MINUTES
(Amended)

CITY OF COCOA

FY 2019 Financial Update & FY 2020 Budget Priority Workshop

March 14, 2019

A FY 2019 Financial Update & FY 2020 Budget Priority Workshop was held on Thursday, March 14, 2019, in City Council Chambers, located in Cocoa City Hall, 65 Stone Street, Cocoa, Florida, as publicly noticed.

I. CALL TO ORDER

Mayor Williams called the meeting to order at 5:38 p.m.

PRESENT:	Jake Williams, Jr.	Mayor
	Brenda Warner	Deputy Mayor
	Don Boisvert	Councilmember
	Alex Goins	Councilmember
	Lorraine Koss	Councilmember
	Anthony Garganese	City Attorney
	John Titkanich, Jr.	City Manager
	Matt Fuhrer	Assistant City Manager
	Carie Shealy	City Clerk

OTHER STAFF MEMBERS PRESENT:

Tammy Gemmati, Administrative Services Director; Jack Walsh, Utilities Director; Nancy Bunt, Community Services Director; Mike Cantaloupe, Chief of Police, Gene Prince, Fire Chief; Ed Wegerif, Public Works Director; Rebecca Bowman, Finance Director; Lora Howell, Deputy Finance Director; and Lea Taylor, Budget Analyst.

II. WORKSHOP TOPICS

1. Budget Presentation: Projections, Priorities, and Direction

City Manager Titkanich provided a presentation[1] and mentioned that he would be providing an overview of the budget and a review of the 2019 budget.

He noted that the City has been recognized for its responsible fiscal management and credit worthiness.

In FY 2015, the City worked collaboratively with Stantec to develop a fiscal sustainability model for Cocoa's general fund. The City utilized a modeling process to identify options for the funds sustainability over a 10-year projection period.

A screenshot of the general fund baseline scenario was displayed and explained in detail.

He pointed out that this year, some of the departments will be doing a zero based budget. Two of the departments are Finance and Administrative Services.

He noted adjustments that have been made since the 2015 scenario and mentioned a few things had been added such as the Fire Assessment, Return on Investment, a methodology change, and an ad valorem revenue increase while maintaining a millage rate of 5.9790 mills.

FY 2019 Actuals to Date and the most recent numbers for the General Fund were discussed.

He mentioned that there are a number of capital projects happening this year and he pointed out that FEMA monies coming in for the hurricanes will go back into the fund balance.

City Manager Titkanich further mentioned the FY 2020 Property Valuation increase, capital improvements, revenues versus expenses and how they will become equal in FY 2021, and how the general fund balance will remain level.

He spoke in detail about the Economic Development Incentives at Walmart and Erdman Automotive. In regards to Erdman, there are about two hundred new employees. Mayor Williams clarified that the incentives were for new employees only and Councilmember Koss asked how many of those employees reside in Cocoa. In response, City Manager Titkanich stated that they had asked for numbers, and that the City worked with Walmart and they greatly encouraged Cocoa residents to apply.

A snapshot of the FY 2019 Budget was discussed as of February 28, 2019. The amended budget, year to date encumbrances, FY 2019 actual transactions, the

[1] EXHIBIT A: FY2020 Financial Update and Budget Priority Workshop Projections, Priorities, and Direction Presentation

remaining balances were shown. Bond money and FEMA moneys from Hurricane Irma were also discussed in furtherance.

City Manager Titkanich explained the Fund Balance Reserve Policy, and that the purpose of this policy is to ensure there will be adequate liquid resources to serve as a financial cushion for the General Fund.

The request from Cocoa High School regarding their facilities update was explained. He noted that the money was budgeted for this year and if the school raises the money the school board will donate $25,000 and the City would then match. They are requesting funds for the track, field, and bleachers for basketball. He advised that he had spoken with the Superintendent and the City should be receiving a letter.

City Manager Titkanich noted it was one line item in the revenue budget but it is broken up in the expenditure budget.

An overview of the FY 2020 General Fund Budget was provided. External factors and challenges were discussed along with several issues on the horizon such as public safety pensions, insurance, school resource officers, Lee Wenner Park, future solid waste contract, legal settlements, natural disasters, stormwater fund and the recent US Supreme Court Ruling regarding internet sales taxes.

Items that could affect the budget were also pointed out such as hurricane reimbursements, 2019 legislative session issues, and the fire fighters cancer bill.

Mayor Williams asked if a date was going to be put on the bill because he has heard that now since they have newer equipment they wanted to add a date as to how far back a claim could be made.

Expenses were discussed in furtherance and City Manager Titkanich advised that they were in contracts with all three unions. All are negotiated and additionally, he provided an overview of the wage/salary history for employees from 2011 to date. He explained all of the steps that the City has taken in order to make sure employees are compensated fairly since the salary study was completed.

Mayor Williams would like to see how we compare with other cities in regards to salaries. In response, City Manager Titkanich noted that they are looking into a new compensation plan update.

Councilmember Koss asked if this was something that Florida League of Cities does. City Manager Titkanich explained that studies look at things differently.

