

PREAMBLE:

- *Item B3 of the EAC 2021 workplan was intended to update the CAEP community grants terms of reference for implementation of the CAEP reserve fund. This was a medium priority. The completion of the CAEP update makes this a very good time for a review of the terms of reference. Thus, EAC met in January to discuss and present some individual ideas on how funds could be dispersed.*
- *The following document is an updated version of the CAEP reserve fund terms of reference reflecting initial comments from the EAC as interpreted by staff following the January 18, 2022 EAC meeting.*
- *The intent is for the EAC to review this document and provide staff with final input into the terms of reference which will then be followed up by a staff report to Council with recommendation.*
- *Changes from the original terms of reference are noted in red and italics.*

Terms of Reference

Climate Action and Energy Plan Reserve Fund

December 11, 2017

February 2022

Introduction

On February 20, 2013 Council adopted the Climate Action and Energy Plan (CAEP). One of the CAEP recommendations was that Council establish a Green Revolving Loan Fund to create a financial vehicle to fund innovative and sustainable projects to help achieve North Cowichan's corporate and community Greenhouse Gas (GHG) reduction targets.

The plan was updated in 2022 to reflect changes in technology, land use and the GHG accounting framework.

The CAEP recommends that the fund expenditures meet two basic criteria: firstly, that the fund be used to finance measures that reduce resource use (e.g. energy, water, materials) or mitigate carbon emissions; and secondly, that the fund revolve (i.e. savings generated by reducing operating costs will replenish the fund to provide capital for future projects). These updated terms of reference address the management of, and expenditures from the CAEP Reserve Fund.

Allocation of Funds

Prioritizing funds as described below will enable the Municipality to lead by example and generate necessary cost savings to increase the fund's balance for future projects. Monies that are not allocated in a given year will remain in separate accounts (Corporate and Community). This will allow the Municipality to plan and set aside funds in advance of larger projects for both corporate and community

profiles. All projects must achieve energy use or emissions reductions, or facilitate adaptation to the effects of climate change.

- 1) Corporate Energy and Emission Reduction Projects:** 80% _____ of available funds will be deposited into the corporate account each year and must be used for projects that either directly reduce corporate energy use or emissions, or offset corporate emissions. 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)

Update to say:

- 2) Projects That Support Community Emission Reductions:** 20% _____ of available funds will be deposited into the community account each year and must be used for projects that address community energy use or emissions within the scope of the Municipality's Community Energy and Emissions Inventory (CEEI) profile (eg buildings, solid waste reduction, or land use change from deforestation) or directly related to an action item listed in the CAEP's Implementation and Monitoring Framework. *Ideally, projects should support actions listed in the Municipality's 2022 CAEP (i.e. building energy efficiency, transportation, industrial or agricultural emissions etc.)*

Updated by staff to say:

- 2) _____ of available funds will be deposited into the community account each year and must be used for projects that address community energy use or emissions, climate adaptation / mitigation.. Ideally, projects should support actions listed in the Municipality's 2022 CAEP (i.e. building energy efficiency, transportation, industrial or agricultural emissions etc.)*

Applicant and Project Eligibility *EAC should consider this item closely*

In general, applicants must meet the following mandatory eligibility criteria:

1. are located in the Municipality of North Cowichan, or alternatively, provide a service which primarily benefits the residents of the Municipality of North Cowichan;
2. can demonstrate sound financial and administrative management;
3. can demonstrate a financial need;
4. are in compliance with all relevant Municipality of North Cowichan bylaws and provincial legislation; and

5. are registered as a society under the *BC Society Act*, or as an association under the *Cooperative Association Act*. *Is this necessary or can it be reworded to non profit? Community Charter Sections 24 and 25 prohibit providing assistance to business with exceptions related to heritage property and partnering as interpreted by staff.*

Only applicants that meet the mandatory eligibility criteria listed above will be advanced to the evaluation stage.

In addition to the conditions above, applicants must demonstrate that their project meets the following conditions to be eligible:

1. Address one or more of the priority actions listed in the CAEP Implementation and Monitoring Framework or reduce emissions within the scope of the Municipality's Community Energy and Emissions Inventory; *replace with: Address one or more of the actions listed in the 2022 CAEP and/or aid the municipality with climate change adaptation / mitigation.*
2. Be economically beneficial, highly visible, innovative or collaborative;
3. Be accompanied by a business case, or at minimum, include a breakdown of the project budget and targets or metrics as to how the outcomes of the project will be measured.

Funding Categories

Monies will be expended from the reserve fund in 3 ways: corporate loans; corporate grants; and community grants. Corporate loans must contain clear repayment terms, while corporate and community grants do not require repayment. All proposals must be submitted before the intake deadlines of September 15 or March 15. Staff will review and score proposals and provide the proposals to Council with an accompanying staff report.

Replace with the following statements prepared by staff on an assumption that having two intakes for applications reduces time and effort involved with an adhoc approach:

All proposals must be submitted before the intake deadlines of September 15 or March 15. Monies will be expended from the reserve fund in one of 3 ways:

1. *Corporate loans*
2. *Corporate grants*
3. *Community grants.*

The Environmental Advisory Committee will evaluate proposals, and where supported, provide recommendations to Council with an accompanying staff report.

1) Corporate Loans (to North Cowichan)

Council may make non-interest bearing loans from the reserve fund for municipal projects that facilitate implementation of the CAEP. Staff will calculate energy savings and emission reductions and propose annual repayment terms accordingly. In most cases, loans should be repaid within 10 years. In the event that energy costs increase significantly, operating budgets may need to be increased or the loan

repayment term extended. Corporate projects will be vetted by the ~~Corporate Green Team~~ *Environmental Services Division* and, if viable, staff will present projects eligible for corporate loans directly to Council for consideration.

2) Corporate Grants (to North Cowichan)

Council may approve non-repayable grants from the reserve fund for studies or to fund projects that have a ~~payback period~~ *return on investment* greater than 10 years or projects that require seed money in order to leverage outside funding. Corporate projects will be vetted by the ~~Corporate Green Team~~ *Environmental Services Division* and if viable staff will present projects eligible for corporate grants directly to Council for its approval.

3) Community Grants

Council may also provide grants for projects or studies that work towards reducing the community's energy use or emissions. All Community grant proposals must address at least one of the primary sectors in the scope of the Municipality's CEEI profile or action items listed in the CAEP Implementation and Monitoring Framework. Staff will review and score all community grant proposals, similar to the grant in aid process, then write an accompanying report to the Environmental Advisory Committee and Council. If approved by Council, successful proponents will be notified before December 31 and funds will be distributed to successful applicants in June of the following year. Community grant recipients must provide the Municipality with a progress report by the end of the calendar year that the funding is distributed.

Replace above with the following suggestion by staff:

Council may also provide grants for projects or assessments that work towards reducing the community's energy use or emissions. All community grant proposals must directly or indirectly address action items listed in the 2022 CAEP and/or aid the municipality with climate change adaptation / mitigation. The EAC will review all community grant proposals. If approved by Council, successful proponents will be notified within 14 days of adoption by Council and funds will be dispersed to successful applicants. Community grant recipients must provide the Municipality with a progress report and presentation upon completion or annually if the project is not completed within 12 months of disbursement of funds.