



Staff Report

Report To:	South Huron Council
From:	Dan Best, Chief Administrative Officer/Deputy Clerk
Date:	August 21 2017
Report:	CAO 17.25
Subject:	FCM Feasibility Study

Recommendation

That South Huron Council receives the report of Dan Best, Chief Administrative Officer regarding a submission of an FCM Feasibility Study Grant application; AND

That South Huron Council authorize the submission of an FCM Feasibility Study Grant application to conduct a feasibility study to pursue the aim of net zero performance for the Community Hub/Recreation Centre and be eligible for future capital funding through the FCM Green Municipal Fund.

Purpose:

Council Decision

Background and Analysis:

The Federation of Canadian Municipalities (FCM) provides funding for feasibility studies, pilot projects and capital projects related to initiatives that reduce energy consumption and greenhouse gas emissions.

For new construction projects there are funding opportunities for feasibility studies, pilot projects and capital projects

The project design must aim for net zero energy performance; it must demonstrate the potential for systems to produce as much energy as they require for operation, over a defined operational period. In building projects

that target net zero energy performance, designers must first ensure they follow best practices in operational efficiency and address any remaining energy demand with renewable power sources.

Generally, only projects involving municipally owned buildings will qualify for funding. However, a non-municipally owned building that meets the eligibility criteria for energy capital projects may be eligible for funding if the primary use of the building is for municipal purposes.

The project design must aim for net zero energy performance; it must demonstrate the potential for systems to produce as much energy as they require for operation, over a defined operational period. In building projects that target net zero energy performance, designers must first ensure they follow best practices in operational efficiency and address any remaining energy demand with renewable power sources.

Through FCM, feasibility studies can be grants: up to 50 per cent of eligible costs to a maximum of \$175,000. Pilot projects can be grants: up to 50 per cent of eligible costs to a maximum of \$350,000. Capital projects are low-interest loans, with competitive lending rates, usually in combination with grants. Funding is provided for up to 80 per cent of eligible project costs. The loan maximum is \$5 million, and the grant amount is 15 per cent of the loan. Applicants with high-ranking projects may be eligible for a loan of up to \$10 million, combined with a grant for 15 per cent of the loan amount, to a maximum of \$1.5 million.

In order to pursue capital funding through FCM, a feasibility study is a pre-requisite as outlined in the Table below:

Type of organization	Prerequisites/Documents
All	<p>Energy-efficient facilities – existing building projects</p> <p>A feasibility study that supports the initiative and includes:</p> <ol style="list-style-type: none"> 1. The current energy consumption of the facility (in energy units) based on the average annual energy consumption over the previous year normalized for weather variations. <p>AND</p> <ol style="list-style-type: none"> 2. Energy models confirming that the project can reduce energy consumption by at least 30% compared to current performance, of which a minimum of 20% must come from energy efficiency measures and the remainder may come from renewable energy production
	<p>Energy-efficient facilities – new building projects</p> <p>A feasibility study that supports the initiative and includes energy models establishing a baseline for the facility (e.g. RETScreen, EE4), including confirmation that the project can achieve an anticipated reduction in design energy consumption of at least 45% compared to the National Energy Code for Buildings (NECB) 2011, of which a minimum of 30% must come from energy efficiency measures and the remainder may come from renewable energy production.</p>

Type of organization	Prerequisites/Documents
	<p>Municipal plan, such as a sustainable community plan, strategic plan, or sector plan, which supports the need for this capital project and has been approved by the municipal government's council.</p> <p>Evidence of consultation with your provincial or territorial government. A letter is sufficient evidence of consultation. Note: This requirement does not apply to municipal governments in Quebec.</p> <p>Risk management plan for the project.</p> <p>A letter from each confirmed funding source identified in the Sources of Funding table. The letter must indicate the amount of cash and/or in-kind contributions to the initiative.</p>
Municipal government entity	<p>Signed municipal council resolution describing your organizational commitment to, and financial support for, the project and funding application to GMF.</p> <p>Most recent audited financial statements.</p> <p>If available, a business plan and any associated contracts that demonstrate revenue generated from the environmental initiative.</p>
Partner of a municipal government entity – municipally owned organization	<p>Documents that demonstrate that 1) there is a partnership between your organization and a municipal government, and 2) that the municipal government has a genuine interest and active involvement in the environmental initiative.</p> <p>Signed letter from the chief executive officer or chief financial officer of your organization confirming your level of financial commitment, and giving evidence of your board of directors' support for the proposed environmental initiative and funding application to GMF.</p> <p>Audited financial statements for the last three years.</p> <p>Business plan and any associated contracts that demonstrate revenue generated from the environmental initiative.</p>

