

14. Recommendation to Adopt the Revised Policy 6.1: Major Infrastructure Renovation and Replacement Fund (MIRR/553)



**EAST BAY REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING
AGENDA STAFF REPORT**

DATE December 17, 2024

TITLE Recommendation to Adopt the Revised Policy 6.1: Major Infrastructure Renovation and Replacement Fund (MIRR/553)

DIVISION Finance and Management Services

FROM Katie Dignan, Assistant Finance Officer
Lisa Goorjian, Assistant General Manager of Operations
Deborah Spaulding, Assistant General Manager of Finance and Management Services

APPROVED Sabrina Landreth, General Manager 

RECOMMENDATION

The General Manager recommends that the Board of Directors adopt the revised Finance Policy 6.1 Major Infrastructure Renovation and Replacement Fund.

BACKGROUND

The East Bay Regional Park District (Park District) established the Major Infrastructure Renovation and Replacement Fund (MIRR/553) in 2012 to provide a program, over the long term, for the necessary major renovation and replacement of Park District infrastructure.

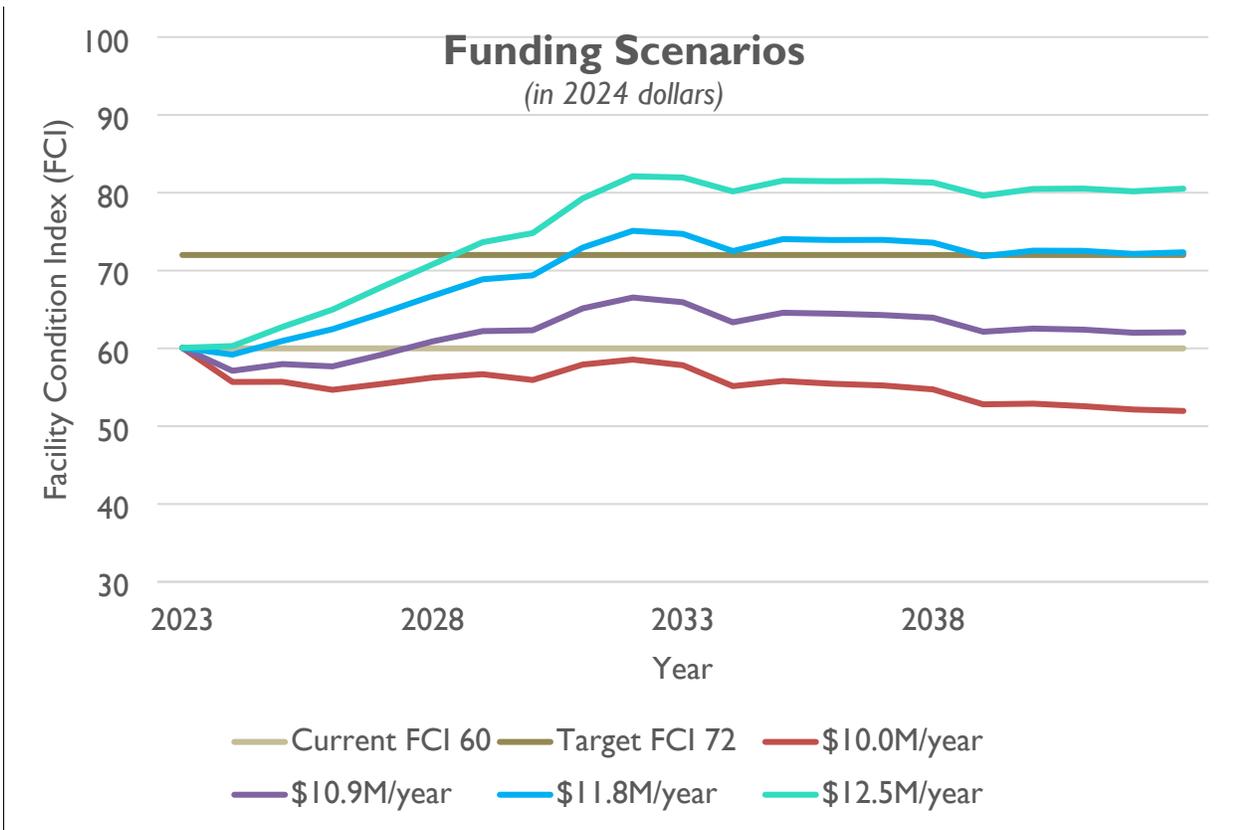
In November 2019, the Board of Directors adopted Finance Policy 6.1: Major Infrastructure Renovation and Replacement Fund (MIRR/553). The policy includes targets for annual funding for the Park District-wide infrastructure program and funding recommendations.

