

<b>Reserve Policy – Climate Change Reserve</b>	 <b>Hamilton</b>	<b>Corporate Services Department</b>
Policy No: FPAP-RE-015		
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<b>POLICY STATEMENT</b>	This Policy sets out the guidelines for the sources, uses and appropriate target level for the balance in the Climate Change Reserve.
<b>PURPOSE</b>	To fund initiatives that advance the City's approved Climate Change goals.
<b>SCOPE</b>	This Policy applies to all City employees who manage financial resources.
<b>PRINCIPLES</b>	<p>The following principles apply to this Policy:</p> <p><b>Authority:</b></p> <ul style="list-style-type: none"> <li>• The General Manager of Finance and Corporate Services has the authority to recommend the use of the Climate Change Reserve or other reserves to Council to fund expense or revenue shortfalls.</li> <li>• The Corporate Climate Change Task Force will make recommendations to the Senior Leadership Team regarding use of the funds in this reserve.</li> </ul> <p>The <b>source of funds</b> that may be transferred to this Reserve include:</p> <ul style="list-style-type: none"> <li>• A portion of the annual operating savings or revenue that may be generated from initiatives funded from the Climate Change Reserve.</li> <li>• Annual Council approved operating budget transfer to reserve.</li> <li>• A portion of the year-end operating budget surplus, subject to final approval of the Tax and Rate Operating Budget Variance Report by Council.</li> <li>• Repayment of principal plus interest for any internal borrowings from the Reserve as per policies and procedures.</li> <li>• Investment income earned on the reserve's balance as per policies and procedures.</li> </ul> <p>The <b>use of funds</b> from this Reserve is permitted if other sources of funding are not available. Uses may include:</p> <ul style="list-style-type: none"> <li>• The Reserve should be used to fund new and innovative projects approved by Council that directly supports advancement of the Corporate Climate Change Task Force Corporate Goals and Areas of Focus for Climate Mitigation and Adaptation, the forthcoming Community Energy and Emissions Plan, and other approved innovative climate change related actions and work plans.</li> </ul>

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	<ul style="list-style-type: none"> <li>• The Reserve should be used to pilot and/or test emerging technology or technology that has the potential to scale or leverage other opportunities.</li> <li>• The Reserve should be used for preventative measures that enable effective recovery from extreme weather events or other climate events that cause widespread damage and for which funding from other levels of government will not cover the total recovery cost.</li> <li>• The Reserve should be used for major adaptation and resiliency initiatives where funding from other levels of government will not cover the total cost, and where investments are required to avoid widespread property damage, health and safety impacts, or loss of life, as described in the forthcoming Climate Change Impact Adaptation Plan.</li> <li>• The Reserve may be used to support innovative one-time community-led climate change actions with prioritization given that can demonstrate benefit to equity seeking groups in the City of Hamilton including but not limited to Indigenous Peoples, racialized communities, LGQBT2+ groups, women, youth, disabled people, immigrants and newcomers, and other minority populations. Community-led projects and actions will be directed through the Community Enrichment Fund process once an establish stream has been created and/or updated that this reserve can provide funding to.</li> <li>• The Reserve may be used to leverage the application for funding from senior levels of government or leverage other community partnership opportunities that advance climate action in the City of Hamilton.</li> <li>• Projects approved must demonstrate a clear climate change impact within the City of Hamilton.</li> <li>• Projects approved should be supported by a business case including project costs and other sources of funding.</li> <li>• Where funding is used to support community partnerships there needs to be a demonstrated clear public benefit to the local community.</li> <li>• The Reserve should not be used to fund any incremental costs related to climate actions already established.</li> <li>• The Reserve should not be used to fund initiatives that would be eligible for funding from the established Energy Reserve.</li> </ul>
<b>RESERVE BALANCE TARGET LEVEL</b>	The overall target balance is proposed as 0.1% of total City asset values with not more than 50% of the Reserve balance being allocated to community led initiatives accepted through the Community Enrichment Fund. This target balance should be

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	revisited upon completion of Asset Management Plans being developed through provincial regulation.
<b>GOVERNING LEGISLATION</b>	<p>There is no legislation governing the use of this Reserve.</p> <p>The Reserve was established in 2019 through Report FCS19062. Initial funding of \$1.5 M was provided in 2021 through Report FCS20069(b).</p>
<b>RESPONSIBILITY FOR THE POLICY</b>	City Manager's Office
<b>POLICY HISTORY</b>	N/A