City Manager Titkanich mentioned the adjustments and compensation issues within the Utilities Department.

Mayor Williams worries that the City is a training school and as we train employees, they leave us and move on to other cities or jobs with better pay.

In response to his concerns, City Manager Titkanich advised that we were the first city to do a compensation study and now others are doing them. Melbourne is currently working on a study.

Further discussion was held on employee compensation and possible solutions.

City Manager Titkanich spoke about the SRO agreement and how it is updated annually. They asked for four and we provided two. This year, they would like to add another SRO to Cambridge Elementary.

City Manager Titkanich asked for a consensus to preliminarily build the proposed FY 2020 budget. Staff would like to maintain the current millage rate at 5.9790 mills. He pointed out that the preliminary tax roll will not be received from BCPA until June, 2019. Secondly, he mentioned the fire assessment rate and the projected increase of 3% in FY2020.

For clarification purposes, City Manager Titkanich explained that this was just to preliminarily build the budget, and that things can change throughout the budget process.

Further discussion was held on the several priorities in regards to the capital budget prioritization and the FY 2020-2015 CIP Analysis. The Budget Development Philosophy was shown and he explained the focuses in previous years, along with the focus for FY 2020, which includes community improvements, sustainability/resiliency and employee investment.

He asked that Council communicate with him any future projects. There will be more meetings in order to discuss the budget.

Mayor Williams noted that one of his priorities was better signage throughout the City. City Manager Titkanich advised that there are FDOT limitations and the current signs took a while to get permitted.

Mayor Williams asked Chief Cantaloupe if all police cars have defibrillators. In response, Chief Cantaloupe noted that he believes they have twenty five, as they received a grant from Firehouse Subs for the purchase of them.

Councilmember Koss stated that she has a long list and would like to refine it first, then meet in private about it. She advised that one priority is a community solar station.

Deputy Mayor Warner stated that there have been many people asking if Cocoa has any charging stations.

Bus stop shelters were also a priority and Mayor Williams mentioned that a run through of the stops in Cocoa had been done recently and some issues have already been taken care of.

Assistant City Manager Fuhrer advised that the study Mayor Williams is referring to was on ADA compliance and 92% of the stops are non-compliant within the City.

Other items that were discussed were: a presentation by Catherine Alexander regarding the power of public art will be done in April, ~~annexation of Carlton Terrace into the City~~[2] annexation of neighborhoods north of Carlton Terrace into the City, communication signs (LED messaging signs) one in each district, the FYI and how residents can register for that newsletter, the maintenance and enhancement of medians, and the possibility of becoming a Tree City USA again.

Councilmember Koss asked about the architectural review board and City Manager Titkanich felt it more appropriate for the CRA to do that.

She believes that a big goal for her for Cocoa Village would be to have a big co-op art center, such as they have in Alexandria, Virginia. Various artists display their art there.

Councilmember Goins asked when the City Manager would like these items because he would like to use his Town Hall meeting in order to narrow down his priorities. City Manager Titkanich pointed out that there is a budget calendar and staff would need them by ideally the second, but no later than the third week of April.

Discussion was held on lights in the village and costs to have them up all year.

He asked for a preliminary consensus to build the proposed FY 2020 Budget, and he reiterated what they were asking to build the budget upon.

1-Maintain the current millage rate of 5.9790 and he pointed out that the preliminary tax roll will not be received from BCPA until June 2019.

[2] This portion of the Minutes was amended by Councilmember Koss at the regular meeting of May 8, 2019

2-Fire Assessment Rate for FY 2020 and they are looking at a projected 3% increase.

Further discussion was held on salaries, and potential outcomes with property taxes.

Deputy Mayor Warner asked how long it has been since millage was changed. In response, it was pointed out that it was FY 14/15.

She advised that because of the way the legislature has changed the rules, even if there has not been a change, it has to be advertised as a tax increase.

She further stated that she has never had a problem raising the millage if we have to in order to maintain the level of services we have.

Councilmember Koss has issues with there being so many fixed incomes in Cocoa. Deputy Mayor Warner pointed out that most with fixed incomes are not paying ad valorem taxes at all. There are only a small handful in Cocoa paying.

Ms. Bowman reiterated that they are just asking for a consensus to build a proposed budget and if Council does not like what they bring back then it can be changed.

City Manager Titkanich stated that they would build a budget based on the current information presented.

Further discussion was held on the water/sewer fund and City Manager Titkanich reminded Council that this information would be discussed at the Utility Workshop on April 2, 2019.

