

DATE OF MEETING December 11, 2024

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SUBJECT BC HYDRO SUSTAINABLE COMMUNITIES FUND - PHASE 2 OF MANUFACTURED HOME PARK ENERGY CONSERVATION AND EMISSIONS REDUCTION STRATEGY

OVERVIEW

Purpose of Report

To obtain the Finance and Audit Committee's recommendation for Council approval of a matching contribution to apply for the BC Hydro Sustainable Communities Project Implementation Fund to carry out additional work needed to support homeowners in mobile home parks to reduce their dwelling's energy consumption and greenhouse gas emissions.

Recommendation

That the Finance and Audit Committee recommend that Council add the second phase of the Manufactured Home Park Energy Conservation and Emissions Reduction Strategy, as outlined in the Staff report dated 2024-DEC-11, to the 2025 – 2029 Financial Plan.

BACKGROUND

Last year, the City of Nanaimo partnered with the Regional District of Nanaimo (RDN) and applied for the BC Hydro Sustainable Communities Project Implementation Fund to support a Manufactured Home Park Energy Conservation and Emissions Reduction Strategy (see Attachment A). The City and RDN were successful with the application and received \$37,500 from BC Hydro. This funding, combined with a cash contribution of \$15,000 each from both local governments, provided the initial budget for the ongoing Strategy. The Strategy aims to identify barriers for the manufactured homeowner to lower their energy consumption and emissions and recommend cost effective solutions appropriate for our region. The project is currently ongoing and will be complete by the end of February 2025.

The original project scope included an electrical capacity scan of all mobile home parks within the RDN, to determine if the overall electrical capacity of the park can support the electrical demand to power a heat pump in every mobile home within the park. The cost of this project task exceeded the original project budget. Therefore, City and RDN Staff decided to reduce the project scope to focus on stakeholder engagement and barriers identification.

BC Hydro is currently accepting applications for this year's Sustainable Communities Project Implementation Fund. Staff intend to submit another application for additional work to complete the Strategy. The fund will cover up to 50% of eligible costs to a maximum of \$30,000 for an individual applicant. Matching funds will be required. A maximum of 10% of total project costs can be in-kind contributions, such as staff time.

DISCUSSION

Through stakeholder engagement, the project team has learned the complexity of energy upgrades for manufactured homeowners and has been able to confirm that electrical capacity is a major barrier to fuel switching efforts within many Nanaimo Manufactured Home Parks. Due to concerns related to the electrical capacity of the parks, many manufactured park residents are unable to switch from oil, gas, or propane heating to a heat pump. While there is a general sense among park owners that electrical upgrades within their parks will be needed to accommodate increased electrical demand due to fuel switching, park owners are unclear about the cost or extent of these upgrades or even how to determine what upgrades are necessary or cost effective.

Phase Two of the project will first help the City understand the typical cost and extent of park-level electrical upgrades a Manufactured Home Park will need to do to allow their residents the opportunity to switch to electric heat pumps and potentially have access to electric vehicle charging. The project team will then develop a recommended approach to electrical upgrades and solutions to the barriers identified in phase one of the project.

While the City partnered with the RDN during phase one of the project, the RDN will not be participating as a formal partner in the second phase. The City will be the sole applicant for the grant. The second phase of the study will be done for parks located only in the City of Nanaimo.

The total cost of the second phase of the project is \$60,000. It would require the following:

- \$24,000 from City's Climate Action Reserve Fund
- \$6,000 of in-kind City Staff time
- \$30,000 from BC Hydro Sustainable Communities Fund

The project is contingent on a successful BC Hydro grant application.

OPTIONS

1. That the Finance and Audit Committee recommend that Council add the second phase of the Manufactured Home Park Energy Conservation and Emissions Reduction Strategy, as outlined in the Staff report dated 2024-DEC-11, to the 2025 – 2029 Financial Plan.
 - The advantages of this option: Completing the second phase of the project will provide Manufactured Home Park Owners a recommended approach to consider park-level electrical upgrades and potential solutions that could enable homeowners to take advantage of energy rebates and carry out energy upgrades. Addressing these barriers will help the City move towards its' climate targets, while providing manufactured home residents with affordable low-carbon space heating and cooling as well as mobility options.
 - The disadvantages of this option: Approval of the requested \$24,000 in funding means the Climate Action Reserve would be nearly depleted. The reserve must maintain a positive balance for all five years of the approved Financial Plan so there will be little capacity from the Climate Action Reserve Fund to support future climate related projects until 2030.
 - Financial Implications: The second phase of the project will require an allocation of \$24,000 from the Climate Action Reserve Fund and a \$30,000 grant. The project is

- contingent on a successful BC Hydro grant application. If approved, the 2025 projected closing balance of the Climate Action Reserve Fund would be 141,803 and the projected 2029 closing balance is \$66,584 in 2029. The 2025-2029 Financial Plan will be amended for final to include this project.
2. That the Finance and Audit Committee recommend that Council not add the second phase of the Manufactured Home Park Energy Conservation and Emissions Reduction Strategy to the 2025 – 2029 Financial Plan.
 - The advantages of this option: This option will allow \$24,000 to be used to support other projects in future.
 - The disadvantages of this option: Without providing matching funding, the City will miss an opportunity to leverage the BC Hydro Sustainable Communities grant to complete the second phase of the project.
 - Financial Implications: The proposed project will not proceed and the requested \$24,000 will remain in the Climate Action Reserve Fund for other purposes.
 3. That the Finance and Audit Committee provide alternative funding recommendations.

SUMMARY POINTS

- BC Hydro is currently accepting applications for this year's Sustainable Communities Project Implementation Fund. The fund will pay up to 50% of eligible costs to a maximum of \$30,000 for an individual applicant.
- The City, in partnership with the Regional District of Nanaimo, is completing a Manufactured Home Park Energy Conservation and Emissions Reduction Strategy, which was funded in part through the BC Hydro Sustainable Communities Implementation Fund in 2024. The initial phase of project is expected to be complete in February 2025.
- Staff are proposing to apply again for the grant to complete a second phase of the project, focusing on understanding park-level electrical upgrade costs and identifying solutions to barriers identified in the first phase of the project. A cash contribution of \$24,000 from the City is required.

ATTACHMENTS

ATTACHMENT A: BC Hydro Sustainable Communities Fund Mobile Home Park Electrification Study 2023-NOV-15 Finance & Audit Report

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