MINUTES

CITY OF COCOA
FISCAL SUSTAINABILITY WORKSHOP

June 29, 2016

A Fiscal Sustainability Workshop was held on Wednesday, June 29, 2016, 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 5:45 p.m.

The Assistant City Clerk took the roll.

Present:	Henry Parrish	Mayor
	Don Boisvert	Deputy Mayor
	Brenda Warner	Councilwoman
	Michael Blake	Councilman
	Anthony Garganese	City Attorney
	John Titkanich	City Manager
	Matt Fuhrer	Assistant City Manager
	Angela Ferguson	Assistant City Clerk
Absent:	Tyler Furbish	Councilman

Other Staff Members Present:

Tammy Gemmati, Administrative Services Director; Jack Walsh, Utilities Director; Ed Wegerif, Public Works Director; Steve Belden, Community Services Director; Gene Prince, Fire Chief; Michael Cantaloupe, Chief of Police; 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 2017 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 2017 Budget Priorities and Fiscal Sustainability Presentation[1].

He briefly highlighted where the City currently stands with the General Fund, Water/Sewer Fund, and the Stormwater Fund along with their respective revenues and expenses for the fiscal year 2016 as of May 31.

He further mentioned the trends of each of the three funds since 2010 and their funding sources.

City Manager Titkanich advised that July 11 is the bond validation hearing for the fire assessment and that he was unsure how long it would take for the judge to come back with a response but he felt confident. He stated that it would be the first fire assessment revenue bond in the State of Florida.

Mayor Parrish inquired as to how much was spent on capital projects over the last five years and in response, Mr. Walsh indicated about $18-19 million.

City Manager Titkanich reviewed the FY 2016 expenditures of the General Fund, the Water/Sewer Fund, and the Stormwater Fund. He noted that in the General Fund, as compared to the same time last year in FY 2015, 61% has been used versus 65% of the budget the previous fiscal year. Expenditures in the Stormwater Fund were also less than they were in the previous fiscal year.

2. **Fiscal Sustainability Presentations, Burton and Associates**

City Manager Titkanich introduced Eric Van Malssen with Burton and Associates.

Mr. Van Malssen advised a comprehensive water study was done in 2010 and at that time the City adopted the recommended 5% annual rate increase effective every October 1 and thereafter as approved by Council, and that FY 2015 presented a decrease in adjustment down to 3% annually.

He advised the basis of analysis is the current FY 2016 budget and estimates, the projected expenses for the FY 2017 preliminary budget, and the FY 2016-2021 Capital Improvements Program.

Additionally, he noted that with more efficient practices and conservation within the state, the trends are down overall.

The results of those changes as well as an increase in staffing may indicate that the city may have to go back to 5% rate increase.

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

Mr. Van Malssen reviewed the ten year financial plan for the water system noting that the debt service coverage is strong, that the City has an overall sustainable financial plan, and that borrowing will be required for Capital Improvements.

He reiterated the recommendation to Council would be to go back to the 5% rate increase across the board for water, sewer, and reclaimed charges to be effective October 1, 2016. By doing this, it would raise Cocoa one spot up as being more costly than the year before but still be much lower than other cities in the county. Sewer rate increases would move Cocoa up two positions. He mentioned that combined, Cocoa is still in the middle of the survey and not an outlier as far as rates were concerned.

Mayor Parrish asked if all cities we service charge franchise fees. In response, City Manager Titkanich advised that Cape Canaveral charges a public service tax and that the City would look at their idea of imposing a 10% public service tax in 2018 with an offset reduction to the millage rate.

A short discussion was held regarding the various rates throughout the county.

Mayor Parrish asked if the city water and sewer rates were fair in comparison to other cities. City Manager Titkanich agreed that the prices were good in comparison.

Deputy Mayor Boisvert thought that if other cities increased their rates that it would drop us down some spots, which was a good thing.

City Manager Titkanich stated that we have held the position historically for the most part but that other cities are facing the same pressures.

Mayor Parrish mentioned that the Mayor of West Melbourne indicated he wished he had our water.

City Manager Titkanich reminded Council that the full time hires are proactive hires and as the staff increases the City will realize the savings as opposed to contracting the work out.

Mr. Van Malssen presented the respective backgrounds of the General Fund study[2] in detail and the Water and Sewer Utility Study.[3]

He reviewed the basis for the analysis of the General Fund study which included the current fiscal year budget and estimates, the FY 2017 preliminary budget, the Capital Improvements program and the operating reserves. Major changes since the prior analysis included the Port and Wal-Mart projects and the Fire Assessment.

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[2] Exhibit B: General Fund Financial Sustainability Model Update
[3] Exhibit C: Water and Sewer Utility Revenue Sufficiency Update Presentation

Burton and Associates is advising no millage rate change, and a 3% increase in the annual fire assessment. He indicated that the Port and Wal-Mart projects will allow the City to grow and maintain fiscal sustainability. He would like to see revenues cover ongoing cost and that the model is designed to draw reserves down to target.

Mr. Burton advised that it would be good for the City to continue its plan for the Catalytic Capital Projects in order to increase growth and value within the City.

He further affirmed the recommendation to keep millage rate where it is, continue to plan for catalytic projects, utilize fund balance to fund projects, update the recommendations as needed in the future, pursue large growth projects like the Walmart project, and adopt the 3% annual rate adjustment for the fire assessment.

Additionally, it was suggested in FY 2018, to consider the utility tax. He mentioned most cities have this tax.

Councilman Blake asked if the City opts to enact a public service tax would it be only within the city limits. Mr. Van Malssen responded in the affirmative.

Additionally, Councilman Blake asked if rates were increased on the outskirts of the city, should something be done that was comparable inside the City. In response, Van Malssen said they should be proportionate.

Mr. Burton advised that it was important to understand that the tax on water usage goes into the General Fund.

Councilman Blake asked if the trend in Florida was to have a public service tax. Both Mr. Van Malssen and Mr. Burton affirmed that it was.

3. Priority Budget Items

City Manager Titkanich advised that they were asking for Council's direction to build and finalize the proposed FY 2017 budget and to apprise them of current revenues and expenses.

He advised that he met with department heads, needs of community were focused on, and noted that staff did a commendable job developing the budget.

City Manager Titkanich explained they were looking for consensus. He reiterated the recommendations, which were to stick with the current millage rate, increase the fire assessment rate to 3% to cover the addition of a fire inspector, and the implementation of public service tax with a maximum of 10 % for FY 2018.

A CONSENSUS WAS MADE BY COUNCIL TO STICK WITH THE CURRENT MILLAGE RATE AND TO INCREASE THE RATE FOR THE FIRE ASSESSMENT.

He further noted that three new full time employees are proposed which included an Executive Secretary for the City Manager, an additional Billing Clerk, and a Fire Inspector for FY 2017.

The FY 2017 budget also includes catalytic projects that will yield long term financial health which increases the tax base, creates jobs, and increases population.

City Manager Titkanich reviewed various projects regarding community improvements and infrastructure to consider in FY 2017:

- EOC Buildout
- Continuing roadway/sidewalk analysis
- Bus Shelters
- Dog Park
- Parking Lot at Provost Park
- City Parking Garage
- Industrial Land Acquisitions
- Traffic Signal Wraps
- Heart of Cocoa Meeting Room
- Fiske Corridor Improvement Program
- Dr. Joe Lee Smith Center.

He mentioned a lot of these projects are tied to the City's strategic plan.

Discussion was held in regards to several of the mentioned projects.

Councilman Blake spoke in support of a dog park, and Councilwoman Warner mentioned the simple design of the dog park in Rockledge.