Lastly, he provided a breakdown of the upcoming dates, which are as follows:

- April 2, 2019 @ 5:30 PM – Utilities Workshop
- May 14, 2019 @ 6:00 PM – Stormwater Fiscal Sustainability/Capital Plan Workshop
- June 26, 2019 @ 6:00 – First Reading of the Home Rule Stormwater Ordinance (If applicable)
- June 27, 2019 @ 6:00 PM – Fiscal Sustainability Update/Budget Workshop
- July 10, 2019 @ 6:00 PM
    - Ordinance First Reading - Utility Rates/Handbook
    - Ordinance -Adopt Home Rule Stormwater Assessment (If applicable)
- July 16, 2019 City Council provided with the Proposed Budget/CIP Workbooks
- July 24, 2019 @ 6:00 PM

- Resolution–TRIM Hearing (Set the tentative ad valorem millage rate)
- Ordinance Second Reading & Resolution–Utility Rates/Handbook

➢ August 7, 2019 @ 5:30 PM – FY2020 Budget and CIP Workshop
➢ August 28, 2019 @ 6:00 PM
- Resolution – Preliminary Fire Protection Assessment
- Resolution– Preliminary Stormwater Assessment/Rates

➢ 1ST Public Hearing – September 11, 2019 @ 6:00 PM
- ➢ Vote for a Proposed Millage Rate
- ➢ Vote on the Proposed FY2020 Budget
- ➢ Resolution – Final Fire Assessment
- ➢ Resolution – Final Stormwater Assessment/Rates

➢ 2nd Final Public Hearing – September 25, 2019 @ 6:00 PM
- ➢ Adopt Final Millage Rate
- ➢ Adopt the FY2020 Budget

Ms. Bowman requested that priorities be submitted to Council by mid-May. However, sooner is better.

Councilmember Goins requested that the public have input on this list at his Town Hall meeting on April 16, 2019.

III. ADJOURNMENT.

* **The FY 2019 Financial Update & FY 2020 Budget Priority Workshop ended at 7:53 p.m.**

Jake Williams, Jr., Mayor

ATTEST:

Carie Shealy, MMC, City Clerk

SEAL

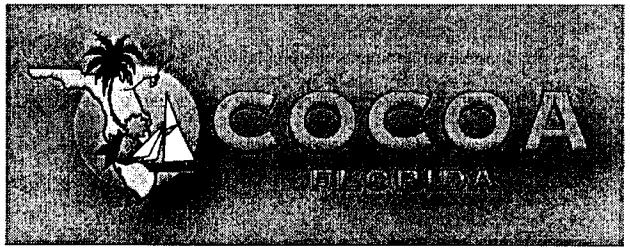
COCOA
FLORIDA

FY 2020
Financial Update and Budget Priority Workshop
Projections, Priorities and Direction

March 14, 2019

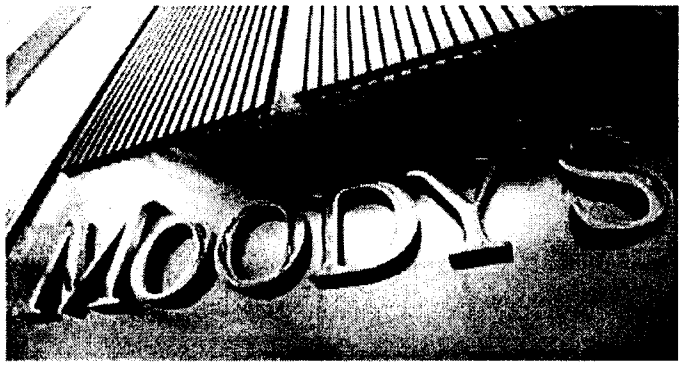
EXHIBIT A FY 2020
FINANCIAL UPDATE AND BUDGET PRIO
WORKSHOP PROJECTIONS, PRIORITIES
DIRECTION

Agenda



- Background - General Fund Sustainability Model
- Review of FY2019 Budget To Date
- Influencing factors
- Preliminary FY2020 Revenue Projections
  - City Council Discussion and Direction
- FY2020 Budget Calendar

Responsible Fiscal Management



Assigned Aa2 rating from Moody's Investors Service



Upgraded from AA (stable) to AA (positive)

GFOA

Certificate of Achievement

FOR EXCELLENCE IN

Financial Reporting

Awarded 2016 & 2017

COCOA FLORIDA



2015 FAMS GF Model - Fiscal Sustainability

Stantec

Background

- In FY2015 Stantec 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

General Fund Baseline Scenario Screenshot

(May 19, 2015 Budget Workshop)

BURTON & ASSOCIATES

No Changes in Millage Assumed

Modest Property Value Growth Assumptions

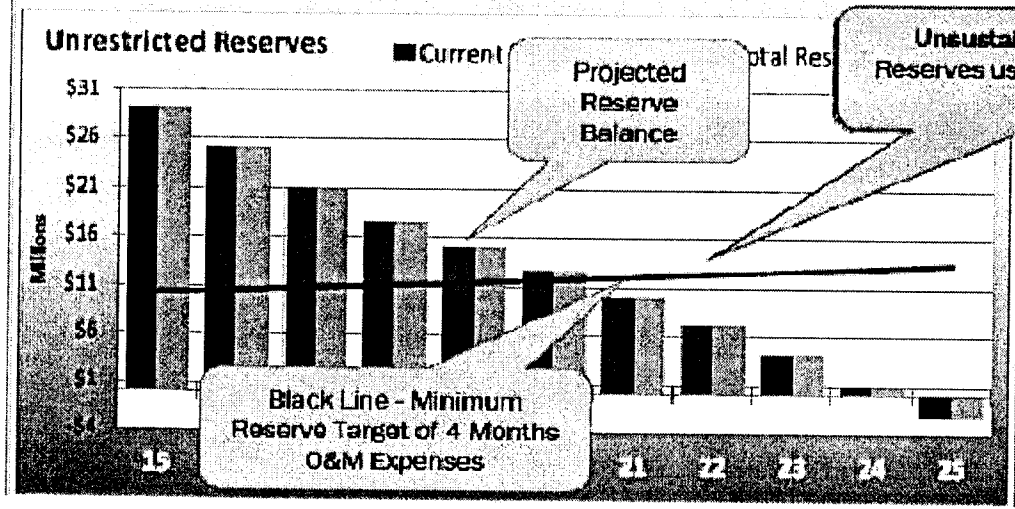
GENERAL FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS - GF) SUMMARY

