MINUTES

CITY OF COCOA
FISCAL SUSTAINABILITY/BUDGET PRIORITIES WORKSHOP

June 28, 2018

A Fiscal Sustainability/Budget Priorities Workshop was held on Thursday, June 28, 2018 at 5:30 pm in City Council Chambers, located at 65 Stone Street, Cocoa, Florida, as publicly noticed.

I. OPENING MATTERS:

Mayor Parrish called the workshop to order at 5:47 p.m.

Councilman Whipple provided the invocation and Councilwoman Warner led the assembly in the Pledge of Allegiance to the Flag of the United States of America.

PRESENT:	Henry U. Parrish III	Mayor
	Jeri Blanco	Deputy Mayor
	Brenda Warner	Councilwoman
	Clarence Whipple, Jr.	Councilman
	Matt Fuhrer	Assistant City Manager
	John A. Titkanich, Jr.	City Manager
	Carie Shealy	City Clerk
ABSENT:	Don Boisvert	Councilman
	Anthony Garganese	City Attorney

OTHER STAFF MEMBERS PRESENT:

Tammy Gemmati, Administrative Services Director; Mike Cantaloupe, Chief of Police; Gene Prince, Fire Chief; Ed Wegerif, Public Works Director; Lora Howell, Interim Finance Director; and Karen Hamilton, Community Services Director; Tyquasha Gilmore, City Clerk intern.

II. WORKSHOP TOPICS:

City Manager Titkanich advised that this was one presentation and Mr. Walsh was not in attendance because he was working with Stantec on their presentation. He thanked everyone for being here and thanked Lora Howell, Interim Finance Director and Lea Taylor, Senior Fiscal Analyst for all of the hours they have put into the budget process.

City Manager Titkanich provided a presentation[1] and mentioned that this workshop was being held in order to discuss considerations, issues, and the budget development philosophy.

The budget is connected to the City's Strategic Plan because it 1) maintains long term fiscal sustainability, and 2) it promotes greater transparency in budgeting and financial matters. He further pointed out that the City was assigned a Aa2 rating from Moody's Investors Service and a Certificate of Achievement for Excellence in Financial Reporting from GFOA.

Cost Indices were discussed in detail and he spoke about issues on the horizon that could affect the City. Those issues are Amendment 1, Public Safety pensions, Insurance, SRO's, and Lee Wenner Park.

Mayor Parrish asked if cities were going to raise property taxes. In response, City Manager Titkanich noted that the League had put together some information. He has asked the City Attorney to review the information and provide an opinion regarding Amendment 1. He stressed that this was something the City needed to be aware of in the event it goes through. It would be in 2020.

City Manager Titkanich noted that public safety pensions have to be monitored continuously. Negotiations are very important and things like lowering the City's contribution has to be negotiated. They did this knowing that legislation was changing in regards to this.

Health insurance was discussed and he mentioned that there have been two years of catastrophic claims. He assured Council they are seeing savings with the health center but there have been a lot of claims.

Ms. Gemmati added that the monthly pharmacy bill was more than health costs.

Mayor Parrish advised that there was a pharmaceutical group that wanted to meet with the City. He suggested that staff meet with them to see if they can help. City Manager Titkanich noted that they meet with the Gehring Group on a regular basis.

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[1] EXHIBIT A: FY 2019 Fiscal Sustainability Budget Workshop

Ms. Gemmati explained how the Gehring Group is paid due to a question posed by Mayor Parrish.

PTSD Indemnity Benefits and the Cancer Presumption expansion were explained.

City Manager Titkanich advised that Brevard Public Schools has requieted four SRO's, but the City was provided two. There will be a $52,000 reimbursement per SRO.

Mayor Parrish felt that the whole thing with SRO's was sad because they are trying to fix a problem that has to do with a lot of factors.

Further discussion was held on school safety and Amendment 1.

City Manager Titkanich reminded Council that this year they took over Lee Wenner Park and the agreement would end in 2022. In five years, the $60,000 would end.

Further issues such as the Waste Management contract, legal settlements, natural disasters, stormwater fund, and the recent US Supreme Court ruling relating to internet sales taxes were discussed in detail[2]. He stressed there might be a civil rights issue to come forward in regards to legal settlements.

Councilman Whipple asked if the City was aware of what was going on beachside in regards to cancer. In response, City Manager Titkanich pointed out that our water was not a threat. The contaminants are not in our water.

Councilman Whipple then asked if the City was prepared to defend itself in regards to the issue in the event we were ever accused. City Manager Titkanich assured him that Ms. Senger was good about getting the correct information out regarding the issue.

