

Report

Date	April 5, 2022	File:
Subject	Updated Terms of Reference for the Climate Action and Energy Plan Reserve Fund	

PURPOSE

To consider revising the Climate Action and Energy Plan (CAEP) Reserve Fund Terms of Reference to amend the annual funding split between corporate and community projects, establish community grant application deadlines, review and reporting requirements, and to provide flexibility for staff to take actions that support corporate emissions reductions.

BACKGROUND

The CAEP Reserve Fund and its corresponding Terms of Reference were first established in 2014, after the adoption of the original CAEP by Council in 2013. The Terms of Reference were later amended in 2017 to update the guidelines for community grant funding eligibility and establish two intake dates per year for applications.

Under the current Terms of Reference, 80% of the available funds are deposited into the corporate account and 20% into the community account each year. Funds could then be expended in one of the three ways:

- 1. Corporate Loans:** non-interest bearing loans from the CAEP Reserve Fund for municipal projects that facilitate implementation of the CAEP with the expectation that loans would be repaid within 10 years.
- 2. Corporate Grants:** to fund projects that have a payback period greater than 10 years, require seed money to leverage outside funding, or require funding to proceed quickly.
- 3. Community Grants:** to fund 'qualifying' projects from individuals and not-for-profit organizations.

On January 18, 2022, a review of the Terms of Reference was begun by the Environmental Advisory Committee (EAC). At that meeting, consensus was reached by members that staff would take their comments and incorporate them into a revised set of Terms of Reference.

The revised Terms of Reference were then presented to the EAC on February 22, 2022 (Attachment 1) for discussion and feedback, including additional revisions.

DISCUSSION

The following revisions have been incorporated into the Terms of Reference (ToR) as per the recommendations from the EAC:

- Inclusion of the guiding principles of "flexibility, sustainability, transparency, high visibility, innovation and collaboration" in the CAEP Reserve Fund ToR.
- The funding split between corporate projects and community projects be changed from 80% corporate and 20% community to 70% corporate and 30% community.

- The funding split should be re-evaluated annually.
- Establishing one intake date, September 15, with consideration for worthy projects outside of that intake date.
- The language describing community grants be reworded to be consistent with language for eligibility.
- To make reporting for corporate grants similar to requirements for reporting under community grants.

In addition to the revisions recommended by the EAC, Environmental Staff are requesting that Council amend the Terms of Reference further to enable staff to be able to act upon opportunities that come up from time to time without having to obtain prior authorization from Council. Examples of recent opportunities include the following:

1. \$10,000 contribution to VICEDA was reviewed by staff, who recommended that it would be supported based on the last few years of discussions and comments around the Council table, and other related comments about circular economy, donut economics and local resiliency.
2. A recent opportunity to purchase two electric commercial grade push lawnmowers to replace aging conventional mowers.
3. Pilot installation using sidewalk solar panels to operate pedestrian signals (these are already solar powered but this is an alternative). Another idea was to power an electric vehicle charger using a series of pavement strength solar panels.

Staff are proposing an amendment to the section of the ToR titled **Allocation of Funds**, second sentence under bullet (1) for the corporate account, by replacing the following:

"A maximum of 10% of the balance of the available corporate funds can be used for projects that support corporate emission reductions but do not necessarily directly result in reductions, e.g., feasibility studies and environmental outreach."

With:

"The Chief Administrative Officer, or designate, is authorized to expend a maximum of 10% of the balance of available corporate funds (not exceeding \$20,000 per occurrence) for actions that support corporate emissions reductions but may not directly result in reductions (e.g., feasibility studies and environmental outreach)".

This change would allow staff to act on situations similar to the above four examples without the need for a Council report, thus saving time and effort while achieving the adopted goals. Council bulletins, quarterly reports and the EAC recommended annual report would ensure that Council is kept informed. Also, the spending threshold has been recommended to ensure that larger projects are first approved by Council.

The changes recommended by the EAC and requested by staff are displayed in redline in Attachment 2.

The current allocation of funds in the CAEP Reserve Fund can be seen in Table 1, below. This table is showing the 80/20 funding split based upon the 2017 Terms of Reference.

A 70/30 split would put approximately 10% more funding into the community account (\$17,000 annually based on 2022 taxation) and reduce the corporate account by the same amount. The additional funds will help the Municipality continue with grants such as the CleanBC – Better Homes Grant without depleting the community account. Initiatives that other communities have implemented include grants to convert gas-fueled cooking appliances to induction electric, e-bike subsidies, rain barrel bulk purchase and sale, and Property Assessed Clean Energy (PACE) style improvement loans as recently announced in Saanich. New opportunities are expected to arise that will enable the reserve fund to support climate action within the community.