Provost Park was discussed and City Manager Titkanich believed that the dirt lot for parking at Provost Park was an eyesore and dedicated parking may help to a degree, however, there are more than parking issues going on there. He further added that the county was completing a corridor study.

Councilman Blake mentioned he was concerned with the current flooding issues at the park and City Manager Titkanich advised that the parking lot improvements should help address flooding concerns to some degree.

City Manager Titkanich spoke about the downtown parking structure noting that the Governor had vetoed the request for two years in a row. He suggested the City explore a public/private partnership.

The Oaks Mobile Home Park acquisition was discussed.

City Manager Titkanich said that the City is competing against the north Brevard economic development zone regarding industrial land acquisition and that the City does not have the type of money to purchase like they do. He said that some landowners suggested we are not competitive enough.

Mayor Parrish believed if the City finds a site it would attract more to the area.

The Heart of Cocoa Meeting Room and Fiske Boulevard was discussed.

Councilman Blake announced that the residents around the Peachtree Street improvements did not expect what was delivered and the improvements were beyond their imagination. As the City moves north, he wanted to see the same ambience.

Mayor Parrish mentioned that the completion of the Peachtree Street project put pressure on the City to complete Fiske Boulevard as well.

Councilman Blake felt that progression and improvement was coming with the Mayor's second term.

City Manager Titkanich spoke about the Diamond Square Redevelopment Area and about the Dr. Joe Lee Smith Center. He noted that surveying had been completed, a loan guarantee application had been submitted, and meetings with business partners are ongoing.

Councilman Blake asked about the pool at center. In response, City Manager Titkanich advised that the current pool will remain.

Mayor Parrish asked if PAL would be located there and City Manager Titkanich confirmed they would.

Discussion was held on Stone Street.

City Manager Titkanich reiterated that the project is about $600k and that the City would not want to do it piecemeal, as it would end up costing more in the long run.

Councilman Blake was in favor for doing it in one year.

City Manager Titkanich pointed out that plans are happening now.
Councilwoman Warner believed the City should stick to the Stone Street Plan.

City Manager Titkanich provided the timeline for budget and informed Council that the budget books will be out July 8th. There will be a FY 2017 workshop

August 4th, and a public hearing on September 8th to vote on the proposed millage rate.

Councilwoman Warner questioned the time frame for lighting in Broadmoor Manor.

City Manager Titkanich said the only way to do this would be a review through a special assessment to replace existing historic lighting. If residents want this and Council agreed, they can then amend the budget and we can move forward.

Councilwoman Warner mentioned that there are ongoing developments in lighting and that LED lights were not as expensive as they used to be

Mayor Parrish pointed out that the City was not trying to do all of the Diamond Square improvements in one year, but within a couple of years. The City Manager noted that the biggest investment is the Dr. Joe Lee Smith Center.

Deputy Mayor Boisvert felt it would be nice when it was completed.

Staff thanked Burton and Associates for their work and attendance.

III. ADJOURNMENT:

* **MOTION by Deputy Mayor Boisvert; Seconded by Councilman Blake to adjourn the Fiscal Sustainability Workshop of June 29, 2016.**

AYES: Parrish, Blake, Warner, Boisvert

THE MOTION PASSED UNANIMOUSLY (4-0)

The Utilities Workshop Meeting adjourned at 7:36 p.m.

Henry U. Parrish III, Mayor

ATTEST:

Carie Shealy, City Clerk

(Transcribed by A. Ferguson, Assistant City Clerk)

Exhibit A:Budget Priorites and Fiscal Sustainability Pres.

FY 2017 Budget Priorities & Fiscal Sustainability Workshop

June 29, 2016

Agenda

- Review of FY2016 Budget to date
- Interactive Financial Analysis Management System (FAMS) Model – Burton & Associates
  - City Council Discussion and Direction
- FY2017 Community Improvements/Infrastructure Proposals
- FY2017 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

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What a budget is NOT?

- An ***accounting exercise*** to satisfy the needs of the Finance Department
- A ***necessary evil*** to comply with the requirements of Florida Statutes and City Charter
- A ***waste of time*** (and paper) since once it's adopted, no one pays attention to it

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FY2016 Review
Actuals To Date as of 5/31/2016

FY 2016 BUDGET to ACTUAL SNAPSHOT
as of May 31, 2016

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	FY16 Amended Budget	YTD Encumbrances	FY16 Actual Transactions	Remaining Balance	% of Budget
General Fund					
Revenues	$40,264,383		$22,033,091	$18,231,292	55%
Expenses	$40,264,383	$3,172,254	$21,403,572	$15,688,557	61%
Net			$629,519		
Water/Sewer Fund					
Revenues	$87,978,293		$37,032,170	$50,946,123	42%
Expenses	$87,978,293	$25,015,796	$29,541,306	$33,421,191	34%
Net			$7,490,864		
Stormwater Fund					
Revenues	$2,797,435		$939,899	$1,857,536	34%
Expenses	$2,797,435	$344,516	$801,991	$1,650,928	29%
Net			$137,908		

