




**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning, Administration and Policy Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	November 6, 2024
<b>SUBJECT/REPORT NO:</b>	Green Municipal Fund (FCS24040) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Duncan Robertson (905) 546-2424 Ext. 4744 Abdisalam Osman
<b>SUBMITTED BY:</b>	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the General Manager, Finance and Corporate Services, be delegated authority to submit applications under the Federation of Canadian Municipalities Green Municipal Fund that align with the City of Hamilton's Climate Action Strategy;
- (b) That any successful applications under the Green Municipal Fund be referred to the appropriate budget process for consideration of the municipal financing strategy;
- (c) That the Mayor and City Clerk be authorized to execute all necessary documentation, including Funding Agreements to receive funding under the Green Municipal Fund, with content satisfactory to the General Manager, Finance and Corporate Services, and in a form satisfactory to the City Solicitor; and
- (d) That the City Solicitor be authorized and directed to prepare any necessary by-laws for Council approval, for the purpose of giving effect to the City's acceptance of funding from the Green Municipal Fund.

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## **EXECUTIVE SUMMARY**

The recommendations in Report FCS24040 provide City of Hamilton (“the City”) staff with the authority to submit applications and execute any documents and by-laws required to receive funding under the Green Municipal Fund (GMF).

The GMF is an initiative by the Government of Canada, managed by the Federation of Canadian Municipalities (FCM), that supports sustainable community development through funding and capacity building with a focus on climate adaptation projects. The fund specifically targets projects that enhance long-term climate resilience, promote equity and inclusivity and provide low-carbon and nature-positive community benefits.

The GMF is an ongoing program and offers financial support through two main funding mechanisms:

1. **Grants** – These range from \$100,000 to \$500,000 and cover up to 50% of eligible project costs. For small, northern and eligible Indigenous communities, the grants can cover up to 80% of project costs. First-time applicants from these communities may even qualify for grants that cover 100% of eligible costs.
2. **Combined Grants and Loans** – Projects can receive combined funding of up to \$10 M, covering up to 80% of eligible project costs. This includes a grant component that can amount to up to 15% of the total loan amount, with an additional 5% available for projects involving the remediation of brownfield sites.

In 2024, the GMF redesigned its longstanding funding model to help Canadian municipalities deliver high-impact projects and achieve a multitude of environmental, social and economic benefits for local communities. The redesign focuses on the following key features:

- Flexible, more easily adaptable to the changing needs and opportunities of municipalities.
- Better positioned to accelerate municipal transformation to net zero.
- Easily adaptable to the changing needs and opportunities of municipalities.
- Designed to support projects that solve more than one sustainability challenge at a time.

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** There are no immediate financial impacts. Any successful applications under the GMF will be referred and considered during the appropriate budget process.

**Staffing:** N/A

Legal: Legal implications will involve the preparation and execution of any necessary agreements and by-laws for successful applications under the GMF.

## **HISTORICAL BACKGROUND**

The Green Municipal Fund (GMF) is a strategic initiative by the Government of Canada, managed by the Federation of Canadian Municipalities (FCM), designed to support sustainable community development through targeted funding and capacity-building efforts. The GMF focuses specifically on climate adaptation projects that empower municipalities, like Hamilton, to thrive amidst changing climate conditions. These projects are geared toward enhancing long-term climate resilience, promoting equity and inclusivity and delivering low-carbon and nature-positive community benefits.

Eligible applicants for GMF funding include:

- Municipal, regional, provincial or territorial governments;
- Municipally owned corporations;
- Private-sector entities in partnership with municipal governments;
- Indigenous communities, not-for-profits and research institutions.

The GMF allows stacking with other provincial, territorial and federal funding sources to ensure that projects are fully financed. However, for feasibility studies, GMF grants cannot be combined with federal funding.

There are no restrictions on the number of applications an applicant can submit, allowing municipalities to pursue multiple projects simultaneously. Each project must meet specific eligibility criteria related to climate change mitigation, adaptation and sustainability.

Applications for GMF funding are accepted year-round until annual funds are fully allocated. If funds are depleted before the end of the fiscal year, new applications are deferred to the following fiscal year (April 1). Successful applicants are required to submit regular progress reports to ensure compliance with GMF objectives and to track the environmental impacts of their projects.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

Consultation was completed with City of Hamilton divisions: Climate Change Initiatives, Corporate Asset Management, Corporate Facilities and Energy Management, Transit, Waste Management and Recreation Services, as well as, staff from CityHousing Hamilton, Hamilton Police Service and Hamilton Public Library, on the change in eligibility requirements of the program and Report FCS24040 recommendations.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The Green Municipal Fund (GMF) offers funding opportunities to Canadian municipal governments and organizations that partner with a municipal government. Eligible applicants include private-sector entities, Indigenous communities partnering with a municipality, municipally owned corporations, regional, provincial or territorial organizations delivering municipal services, non-governmental organizations, not-for-profit organizations and research institutions. These partnerships are crucial for projects focused on municipal infrastructure, climate change or adaptation.