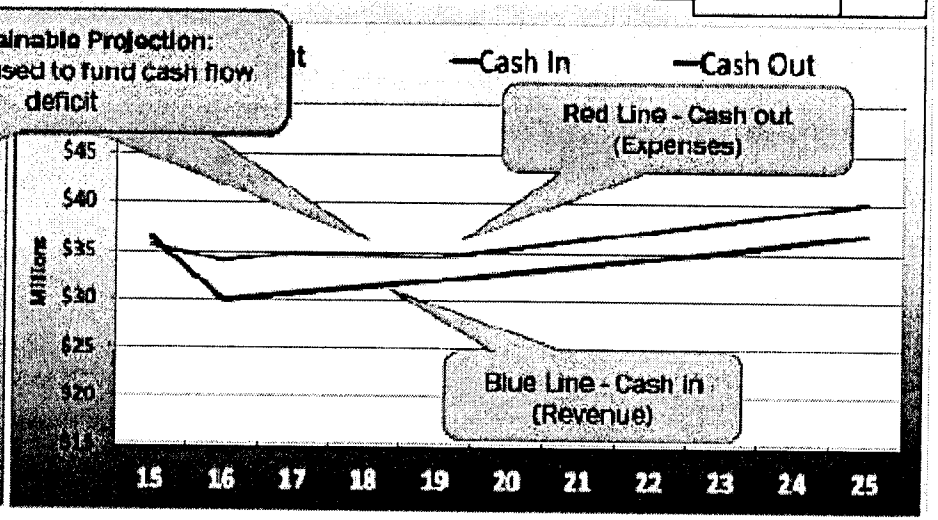
SAVE | CALC

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Millage Rate Adjustment											
Existing Property Value Adjustment	N/A	0.00%	0.50%	1.00%	1.25%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
New Construction	N/A	0.81%	0.91%	1.01%	1.10%	1.08%	1.26%	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?





*Now known as Stantec Consulting Services Inc.

Adjustments Made Since 2015 Scenario

- Fire Assessment - Methodology Change
- Return on Investment (ROI) – Methodology Change
- Ad Valorem Revenue Increase while maintaining millage rate at 5.9790 mills
  - FY2016 4.2%
  - FY2017 7.1%
  - FY2018 3.7%
  - FY2019 13.1%



FY2019 Review

Actuals To Date as of 2/28/2019

Fiscal Year 2019

The City contracted with Stantec to update the General Fund Sustainability and the Water/Sewer Revenue Sufficiency Models, for the FY2019 Budget Process

- Validated/Updated Assumptions and Projections
- Evaluated FY2019 Water/Sewer Utility Rates
- Evaluated FY2019 Millage and Fire Assessment Rates
- Reviewed Capital Funding through the use of General Fund Balance Reserves
  - ❑ Dr. Joe Lee Smith Center
  - ❑ Lee Wenner Park & Riverfront Park Restoration
  - ❑ Fiske Boulevard Streetscape

