

Ordinance No.: 006-24

AN ORDINANCE TO AMEND CHAPTER 2 (ADMINISTRATION), ARTICLE III (FINANCE), DIVISION 1 (GENERALLY) TO ESTABLISH A CAPITAL RESERVE ACCOUNT

WHEREAS, Section 8.3 of the Town Charter provides that the Town shall establish “reasonable and appropriate reserves[;]” and

WHEREAS, in the opinion of the Town Council, it is necessary for the public health, safety, and welfare to establish a capital reserve account to set aside funds specifically for the renewal and replacement of capital assets, including but not limited to water, sewer, and electric utility infrastructure.

NOW THEREFORE, BE IT HEREBY ENACTED by the Town Council of the Town of Smyrna, a majority thereof concurring in Council duly met, that the Smyrna Town Code be and hereby is amended as follows:

Section 1. Amend Chapter 2 (Administration), Article III (Finance), Division 1 (Generally), by establishing a new Section 2-72 as follows:

Sec. 2-72. – Capital Reserve Account.

- (a) The Town hereby establishes a Capital Reserve Account, which shall be reflected as a separate account on the balance sheet, either as one separate account for all capital reserve funds or as one or more separate reserve accounts for specific classifications of capital improvements, such as water, sewer, and electric utilities.
- (b) The minimum annual contributions to the Capital Reserve Account from each utility should be the greater of \$600,000 for water, \$850,000 for sewer, and \$500,000 for electric or 4% of net equity.
- (c) The primary purpose of the Capital Reserve Account is to set aside funds specifically for renewal, maintenance, repair, and replacement of capital assets, including but not limited to infrastructure, buildings, equipment, and other long-term assets that contribute to the government’s operations. While it is anticipated that the Capital Reserve Account will be used primarily for capital improvements for utilities, nothing herein shall prevent the Town from using the Capital Reserve Account for other capital improvements needs.
- (d) Money from the Capital Reserve Account can only be expended by the Town upon the approval of five members of the Town Council.
- (e) The Town Manager will report the balance and interest earned in this account fund to the Finance Committee and to the Town Council every month as a note on the water, sewer, and electric utility funds (and any other relevant funds) in the monthly financial report.
- (f) The annual and revised budgets of the Town will carry a report on this item.

- (e) The Town Manager will report the balance and interest earned in this account fund to the Finance Committee and to the Town Council every month as a note on the water, sewer, and electric utility funds (and any other relevant funds) in the monthly financial report.
- (f) The annual and revised budgets of the Town will carry a report on this item.
- (g) As part of the Town's annual audit, the Capital Reserve Account shall be audited annually by the Town's independent auditors.

Section 2. Severability. The provisions of this Ordinance shall be severable. If any provisions of this Ordinance are found by any court of competent jurisdiction to be unconstitutional or void, the remaining provisions of this Ordinance shall remain valid, unless the court finds that the valid provisions of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the unconstitutional or void provision that it cannot be presumed that Town Council would have enacted the remaining valid provisions without the unconstitutional or void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and incapable of being executed in accordance with Town Council's intent.

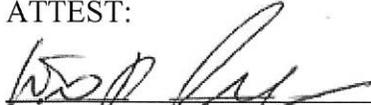
Section 3. Effective Date. This Ordinance shall become effective upon the date of its adoption.

SYNOPSIS

This ordinance establishes a Capital Reserve Account intended to set aside funds in reserve for future capital infrastructure needs. The minimum annual contributions to the Capital Reserve Account from each utility should be the greater of \$600,000 for water, \$850,000 for sewer, and \$500,000 for electric or 4% of net equity. These funds can be used, upon the approval of 5 members of Council, for renewal, maintenance, repair, and replacement of capital assets, including but not limited to infrastructure, buildings, equipment, and other long-term assets that contribute to the government's operations.

This will certify that this is a true and correct copy of the Ordinance duly adopted by the Town Council of the Town of Smyrna at its regular Council meeting on May 20, 2024.

ATTEST:



Council Secretary



Mayor

This shall certify that the title and synopsis of this Ordinance was published in a newspaper of general circulation within the Town on April 15, 2024 and posted at the Town Hall on May 20, 2024.

So Certifies:

