

DATE OF MEETING JULY 21, 2021

AUTHORED BY SCOTT PAMMINGER, INFRASTRUCTURE PLANNING AND ENERGY MANAGER

SUBJECT **ENDING THE B.C. CLIMATE ACTION REVENUE INCENTIVE PROGRAM (CARIP)**

OVERVIEW

Purpose of Report

To provide Council with Information regarding:

- the announced end of the B.C. Climate Action Revenue Incentive Program,
- implications for the City of Nanaimo, and
- recommended next steps.

Recommendation

That the Finance and Audit Committee recommend that Council send a letter to Premier John Horgan, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy, and the Union of B.C. Municipalities outlining the value of the BC Climate Action Revenue Incentive Program (CARIP) and the implications of the program's end.

BACKGROUND

The B.C. Climate Action Revenue Incentive Program (CARIP) is a conditional grant program that provides funding to local governments that have signed onto the *B.C. Climate Action Charter* equal to 100 percent of the carbon taxes they pay directly to support local government operations. The program encourages investment in climate action.

Since 2007, 187 of 190 Municipalities, Regional Districts, and the Islands Trust have signed up and provided the Province with a comprehensive database of municipal, corporate energy and emission reduction projects, and community climate actions implemented at the local level.

On May 11, 2021, the Deputy Minister and Assistant Deputy Minister, for the local government division of the Ministry of Municipal Affairs, called a meeting with all Municipal and Regional District Chief Administrative Officers (CAO) to announce the end of CARIP. Local governments have been informed that 2020 will be the last reporting year, with the final grant paid to local governments in 2021.

A follow-up e-mail, Attachment A, stated CARIP was ending as the Province was shifting resources toward the CleanBC Program, with a priority toward reducing pollution, boosting energy-efficient solutions and building a low carbon economy. The Province added that "just as local governments' actions on climate solutions have evolved in the past decade, (the Province) is responding with new funding programs and tools". These actions and programs include:

- Updating the BC Action Climate Toolkit and the Green Communities Committee Carbon Neutral Framework.
- Investing \$110M in combined provincial and federal funding to help local governments and Indigenous communities develop energy efficiency and clean energy projects through the Investing in Canada Infrastructure Program CleanBC Communities Fund.
- Working with the federal government to assess the climate impacts of all major infrastructure being funded under the Investing in Canada Infrastructure Program to reduce GHG emissions and increase resilience to climate change, which benefits communities and creates jobs.
- Boosting active transportation infrastructure with \$18M through the Ministry of Transportation and Infrastructure.
- Making sure commuters can get out of their cars with historic investments in public transit, such as the Broadway Subway Line and free transit for kids 12 and under starting this September.”]

DISCUSSION

The City of Nanaimo has participated in CARIP since signing the Climate Action Charter in 2007, and has benefited from more than \$1.3M over the last 10 years.

The funding has been directed to the City’s Sustainability Fund which has been used to fund a range of projects that fall within the Climate Action Charter mandate, including:

- Buildings, Parkades and Parking Lots – Light Emitting Diode (LED) lighting upgrades;
- Buildings – Heating, Ventilating and Air Conditioning (HVAC) system recommissioning studies and system upgrades; and
- Installation of new innovative technology aimed at improving performance, efficiency, and reducing greenhouse gas emissions.

The Sustainability Fund has provided the City with stable, predictable funding, which has helped the City immensely in planning and leveraging other funds to complete an impressive list of energy conservation and emission-reduction related projects.

As the City moves toward meeting its GHG targets, we understand that we would pay less carbon tax, and as a result, receive less of a CARIP refund over time. Staff believe that maintaining consistent funding for climate and energy reduction projects remains vital. Many other communities are expressing concern for the loss of this funding from the Province, considering the lack of an alternative program that can provide communities with consistent and reliable base-funding, without relying on more competitive funding streams and programs.

In response to this concern, Council could send a letter (draft in Attachment B) to the Province outlining the value of CARIP and the implications of the program’s end. The letter advocates for the Province to engage with local governments in the design and implementation of a replacement program that offers consistent funding that is comparable to or greater than currently provided by CARIP. The new program should be used for climate action (mitigation and adaptation), tied to a requirement for an annual report on progress towards climate goals, and should be in place to be received by Municipalities in 2022.

CARIP has been a valuable source of consistent and dedicated funding over the last decade, allowing municipalities to take action on energy conservation and emissions reduction by undertaking key projects and leveraging funding from larger climate related grants. The hope is that coordinated action among Municipalities and UBCM, a replacement program can be developed that will continue to provide the consistent funding while building on a new set of criteria that continues to propel the City of Nanaimo toward its zero emissions goals. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council send a letter to Premier John Horgan, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy, and the Union of B.C. Municipalities outlining the value of the BC Climate Action Revenue Incentive Program (CARIP) and the implications of the program's end.
 - The advantages of this option: Sending a letter to the Province voicing the City's concern over the loss of CARIP will add weight to the concerns raised by other local governments in BC that rely on CARIP to fund their climate action projects. Asking to work together to develop an alternative fund through UBCM, provides an opportunity to maintain funding into the future.
 - The disadvantages of this option: No major disadvantages noted.
 - Financial Implications: The City of Nanaimo has participated in CARIP since 2007 and has benefited from more than \$1.3M in funding, going towards Municipal buildings and parking facilities throughout the City. If the Province does not establish a similar program to provide consistent funding for the City's energy and climate-action projects by 2022, then Staff will need to bring forward a resource request to Council as part of the 2022 budget to maintain the necessary funding to effectively deliver on the City's committed Energy and GHG reduction goals.
2. That Council does not send the letter provided as Attachment B.
 - The advantages of this option: City Staff time and resources are directed toward other priorities that it has greater control over.
 - The disadvantages of this option: Not voicing the City's concern to the Province will add less weight and support to the efforts by other local governments that are raising concern and wanting to work together to establish a replacement fund to CARIP.
 - Financial Implications: By not voicing concern over the loss of the CARIP funding, the City will not be showing a leadership role which could help influence how the Province decides whether it establishes a replacement fund. Staff will need to make a budget request to Council as part of the 2022 budget to maintain the Sustainability Fund. |

- The B.C. Climate Action Revenue Incentive Program, a conditional grant program in place since 2007 encouraging investment in climate action, is ending in 2021.

- The Province's CleanBC Program is responding with new funding programs and tools.
- The lack of an alternative program to provide communities with consistent and reliable base-funding, without relying on more competitive funding streams and programs, is a concern.

ATTACHMENTS:

Attachment A: Email re: Climate Action Revenue Incentive Program Reporting for 2020 from Assistant Deputy Minister, Local Government Division, Ministry of Municipal Affairs.

Attachment B: Draft Letter to Premier John Horgan, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy, and the Union of B.C. Municipalities

Submitted by:

Scott Pamminger
Manager, Infrastructure, Planning & Energy

Jennifer McAskill
Manager, Facility Asset Planning

Concurrence by:

Poul Rosen
Director, Engineering

Bill Sims
General Manager, Engineering & Public Works