### **Eligible Projects for GMF Funding**

Eligible projects for the Green Municipal Fund (GMF) program fall under key categories designed to support sustainable community development. Each category targets specific environmental outcomes aligned with the City of Hamilton's strategic goals for climate resilience and sustainability.

- **Sustainable Municipal Buildings:** Funding is available for the construction of new municipal and community buildings, deep-energy retrofits of existing municipal buildings, feasibility studies for reducing GHG emissions and new construction studies for highly efficient buildings.
- **Community Energy Systems:** Eligible projects include those that utilize recovered or renewable thermal energy, district heating and cooling projects, 100% renewable electricity generation projects and feasibility studies or business cases that explore the most effective energy solutions for a community.
- **Municipal Fleet Electrification:** Funding supports the replacement of internal combustion engine vehicles with zero-emission vehicles (ZEVs), the installation of necessary electric vehicle supply equipment (EVSE) and feasibility studies that examine the transition to ZEVs across municipal and transit fleets.
- **Organic Waste-to-Energy:** Projects in this category include energy generation from landfill gas, anaerobic digestion, aerobic composting with heat recovery and the development of energy systems using organic feedstocks like food waste and biosolids. Feasibility studies and construction projects are also eligible.

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- **Net-Zero Transformation:** This innovative category funds projects that help municipalities transition to net-zero GHG emissions. Examples include retrofit techniques that reduce costs, microgrids and battery storage, resilient neighborhoods, net-zero water and wastewater systems and local circular economy initiatives.
- **Sustainable Affordable Housing:** This funding stream offers support to local affordable housing providers including municipal, not-for-profit organizations and housing co-ops to retrofit existing affordable housing units or construct energy efficient new builds that emit lower GHG emissions.
- **Community Efficiency Financing:** The funding helps municipalities deliver energy financing programs for low-rise residential properties. Property Assessed Clean Energy (PACE) utility on-bill financing and third-party lending partnerships are just some examples of financing models used by municipalities delivering residential energy programming.
- **Community Buildings Retrofit:** This initiative supports local governments and not-for-profit organizations in retrofitting community buildings to improve energy performance, lower operating and maintenance costs and transition to cleaner energy solutions over time.
- **Growing Canada's Community Canopies:** This funding stream addresses common barriers local governments and communities face when pursuing tree canopy expansion projects, including insufficient staff capacity, gaps in knowledge and financing. This stream is designed to support urban forest planning, research, and operational support, growing the capacity of communities to define their canopy expansion goals and to strategically manage their community canopies.
- **Local Leadership for Climate Adaptation:** This initiative provides funding and skills development support to local governments to adapt and build long-term resiliency to the impacts of climate change.

### **Indigenous Community Eligibility**

Indigenous communities can apply for GMF funding in any of the following situations:

- When partnering with a municipality on an eligible project.
- If a province or territory has granted them municipal status through legislation.
- If they have a shared service agreement with a municipality related to municipal infrastructure, climate change or adaptation.

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**City of Hamilton Priorities for Green Municipal Fund Applications**

The City of Hamilton is committed to achieving net-zero carbon emissions by 2050 as part of its comprehensive climate strategy. To support this mission, the City will prioritize projects for Green Municipal Fund (GMF) applications that align with its key environmental goals: enhancing long-term climate resilience, promoting equity and inclusivity and delivering low-carbon, nature-positive community benefits.

CityHousing Hamilton has made several applications to and will continue to seek grants and financing under the Sustainable Affordable Housing stream and other applicable FCM programs, for both retrofits to existing affordable housing units and the development of new affordable housing. In addition to these efforts, the City is collaborating with the Hamilton Conservation Authority (HCA) on the Saltfleet Wetland Restoration Project. While the City has already demonstrated its support for this project by providing a \$2 M grant and participating in earlier stages, such as the 2018 Environmental Assessment, the HCA has applied to the GMF Local Leadership Climate Adaptation Fund for additional funding. A formal resolution of support which will confirm the municipal partnership was supported by City Council on October 9, 2024.

Projects approved for funding under the GMF would require a municipal financing share. The City’s typical approach to grant funding programs is to submit applications for existing projects in the capital plan, thereby freeing up capacity to fund other tax and rate funded initiatives. The FCM combined loan and grant programs provide competitive interest rates, in addition to grants for eligible projects, that would reduce the property tax burden on residents and businesses in the community.

**ALTERNATIVES FOR CONSIDERATION**

N/A

**APPENDICES AND SCHEDULES ATTACHED**

N/A

DR/AO/dt