

Terms of Reference
Climate Action and Energy Plan Reserve Fund
December 11, 2017

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 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)

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 (i.e. buildings, solid waste reduction, or land use change from deforestation) or directly relate to an action item listed in the CAEP's Implementation and Monitoring Framework.

Applicant and Project Eligibility

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*.

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;
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.

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 must 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 and, if viable, staff will present projects eligible for corporate loans directly to Council for their 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 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 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.