

City of Northfield, Minnesota	Policy Number: 6.12
CITY COUNCIL POLICY	Adopted: 9/7/2021
Financial Policy	Revised:
Carbon Reduction Fund Policy	

I. **PURPOSE:** The purpose of this policy is to define parameters for the collection of revenue for the Carbon Reduction Fund and the allowable expenditures from the Fund. Expenditures must support the actions and goals of the City of Northfield Climate Action Plan.

II. **ADMINISTRATION OF FUNDS:** The City of Northfield's Purchasing Policy will guide use of funds spent on programs, projects, or activities that relate to City property. Recommended usage of the funds will be included in the annual budget request. The Environmental Quality Commission will give input on the annual budget recommendations. All fund expenditures will comply with the public purpose requirement.

An annual report will be provided to City Council describing the actual income and expenditures no later than March of the year following the report.

III. **DEPOSITS TO ACCOUNTS:** The City's Finance Director has established a special fund, known as the Carbon Reduction Fund, designated for projects to help the City meet the goals of the Climate Action Plan (adopted November 5, 2019). Revenue may be deposited to the Carbon Reduction Fund: (1) by direct budget appropriations in the City annual budget, (2) from the Franchise Fee collected from Xcel Energy (No more than 8% of the annual revenues collected up to a cumulative annual \$100,000 collected) (per Ordinances 1017 and 1018 passed December 2, 2020), or (3) through contributions from individuals, businesses, institutions, or foundations.

IV. **EXPENDITURES:** Expenditure amounts may vary annually based on program priorities and funding availability. Funds not expended in a calendar year will remain in the fund for use in future years. Funds will be primarily directed to use in the community to assist with reduction of greenhouse gas emissions and building climate resilience. The City reserves the right and authority to direct funds for expenditures needed for City expenses related to implementation of the Climate Action Plan for which other budget allocations are not available. Equity in the expenditure of funds must be considered in developing programs under this policy so that funds will be directed to a broad a range of community needs, including, those of under resourced sectors.

The programs, projects, and activities must relate to the City's Climate Action Plan. All expenditures must meet statutory requirements for use of public funds.