

Green Municipal Fund™

Call for Applications:
Energy



Application Guidelines

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The application forms and other documents for the Green Municipal Fund are available in English on the Federation of Canadian Municipalities' Green Municipal Fund website <www.fcm.ca/gmf>.

Les formulaires et autres documents concernant le Fonds municipal vert sont disponibles en français sur le site Web du Fonds municipal vert de la Fédération canadienne des municipalités <www.fcm.ca/fmv>.

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Introduction

1. About the Green Municipal Fund

GMF is a long-term source of financing for municipalities and their partners to develop communities that are more environmentally, socially, and economically sustainable.

The Government of Canada endowed the Federation of Canadian Municipalities (FCM) with \$550 million to establish GMF. This Fund:

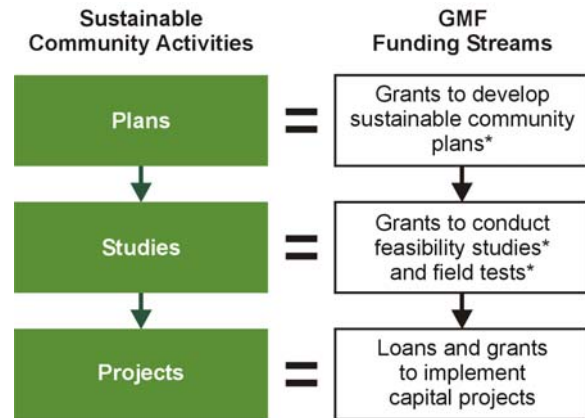
- provides below-market loans and grants to municipalities that deliver leading examples of sustainable development; and
- builds capacity and shares the knowledge and experience gained by municipal leaders through GMF-funded studies and projects.

GMF is managed by FCM and operates at arm's length from the federal government. For more information, see the FCM Green Municipal Fund website at www.fcm.ca/gmf.

2. What Is Eligible for GMF Funding?

GMF has three funding streams that finance three types of sustainable community activities:

Note: GMF invests in the plans, studies, and projects that provide the best examples of municipal leadership in sustainable development and from which other municipalities can learn and apply.



* See the [Glossary](#) for definitions of these terms.

The application forms and Application Guidelines for each funding stream are available on the FCM Green Municipal Fund website at www.fcm.ca/gmf.

3. Funding for Capital Projects

There are specific, targeted calls for applications in each of five sectors every year: brownfields, energy, transportation, waste and water. Potential recipients can apply only in response to specific targeted calls for applications in each sector.

FCM offers below-market GMF loans or below-market loans combined with grants to implement projects that represent the best examples of leadership in sustainable development in each sector, with the exception of the brownfields sector in which only loans are available.

GMF can offer financing for up to 80% of the eligible costs of some capital projects. **Grants are only offered in combination with loans.**

Call for applications: Energy

4. Objective

The objective of the call for applications in the energy sector is to decrease energy consumption in municipal buildings in Canada. FCM will offer GMF loan and grant combinations to support [building retrofits](#) and new building construction that improve energy-efficiency.

To ensure the greatest possible environmental, social, and economic impact, FCM invests GMF loans and grants in the best examples of municipal leadership in sustainable development — examples that can be replicated in other communities.

5. Eligibility

5.1 Who is eligible?

Any [municipal government](#), or municipal utility or corporation wholly owned by a municipal government in Canada may apply for funding under this call for applications.

5.2 What projects are eligible?

Projects eligible for this call for applications fall into two categories: energy efficient building retrofits and energy efficient new building construction. This funding opportunity is restricted to buildings owned but not necessarily operated by eligible applicants.

Projects will not be approved unless they receive a minimum overall score of 60 points out of 100

For energy efficient **building retrofits**:

- Projects must lead to an anticipated reduction in energy consumption of greater than 30 percent compared to [current energy consumption](#) levels.

For energy efficient **new building construction**:

- Projects must show an anticipated reduction in [design energy consumption](#) of greater than of 40 percent compared to the [Model National Energy Code for Buildings \(MNECB\)](#)

AND

- Projects must seek to achieve a minimum [Leadership in Energy and Environmental Design](#) (LEED) Silver certification or equivalent.

5.3 Prerequisites

The following activities must be complete before submitting an application:

For energy efficient **building retrofits**:

- A determination of the current energy consumption (based on the average annual energy consumption (in energy units) over the previous 3 years, normalized for weather variations); and
- A [feasibility study](#) featuring energy modeling or simulation output for comparison of the building retrofit to current energy consumption.

