



Municipality of the District of Argyle

Item: Water Supply Lending Program & Clean Energy Financing Program (PACE)

Date: February 25, 2020

VISION STATEMENT

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region, and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

MISSION STATEMENT

Argyle will provide affordable traditional municipal services for our citizens. Furthermore, Argyle will provide leadership by being actively engaged with the business community to understand their needs, and facilitate growth. We will create innovative programs to foster growth both for community and industry. We will create an environment where our residents seek our partnership in the projects that matter most, and we will provide the expertise needed to ensure those projects are successful. We seek to support and instill cultural pride and a sense of place in our communities. Our mission is founded on the belief that our community assets are plentiful, none more precious than its people, and that Argyle's assets possess the answers to our most difficult challenges.

Background:

The Water Supply Lending Program began in January of 2017. Due to the uncertainty of the fiscal requirements and a solid understanding of interests from residents, Council decided to trial the program until the fall of 2017. A total of 5 households participated in the program during that time with the total amount borrowed of \$36,500.60.

In September 2018, in response to drought conditions once again, council reinstated the Water Supply Lending Program adding a cap lending amount of \$240,000. An amendment to the by-law was also approved, increasing the interest rate from 3% to 3.5% and adding a deadline of December 31, 2019 (see approved motions enclosed).

At the end of December 2019, the Municipality has provided water supply loans to 22 households with a total principal amount borrowed of \$170,625.67 between the two rounds (see enclosed spreadsheet).

Another similar program also available is the Clean Energy Financing Program (also referred to as Property Assessed Clean Energy "PACE"). This is a program that is administered by Clean Foundation on behalf of municipalities. This program helps a municipality provide low interest financing to qualifying homeowners interested in undertaking clean energy upgrades. Examples of eligible upgrades would be insulation, exterior doors and windows, heat pumps, wood and pellet heating system etc. (a complete list is on page 2 of Clean Energy Financing FAQ enclosed).

Interested homeowners would register with Clean Foundation to participate. A Home Energy Assessment would be scheduled by Clean Foundation. After verifying that their property qualifies, the homeowner would then enter into an agreement with the municipality to complete the clean energy updates.

Once the upgrades are complete, the homeowners repays the municipality the cost of the upgrades, interest and administration fees over time, on their property tax account. The Clean Energy Financing Program offers financing for a period of up to 10 years. The rate is fixed and the municipality will not negotiate. If a homeowner defaults, the interest rate will increase to the municipality's tax arrears rate. Maximum financing amount, interest rate and administration fees to be determined by the municipality.

Attachments/Additional Information:

Masterlist of Applicants – Water Supply Lending Program
By-law 38 – Water Supply Upgrade Lending Program
Water Supply Lending Program – Lending Agreement
Water supply lending agreement – September 11, 2018 approval
Clean Energy Financing FAQ

Costs and Budget Considerations:

As mentioned, the Municipality spent \$170,625.67 of the \$240,000 lending cap. Council must decide if they would like to extend the Water supply lending program.

Council must also decide if they wish to consider a new (to us) financing program - The Clean Energy Financing Program to their residents. There would be a one-time on-boarding fee of \$13,300 to the Municipality. Clean Foundation charges an onboarding fee which covers start-up year costs. These costs and services are limited to the start-up year only and include:

- Pilot meetings: Two in-person meetings at the municipal office. One to agree on the processes for invoicing and sharing program documents as well as reviewing the frequently asked questions. The second one would be to discuss pilot project evaluation at, or near, the pilot project year end.
- Design CEF program for the municipality.
- Create, review and finalize CEF agreement between Clean and the Municipality.
- Consult with municipality regarding program parameters (number of homeowners, loan amount, eligible upgrades, etc.).
- Customization of Customer Agreement, & Registration forms.
- Develop tracking system for participant files.
- Quarterly updates on participant progress.
- Pilot year evaluation will include interviews with participants and municipal administrators and a report of the overall pilot year.

There is funding through the Department of Energy and Mines that the Municipality can apply for to offset this fee, but it is an application so there is no guarantee of obtaining it.

Options for Council to consider: Water lending program

Council may simply extend the date of the policy, and have the policy return to them for further consideration once the \$240,000 lending limit has been reached. From an administrative perspective, this is easier to administer, as we would simply lend to that limit and not be concerned about dates.

Council can also, at this time, extend the lending amount and the deadline. Council can also choose to adjust the date and lending. At this point, since we are still below the threshold established by Council, there is no rush to change the amount.

Council can freeze any further applications: Since the deadline has passed, Council can choose to cease lending for water loans. The water loans generate between 3.5 and 4% interest a year, which is higher than our current rates earned by having the money in our bank account. The difference is marginal, however, at about 1,200\$ per year.

Council considerations – PACE program

There are differences in this lending program compared to the water lending. The administration of the water lending program is done exclusively at Argyle. Since there is an assessment required for PACE, this is handled by the Clean Foundation, for a fee, and the fee may not be recovered through Department of Energy. Thus, the cost to provide this fee may be Argyle's to bear. There are, however, many advantages of this program to our residents.

The PACE program is not the only program out there that assists residents become more energy efficient. There are renewable energy programs out there as well. A more comprehensive search regarding available funding opportunities, along with the benefits would likely uncover more opportunities. This work would fit well with our renewable energy projects in the region, from Net Zero Energy, to solar, to wind – our community and the municipality is invested in renewable energy.

CAO's Recommendation:

Water lending – eliminate the deadline, and keep the lending cap in the policy, thereby allowing staff to continue with this program until the cap is reached.

Recommend that the PACE program be considered in 2020-21 fiscal, along with other programs of this nature executed by municipalities in NS, and that staff be tasked to research this and other initiatives.

Suggested Motion

Move that the water lending policy be extended to an indefinite time, allowing up to \$240,000 in lending to our residents, and that staff amend policy to reflect this decision.

Move that the CAO or his designate lead the research on renewable energy and energy efficiency projects available to Nova Scotians, and that a report be brought to Council recommending projects with the best potential to assist us and our residents.