

Report to Council



Date: April 18, 2012
File: 1200-90
To: City Manager
From: Michelle Kam, Sustainability Coordinator
Subject: Climate Smart Memorandum of Understanding

Recommendation:

THAT Council receives the Climate Smart update report by the Sustainability Coordinator dated April 18, 2012 for information;

AND 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 April 18, 2012;

AND FURTHER THAT the Mayor and the City Clerk be authorized to execute the Climate Smart Memorandum of Understanding on behalf of the City of Kelowna.

Purpose:

The intent of this report is to request authorization to enter into a Climate Smart Memorandum of Understanding for the 2012 Climate Smart Business Training.

Background:

In 2011, Council approved \$2,500 from the Energy Management Rebates Reserve so the Climate Smart business training could be offered to ten small to medium Kelowna businesses in 2011. All ten businesses completed their Climate Smart training.

Climate Smart is a private enterprise that helps businesses measure and reduce their carbon footprint and reduce costs. Climate Smart will be hosting four Climate Smart training programs within the FortisBC Electric service area in 2012. A minimum of one and up to three of the sessions will occur in Kelowna. The City's \$1500 contribution will fund a minimum of ten Kelowna businesses to take part in the Climate Smart training.

Funding for the four training programs will come from the following sources:

- \$20,000 from the Pacific Carbon Trust Small/Medium Business Engagement Fund scholarships
- \$30,000 from FortisBC Electric
- \$1,500 from the City of Kelowna
- Between \$250 to \$1,000 from each of the participating businesses (varies depending on the number of full time employees)

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

The Climate Smart training program includes three half-day training sessions consisting of presentations from external agencies such as FortisBC and Pacific Carbon Trust, access to the online GHG management tool, technical assistance through the “carbon hotline” and an expert external review of each business’ GHG inventory.

The Climate Smart Program will aid in Kelowna’s greenhouse gas target of reducing emissions by 33% below 2007 levels by 2020. Climate Smart training will be a low cost way for businesses to build capacity and start to reduce the greenhouse gases they are producing.

Kelowna businesses that participated in the 2011 Climate Smart training gave the training an average rating of 8.7 out of 10. Participants ranked the Climate Smart trainers’ skills extremely highly and benefitted from the group work which included sharing and practical feedback.

“We felt that the Climate Smart business training was very impactful as it opened our eyes to other opportunities that can have a positive impact on reducing our footprint. It enabled us to network with other local businesses and provided valuable information regarding easy and helpful reduction initiatives that we as a small business can do.” Shauna Burnell, Waterkind

The Climate Smart program is a good example of a program and partnership that achieves results through business specific reduction initiatives.

The attached Memorandum of Understanding outlines the City’s costs and contributions towards the 2012 Kelowna Climate Smart Program.

Internal Circulation:

General Manager of Community Sustainability
Director of Financial Services
Director of Communications
Director of Strategic Initiatives
Director of Infrastructure Planning
City Clerk

Existing Policy:

Official Community Plan Policy 6.2.1 GHG Reduction Target and Actions:

The City of Kelowna, will, in partnership with: senior governments; local residents and businesses; NGOs; external agencies; and utility providers, work towards reducing community greenhouse gas emissions by 33% (from 2007 levels) by 2020.

Financial/Budgetary Considerations:

The City’s \$1,500 contribution would be funded through the Carbon Energy Reserve Fund (formerly the Energy Management Rebates Reserve).

Personnel Implications:

City staff will support Climate Smart by promoting the 2012 Climate Smart training to local stakeholders and businesses.

Communications Comments:

Climate Smart will be providing the City an invitation for messaging and marketing communications to aid in the recruitment of businesses. Climate Smart will handle direct recruitment and administration of the program.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

External Agency/Public Comments:

Alternate Recommendation:

Submitted by:



M. Kam, Sustainability Coordinator

Approved for inclusion:



Signe Bagh, Policy and Planning Director

Attachment: Climate Smart & City of Kelowna Memorandum of Understanding

cc:

General Manager of Community Sustainability

Director of Financial Services

Director of Communications

Director of Strategic Initiatives

Director of Infrastructure Planning

City Clerk

Capital Assets and Investment Manager

CLIMATE SMART & CITY OF KELOWNA

MEMORANDUM OF UNDERSTANDING

Date April 17, 2012

Prepared for **City of Kelowna**
1435 Water Street
Kelowna, BC V1Y 1J4

Submitted by **Climate Smart Businesses Inc.**
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Background

This is a Memorandum of Understanding (MOU) for Climate Smart Businesses Inc. ("Climate Smart") to provide services that will build capacity for greenhouse gas (GHG) management amongst small-/medium-sized enterprises (SMEs).