In accordance with Finance Policy 6.1 requiring Board review every five years, staff has reviewed and is proposing changes to the adopted policy. This policy was reviewed by the Finance Committee at their November 25, 2024 meeting.

Annually staff provide updates on the Park District's current Facility Condition Index (FCI) and Pavement Condition Index (PCI) scores as well a progress report on the use of funds and delivery of projects.

Condition Index

The Policy target for the Park District-wide Facility Condition Index (FCI) is FCI 72 (on a scale of 1-100 with 100 being excellent condition). The Park District's current FCI 60, remains unchanged from 2023. To achieve the Board Adopted FCI target of FCI 72, the level of funding would need to be at \$11.8 million per year to reach the FCI target within five years.



Facility deferred maintenance is currently at \$74.4 million. The expected five-year required maintenance and deferred maintenance combined is \$149 million.

The Policy target for the Park District-wide Pavement Condition Index (PCI) is PCI 80. The Park District’s last PCI score was completed 8 years ago, in 2016, for the over 17 million square feet of paved roads, trails and parking lots. The score at the time was 72. A pavement condition survey is currently being undertaken by AMS and is scheduled to be complete in the spring of 2025. This will result in new PCI data that will inform the Park District’s paving program and priorities for the next 5-10 years.

In the 2024 Budget for MIRR/553, \$10 million was budgeted (\$6.5 million for facilities and \$3.5 million for paving).

Use of MIRR/553 Funds

Since the inception of the MIRR/553 fund, \$93.4 million has been transferred into the MIRR Fund. These resources may be appropriated into the annual operating budget for maintenance and repair, or to a specific Project allocation.

Beginning in 2017, the annual operating budget has been allocated for on-going, non-capitalized expenses such as maintenance contracts and staff costs. The table below summarizes the amount allocated by category of expense:

Budgeted Operating Fund Category	Expended	Percentage
Salary & Benefits	\$ 3,463,896	16%
Supplies	\$ 794,093	4%
Services (Contracts, Design, Permits)	\$ 17,529,393	80%
Total	\$ 21,787,383	

Within Services (Contracts, Design, Permits) expenses, the type of work is summarized below:

Services (Contracts, Design, Permits)	Expended	Percentage
Pavement	\$ 8,419,981	48%
Buildings/Structures	\$ 7,723,376	44%
Utilities/Communications	\$ 1,191,601	7%
Residences	\$ 194,435	1%
	\$ 17,529,393	

Since the inception of MIRR/553 in 2012, \$64.3 million has been allocated to Projects. \$40.9 million has been spent and \$23.4 million remains allocated to specific Projects but unspent. The type of Projects the funds were allocated to are summarized below:

Type	Allocated	Expended	Net Available
Bridges	\$ 4,188,673	\$ 3,269,417	\$ 919,255
Concessions	\$ 3,385,094	\$ 1,355,193	\$ 2,029,901
Dams	\$ 1,650,000	\$ 270,322	\$ 1,379,678
Demolition	\$ 1,456,463	\$ 328,077	\$ 1,128,386
Mines	\$ 1,285,492	\$ 1,190,962	\$ 94,530
Pavement	\$ 7,040,033	\$ 6,093,548	\$ 946,485
Residences	\$ 3,840,710	\$ 1,783,261	\$ 2,057,449
Staff and Support Facilities	\$ 4,866,141	\$ 1,501,737	\$ 3,364,404
Support Software	\$ 1,094,291	\$ 1,003,589	\$ 90,702
Utilities	\$ 11,680,432	\$ 8,449,996	\$ 3,230,435
Visitor Facilities*	\$ 21,416,410	\$ 14,591,758	\$ 6,824,651
Streams & Culverts	\$ 2,386,069	\$ 1,080,592	\$ 1,305,477
Total	\$ 64,289,807	\$ 40,918,453	\$ 23,371,354

*Visitor facilities are defined as facilities used by the general public, such as Aquatic Facilities, Camping and Picnic Areas, Restrooms, Playgrounds, and Visitor Centers.

Completed Project Highlights

MIRR/553 funding is utilized for a variety of large and small projects Park District-wide. The following facility and utility improvements were completed by Maintenance and Skilled Trades (MAST) from January 2023 through October 2024:

Park	Project	Total Cost
Anthony Chabot Regional Park	Equestrian Center Bathroom Remodel	\$ 25,035
Anthony Chabot Regional Park	Equestrian Center arena retaining wall repair	\$ 93,920
Briones Regional Park	Briones Water Tank Removal	\$ 9,500
Del Valle Regional Park	Camp Arroyo Bat Entry Point Sealing	\$ 2,321
Don Castro Regional Park	Office Mini Split System Installation	\$ 11,250
Garin Regional Park	Meyers Residence Electrical Upgrades	\$ 3,196
Judge John Sutter Regional Shoreline	Bridge Yard Water Damage Repairs	\$ 48,645
Las Trampas Regional Preserve	Las Trampas Stables Barn Roof Leak Repairs	\$ 2,598
Martin Luther King Jr. Shoreline	Shoreline Center Parking Lot Lighting	\$ 9,200
Park District Headquarters	Peralta Oaks EV Charger Upgrades	\$ 3,100
Public Safety Headquarters	Public Safety HVAC Ducting Replacement	\$ 32,750
Public Safety Headquarters	Public Safety HQ Roof Repairs	\$ 2,495
Reinhardt Redwood Regional Park	Skyline Ranch	\$ 31,595
Reinhardt Redwood Regional Park	Piedmont Stables Lead Abatement & Paint	\$ 383,073
Reinhardt Redwood Regional Park	Redwood School House Offices	\$ 130,694
Reinhardt Redwood Regional Park	Fire Station 2	\$ 53,721
Sibley Volcanic Regional Preserve	Sibley Roofing	\$ 810,513
South County Corp. Yard	South County Mini Split System Installation	\$ 18,542

Park	Project	Total Cost
South County Corp. Yard	South County Corp Yard Rental	\$ 23,544
Sunol Wilderness Regional Preserve	Visitor Center HVAC & Electrical Repairs	\$ 32,493
Sunol Wilderness Regional Preserve	Visitor center floor repair	\$ 7,825
Sunol Wilderness Regional Preserve	Sunol Residence HVAC Improvements	\$ 14,150
Sunol Wilderness Regional Preserve	Sunol Residence Roof Replacement	\$ 23,395
Tilden Regional Park	Brazil Building Fence & Gate	\$ 101,435
Tilden Regional Park	Tilden Corp Yard Roofing	\$ 449,197
Tilden Regional Park	Tilden Corp Yard Backup Generator Install	\$ 71,787
Vasco Hills Regional Preserve	Vasco Hills Corp Yard Residence Demo	\$ 22,150

The following paving improvements were completed from January 2023 through October 2024:

Park	Project	Total Cost
Crown Beach	Repave Parking at Westline Drive entrance	\$ 345,000
Iron Horse Regional Trail	Iron Horse Concord North	\$ 1,172,807
Iron Horse Regional Trail	Iron Horse Monument	\$ 559,446
Iron Horse Regional Trail	Iron Horse Trail Alcosta to Montevideo	\$ 1,085,211
Iron Horse Regional Trail	Iron Horse Trail Greenbrook to Norris	\$ 654,466
Lake Chabot Regional Park	Lake Chabot ADA	\$ 131,455
Point Pinole Regional Shoreline	Pt. Pinole Wildcat Creek Trail	\$ 636,564

Design and Construction (DECO) completed the following MIRR Funded Projects from January 2023 through October 2024:

Park	Project	MIRR Funding	Total Cost
Del Valle Regional Park	Replace Restroom West Side	\$ 794,359	\$ 1,456,262
Roberts Regional Recreational Area	Roberts Pool Renovation	\$4,240,000	\$ 13,918,809

ANALYSIS

Finance Policy 6.1 Revisions

Staff proposes revising the Reserve Amount target from 10% of Current Replacement Value (CRV) to a target range of 1-3% of CRV. Having a Reserve is crucial to funding unexpected infrastructure expenses but needs to be balanced with holding excessive funds in reserve that could otherwise be invested in immediate infrastructure needs.

The proposed target range better aligns with the Park District's past practice and a similar policy at the University of California. The Park District's current Reserve Amount of \$6.9 million falls within 1-3% of CRV (the proposed Reserve Amount range if adopted would be \$5-\$15 million calculated based on the current \$499 million CRV of facilities and pavement).

To achieve the adopted FCI of 72 within the next five years, the total annual funding target for MIRR/553 needs to increase from \$10 million to \$14.8M. This would increase the amount for facilities to be \$11.8M and the remaining balance of \$3M for pavement.

Additionally, the Policy 6.1 is revised to include best practices, add a section that defines eligible uses, and other minor changes that update financial figures and provide clarifying language.

FISCAL IMPACT

There is no revenue/cost impact associated with the acceptance of the report.

ATTACHMENTS

- A. Proposed Revisions Finance Policy 6.1: Major Infrastructure Renovation and Replacement Fund with Track Changes
- B. Proposed Revised Finance Policy 6.1: Major Infrastructure Renovation and Replacement Fund



**EAST BAY REGIONAL PARK DISTRICT
RESOLUTION NO. 2024 – 12 -
DECEMBER 17, 2024**

**RECOMMENDATION TO ADOPT THE REVISED POLICY 6.1: MAJOR
INFRASTRUCTURE RENOVATION AND REPLACEMENT FUND (MIRR/553)**

WHEREAS, the Board of Directors is responsible for providing guidance and direction for the prudent management of East Bay Regional Park District (Park District) assets; and

WHEREAS, establishing the MIRR Fund as an Internal Service Fund, with costs shared equitably across Divisions, and asset repair and replacement completed proactively to reduce long-term maintenance costs is a best practice; and

WHEREAS, in 2019 the Board of Directors adopted the Major Infrastructure Renovation and Replacement Fund (MIRR/553) Policy to ensure stability in funding asset repair and replacement; and

WHEREAS, the Policy required an update to increase the annual MIRR funding target from \$10M to \$14.8M to reach recommended performance standards, reduce the amount of reserve funds to align with best practices and available resources, and clarify eligible uses of funds; and

WHEREAS, the Board Finance Committee reviewed this item at their meeting on November 25, 2024, and recommended favorable consideration of this item by the Board of Directors,

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the East Bay Regional Park District hereby approves the attached Revised Policy 6.1 Major Infrastructure Renovation and Replacement Fund (MIRR/553) as presented to the Board on December 17, 2024; and

BE IT FURTHER RESOLVED, that the General Manager is hereby authorized and directed, on behalf of the Park District and in its name, to execute and deliver such documents and to do such acts as may be deemed necessary or appropriate to accomplish the intentions of this resolution.