In regards to pensions, City Manager Titkanich stressed that the City has always paid its required contribution for its pension plans and has never not paid. Some cities take a vacation from paying, but Cocoa has not.

He spoke about the Budget Development Philosophy and reminded Council that in FY 15 & 16 they focused heavily on public safety and in FY 17 & 18 they focused on community improvements and infrastructure. In FY 19 they are focusing on community improvements and employee investment.

[2] Mayor Parrish exited the meeting at 6:08 p.m. & returned at 6:10 p.m.

In FY 19 they still want to maintain the current level of service in addition to providing negotiated raises and to provide for a level of market equity adjustments for those employees who were hired before the implementation of the Pay Plan that was adopted in 2015, who have not already received a market rate adjustment.

Additionally, they want to maintain employee benefits at reasonable levels, use fund balance reserves strategically, and work in collaboration with the CRA's to implement certain redevelopment projects.

The General Fund Balance was discussed and an overview of the Fund Balance Policy was provided.

At the request of Councilman Whipple, City Manager Titkanich spoke in detail about equity issues and he explained why the City has those funds.

The projected use and figures in the General Fund Assigned Fund Balance and Unassigned Fund Balances were discussed in detail, including upcoming projects and costs of the projects.

Discussion was held on hurricane cleanup and if the City was prepared in the event there is another storm this year. Deputy Mayor Blanco stated that it took about eight weeks after the last storm for stuff to be picked up and that is a long time.

Councilman Whipple asked how much leeway directors have in regards to capital expenses. City Manager Titkanich explained the budget process and noted that directors were asked to submit requests prior to the process. He meets with each director and discusses each request.

City Manager Titkanich further advised that if an item is not originally budgeted they will come to him and there is communication throughout the year.

Mayor Parrish reiterated that he wanted to ensure the City was ready for a hurricane. City Manager Titkanich assured him staff has been out making assessments.

Chief Prince added that the City had nine inches of water within a 24 hour period, so considering that the City did well. When you have that much water you have to make a decision as to what can be done during a storm.

City Manager Titkanich spoke about the budget prioritization evaluation that was incorporated into the FY 2019-2023 CIP Analysis. He explained the level of priorities in the evaluation.

He pointed out that electrical, health insurance, and auto and liability insurance requests are all being re-reviewed by him and Finance.

He explained new personnel positions in the General Fund. He further pointed out that Police Lieutenants got their increase so they will not be included in the inequity adjustment. Additionally, collective bargaining would like their three year contract to include raises for the next three years.

City Manager Titkanich explained in furtherance how percentages on payroll have increased a little and explained that they are still lower today than they were three years ago.

Decreases within the budget were brought up and he pointed out that there would not be an increase in residential rates for solid waste. This is in order to prepare in the event that they get a new contract.

Mayor Parrish questioned Chief Cantaloupe's successor. It was mentioned that a committee would be put together and they would hire externally.

Councilman Whipple asked who was in charge of employees who drive city vehicles. In response, it was noted that department directors keep track of that. There is also a Samsura tracker on all vehicles that keeps track of everything. Councilman Whipple confirmed that driver's license checks are done on a regular basis.

Ms. Gemmati assured him that Human Resources keeps records updated on driver's licenses and that routine checks are done. Employees are to inform the City if a status changes on their license.

City Manager Titkanich spoke about items in the one-time capital and non-recurring expenses that were in the unassigned general fund balance. He specifically spoke about Hurricane Irma expenses, trash cans, the usage of former Fire Station #3, and the Cocoa High School Athletic Facilities request.

Community Based Requests such as Cocoa High School and the Cocoa Logistics Training Center (Clearlake Education Center) were mentioned and he explained grants and matches that could be done in conjunction with both.

Additionally, Emma Jewell Charter School and Endeavor Elementary School partnerships were discussed. Along with Brevard Museum's request for a new roof and Habitat for Humanity's Women's Veteran Housing Project (within the Diamond Square CRA).

In regards to the Habitat for Humanity's-Women's Veteran Housing Project, Councilman Whipple wanted to make sure nothing prevents the City from getting those homes. He wanted staff to be reasonable when discussing the project and reiterated he wanted it to all work out.

City Manager Titkanich provided the background of the Fiscal Sustainability Model and reminded Council that in FY 2015, Stantec (formerly Burton & Associates) worked with City staff in order to develop this model for Cocoa's General Fund. Additionally, the City has utilized the modeling process to identify options for the fund's sustainability over a 10-year projection period. The City has contracted with Stantec again in order to update the model for the FY 2019 budget process.