The Pacific Carbon Trust ("PCT", through its Small Business Engagement Fund) and FortisBC Electric Inc. ("FortisBC") are making funds available to be used as seed funding. Climate Smart will launch training series in Kelowna, engaging a minimum of 10 Kelowna-based businesses or City of Kelowna supplier businesses. These businesses will have access to one of several Climate Smart 2012 training series dates in the FortisBC Electric service area. The City of Kelowna will co-sponsor this program and receive data for these 10+ Kelowna businesses.

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 the City of Kelowna's business community.

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

Further value to the City of Kelowna:

1. Secure third-party desktop review of inventories.
2. Access to tailored, rigorous greenhouse gas management and calculations, and aggregated data.
3. Demonstrated climate action leadership within BC's municipal community.

Further value to businesses in the City of Kelowna:

1. Reduced carbon footprint
2. Potential to reduce costs related to transportation, heating and cooling, electricity, and materials (average projected savings of \$400 USD per tonne of emissions reduced)
3. Increased resilience to economic volatility, carbon legislation, and rising energy/resource prices
4. Brand lift, 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

Program Description

The City of Kelowna will act as a co-sponsor of Kelowna-based training program series. Each series will consist of three training sessions teaching area businesses to measure and reduce their GHG emissions, while giving them access to a web-based GHG management tool and technical assistance.

A total of one to three training series will be launched in Kelowna, with each series workgroup will comprise eight to 12 businesses invited from across the FortisBC Electric service area. However, across these series, a minimum of 10 businesses will be based in Kelowna.

Program Partners

Hosts: PCT and FortisBC will be listed as main host partners. City of Kelowna will be listed as a co-sponsor.

Promotional Partners: Climate Smart will continue as lead in promotion and recruitment efforts and work with City of Kelowna as a key promoter, along with local organizations such as the Downtown Business Association and Chamber of Commerce within their business and supplier networks. Okanagan College will be the main venue sponsor.

Program Outcomes

The objective of this program is to equip SME participants 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.

Program Components

The following will outline the components of the Climate Smart proposal to the 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 SMEs (see sidebar). Two delegates 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 participants to purchase offsets as part of the program.

Climate Smart Training Sessions

- #1: Measuring Emissions
- #2: Reducing Emissions
- #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.

Geographic range

One to three Climate Smart series will take place within the City of Kelowna. Within these series, a minimum of 10 businesses will be based in Kelowna.

These training series form part of the larger program deployment underway in the FortisBC Electric service area (four series in total in 2012).

Marketing, Recruitment and Registration

The participant recruitment process takes place over ideally a 6–8 week period preceding the first session. Roles are given in the table below. Note the City of Kelowna and promotional partners (once they have been identified) will work on marketing and initial communication to potential participants, with support from Climate Smart. However, following this initial contact and introduction, 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:

- make personal invitations to local promotional partners and/or targeted participant leads through their networks (by direct mail/e-mail and/or phone) and help to develop lists of warm leads

Climate Smart will:

- provide the City of Kelowna with an invitation for messaging and marketing communications to aid in the recruitment of businesses
- 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 | 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 (100-150 per workgroup), identify decision-makers and gather contact information (email addresses and phone numbers). | support | support | lead |
| Market the program and create "buzz"; for example: speaking at events, press releases, launch events, e-newsletters, print newsletters, blast emails and newspaper articles/ads. | support | support | lead |
| Personal invitation: invite targeted SMEs by direct email and phone. | support | support | lead |
| Make follow-up calls and develop a list of warm leads from initial personal invitation list. | | support | lead |
| Outreach and direct sales. Talk to prospective participants in further detail on Climate Smart program (i.e., curriculum, online demo of GHG management tool). | | | lead |
| Follow-up with prospective participants; final closing; registration information by email and phone; manage registration and payment collection | | | lead |

Program Completion

A participant 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, participants 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.

