

# Memo



**Date:** January 11, 2011  
**File:** 1200-90  
**To:** City Manager  
**From:** Michelle Kam, Sustainability Coordinator  
**Subject:** Climate Smart Memorandum of Understanding

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**Recommendation:**

THAT Council authorizes the City to enter into the Climate Smart Memorandum of Understanding in the form attached to the Report of the Sustainability Coordinator dated January 11, 2011;

AND THAT, the Mayor and the City Clerk be authorized to execute the contract on behalf of the City of Kelowna.

**Purpose:**

That the Mayor and the City Clerk authorize and execute the Climate Smart Memorandum of Understanding so staff can proceed with the planning and implementation of the Climate Smart Business Training.

On December 13, 2010 Council passed the following resolution:

THAT Council direct staff to apply for the \$5,000 Pacific Carbon Trust (PCT) Small/Medium Business Engagement Fund scholarship;

AND THAT, conditional on the successful application for the above scholarship, Council approves \$2,500 from the Energy Management Rebates Reserve so the Climate Smart Program can be offered to ten small to medium Kelowna businesses in 2011;

AND FURTHER THAT, conditional on the successful application for scholarship, the 2011 Financial Plan be amended to include the \$2,500 City share of cost for the project with funding from the Energy Management Rebates Reserve.

**Background:**

The Pacific Carbon Trust has made available four Small/Medium Business Engagement Fund scholarships of \$5,000 for the first four municipal partners that commit to the Climate Smart program. Climate Smart, on behalf of the Pacific Carbon Trust, has awarded the City of Kelowna one of these four \$5,000 scholarships (see attached).

The Climate Smart Program will aid in Kelowna's greenhouse gas target of reducing emissions by 33% below 2007 levels by 2020. The baseline data provided by the Province for 2007 shows that 28% of Kelowna's community greenhouse gas emissions come from buildings. Climate Smart training will be a low cost way for businesses to build capacity and start to reduce the greenhouse gases they are producing.

The attached Memorandum of Understanding outlines the City's costs and contributions towards the Kelowna Climate Smart Program, which will be hosted in the spring of 2011.

A handwritten signature in black ink, located in the bottom right corner of the page.

**Internal Circulation:**

General Manager of Community Sustainability, Grants Manager, Director of Community and Media Relations

**External Agency/Public Comments:**

Fortis BC and Terasen Gas utility companies have committed \$2,500 each towards this partnership.

**Financial/Budgetary Considerations:**

By providing a financial contribution towards this program in Kelowna, the City of Kelowna is demonstrating leadership, showing that community climate action is a priority, building community partnerships and providing an incentive required for businesses to participate in greenhouse gas reduction strategies.

This opportunity has provided the City with a 7:1 leverage initiative. As part of the partnership, the City has agreed to fund \$2,500 towards the total cost of \$17,500 for the program.

**Considerations not applicable to this report:**

Existing Policy:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Community & Media Relations Comments:

Alternate Recommendation:

Personnel Implications:

Submitted by:



M. Kam, Sustainability Coordinator

Approved for inclusion:



SB

cc: General Manager of Community Sustainability, Grants Manager, Director of Community and Media Relations

# CLIMATE SMART & CITY OF KELOWNA MEMORANDUM OF UNDERSTANDING DECEMBER 20, 2010

**Prepared for**

**City of Kelowna**  
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V1Y 1J4

**Submitted by:**

**Climate Smart**  
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## 1 Background

This is a Memorandum of Understanding (MOU) for Climate Smart to provide a set of services to the City of Kelowna that will build capacity for greenhouse gas (GHG) management amongst small-/medium-sized enterprises (SMEs). Small-/medium-sized enterprises (SMEs) are defined as local businesses with up to 500 employees.

The Pacific Carbon Trust (PCT) is making available to the City of Kelowna up to 10 scholarships of \$500 per business from their Small Business Engagement Fund. This is to be used as seed funding for a Climate Smart workgroup for City of Kelowna-area businesses.

### Climate Smart at a glance

**330+**

enterprises trained or in training, from a range of sectors

**263,000+** tonnes, equivalent to **50,000+** passenger vehiclesCO<sub>2</sub>e measured by Climate Smart enterprises

## 2 Common and Mutual Interest

Common areas of interest identified include:

1. Encouraging companies to measure and reduce their greenhouse gas emissions through a rigorous process.
2. Generation of accurate, actionable GHG emission and related data for City of Kelowna's business community.