He shared the model of the general fund baseline scenario and explained the analysis thoroughly including FY 2019 General Fund Revenue Assumptions.

In closing, he explained the next steps in the budget process, which are the following:

- TRIM Hearing to set the tentative ad valorem millage rate July 10, 2018 @ 6:00pm
- City Council provided FY 2019 Budget/CIP Workbooks NLT July 16, 2018
- July 24, 2018 @ 6:00 p.m. – Stantec Utility Rate Study Presentation/Rate Increase
- FY 2018 Budget/CIP Workshop August 8, 2018 @ 5:30 p.m.
- August 28, 2018 @ 6:00 p.m.
- 1st Public Hearing – September 5, 2018 @ 5:30 p.m.
  - Vote for a Proposed Millage Rate
  - Vote on the Proposed FY2019 Budget
- 2nd Final Public Hearing – September 13, 2018 @ 5:30 p.m.
  - Adopt Millage Rate
  - Adopt the FY2019 Budget

Councilman Whipple and the rest of Council thanked the City Manager for his presentation. In response, City Manager Titkanich stated that he has a good team and everyone realized what they needed to focus on and did a great job.

Mayor Parrish appreciated everyone and thought they all did a great job. He further mentioned that the space industry would be making a major announcement in a few days.

Mayor Parrish spoke about the benefits and non-benefits of selling water. He also mentioned the honor flight and believes we need to bring the V-COP program back.

III. ADJOURNMENT.

* **The Fiscal Sustainability Workshop adjourned at 7:51p.m.**

Henry U. Parrish III, Mayor

ATTEST:

Carie Shealy, MMC, City Clerk

EXHIBIT A: FY 2019 Fiscal Sustainability Budget Workshop

COCOA
FLORIDA

FY 2019
Fiscal Sustainability
Budget Workshop

June 28, 2018

Agenda

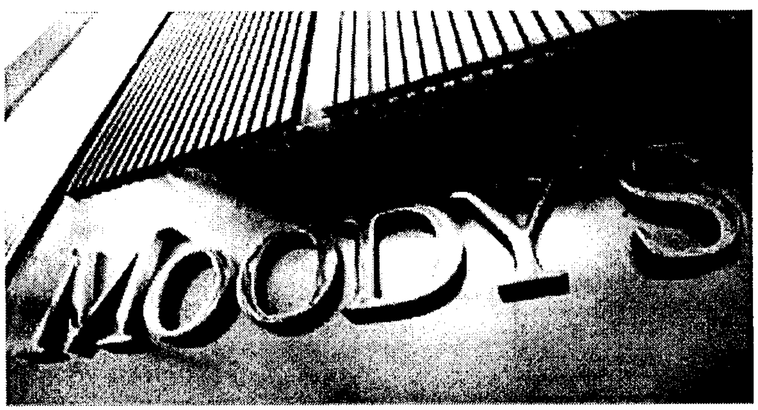
- Considerations, Issues and Budget Development Philosophy
- General Fund Balance
  - Assigned Fund Balance
  - Unassigned Fund Balance
- FY 2019 General Fund Budget Overview
  - Prioritization Considerations
  - Personnel Requests
  - One-Time Capital and Non-Recurring Expenses
  - Community Based Requests
- FY 2019 General Fund Fiscal Sustainability Analysis
- FY2019 Budget Calendar...What's Next

Budget Connection to Strategic Plan

City 2016-2021 Strategic Plan:

Goal 1: Maintain long term fiscal sustainability.

Goal 2: Promote greater transparency in budgeting and financial matters.



Assigned Aa2 rating from Moody's Investors Service

GFOA

Certificate of Achievement

FOR EXCELLENCE IN

Financial Reporting

Cost Indices

- Consumer Price Index (5/2018)[1] — 2.8%
- Municipal Cost Index (5/2018)[2] — 3.45%
- Construction Cost Index (5/2018)[2] — 3.02%
- Wages and Salaries (3/2018)[3] — 1.8%
  (State/Local Government Workers)
- Compensation (3/2018)[3] — 2.2%
  (State/Local Government Workers)

Sources:

[1] U.S. Bureau of Labor Statistics (https://www.bls.gov/cpi/)

[2] American City and County (http://americancityandcounty.com/municipal-cost-index)

[3] U.S. Bureau of Labor Statistics (http://data.bls.gov)

Horizon Issues...