For energy efficient **new building construction**:

- Feasibility study featuring energy modeling or simulation output for comparison of the new building construction to the MNECB.

If these prerequisites have not yet been completed, applicants are not eligible under this call for applications.

6. Funding

6.1 What funding is available for projects?

Projects approved under this call for applications will be eligible to receive funding for up to 80 per cent of the eligible project costs up to a maximum \$4 million loan and \$400,000 grant per project. The value of the grant will not exceed 10 percent of the loan request amount.

Note: FCM reserves the right to adjust the above loan limit.

6.2 What interest rates and terms are available for GMF loans?

For approved municipal governments, GMF interest rates are Government of Canada bond rate for the equivalent term minus 1.5 per cent.

For corporations or utilities wholly owned by a municipal government, interest rates will depend on the credit strength of the borrower but in no case will these rates be lower than the Government of Canada bond rate for the equivalent term minus 1.5%.

Interest rates are set at the time of loan disbursement and will be fixed for a term up to 20 years.

6.3 Which projects are eligible for a grant?

All applicants will be eligible to receive a grant up to a maximum of 5 percent of their requested loan amount.

Applicants that show that the proposed project is supported by a [municipal sustainability plan](#) demonstrating the necessity or importance of the proposed project in furthering the municipality's sustainability goals and score a minimum of 12 points out of 20 in the Other environmental considerations criterion will be eligible for a grant up to a maximum of 10 percent of the requested loan amount. **A grant will only be offered in combination with a loan.**

6.4 Disbursement

All applicants that accept offers of financing will be required to sign funding contracts with FCM. For additional information on the steps following approval, please consult the *Post Approval Process for Capital Projects*, as well as the *Sample Municipal Loan Agreement* documents available from the website of the FCM Green Municipal Fund (www.fcm.ca/gmf).

Loans

Loan funds will be disbursed in one payment at project completion provided that the project is implemented as described in the application to GMF.

Grants

Grant funds will be disbursed after one year of operations and after third party verification of direct environmental results (actual reduction in energy consumption). Refer to section 10.

Projects that fail to achieve the reduction in energy consumption (as forecasted in the application) within one year following project implementation, will have their grant reduced by 50%.

Energy efficient **building retrofit projects** that fail to achieve a **minimum 30 percent** reduction in energy consumption of within one year following project implementation, will not receive any grant.

Energy efficient **new building construction projects** that fail to achieve a **minimum 40 percent** reduction in design energy consumption compared to the MNECB within one year following project implementation, will not receive any grant.

7. Eligible Costs

7.1 What costs are eligible?

The following invoiced costs are eligible for funding. (Eligible project costs incurred on or after the date FCM receives the complete application will become receivable if the application is approved by the FCM Board.)

- a) **Capital costs**, as defined and determined in accordance with Generally Accepted Accounting Principles (GAAP):
 - i. acquiring, developing, constructing, modernizing or leasing systems (equipment, hardware, software, etc.) that are essential for the completion of the project;
 - ii. costs of construction, renovation or modernization of facilities and structures essential for the completion of the project, such as materials and installation costs.
 - iii. Signage costs
- b) **Salaries, professional fees and remuneration:**
 - i. salaries, fees or remuneration paid to professional, technical personnel, consultants and contractors directly involved in the planning, assessment, analysis, design, engineering, manufacturing, construction, monitoring, and

- reporting of the project, but not employed by the applicant;
- ii. salaries, fees or remuneration paid to professional, technical personnel, consultants and contractors directly involved in public education and promotion, survey and web site development and the development of other communication tools, directly related to the implementation of the project, but not employed by the applicant; and
- iii. salaries, fees or remuneration paid directly to employees of the applicant working on the project are eligible up to a maximum of 10 per cent of the total eligible project costs.

7.2 What costs are not eligible?

The following costs are not eligible for funding:

- a) activities related to the project that would be eligible for GMF funding under a sustainable community plan, feasibility study, or field test (refer to the Application Guidelines for Sustainable Community Plans and for Feasibility Studies and Field Tests on the website of the FCM Green Municipal Fund <www.fcm.ca/gmf>)
- b) assessment of the current energy consumption, and modeling or simulation activities associated with determining energy consumption
- c) general overhead costs of the applicant, such as insurance and other operating costs related to general maintenance and repairs in relation to the project
- d) office space for the project
- e) purchase, lease or sale of real property
- f) administrative costs not specifically listed as eligible costs, such as audit fees and legal fees

- g) engineering costs for which grants or contributions are provided by or committed to be provided by any program of the Government of Canada
- h) conference and conference travel
- i) Provincial Sales Tax and the Goods and Services Tax for which the applicant is eligible for a tax rebate and any other costs eligible for rebates
- j) in-kind contributions, except as noted in 7.1 b) iii.

