

2024

AN ORDINANCE

Introduced in Council on above date and referred to Committee on March 5, 2024

FINANCE

City Clerk

CREATING A CAPITAL RESERVE FUND TO ACCUMULATE AND DISBURSE MONEYS FOR CAPITAL EXPENDITURES AS PART OF THE CITY'S LONG-TERM CAPITAL PLANNING AND TO PROVIDE FOR THE ADMINISTRATION OF SAID CAPITAL RESERVE FUND BY: PROVIDING FOR SOURCES OF FUNDS TO SUSTAIN THE CAPITAL RESERVE FUND; PRESCRIBING THE USE OF CAPITAL RESERVE FUNDS; AND AUTHORIZING THE SUBMISSION OF A CAPITAL RESERVE FUND SPENDING PLAN.

WHEREAS, as part of the City of Scranton's (City) long-term capital planning, the Mayor of the City of Scranton is required by the City's Home Rule Charter to annually submit a Five-Year Capital Budget (Capital Budget) to Council at least 3 months prior to the final date of the submission of the operating budget; and

WHEREAS, the City currently includes in its annual operating budget certain capital expenditures identified in its adopted Capital Budget which are funded by the City's General Fund; and

WHEREAS, it is the City's desire to delineate its capital expenditures from its operating expenditures for accountability, budgeting and cash flow purposes; and

WHEREAS, a municipal capital reserve fund is viewed positively by bond rating agencies and is recommended as supportive of proactive financial management by the Government Finance Officers Association; and

WHEREAS, the City of Scranton deems it in the best interest of the City to create a Capital Reserve Fund to accumulate moneys for capital expenditures as part of its long-term capital planning.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SCRANTON that a Capital Reserve Fund is hereby established and that any and all appropriate City officials are authorized to execute any and all documents necessary to set up and administer the Capital Reserve Fund.

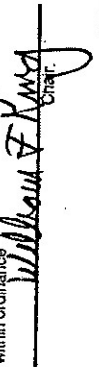
SECTION 1. Creation of Capital Reserve Fund. The City of Scranton hereby creates a separate fund known as the Capital Reserve Fund. The monies in the Capital Reserve Fund shall be assigned to the purposes set forth in Section 5, Use of Funds.

SECTION 2. Capital Project Definition. A Capital Project shall have a useful life of more than one (1) year and a minimum cost of \$25,000.

SECTION 3. Initial Source of Funds. As soon as practicable after the adoption of this Ordinance, the City shall make an initial contribution of funds into the Capital Reserve Fund from the following sources:

- a) \$300,000 appropriated in the 2024 operating budget.
- b) \$2,000,000 from excess principal in the Worker's Compensation Reserve Trust Account.
- c) \$1,000,000 from the balance of interest accumulated on the American Rescue Plan Act funds received by the City.

Scranton, PA, March 19, 2024
Committee on Finance reports favorably on the within ordinance


Chair

SIXTH ORDER:
March 12, 2024

CERTIFIED COPY

 City Clerk

SECTION 4. Revenue Sources. In addition to the funds identified in Section 3, **Initial Source of Funds**, the City may make or cause to be made appropriations of money to the Capital Reserve Fund from:

- a) An annual appropriation from the City's annual operating budget.
- b) The City's General Fund unassigned fund balance.
- c) Any money received, or a portion thereof, from the sale, lease or other disposition of any property of the City.
- d) Debt proceeds to the extent they are allocated to Capital Projects.
- e) Grant proceeds to the extent they are allocated to Capital Projects.
- f) Any other moneys or proceeds received or held by the City from any source, or a portion thereof, provided that, such moneys shall not include moneys that are otherwise restricted or prohibited by law.

SECTION 5. Use of Funds.

- a) The moneys in the Capital Reserve Fund shall be used, from time to time, for the purchase, construction, replacement, or improvement to land, buildings, infrastructure, machinery, equipment, motor vehicles, technology and any and all other tangible or intangible capital assets or projects undertaken on behalf of the City, including, without limitation, use of such moneys in the payment of debt service or other obligations, including capital leases, issued by the City to fund such Capital Projects. This shall include costs associated with a Capital Project, to include but not be limited to, design, architecture, and engineering costs.
- b) The City may make advance capital expenditures from the Capital Reserve Fund for which it is contractually obligated to pay, and for which the City will be subsequently reimbursed. Such reimbursement moneys, when received by the City, shall be deposited into the Capital Reserve Fund.
- c) The City may expend moneys in the Capital Reserve Fund as matching project funds for a Capital Project as required by a grant contract or any other contract for which expenditure the City will not be reimbursed.
- d) The existence of this Capital Reserve Fund shall in no way restrict or prohibit the City from appropriating General Fund moneys for capital expenditures in the City's operating budget.

SECTION 6. Investment of Money in the Fund. The moneys in the Capital Reserve Fund shall be invested according to the City's adopted Investment Policy and as designated by law as legal investments for Pennsylvania municipalities. Any interest earned or capital gains realized on the moneys so deposited or invested shall accrue to and become part of the Capital Reserve Fund.

SECTION 7. Capital Reserve Fund Spending Plan.

- a) Along with the Mayor's annual submission of the Capital Budget, the Mayor shall submit a Capital Reserve Fund Spending Plan for the ensuing fiscal year. The Capital Reserve Fund Spending Plan shall be incorporated as part of the Capital Budget and shall be a constituent part thereof.
- b) The Capital Reserve Fund Spending Plan shall include:

- (1) A list of capital expenditures proposed to be funded in the ensuing fiscal year to be detailed by department when practicable.
 - (2) Identification of all sources of moneys that will be necessary to fund the proposed capital expenditures which may include any estimated balance in the Capital Reserve Fund.
 - (3) The total of estimated capital expenditures shall not exceed the total estimated funds available.
- c) The Capital Reserve Fund Spending Plan may be amended at any time during a fiscal year to make an appropriation to or an appropriation from the Capital Reserve Fund, including an emergency appropriation pursuant to a Declaration of Emergency, for a Capital Project that was not previously included in a fiscal year's adopted Capital Reserve Fund Spending Plan. Any such amendment shall only be made upon the express approval of Council.

SECTION 8. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any Court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance so long as it remains legally enforceable minus the invalid portion. The City reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 9. This Ordinance shall become effective immediately upon approval.

SECTION 10. This Ordinance is enacted by the Council of the City of Scranton under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law" and any other applicable law arising under the laws of the State of Pennsylvania.

Passed by the Council

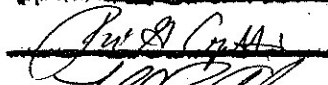

March 19, 2024

Receiving the Affirmative votes of Council Persons

KING, SCHUSTER, MCANDREW, SMURL

Negative: NONE Absent: ROTHCHILD


President

Approved 3/26/2024
 Mayor
 City Clerk
 Certified Copy