- Amendment 1 (Expanded Homestead Exemption) ($120,000 - $160,000 reduction annually, projection - preliminary BCPA Tax Roll/Stantec analysis)
- Public Safety Pensions
  - Fire UAAL - $8,179,125
  - Police UAAL - $1,240,456
- Insurance
  - Health - 2 years of catastrophic claims
  - W/C – PTSD Indemnity Benefits, Cancer Presumption expansion
- SRO's – BPS requested 4, City providing 2 total
  - $52,000 Reimbursement per SRO (Current SRO $91K+ Salaries and Benefits)
- Lee Wenner Park – County/City ILA, $60,000 BOCC contribution ends in FY2022

Horizon Issues...

- Future Solid Waste Contract – WM expires 2020
- Legal Settlements – Liability
- Natural Disasters
  - Reimbursements from Hurricanes Matthew and Irma
  - Future events and impact to GF Unassigned Fund Balance
- Stormwater Fund – NPDES and BMAP mandates: inadequate revenue (rates) for program
- Recent US Supreme Court Ruling – Internet Sales Taxes
  - Florida House Ways & Means Committee (January 2017) estimated $200 million in potential sales tax revenue
    - Subject to Legislative Action

Budget Development Philosophy

- FY15 and FY16 – Public Safety
- FY17 and FY18 – Community Improvements/Infrastructure
- Fiscal Year 2019 – **Community Improvements/Employee Investment**
  - Maintain/enhance current LOS
  - **<u>In addition</u>** to providing negotiated raises, provide for a level of market equity adjustments for those employees who were hired before implementation of Pay Plan adopted in 2015, <u>and who haven't</u> already received a market rate adjustments ($300K +/- recurring costs)
  - Maintain employee benefits at reasonable levels
  - Strategic use of Fund Balance Reserves (capital needs and economic/catalytic projects)
  - Work in collaboration with CRAs to implement certain redevelopment projects
    - Diamond Square CRA – Dr. Joe Smith Center
    - Cocoa CRA – updated Waterfront Master Plan

Use of GF Fund Balance

Fund Balance Policy

- Reserves used for capital/one-time expenses only, **cannot** sustain recurring expenses
- Preserve Fund Balance at minimum reserve requirement
- Strategic use for catalytic Capital/Economic Projects to enhance overall City growth and quality of life
- Utilize Fund Balance available to fund projects
- Capital Projects – **Require revenue source for future O&M expenses?**

Staff FOM Policy Proposal: Community Based Requests may not be funded through the use of Unassigned Fund Balance in future fiscal years.

Moody's Aa2 Credit Opinion (Rating), April 12, 2018

- *Credit Strengths* – "Strong reserve and liquidity levels"
- *Factors that could lead to a downgrade* – "Significant decline in reserve or liquidity levels"
- *Factors that could lead to an upgrade* – "Material tax base growth"

General Fund Assigned Fund Balance

Projected Use of GF Assigned Fund Balance for FY2019:

$3,525,000	Dr. Joe Lee Smith Center
$1,500,000	Fiske Boulevard Phase III
$450,000	Paving/Sidewalk
$5,475,000	Note: Remainder of Paving/Sidewalk (Roadway Construction) Funds $750K previously assigned are programmed in CIP at $250K per year through FY2022.

GF Assigned Fund Balance (Anticipated for FY2018 CAFR):

$500,000 Economic Incentives

- BPS Logistics Center ($100K Capital, $50K Operating over 5 year period)
- East Florida Motor Sales (Awaiting Final Application)

$3,000,000* Economic Development Catalyst Projects

- Walmart Distribution Center ($2 million)*

$1,250,000 City Software (ERP) Upgrade

$4,750,000

General Fund Unassigned Fund Balance

GF Unassigned FB (as of 9/30/2017, per 2017 CAFR):

$9,877,964	
($2,183,772)	Projected Use of FB For FY2018
($1,000.000)	Increased commitment up to $3.7m for JLS Ctr.
($2,735,396)*	Hurricane Irma (FY18 and FY19)
$3,958,796	**Projected Available Unassigned FB**

Projected Use of Unassigned Fund Balance for FY2019:

$700,313	One-Time Capital Costs
$2,158,550	Hurricane Irma Related

FY2019 GF Budget Overview

FY2019 General Fund Budget:

Revenues: Approximately **$34,372,487**
Expenses: Approximately **$42,706,350**
Use of Fund Balance: $8,313,863

- **Assigned FB** $5,475,000
- **Unassigned FB – Hurricane Irma:** $2,158,550
- **Unassigned FB:** $700,313

Original Departmental Submittal: $45,450,972

CM has already adjusted $2.74 million from GF department requests.

