

## Terms of Reference

### Climate Action and Energy Plan Reserve Fund

(Revised April 5, 2022)

#### Introduction

In 2013, Council adopted the Municipality's first Climate Action and Energy Plan (CAEP). The plan was updated in 2022 to reflect changes in technology, land use, and international GHG accounting frameworks. The 2013 CAEP recommended 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 CAEP also recommended 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. In considerations on using money from the CAEP Reserve Fund staff and the EAC should evaluate proposals using the following guiding principles:

- flexibility;
- sustainability;
- transparency;
- high visibility;
- innovation; and,
- collaboration.

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:** 70% 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. 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).



- 2) Projects That Support Community Emission Reductions:** 30% 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. The 30% allocation is to be reviewed by the Environmental Advisory Committee annually after the adoption of the revised Terms of Reference by North Cowichan Council. Projects should support actions listed in the Municipality's 2022 CAEP (e.g., building energy efficiency, transportation, industrial or agricultural emissions etc.).

## **Applicant and Project Eligibility**

In general, applicants should reflect the guiding principles described above of; flexibility, sustainability, transparency, high visibility, innovation and collaboration.

Applicants must also adhere to the following 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*.

***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 actions listed in the 2022 CAEP and/or aid the municipality with climate change adaptation.
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**

All proposals must be submitted before the intake deadline of September 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.

**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 Environmental Services Division and, if viable, staff will present projects eligible for corporate loans directly to Council for consideration through the budgeting process.

**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 return on investment greater than 10 years or for projects that require seed money in order to leverage outside funding. Corporate projects will be vetted by the Environmental Services Division and, if viable, staff will present projects eligible for corporate loans directly to Council for consideration through the budgeting process. Corporate Grant recipients must provide a progress report and presentation to the EAC within 12 months of disbursement of funds.

**3) Community Grants**

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 and reflect the guiding principles of; flexibility, sustainability, transparency, high visibility, innovation and collaboration. Community Grant proposals must adhere to the Applicant and Project Eligibility Criteria and Conditions described on page 2 of these Terms of Reference. The EAC will review and score all community grant proposals using the attached evaluation criteria and then provide recommendations to Council. If approved by Council, successful proponents will be notified within 14 days of adoption by Council and funds will be dispersed to successful applicants once the annual financial plan is adopted by Council - usually June. Community grant recipients must provide the Municipality with a progress report and presentation to the EAC within 12 months of disbursement of funds. While the focus of the Community Grants will be to meet the target intake date of September 15 each year, consideration will also be given to worthy projects, which meet the eligibility criteria, submitted after the main intake date.

END