Moved by Director _____, and seconded by Director _____, and adopted December 17, 2024, by the following vote:

FOR:

AGAINST:

ABSTAIN:

ABSENT:



Policy 6.1 Major Infrastructure Renovation and Replacement Fund

EFFECTIVE November 2019

ADOPTED November 19, 2019, revised by BOD December 17, 2024

RESOLUTIONS 2019-11-291; 2024-12-XX

RELATED POLICIES 5.0 Balance Budget Policy
6.0 General Fund Reserve Policy

RELATED PROCEDURES 8.1 Purchasing Methods
8.27 Purchase Orders Invoice Approval Limits
8.11 Vendor Payment Procedures

SUMMARY STATEMENT The Government Finance Officers Association (GFOA) recommends capital planning, budgeting and reporting practices to encourage adequate capital and maintenance spending levels. Deferring essential asset maintenance and replacement reduces the ability to provide services, provide access to facilities and programs, and could negatively impact public safety and overall beneficial use of District facilities quality of life, and increases long-term costs and liabilities.

GFOA recommendations include the following:

1. Develop a Complete Inventory Condition of Facility and Infrastructure Assets, including Paved Roads and Trails
2. Establish Performance Standards
3. Allocate Sufficient Resource
4. Monitor and Report Progress

Further, best practices for deferred maintenance strategies of assets include the following, which this Policy supports.



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Regular Assessment: Conduct routine inspections to identify maintenance needs and prioritize based on urgency and impact on asset performance.

Comprehensive Documentation: Maintain detailed records of maintenance history, current condition, and deferred maintenance issues to inform decision-making.

Prioritization Framework: Develop criteria to prioritize deferred maintenance tasks based on factors like safety, operational impact, and cost-effectiveness.

Budgeting and Funding: Allocate resources specifically for addressing deferred maintenance to ensure that funds are available when needed.

Long-Term Planning: Create a strategic maintenance plan that includes timelines and milestones for addressing deferred maintenance issues.

Stakeholder/User -Engagement: Communicate with stakeholders about the importance of addressing deferred maintenance and involve them in decision-making processes.

Risk Management: Evaluate the risks associated with deferring maintenance, including potential asset failure and increased costs over time, and develop mitigation strategies.

Use of Technology: Implement asset management software or other technology tools to track maintenance needs and optimize scheduling.

DEFINITIONS The District uses established standards for Pavement Condition Index (PCI) and Facility Condition Index (FCI) to inventory and assess its infrastructure.

Pavement Condition Index (PCI) – A numerical index between 0 and



100 which is used to indicate the general condition of a pavement, with 0 representing the worst possible condition and 100 representing the best possible condition. Pavement with a PCI score below 66 may require complete reconstruction. PCI is a widely used score in transportation civil engineering and requires a manual survey of the pavement. The Park District has used the StreetSaver system since the mid-1990s to determine PCI scores District-wide.

Facility Condition Index (FCI) – A numerical index used in facility management to compare the relative condition of a group of facilities. FCI is used primarily in federal, state and local government facilities organization, including schools and universities. The Park District has been using an asset management assessment and management system called VFA since 2014. To match the PCI system, the District analyzes the remaining life for the asset to calculate FCI with 0 representing the worst possible condition and 100 representing the best possible condition. Facilities with an FCI score below 50 may need to be fully replaced rather than repaired.

Current Replacement Value (CRV) – The amount that an entity would have to pay to replace an asset at the present time according to its current worth.

Sustainability Metrics (SM): These may include energy and resource efficiency, emissions reduction, and resource usage, indicating how effectively public assets operate within environmental constraints, and net cost savings associated with replacement with energy efficient projects.

Net Present Value (NPV): Calculate the NPV of keeping the asset versus replacing it. If the NPV of future cash flows from a new asset is higher than that of the existing one, replacement may be justified.