CM/FN re-reviewing Electrical, Health Insurance, Auto and Liability Insurance Accounts

Budget Expense/Revenue Drivers:

- Increases:
  - Additional Personnel Costs for new positions **$297,199.68**
  - Salary Increases **UNKNOWN** at this time – Negotiations ongoing with 3 rank and file collective bargaining units
    - Expressed desire is for 3 year Contracts with annual raises guaranteed for duration of contract
    - PBA Lieutenants – Contract ratified by City Council
    - District Chiefs – Negotiations ongoing
  - Health Insurance – **7.5% - 10%**
    - Two consecutive years of abnormally high catastrophic claims
  - Public Safety Pensions
    - UAAL – Police ($1,240,456) and Fire ($8,179,125)
    - City ARC increase – Police $ 923,473 (**6.4%**) and Fire $1,424,223 (**3.8%**)
    - Potential requests to reverse certain pension reforms would increase UAAL and ARC
- Decreases:
  - Unknown timing of Hurricane Matthew and Irma reimbursements
  - Solid Waste (planning for future contract)
    - Residential Rates no increase
    - Commercial Rates approximately 7% rate reduction

Budget Prioritization Evaluation
Incorporated into FY2019-2023 CIP (and general) Analysis

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.

General Fund Personnel

Community Services:
- Convert Plans Examiner to hire Deputy Building Official **$67,427.60**

Finance:
- Staff Accountant (Temp. converted to FT position) **$63,568.76**

Police:
- 1 Administrative Secretary for Support Services/CID (CPSM Study) **$52,095.16**
- 1 Code Enforcement **$58,174.52**

Public Works:
- 1 Maintenance Worker II (Unfreezing position) **$55,933.64**
- 1 Fleet Technician – If NAPA IBS implementation occurs, Automotive Stock Clerk to be reclassified

Total Cost for Recommended Positions: $297,199.68

2 Additional School Resource Officers requested at **$73,934** each (Current SRO - $90,798) – Total cost $147,868
- **Only being reimbursed $52,000 per SRO by BPS Proposed Agreement**

  **** Unable to fill 2 additional SROs, reassigning one (1) patrol officer to cover both Endeavour and Cambridge Elementary Schools in addition to maintaining existing SRO for Cocoa High School**

Positions requested and not recommended to be filled in FY2019:

- Customer Service Representative
- Training Officer (Part-Time GE-12)
- 1 Detective (CPSM Study)
- Assistant Manager Streets/Stormwater

One Time Capital and Non-Recurring Expenses
Unassigned GF Balance

- CPD Strategic Plan $50,000
- City CEMP $40,000
- CPD Laptops (Year 2 of 4) - $57,133
- Antennae for 3 Fire Stations - $99,000
- CFD SCBA - $160,000
- Ballistic Vests - $18,370 (Match for grant)
- Skid Pack for Brush Truck - $16,810
- Dixon Boulevard Sidewalk - $45,000
- Trash Cans - $28,000
- Former Fire Station 3 Roof - $85,000
- Benches - $26,000
- Cocoa High School Athletic Facilities Request - $75,000

Total One Time Expenses from Unassigned GF Balance: $700,313

Total Hurricane Irma Expenses from Unassigned GF Balance: $2,158,550

Brevard Museum Roof Repair/Replacement - $50,000*

Community Based Requests

Cocoa High School – School Initiated Project

- Rubberized Track - $145,000 ($120,000) **Match BPS $25K**
  - BPS provides $25,000 for School Initiated Projects
- Turf Field - $185,000 ($160,000) **Match BPS $25K**
  - BPS provides $25,000 for School Initiated Projects
- Gym Bleachers - $85,000 ($60,000) **Match BPS $25K**
  - BPS provides $25,000 for School Initiated Projects
- CM Informed that School Safety has greater priority over School Initiated projects

TOTAL One-time budgeted costs - $75,000 (subject to BPS Match)

Cocoa Logistics Training Center – Clearlake Education Center

- Partnership with BPS subject to FL DEO Job Growth Grant ($2m)
- Consistent with 2015 City Economic Base Analysis and Strategic Plan Economic Development Goal 2, Objective 2.1
- **$100,000 capital construction** – if BPS awarded grant
- Annual operating contribution of $10,000 (5 years)
- Certified Logistics, Welder, Heavy Equipment Operators, Warehouse Management, Inventory Management, Port and Railroad Worker Training
  - Up to 25% of students would be Cocoa residents, first right to participate

