



Internal Service Funds
Equipment Replacement Programs
(ERPs)
and
Program Overhead

Finance and Budget Committee
April 5, 2021

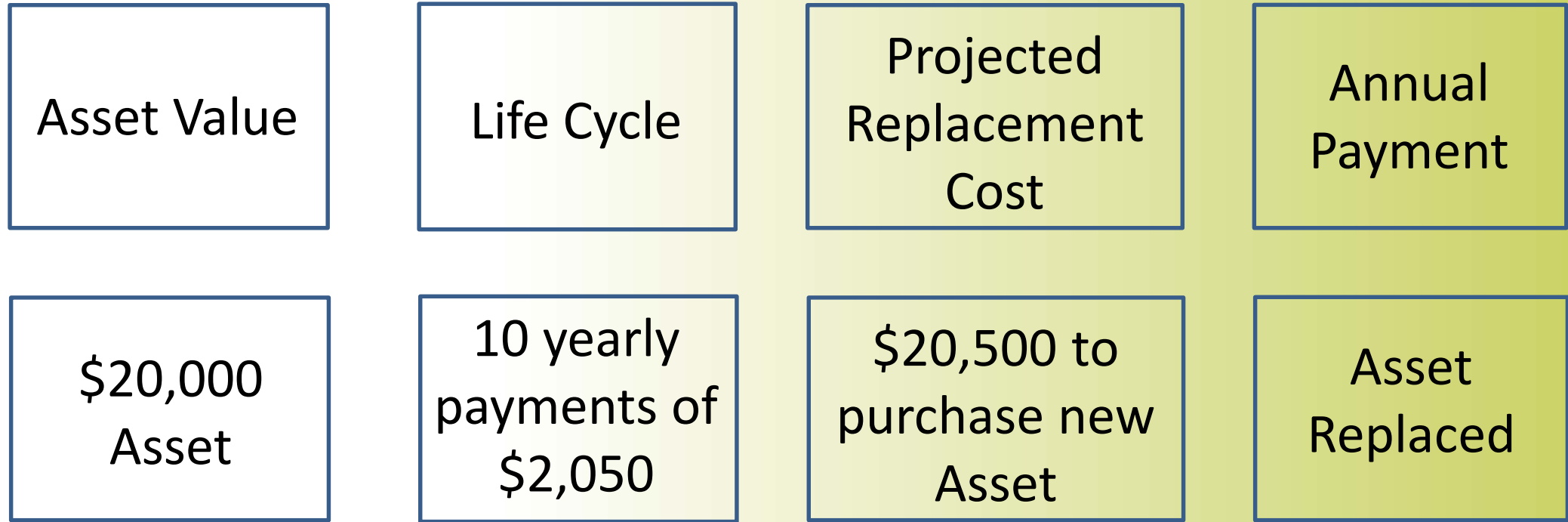


Topics

- Overview of Internal Service Funds –*Rick Gentry, Procurement and Contract Services Manager*
- MERP, SLERP, Projects, and Information Technology Services Overhead-
Steve Marsh, *Chief Technology Officer*
- BERP & Central Building Services Overhead – Ryan Elam, *Director of Development Services* & Brian Page, *Facilities Manager*
- VERP & Fleet Overhead – Mark Stinson, *Fleet Manager*
- Please feel free to ask questions as we progress through the presentation.



ERPs were established to build capital reserves for future replacement of equipment

