



TITLE	Use of 2K Funds for Operation & Maintenance
--------------	---

Organizational Level: City **Document Type:** Policy

PURPOSE

This is a policy to guide how operation and maintenance costs are to be funded from either 2K or non-2K monies. This guidance is necessary because equipment and personnel will be used on both 2K funded projects and non-2K funded projects. It is impractical to try to segregate equipment, staff time, supplies, and utilities used on 2K versus non-2K funded projects since that would require the duplication of equipment, staff time, and supplies, as well as cause operational inefficiencies. An alternative method involving the tracking of equipment, staff time, and supplies spent on 2K versus non-2K projects would require substantial resources to perform the tracking. This policy is meant to provide the most efficient approach to allocating operation and maintenance costs to 2K and non-2K General Fund monies consistent with the ballot language approved by voters in 2013.

SCOPE

This affects what direct and indirect operating and maintenance costs are paid for by 2K operating money.

POLICY

Facility Services: The allocation of costs for 2K funded projects will be based on the ratio of 2K funded building square footage to the total City owned and maintained building square footage. That ratio will then be applied to the total cost of facilities maintenance, including personnel. Utility costs will be based on the actual invoiced expenditures for each building.

2k Parks: The allocation of costs for 2K funded projects will be based on the ratio of 2K funded park land to the total City owned land that is maintained by the parks maintenance division. That ratio will then be applied to the total cost of parks operation and maintenance, including the salary and all benefit costs for parks maintenance employees. Utility costs will be based on the actual invoiced expenditures for each facility.

2k Roads: The allocation of costs for 2K funded Roads will be based on the ratio of 2K funded lane miles of streets to the total City owned and maintained lane miles of streets. That ratio will then be applied to the total cost of street and traffic operation and maintenance, including the salary and all benefit costs for street division employees.

Indirect cost allocation to 2k Parks and 2K Roads: Support costs related to 2K funded projects and long term capital replacement cost will be recovered by application of an indirect cost percentage. The percentage for 2k parks and 2k roads is 20% which will be applied to the total 2k cost as calculated above.

Paradise Island leisure Pool: All revenue and expenses that can be directly attributed to the operation of this facility will be accounted for in a division budget and applied directly to 2K funding. Due to the seasonal nature of this facilities operation all seasonal and variable hour salaries are applied directly to the division budget.

Long Term Capital repair and replacement: Facility Services will charge an allocation for the future needs of equipment. (Example: HVAC, Boiler, Roof and FF&E)

Recreation Centers: The City operates two recreation center facilities, one facility is 100% 2k funded and the other is funded by both 2k and General Fund sources.

Personnel: A square footage ratio will be applied to all Salaries and Benefits cost associated with both recreation centers. The allocation of costs for 2K funded recreation center space will be based on the ratio of 2K funded square footage to the total recreation center(s) square footage.

Operations: All revenue and expenses minus salaries and benefits that can be directly attributed to the operation of this facility will be accounted for in a division budget and applied directly to 2K funding. Utility costs will be based on the actual invoiced expenditures for each facility.

Long Term Capital repair and replacement: Facility Services will charge an allocation for the future needs of equipment. (Example: HVAC, Boiler, Roof and FF&E)

Indirect cost allocation to Recreation Centers and Outdoor Pool: Support costs related to 2K funded projects cost will be recovered by application of an indirect cost percentage. The indirect percentage for both recreation centers and outdoor pool is 15% which will be applied to the total 2k cost as calculated above.

Internal Service Funds (currently Facility Services, Fleet, and Information Technology) will be allocated to 2K funded facilities using the allocation system in place for each fund. Facility Services, Fleet, & Information Technology are allocated based on facility square footages, # of vehicles, and computers & software assigned (all allocations include equipment, personnel, & supplies).

DEFINITIONS

2K: This refers to the ballot measure approved by the Commerce City electors on November 5, 2013 whereby the sales and use tax rate was raised from 3.5% to 4.5%; the additional revenue raised by the one point increase in the rate was dedicated to funding parks, recreation, and streets construction projects and the ongoing operation and maintenance costs of those funded projects; and the City was authorized to issue up to \$166 million of debt to fund the parks, recreation, and streets construction projects.

2K Funded Projects: These are the parks, recreation, and streets construction projects authorized by the 2K ballot measure approved by the Commerce City electors on November 5, 2013.

