
- Continue use for catalytic Capital Projects to enhance overall City growth and quality of life
  - Utilize Fund Balance available to fund projects
  - Capital Projects - **revenue source for future O&M?**

FAMS Model — Interactive Analysis

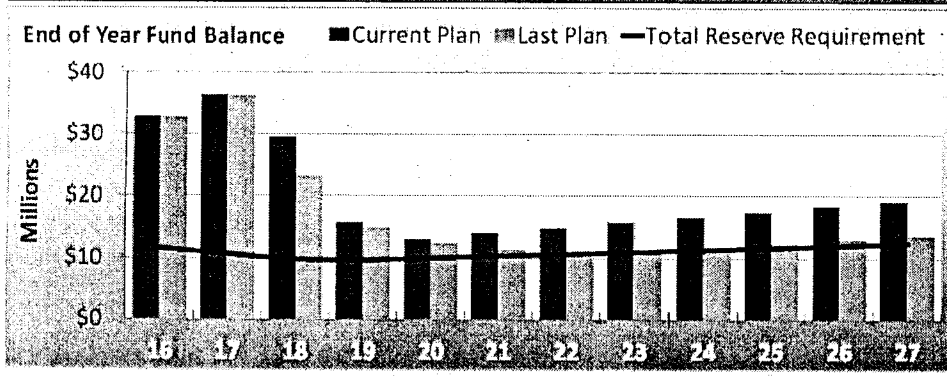
FY2018 FAMS Screenshot (Tentative)

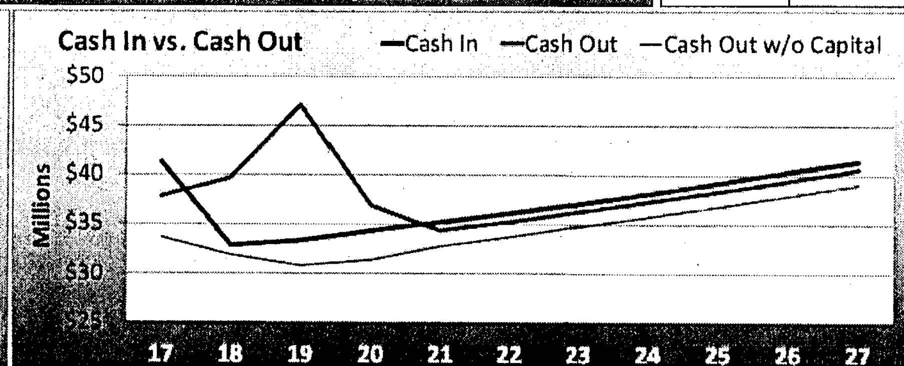
THE CITY OF COCOA, FL - GENERAL FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM

SAVE | CALC

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Millage Rate	5.9790	5.9790	5.9790	5.7290	5.7290	5.7290	5.7290	5.7290	5.7290	5.7290	5.7290
Millage Rate Adjustment				-0.2500							
Existing Property Value Adjust.	*N/A*	*1.80%*	*3.0%*	*3.0%*	*3.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
New Construction	*N/A*	*1.0%*	*1.0%*	*8.8%*	*1.0%*	*1.0%*	*1.0%*	*2.3%*	*2.3%*	*3.5%*	*1.0%*
Total Property Value Adjustment	5.5%	2.8%	4.0%	11.8%	4.0%	3.0%	3.0%	4.3%	4.3%	5.5%	3.0%
Cash Flow Surplus/(Deficit) $M	$3.5	($6.8)	($13.8)	($2.6)	$0.9	$0.9	$0.8	$0.8	$0.8	$0.9	$0.8
Reserve Target Surplus/(Deficit) $M	$25.7	$19.8	$6.1	$3.1	$3.7	$4.3	$4.8	$5.3	$5.7	$6.3	$6.7
End of Year Fund Balance $M	$36.4	$29.6	$15.8	$13.2	$14.1	$14.9	$15.8	$16.6	$17.4	$18.3	$19.1
Reserve Balance % of Expenses	114%	101%	54%	44%	45%	47%	48%	49%	50%	51%	51%
Min. Reserve Target % of Exp	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
FTE Additions	0	0	0	1	0	0	0	0	0	0	0
Total Capital Outlay $M	$4.12	$7.76	$16.34	$5.53	$1.55	$1.53	$1.50	$1.50	$1.50	$1.50	$1.50
Additional CIP Capital Outlay $M	$0.00	$4.40	$14.10	$4.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Additional O&M $M	$0.00	$0.00	$0.20	$0.35	$0.36	$0.37	$0.38	$0.39	$0.40	$0.41	$0.42
Fire Assessment Revenue $M	$2.00	$2.05	$2.12	$2.18	$2.25	$2.31	$2.38	$2.45	$2.53	$2.60	$2.68
Residential Assessment (per DU)	$193.57	$199.39	$205.37	$211.53	$217.88	$224.42	$231.15	$238.08	$245.22	$252.58	$260.16
Fire Asmt Rev - Last Plan $M	$2.00	$2.09	$2.16	$2.22	$2.29	$2.36	$2.43	$2.50	$2.58	$2.65	$2.73
Residential Asmt - Last Plan	$193.57	$203.26	$209.36	$215.64	$222.11	$228.77	$235.63	$242.70	$249.98	$257.48	$265.20

WMDC Proj?	Y
PST Year?	
Per FTE:	$80,000
Escalator	3.0%
Debt Svc?	$ 464,769





City Council Direction

COCOA FLORIDA

- **Consensus to build/finalize the proposed FY 2018 Budget**

1. Millage Rate:
   - ☐ Current Millage Rate – 5.9790 (Recommended)
   - ☐ Rolled-back Millage Rate **(Not yet provided by BCPA)**
2. Fire Assessment Rate:
   - ☐ FY2018 Projected 3% Increase
   - ☐ 5% to account for higher than projected debt service?
3. Public Service Tax (Revenue Diversification)
   - ☐ Tax on Purchase of Water Service (City Customers)
   - ☐ 10% (~$251K revenue)
   - ☐ **FY2018** Implementation (January 1, 2018)

What's Next…

- City Council FY 2018 Budget Workshop/Hearings
  - TRIM Hearing to set the tentative ad valorem millage rate July 11, 2017 @ 6:00pm
  - City Council provided the FY 2018 Budget/CIP Workbooks NLT July 24, 2017
  - FY 2018 Budget/CIP Workshop August 9, 2017 @ 5:30 p.m.
  - August 22, 2017 @ 6:00 p.m.
    - Resolution – Stantec Utility Rate Study/Rate Increase
    - Resolution – Fire Protection Assessment
- 1ST Public Hearing – September 5, 2017 @ 5:30 p.m.
  - Vote for a Proposed Millage Rate
  - Vote on the Proposed FY2018 Budget
- 2nd Final Public Hearing – September 13, 2017 @ 5:30 p.m.
  - Adopt Millage Rate
  - Adopt the FY2018 Budget

QUESTIONS