

ORDINANCE NO. 15-07

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA ADOPTING A CAPITAL ASSET NEEDS ORDINANCE ADDING ARTICLE 8 TO TITLE 2 CHAPTER V OF THE COSTA MESA MUNICIPAL CODE TO ESTABLISH THE REQUIREMENTS FOR A MINIMUM ALLOCATION OF 5% OF ANNUAL GENERAL FUND REVENUE TO THE CAPITAL EXPENDITURES ACCOUNT AND A MINIMUM ALLOCATION OF 1.5% TO A CAPITAL FACILITIES ACCOUNT ANNUALLY

WHEREAS, the City of Costa Mesa ("City") is committed to providing quality public goods and services to its residents including well maintained capital infrastructure and facilities ("Capital Asset Needs") such as parks, libraries, recreational facilities, roads, public use buildings, and storm drains; and

WHEREAS, the City annually allocates a portion of the General Fund to Capital Asset Needs from their various funding sources including Gas Tax, Measure M, Air Quality Management Fund, Community Development Block Grants, and development impact fees, however, these funding sources are cyclical in nature and dependent on the health of the national economy; and

WHEREAS, prudent financial management requires a long term plan for the construction and maintenance of Capital Assets including street improvement and maintenance, traffic planning, park development and maintenance, storm drain improvements, parkway and median improvements, curb and sidewalks, and building maintenance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Article 8 ("Capital Asset Needs") is hereby added to Title 2 ("Administration"), Chapter V ("Finance"), of the Costa Mesa Municipal Code as follows:

ARTICLE 8. – Capital Asset Needs

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 (1½%) 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 General Fund Operating Reserve as set forth in Section 2-205; 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.

Section 2. Inconsistencies. Any provision of the Costa Mesa Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

Section 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Costa Mesa hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

Section 4. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published and posted pursuant to the provisions of law in that regard and this Ordinance shall take effect 30 days after its final passage.

PASSED, APPROVED AND ADOPTED this ____ day of September, 2015.

Stephen M. Mensinger, Mayor

APPROVED AS TO FORM:

Thomas Duarte, City Attorney

ATTEST:

Brenda Green, City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, hereby certify that the above and foregoing Ordinance No. 15-07 was introduced and considered section by section at a regular meeting of said City Council held on the 1st day of September, 2015, and thereafter passed and adopted as a whole at a regular meeting of said City Council held on the 15th day of September, 2015, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the City of Costa Mesa this 16th day of September, 2015.

Brenda Green, City Clerk and ex-officio
Clerk of the City Council of the
City of Costa Mesa