Not included in FY2019 Budget, subject to BPS receiving grant

CM Recommendation: Support through Assigned FB - Economic Incentives

Community Based Requests

Emma Jewell Charter School

- Initial year subsidized Free-Reduced School Lunch Program
- Pedestrian Safety Improvements
- B.A. Morse Park (Regional Stormwater Facility) – Athletic Field w/access to Pedestrian Trail surrounds stormwater facility
- $15,200 provided for busing for students (initially $7,600, last 2 fiscal years funded a double bus run
- Requested assistance from City and/or City for School Safety Improvements
  - Improvements not specified
- Requested assistance in funding School Safety/Security Specialist

Total Budgeted for FY2019: $15,200

Endeavour Elementary Community Partnership School

- City funded capital improvements for Covered Pavilion (FY16) and Parent/Teacher Resource Hub (FY17)
- City funded purchasing books for all students at end of school year (FY18)
- City funded, through CHS, for a Parent/Teacher Coordinator (FY17) in previous school year and position was filled only part of this past school year.

- **No funds budgeted in FY2019 Budget**

Community Based Requests

Brevard Museum (FY2018 request)

- $50,000 grant for roof repairs/replacement
- Agreement with FHS for review
- FHS provide 3 year advisory role to non-profit/volunteer board on curation for Leon and Jewell Collins Museum once non-profit/board in place.

Not reflected in FY2019 Budget

Habitat for Humanity – Women's Veteran Housing Project (w/in DS CRA)

- Diamond Square CRA
  - Donate 6 lots (valued between $5,000 and $7,500 each)
  - Donate/pledged $10,000 per home
- City of Cocoa
  - Requesting $75,000 per home
  - Requesting waiver of Building and Permit Fees
  - Requesting City use Down Payment Assistance for homes
  - Sale Price – Approximately $115,000 per home
- **HH request from City - $450,000**
- **TOTAL Request p/home (all sources, excluding B&P fees) $90,000+**

Not reflected in FY2019 Budget

CM and CS to meet with HH on request/agreement

FAMS GF Model - Fiscal Sustainability
Stantec (formerly 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 for the FY 2019 Budget Process
  - Validate/update assumptions and projections
  - Capital Funding Programming/Funding Availability
  - Evaluate FY19 Millage Rate and Fire Assessment Rates

[redacted] [redacted] [redacted]

General Fund Baseline Scenario Screenshot

(May 19, 2015 Budget Workshop)

BURTON & ASSOCIATES

No Changes in Millage Assumed

Modest Property Value Growth Assumptions

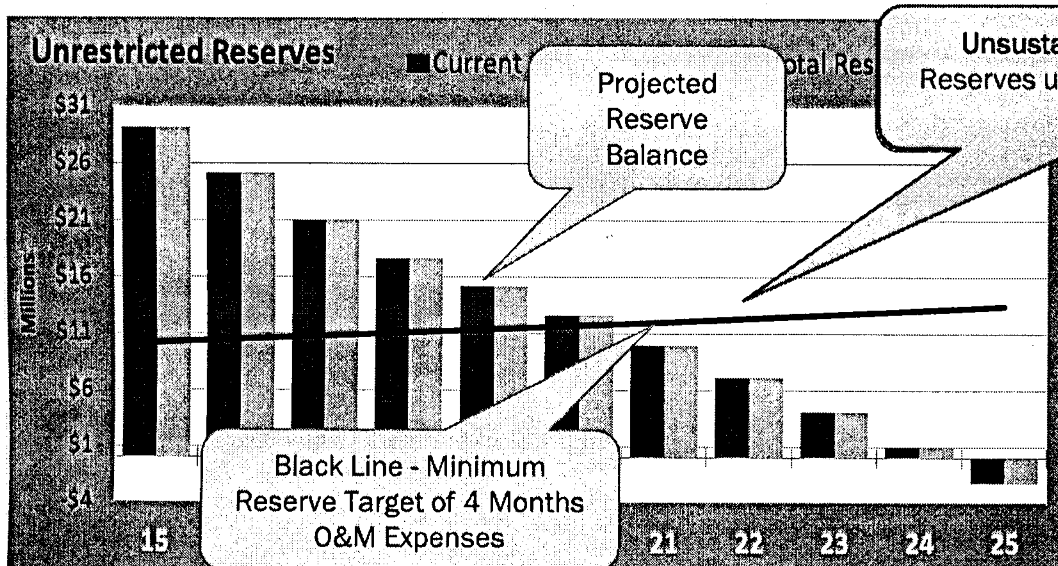
GENERAL FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS - GF) SUMMARY