Total Cost of Ownership (TCO): Assess all costs associated with the asset over its lifecycle, including purchase price, maintenance, operation, and disposal costs. If TCO is trending upwards, it may indicate a need for replacement

**MAJOR
INFRASTRUCTURE
RENOVATION AND
REPLACEMENT
INTERNAL SERVICE**

The Park District's Internal Service Fund for Major Infrastructure Renovation and Replacement Fund (MIRR Fund, 553) was created in 2012. The MIRR Fund is designed to address the financial liability of aging infrastructure, and to set aside annual funding for infrastructure renovation and replacement, as necessary. The purpose of an Internal Service Fund is to recover the full cost of



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FUND services, take advantage of economies of scale, avoid duplication of efforts, and recover funds from restricted resources. Ideally, the MIRR Internal Service Fund should have sufficient reserves to ensure that assets may be repaired, renovated or replaced as needed to achieve or maintain a particular FCI score.

ELIGIBLE USES Eligible work includes renovation, repair, replacement, upgrade, and demolition of existing facilities, systems and infrastructure. It also includes soft costs associated with design, project management, construction management, permitting, and software expenses related to asset, -project, and work order management, and tracking, monitoring and reporting on the PCI, FCI, CRV and SM indices.

Eligible pavement work includes pavement replacement, seal treatments, removal of pavement, conversion to natural surface, and related pavement categories such as striping, signage, ADA accessibility, and safety measures using the PCI.

PERFORMANCE Pavement

STANDARDS To protect public safety, provide overall quality service and reduce long-term costs and liabilities, the Park District has set a goal of maintaining its PCI at an average score of above 80. The Bay Area average PCI score has been maintained at a score of approximately 67. A PCI score of 70 – 84 is considered “good.” The Board of Directors will review this performance standard every five years.

Facilities

To protect the public and employees, provide safety and high-quality service, and reduce long-term costs and liabilities, the Park District has set a goal to maintain its infrastructure at an average score of 72. International Facility Management Association (IFMA) standards indicate that facilities should have an FCI of 90%, however, the Park District would be challenged to meet this industry standards. The Board of Directors will review this performance standard every five years.

APPROPRIATION OF The Park District’s Board of Directors approves the appropriation of all MIRR Funds. Approval can be obtained through the annual



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MIRR FUNDS budget process, regular Board of Directors meeting approvals, or through the mid-year budget process. Projects over \$100,000 will be budgeted to individual project accounts. Non-capitalizable MIRR fund projects will be budgeted as operating funds, into the following ~~four~~ five ~~above~~ categories.

1. Paving
2. Buildings/Structures
3. Bridges/Docks and Piers
4. Utilities/Communication
- 4.5. Residences

ALLOCATION OF SUFFICIENT RESOURCES ~~The initial inventory of the assessment of the~~ Park District's paving, bridges, piers, docks, water utilities, buildings, and structures resulted in a ~~projected~~ estimated need to fund and deliver \$14.8 million per year between \$7.5 and \$9.5 million per year in renovation and replacement projects. In 2018, after the review of 80% of the District assets using the VFA, the system predicts \$10 million/year in renovations and replacement projects across the District to reach recommended performance standards.

The District's annual General Fund budget is limited, and budget capacity is split between many high priorities. The AGM of Finance & Management Services/CFO is responsible for considering the above factors and recommending a prudent internal service fund annual budget to the Board of Directors.

MIRR RESERVE FUND The Park District will maintain an adequate level of fund balance in the MIRR Fund based on anticipated or potential future events, sufficient to ensure financial stability and to mitigate current and future risks that could adversely affect the District's services to the public. Retaining an adequate fund balance is critical for long term financial planning. For the purpose of this policy, the MIRR Fund reserve fund balance is the amount of total fund balance in the internal service fund.

CALCULATION OF RESERVE AMOUNT The AGM of Finance & Management Services/CFO is responsible for considering the above factors and recommending a prudent reserve amount to the Board of Directors. The ~~initial~~ reserve amount is recommended at ~~40%~~ 1-3% of the Current Replacement Value (CRV) of assets. In ~~2019~~ 2024, the CRV of facilities and pavement was ~~\$324.499~~ million, which equates to a reserve amount of ~~\$32.45-~~ \$15 million.



