

REPORT

Climate Action, Planning and Development Finance Department

To: Mayor Johnstone and Members of Council
Date: July 10, 2023

From: Jackie Teed
Acting Director of Climate Action,
Planning and Development
File: 09.1742.20

Jaqueline Dairon, Acting CFO/ Director
of Finance
Item #: 2023-485

Subject: Climate Action Decision Making Framework Project Update

RECOMMENDATION

THAT Council receive this report for information.

PURPOSE

The purpose of this report is to provide Council with an update on the Climate Action Decision Making Framework project, including the anticipated project schedule.

SUMMARY

The City has retained KPMG to support the development of a preliminary climate action decision making framework. The framework will aid in climate action project prioritization and allocation of funds from the Climate Action Reserve Fund (CARF) to advance the City towards a zero-carbon future by 2050 in alignment with the CEEP, CEERS and eMobility Strategy. The project budget is \$50,000 and will conclude by December 2023. City staff are working with the consultant on a proposed accelerated schedule to provide a draft preliminary framework in fall of 2023, to allow the Finance Department an opportunity to independently beta-test the draft framework on a small subset of projects within the 2024 budget. The development of the framework will include interdepartmental staff and council workshops to identify qualitative and quantitative metrics and weightings to define the framework assessment criteria.

BACKGROUND

In March 2019, the City of New Westminster became the second municipality in Metro Vancouver to declare a climate emergency.

Since the declaration, the City has developed, and adopted, the following frameworks, strategies and plans to identify actions which the City will undertake to reduce emissions, both corporately and in the community, with the goal of moving New Westminster towards a zero-carbon future by 2050:

- Seven Bold Steps for Climate Action
- Climate Action Budgeting Framework
- Corporate Energy and Emissions Reduction Strategy (CEERS)
- Community Energy and Emissions Plan 2050 (CEEP)
- eMobility Strategy

Through the CEERS, CEEP and eMobility Strategy, 125 actions have been identified as necessary to meeting our climate emergency declaration targets. These actions range from advocacy and policy planning to large capital projects.

Recognizing that the cost of climate action is incrementally higher than business as usual a Climate Action Reserve Fund was established in 2022 (Attachments 1 and 2). That reserve holds climate action related revenues (i.e. Government grants, third party contributions, climate action levy and low carbon fuel credit sales) which are required to be directed to projects which demonstrably advance the City's ability to meet the climate emergency declaration targets.

Using the Climate Action Budgeting Framework, the City's 2023 – 2027 capital plan identifies an excess of \$100M worth of climate action related initiatives, which well exceeds the existing funds within the Climate Action Reserves (\$31.8M as of Dec 31st, 2022).

One identified opportunity from the CEEP, highlighted in the section "Implementation, Monitoring, and Evaluation" advises that:

Action implementation will be informed by the creation of a decision support tool that helps the City prioritize climate action, by considering factors such as cost effectiveness, GHG emission impact, equity, additional community benefits, and opportunities to further reconciliation.

DISCUSSION

The purpose of this work is to develop a Climate Action Decision Making Framework to support the existing Budgeting Framework which guides the City's workplanning and budget process through a climate action lens to advance the City towards a zero-carbon future by 2050 in alignment with the 2023-2026 Strategic Priorities Plan, CEEP, CEERS and eMobility Strategy. The framework will:

- support climate action project prioritization and allocation of funds from the Climate Action Reserve Fund
- support structured decision making using both qualitative and quantitative data to ensure projects support reaching climate action targets, and have equitable outcomes for community
- evaluate projects based on a range of key benefits, including reducing greenhouse gas emissions, reducing energy consumption, increasing climate resilience, addressing risks, supporting positive equity outcomes and improving social and environmental outcomes
- include guidelines regarding data and metric collection, financial modelling, potential revenue generation (i.e. low carbon fuel credits), and reserve spending
- support financial sustainability by maximizing the utilization and benefits of the Climate Action Reserve Fund consistent with the principle use of that fund:

to provide one-time funding for both Capital and Operating investments which accelerate climate mitigation and adaptation projects, actions and initiatives that target energy and greenhouse gas reductions associated with City lands, facilities, or infrastructure (per CEERS), or Community services or infrastructure (per CEEP).

NEXT STEPS

The City has retained KPMG to deliver this project. Although the overall project has a timeline of 6 months (up to December 2023), staff are working with KPMG on a proposed accelerated schedule (Fall 2023) to allow Finance to independently beta-test the framework on a small subset of projects in the 2024 budget.

The project will proceed in three phases:

- Phase 1 - Initiation and Best Practice Benchmarking
 - Review existing internal processes and benchmark against leading best practices
- Phase 2 - Design of Climate Action Decision Making Framework
 - Conduct staff stakeholder (July and August) and council (August) workshops to identify qualitative and quantitative inputs and weightings
 - Define the new assessment criteria and establish an assessment methodology
- Phase 3 - Risk Identification and Reporting
 - Summary of findings, outcomes, risks and assumptions
 - Presentation of fiscal and operating policy considerations and recommendations
 - Framework piloting on selected existing capital projects

After beta-testing the preliminary framework, staff will continue to work interdepartmentally to further refine the framework in preparation to apply it more broadly in the 2025 budget process.

INTERDEPARTMENTAL LIAISON

This project is being led by Climate Action, Planning and Development, in partnership with Finance. The project is supported by all departments across the City as a critical step in applying a climate lens in the budgeting and workplanning processes.

FINANCIAL IMPLICATIONS

To deliver this project, both staff time and capital budget had been allocated in 2023 workplans. The approved budget for this project, from the 2023 capital plan, is \$50,000.

OPTIONS

The following options are presented for Council's consideration:

1. That Council receive this report for information.
2. That Council provide staff with alternative direction.

Staff recommends options 1.

ATTACHMENTS

Attachment 1 – June 27, 2022 Council Report on the Climate Action Reserve Fund

Attachment 2 – Climate Action Reserve Fund Bylaw No. 8321, 2022

APPROVALS

This report was prepared by:

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