2K Operating Money: This is the revenue from the one point increase in the sales and use tax rate not required for repaying the debt issued to fund the parks, recreation, and streets construction projects authorized by the 2K ballot measure, which is available for paying the ongoing operation and maintenance costs of those 2K funded projects.

Administrative Service Departments and/or Divisions: The administrative service departments and/or divisions include those departments providing support services to the operating department. Examples include the departments of City Attorney, City Manager, Finance, and Human Relations.

Allocation of Costs: The operating and maintenance costs of the 2K funded projects consists of the equipment, staff time, supplies, and utilities required for the ongoing operation and maintenance of the 2K funded parks, recreation, and streets construction projects funded by the 2K revenue, whether through debt financing or by accumulated operating money, which are typically, but not necessarily required to be, budgeted and accounted for in the City's General Fund. The allocation is a method of distinguishing between those operation and maintenance costs paid for by the regular General Fund revenues and those to be paid for by the 2K revenues since both 2K and non-2K operating and maintenance costs are typically budgeted within the General Fund. An exception to budgeting these costs in the General Fund is when they are budgeted and accounted for in one of the internal service funds such as the Facility Services Fund, Fleet Fund, or Information Technology Fund.

Engineering Utilities: These include the electricity necessary for operating the street lights and traffic signals on all City streets.

Facility Services: This is the internal service division of the Public Works Department, which maintains and services the City's buildings to keep them in their existing state or to preserve them from decline or failure. Its costs are allocated out to all other City departments.

Internal Service Departments and Divisions: The internal service departments and divisions are funded via allocation of their costs to all the other City departments. The Information Technology Department, the Facility Services Division of Public Works, and the Fleet Division of Public Works are the internal service department and divisions.

Maintenance: This is the cost of keeping something in its existing state or to preserve from decline or failure. This may include preventative maintenance and repair or restoration.

Operation: This is to cause something to function or an action providing a service.

Parks Maintenance: This is the act of keeping parks in their existing state or to preserve them from decline or failure. This may include mowing, playground equipment maintenance and repair or restoration, trash removal, watering, and vegetation replacement to name a few examples. Parks maintenance costs include all equipment, personnel, and supplies necessary to provide the maintenance.

Recreation Programs: This is the act of providing recreational programs to the public. This may include aquatics, adult sports, creative arts, gymnastics, performing arts, physical fitness, outdoor leisure pool, youth activities, and youth sports to name a few examples. Recreation program costs include all equipment, personnel, and supplies necessary to provide the program.

Street and Traffic Maintenance: This is the act of keeping streets and traffic control devices in their existing state or to preserve them from decline or failure. This may include chip sealing, crack sealing, mowing, pothole filling, sign replacement, slurry sealing, snow and ice removal, stripe painting, trash removal, watering, and vegetation replacement to name a few examples. Street and traffic maintenance costs include all equipment, personnel, and supplies necessary to provide the maintenance.

Support Costs: There are administrative support costs incurred as a result of the additional 2K funded projects, operation and maintenance, and additional staff members not directly involved in providing the actual 2K funded program or service. These administrative support costs may include City Attorney Office contract review; Finance Department functions such as accounting, accounts payable, and payroll; Human Resources functions such as recruiting/hiring, on-boarding, and off-boarding.

Utility Costs: This is the invoiced cost of electricity, natural gas, water service, and sewer service to name a few examples.

GENERAL NOTES

This policy applies to budgeting and accounting for expenditures on 2K projects. The City Council decides which projects will be approved to be 2K funded.

RELATED POLICIES, PROCESSES, PROCEDURES AND STANDARDS

2K ballot language, City Ordinance #2002, City Council's Procurement Policy and the related administrative Procurement Manual.

Policy Owner Title/Name:	Administrative Services Officer/Roger Tinklenberg		
Policy Review By:			
Last Review Date:			
RETENTION:	<input type="checkbox"/> Section 40.220 (A) Clerical or other routine manuals: 2 yrs after superseded or obsolete		
	<input type="checkbox"/> Section 40.220(B) Policies and procedures that have long-term value in determining current and past policies or procedures in liability cases, personnel disputes and other circumstances: Permanent		
Legal Review By:		Date:	
HR Review By:		Date:	
Policy Approval By:		Date:	
Legal Approval By:		Date:	
HR Approval By:		Date:	