**MONITORING AND
REPORTING**

Annually, ~~at the Board Workshop,~~ staff will report on the Park District's current FCI and PCI scores and performance compared to the targeted standard for the two asset categories as well as the estimated amount of resources needed to meet the targeted standard. In addition, staff will report on the operational impacts of the program and on the delivery of projects.

**POLICY
ADMINISTRATION**

The AGM of Management Services-/CFO is responsible for bringing an updated Major Infrastructure and Renovation Fund (553) Policy to the Board Finance Committee for review and approval every five years, in compliance with the funding targets in place at the time.

The funding target in place will be reviewed by the Board of Directors at least every five years and adjusted as necessary to include consideration of all relevant factors, including:

- Best practices in deferred maintenance of assets
- Condition of assets
- Impact of infrastructure failure
- Availability of funds
- Delivery and completion of projects
- Other Unfunded long-term liabilities



Policy 6.1 Major Infrastructure Renovation and Replacement Fund

EFFECTIVE	November 2019
ADOPTED RESOLUTIONS	November 19, 2019, revised by BOD December 17, 2024 2019-11-291; 2024-12-XX
RELATED POLICIES	5.0 Balance Budget Policy 6.0 General Fund Reserve Policy
RELATED PROCEDURES	8.1 Purchasing Methods 8.2 Purchase Orders Invoice Approval Limits 8.11 Vendor Payment Procedures
SUMMARY STATEMENT	<p>The Government Finance Officers Association (GFOA) recommends capital planning, budgeting and reporting practices to encourage adequate capital and maintenance spending levels. Deferring essential asset maintenance and replacement reduces the ability to provide services, provide access to facilities and programs, and could negatively impact public safety and overall beneficial use of District facilities, and increases long-term costs and liabilities.</p> <p>GFOA recommendations include the following:</p> <ol style="list-style-type: none">1. Develop a Complete Inventory Condition of Facility and Infrastructure Assets, including Paved Roads and Trails2. Establish Performance Standards3. Allocate Sufficient Resource4. Monitor and Report Progress <p>Further, best practices for deferred maintenance strategies of assets include the following, which this Policy supports.</p> <p>Regular Assessment: Conduct routine inspections to identify maintenance needs and prioritize based on urgency and impact on asset performance.</p>



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Comprehensive Documentation: Maintain detailed records of maintenance history, current condition, and deferred maintenance issues to inform decision-making.

Prioritization Framework: Develop criteria to prioritize deferred maintenance tasks based on factors like safety, operational impact, and cost-effectiveness.

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Use of Technology: Implement asset management software or other technology tools to track maintenance needs and optimize scheduling.

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Current Replacement Value (CRV) – The amount that an entity would have to pay to replace an asset at the present time according to its current worth.

Sustainability Metrics (SM): These may include energy and resource efficiency, emissions reduction, and resource usage, indicating how effectively public assets operate within environmental constraints, and net cost savings associated with replacement with energy efficient projects.

Net Present Value (NPV): Calculate the NPV of keeping the asset versus replacing it. If the NPV of future cash flows from a new asset is higher than that of the existing one, replacement may be justified.

Total Cost of Ownership (TCO): Assess all costs associated with the asset over its lifecycle, including purchase price, maintenance, operation, and disposal costs. If TCO is trending upwards, it may indicate a need for replacement

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FUND**

The Park District's Internal Service Fund for Major Infrastructure Renovation and Replacement Fund (MIRR Fund, 553) was created in 2012. The MIRR Fund is designed to address the financial liability of aging infrastructure, and to set aside annual funding for infrastructure renovation and replacement, as necessary. The purpose of an Internal Service Fund is to recover the full cost of services, take advantage of economies of scale, avoid duplication of efforts, and recover funds from restricted resources. Ideally, the MIRR Internal Service Fund should have sufficient reserves to ensure that assets may be repaired, renovated or replaced as needed to achieve or maintain a particular FCI score.