Participants leave the Climate Smart program with:

- a completed GHG inventory
- reduction strategies identified for their unique business
- date-stamped electronic Climate Smart seal
- internal GHG-management capacity

Renewal

The first inventory cycle with Climate Smart serves as a "baseline" of the participants' operations. Climate Smart encourages participants 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 participants, 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

Reporting

On program completion, the City of Kelowna will receive a report from Climate Smart containing aggregated annual data for the 10+ Kelowna-based businesses and City of Kelowna suppliers. This report will include 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).



Miscellaneous includes emissions from paper use, landfilled waste, and any other fugitive emissions (e.g. refrigerant leakage).

Climate Smart will also provide year-on-year comparison data for any businesses from previous City of Kelowna groups who have chosen to renew with Climate Smart and who have completed their second-year inventory.

Program Fees and Timeline

NOTE: All fees listed are subject to 12% HST.

PCT-FortisBC program funding is broken down as follows:

| Funder | Funding covers | Total \$ |
|--------------------------------------|----------------|-----------------|
| PCT's Small Business Engagement Fund | 4 groups | \$20,000 |
| FortisBC Electric | 4 groups | \$30,000 |
| City of Kelowna | 1-3 groups* | \$1,500 |
| | Total | \$51,500 |

* minimum 10 Kelowna-based or City supplier businesses across these groups

City of Kelowna will pay **\$1,500** to co-sponsor Kelowna-based training series, and to receive a data report on Kelowna-based or City supplier businesses, following completion of the series. Approximate program dates are listed below.

Participant business also pay program fees. See Appendix for Climate Smart's tiered pricing scheme for businesses.

PROGRAM AND PAYMENT SCHEDULE series start dates are to be confirmed

| | Description | Payment (Date) |
|-------------|---|---|
| 2012 | | |
| Q2 | Initial installment Program co-sponsorship Outreach and recruitment of SMEs | \$1,000 (upon acceptance of this MOU) |
| Q3-Q4 | Training series start Outreach and recruitment of SMEs Delivery of training series | - |
| Q4-Q1 2013 | Training series end (tentative) | - |
| 2013 | | |
| Q1-Q2 | Final program report | \$500 |
| | Total | \$1,500 |

* Note that final program reporting will be contingent on participants completing in a timely fashion. In Climate Smart's experience, businesses take anywhere from 3 to 8 months to complete, with **50% of participants completing the program within ~80 days** following their third training session, and **80% completing 6-7 months after their third session**. Climate Smart will work with hosts to determine a reasonable cut-off date. Further delays can occur: as an example, participants starting in spring sessions whose fiscal year ends in April may choose to wait until early summer to complete their inventories, meaning a delay in final reporting.

Signatures

Signing for the City of Kelowna

name _____
 title _____
 date _____

Signing for Climate Smart Businesses Inc.



name Elizabeth Sheehan
 title President
 date April 17, 2012

Appendix

Climate Smart Tiered Business Fees

Climate Smart charges fees to businesses to participate in the program. These fees are lowered through subsidies provided by host sponsors. These fees are tiered based on the number of full-time equivalents (FTEs) employed by the business.

| Business size based on number of full-time employees (FTEs) | Technical advising | Climate Smart "list price" per business | Business fee with subsidy | Renewal fee |
|--|-----------------------|--|------------------------------|-------------|
| Micro business: 1–5 FTEs | 4 hours | \$1,250 | \$250 | \$250 |
| Small business: 6–25 FTEs | 6 hours | \$1,500 | \$500 | \$500 |
| Medium business: 26–100 FTEs | 8 hours | \$1,750 | \$750 | \$750 |
| Medium-large business: 101–300 FTEs | 10 hours | \$2,000 | \$1,000 | \$1,000 |

NOTE: All fees listed are **subject to 12% HST**.

NOTE: Businesses with more than 300 FTEs have negotiable pricing on a case-by-case basis, depending on the level of technical advising support needed.