



Parks & Recreation Department
Standard Operating Procedure (S.O.P.)

Policy Number: PRD 17-02
Pages: 3
Subject Area: S.O.P.
Date of Issue: January 17,
2017
Revised:

Title: Capital Facilities S.O.P.

Authorization and Review

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Date: 1-17-17

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Date: 1/17/17

POLICY

The Department shall prepare, adopt and update at least biannually, a 10-year Capital Facilities Plan (historically referred to as the Capital Improvements Plan (CIP)) as a vital part of the budget process. The CIP, found in Chapter 10 of the Medford Leisure Services Plan, will identify and set priorities for all major capital assets to be acquired or constructed by the Department. The first two years of the adopted CIP will be included in the Biennial Operating Budget.

The CIP allows a comprehensive look at the Department's capital needs for both new facilities and renovation and replacement of existing ones, and allows the Parks and Recreation Director (Director) to make the necessary decisions to ensure financial resources match forecasted needs. The CIP shall also be incorporated into the department's long range financial planning processes.

THE CAPITAL FACILITIES PLAN

Capital Facilities projects are defined as land or facility purchases or construction which results in a capitalized asset costing more than \$5,000 and having a useful life longer than three years. Also included are major maintenance projects that replace the facility and substantially extends the life of the asset. These thresholds ensure that the Department's major needs are identified and incorporated in its financial plans, including, but not limited to, the Operating Budget, and the Capital Facilities Plan. Projects included in the CIP shall have a description of the project, total cost estimate, estimated year the project will occur, how the project will be funded, and future operations and maintenance cost projections.

PRIORITIZATION

An objective process for evaluating CIP projects with respect to the overall needs of the Department will be established through a ranking of CIP projects on both a Two-Year CIP Project List and Six-Year CIP Project List. The ranking of projects will be used to allocate resources to ensure priority projects are completed. The Department uses multiple sources and tools in determining CIP

prioritization; these may include: citizen surveys; planning tools; level of service targets; needs assessments; development standards and geographic distribution; Park and Recreation Commission's prioritization; community interests; and staff recommendations. Changes to the CIP Project Lists such as addition of new projects, changes in scope and costs of a project or reprioritization of projects will require the Commission's recommendation and City Council or authorized representative's prior approval.

CAPITAL ASSET MANAGEMENT

The Department shall maintain its physical assets at a level adequate to protect the Department's capital investment and to minimize future operating, maintenance and replacement costs, as determined by the Director. The Department recognizes that deferred maintenance increases future capital costs, thus placing a burden on future residents. The Department also recognizes that the community places their highest priority on the Department maintaining current facilities. Therefore, when possible, the budget shall provide for adequate maintenance and the orderly renovation and replacement of Department parks and facilities from current revenues.

An assessment of each Department park and facility will be conducted at least every six years. The Department will maintain a current asset management plan that provides the methodology and tools to assist with the assessment and prioritization process. The assessment should identify renovation and replacement projects that should be done within the following six years. This information shall be the basis for capital Facilities planning for existing facilities and in determining the adequacy of the existing reserves.

FUNDING

A forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting Department operations, incorporate the operating, maintenance and capital impact of new projects, and determine available capacity of the Department to fully fund the CIP and adequate reserves. Incorporation of capital needs into Department forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance and operation of Department facilities and the integrity of Department services.

The Department shall determine the most cost-effective funding method for its capital projects and shall obtain grants, contributions, and other alternative funding sources whenever possible. To the extent possible, capital facilities projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources.

Debt financing should only be used for funding capital acquisitions or construction projects, and not for on-going maintenance or operations.

RESPONISBILITIES

The Commission makes recommendations to the City Council, and the Council approves and prioritizes projects that are included on the CIP. The Department Director and staff shall biannually prepare the Two-year and Six-year Capital Facilities Plan for the Commission to review for recommendation to Council for their inclusion in the biennium budge. The Director will prepare the

CIP, the financial forecast, the proposed budget, and any other related documents or tools with significant input from the Finance Department. The Director will be responsible for planning, assessing, prioritizing, and communicating potential capital Facilities needs and projects.