8. Application Assessment

8.1 How are applications assessed?

Applications are assessed by an independent [Peer Review Committee](#) according to the potential for the project to deliver environmental, social and economic benefits within the context of sustainable development.

FCM will offer GMF loans and grants to projects that reflect the very best examples of municipal leadership in sustainable development – projects that have high net environmental impact and that can be replicated in other communities.

Applications will also be assessed on the project management, application quality, public engagement, and municipal council or board of director commitment. In keeping with FCM's goal to share lessons learned from GMF-funded initiatives with other communities, projects will also be assessed on their innovation, potential for replication, and potential for knowledge sharing.

Direct environmental benefits:

The measures of direct environmental benefit for this call for applications will be:

For all projects:

- Where building design also includes renewable energy systems (such as solar, wind, or geothermal) or waste heat recovery, the total thermal and electrical output of these systems will be treated as energy savings for the purpose of determining direct environmental benefits.

For energy efficient building retrofits:

- The forecast reduction in energy consumption compared to the current energy consumption.

For energy efficient new building construction:

- The forecast reduction in design energy consumption compared to performance of the same facility built to the MNECB standard.

Other environmental considerations:

Other environmental considerations for this call for applications will take into account:

- Any negative environmental impacts of the project and their proposed mitigation
- Environmental co-benefits considering air, water, land, biodiversity and the GMF sectors (waste, transportation, brownfields, and water)
- How the project contributes to implementation of existing plans, strategies, programs, policies for sustainability, overall community vision, [sustainable community plan](#)
- Systems approach, which considers the extent to which the project deals with the root causes of the environmental issues, as opposed to “end-of-pipe” solutions that only deal with symptomatic issues

Social benefits may include:

- Protection and improvement of human health
- Improvement to community quality of life

- Community economic development and community revitalization
- Heritage conservation or preservation
- Affordable housing opportunities
- Increased public awareness and understanding of energy issues and options
- Partnerships between two or more municipalities
- Worksheets (templates to be provided by FCM with the Application Form)
- Applications or registrations for green building certification, for example, submissions to the Canadian Green Buildings Council (CAGBC) for LEED (if applicable)

Economic benefits may include:

- Expected operation and maintenance costs, and savings of the project
- Leveraging GMF funding to secure financing from municipal governments and other public sources
- Private sector involvement in municipal environmental projects, including the increased participation of private lenders
- Investment in innovative environmental technologies, practices and processes
- Use of [full-cost accounting](#) and full-cost pricing
- Adoption of cost-effective demand-side management policies and programs
- Improved job retention, increased job creation, and generation of employment income
- Increase in property tax, sales tax and GST

9. Application Requirements

9.1 Required documents

Applicants will be required to submit the following documents with their application:

For all projects:

- Detailed feasibility study featuring energy modeling or simulation output for comparison of the building retrofit to current energy consumption, or of the new building construction to the MNECB
- Detailed architectural design or concept documents for new construction (electronic format preferred)

For municipal applicants:

- Most recent audited financial statements
- Municipal council resolution describing the level of commitment and financial support for the proposed project and GMF application, OR a letter from the chief administrative officer or chief financial officer describing the current status of project approval
- For applicants from a municipal government **outside the Province of Quebec**, evidence of provincial consultation¹ (a template letter will be available from the website of the FCM Green Municipal Fund <www.fcm.ca/gmf>)

For utilities or corporations wholly owned by a municipal government:

- Most recent three years of audited financial statements and, if available, a business plan for the proposed project (note that FCM reserves the right to request further financial information)
- A letter from the chief executive officer or chief financial officer describing the current status of project approval and giving evidence of the board of directors' decision to support the proposed project and GMF application
- For applicants **outside the Province of Quebec**, evidence of provincial consultation² (a template letter will be available from the website of the FCM

¹ Provincial consultation for applicants from municipal governments inside the Province of Quebec is acquired by way of submission to the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire MAMROT.

² Provincial consultation for applicants from inside the Province of Quebec is acquired by way of submission to MAMROT.

