



**CITY OF TITUSVILLE
COUNCIL AGENDA**

April 25, 2017

**5:30 PM - Council Chamber at City Hall
555 South Washington Avenue, Titusville, FL 32796**

Any person who decides to appeal any decision of the City Council with respect to any matter considered at this meeting will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

The City desires to accommodate persons with disabilities. Accordingly, any physically handicapped person, pursuant to Chapter 286.26 Florida Statutes, should, at least 48 hours prior to the meeting, submit a written request to the chairperson that the physically handicapped person desires to attend the meeting.

- 1. CALL TO ORDER**
- 2. INVOCATION**
- 3. PLEDGE OF ALLEGIANCE**
- 4. SPECIAL RECOGNITIONS & PRESENTATIONS**
 - A. Employee of the Month - March 2017**

Recognize Timothy Ford from the Planning Department and Kwabena Oforu from the Development Services Department as the Employees of the Month for March 2017.
 - B. TIFA LLC 2016 Audit**

Accept the FY 2016 audit of TIFA LLC as prepared by the accounting firm of Moore Stephens Lovelace P.A., Certified Public Accountants.
 - C. LEAN Green Belt Presentation: Building Permit Process Improvement**

Acknowledge Green Belt Certificate for LEAN Project: Building Permit Process Improvements. Mr. Don Johnston of CAS Adaptive Solutions will present a Green Belt certificate to Steve Adams of Community Development for completion of the certification requirements.
 - D. Employee Letters of Appreciation**

Attached are the names of the employees that received letters of appreciation.
- 5. PETITIONS AND REQUESTS FROM THE PUBLIC PRESENT (NON-AGENDA ITEMS)**

City of Titusville
"Gateway to Nature and Space"

REPORT TO COUNCIL

To: The Honorable Mayor and City Council
From: William S. Larese, City Manager
Subject: **Employee of the Month - March 2017**
Department/Office: Human Resources

Recommended Action:

Recognize Timothy Ford from the Planning Department and Kwabena Ofofu from the Development Services Department as the Employees of the Month for March 2017.

Summary Explanation & Background:

Alternatives:

Item Budgeted:

No

Source/use of funds/Budget Book Page:

Strategic Plan:

Strategic Plan Impact:

ATTACHMENTS:

Description	Upload Date	Type
<input type="checkbox"/> March City EOM Nomination	4/14/2017	Backup Material

Employee of the Month Nomination

I nominate Tim Ford and Kwabena (KB) Ofosu for this award because of the wayfinding program that they developed. Tim and KB not only worked tirelessly to understand City and Florida Department of Transportation regulations, they also coordinated a team of City staff to consider input.

A wayfinding program has to meet technical and engineering requirements, while reflecting the character and specific needs of the local community. KB and Tim visited several cities in Central Florida to investigate their wayfinding programs before beginning the task of developing a coordinated plan for Titusville. Based on the numerous and often tedious rules of the State, they developed a plan; worked with Purchasing to go through the procurement process and spent many hours in the field determining appropriate locations for the signs.

Tim and KB also ensured that the signs were in place for the 150th Anniversary Celebration Kick-Off held in January. All of this was accomplished at a savings of approximately \$100,000 to the City, which is what other cities paid consultants to complete their wayfinding programs.

KB and Tim are certainly worthy of recognition as the Employee of the Month.

City of Titusville
"Gateway to Nature and Space"

REPORT TO COUNCIL

To: The Honorable Mayor and City Council
From: William S. Larese, City Manager
Subject: **TIFA LLC 2016 Audit**
Department/Office: Water Resources

Recommended Action:

Accept the FY 2016 audit of TIFA LLC as prepared by the accounting firm of Moore Stephens Lovelace P.A., Certified Public Accountants.

Summary Explanation & Background:

TIFA LCC is a company formed by City of Titusville and Farnton Water Resources LLC to supply water resources. In accordance with Article 5, Section 5.2.1 of the TIFA LLC Operating Agreement, an audit of the financial statements was performed for the years ended December 31, 2016 and 2015. The firm of Moore Stephens Lovelace, P.A., Certified Public Accountants, conducted the audit.

Moore Stephens Lovelace conducted the 2016 TIFA LLC audit in accordance with accounting principles generally accepted in the United States. At the March 23, 2017, meeting the TIFA LLC Management Committee accepted the 2016 audit. Mr. Farlen Halikman, CPA, with Moore Stephens Lovelace will present the audit and respond to questions.

Alternatives:

Do not accept the audit.

Item Budgeted:

NA

Source/use of funds/Budget Book Page:

N/A

Strategic Plan:

No. 3 - Maintain a Sustainable Financial Foundation for City Operations

Strategic Plan Impact:

The annual TIFA LLC audit monitors the financial soundness of a key bulk water resource for the City's current and future potable water needs.