The value to each entity is not in conflict but rather of mutual interest.

Further value to City of Kelowna:

1. Secure third-party review of inventories.
2. Access to tailored, rigorous greenhouse gas management and calculations, and aggregated data. Climate Smart follows and teaches to the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol, a decade-long partnership between the World Resources Institute and the World Business Council for Sustainable Development, is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change. It provides the accounting framework for nearly every GHG standard and program in the world - from the International Standards Organization to The Climate Registry - as well as hundreds of GHG inventories prepared by individual companies.
3. Demonstrated climate action leadership within BC's municipal community.

Further value to City of Kelowna's businesses:

1. Reduced carbon footprint
2. Potential to reduce costs related to transportation and buildings (heating and cooling), electricity, and materials (average projected savings of \$450 USD per tonne of emissions reduced)
3. Increased resilience to economic volatility, carbon legislation, and rising energy/resource prices
4. Brand lift (increased recognition of a company's brand), and employee engagement and retention
5. Association with a network of leaders
6. Access to the latest GHG management information, climate change science, and policy news

### 3 Program Description

City of Kelowna will act as a co-host for a training program series, consisting of three training sessions that will teach area businesses to measure and reduce their GHG emissions, while giving them access to a web-based GHG management tool and technical assistance.

Please note that the workgroup size is up to 10 businesses. Funding from PCT applies to these 10 businesses (see Fees section).

#### Program Partners

**Hosts:** City of Kelowna, with PCT's Small Business Engagement Fund, will act as host partners. City of Kelowna's sponsorship is being co-funded by Terasen and FortisBC.

**Promotional Partners:** local organizations (e.g. Chambers of Commerce, industry associations) may be approached to aid in outreach to business community.

#### Program Outcomes

The objective of this program is to equip small-/medium-sized enterprises (SMEs) with the internal training and tools to compile GHG inventories for their organizations. They will leave with a completed baseline inventory and a list of strategies of their own design that they intend to implement in order to reduce their emissions. They will also leave with a solid understanding of offsets; a list of questions they might ask an offset provider to assess its quality and credibility; and a sense of what is important to them and their business, should they choose to purchase offsets.

#### CS/Kelowna program

- Cost-sharing between Kelowna, PCT, and participants
- One workgroup in the Kelowna area
- Workgroup to begin in February or March 2011 (dates TBD)
- Up to 10 participant businesses per workgroup
- One inventory cycle: training series for two employees per business, tool access, inventory review, hotline access, Climate Smart seal on completion

Kelowna's share will be partially funded by Terasen and FortisBC.

### 4 Program Components

The following will outline the components of the Climate Smart proposal to City of Kelowna, and the role for each party in this work.

#### Training Sessions

Climate Smart training comprises three half-day training sessions for participant small-/medium-sized enterprises (SMEs) (see sidebar). Two delegates (employees) are trained per business. Our training includes practical, hands-on activities leading to real results that participants can take away and build upon when they return to their organizations. Each session features at least one speaker from a business that has gone through the process of developing a GHG management strategy.

Climate Smart emphasizes measuring and reducing as the critical elements of GHG management, and provides education around carbon offsetting. There is no requirement for participant businesses to purchase offsets as part of the program.

#### Climate Smart training sessions

- 1 Measuring Emissions
- 2 Reducing Emissions and Target Setting
- 3 Understanding Carbon Offsets and Communicating Your Commitment

Training series all follow a similar timeline: the second session follows approximately five weeks after the first session, and the third session follows approximately three weeks after the second.





## Technical Resources

While they complete the program, participants will have access to Climate Smart's web-based GHG management tool for one inventory cycle (typically one year's worth of emissions), and up to four hours of one-on-one technical assistance from our "carbon hotline" team of GHG-management experts.

## Marketing, Recruitment, Venue and Registration

The participant recruitment process takes place over a 6–8 week period, preceding the first session. Roles are given in the table below. Note City of Kelowna and promotional partners (once they have been identified) will work with Climate Smart on marketing and communication to potential businesses. However, following initial contact and introduction (e.g. invitation from City of Kelowna and promotional partners), the bulk of participant recruitment activity (i.e., direct recruitment following initial contact, registration, administration) will be the responsibility of Climate Smart. The following are key responsibilities that should be highlighted.