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10. Project Reporting

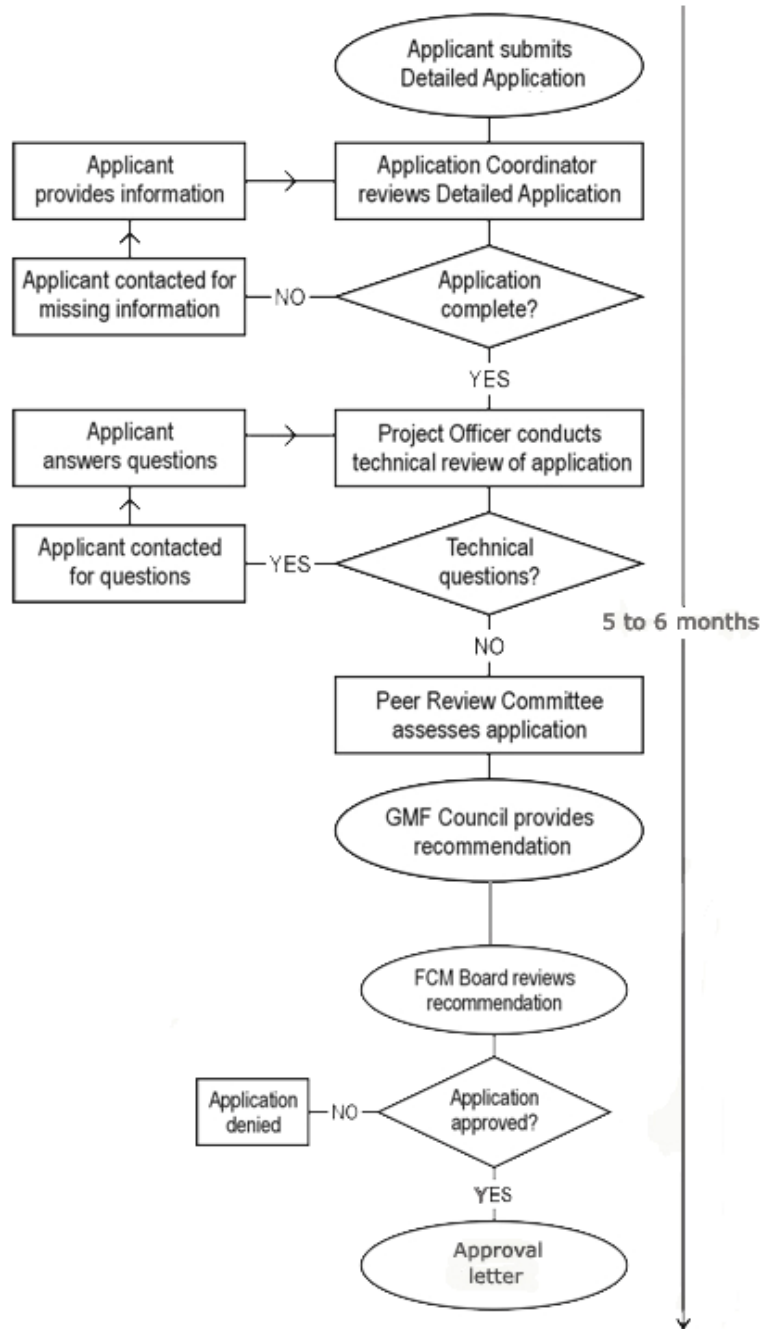
In accordance with the agreement established between FCM and the Government of Canada, all funding recipients must report on the environmental benefits and lessons learned from the implementation of their GMF-funded project.

All approved recipients must comply with the standard GMF project reporting

requirements, which include submitting a Project Completion Report (PCR), and an Environmental Results Report (ERR) which may be prepared by a third party consultant. These reporting requirements are available on the FCM Green Municipal Fund website at <www.fcm.ca/gmf>.

Approved borrowers must also post project signage acknowledging FCM's contribution to the project, following FCM's specifications. The cost for this signage will be considered an eligible cost.

11. Timeline and Next Steps



Glossary

Applicant: The organization that submits the application for GMF funding, manages the project, incurs all expenses, signs the funding contract(s), and requests and receives disbursements. For this call for applications, the applicant must be a [municipal government](#), or a municipal utility or corporation wholly owned by a municipal government in Canada.

Business plan: Must contain an executive summary, the corporate structure of the company undertaking the project, a market overview, technology, financial forecasts (cash flows from the project), and the financial structure of the project.