General Fund

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

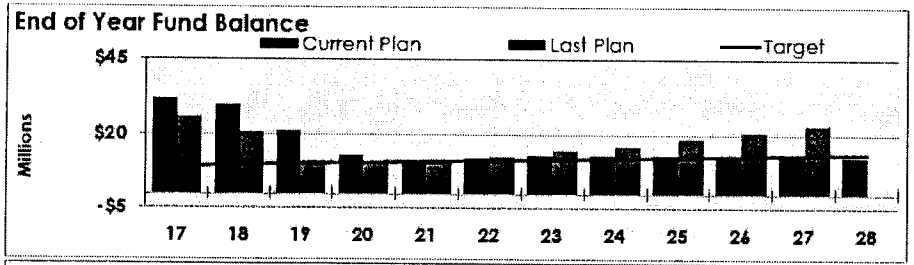
FAMS-XL© GENERAL FUND

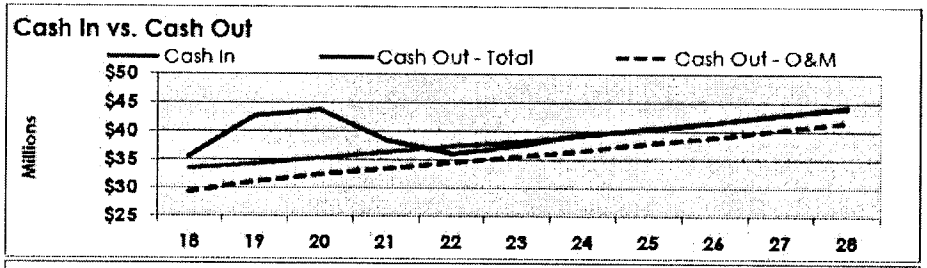
City of Cocoa, FL

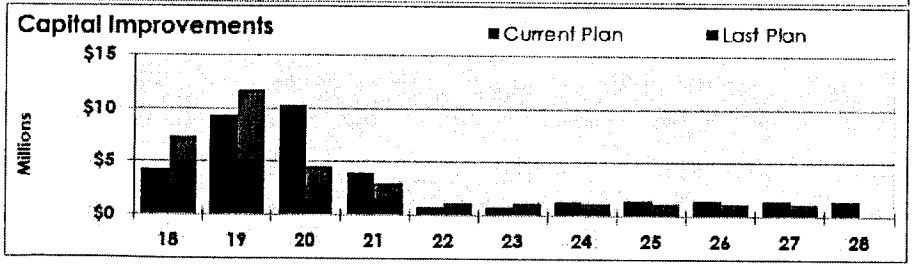
Stantec

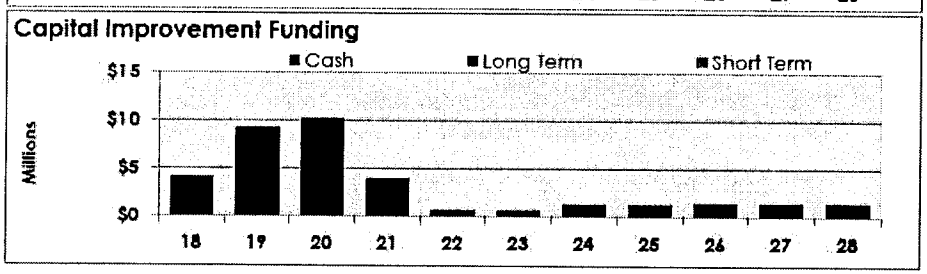
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Last Plan	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	0.0000
Total Property Value Adj	3.8%	4.0%	10.6%	4.0%	3.0%	3.0%	4.3%	4.3%	5.4%	3.0%	3.0%
Last Plan	3.0%	4.0%	11.9%	4.0%	3.0%	3.0%	4.3%	4.3%	5.5%	3.0%	0.0%
Cash Flow Sur/(Def) $M	$ (2.02)	$ (8.61)	$ (8.15)	$ (1.98)	$ 1.12	$ 0.88	$ (0.17)	$ 0.18	$ 0.11	$ (0.11)	$ (0.35)
End of Year Fund Bal $M	$ 29.86	$ 21.25	$ 13.10	$ 11.11	$ 12.23	$ 13.12	$ 12.94	$ 13.12	$ 13.23	$ 13.12	$ 12.77
Target Sur/(Def) $M	$ 20.21	$ 11.02	$ 2.45	$ 0.13	$ 0.90	$ 1.42	$ 0.88	$ 0.67	$ 0.38	$ (0.15)	$ (0.92)
Balance % of Expenses	84%	50%	30%	29%	34%	35%	33%	33%	32%	31%	29%
Target % of Expenses	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
CIP Execution %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Addtl CIP $M	$ -	$ 2.5	$ 2.5	$ 2.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CIP $M	$ 4.3	$ 9.3	$ 10.3	$ 4.0	$ 0.7	$ 0.8	$ 1.4	$ 1.4	$ 1.6	$ 1.5	$ 1.6

PS %	95%
O&M %	85%
HE?	Y
WMDC?	Y









Blue Bars & Numbers = FY19 Budget Year Analysis/Update Based on FY18 Actuals
Green Bars & Numbers = FY17 Budget Year Analysis

Stantec

Stantecs FY2019 General Fund Model

Talking Points

- FY2020 Property Valuation Increase
  - Walmart Distribution Center (40% AVT, 5 years)
  - Erdman Automotive (EDI based on final project value and new (qualified) employees submitted)
  - Other New Developments
- Capital Improvements – Current Revenues
- Revenues v. Expenses become equal in FY2021
- General Fund Balance Reserves Remain Level

FY 2019 BUDGET to ACTUAL SNAPSHOT
as of February 28, 2019

	FY19 Amended Budget	YTD Encumbrances	FY19 Actual Transactions	Remaining Balance	% Rec/Used
			General Fund		
Revenues*	$43,933,166		$17,182,994	$26,750,172	39%
Expenses*	$43,933,166	$3,282,100	$14,467,003	$26,184,063	40%
Net			$2,715,991		
			Water/Sewer Fund		
Revenues*	$68,307,526		$27,678,484	$40,629,042	41%
Expenses*	$68,307,526	$14,027,303	$23,720,602	$30,559,620	55%
Net			$3,957,882		
			Stormwater Fund		
Revenues*	$1,827,350		$533,044	$1,294,306	29%
Expenses*	$1,827,350	$186,746	$539,094	$1,288,256	30%
Net			($6,050)		

*This accounting period is still open.