ATTACHMENTS:

Description	Upload Date	Type
<input type="checkbox"/> TIFA Audit Report 2016	4/6/2017	Backup Material

TIFA LLC

*Financial Statements –
As of and for the Years Ended
December 31, 2016 and 2015*

TIFA LLC

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Management Committee and Members
TIFA LLC
Titusville, Florida

We have audited the accompanying financial statements of TIFA LLC, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Management Committee and Members
TIFA LLC

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of TIFA LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 23, 2017

TIFA LLC

**BALANCE SHEETS
AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash	\$ 425,213	\$ 987,374
Accounts receivable	189,448	92,333
Prepaid expenses	17,622	21,718
Total Current Assets	<u>632,283</u>	<u>1,101,425</u>
Wells and Wellfield (Note 3):		
Area IV Wellfield - Phase 1, net	1,564,550	1,625,036
Area IV Wellfield - Phase 2, net	4,875,765	4,981,258
Monitoring wells, net	431,497	446,234
Easements	333,883	344,379
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,932
Total Wells and Wellfield	<u>7,509,828</u>	<u>7,701,039</u>
Intangible Assets (Note 4):		
Consumptive use permit - net	1,556,214	1,655,283
FPL fees - net	789,141	818,190
Total Intangible Assets	<u>2,345,355</u>	<u>2,473,473</u>
TOTAL ASSETS	<u>\$ 10,487,466</u>	<u>\$ 11,275,937</u>
LIABILITIES AND MEMBERS' CAPITAL		
Current Liabilities:		
Accounts payable	\$ 6,857	\$ 2,275
Contracts payable	-	430,932
Total Current Liabilities	<u>6,857</u>	<u>433,207</u>
Members' Capital	<u>10,480,609</u>	<u>10,842,730</u>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 10,487,466</u>	<u>\$ 11,275,937</u>

The accompanying notes are an integral part of the financial statements.

TIFA LLC

**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUE:		
Water sales	\$ 1,134,397	\$ 464,650
Interest income	57	38
TOTAL REVENUE	<u>1,134,454</u>	<u>464,688</u>
OPERATING EXPENSES:		
Depreciation and amortization	372,605	216,285
Operations and maintenance	86,005	40,981
Property and liability insurance	70,030	53,282
Utilities	55,274	33,211
Tangible personal property tax	49,834	11,662
Managing agent fees	26,000	22,250
Accounting fees	17,746	15,296
Wetland monitoring	3,679	4,129
Hydrogeological services	3,500	-
Miscellaneous	46	148
TOTAL OPERATING EXPENSES	<u>684,719</u>	<u>397,244</u>
NET INCOME	449,735	67,444
MEMBERS' CAPITAL - BEGINNING OF YEAR	10,842,730	7,364,014
Capital contributions	528,144	3,411,272
Capital distributions	(1,340,000)	-
MEMBERS' CAPITAL - END OF YEAR	<u>\$ 10,480,609</u>	<u>\$ 10,842,730</u>

The accompanying notes are an integral part of the financial statements.

TIFA LLC

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 449,735	\$ 67,444
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	372,605	216,285
Changes in operating assets and liabilities:		
Accounts receivable	(97,115)	(25,306)
Prepaid expenses	4,096	(11,758)
Accounts and construction payable	4,582	289
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>733,903</u>	<u>246,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of wellfield and related assets	(495,370)	(3,236,858)
Payments for mitigation credits and FPL fees	-	(404,911)
NET CASH USED IN INVESTING ACTIVITIES	<u>(495,370)</u>	<u>(3,641,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Members' capital contributions	539,306	3,263,639
Members' capital distributions	(1,340,000)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(800,694)</u>	<u>3,263,639</u>
NET DECREASE IN CASH	(562,161)	(131,176)
CASH AT BEGINNING OF YEAR	<u>987,374</u>	<u>1,118,550</u>
CASH AT END OF YEAR	<u>\$ 425,213</u>	<u>\$ 987,374</u>
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Construction Capital Expenditures Contributed In-kind:		
Easements	\$ 11,162	\$ (147,633)

The accompanying notes are an integral part of the financial statements.

TIFA LLC

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. ORGANIZATION AND DESCRIPTION OF THE ENTITY

TIFA LLC ("TIFA") was organized as a Florida Limited Liability Company on April 21, 2010, pursuant to the terms of a Settlement Framework Agreement and a Limited Liability Company Operating Agreement ("Operating Agreement") between the City of Titusville, Florida ("City"), and Farmton Water Resources, LLC ("Farmton") (collectively, the "Members").

