MINUTES

CITY OF COCOA
SPECIAL MEETING OF THE CITY COUNCIL
FISCAL SUSTAINABILITY/BUDGET WORKSHOP

June 27, 2019

A Fiscal Sustainability/Budget Workshop was held on Thursday, June 27, 2019, in City Council Chambers at Cocoa City Hall, 65 Stone Street, Cocoa, Florida as publicly noticed.

I. OPENING MATTERS:

Mayor Williams called the workshop to order at 6:01 p.m.

Councilmember Goins led the assembly in the Pledge of Allegiance. Councilmember Boisvert provided the invocation.

Present:	Jake Williams Jr.	Mayor
	Brenda Warner	Deputy Mayor
	Don Boisvert	Councilmember
	Alex Goins	Councilmember
	Lorraine Koss	Councilmember
	Matt Fuhrer	Assistant City Manager
	John Titkanich	City Manager
	Monica Arsenault	Assistant City Clerk
Absent:	Anthony Garganese	City Attorney (arrived 6:05pm)

Other Staff Members Present:

Rebecca Bowman, Finance Director; Lora Howell, Deputy Finance Director; Lea Taylor, Budget Analyst; Tammy Gemmati, Administrative Services Director; Sam Senger, Public Relations/Assistant to the City Manager; Johnathan Lamm; Deputy Fire Chief; Jack Walsh, Utilities Director; Ed Wegerif, Public Works Director; Nancy Bunt, Community Services Director; and John Hankins, Police Major.

II. WORKSHOP TOPICS:

1. Current Budget Update:

City Manager Titkanich identified and explained the budget[1].

He provided a public budget timeline and explained the budget connection to the strategic plan. He pointed out that in 2016 and 2017 the City received a Certificate of Achievement for Excellence in Financial Reporting. He shared that the 2018 CAFR has been submitted for evaluation.

He pointed out the General Fund revenue sources which include taxes, permits and fees, intergovernmental revenue, charges for billing service, fines and forfeitures, miscellaneous, and other non-revenues.

City Manager Titkanich discussed capital project financing alternatives. He pointed out that for capital improvement projects it is critical to plan ahead for recurring costs to operate and maintain it.

Furthermore, he shared the fund balance of the General Fund. He referenced the Fund Balance Policy which notates the following:

- Reserves used for capital/one-time expenses only – cannot sustain recurring expenses
- Preserve Fund Balance (Committed) at minimum reserve requirement
    - FY21 Change Fund Balance Policy for Committed to 25% (3 mos.) versus the current 33% (4 mos.)
- Strategic use for catalytic Capital/Economic Projects to enhance overall City growth and quality of life
- Community Based Requests may not be funded through the use of Unassigned Fund Balance
- Utilize Fund Balance available to fund specific projects
- Capital Projects – Require revenue source for future operational and management expenses

City Manager Titkanich discussed cost indices. He provided horizon issues which include the following:

- Public Safety Pensions and FRS – 2018 4th Quarter Market Performance (UAAL / ARC impacts in 2021)
- Insurance
    - Health – 3rd year of catastrophic claims
    - PTSD Indemnity Benefits (W/C)
    - New Cancer Presumption expansion will directly affect General Fund – will have an impact to Fire Pension as well
- SRO's – BPS requested 4, City providing 3 total (1 new)
    - $52,000 Reimbursement per SRO (Current SRO $91K+ Salaries and Benefits - Equipment and Training not included) no escalation factor in reimbursement, allocated annually by the state

[1] FY20 Budget Priorities & Fiscal Sustainability Workshop Presentation

- Lee Wenner Park – County/City ILA, $60,000 BOCC contribution ends in FY2022

Mayor Williams asked City Manager Titkanich to clarify the New Cancer Presumption expansion. In response, City Manager Titkanich provided clarification and explained that it is now the City's responsibility to provide insurance to employees who develop any of the twenty one listed cancers that were listed by the state. If a past or current employee develops one of these types of cancers at any point in their lives it is now presumed that they developed it on the job.

City Manager Titkanich went on to point out additional horizon issues:

- Future Solid Waste Contract – WM expires 2021
- Natural Disasters
    - Reimbursement timing and amount from Hurricane Irma
    - Future events and impact to GF Unassigned Fund Balance
- Stormwater Fund – NPDES and BMAP mandates: inadequate revenue (rates) for program
- 2018 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

City Manager Titkanich shared a FY19 Budget to Actual snapshot as of May 31, 2019. Additionally, he shared revenue trends beginning from 2014. He noted the FY19 General Fund revenues by funding source as of May 31, 2019 and FY19 General Fund Adopted Revenues Budget. He shared the General Fund revenue trends and the FY19 Actual Expenditures General Fund by category as of May 31, 2019.

