

MEETING DATE:

02/09/09

AGENDA ITEM:

Introduction of an Ordinance Amending Chapter 3.07, Finance and Revenue, of the Culver City Municipal Code to Add a New Subchapter 3.07.400, et seq., Entitled "Budget Restrictions," Relating to Regulating the Adoption of Balanced City Budgets and the Use of Reserve Funds

ATTACHMENTS

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1. Ordinance	1-4

ORDINANCE NO. 2009-

AN ORDINANCE OF THE CITY OF CULVER CITY, CALIFORNIA, AMENDING CHAPTER 3.07, FINANCE AND REVENUE, OF THE CULVER CITY MUNICIPAL CODE, TO ADD A NEW SUBCHAPTER 3.07.400, et seq., ENTITLED "BUDGET RESTRICTIONS," RELATING TO THE ADOPTION OF BALANCED CITY BUDGETS AND THE USE OF RESERVE FUNDS

WHEREAS, the City of Culver City is committed to operating in a financially responsible manner; and,

WHEREAS, it is critical for the City to maintain a structural balance and avoid operating deficits in order to preserve its General Fund reserves, maintain favorable ratings with the bond rating agencies and ensure its long-term ability to provide necessary services; and,

WHEREAS, structural balance is achieved when budgeted ongoing revenues meet or exceed budgeted ongoing expenditures; and,

WHEREAS, the City is projecting an operating deficit in Fiscal Year 2009/2010 and beyond; and,

WHEREAS, unfunded liabilities and mandates threaten the City's ability to maintain a structural balance; and,

WHEREAS, the City desires to avoid drawing down on its General Fund reserves in order to balance its budgets; and,

WHEREAS, the City Council has already adopted a policy of maintaining a General Fund reserve equal to at least thirty (30%) percent of appropriated ongoing expenditures; and,

1 WHEREAS, it is the intent of this ordinance to restrict the adoption of budgets
2 that rely on the use of General Fund reserves to achieve balanced budgets.

3 NOW, THEREFORE, the City Council of the City of Culver City, California,
4 DOES HEREBY ORDAIN as follows:

5 SECTION 1. Chapter 3.07, Finance and Revenue, of the Culver City Municipal
6 Code is hereby amended to add a new subchapter 3.07.400, et seq. entitled "Budget
7 Restrictions," to read as follows:

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9
10 **BUDGET RESTRICTIONS**

11 **§ 3.07.400 Balanced budget requirement**

12 **§ 3.07.405 Required reserves**

13 **§ 3.07.410 Use of required reserves for financial emergencies**

14 **§ 3.07.415 Use of amounts in excess of required reserves**

15 **§ 3.07.400 BALANCED BUDGET REQUIREMENT.**

16 For each budget year, budgeted General Fund ongoing expenditures
17 shall not exceed budgeted ongoing revenues.

18 **§ 3.07.405 REQUIRED RESERVES.**

19 For each budget year, the City's projected ending General Fund
20 reserves shall not be less than thirty (30%) percent of budgeted operating
21 expenditures.

22 **§ 3.07.410 USE OF REQUIRED RESERVES FOR FINANCIAL
23 EMERGENCIES.**

24 During a financial emergency, as declared by the City Manager and
25 approved by four-fifths (4/5) vote of the City Council, the City's General
26 Fund reserves may be used to balance the budget for a single budget year,
27 provided that the projected ending General Fund reserves not fall below

1 twenty-five (25%) percent of budgeted operating expenditures. The City shall
2 implement measures to restore the projected ending General Fund reserves to
3 thirty (30%) percent of budgeted operating expenditures by the budget year
4 occurring immediately after the budget year in which any such financial
5 emergency was declared by the City Council.

6 **§ 3.07.415 USE OF AMOUNTS IN EXCESS OF REQUIRED RESERVES.**

7 Projected ending General Fund reserves in excess of thirty (30%)
8 percent of budgeted operating expenditures may be appropriated only for one-
9 time, non-recurring expenditures that will not increase future operating
10 expenditures. Any other use of those General Fund reserves exceeding thirty
11 (30%) percent of budgeted operating expenditures shall require approval by a
12 four-fifths (4/5) vote of the City Council.
13

14 SECTION 2. Pursuant to Section 619 of the Culver City City Charter, this
15 ordinance shall take effect thirty (30) days after its adoption. Pursuant to Sections 616
16 and 621 of the Culver City City Charter, prior to the expiration of fifteen (15) days after
17 the adoption of this ordinance, the City Clerk shall cause this ordinance, or a summary
18 thereof, to be published in the Culver City News and shall post this ordinance or a
19 summary thereof in at least three (3) places within the City.
20

21 APPROVED and ADOPTED this _____ day of _____, 2009
22

23
24 _____
25 D. SCOTT MALSIN, Mayor
City of Culver City, California

26 ATTEST:
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APPROVED AS TO FORM:
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MARTIN R. COLE,
City Clerk

CAROL A. SCHWAB,
City Attorney