

DATE: June 10, 2021

FILE: 1855-03 / CARIP

TO: Chair and Directors
Regional District Board

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Ending the BC Climate Action Revenue Incentive Program

Purpose

To provide information on the cancellation of the Provincial Climate Action Revenue Incentive Program (CARIP), the implications to the Comox Valley Regional District (CVRD) and proposed next steps.

Recommendation from the Chief Administrative Officer:

THAT the Comox Valley Regional District (CVRD) Board receive this report for information;

AND THAT the CVRD Board send a letter to: the Premier, the Minister of Municipal Affairs; the Minister of Environment and Climate Change Strategy; and the Union of BC Municipalities, detailing the impact of cancelling the Carbon Action Revenue Incentive Program and the need for a prompt replacement that provides a dedicated, sustained, and non-application-based stream of funding to enable the CVRD and other local governments to continue their climate action work to deliver on the Provincial CleanBC and Regional Growth Strategy climate change goals and targets.

Executive Summary

- On May 11, 2021, the Province announced that the CARIP program was ending with 2020 being the final year for reporting and 2021 being the final year for funding to be paid to local governments.
- Many local governments have come to depend of the revenue provided through the CARIP program to undertake local climate action initiatives in order to work towards Greenhouse Gas (GHG) emission reduction targets. The CVRD has used the CARIP funding to support and undertake specific climate action projects, including our current Road to 2030 initiative, which is a community granting program intended to incentivize local projects that work towards reducing community GHG emissions.
- CARIP has been a valuable source of consistent and dedicated funding for more than a decade, allowing local governments to take local action on climate change. Staff recommend that the board advocate to the Province via letter to the Premier, appropriate Ministries and the Union of BC Municipalities (UBCM), for a replacement of the CARIP program with consistent, non-application based funding, tied to annual climate reporting. This would enable the CVRD to build internal capacity to undertake the bold actions that would help the CVRD work towards GHG emission reduction targets established for the province in the *Climate Accountability Act*.

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Government Partners and Stakeholder Distribution (Upon Agenda Publication)

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|-----------------------|---|
| City of Courtenay | ✓ |
| Town of Comox | ✓ |
| Village of Cumberland | ✓ |

Background/Current Situation

The CARIP is a conditional grant program that provides funding to local governments that have signed the *BC Climate Action Charter*. This funding equals 100 per cent of the carbon taxes a local government pays to support their operations.

The program requires local governments to report annually on their GHG emissions and encourages investment in climate action to help the Province deliver on its commitment to carbon neutrality. Since the *Climate Action Charter* was launched in 2007, 187 of 190 municipalities, regional districts and the Islands Trust have signed, providing the province with a comprehensive database of local government corporate emissions inventories and corporate and climate actions implemented at the local level.

On May 11, 2021 the Deputy Minister, and the Assistant Deputy Minister for the Local Government Division of the Ministry of Municipal Affairs announced the end of CARIP. The Province has outlined that 2020 will be the final year for reporting, with the final grant paid to local governments in 2021. It was indicated that at this stage no replacement program with unconditional funding is planned and future programs will be application based. The province will aim to work with local governments through UBCM and the Green Communities Committee.

In light of the Provincial government’s recently renewed climate commitments and additional reporting requirements in the *Climate Accountability Act* (December 2020), the withdrawal of this consistent provincial funding for climate action was unexpected.

Implications to the CVRD

Loss of Consistent Funding

The CVRD has participated in the CARIP program since signing the *Climate Action Charter* in 2007 and has benefitted from an annual, dedicated source of funding. Historically, the funding has been used within the organization to support operations, but more recently, Planning and Development Services have used carbon tax funds to support climate mitigation and adaptation projects.

Examples of projects supported by CARIP funding include, but are not limited to:

- Funding of Cool It! Climate Leadership Training for eight workshops in School District No. 71, delivered by the British Columbia Sustainable Energy Association
- Promotion of the (former) provincial ScrapIt program
- Promotion of CleanBC home energy efficient upgrades and rebate program (conversion to heat pumps)
- Municipal top-ups to provincial rebates for home energy retrofits

- Establishment of our most current initiative, Road to 2030, which is a community granting program intended to incentivize local residents and organizations to undertake projects that will reduce local emissions

Without a replacement program that provides a consistent and reliable funding source, there will be implications to the CVRD's funding ability to undertake local climate action initiatives. Should the province move towards a competitive, application based funding program administered through UBCM, more resources and staff time will be required to build project proposals and prepare grant applications. Further, in the absence of CARIP or a similar source of consistent funding, many local governments will be challenged to develop work plans and implement climate programs that span multiple years based on a competitive funding approach.

