

**It is hereby ordained by the Town of Smithfield as follows:**

**Section 1. Part One(1) of the Smithfield Code of Ordinances entitled “ General Legislation” is hereby amended by repealing Chapter 19, entitled “Capital Improvements” and replacing it with Chapter 19 entitled “Capital Program and Reserve Funds” which shall read as follows :**

## **Chapter 19. Capital Program and Reserve Funds**

### **Article I. Definitions**

#### **§ 19-1. Definitions.**

The following terms, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

#### **CAPITAL IMPROVEMENT PROJECT**

Shall include the following:

- (a) The acquisition of land;
- (b) The lease of land or buildings;
- (c) The acquisition or construction of buildings or facilities, including preconstruction, survey and engineering costs;
- (d) The improvement, expansion or reconstruction of existing buildings or facilities in excess of normal maintenance work; and
- (e) The purchase of items of equipment which have a useful life in excess of five years and which have a cost in excess of \$10,000.

#### **PUBLIC FACILITIES**

- (a) Water supply production, treatment, storage and distribution facilities;
- (b) Wastewater and solid waste collection , treatment and disposal facilities;
- (c) Roads, streets, bridges, including rights-of-way , traffic signals , landscaping and local improvements of state and federal highways;
- (d) Stormwater collection, retention, detention, treatment and disposal facilities, flood control facilities, flood control facilities, bank and shore projections and enhancement improvements;
- (e) Parks, open space areas and recreational facilities;
- (f) Police, emergency medical, rescue and fire protection facilities;
- (g) Public schools and libraries; and
- (h) Other public facilities consistent with the Smithfield Capital Improvement Plan or Comprehensive Community Plan; including but not limited to historic preservation or restoration projects.

### **Article II. Capital Program**

## **§19-2. Capital Committee.**

(a) There shall be one Capital Committee for the entire Town, including the Smithfield Public Schools (Smithfield School Department) and all other Departments of the Town of Smithfield. The Capital Committee will be an advisory board to the Smithfield Town Council and shall consist of eleven (11) members: Three(3) members of the School Department (One member of the School Committee, the School Superintendent, and the School Facilities Director) , Two (2) members of the Budget and Financial Review Board, One(1) member of the Asset Management Commission , The Town Finance Director , The Town Planner, Two (2) Town Council members who shall be selected by the Town Council President and the Town Manager.

(b) Submission to Town Council.

The Capital Committee shall meet quarterly and prepare and submit to the Town Council, three (3) months before the operating budget submission date, a twenty (20) year Capital Program consisting of four(4) increments having a duration of five (5) years each . On or before November 1<sup>st</sup>, of each year all Town Departments and agencies shall submit requests for capital improvement projects to the Capital Committee in accordance with the procedures outlined in the “Capital Budget Manual of Procedure” published by the Smithfield Planning Board. The Town Council by resolution shall approve the Capital Program with or without amendment after the public hearing and on or before the third (3<sup>rd</sup>) Thursday of February of the current fiscal year.

(c) Contents. The Capital Program shall include:

- 1) A clear general summary of its contents; including but not limited to capital revenues, debt service, and what capital needs require bonding, etc.;
- 2) A list of capital improvements and other capital expenditures which are proposed to be undertaken during the five (5) ensuing fiscal years, with appropriate information as to the necessity of each item;
- 3) Cost estimates and recommended time schedules for each improvement or other capital expenditure;
- 4) Confirmation with the Town Treasurer to ascertain the availability of the Town funds and method of financing to support the project;
- 5) The estimated annual cost of operating and maintain the facilities to be constructed or acquired;
- 6) The Capital Program shall be revised every year with regard to capital improvements that are still pending or in the process of construction or acquisition;

7) A Town Council resolution shall be required on all capital items in excess of ten thousand dollars (\$10,000).

(d) Life of Assets.

If the Town finances a capital project through the issuance of bonds the useful life of the asset shall be at least equal to the term of the bond.

