

ORDINANCE NO. 14-4

1
2 **AN ORDINANCE AMENDING CONCORD MUNICIPAL CODE TITLE 3**
3 **(REVENUE AND FINANCE) ADDING CHAPTER 3.20 (FISCAL**
4 **SUSTAINABILITY), ARTICLE I (USE OF ONE-TIME AND BUDGET**
5 **SURPLUS FUNDS)**

6 **THE CITY COUNCIL OF THE CITY OF CONCORD DOES ORDAIN AS FOLLOWS:**

7 **Section 1.** Concord Municipal Code Title 3 (Revenue and Finance) is hereby amended by
8 adding Chapter 3.20, entitled *Fiscal Sustainability*, Article I, entitled *Use of One-Time and Budget*
9 *Surplus Funds*, as follows:

10 **Section 2.** Adding Section 3.20.010, entitled *Purpose and Definitions*, to read:

11 A. The purpose of this chapter is twofold: First, to assure that one-time revenues are used
12 for non-recurring rather than ongoing expenditures, thereby ensuring that the City continues to
13 employ sound fiscal strategies; and second, to define the uses for which the City shall employ such
14 funds.

15 B. For purposes of this Chapter, the following terms shall have the following meanings:

16 1. “One-Time Funds” shall mean revenues that the City receives on a non-recurring basis
17 (usually only received in one annual budget) and/or are unexpected, unanticipated and not included in
18 the baseline revenue projections in the budget or amended budget. For example, such revenues may
19 include, but are not limited to: unbudgeted unanticipated proceeds from the sale of surplus land,
20 unanticipated unbudgeted one-time sales tax allocations associated with capital improvements from
21 local businesses that were not included in the budget, and unbudgeted unanticipated grants, or the
22 receipt of funds for unbudgeted, unanticipated retroactive (prior-year payments) taxes or fees, etc.

23 2. “Budget Surplus Funds” are those funds that result after closing the City’s accounting
24 records for the fiscal year and completion of the annual audit, when total General Fund annual
25 revenues recognized during the fiscal year exceed total actual expenditures for that year, thus adding
26 to the City’s fund balance at the end of the fiscal year.

27 3. “Infrastructure Backlog” shall mean the cost of capital and maintenance expenditures
28 required to bring the City’s public assets (such as parks, buildings, roads, signs, etc.) up to an
acceptable standard, where such expenditures have not been funded or programed by the City.

1 4 “Post-Employment Benefits” shall mean, for purposes of this Ordinance: (1) the City’s
2 retiree medical program, (2) the City of Concord Retirement System (CCRS) (a closed pension system
3 that was established by the City prior to joining Cal PERS), and (3) Cal PERS, the City’s current
4 pension program.

5 5. “Unfunded Post-Employment Benefit Liabilities” shall mean that portion of the City’s
6 post-employment benefits that have not been fully funded.

7 6. “Annual Recommended Contributions (ARC)” shall mean the annual amount of funds
8 an actuary recommends that the City deposit and set aside in a post-employment benefit plan to fully
9 fund post-employment benefits over time, as determined by an actuarial study.

10 7. “General Fund” shall mean the fund that is established by the City into which all sums
11 of money collected by the City are deposited and expended for general government purposes, unless
12 otherwise provided by ordinance, resolution or legal mandate directing the deposit into a specific fund
13 other than the General Fund.

14 8. “General Fund Reserves” shall mean the reserves established pursuant to the City
15 Council adopted Policy & Procedure Number 129 (PP129) in 1995, which was amended in 2009 (and
16 may be amended from time-to-time), that establishes thresholds on levels of General Fund Reserves.
17 Each year at the time the City budget is considered, the City Council reviews the estimated reserve
18 levels for consistency with PP129. An aggregate reserve, consisting of operating contingency and
19 other General Fund reserves is established and maintained at levels determined by the City Council.

20 **Section 3.** Adding Section 3.20.020, entitled *Use of One-Time and Budget Surplus Funds*, to
21 read:

22 A. From time to time, the City Manager shall recommend allocations to the City Council
23 on the use of one-time and budget surplus funds consistent with the uses identified in this ordinance.

24 B. One-time funds are for one-time expenditures; therefore, the City shall not use one-
25 time and budget surplus funds in a way that creates new on-going expenditure requirements unless it
26 can be demonstrated that adequate resources exist to support the on-going expenditure requirements.

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1 C. One-time and budget surplus funds identified throughout each budget cycle shall only
2 be used to fund the following City needs, as directed by the City Council, at a public meeting. The
3 City Council retains the discretion of how to allocate these funds between the five categories listed
4 below:

- 5 1) The annual required contributions for the City of Concord Retirement System
6 (CCRS) and Retiree medical benefits, as determined by an actuarial study, to the extent these
7 are not fully funded in the operating budget;
- 8 2) The City's infrastructure backlog including city facilities, roadways, signs, and
9 parks;
- 10 3) The City's outstanding liabilities for unfunded post-employment benefits;
- 11 4) Special or one-time, non-recurring expenditure needs of the City;
- 12 5) Strengthening the City's General Fund Reserves;

13
14 **Section 4.** Adding Section 3.20.030, entitled *Super Majority Council Action Required to*
15 *Vary From This Chapter*, to read:

16 Any use of one-time or budget surplus funds that varies from the direction provided in this
17 Chapter shall require adoption of a City Council resolution by at least four members of the City
18 Council. The Council resolution shall include a statement of findings supporting the appropriation of
19 one-time or budget surplus funds in a manner that departs from the requirements of this Chapter.

20 **Section 5.** This Ordinance No. 14-4 shall become effective thirty (30) days following its
21 passage and adoption. In the event a summary of said Ordinance is published in lieu of the entire
22 Ordinance, a certified copy of the full text of this Ordinance shall be posted in the office of the City
23 Clerk at least five (5) days prior to its adoption and within fifteen (15) days after its adoption,
24 including the vote of the Councilmembers. Additionally, a summary prepared by the City Attorney's
25 Office shall be published once at least five (5) days prior to the date of adoption of this Ordinance and
26 once within fifteen (15) days after its passage and adoption, including the vote of the
27 Councilmembers, in the Contra Costa Times, a newspaper of general circulation in the City of
28 Concord.

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Timothy S. Grayson
Mayor

ATTEST:

Mary Rae Lehman, CMC
City Clerk

(Seal)

Ordinance No. 14-4 was duly and regularly introduced at a regular meeting of the City Council of the City of Concord held on May 27, 2014, and was thereafter duly and regularly passed and adopted at a regular meeting of the City Council of the City of Concord on June 10, 2014 by the following vote:

- AYES:** Councilmembers -
- NOES:** Councilmembers -
- ABSTAIN:** Councilmembers -
- ABSENT:** Councilmembers -

I HEREBY CERTIFY that the foregoing is a true and correct copy of an ordinance duly and regularly introduced, passed, and adopted by the City Council of the City of Concord, California.

Mary Rae Lehman, CMC
City Clerk