TIFA's purpose is to facilitate the permitting, design, construction, and operation of a groundwater wellfield on certain property located in Brevard County and monitoring wells in Volusia County, Florida, and to do so in a manner designed to reasonably avoid adverse impact on the water resource and ecosystem. On May 10, 2011, the St. Johns River Water Management District granted TIFA's application for expansion of the Consumptive User Permit ("CUP") to 2.75 MGD. Phase 1 of the wellfield produces 0.75 MGD. Phase 2 of the wellfield produces 2.0 MGD. As of December 31, 2015, the entire wellfield has been placed in service.

The proposed groundwater wellfield is intended to provide certain agreed-upon minimum amounts of bulk water exclusively to the City and, to the extent available, to Farmton and others. The pricing and rate structure for the sale of water is defined in the Operating Agreement.

The Operating Agreement provides that the City has the exclusive right to purchase bulk water from TIFA at prices based on the cost of TIFA's operation, plus a return on Members' capital. The rates are set annually, as indicated in the Operating Agreement, and are subject to adjustment quarterly, as of and when additional maintenance capital contributions are made and/or wellfield assets are placed in service. In consideration for these rights, the City has agreed to purchase a minimum of 0.75 million gallons per day ("MGD") of water, if available, annually from TIFA for a period of ten years, with certain automatic, additional ten-year options to renew. The Operating Agreement further provides that the City will pay for the minimum amount of water to be purchased, regardless of whether the minimum amount is actually used.

Subject to the availability of 2.75 MGD of water, the Operating Agreement also includes the right for Farmton to purchase a maximum of up to 0.6 MGD of water from the City's 2.75 MGD under certain circumstances, as designated in the Operating Agreement. In the event that Farmton exercises its right under the Operating Agreement to purchase 0.6 MGD of water from TIFA, Farmton will be required to purchase water at rates consistent with the cost of the City securing replacement water.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

TIFA considers all unrestricted, highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from the City for the purchase of bulk water. TIFA values its receivables based on the volume of bulk water provided to the City each month at an approved rate.

Capitalization

The Operating Agreement provides, among other things, for the methodologies that the Members will use to make contributions for TIFA's initial and ongoing capitalization of its activities, as follows:

Initial Capitalization

Pursuant to the Operating Agreement, the Members contributed to TIFA an initial cash contribution of \$25,000 each and certain assets, including a CUP, easements, wells, mitigation credits, and other wellfield development costs.

Contributed assets are recorded at their fair values, as determined by cost, appraisal, or other appropriate valuation methodologies.

Construction Capital Contributions

The City and Farmton are each further required to pay or contribute fifty percent of the cost to construct the wellfield. For Phase 1 construction, the obligation to make construction capital contributions were satisfied, in the case of the City, by direct payment of construction costs, and in the case of Farmton, by payment to the City of Farmton's share of construction costs paid directly by the City. For Phase 2 construction, TIFA directly incurred the construction costs. The City and Farmton paid their percentage upon completion of a capital call by the managers. Farmton made certain construction capital contributions by a grant or assignment of easements over certain property under its control.

Maintenance Capital Contributions

Subsequent to construction of the wellfield, each Member is required to contribute fifty percent of the cost of renewal and replacement of wellfield facilities, as required to maintain the wellfield in working condition.

Wellfield-related and Intangible Assets

Acquisitions of new wellfield-related and intangible assets with a cost basis, if acquired, or fair value, if contributed, greater than \$10,000, and an estimated useful life greater than one year are capitalized. The cost of maintenance, repairs, and recurring replacements is charged to operations as incurred. Depreciation and amortization of wellfield-related and intangible assets is provided using the straight-line method over estimated useful lives of 30 years and 20 years, respectively.

Revenue Recognition

Water rates charged per thousand gallons are determined in accordance with the Operating Agreement and annual budgeting process. Revenue from bulk water sales is recognized based on meter readings of water delivered.

Income Taxes

TIFA has elected to be treated as a pass-through entity for income tax reporting purposes. As a result, all items of taxable income or loss are allocated to the individual members to be reported on their individual income tax returns, as applicable. Accordingly, these financial statements include no provision or liability for federal or state income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through TBD, the date the financial statements were available to be issued.

3. WELLS AND WELLFIELD

Wells and wellfield, net consist of the following as of December 31, 2016 and 2015:

	2016	2015
Area IV Wellfield - Phase 1	\$ 1,814,563	\$ 1,814,563
Area IV Wellfield - Phase 2	5,069,053	5,006,788
Monitoring wells	488,189	486,683
	<u>7,371,805</u>	<u>7,308,034</u>
Accumulated depreciation	(499,993)	(255,506)
	6,871,812	7,052,528
Easements	333,883	344,379
Mitigation credits	139,200	139,200
Wellfield assets - inactive	164,933	164,932
Wells and wellfield, net	<u>\$ 7,509,828</u>	<u>\$ 7,701,039</u>

Depreciation expense was \$244,487 and \$99,043 for the years ended December 31, 2016 and 2015, respectively.