Hurricane Irma Update – FEMA
General Fund

Category A (Debris Removal)
- Total Cost Submitted for Reimbursement: $167,860
- Total Cost Received: $29,023

Category B (Emergency Protective Measures)
- Total Cost Submitted for Reimbursement: $625,060
- Total Cost Received: $0

Category E (Buildings and Equipment)
- Total Cost Submitted for Reimbursement: $50,129
- Total Cost Received: $0

Category F (Utilities, Traffic Signals)
- Total Cost Submitted for Reimbursement: $14,211
- Total Cost Received: $12,435

Category G (Parks, Recreation and Other)
- Total Estimated Cost Submitted for Reimbursement: $1,576,709
- Total Cost Received: $17,323

Total Projected Costs: $2,419,758
Total Reimbursement Received: $46,346

Hurricane Irma Update – FEMA
Water/Sewer Fund

Category B (Emergency Protective Measures)

- Total Cost Submitted for Reimbursement: $167,860
- Total Cost Received: $0

Category F (Utilities)

- Total Cost Submitted for Reimbursement: $1,367,336
- Total Cost Received: $0

Total Costs: $1,535,196

Total Reimbursement Received: $0

Use of General Fund Balance Reserves

Fund Balance Reserve Policy - the purpose of the Fund Balance Reserve Policy, is to ensure there will be adequate liquid resources to serve as a financial cushion for the General Fund.

- Preserve Fund Balance at the minimum reserve requirement of 33% of total operating expenditures
- Reserves are used for Capital and One-Time expenses only and **cannot** sustain recurring expenses
- Utilize **available** Fund Balance to fund projects
  - Catalytic Capital/Economic Projects to enhance overall City growth and quality of life
  - One time Capital costs

COCOA FLORIDA



FY 2020 Budget Planning

FY2020 GF Budget Overview

PRELIMINARY FY2020 General Fund Budget:

- ❑ Revenues: Approximately $36 million projected for the General Fund
- ❑ Expenses: Budget Module Opened for Entry March 13, 2019
- ❑ Capital Spending: Continue to utilize recurring annual revenues to reduce/eliminate use of Unassigned Fund Balance
- ❑ Assigned Fund Balance for Walmart EDI Expense ($2M) FY19
- ❑ Target FY2019 Operating Budget

Budget Expense/Revenue Drivers:

Revenue

- ❑ Unknown timing of Hurricane Irma reimbursements
- ❑ 2019 Legislative Session Impacts – State Revenue Sharing, other mandates
- ❑ Walmart/Erdmann coming on tax roll (40% of tax abatement 5 years) factored in FAMS Sustainability Model
- ❑ Projected 3% to 4% growth in property values excluding new construction

Expenses

Salaries: All union contracts successfully negotiated in FY 2018 provide for an annual salary increase of 3%
In FY 2019 provided equity adjustment and subject to fiscal impact and funding availability (near and long-term) provide an equity adjustment in FY 2020

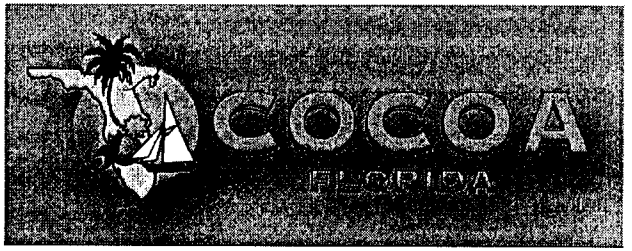
Health Insurance: Estimated Projected Increase based on current Claims Experience (11%)

Employee Health Center: Potential increase based on Partnership Agreement, re: capacity/usage among partners

Pensions: Public Safety Pensions - ARC Police **41.5%** increase and Fire **2.08%** decrease (2015 Pension Reform)
Proposed 2019/2020 FRS Contribution Rate Increase (eff. July 1, 2019) :
Regular Class – 0.21% increase; Senior Management Service Class – 1.35% increase

COCOA FLORIDA

External factors and challenges



➢ Consumer Price Index (2/2019)[1]	1.50%
➢ Municipal Cost Index (1/2019)[2]	1.91%
➢ Construction Cost Index (1/2018)[2]	3.05%
➢ Wages and Salaries[3] (State/Local Government Workers)	2.4%
➢ Compensation[3] (State/Local Government Workers)	2.6%

Sources:

[1] U.S. Bureau of Labor Statistics (CPI-U February 2019 Report)

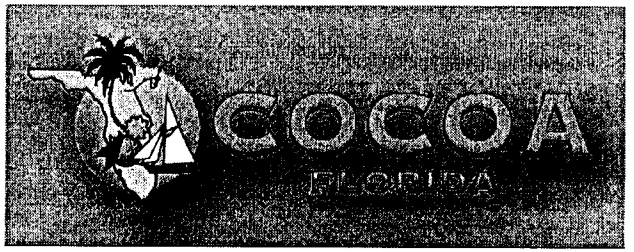
[2] American City and County (http://americancityandcounty.com/mciarchive/marketbasket)

[3] U.S. Bureau of Labor Statistics – Reported Quarterly, December 2018 (http://data.bls.gov)

Horizon Issues...

