

**COSTA MESA MUNICIPAL CODE**  
**TITLE II**  
**CHAPTER V**  
**ARTICLE 8**

**CAPITAL ASSET NEEDS ORDINANCE**

**ARTICLE 8**

**Section 2-210. - Definitions.**

**Section 2-211. - Reserve Requirement.**

**Section 2-212. - Limited Use.**

**Section 2-213. - Emergency Exception.**

**Sec. 2-210. - Definitions.**

For the purpose of this article, the following terms shall have the following meanings unless it is clear from the context that a different meaning is intended:

(1) *Capital Expenditures* are defined as expenditures on fixed assets with value greater than \$30,000.00 that are stationary in nature including, but not limited to, publicly owned or operated streets, highways, bridges, sidewalks, curbs, gutters, alleys, storm drains, trees and landscaping, medians, parks, playgrounds, traffic signals, streetlights, fences, facilities and walls.

(2) *Capital Facilities* are defined as city owned or operated buildings including, but not limited to, City Hall, Civic Center, Police Department, Old Corp Yard, New Corp Yard, fire stations, libraries, and community centers.

**Sec. 2-211. Reserve Requirement.**

(1) The City shall allocate a minimum of five percent (5%) of the annual General Fund revenue to the Capital Expenditures account.

(2) The City shall allocate a minimum of one and a half percent (1 ½%) of the annual General Fund revenue to the Capital Facilities account.

**Sec. 2-212. - Limited use.**

(1) Capital Expenditure funds shall only be used for the construction, replacement, maintenance, improvement, or modification of city owned or operated Capital Expenditure as defined in Section 2-210(1) including construction, design, engineering, project management, inspection, and contract administration.

(2) Capital Facilities funds shall only be used for the construction, replacement, maintenance, improvement, or modification of city owned or operated buildings Capital Facilities as defined in Section 2-210(2) including construction, design, engineering, project management, inspection, contract administration and property acquisition. Capital Facilities funds may be applied toward debt obligations created to fund Capital Facilities where the indebtedness originated after the date of this Ordinance.

(3) The use or loan of Capital Expenditures or Capital Facilities funds for a purpose other than those referenced in this section shall require approval of a supermajority vote of the entire City Council.

**Sec. 2-213. – Emergency Exception.**

(1) In the following circumstances, the City need not comply with the requirements set forth in Section 2-211 subject to supermajority approval of the entire City Council:

(a) General Fund Operating Reserve falls below the amount set by resolution of the City Council as set forth in Section 2-205; [NOTE: Section 2-205 states “*General fund operating reserve* means those unappropriated cash funds from the general fund which have been designated by resolution of the city council as operating reserve.” Since the resolution adopting the new GFOR changes, it makes better sense to identify Section 2-205 which defines GFOR and also specifies that the amount will be set via resolution.] or

(b) An economic downturn, natural disaster, emergency or other unforeseen circumstances.

(2) The exception set forth herein shall require annual supermajority approval of the entire City Council.

(3) In the event this provision is applied, the City shall develop a plan to replenish the Capital Expenditures and/or Capital Facilities funds for the amount exempted.