

POLICY STATEMENT AND REGULATIONS

Number 200.9

GREEN REVOLVING FUND

POLICY

The District of Summerland Green Revolving Fund (GRF) provides funding for greenhouse gas (GHG) emissions reduction initiatives (as defined and measured by the Province's Climate Action Secretariat) related to District-owned buildings and vehicles. The funding is provided in the form of a loan to be repaid within five years by project-related expense reductions in utility consumption, vehicle kilometres travelled (VKTs), and/or operating costs. Funds are accessed through a competitive application process which must be supported by a strong business case.

POLICY BACKGROUND

The District of Summerland joined the Billion Dollar Green Challenge (The Challenge) in June 2017 and was the first Canadian governmental body to do so. The Challenge encourages governmental agencies, colleges/universities, and other institutions across North America to invest a combined total of one billion dollars in self-managed revolving funds that finance energy and resource efficiency improvements.

The District allocates funding each year from the operating budget for climate action initiatives, and has a policy regarding these funds that specifies funds are to be prioritized according to comprehensive criteria to ensure the projects result in real emissions reductions and encourage other environmental, social, and economic co-benefits. Unspent funds are transferred to a Climate Action Reserve account. \$50,000 from this fund was dedicated as seed funding for the creation of the Summerland Green Revolving Fund.

FUND PURPOSE

As stated in the Official Community Plan, the District of Summerland is committed to bringing about reductions in Corporate GHG emissions, with the long-term goal of achieving carbon neutrality. The purpose of the GRF is to further progress towards this objective by:

- Creating a mechanism to fund perpetual GHG emissions reductions by re-dedicating cost savings to funding for future projects;
- Empowering staff to engage in actions to minimize the environmental impacts of the District;
- Fostering sustainable design and environmentally sound technologies and practices at the District of Summerland; and
- Supporting projects that go beyond business as usual, and would not otherwise be undertaken.

PROCEDURE

PROJECT ELIGIBILITY

To be eligible for consideration, applications must:

1. Include an explanation of why the project could not be funded through the normal budgeting process;
2. Show a reduction of GHG emissions from District-owned buildings or vehicles as a result of the project; and
3. Be accompanied by a business case showing the expected financial savings over the project lifetime.

Funds for projects may be used for:

1. Materials or products that constitute the project- often the primary cost
2. Professional work, installation, or design-costs provided by an outside organization (these should be minimized when possible)
3. Testing or monitoring equipment (where the business case shows this is an essential component of the project)

Wherever possible, applicants are requested to seek alliances with external agencies. External alliances could include organizations such as FortisBC, Natural Resources Canada, the Government of British Columbia, and other industry partners.

FUND ADMINISTRATION

The Revolving Fund is administered by the Corporate Climate Action Team (CCAT), with the assistance of the Finance Department.

The CCAT's purpose as it relates to the GRF is threefold:

- To advertise the fund;
- To assist staff through the proposal process; and
- To select the best projects for approval.

The Finance Department will oversee the transfer of funds from the GRF to project expenses, and the repayment of the Fund as per the repayment schedule outlined in the project approval letter from the CCAT.

APPLICATION SUBMITTAL

Project applications can be submitted by District staff at any time; interested non-staff community members can contact the Sustainability / Alternative Energy Coordinator to discuss project ideas.

Interested staff must download the application package at www.summerland.ca/GRF. Applicants are encouraged to contact the CCAT prior to applying or when filling out the application with any questions and to discuss the nature of the project to ensure the proposed project fits with the intent of the GRF.

All applications must include: a business case which clearly outlines the objectives, costs, timeframes, and deliverables for the project; and the signature of the applicant's department head, indicating their support for the project. The business case must also demonstrate the ability of the project to repay the Revolving Fund through cost savings associated with the project.

Applications will be received by the Sustainability / Alternative Energy Coordinator, and will be pre-screened for completeness and conformance with the Fund's purpose before being forwarded to the CCAT for review. While unformulated ideas may be presented for discussion, suggestions, and help with proposal development, only proposals that meet the mandatory criteria will be officially reviewed and voted on.