**§ 19-3. Priority rating of projects.**

In formulating the program for capital improvements the Capital Committee shall establish a priority list of proposed projects. Such a priority list shall be based on the general needs of the community with due regard for:

- A. Protection of life and public health;
- B. Protection of property;
- C. Protection and proper exploitation of natural resources;
- D. Provision of essential public services;
- E. Replacement of obsolete facilities;
- F. Improvement of operating efficiency; and
- G. Improvement of social and cultural values.

**§ 19-4. Town Council Action on Capital Program.**

(a) Notice of Hearing.

The Town Council shall publish in one (1) or more newspapers of general circulation in the Town a general summary of the Capital Program and a notice stating:

1. The times and places where copies of the Capital Program are available for inspection by the public and;
2. The time and place, not less than two weeks after such publication, for a public hearing on the Capital Program.

(b) Adoption.

The Town Council by Resolution shall adopt the Capital Program with or without amendments.

**Article III. Reserve Funds**

**§ 19-5. School Capital Reserve Fund.**

- (a) The Town of Smithfield hereby establishes the School Capital Reserve fund that will adhere to the applicable Rhode Island General laws governing School Department autonomy. The purpose of the fund is to augment the Smithfield Public School's capital budget that is approved through the Town's annual budget process and ensure that the Smithfield School Department complies with the minimum threshold for capital maintenance requirements for approved projects under Rhode Island General Law 16-7-23.
- (b) The Town Manager's annual budget that is submitted to the Budget and Financial Review Board shall include an appropriate amount to be deposited into the School Capital Reserve Fund.
- (c) The School Capital Reserve Fund shall be used for funding school facility capital improvement expenditures in excess of \$50,000 with a useful life of 10 years or more. A Town Council resolution shall be required for any expenditure from this fund.
- (d) The Town's twenty-year Capital Program will serve as a basis for capital expenditures from this fund.
- (e) All Rhode Island Department of Education reimbursements received due to expenditures from this fund shall be deposited into this fund.

**§ 19-6. Capital Reserve Fund and Land Trust Reserve Funds.**

The Capital Reserve Fund and Land Trust Reserve Fund will be used for the accumulation of funds prescribed in Article V, Financial Procedures, §C-5.08 Reserve Funds, of the Smithfield Town Charter as amended in November, 2020. The Capital Reserve Fund shall be available to the Town as necessary for expenditures relating to certain capital expenditures pursuant to local ordinance. The Land Trust Reserve Fund shall be used exclusively by the Smithfield Land Trust for the acquisition and preservation of real property pursuant to the legislative charter of said land trust. Expenditures from the Capital Reserve Fund and Disbursements from the Land Trust Reserve Fund shall be shall be authorized by a Town Council Resolution.

**§ 19-7. Capital Reserve Fund Purpose.**

The Capital Reserve Fund shall be used for funding capital improvement expenditures in excess of \$50,000 with a useful life of 10 years or more. This policy does not preclude the funding of any additional capital assets from the general fund or other sources. The Town's twenty-year Capital Improvement Plan or Comprehensive Community Plan will serve as a basis for annual capital appropriations.

**§19-8. Disbursement of Funds.**

- A. By the first of March each year, the Town Manager shall submit to the Budget and Financial Review Board a Budget for the ensuing fiscal year. This budget may include capital improvement expenditures funded from the Capital Reserve Fund.
- B. Any subsequent increases or decreases to the expenditures from the Capital Reserve Fund proposed by the Town Council will follow the procedure outlined in the Town Charter for increases or decreases in the budget. Moreover, all expenditures from the Capital Reserve Fund must be approved by a specific resolution at the Town Council public budget hearing.
- C. In no event shall the sum of funds appropriated under this article exceed the total funds available in the Capital Reserve Fund at the time of appropriation.
- D. The Smithfield Town Council shall oversee the expenditure of all funds disbursed under this article.
- E. Should an “emergency” situation arise, under Section C-5.10(a) of the Town Charter an emergency appropriation [following budget adoption] could be implemented.

**§ 19-9. Reporting**

The Town’s Finance Director shall maintain all records of the reserve funds in accordance with general accepted accounting principles and practices. A report of the fund balances as well as collections to and disbursements from the funds shall be made annually in the annual audit report as well as a report in the annual budget presentation.

Section II. This ordinance shall take effect thirty (30) days after its adoption.