

Revolving Fund for Sustainability Initiatives

Background:

The Revolving Fund for Sustainability Initiatives is a program which provides seed funding for schools and departments within BCIT that wish to undertake energy/green initiatives. The funding is provided in the form of a no-interest loan that is to be repaid within five years by project related reductions in utility consumption, waste removal and/or operating costs. Funds may be accessed through a competitive application process which must be supported by a strong business case. For 2010/11, \$75k is available with an additional \$325k requested for 2011/12 (\$400k total fund).

The revolving fund is designed to:

- Motivate faculty and staff to engage in actions to minimize the environmental impacts of the Institute;
- Remove any excuse or impediment (e.g. lack of funding) for beneficial projects with longer term paybacks;
- Facilitate the peer-to-peer education opportunities that complement many of the innovative projects financed through the fund

Fund Administration

The Revolving Fund is administered by the Funding Sub-committee of the BCIT Sustainability Committee (SC). Membership of the sub-committee is comprised of:

- Director, Financial Services
- Director, Supply Management
- Director, Sustainable Development and Environmental Stewardship
- Director, Educational Support Services
- Assistant Director, Facilities Management
- Energy and Sustainability Manager

Process

Project funding is delivered through a competitive application process. Schools and departments are invited to submit projects that have distinct and calculable payback. All applications must include a business case which clearly outlines the objectives, costs, timeframes and deliverables for the project. Measurement and verification (M&V) reports should be provided to the Funding Subcommittee at established intervals as part of the periodic reporting process. The business case must also demonstrate the ability of the project to repay the Revolving Fund within a five year period through cost savings associated with the project. Projects with payback periods that exceed five years will be considered and evaluated on an individual basis based on the merits of the program and the contribution it makes towards BCIT's Strategic Plan and specific Implementation Plan initiatives.

Applications will be accepted for loan requests ranging in value from a minimum of \$10k to a maximum of \$100k. This allows for minor and larger scale projects. Projects in excess of \$100k will be considered on a case by case basis. Wherever possible, applicants are requested to seek alliances with external agencies. External alliances could include organizations such as BC Hydro, Terasen Gas, Natural Resources Canada, the Government of British Columbia and other industry partners. Once the project loan has repaid the Revolving Fund in full, any future cost savings will be shared equally by the initiating department and the SC with these additional funds being used to grow the Revolving Fund for Sustainability Initiatives.

Projects will be evaluated on their ability to contribute to one or more of the following areas of consideration:

- Greenhouse gas reductions
- Energy conservation
- Water conservation
- Sewer and storm water output reductions
- All types of pollution reduction (i.e.: hazardous waste, solid waste, liquid waste, gaseous emissions)
- Operational improvements that decrease environmental impacts

This list is not complete but provides an example of the types of projects this fund is designed to service.

Revolving Fund for Sustainability Initiatives

The general order and key components of the Revolving Fund application process are:

1. Applicant downloads the application package at www.bcit.ca/sustainability/about/fund. Applicants are encouraged to contact the Funding Subcommittee prior to applying or when filling out the Application with any questions and to discuss the nature of the project.
2. Applicant works with the Funding Subcommittee to ensure the proposed project generally fits with the intent of the Revolving Fund. Application must include project payback/savings calculation and documentation. Potential Applicants are encouraged to contact Facilities Services for feasibility analysis before applying. Any applications which involve the services of an Energy Consultant must factor the cost of the consultant into the project and include it when calculating the total amount to be repaid. Please note, loan approval does not guarantee project viability.
3. The Funding Subcommittee evaluates application against others it receives. The review is done at the start of each quarter (i.e. April 1, July 1, Oct 1, Jan 1). The Subcommittee will make recommendation to the SC for approval of those projects that meet the criteria established for the Revolving Fund. If the value of the applications received exceeds available funding, projects will be ranked according to their merits, their contributions to BCIT's Strategic Plan and the expected payback period.
4. If selected, the funding amount and terms of payback will be recorded in a loan agreement. The agreement will be signed by the applicant department's Dean or Director and by one of the Sustainability Committee Co-Chairs. A signature from a representative of Facilities Management is also required, acknowledging the project is feasible. All funding applicants will be notified of the status of their application.
5. For operating expenses, funding is transferred to the Recipient's operating org via a cross charge at the end of each quarter for an amount equal to the expenses incurred to date to a maximum of the agreed upon loan value. For capital expenditures, funding will be placed in a special capital org, to be drawn down until the project is complete. Any unused funds will be returned to the Revolving Fund.
6. The Recipient executes or arranges for execution of project, including securing all remaining funding (if applicable), managing construction contracts, legal issues, and other project details. If external funding is required, but it is not in place prior to the start of the project, the Recipient must notify the Funding Subcommittee who may recommend the project be placed on hold until the external funding is secured. **Project implementation and success is the responsibility of the Recipient.**
7. Recipient provides periodic progress reports to the Funding Subcommittee, as outlined in Loan Agreement. Problems or issues affecting payback or project success should be brought to the attention of the Funding Subcommittee as soon as possible. Frequency of the progress reports will be based on the size and scope of the project.
8. Upon project completion, Recipient and Facilities Management sign the Project Closeout Form. The Recipient reports to Funding Subcommittee any changes to the project that affected savings or project success. Changes do NOT alter Recipient's loan payback responsibilities or payback timeline. Payback will occur as agreed upon in the Loan Agreement, and funds will be transferred according to the Agreement.

Statement of Use and Loan Fund Principles

To ensure projects meet the intent Revolving Fund for Sustainability Initiatives, the Applicant should address in the Application as many of the following principles as possible:

1. To promote the use of renewable energy at BCIT
2. To reduce BCIT's energy costs by increasing efficiency of campus infrastructure or reducing energy consumption (conservation). This will help protect BCIT from future increases in energy prices.
3. To fund projects that save money for the Applicant on fuel, electricity, water, building maintenance, sewer and storm water, or other expenses.
4. To support initiatives and programs that motivate, inspire, and educate the BCIT community about the potential and benefit of energy efficiency and renewable energy.
5. To support and encourage the Institute towards socially and environmentally positive initiatives.
6. To promote sustainable and ecologically justifiable projects and practices.
7. To act as a model of socially and environmentally responsible financial practices.
8. To sustain itself financially and functionally into the foreseeable future.

Project Reporting

Within 90 days of a completed Project Closeout Form, the Recipient will provide a short report for the SC that includes at minimum:

- . A brief review of project success or challenges, including links to Loan Fund Principles
- . Details on changes from the original Application
- . Updated estimates of current and future savings
- . Other pertinent details the Recipient would like to share

Violation of Loan Agreement and Termination

An executed Agreement is considered binding. The Agreement can only be terminated in writing by the Recipient and the Sustainability Committee. If terms in the Agreement, for reasons deemed by the SC to be within the Recipient's control, are not met and all other options exhausted, the SC will commence action to recall funding

If, for reasons deemed by the SC to be out of the Recipient's control, terms in the Agreement are not met, the Agreement may be amended or a new Agreement created at the mutual consent of the SC and Recipient. A new Agreement does not necessarily provide more funding, but rather extends the expected timeline to execute the project. Requests for additional funding require a new Application.

During the periodic reporting updates, if the project sponsor becomes aware that the project will not be able to meet the target payback period, the project will be reviewed with the initiating department for alternative options to achieve payback.