- Public Safety Pensions
  - Fire UAAL - $7,319,058 (decrease of $860,067) 73.7% funded ratio
  - Police UAAL - $2,784,808 (increase of 1,544,352) 91.7% funded ratio
- Insurance
  - Health - 2 years of catastrophic claims
  - FF Cancer Presumption expansion - GF vs. W/C
- SRO's – BPS requested 4, City providing 2 total
  - $52,000 Reimbursement per SRO (Current SRO $91K+ Salaries and Benefits)...would like to add an SRO for Cambridge in FY2020
- Lee Wenner Park – County/City ILA, $60,000 BOCC contribution ends in FY2022

Horizon Issues...



- Future Solid Waste Contract – WM expires FY2020
- 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, developing 10 year Capital Improvement Plan
- 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

FY2020 GF Budget

- **FY2020 Preliminary Revenue Budget**
  - Extrapolate existing revenues for preliminary FY2020 projections and using the FY2018 Comprehensive Annual Financial Report (CAFR)

- **FY2020 Expense Budget**
  - Initial Review of Departmental Requests underway
  - Use of FAMS projected expenses for future fiscal years through FY2029
  - Capital Improvements Program – 5 years
    - FY2020-2025 (CIP Entry is underway)
  - Fund Balance (Reserves) equal to 4 Months (33%) of O&M Expenses as reported in FY2018 CAFR
    - **Consider revising policy to 25% (3 months)**

Capital Budget Prioritization
FY2020-2025 CIP 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 2020-2025 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

Budget Development Philosophy

FOCUS:

- FY2015 and FY2016 – Public Safety
- FY2017 and FY2018 – Community Improvements/Infrastructure
- FY2019 – Community Improvements/Employee Investment
- FY2020 – Community Improvements, Sustainability/Resiliency, and Employee Investment
  - Funds in Assigned for ERP/Software Conversion
  - Roadway/Sidewalk Construction and Repair & Maintenance
  - Pineda Street
  - Sustainability/Resiliency
  - Economic Development
  - Parks Master Plan
  - City Council Identified Projects and Priorities

City Council Direction



- **PRELIMINARY Consensus to build proposed FY 2020 Budget**

1. Millage Rate:
   - Maintain Current Millage Rate – 5.9790
   - Preliminary Tax Roll will not be received from BCPA until June 2019
2. Fire Assessment Rate:
   - FY2020 Projected 3% Increase



Utility

Water & Sewer Fund

Background:

Stantec Mid-Year Water/Sewer Revenue Sufficiency Analysis Update

- ❑ Utilizing current available data
- ❑ Will be updated with FY2020 budget when available

- ➢ Prior year analysis showed 5% annual rate adjustments
- ➢ Capital Improvements Related to the Revenue Utility Bond Series 2018B
- ➢ Anticipated Update to Allocation Study

Water & Sewer Fund

CALC LASTS
SAVE OVRS
CTRL

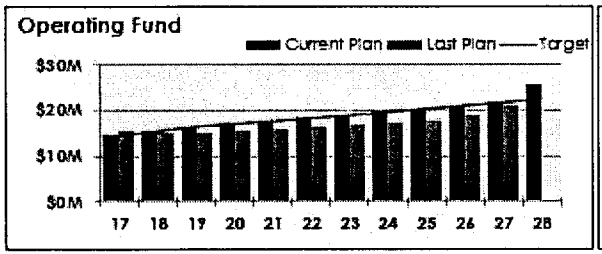
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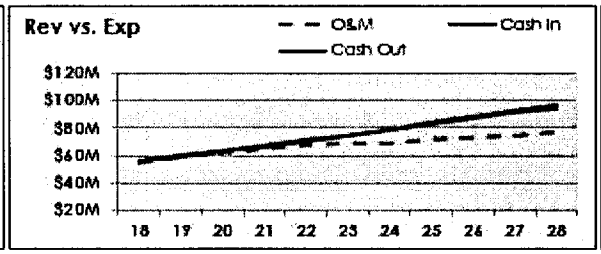
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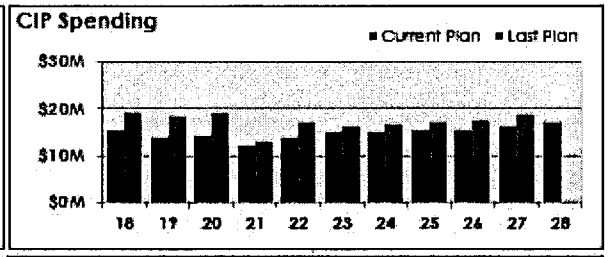
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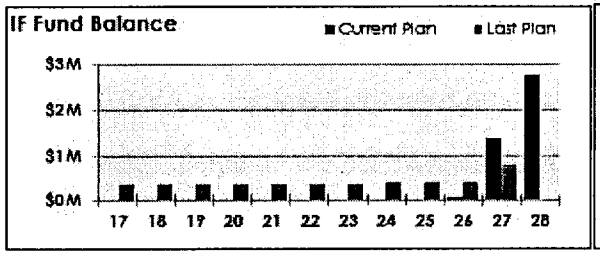
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2022	FY 2027
Water Rate Plan	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	21.57%	55.31%
Last Plan	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	0.00%	14.80%	36.21%
Sewer Rate Plan	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	21.62%	55.37%
Last Plan	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	0.00%	14.80%	36.21%
Reuse Rate Plan	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		
Last Plan	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	0.00%		
Senior-Lien DSC	2.54	2.05	2.28	2.08	2.20	2.42	3.01	3.24	3.54	4.00	4.39		
Last Plan	2.94	3.13	2.80	2.90	2.85	3.00	3.73	3.92	4.16	4.62	0.00		
Avg Bill (5,000 gal)	$78.97	$82.94	$87.08	$91.44	$96.03	$100.87	$105.94	$111.26	$116.82	$122.68	$128.81		
Last Plan	$78.97	$82.10	$85.37	$88.79	$92.36	$96.03	$99.86	$103.90	$108.05	$112.36	$0.00		
Change $		*$3.97*	*$4.14*	*$4.36*	*$4.59*	*$4.84*	*$5.07*	*$5.32*	*$5.56*	*$5.86*	*$6.13*		