Inactive wellfield assets, while not currently in use, are capable of being activated and used in the future.

4. INTANGIBLE ASSETS

Intangible assets, net consist of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Consumptive Use Permit (CUP)	\$ 1,981,386	\$ 1,981,386
FPL fees - Phase 1	459,340	459,340
FPL fees - Phase 2	412,112	412,112
	<u>2,852,838</u>	<u>2,852,838</u>
Accumulated amortization	(507,483)	(379,365)
Intangible assets, net	<u>\$ 2,345,355</u>	<u>\$ 2,473,473</u>

Amortization expense was \$128,118 and \$117,243 for the years ended December 31, 2016 and 2015, respectively. Amortization is approximately \$128,000 per year for the next five years on the intangible assets currently placed in service.

5. MANAGING AGENT FEES

On July 1, 2015, TIFA contracted with Governmental Management Services, LLC (“GMS”) to provide, among other things, management and accounting services. The term of the management agreement is one year. Thereafter, the agreement shall be extended for one-year periods, unless either party gives written notice on or before 60 days prior to the anniversary date of the effective date, unless terminated earlier. During the years ended December 31, 2016 and 2015, TIFA paid management fees to GMS of \$26,000 and \$22,250, respectively.

6. COMMITMENTS AND CONTINGENCIES

Concentrations and Credit Risk

TIFA receives all of its revenue from the City through sale of bulk water pumped from the wells.

Financial instruments, which potentially subject TIFA to concentrations of credit risk, consist of cash deposits, which, at times, may exceed federal deposit insurance limits.

Wellfield Operations and Maintenance Agreement

On May 24, 2010, TIFA entered into a Wellfield Operation and Maintenance Agreement with the City under which the City shall operate and maintain the wellfield pursuant to the fees and obligations specified in the agreement. Fees incurred pursuant to this agreement totaled \$41,062 and \$24,790 for the years ended December 31, 2016 and 2015, respectively, and are included in the Operations and Maintenance line item on the Statements of Operations.

City of Titusville
"Gateway to Nature and Space"

REPORT TO COUNCIL

To: The Honorable Mayor and City Council
From: William S. Larese, City Manager
Subject: **LEAN Green Belt Presentation: Building Permit Process Improvement**
Department/Office: Support Services

Recommended Action:

Acknowledge Green Belt Certificate for LEAN Project: Building Permit Process Improvements. Mr. Don Johnston of CAS Adaptive Solutions will present a Green Belt certificate to Steve Adams of Community Development for completion of the certification requirements.

Summary Explanation & Background:

Alternatives:

Item Budgeted:

Source/use of funds/Budget Book Page:

Strategic Plan:

No. 3 - Maintain a Sustainable Financial Foundation for City Operations
No. 4. - Ensure Delivery of Efficient and Effective Government Services

Strategic Plan Impact:

ATTACHMENTS:

Description	Upload Date	Type
No Attachments Available		

City of Titusville
"Gateway to Nature and Space"

REPORT TO COUNCIL

To: The Honorable Mayor and City Council
From: William S. Larese, City Manager
Subject: **Employee Letters of Appreciation**
Department/Office: City Manager

Recommended Action:

Attached are the names of the employees that received letters of appreciation.

Summary Explanation & Background:

NA

Alternatives:

NA

Item Budgeted:

Source/use of funds/Budget Book Page:

NA

Strategic Plan:

Strategic Plan Impact:

NA

ATTACHMENTS:

	Description	Upload Date	Type
<input type="checkbox"/>	Employee Appreciation	4/12/2017	Backup Material

April 12, 2017

TO: The Honorable Mayor and City Council

FROM: Scott Larese, City Manager

SUBJECT: April 25, 2017

*Recognized more than once.

Letters of appreciation received for the following employees:

Community Development		
Steve	Adams	Deputy Building Official
*Tim	Ford	Development Planner
Mandy	Lamothe	Development Office Manager
Edyie	McCall	Economic Development Director
Lorrie	Ott	Senior Development Specialist
Brad	Parrish	Planning Manager
Gary	Stepalavich	Building Director
Trevor	Traphagen	Senior Planner
Preston	Yates	Development Technical Manager
Fire Department		
Michael	Abernathy	Lieutenant
Cody	Birge	Firefighter/EMT
Stephen	Hartselle	Acting Driver/Operator