SAVE CALC

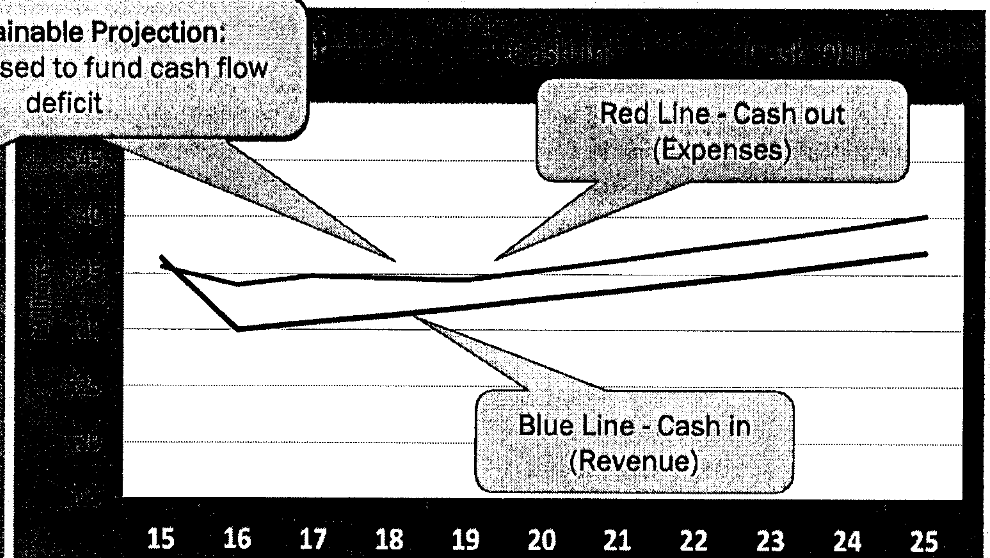
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 20[illegible]	FY 2025
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.979[illegible]	[illegible].9790	5.9790
Millage Rate Adjustment											
Existing Property Value Adjustment	N/A	0.00%	0.50%	1.00%	1.25%	1.50%	1.50%	[illegible]0%	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



Basis for FY2019 GF Budget Analysis

- FY 2018 Amended Budget and FY 2017 CAFR (FB)
- FY 2019 Preliminary Budget
  - Departmental Entry
  - CM Adjustments
  - CM and Department meetings...and additional adjustments
- Capital Improvements Program – 5 years
  - Requests submitted by Departments
    - CIP Review completed
- FAMS projected revenues and expenses for future fiscal years through FY2028
- Maintain Fund Balance equal to 4 Months (33%) of O&M Expenses (Committed)
  - ✓ $9,903,251
  - ✓ $500,000 (Capital Replacement)

FY2019 GF Revenue Assumptions

- Millage Rate – maintain at 5.9790 mills
- Fire Assessment – return to 3% increase from last year's 5% increase
    - FY2018 Additional increase related to unanticipated higher than projected Debt Service for Fire Protection Assessment Revenue Bonds
- Reduction in Solid Waste Revenues
    - WM contract expires in 2020...plan for likely decrease in rates
    - No Rate Increase for Residential Customers
    - Approximately 7% Rate Decrease for Commercial Customers
- Strategic Use of Unassigned Fund Balance for one-time capital and non-recurring expenditure