He reviewed and briefly explained the FY19 Stormwater Fund revenues and expenses. Furthermore, he described the focus of the Budget Development Philosophy:

- FY2015 and FY2016 – Public Safety
- FY2017 and FY2018 – Community Improvements/Infrastructure
- FY2019 – Community Improvements/Employee Investment
- FY2020 – Community Improvements, Sustainability/Resiliency, and Employee Investment
    - ERP/Software Multi-year Conversion
    - Roadway/Sidewalk Construction and Repair & Maintenance
    - Pineda Street
    - Sustainability/Resiliency
    - Economic Development
    - Health Insurance – City absorb full increase of approximately 8% combined with proposed plan changes
    - City Council Identified Projects and Priorities

2. **Priority Budget Items:**

City Manager Titkanich pointed out the prioritization of the budget. He also shared General Fund Personnel information for various departments. He pointed out that the total cost for recommended positions/reclassifications is $391,631.00. He added that there are positions that have been requested that are not recommended to be filled in FY20 which are:

- 1 Detective (CPSM Study)
- Communications Dispatcher
- CFD Training Officer (Part-Time GE-12)
- Three Firefighters/Fire Medics (Solo Paramedics)
- Economic Development Manager

Councilmember Koss inquired about salary studies. In response, City Manager Titkanich explained that the City conducted a study in 2014 and the study was implemented in 2015.

Mayor Williams asked why Customer Service and Meter Reader positions fall under the Finance Department. In response, Ms. Bowman explained that these types of positions are commonly found to fall under Finance because they work to generate revenue for the City.

City Manager Titkanich shared an overview of the FY20 General Fund Budget. He notated the budget expense/revenue drivers by increases and decreases.

In regard to the City's health insurance, Deputy Mayor Warner expressed that she feels the City is very fortunate that it has not seen as much increase in cost as other cities have. She pointed out that since the City opened the CareATC costs have been even less. She suggested that since the City has three new Councilmembers it may be beneficial to allow employees the opportunity to come and share their thoughts and experiences about the center as the City has done in the past. In response, City Manager Titkanich pointed out that a survey was recently conducted to obtain employees' opinions about the center.

City Manager Titkanich pointed out the FY20 General Fund Budgeted Capital and shared information about what is funded through the General Fund Fund Balance. Furthermore, he shared the General Fund unassigned fund balance.

He discussed community based requests, such as:

Cocoa High School – School Initiated Projects

- Rubberized Track
- Turf Field
- Gym Bleachers
- TOTAL One-time budgeted costs - $75,000 (BPS Match)

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 3 fiscal years funded a double bus run)
- Total Budgeted for FY2020: $20,673

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 the past school year.
- No funds budgeted in FY2019 Budget
- CBR for Parent Engagement / Miscellaneous School Activities
- Total Budgeted for FY2020 : $5,500

City Manager Titkanich noted the FY20 General Fund Revenue assumptions as follows:

- Millage Rate – maintain at 5.9790 mills
- Fire Assessment – maintain 3% increase
    - FA Revenues account for 26.1% of CFD Total Budget
- Solid Waste – reduction in revenues
    - WM contract expires in 2021 plan for likely decrease in rates
    - No Rate Increase for Residential Customers
    - Approximately 7.5% Rate Decrease for Commercial Customers
- Unassigned Fund Balance – use for one-time capital and non-recurring expenditure
- Assigned Fund Balance – use for those projects identified in 2018 CAFR

City Manager Titkanich shared the history of the partnership between the City and Stantec, formerly known as Burton and Associates. He explained a General Fund baseline scenario in detail as well as the General Fund Financial Sustainability Analysis. He also provided an overview of the FY20 Water/Sewer Budget and the Water and Sewer Revenue Sufficiency Model.

Lastly, he asked for Council consensus to finalize the proposed FY20 Budget to include:

1) Millage Rate:
    a. Current Millage Rate – 5.9790 (Recommended)
    b. Rolled-back Millage Rate (Not Yet Calculated)
2) Fire Assessment Rate:

a. FY2020 Projected 3% Increase

Councilmember Koss expressed that after reviewing the budget, she is concerned that the City has frozen the position of the Economic Development Manager. In response, City Manager Titkanich explained that the City is not looking to do away with Economic Development and pointed out that the City still has staff in that department.

Ms. Sarah Conkling, a Cocoa citizen, requested that Council respectfully consider working with Space Coast Area Transit to increase bus service on weekends, specifically on route six as there is a great need for it.

Mayor Williams suggested that the City consider purchasing "cool vests" for the City's officers, especially for Firefighters.

City Manager Titkanich shared the schedule for upcoming FY20 Budget Workshops and Hearings.

* **CONSENSUS to finalize the proposed FY20 Budget to include:**

1) Millage Rate:

- **Current Millage Rate – 5.9790 (Recommended)**
- **Rolled-back Millage Rate (Not Yet Calculated)**

2) Fire Assessment Rate:

- **FY2020 Projected 3% Increase**

III. ADJOURNMENT:

* **MOTION by Deputy Mayor Warner; SECONDED by Mayor Williams to adjourn the June 27, 2019 Fiscal Sustainability Workshop.**

The Workshop adjourned at 8:11 p.m.

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Jake Williams Jr., Mayor

ATTEST:

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