REVENUES

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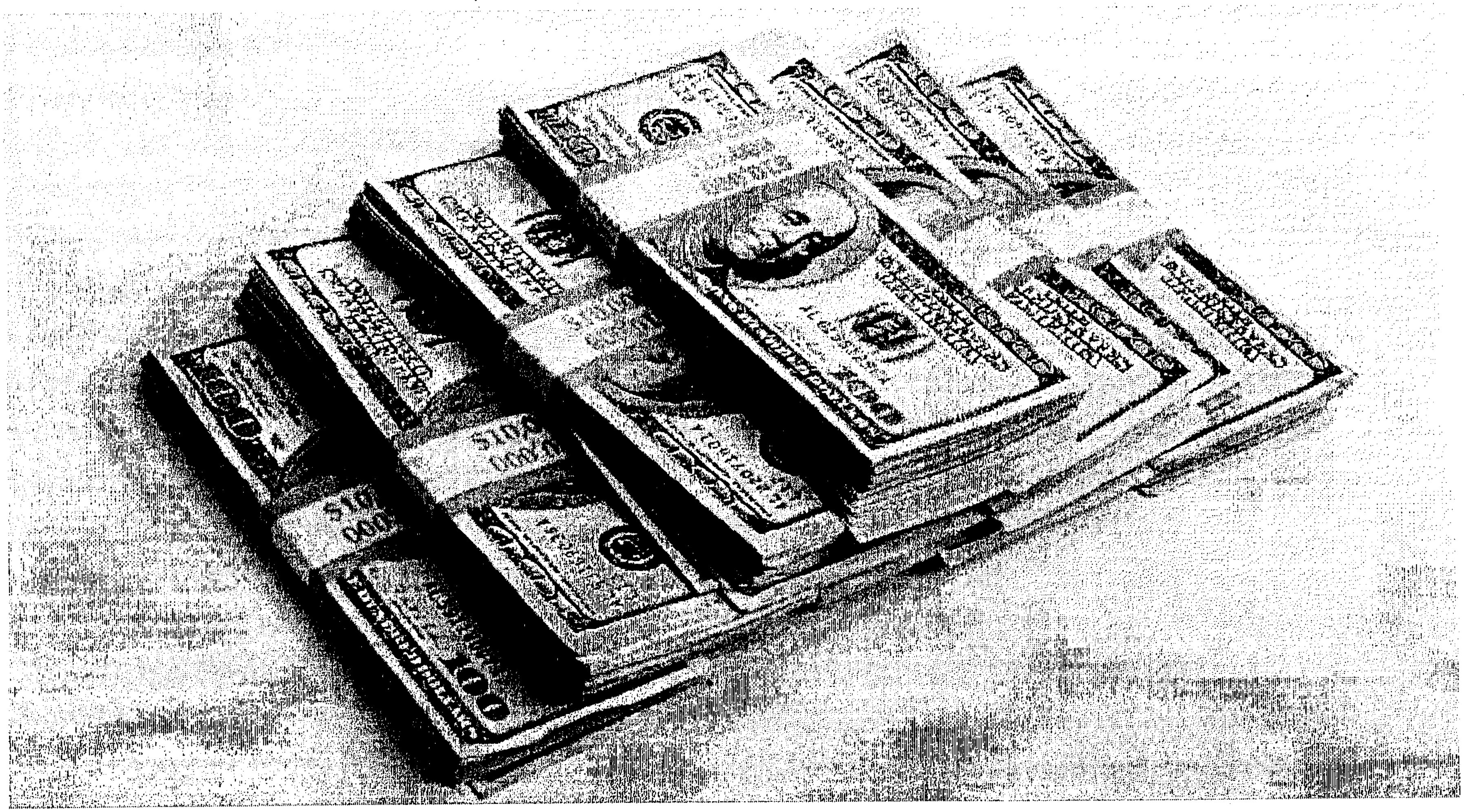
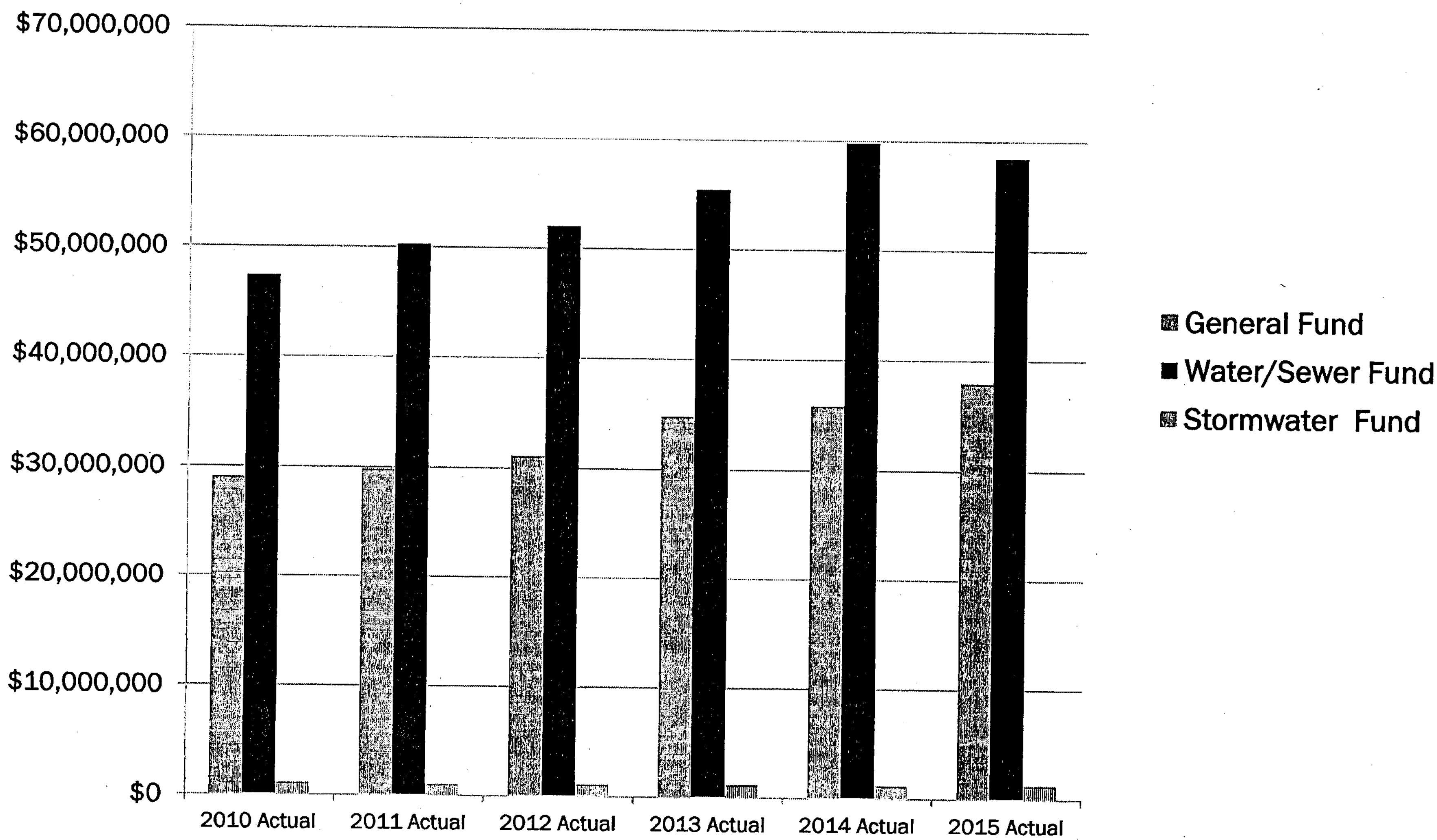
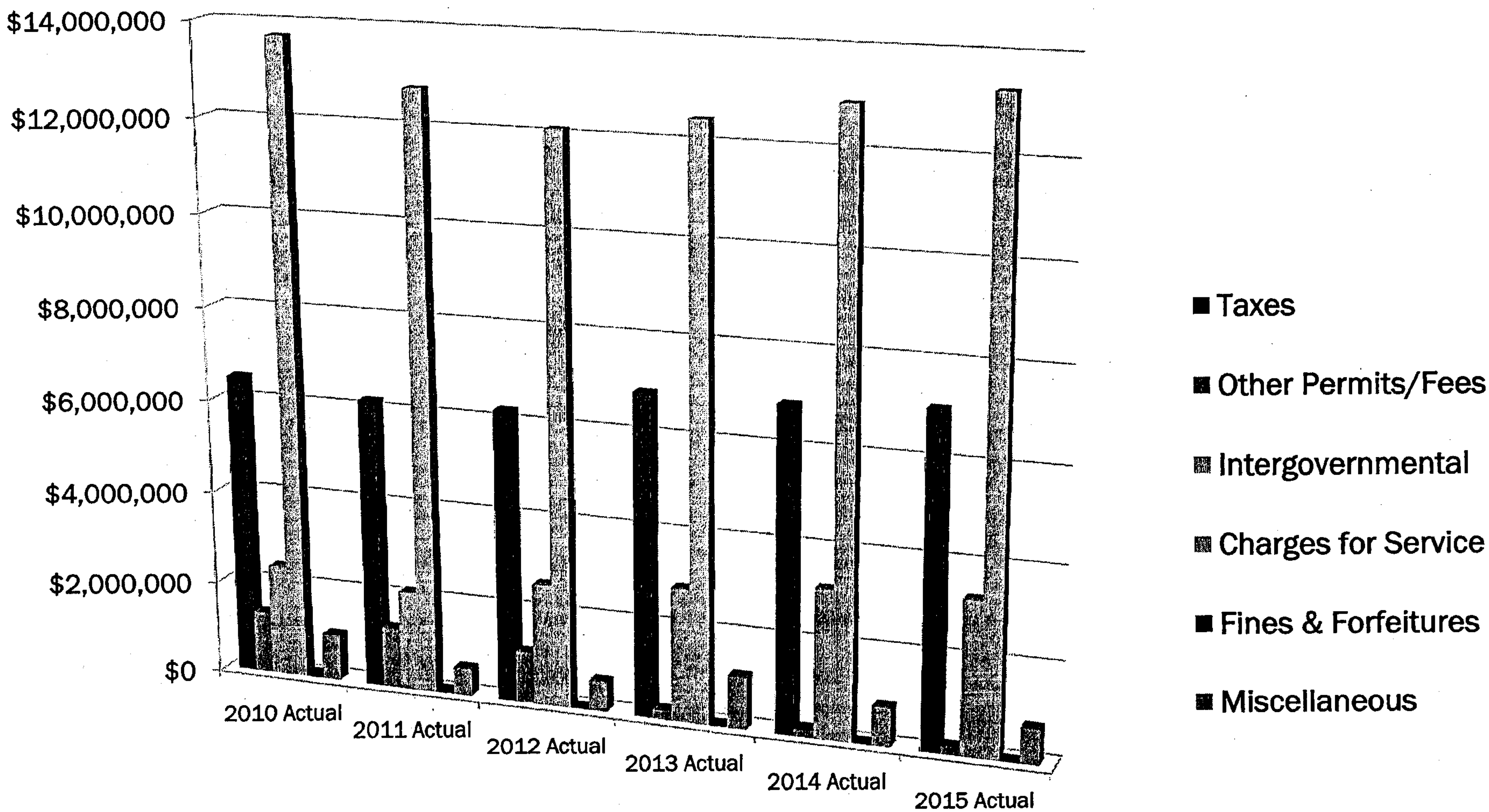