General Fund FY2019 Analysis

CALC | SAVE | 5/10
LAST | OVR
CIP | $M

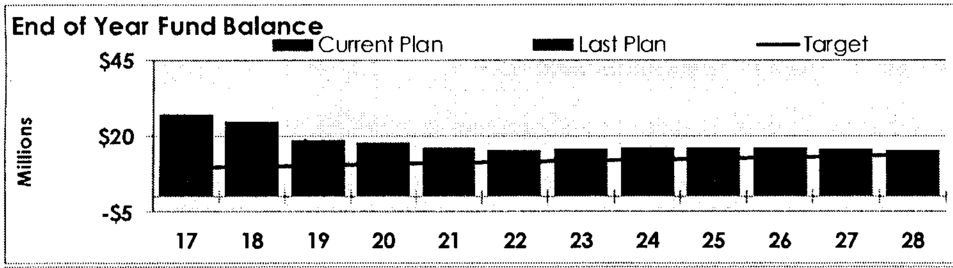
FAMS-XL© GENERAL FUND

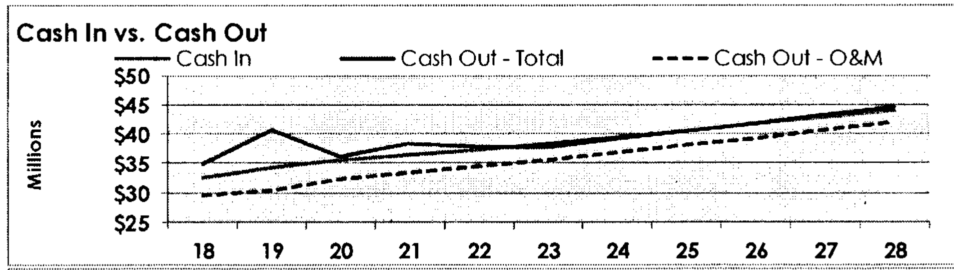
City of Cocoa, FL

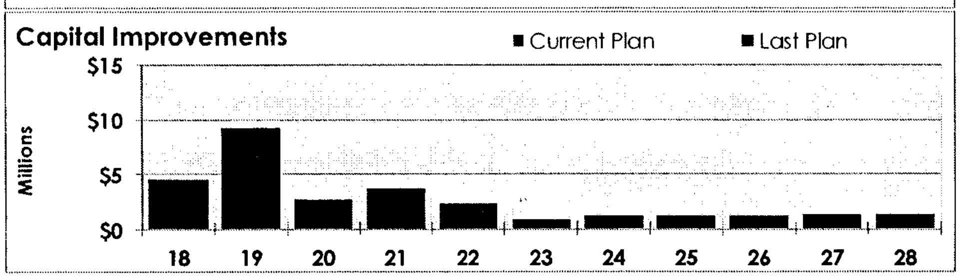
Stantec

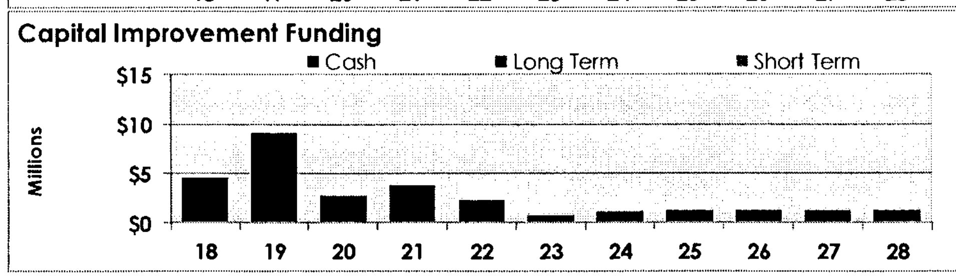
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Last Plan	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Total Property Value Adj	3.8%	6.1%	11.2%	4.0%	3.0%	3.0%	4.3%	4.2%	5.4%	3.0%	3.0%
Last Plan	3.8%	6.1%	11.2%	4.0%	3.0%	3.0%	4.3%	4.2%	5.4%	3.0%	3.0%
Cash Flow Sur/(Def) $M	$ (2.39)	$ (6.33)	$ (0.67)	$ (1.94)	$ (0.68)	$ 0.61	$ 0.25	$ 0.06	$ (0.06)	$ (0.34)	$ (0.62)
End of Year Fund Bal $M	$ 24.75	$ 18.41	$ 17.74	$ 15.80	$ 15.13	$ 15.73	$ 15.98	$ 16.04	$ 15.97	$ 15.64	$ 15.01
Target Sur/(Def) $M	$ 14.99	$ 8.35	$ 7.08	$ 4.79	$ 3.75	$ 3.98	$ 3.84	$ 3.50	$ 3.01	$ 2.24	$ 1.17
Balance % of Expenses	71%	45%	49%	41%	40%	42%	41%	40%	38%	36%	34%
Target % of Expenses	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%

HE? Y
WMDC? Y









Prepared by:
Stantec

General Fund Questions & Comments

What's Next…

City Council FY 2019 Budget Workshop/Hearings

- TRIM Hearing to set the tentative ad valorem millage rate
  July 10, 2018 @ 6:00pm

- City Council provided FY 2019 Budget/CIP Workbooks NLT July 16, 2018

- July 24, 2018 @ 6:00 p.m. – Stantec Utility Rate Study Presentation/Rate Increase
  - Utilities CIP
  - 2018 Utility Revenue Bond
  - 2009A and 2009B Advanced Refunding

- FY 2018 Budget/CIP Workshop August 8, 2018 @ 5:30 p.m.

- August 28, 2018 @ 6:00 p.m.
  - Resolution – Fire Protection Assessment

- 1ST Public Hearing – September 5, 2018 @ 5:30 p.m.
  - Vote for a Proposed Millage Rate
  - Vote on the Proposed FY2019 Budget

- 2nd Final Public Hearing – September 13, 2018 @ 5:30 p.m.
  - Adopt Millage Rate
  - pt the FY2019 Budget