Town of Whitby Policy

Policy Title:	Zero Carbon Revolving Reserve Fund
Policy Number:	F 460
Reference:	Council Resolution #192-22
Date Approved:	September 26, 2022
Date Revised:	Not Applicable
Approval:	Council
Point of Contact:	**Financial Services – Development Finance**

Policy Statement

This is a policy governing the use and the administration of the discretionary Zero Carbon Revolving Reserve Fund.

Purpose

The purpose of this program reserve fund is 1) to leverage external funding and operational savings, and offset the cost of zero carbon initiatives; and 2) to provide a sustainable fund to pay for zero carbon retrofits, pilot projects for zero carbon efficient technologies, fund incremental retrofit projects costs of zero carbon options, and fund zero carbon pilot projects, independent of the tax base.

Scope

The scope of this Policy applies to the management of funds reserved for approved capital projects / expenditures of The Corporation of the Town of Whitby (the "Town") as identified in this Policy.

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1. Definitions

1.1. **Capital Budget** means the plan for expenditures and financing sources to complete capital projects or capital expenditures, approved in either an annual budget, in a report to Council or under the Capital Budget Monitoring and Control Policy.

1.2. **Capital Budget Monitoring and Control Policy** means the Capital Budget Monitoring and Control Policy for the Town.

1.3. **Capital Forecast** means the forecasted plan or expenditures and financing sources to complete capital projects or capital expenditures presented in the annual budget. Typically, this forecast is nine years (capital budget and nine years capital forecast).

1.4. **Capital Project** / **Expenditure** means any expenditure incurred to acquire or improve land, buildings or engineered structures, and to purchase machinery and equipment. It includes vehicles, machinery, fixtures, and software applications. Normally, it has a benefit lasting more than one year, and results in the acquisition or extension of the life of a fixed asset, or the betterment of an existing asset.

1.5. **Council** means the Mayor and members of Council for The Corporation of the Town of Whitby.

1.6. **Treasurer** means the employee designated as such by Council for the position. The Treasurer shall exercise all powers and duties of the Treasurer as set out in the Municipal Act, 2001, S.O. 2001, c.25, as amended.

2. Responsibilities

2.1. The Treasurer or their designate has the authority to utilize the reserve fund as approved under Section 3 of this Policy.

2.2. Town Department(s) responsible for specific assets / capital expenditures / capital projects, are responsible for collaborating with the Sustainability Division as outlined in Section 4 of this Policy.

2.3. The Sustainability Division within the Strategic Initiatives Department is responsible for collaborating with applicable Town Departments as outlined in Section 4 of this Policy.

2.4. The Financial Services Department is responsible for the annual budgetary information as outlined in Section 4 of this Policy.

2.5. The Sustainability Division will make the final budgetary recommendations as outlined in Section 4 of this Policy based on available budget.

3. Utilization of Funds

3.1. Usage of the Zero Carbon Revolving Reserve Fund must be in line with Section 4 of this Policy, which provides the parameters on how eligible Capital Projects / Expenditures are identified and selected.

3.2. The Zero Carbon Revolving Reserve Fund can be used for the portion of the Capital Budget for Capital Projects/Capital Expenditures pertaining to existing Town owned assets as identified in the purpose of this Policy.

3.3. Usage of the Zero Carbon Revolving Reserve Fund must be identified in the Council approved annual budget, through a report to Council or approved via the Capital Budget Monitoring and Control Policy.

4. Eligible Capital Projects / Capital Expenditures

4.1. Selection of eligible Capital Projects / Capital Expenditures must generally be in accordance with the annual budget timelines as established by the Financial Services Department.

4.2. The Sustainability Division, jointly with the Town Department(s) responsible for the applicable asset(s), shall collaborate to prepare the initial project list for consideration and on the evaluation of the projects.

4.3. Project consideration will prioritize projects with a shorter payback. The payback period **cannot** exceed the asset's expected useful life.

4.4. Project consideration **will only** be given to projects that support the goals and objectives of the Zero Carbon Whitby Plan and are in compliance with Accessibility legislation.

4.5. The Sustainability Division shall make final funding prioritization recommendations to the Financial Services Department on eligible capital projects / expenditures, and the portion of the Capital Budget as outlined in the Zero Carbon Whitby Plan as the incremental cost.

4.6. The Financial Services Department will include the final recommended project list as part of the annual budget.

4.7. Occasionally, ad hoc projects can be considered in-year, as long as the Capital Budget request follows the Capital Budget Management and Control Policy. Full analysis of the project eligibility as described in the procedure is also required.

5. Ongoing Funding Sources

5.1. Approved climate change incentives applied to at the Town shall be allocated to the Zero Carbon Revolving Reserve Fund.

5.2. Until a previously approved project is repaid, 100% of the annual operating budget savings (based on the payback modeling) shall be directed into the reserve fund.

5.3. After the reserve fund has been fully repaid for the cost of the project, 75% of the annual operating budget savings (based on the payback modeling) will continue to be allocated to grow the reserve fund, and the remaining 25% will be reduced from the Town's Operating Budget, as budget savings.

5.4. External grant, sponsorship, and donation funding, as applicable.

5.5. Dedicated user fees as defined in Policy or By-Law.

5.6. Interest earned on the reserve fund.

5.7. Council can also choose to make a tax-based contribution during the annual budget approval process to grow the reserve fund, so further initiatives can be undertaken.

6. Reserve Target Balance

6.1. The minimum reserve fund target, net of approved budget commitments is $0.

6.2. The maximum reserve fund target level has not been established.

Appendices

This Policy is hereby approved by Council Resolution #192 on this 26th day of September, 2022.