Revenue Trends



General Fund Revenue Trends



FY 2016 General Fund Revenues by Funding Source as of May 31, 2016

Funding Source	FY 2016 Budget	Amount YTD	% of Budget Received
Taxes (Ad Valorem, Utilities, CST)	$6,821,651	$5,514,185	81%
Other Permits & Fees	$3,366,886	$2,465,255	73%
Intergovernmental	$3,788,514	$1,772,211	47%
Charges for Service	$11,012,280	$7,317,112	66%
Fines & Forfeitures	$24,495	$17,739	72%
Miscellaneous	$793,005	$487,893	62%
Other Non-Revenue	$14,457,552	$4,458,696	31%
TOTAL FY 2016	$40,264,383	$22,033,091	55%

FY 2016 Water/Sewer Fund Revenues by Funding Source as of May 31, 2016

Funding Source	FY 2016 Budget	Amount YTD	% of Budget Received
Charges for Service	$55,252,361	$35,645,876	65%
Impact Fees	$1,475,632	$886,000	60%
Miscellaneous	$118,715	$208,575	176%
Other Non-Revenue	$31,131,585	$291,719	1%
TOTAL FY 2016	$87,978,293	$37,032,170	42%

FY 2016 Stormwater Fund Revenues by Funding Source as of May 31, 2016

Funding Source	FY 2016 Budget	Amount YTD	% of Budget Received
Charges for Service	$1,317,995	$931,509	71%
Miscellaneous	$52,000	$8,390	16%
Other Non-Revenue	$1,427,440	-	-
TOTAL FY 2016	$2,797,435	$939,899	34%

EXPENSES

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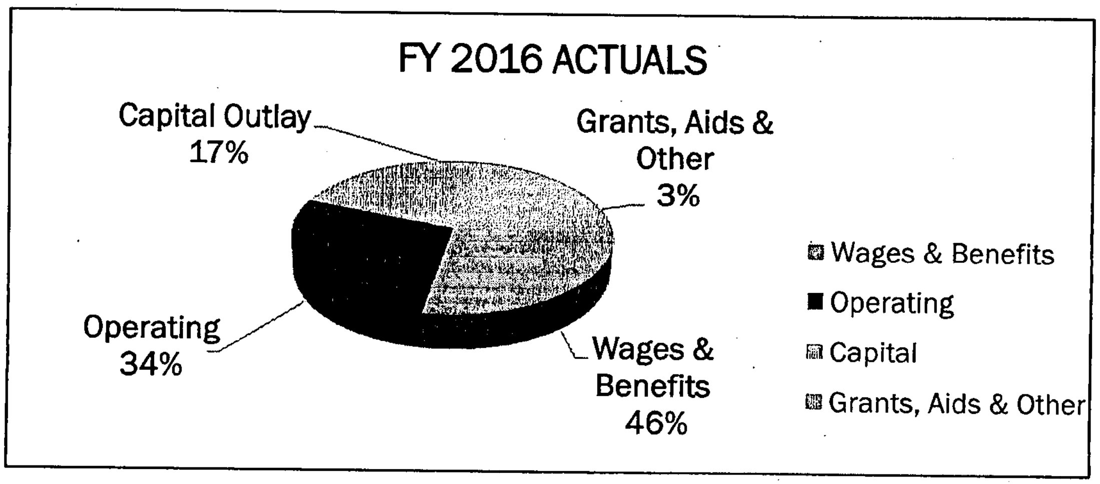
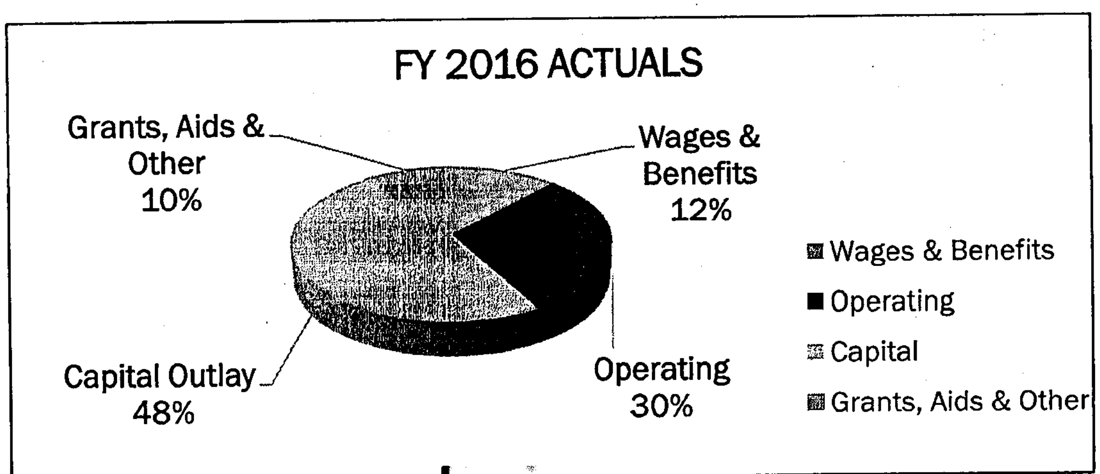
FY 2016 Actual Expenditures
General Fund
by Category as of May 31, 2016

Category	FY 2016 Budget	FY 2016 Expenditures Including Encumbrances	FY 2016 Budget– YTD Transactions	FY 2016 % of Budget Used	FY 2015 % of Budget Used
Wages & Benefits	$20,914,169	$12,669,090	$8,245,079	61%	59%
Operating	$10,002,630	$9,394,350	$3,608,280	64%	66%
Capital Outlay	$6,198,775	$4,800,802	$1,397,972	77%	77%
Grants, Aids & Other	$3,148,809	$711,584	$2,437,225	23%	67%
TOTALS	$40,264,383	$24,575,826	$15,688,556	61%	65%