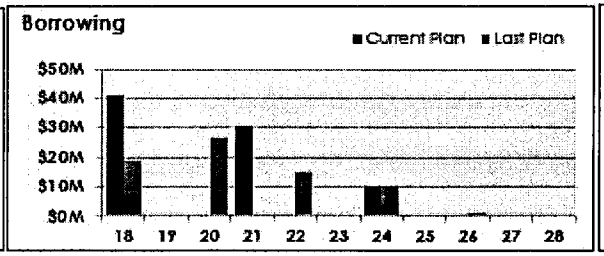
R&E Types Check -

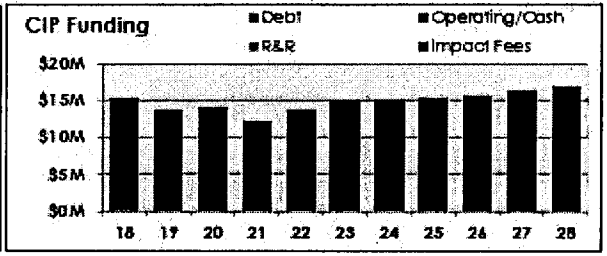












Blue Bars & Numbers = FY19 Budget Year Analysis/Update Based on FY18 Actuals
Green Bars & Numbers = FY17 Budget Year Analysis Explain Graph

Stantec

Water & Sewer Fund

Key Observations:

- Preliminary update shows 5% annual rate adjustments
  - Additional revenues to offset reduced water sales
- Capital Improvements Related to the Revenue Utility Bond Series 2018B
  - Provides strong debt service coverage
  - Maintains reserve balances above minimum target (4 to 6 months O&M costs per the Master Bond Resolution, targeting 5 months for FY2020)

City Council Direction

- **PRELIMINARY Consensus to build proposed FY2020 Budget**
  - Utility Rate:
    - Maintain 5% increase consistent with Rate Resolution

What's Next...



- **City Council FY2020 Budget Workshop/Hearings**
  - April 2, 2019 @ 5:30 PM – Utilities Workshop
  - May 14, 2019 @ 6:00 PM – Stormwater Fiscal Sustainability/Capital Plan Workshop
  - June 26, 2019 @ 6:00 – First Reading of the Home Rule Stormwater Ordinance (If applicable)
  - **June 27, 2019 @ 6:00 PM – Fiscal Sustainability Update/Budget Workshop**
  - July 10, 2019 @ 6:00 PM
    - Ordinance First Reading - Utility Rates/Handbook
    - Ordinance -Adopt Home Rule Stormwater Assessment (If applicable)
  - July 16, 2019 City Council provided with the Proposed Budget/CIP Workbooks
  - July 24, 2019 @ 6:00 PM
    - Resolution – TRIM Hearing (Set the tentative ad valorem millage rate)
    - Ordinance Second Reading & Resolution – Utility Rates/Handbook
  - **August 7, 2019 @ 5:30 PM – FY2020 Budget and CIP Workshop**
  - August 28, 2019 @ 6:00 PM
    - Resolution – Preliminary Fire Protection Assessment
    - Resolution – Preliminary Stormwater Assessment/Rates

- **1ST Public Hearing – September 11, 2019 @ 6:00 PM**
  - Vote for a Proposed Millage Rate
  - Vote on the Proposed FY2020 Budget
  - Resolution – Final Fire Assessment
  - Resolution – Final Stormwater Assessment/Rates

- **2nd Final Public Hearing – September 25, 2019 @ 6:00 PM**
  - Adopt Final Millage Rate
  - Adopt the FY2020 Budget

QUESTIONS

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