

Sponsor: Mayor Johnson  
First Reading: waived  
Second Reading: waived  
Third Reading: 9/3/2024

**ORDINANCE #013-24**

**AN ORDINANCE TO AMEND CHAPTER 2 (ADMINISTRATION), ARTICLE III (FINANCE), DIVISION 1 (GENERALLY) TO CLARIFY HOW THE CAPITAL RESERVE ACCOUNT IS CALCULATED**

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 clarify how the capital reserve account is calculated, which account is used 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 making insertions as shown by underline and deletions and shown by strike through 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~~ the Town’s net position.

**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.

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SYNOPSIS

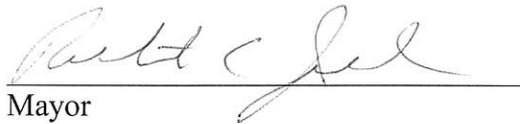
This ordinance clarifies that the contributions to the Capital Reserve Account should be calculated based on the Town's net position (and not based on net equity).

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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 September 3<sup>rd</sup>, 2024.

ATTEST:

  
\_\_\_\_\_  
Council Secretary

  
\_\_\_\_\_  
Mayor

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This shall certify that the title and synopsis of this Ordinance was published in a newspaper of general circulation within the Town on \_\_\_\_\_, 2024 and posted at the Town Hall on September 3<sup>rd</sup>, 2024.

So Certifies:

  
\_\_\_\_\_  
Town Clerk