### City of Kelowna will:

- support Climate Smart to identify and engage appropriate promotional partners (e.g. Chambers of Commerce and business associations)
- work with Climate Smart to develop marketing communications to aid recruitment
- make personal invitations to targeted businesses through their networks, by direct mail and phone and help to develop lists of warm leads
- send invitation to City of Kelowna suppliers that references Climate Action Charter goals and frames the Climate Smart program as an opportunity to prepare for future requirements.
- help to arrange a suitable venue (if possible, in-kind) for the training sessions

### Climate Smart will:

- work with City of Kelowna to develop messaging and marketing communications to aid in the recruitment of businesses (examples of invitation flyers are available upon request)
- be available to talk to prospective participants in more detail about the program
- handle all aspects of direct recruitment (warm/cold calls from leads lists; direct sales)
- manage all administration (registrations and collection of payments from participating businesses)

## Recruitment Process: Summary and Roles

Steps	City of Kelowna	Municipal and promo partners	Climate Smart
Recruitment of promotional partners	support		lead
Develop text for personal invitation (email invitation) and flyers, to be sent out by host partners.	support	support	lead
Generate a list of businesses to target (50–100 per workgroup), identify decision-makers and gather contact information (email addresses and phone numbers).	co-lead	co-lead	support
Market the program (create buzz): speaking at events, press releases, launch events, e-newsletters, print newsletters, blast emails and newspaper articles.	co-lead	co-lead	support
Personal invitation: invite targeted SMEs by direct email and phone.	co-lead	co-lead	assist
Make follow-up calls and develop a list of warm leads from initial personal invitation list.		assist	lead
Talk to prospective participant businesses in further detail on Climate Smart program (i.e., curriculum, online demo of GHG management tool).			lead
Follow-up with prospective participant businesses; final closing; registration information by email and phone; manage registration and payment collection			lead

## Co-branding

Climate Smart will also list City of Kelowna as a host partner on the Climate Smart website and in future marketing materials.

## Program Completion

A business is considered to have successfully completed the Climate Smart program when it has achieved the following:

- completed its first GHG inventory and had it reviewed by the Climate Smart team; and
- identified a list of reduction strategies it plans to implement.

Upon completion of the program, participating businesses will be listed on the Climate Smart website and receive a certificate of participation and a Climate Smart seal, which they can then use to market their environmental efforts and promote their business.

## Renewal

The first inventory cycle with Climate Smart serves as a “baseline” of the participant businesses’ operations. Climate Smart encourages participating businesses to incorporate GHG measurement as a continual diagnostic in their normal business practice. As such, we provide a “Climate Smart Membership” renewal option to completed participant businesses, which includes:

- access to quarterly alumni events and continued association with the network of Climate Smart businesses
- use of the web-based GHG management tool for an additional inventory cycle
- four hours of one-on-one carbon hotline support
- final third-party review of their inventory by Climate Smart experts
- a date-stamped Climate Smart seal for an additional year

The list cost of renewal is as follows (additional discounts up to 10% may apply):

<b>Business size</b> based on number of full-time employees (FTEs)	<b>Technical advising hours</b>	<b>Business fee for Climate Smart renewal</b>
Micro business: 1-10 FTEs	4 hours	\$250
Small business: 11-50 FTEs	6 hours	\$500
Medium business: 51-200 FTEs	8 hours	\$750
Medium-large business: 201-500 FTEs	10 hours	\$1,000

Businesses leave the Climate Smart program with:

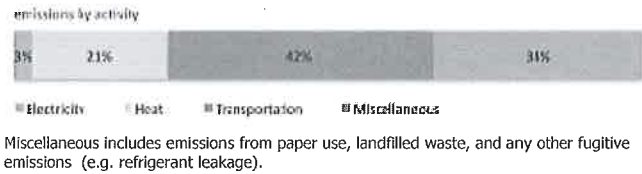
- a completed third-party reviewed GHG inventory, compiled according to international standards
- emission reduction strategies identified for their unique business
- guidance on setting targets
- internal GHG-management capacity
- date-stamped electronic Climate Smart seal
- marketing and communication strategies regarding GHG management
- an understanding of the carbon offset market

We've calculated our baseline carbon footprint, and want to continue inputting data into Climate Smart's tool to track our activities in a meaningful and quantitative way. As a small business with limited time, having the Climate Smart system at our fingertips makes it much easier to integrate our efforts into our day-to-day business.