Type of organization	Prerequisites/Documents
	<p>Energy recovery/district energy projects</p> <p>1. A feasibility study that supports the initiative and includes:</p> <p>a) A determination (study) of the current energy consumption based on the average annual energy consumption (in energy units) over the previous year normalized for weather variations.</p> <p>AND</p> <p>b) Energy models establishing a baseline for the system (e.g. RETScreen, EE4), including confirmation that the project can capture and use residual energy and/or create new capacity for transmission and usage of thermal energy such that there is a minimum reduction in energy consumption of 20% for one or more existing facilities within one year of implementation compared to the baseline.</p> <p>AND</p> <p>2. Economic growth strategy for the project neighbourhood</p>
	<p>Net zero systems projects</p> <p>1. A feasibility study that supports the initiative and includes:</p> <p>a) A determination (study) of the current energy consumption based on the average annual energy consumption (in energy units) over the previous year normalized for weather variations (if applicable).</p> <p>AND</p> <p>b) Energy models establishing a baseline for the system (e.g. RETScreen, EE4)</p> <p>AND</p> <p>Confirmation that the project can result in a system with net zero GHG emissions during operation.</p>
	<p>Executive summary of the environmental assessment of your initiative, if required under federal and/or provincial laws.</p>

Type of organization	Prerequisites/Documents
	Cash flow projections of the project demonstrating the revenue generation and the repayment capacity of the loan.
	If available, an external guarantee or other credit enhancements that might improve your ability to repay the loan.
Partner of a municipal government entity – non-municipally owned organization	Documents that demonstrate that 1) there is a partnership between your organization and a municipal government, and 2) that the municipal government has a genuine interest and active involvement in the environmental initiative.
	Signed letter from the chief executive officer or chief financial officer of your organization confirming your level of financial commitment, and giving evidence of your board of directors' support for the proposed environmental initiative and funding application to GMF.
	Audited financial statements for the last three years.
	Business plan and any associated contracts that demonstrate revenue generated from the environmental initiative.
	Cash flow projections of the project demonstrating the revenue generation and the repayment capacity of the loan.
	If available, an external guarantee or other credit enhancements that might improve your ability to repay the loan.

The timeline from submission to a decision regarding the grant is estimated at 4 months.

South Huron's Strategic Plan:

Our Strategic Plan identified concerns over the aging recreation facilities and the lack of recreational programming for both youth and seniors. In order to attract or retain youth in South Huron, respondents indicated that there is very limited in terms of recreation activities and programming that is specifically geared towards youth. As well, there are not enough youth based organizations for youth to be involved in, and some respondents have indicated that it has caused younger families to move to neighbouring communities rather than remain in South Huron.

Respondents also indicated that there is a lack of accessible recreational facilities and programming within South Huron for seniors. Old facilities need to be upgraded and retrofitted to meet the growing demands of the aging population. Further, respondents highlighted the need for an age friendly/active living focus for seniors in the community.

Section 6.2.1 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key priorities and strategic directions. The following elements are supported by the actions outlined in this report:

- ✓ Improve and enhance the quality of recreation facilities
- ✓ Undertake a services and facility review

This includes a full facilities, program, services and infrastructures review with an emphasis on programs and service delivery that are feasible and achievable

- ✓ Economic development a priority
- ✓ Keep taxes and user fees affordable to maintain existing population and encourage new growth

Financial Impact:

It is anticipated that the costs associated with the application process will be under \$10,000 in order to secure technical services to maximize our potential for success of the grant. Funding for engineering and consulting services for the Community Hub/Recreation Centre has been incorporated as part of the 2017 capital budget.

Legal Impact:

There are no legal implications as a result of the actions outlined in this report.

Staffing Impact:

There are no staffing implications as a result of the actions outlined in this report

Policies/Legislation:

None

Consultation:

Federation of Canadian Municipalities

Related Documents:

None

Respectfully submitted,



Dan Best, Chief Administrative Officer/Deputy Clerk