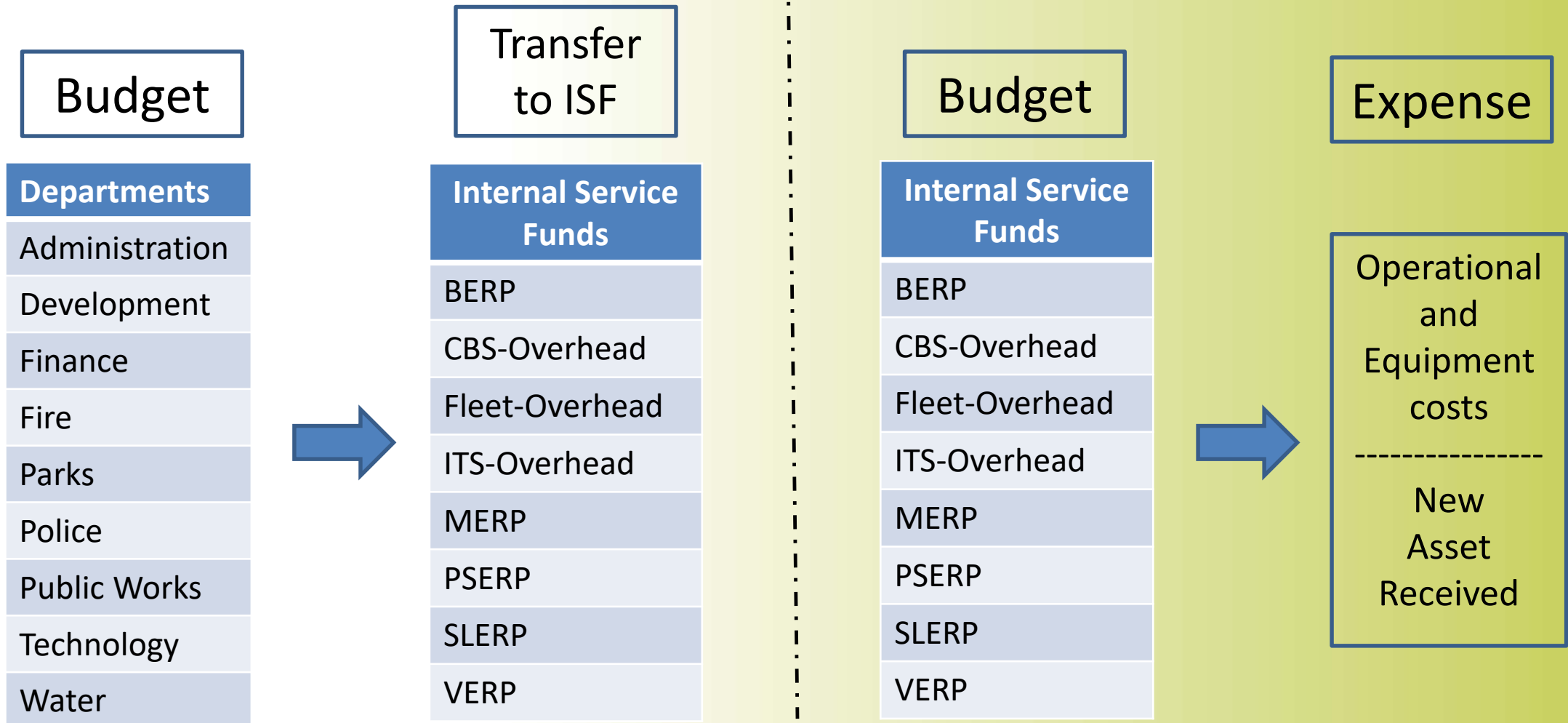


Department
\$2,050 per year transfer to Fund



Fund
\$20,500 expense in year 10

How the Internal Service Funds flow





Information Technology Services

- Three Primary Components of ITS budget
 - Operational
 - Capital Sinking Funds
 - Managed Equipment Replacement Program (MERP)
 - Software License Enterprise Refresh Program (SLERP)
 - Capital Project Transfers

Allocation of ITS Operational Costs

- Total Operational Budget cost is split based on two factors:
 - Number of staff with email and/or network IDs
 - Intended to measure utilization of ITS infrastructure and related costs.
 - ITS Staff Hours worked on behalf of a department
 - Intended to measure a portion of staff utilization.

Sinking Funds

- Hardware
 - Department MERP
 - CityWide MERP
- Software
 - Department SLERP
 - CityWide SLERP
- Equipment refunding:
 - Incorporates the anticipated Life and anticipated Replacement Cost
 - Assumes no cost recovery at the end of equipment lifespan.

Capital Project Transfers

- Occurs when a department has an IT project pass through the IT steering committee, and it is funded.
- Transfers from the appropriate funds (Enterprise, General or Internal Service) are incorporated into ITS revenue, as a “Transfer In.”



CBS Services and Overhead Charges

The services listed below are some of what CBS provides to our customers. The cost is charged back to the other departments through overhead charges.

- Provide Service, Maintenance and Repair to 18 Facilities and Multiple Parking Lots
- Preventative Maintenance (HVAC, Garage Doors, Boilers etc.)
- Custodial Services
- Snow Removal
- Landscaping
- Mowing
- Fountain Maintenance
- Utilities
- CBS Receives Approximately 250 Work Orders/Year
- Routine Replacement and Repair (Electrical Repairs, New Light Fixtures, Patching & Painting, Plumbing Repairs, HVAC Repairs etc.)



BERP Program Charges

The BERP program provides for the repair and replacement of facility related capital assets. These assets include items such as HVAC, Roofs, Parking Lots etc.

- Proactively monitor the condition of our assets and prepare financially for their eventual replacement
- The goal is to budget not only for our current needs but also set aside funds for future needs
- Allows us to accumulate funds overtime which insures the funds are available when an asset needs to be replaced.

Budget Process

- All BERP funds will be part of the CBS budget and charged back to Finance
- All expenditures will be tracked down to the asset level instead of department or building
- Facility Condition Assessment to identify, tag, inventory and evaluate the condition of City owned capital assets
- This is a critical first step to our Facility Asset Management Plan “FAMP”

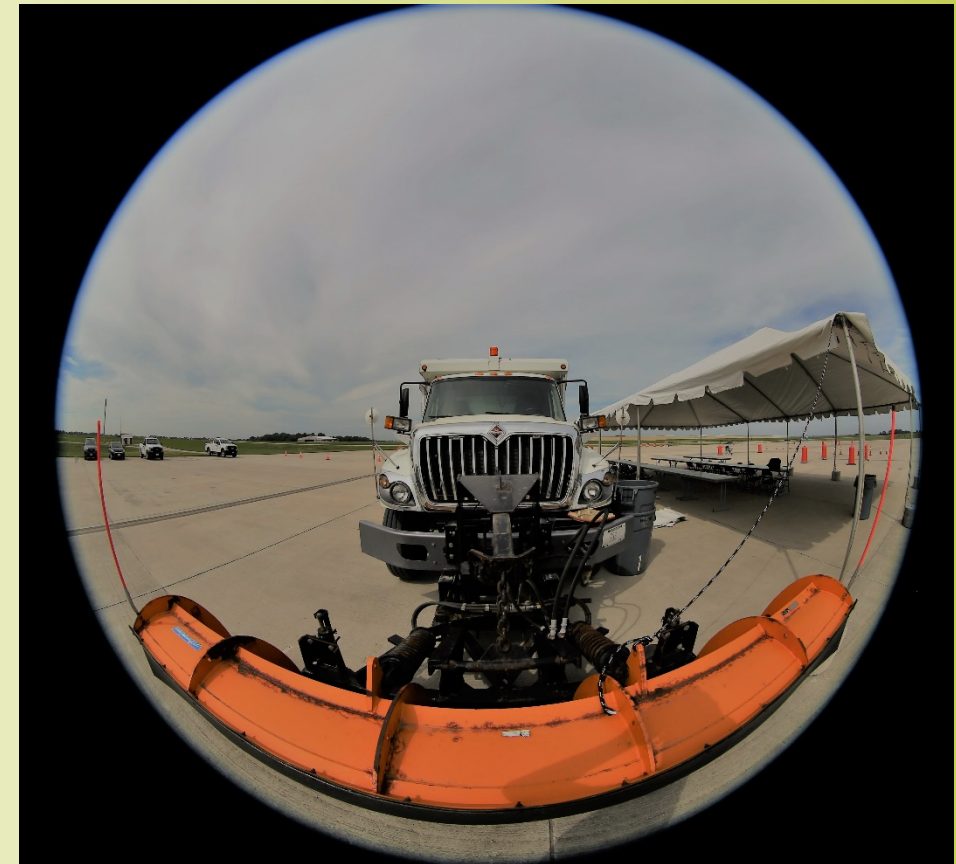
Fleet Division

- Became a division of Public Works in FY20
- Centralized fleet supporting all city departments
- Staff of 7 mechanics, Fleet Manager, Shop Supervisor and administrative support
- Responsible for the maintenance, repair, replacement, and disposal of City vehicles
- Responsible for purchase, storage and dispensing of fuel
- 24/7 emergency response as needed
- Funded primarily through VERP and Overhead payments by departments



Vehicle & Equipment Replacement, Program (VERP)

- Provides departments with safe and cost efficient vehicles
- Departments make annual payments for the future replacement of vehicles, similar to a vehicle lease or rent program
- Replacement of vehicles occurs within efficient lifecycle time periods (i.e. before repairs and maintenance costs are too high or salvage values are too low)
- Steady, annual payments keep rates lower than direct replacement costs
- The VERP should not be used for expansions and upgrades



Vehicle Repair & Maintenance (Overhead)



- Fleet staff provides maintenance and repair for more than 400 City vehicles plus 125 small equipment and trailers
- Departments are billed directly for fuel usage, parts as well as all outside repairs through maintenance & repair work orders
- Departments also make monthly overhead payments to help cover the costs of Fleet's daily operations
 - weighted percentage of operational overhead based on a 3-year average of work order hours generated by the using department

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Questions