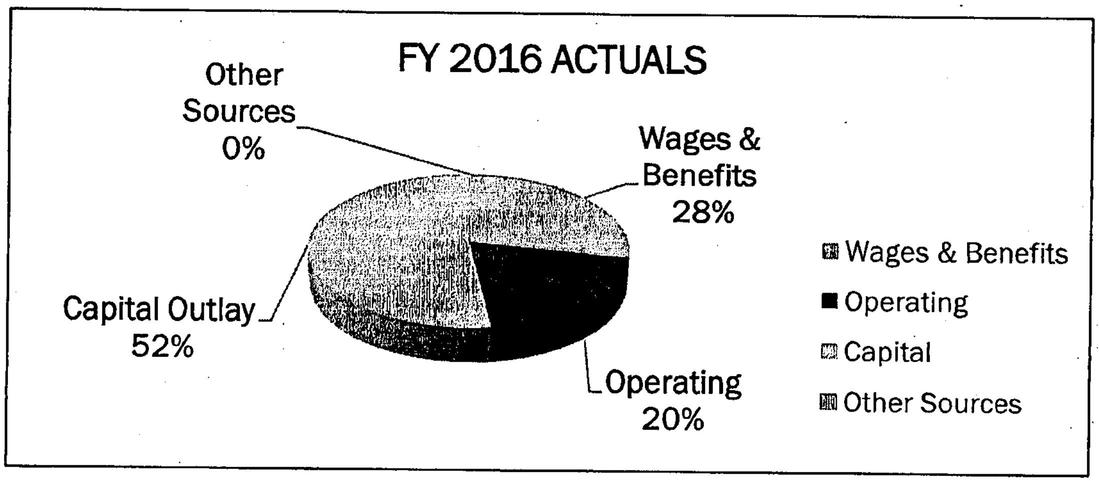
FY 2016 Actual Expenses
Water/Sewer Fund
by Category as of May 31, 2016

Category	FY 2016 Budget	FY 2016 Expenses Including Encumbrances	FY 2016 Budget – YTD Transactions	FY 2016 % of Budget Used	FY 2015 % of Budget Used
Wages & Benefits	$12,603,126	$6,782,660	$5,820,466	54%	56%
Operating	$20,929,988	$16,167,256	$4,762,732	77%	68%
Capital Outlay	$38,078,574	$26,375,887	$11,702,687	69%	53%
Grants, Aids & Other	$16,366,605	$5,231,299	$11,135,306	32%	59%
TOTALS	$87,978,293	$54,557,102	$33,421,191	62%	58%



FY 2016 Actual Expenses
Stormwater Fund
by Category as of May 31, 2016

Category	FY 2016 Budget	FY 2016 Expenses Including Encumbrances	FY 2016 Budget – YTD Transactions	FY 2016 % of Budget Used	FY 2015 % of Budget Used
Wages & Benefits	$560,256	$319,523	$240,733	57%	62%
Operating	$471,179	$227,188	$243,991	48%	40%
Capital Outlay	$1,747,250	$599,796	$1,147,454	34%	34%
Other Sources	$18,750	–	$18,750	0%	n/a
TOTALS	$2,797,435	$1,146,507	$1,650,928	41%	44%



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FAMS Model - Fiscal Sustainability

Burton & Associates

City Council Direction

- $32.5M± Revenues, $34.1M± Expenses (incl. Capital)

- Consensus to build/finalize the proposed FY 2017 Budget

1. Millage Rate:
   - ❑ Current Millage Rate – 5.9790
   - ❑ Rolled-back Millage Rate
2. Fire Assessment Rate:
   - ❑ FY2017 Projected 5% Increase
   - ❑ 3% Increase Recommended
3. Public Service Tax (Revenue Diversification)
   - ❑ Tax on Purchase of Water Service (City Customers)
   - ❑ Maximum 10% (±$230K revenue)
   - ❑ **FY2018** Implementation
     - Corresponding ***.25 millage rate reduction*** (Projected based on $230K revenue est.)

FY 2017 Budget

- 3 new FTEs
  - Executive Secretary
  - Billing Clerk
  - Fire Inspector (Fire Assessment)

- Economic Development Catalytic Projects
  - Projects that will yield long-term financial health to GF
    - Tax base
    - Job creations
    - Population increase

FY 2017 Budget Considerations
Community Improvement/Infrastructure

- EOC Buildout (City Hall)
- Roadway/Sidewalk Analysis
  - Pavement Condition Priorities
  - Sidewalk Priority Issues
- Bus Shelters ($15K)
- Dog Park (Michigan donated land)
- Provost Park Parking Lot ($150K)
- Parking Garage
  - Design Build Consultant
  - P3 Partnership Solicitation
- Oaks Mobile Home Park
  - Site Preparation
  - Master Plan Site
- Industrial Land Acquisition
- Traffic Signal/Electrical Box Wraps ($50K)
- Heart of Cocoa Comm. Mtg. Room ($160K)
- Fiske Corridor Neighborhood Stabilization/Improvement Plan
  - Fiske Boulevard (Phase 2) – Design & Engineering (FY17 - $250K)
  - Broadmoor Acres Drainage Improvements (SUF - $225K)
  - Lighting ($60K)
  - Housing – Rehab/Redev Program
- Diamond Square Neighborhood
  - Dr. Joe Lee Smith Center
    - Design & Engineering (FY17 - $100K)
  - Stone Street (DS CRA Partnership)
    - $200K DS CRA, $400K City
  - Regional Stormwater Facility (SUF - $210K)
  - Housing
    - New SF
    - Rehab/Redev. Program

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What's Next…

COCOA FLORIDA

- City Council FY 2017 Budget Workshop/Hearings
  - ➢ TRIM Hearing to set the maximum ad valorem millage rate July 12, 2016 @ 6:00pm
  - ➢ City Council provided the FY 2017 Budget/CIP Workbooks July 18, 2016
  - ➢ FY 2017 Budget/CIP Workshop August 4, 2016 @ 5:30 pm

- 1ST Public Hearing – Sept. 6, 2016 @ 6:00 pm
  - ➢ Vote for a Proposed Millage Rate
  - ➢ Vote on the Proposed FY2017 Budget

- 2nd Public Hearing – Sept. 14, 2016 @ 6:00 pm
  - ➢ Adopt a Proposed Millage Rate
  - ➢ Adopt the FY2017 Budget

QUESTIONS

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Exhibit B: General Fund Financial Sustainability Model Update

General Fund

Financial Sustainability Model Update

Council Presentation

June 29, 2016

Presented by:

BURTON & ASSOCIATES

Background

- In FY 2015 Burton & Associates populated a 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 Burton & Associates to update the model with current data to aid in the FY 2017 Budget Process

Basis for Analysis

- FY 2016 Budget and Estimates
- FY 2017 Preliminary Budget
  - Basis of projected expenses for future fiscal years through FY 2025
- Capital Improvements Program estimated by City Management
- Operating reserve equal to 4 Months of O&M Expenses
- Changes from Prior Analysis
  - Property Values continue to rise, projection adjusted
  - Port & Wal Mart Project timing and impacts adjusted
  - Fire Assessment
    - Prior Recommendation: 5% annual adjustments
    - Current Recommendation: 3% annual adjustments