Current energy consumption: The average annual amount of energy (in energy units) consumed by the properties of the project, over the previous 3 years, normalized for weather variations.

Design energy consumption The anticipated annual energy use for the proposed project, expressed in energy units.

Eligible recipient: any [municipal government](#), or utility or corporation wholly owned by a municipal government.

Feasibility Study: An assessment of the technical and financial feasibility, as well as the environmental, social, and economic impacts of a potential municipal environmental project. A feasibility study typically includes an assessment of the requirements and outcomes of a specific project using verifiable evaluation processes, leading to a recommended course of action. For this funding opportunity, the feasibility shall feature

energy modeling or simulation output for comparison of the building retrofit to current energy consumption, or of the new building construction to the MNECB.

Field Test: An evaluation of the small-scale installation of a potential municipal environmental project under the conditions in which it will operate. A field test evaluates the technical and financial feasibility, as well as the environmental, social, and economic impacts of a new system or technology, using verifiable evaluation processes, to determine the implications of full-scale implementation. The field test is not a demonstration project and it must be reversible.

Full-cost accounting: Takes a similar approach to a life cycle analysis, but the results are expressed in financial terms.

LEED: The Leadership in Energy and Environmental Design (LEED) Canada is a green building rating system for the design, construction, and operation of high performance green buildings. LEED promotes a holistic approach to sustainability by addressing performance in five environmental categories, including Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality. A sixth category, Innovation & Design Process, addresses sustainable building expertise and design measures. LEED provides a framework for measuring and documenting success for every building type and through each phase of a building lifecycle. The first step to LEED certification is project registration early in the development process to ensure the maximum potential for high building performance. To earn

certification, projects must meet certain prerequisites and a minimum number of points (credits) to attain a LEED rating level. Projects are awarded a Certified, Silver, Gold, or Platinum certification based on the performance of the building as determined by the number of credits achieved. LEED certification by the Canadian Green Building Council requires independent verification that a building project meets the stated achievements.

Life cycle analysis: Considers the environmental impacts of the municipal environmental project in combination with upstream and downstream activities (the inputs and processes necessary to operate, and the outputs that result from operating the municipal environmental project). For example, if a process requires the input of material or energy, a life cycle approach would quantify the environmental impacts of creating those materials and consuming energy. Additionally, a life cycle approach would quantify the products or waste generated as outputs from the project.

MNECB: The Model National Energy Code of Canada for Buildings 1997 (MNECB), published by the National Research Council Canada (NRC), is in the form of a model code to permit adoption by provincial and territorial governments. It contains cost-effective minimum requirements for energy efficiency in new buildings as related to building envelopes; lighting; heating, ventilation, and air-conditioning systems; service water heating systems; and electrical and mechanical power. The MNECB considers regional differences and allows for determination of regionally-sensitive requirements, provides energy source adjustment factors, and references energy-efficient equipment standards. Most of the requirements in the MNECB are prescriptive requirements that relate to the building's thermal characteristics and energy conservation measures. These requirements provide the building designer with flexibility to decide how to achieve a

minimum level of energy efficiency. The MNECB also contains a number of mandatory provisions that must be met in all buildings in all circumstances.

Municipal government: the corporation of a region, county, municipality, city, town, village, township, rural municipality or improvement district located within Canada and includes the local board thereof. In the case of an unorganized area or unsurveyed territory located within Canada, a regulatory authority that exercises any power with respect to municipal affairs or municipal needs.

Municipal sustainability plan: a plan demonstrating the necessity or importance of the proposed project in furthering the municipality's sustainable development initiatives and sustainability goals. The areas covered by this plan are energy, water, waste, planning, growth management, infrastructure, sustainable transportation, brownfields, and economic or community development. For example, a sustainable community plan.

Peer Review Committee: The technical advisory group responsible for assessing applications against the rated criteria. It is comprised of independent members with technical or financial expertise, or both, in specific environmental fields.

Building Retrofit: The addition of less than 50% of the building's value in new building materials, building elements, and components not provided in the original building design and construction. If the renovations are worth more than 50% of the building's value and impact the building envelope, it is considered to be a new building.

Sustainable Community Plan: A plan developed through public consultation that identifies a vision and includes environmental, social, and economic goals and targets for the community. The plan also describes the short-, medium- and

long-term strategies for reaching its goals and targets, and integrates all areas of municipal concern, such as energy use, neighbourhood and transportation planning, and waste and water management.