If a project is expected to go over budget, the applicant may submit a request for additional funding, including a detailed analysis of how the additional cost will affect the simple payback period and return on investment.

APPLICATION REVIEW

The CCAT will review project applications as they are submitted, during their regularly scheduled meetings. If circumstances require, the CCAT may also schedule special meetings throughout the year to review project applications.

Projects will be selected based on two main criteria: potential to decrease the District's GHG emissions, and ability to repay the GRF. A scoring matrix will be utilized for each project evaluation.

Other areas of consideration projects will be evaluated on include:

- Resources conserved, including water usage and waste reduction
- All types of pollution reduction (i.e.: hazardous waste, solid waste, liquid waste, gaseous emissions)
- Impacts to health and safety of staff and community members
- Total project funding need and availability of funds
- Life cycle cost benefit to the District
- Measurable outcomes
- Economic benefit to the community
- Visibility
- Cost effective use of funds
- Project schedule and start date
- Available external sources of funding (grants, rebates, etc.)

If the value of the applications received exceeds available funding, projects will be ranked according to their expected GHG emissions reductions, the expected payback period, and their other merits as described above. Projects with payback periods that exceed five years may be considered and evaluated on an individual basis, at the discretion of the CCAT.

In evaluating proposals, the CCAT may modify the proposals either by scale, implementation plan, or financial parameters before approving them.

When approving projects, consensus should be achieved where possible, but final decisions will be made by a simple majority of CCAT members.

All funding applicants will be notified of the status of their application following the review.

FUNDING AGREEMENT

If selected, the funding amount and terms of payback will be recorded in a funding agreement that includes a repayment schedule as well as reporting requirements. The agreement will be signed by the recipient's department Director and by the Chair of the CCAT.

PROJECT IMPLEMENTATION

Project implementation and success is the responsibility of the Recipient.

The Recipient will execute or arrange for execution of the project, including securing all external or remaining funding (if applicable), managing construction contracts, legal issues, and other project details. Recipients must follow all normal District policies and procedures related to purchasing.

The CCAT may act as the project manager on behalf of a Recipient when applicable. If project management is needed, the project application should identify that need.

TRACKING, REPORTING, AND REPAYMENT

All approved projects will be entered into the Green Revolving Investment Tracking System (GRITS) by the Sustainability / Alternative Energy Coordinator. GRITS is an online tracking tool made available to the District through the Billion Dollar Green Challenge.

The GRITS tool makes it possible to:

- Simplify calculations of project-specific carbon and financial savings on both annualized and estimated life-of-project timeframes;
- Create customized reports that tell the story of current and anticipated financial and environmental performance; and
- Access and learn from the field-tested work of other institutions.

Utilizing the information provided in the project application, staff will calculate the anticipated energy and GHG savings and propose annual repayment terms accordingly.

If at all possible, exact cost-savings measurements should be obtained, but in cases where this is unfeasible or costly, an educated estimate should be used. For example, the known energy savings ratio of a compact fluorescent light-bulb (CFL) should be used where the exact effect on electricity usage of a certain number of CFLs may be hard to measure quantitatively through electricity readings. The CCAT will decide whether exact or estimated savings are appropriate for each project.

Project cost savings will be returned to the fund annually until the initial project cost has been restored, after which the GRF will retain one additional year's worth of cost savings in order to facilitate the growth of the Fund (e.g., a \$20,000 project with a 4-year payback would provide 5 annual payments of \$5,000 to the Fund). Once the project loan has repaid the Revolving Fund in full and the additional payment has been made, any future cost savings will roll into the operating surplus of the appropriate fund (e.g., water fund, sewer fund, etc.).

The recipient must provide periodic progress reports to the CCAT, as outlined in the Funding Agreement. Frequency of the progress reports will be based on the size and scope of the project. Problems or issues affecting payback or project success should be brought to the attention of the CCAT as soon as possible.

Upon project completion, the Recipient must complete a Project Closeout Form, which will include a short report for the CCAT that includes at minimum: A brief review of project success or challenges; details on changes from the original application; updated estimates of current and future savings; other pertinent details the Recipient would like to share

Adopted: July 23, 2018