General Fund Model Screenshot
Diagnostic/Baseline Scenario

Millage Rate unchanged over Projection period

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

SAVE CALC

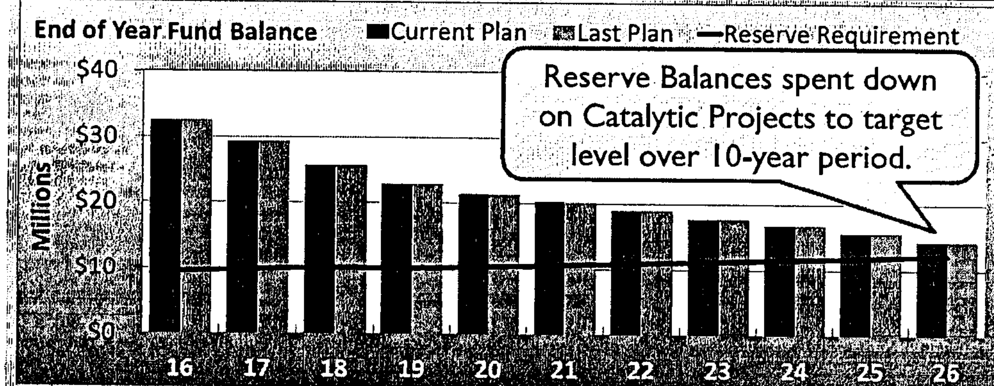
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Existing Property Value Adjust.	N/A	N/A	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
New Construction	N/A	N/A	1.0%	5.1%	1.8%	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%	[illegible]	[illegible]
Cash Flow Surplus/(Deficit) $M	($2.5)	($3.3)	($3.6)	($2.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reserve Target Surplus/(Deficit) $M	$23.2	$19.6	$15.8	$12.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
End of Year Fund Balance $M	$32.6	$29.4	$25.8	$22.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTE Additions	0	4	0	[illegible]	0	0	0	0	0	0	0
Total Capital Outlay $M	$6.2	$5.4	$4.5	$5.0	$3.5	$3.0	$3.0	$3.0	$3.0	$3.0	$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	$224.4	[illegible]	[illegible]	[illegible]	[illegible]
Fire Asmt Rev - Last Plan $M	$2.1	$2.2	$2.2	$2.3	$2.4	$2.4	$2.5	[illegible]	[illegible]	[illegible]	[illegible]
Residential Asmt - Last Plan	$187.93	$193.57	$199.38	$205.36	$211.52	$217.87	$224.4	[illegible]	[illegible]	[illegible]	[illegible]

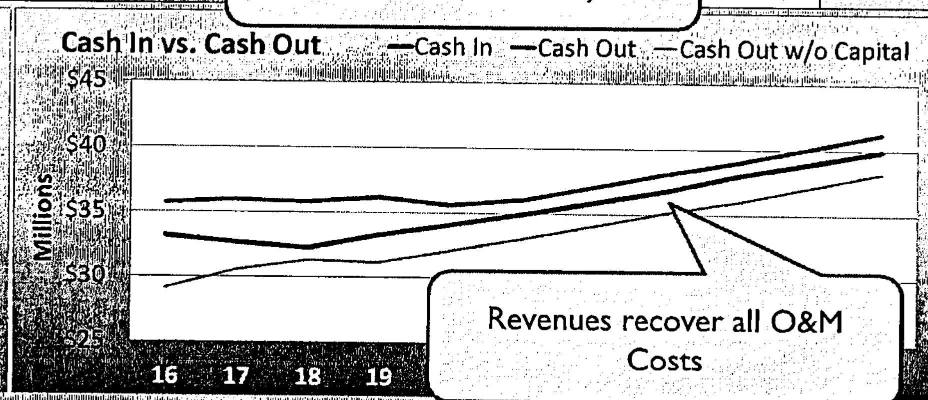
Port Proj?	Y
PST Year?	
Per FTE:	$80,000
Escalator	3.0%
Debt Svc?	$425,000

Projection includes Port & Wal Mart Properties phased in over the projection period

Capital Spending on Catalytic and Required projects

3% increases to Fire Assessment, annually





General Fund Model Screenshot
Alternative Scenario – Public Service Tax

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

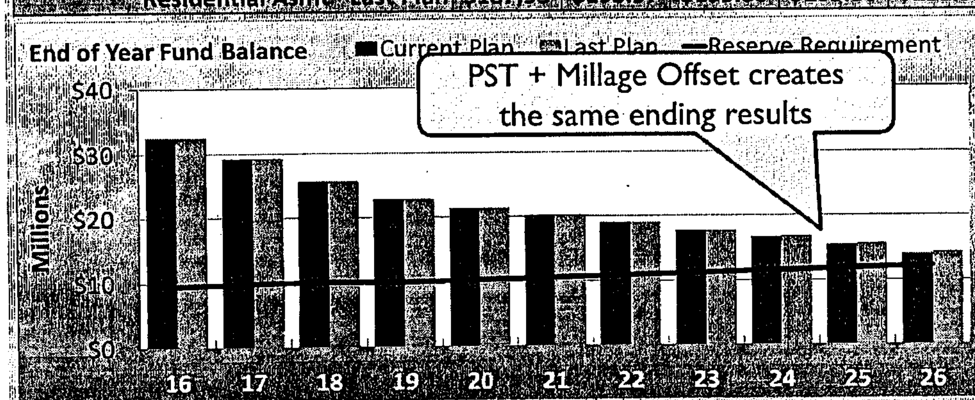
SAVE CALC

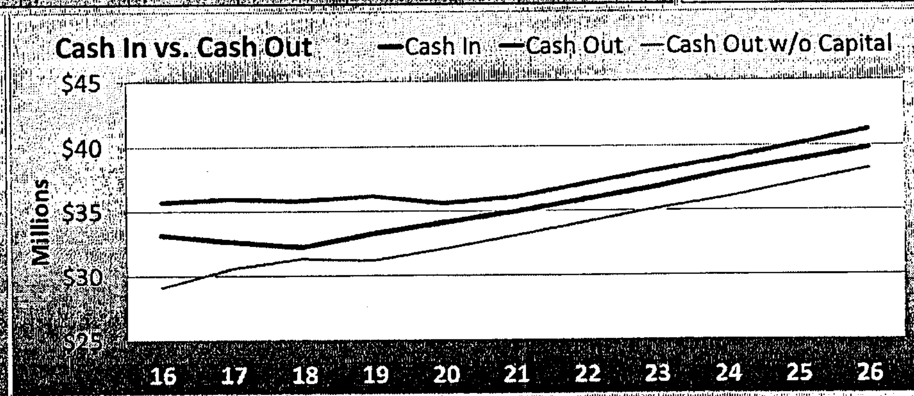
0.25 Mil Offset

$230,000 of Public Service Tax Revenue, starting FY 2018

	FY 2016	FY 2017	FY 2018					2023	FY 2		
Millage Rate	5.9790	5.9790	5.7290	5.7	.7290	5.7290	5.7290	5.7290	5.72		
Millage Rate Adjustment			-0.2500								
Existing Property Value Adjust.	N/A	N/A	3.5%	3.5%	3.5%	3.5%	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%
Cash Flow Surplus/(Deficit) $M	($2.5)	($3.3)	($3.6)	($2.9)	($1.5)	($1.1)	($1.2)	($1.3)	($1.0)	($1.2)	($1.4)
Reserve Target Surplus/(Deficit) $M	$23.2	$19.6	$15.8	$12.9	$11.1	$9.7	$8.1	$6.5	$5.1	$3.6	$1.8
End of Year Fund Balance $M	$32.6	$29.4	$25.8	$22.9	$21.4	$20.3	$19.0	$17.7	$16.7	$15.5	$14.1
FTE Additions	0	4	0	0	0	0	0	0	0	0	0
Total Capital Outlay $M	$6.2	$5.4	$4.5	$5.0	$3.5	$3.0	$3.0	$3.0	$3.0	$3.0	$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 P	Y
PST Year?	FY 2018
Per FTE:	$80,000
Escalator	3.0%
Debt Svc?	$425,000





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Recommendations

- Maintain Millage at current rate
- Continue to plan for Catalytic Capital Projects to enhance overall City values and growth
  - Utilize Fund Balance available to fund projects
  - Preserve Fund Balance at minimum reserve requirement
- Continue to peruse large growth projects such as the Port and Wal Mart
- Adopt a minimum of 3% annual adjustment to Fire Assessment rates
- Consider adoption of Water Utility Public Service Tax
  - Potential offsetting millage reduction

Discussion

Exhibit C: Water and Sewer Utility Revenue Sufficiency Update Presentation

COCOA FLORIDA

Water and Sewer Utility

Revenue Sufficiency Study Update

Council Presentation

June 29, 2016

Presented by:

BURTON & ASSOCIATES

Background and Scope

- Background
  - In FY 2010 Burton & Associates conducted a comprehensive Water, Sewer and Reclaimed Water Rate Study
  - The City adopted the recommended rate adjustments for FY 2011 with 5% annual rate increases effective each October 1 thereafter subject to prior approval by Council
  - The City contracted with Burton & Associates to verify and adjust as necessary the annual plan of rate adjustments for FY 2012 and beyond.
  - FY 2015 Study identified 3% annual increases, adopted by the City
- Scope
  - Update the ten (10) year financial plan originally developed in the above referenced study
  - Verify, or adjust, the annual plan of rate increases as required

Basis for Analysis

- FY 2016 Budget and Estimates
- FY 2017 Preliminary Budget
  - Basis of projected expenses for future fiscal years through FY 2025
- FY 2016 – FY 2021 Capital Improvements Program
- Operating reserve equal to 5 Months of O&M Expenses
- Minimum debt service coverage of 1.50x debt service
  - Both levels based upon industry practices & rating agency criteria
- Significant Changes
  - X new FTEs beginning in FY 2017
  - Continued trend of reduced flows per account

Results

- Increased staffing and reduced flows results in reverting back to the original plan of rate adjustments of 5%

Water Only (90%)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Rate Increase	N/A	5.0%	5.0%	5.0%	5.0%	5.0%
Res. Monthly Bill (5,000 Gal.)	$27.86	$29.24	$30.71	$32.26	$33.85	$35.53
$ Change	N/A	$1.38	$1.47	$1.55	$1.59	$1.68

Water & Sewer (10%)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Rate Increase	N/A	5.0%	5.0%	5.0%	5.0%	5.0%
Res. Monthly Bill (5,000 Gal.)	$72.36	$75.95	$79.76	$83.79	$87.94	$92.32
$ Change	N/A	$3.59	$3.81	$4.03	$4.15	$4.38

Ten Year Financial Plan Projections

SAVE

5% Annual Rate Adjustments

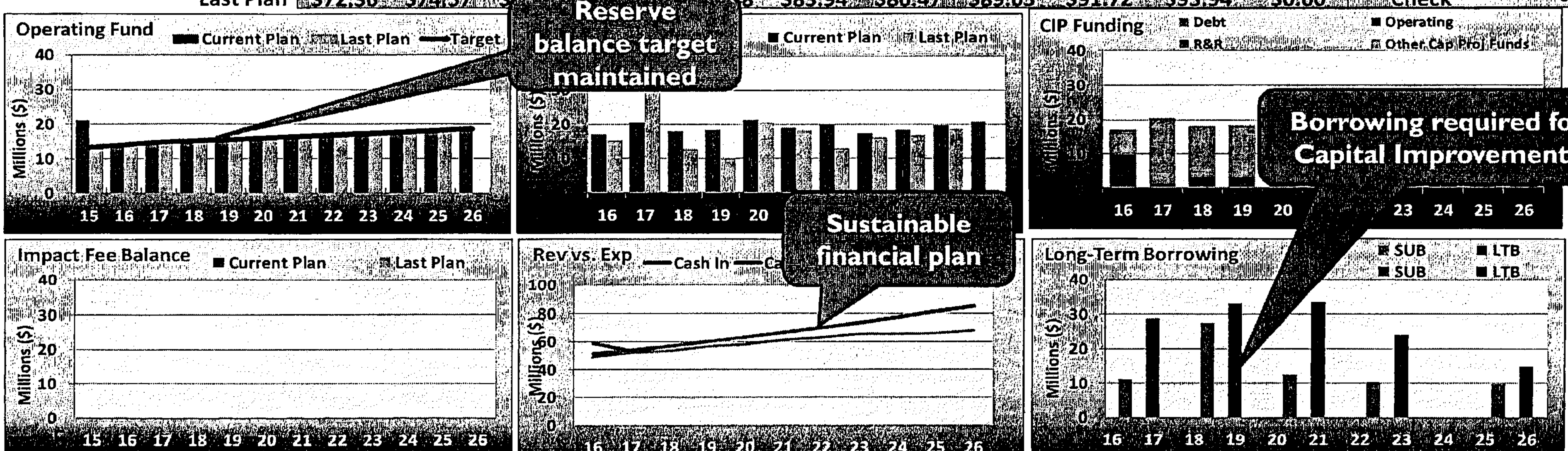
Debt Service Coverage is strong

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

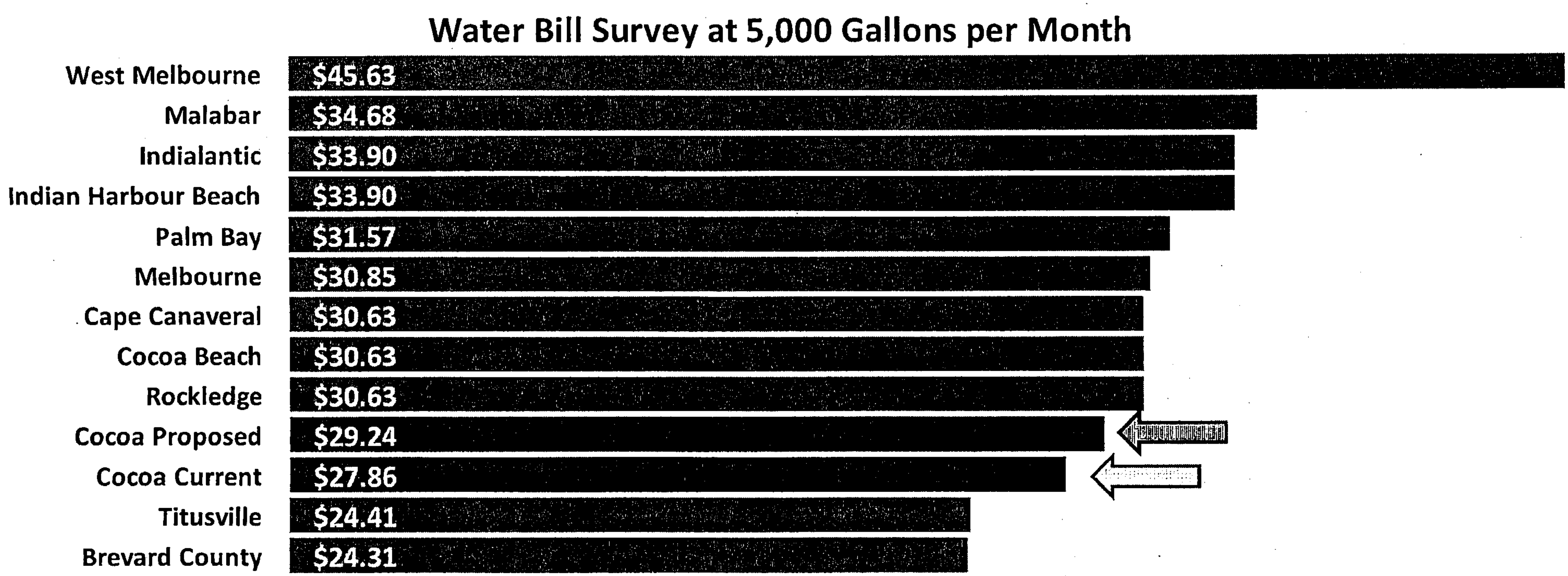
City of Cocoa

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Cumulative Change FY 2021	Cumulative Change FY 2026
Override ▶		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		
Water Rate Increases	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	27.53%	62.78%
Last Plan	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	15.93%	32.52%
Override ▶		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%			
Sewer Rate Increases	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%		
Last Plan	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%		
Override ▶		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%			
[illegible] Increases	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%		
Last Plan	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%		
Rate Covenant	2.90	2.41	2.52	2.22	2.34	2.18	2.31	2.28	2.81	3.06	3.08		
Last Plan	3.80	3.84	3.16	3.10	2.99	3.07	2.99	3.07	3.93	3.81	0.00		
Subordinate Debt Coverage	4.20	3.93	4.50	4.54	5.26	5.48	6.80	8.02	10.78	16.16	26.82		
Last Plan	6.56	6.86	6.52	6.72	6.90	7.32	8.05	9.23	11.55	15.62	0.00		
CIP $ Redistribution ▶	$0.00	-$22.00	$8.00	$7.00	$7.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		
CIP Execution % ▶	100%	100%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Operating Reserve Mo ▶	5	5	5	5	5	5	5	5	5	5	5		
Average Bill (5,000 gals.)	$72.36	$75.95	$79.76	$83.79	$87.94	$92.32	$96.93	$101.78	$106.87	$112.20	$114.36		
Last Plan	$72.36	$74.57	[illegible]	[illegible]	[illegible]	$83.94	$86.47	$89.03	$91.72	$93.94	$0.00	Check	