Table 1: CAEP Reserve Fund Projected Balance, as of mid-March 2022 based on 80 / 20 Distribution.

	Total	Corporate	Community
Estimated Balance (End of 2021)	\$ 611,127	\$ 525,256	\$ 85,872
2022 Contributions			
2022 Contribution (0.5% Tax)	173,000	138,400	34,600
2022 Loan Re-Payment - Fuller Lake Arena	11,000	11,000	
Estimated Balance (Beginning of 2022)	795,127	674,656	120,472
(estimated balance based on 70 / 30 distribution)		657,356	137,772
Committed Withdrawals			
BC Energy Step Code	-15,000		-15,000
Implementing Actions From Env Policy Review	-30,000	-30,000	
District Energy Feasibility Study	-25,000	-25,000	
Climate Risk And Vulnerability Assessment	-100,000	-100,000	
CGC grant - Development Permit Fee's & DCC's	-82,000	-82,000	
Clean BC - Better Homes	-40,000		-40,000
Proposed Withdrawals			
Year 1 - Corporate EV Fleet Conversion (<i>Estimate</i>)	-33,000	-33,000	
Corporate EV Chargers Level 2/3 Chargers ¹	-50,000	-50,000	
Circular Economy Project - Synergy Project with CVRD	-10,000		-10,000
CAEP Community Grants	-25,000		-25,000
Projected Balance (End of 2022)	\$ 385,127	\$ 354,656	\$ 30,472

OPTIONS

1. Option 1(Recommended Option) THAT Council replace the Terms of Reference for the Climate Action and Energy Plan Reserve Fund with the Revised Terms of Reference as presented in Attachment 3 to the Director of Engineering Projects report dated April 5, 2022.

- This option supports the recommendations made by Environmental Advisory Committee. This review and update is consistent with the 2022 CAEP Update and reflects changes in community and corporate greenhouse gas reduction actions.
- The staff amendment increases the flexibility to take action and speed the process that staff use

¹ EV conversion and corporate chargers are the subject of upcoming reports

to address climate change.

2. THAT Council replace the Terms of Reference for the Climate Action and Energy Plan Reserve Fund with the Revised Terms of Reference as presented in Attachment 3 to the Director of Engineering Projects report dated April 5, 2022, subject to the following amendments: *(Council to identify changes)*.
 - This option supports the recommendations made by the EAC and Environmental Staff and enables Council to make revisions.
3. Do not make any changes to the Climate Action and Energy Plan Reserve Fund Terms of Reference. This option does not require a motion of Council.
 - This option implies that the CAEP reserve fund terms of reference will remain the same as adopted in 2017 and is the status quo. It does not mean that Council will have not considered the recommendations from the EAC; only that it chooses not to adopt them.

IMPLICATIONS

Financial

- The change in the corporate and community account distribution equates to \$17,000 more diverted to the community account based on an annual tax contribution of \$170,000. The Community side of the reserve fund would receive approximately \$51,000 annually.
- Increased funding available for community allows for municipal contribution to programs such as CleanBC while maintaining an allocation for community projects.
- Currently the 2022-2026 Financial Plan includes \$138,000 of contributions from the CAEP Reserve Fund. If Council adopts the updated Terms of Reference for the Climate Action and Energy Plan Reserve Fund and the proposed 2022 work plan as detailed in Table 1 above, a Financial Plan amendment would be necessary to increase the funding from the CAEP Reserve Fund. There would not be any tax implications to this amendment.

Personnel

- Reporting by staff on grants made under the Corporate Grants program, similar to reporting done by community groups under the Community Grants program adds to the workload of staff
- Assessment of community grant proposals by the EAC may provide more time for environment staff to work on other organisational deliverables

Communications

- Reporting by staff on grants made under the Corporate Grants program, similar to reporting done by community groups under the Community Grants program, was recommended by the Environmental Advisory Committee as a way for the public to become aware of, and be able to assess, municipal carbon reduction activities.
- Reporting by staff on grants made under the Corporate Grants program will add to the workload of departments using these funds.

RECOMMENDATION

THAT Council replace the Terms of Reference for the Climate Action and Energy Plan Reserve Fund with the Revised Terms of Reference as presented in Attachment 3 to the Director of Engineering Projects report dated April 5, 2022.

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Approved to be forwarded to Council:



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Chief Administrative Officer

Attachment(s):

- (1) Draft Terms of Reference presented to EAC on February 22, 2022
- (2) Terms of Reference with amendments in redline
- (3) Revised Terms of Reference