ELIGIBLE USES

Eligible work includes renovation, repair, replacement, upgrade, and demolition of existing facilities, systems and infrastructure. It also includes soft costs associated with design, project management, construction management, permitting, and software expenses



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related to asset, project, and work order management, and tracking, monitoring and reporting on the PCI, FCI, CRV and SM indices.

Eligible pavement work includes pavement replacement, seal treatments, removal of pavement, conversion to natural surface, and related pavement categories such as striping, signage, ADA accessibility, and safety measures using the PCI

PERFORMANCE Pavement

STANDARDS To protect public safety, provide overall quality service and reduce long-term costs and liabilities, the Park District has set a goal of maintaining its PCI at an average score of above 80. The Bay Area average PCI score has been maintained at a score of approximately 67. A PCI score of 70 – 84 is considered “good.” The Board of Directors will review this performance standard every five years.

Facilities

To protect the public and employees, provide safety and high-quality service, and reduce long-term costs and liabilities, the Park District has set a goal to maintain its infrastructure at an average score of 72. International Facility Management Association (IFMA) standards indicate that facilities should have an FCI of 90%, however, the Park District would be challenged to meet this industry standards. The Board of Directors will review this performance standard every five years.

APPROPRIATION OF MIRR FUNDS

The Park District’s Board of Directors approves the appropriation of all MIRR Funds. Approval can be obtained through the annual budget process, regular Board of Directors meeting approvals, or through the mid-year budget process. Projects over \$100,000 will be budgeted to individual project accounts. Non-capitalizable MIRR fund projects will be budgeted as operating funds, into the following five categories.

1. Paving
2. Buildings/Structures
3. Bridges/Docks and Piers
4. Utilities/Communication
5. Residences

ALLOCATION OF SUFFICIENT

The assessment of the Park District’s paving, bridges, piers, docks, water utilities, buildings, and structures resulted in a projected need



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RESOURCES to fund and deliver \$14.8 million per year in renovations and replacement projects across the District to reach recommended performance standards.

The District's annual General Fund budget is limited, and budget capacity is split between many high priorities. The AGM of Finance & Management Services/CFO is responsible for considering the above factors and recommending a prudent internal service fund annual budget to the Board of Directors.

MIRR RESERVE FUND The Park District will maintain an adequate level of fund balance in the MIRR Fund based on anticipated or potential future events, sufficient to ensure financial stability and to mitigate current and future risks that could adversely affect the District's services to the public. Retaining an adequate fund balance is critical for long term financial planning. For the purpose of this policy, the MIRR Fund reserve fund balance is the amount of total fund balance in the internal service fund.

CALCULATION OF RESERVE AMOUNT The AGM of Finance & Management Services/CFO is responsible for considering the above factors and recommending a prudent reserve amount to the Board of Directors. The reserve amount is recommended at 1-3% of the Current Replacement Value (CRV) of assets. In 2024, the CRV of facilities and pavement was \$499 million, which equates to a reserve amount of \$5-\$15 million.

MONITORING AND REPORTING Annually, staff will report on the Park District's current FCI and PCI scores and performance compared to the targeted standard for the two asset categories as well as the estimated amount of resources needed to meet the targeted standard. In addition, staff will report on the operational impacts of the program and on the delivery of projects.

POLICY ADMINISTRATION The AGM of Management Services/CFO is responsible for bringing an updated Major Infrastructure and Renovation Fund (553) Policy to the Board Finance Committee for review and approval every five years, in compliance with the funding targets in place at the time.

The funding target in place will be reviewed by the Board of Directors at least every five years and adjusted as necessary to include consideration of all relevant factors, including:

- Best practices in deferred maintenance of assets
- Condition of assets
- Impact of infrastructure failure



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- Availability of funds
- Delivery and completion of projects
- Other Unfunded long-term liabilities