	FY 2016
PS Exec %	100.0%
OMV Exec %	100.0%
OMF Exec %	85.0%
CO Exec %	100.0%
Usage Change	-0.5%



FY 2016 Residential Water Bill Survey



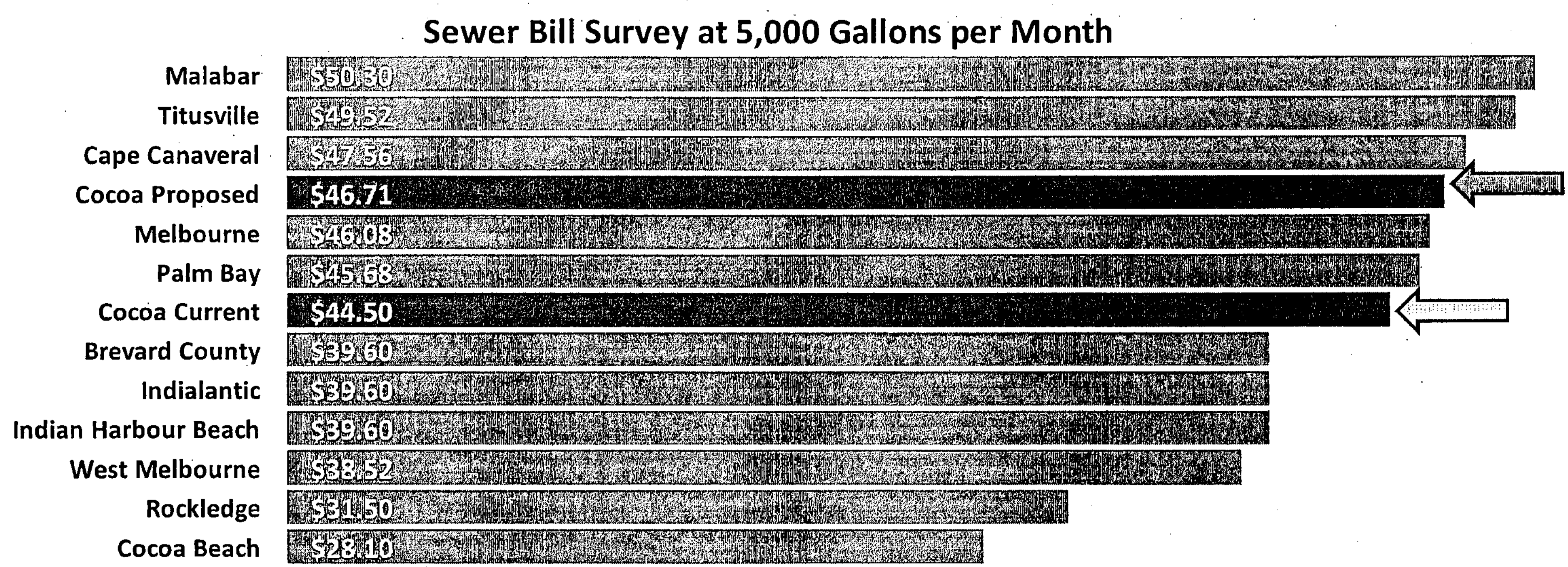
Presented by:

BURTON & ASSOCIATES

Recommendations

- Recommendations
  - Implement the original 5% across-the-board increase in all water, sewer and reclaimed water rates to be effective October 1, 2016
    - Meets financial planning targets and provides balanced/sustainable funding of capital improvement requirements (i.e. cash vs. debt)

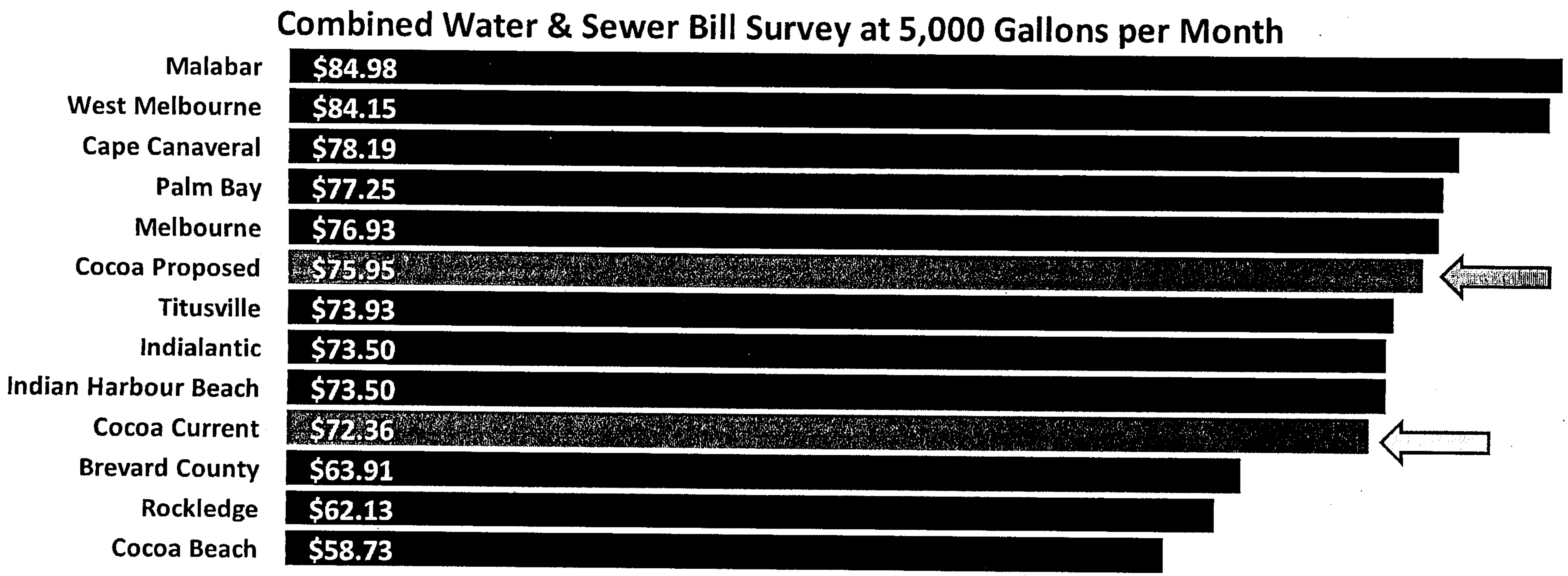
FY 2016 Residential Sewer Bill Survey



Presented by:

BURTON & ASSOCIATES

FY 2016 Residential Water & Sewer Bill Survey



Discussion