

DATE OF MEETING July 20, 2022

AUTHORED BY TING PAN, MANAGER, SUSTAINABILITY

SUBJECT LOCAL GOVERNMENT CLIMATE ACTION PROGRAM

OVERVIEW

Purpose of Report:

To inform the Finance and Audit Committee of the new provincial Local Government Climate Action Program that provides local governments and Modern Treaty Nations with funding to support the implementation of local climate actions.

BACKGROUND

In 2021, the provincial Climate Action Revenue Incentive Program (CARIP) was discontinued. The City of Nanaimo began reporting under CARIP in 2008, and during the last three years of the program received an average of \$144,659 annually. The funding received was allocated to the Sustainability Reserve Fund to support plans and projects that reduce the City's energy consumption or lower greenhouse gas emissions (GHGs).

Since CARIP was the only funding source for the Sustainability Reserve, when CARIP was discontinued, the City consolidated the Sustainability Reserve Fund and Emission Reduction Reserve Fund into a new Climate Action Reserve Fund. The Climate Action Reserve Fund has an annual contribution of \$165,000 from property taxation and supports initiatives, plans, or projects that reduce community GHGs, as well as the reduction of energy consumption by City-owned facilities.

On 2022-MAY-16, the Province launched a new Local Government Climate Action Program (LGCAP) that provides local governments and Modern Treaty Nations with predictable and stable funding to support the implementation of local climate actions that reduce emissions and prepare communities for the impacts of a changing climate.

Eligible expenditures can include staffing, contracts, investments to improve energy efficiency, climate infrastructure, matching funds to leverage funding from the federal government or other parties, communications, and engagement.

2022 is the first year of reporting and funding disbursement. The first year of the program is designed to disburse funding efficiently and quickly. Additional program and reporting refinements are expected for year two of the program. The new program's funding formula is different from CARIP as it is not based on the equivalent amount of carbon tax the City pays for corporate operations, instead including a base funding amount and an additional amount calculated according to an adjusted per capita population allocation. The amount of funding the City will receive from LGCAP is \$325,082 per year for three years (2022 – 2024), more than double the previous annual amount the City received under CARIP. All funds from the first three years of the program, a total of \$975,246 for the City, are required to be spent no later than 2025-MAR-31. Funding must be used to achieve community and provincial climate objectives,

aligned with the CleanBC Roadmap to 2030 and/or a Climate Preparedness and Adaptation Strategy.

DISCUSSION

One of the eligibility criteria for funding applicants is to demonstrate climate investment equivalent to 20% of the provincial funding received. The current annual contribution of \$165,000 towards the Climate Action Reserve Fund will fulfill this eligibility requirement. The LGCAP funding will be allocated to the Climate Action Reserve Fund and used to fund projects that meet the criteria of the program.

The 2023-2027 Draft Financial Plan will include both community and corporate climate projects and initiatives funded from the Climate Action Reserve Fund for Council's consideration.

CONCLUSION

The City is eligible to receive \$325,082 from the new provincial Local Government Climate Action Program each year for three years starting 2022. A list of eligible community and corporate climate projects and initiatives will be identified and incorporated into the 2023-2027 Draft Financial Plan.

SUMMARY POINTS

- On 2022-MAY-16, the Province launched a new Local Government Climate Action Program that provides local government and Modern Treaty Nations with funding to support the implementation of local climate actions.
- The City is eligible to receive \$325,082 annually from the new program and will allocate this funding to the Climate Action Reserve Fund in addition to the current \$165,000 annual contribution.
- All funds from the first three years of the program must be spent no later than 2025-MAR-31. Staff will identify a list of eligible community and corporate climate projects to be incorporated into the 2023-2027 Draft Financial Plan.

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