*Shelley Penner, Director of Practice, Penner and Associates*

## Reporting

On program completion, City of Kelowna will receive a report from Climate Smart containing aggregated annual data, including a list of participating businesses plus demographic information (size of business, sector, revenue bands), emissions (total, average and median), identified reduction strategies, and percentage of businesses intending to purchase offsets (sample data shown here).



Reporting encompasses the duration of the whole program; therefore, should the program continue into the second year, City of Kelowna would receive year-on-year comparison data to feed directly into their community emissions reduction targets.

## 5 Fees

Workgroups are priced on a per-business basis (allowing for flexibility in group size), plus a fixed workgroup administrative fee. Target group size is 10 businesses (~10-20 participants/employees), with a minimum of 8 businesses. Should 8 businesses not sign-up, Climate Smart will reschedule a new start date within a month to allow more time for recruitment.

Climate Smart's "list price" to businesses is \$1,750. The combined subsidy from host partners brings the \$1,750 business fee down to a price point of **\$500**. This includes a \$2,500 fee for project administration, reporting (as outlined above) and recruitment.

- PCT's Small Business Engagement Fund will provide \$500 funding for each of the first 10 businesses.
- City of Kelowna will provide \$500 funding for each of the first 10 businesses. Note that Terasen and FortisBC will be funding City of Kelowna's commitment in this regard (\$2,500 each, for a total of \$5,000).
- City of Kelowna will provide \$2,500 for project administration, reporting and recruitment.
- Businesses will pay \$500 each to participate.

This is summarized below. Please note that HST is added to all fees.

	program costs per workgroup	PCT pays	City of Kelowna pays	Terasen pays	FortisBC pays	Businesses pay
10 businesses plus administration, reporting and outreach	\$17,500	\$5,000 + HST	\$2,500 + HST	\$2,500 + HST	\$2,500 + HST	\$5,000 + HST (\$500 per business for 10 businesses)
total	\$17,500	\$5,000 + HST	\$7,500 + HST			\$5,000 + HST

## Fees and Deliverables Schedule





**Table 2.** Timing of Deliverables and Fees

Estimated Timing	Fees Due	Deliverable/Description
Dec 2010	\$2,500 + HST (FortisBC) \$2,500 + HST (Terasen)	<b>Due upon acceptance of proposal</b> Cost of hosting one workgroup Funds will finance continuing promotional-partner development costs; series planning; retention of session dates and co-trainers; session and marketing-materials preparation
Jan 2011	-	<b>Promotional Partner identification</b> City of Kelowna and Climate Smart will identify and engage promotional partners.
Feb – Apr 2011	-	<b>Delivery of training</b>
Q2 2011	\$2,500 + HST (City of Kelowna)	<b>Completion and Final Report</b> The delivery of the final report will be contingent on the completion rate of businesses (for example, participant businesses starting in spring sessions whose fiscal year ends in April tend to wait until early summer to complete their inventories, meaning a delay in final reporting). Delivery schedule of the final report can be discussed.

## 6 Signatories

Signing for City of Kelowna

name \_\_\_\_\_

title \_\_\_\_\_

date \_\_\_\_\_

Signing for Climate Smart Businesses Inc.



name Elizabeth Sheehan

title President

date \_\_\_\_\_



December 14, 2010

Michelle Kam  
City of Kelowna  
1435 Water Street  
Kelowna, BC V1Y 1J4  
Canada

Dear Ms. Kam:

Congratulations. This letter confirms that the City of Kelowna has been awarded one of four \$5,000 Pacific Carbon Trusts (PCT) Small Business Engagement Fund (SBEF) grants for the Climate Smart training program. Climate Smart is coordinating the grants on behalf of the PCT.

This grant covers partial costs for the Kelowna Climate Smart program, to be hosted in spring 2011. The Memorandum of Understanding (MOU: attached) will outline the City's costs and contributions.

We look forward to working with the City of Kelowna.

Yours truly,

Elizabeth Sheehan  
President  
Climate Smart Businesses Inc.

#### Background

In September 2010, Pacific Carbon Trust launched its **Small Business Engagement Fund** – a pilot program designed to encourage small and medium-sized businesses to reduce their carbon footprint.

The fund will cover one-third of the cost of participation in a greenhouse gas (GHG) management program offered by Climate Smart, a Vancouver-based provider of carbon tracking training and tools.

In addition to the City of Kelowna, other participating communities include the City of Vancouver, the District of Saanich, and the Cowichan Valley Regional District.

1

measure

2

reduce

3

leverage