Loss of Coordinated Reporting and Data

As a signatory to the *Climate Action Charter*, the CVRD has committed to measuring and offsetting our corporate GHG emissions. Becoming carbon neutral is a powerful way for local governments to demonstrate leadership and promote community buy-in to implement programs and regulations to reduce community GHG emissions (active transportation, residential retrofits, etc.). Accurate reporting is a key ingredient for strategic planning to reduce emissions (e.g. updating Corporate Energy Plan). Although local government's participation in measuring and reducing corporate GHG emissions in BC is mostly voluntary, it aligns with the CVRD's goals in the Regional Growth Strategy and Sustainability Strategy, as well as, the CVRD Board's strategic priorities.

Until recently, the CVRD has used an Excel sheet to manually input data on annual corporate energy use (natural gas, electricity, propane, fleet fuel and solid waste). However, in 2019 the province requested that local government move towards a standardized approach to calculating and reporting an organization's corporate GHG emissions. Earlier this year, the CVRD purchased a licence to the software program SoFi, a comprehensive, multi-functional sustainably performance tracking software that allows users to systematically break down, analyze and report on their energy, raw materials, water and natural resources use, as well as GHG emissions and waste (also used by the BC provincial government to measure and track their own GHG emissions). This software will support the CVRD in standardizing our data collection and improve our reporting and data analysis on corporate emissions. Staff are working with the software consultant to customize the data so that it will provide more insights than the standard CARIP survey. The software also has the functionality to host both corporate and community emissions tracking. Staff is investigating its use to begin tracking local community emissions.

The CARIP program established a consistent climate reporting template for all BC local governments that had signed onto the *Climate Action Charter* and represents over a decade of publically accessible data on local government climate action. Local governments have focused on building internal capacity and restructuring reporting methodology and systems to align with CARIP and the process has for many, helped to support the development of local climate action initiatives and programs.

Proposed Next Steps

The cancellation of CARIP may present an opportunity for improvements, as CARIP was not a panacea. Local governments have identified shortcomings in the program in respect to tracking GHG emissions for the purpose of reducing corporate emissions (funding based on fossil fuel consumption may be perceived as rewarding a lack of progress).

Staff recommend sending a letter to Premier John Horgan, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy and UBCM outlining the value of the

program and the associated grant funding and the implications to the CVRD with the abrupt end to the program. Local governments should be engaged and consulted within the design and implementation of a replacement program that offers a dedicated and sustained funding that is comparable to or greater than that is currently provided by CARIP. Program funding should be used for climate action (mitigation and adaptation) tied to a requirement for annual reporting on progress towards climate goals and should be in place by 2022, as to not disrupt future local government work plans, budgets, and climate action.

Policy Analysis

Each year, the CVRD reports on corporate emissions as part of our participation in the CARIP. We are in the process of completing our requirements to report on 2020 emissions.

In 2007, the CVRD became a signatory to the *British Columbia Climate Action Charter* which includes commitments for signatories to be carbon neutral by 2012. On March 1, 2011 the board approved the CVRD corporate energy plan and adopted a target of reducing GHG emissions by 10 per cent below 2009 levels by 2015. The CVRD has since adopted a new corporate GHG emissions reduction target of 20 per cent below 2015 levels by 2020, and has allocated funds to update the CVRD's Corporate Energy Plan.

The 2021 CVRD Budget and department work plans have been developed on the understanding that the CARIP program will continue. As such, the loss of this funding will need to be accounted for in 2022 budget planning process.

Options

Option 1: That the board approve the recommendations as outlined in this report.

Option 2: That the board provide alternate direction to staff.

Based on staff's review of the implications to the cancellation of CARIP, staff recommend proceeding with Option 1.

Financial Factors

The CVRD has participated in the CARIP program since signing the Climate Charter in 2007 and has benefitted by receiving \$493,782 through the program since 2010. In 2020, CARIP funding amounted to \$45,377. The loss of such a consistent funding stream will of course lead to negative impacts in the future to all the individual service budgets that received the grant funding from this program.

Legal Factors

There are no legal factors to consider. The CVRD has already met its commitment under the *British Columbia Climate Action Charter* and is in the process of completing the CARIP reporting for 2020.

Regional Growth Strategy Implications

The Regional Growth Strategy, Bylaw No. 120, being the "Comox Valley Regional District Regional Growth Strategy Bylaw No. 120, 2010" (RGS), recognizes a response to climate change is required. The RGS has adopted a long-term target of 80 per cent reduction of GHG emissions from 2007 levels by 2050, with a mid-term target of 50 per cent reduction by 2030.

Intergovernmental Factors

All three member municipalities in the Comox Valley have signed the *British Columbia Climate Action Charter* to become a carbon neutral local government.

Local governments across the province will be impacted from the cancellation of CARIP. Many local governments depend on this dedicated funding stream to support local climate action initiatives and work towards advancing the provincial targets set out in the BC Climate Accountability Act.

Interdepartmental Involvement

Staff from planning services led the preparation of this report with assistance from financial services.

Citizen/Public Relations

The public is concerned about climate change and it is important that the CVRD show leadership and seek opportunities to reduce GHG emissions. As part of the CARIP requirements, a public report on the CVRD's climate action is prepared annually and posted on the CVRD Climate Action web page.