



COUNCIL – AGENDA REPORT

Meeting Date: 1 October 2024
Subject: CEIP Funding Request
Directorate: Corporate Services and CFO

Issue:

Council is being provided with an outline of the newly approved Clean Energy Improvement Plan (CEIP) funding and is being asked to approve the required draw from operating reserve.

Policy / Council Direction:

As per the Budget Policy, draws from reserves require Council approval.

Background:

The CEIP helps residents invest in energy efficiency and renewable energy upgrades to lower their utility bill, make their property more comfortable and enhance their property value. This program allows homeowners access a low interest program to cover up to 100% of approved project costs. The repayment of the loan is done through their regular property tax bill with terms up to 25 years depending on the estimated useful life of the project.

An application was submitted by the City to the Federation of Canadian Municipalities (FCM) to secure a grant and low interest funding. The application was recently approved by FCM and agreements are currently being drafted. An official public announcement will take place after the agreement is in place. Once announced, further details which will include all the incentives and options related to the program for residents will be released. The City is anticipating the launch of the residential program in early 2025. As per the *Municipal Government Act*, the loan related to CEIP does not affect the provincial debt limits of the municipality.

The funds allocated and required related to the 4-year program are as follows:

Green Municipal Fund Grant	\$2,165,280
Green Municipal Fund Loan	\$4,330,560
City of Airdrie Contribution	\$1,623,968

The funding model provided by FCM includes a grant, a loan and requires a 20% contribution from the municipality. In order to keep the interest rate low to residents, rather than the City borrowing or getting a line of credit to offset the 20%, a draw from the operating reserve is proposed. The loan to the resident (80% from FCM and 20% from the City) would then be repayable to the City at the low interest rate received from FCM (which will be less than 3%).

All funds drawn from the Operating reserve would be replenished and the interest charged on this portion would be considered the lost opportunity on the investment of the reserve. The interest received would be added to revenue within the yearly operating budget. This is to help offset lost interest revenue due to loaning out these funds.

While budgeted revenue and expense amounts will be included in the 2025 budget package, the amount required to be drawn from the operating reserve for this purpose is requested at this time. This is to ensure that everything is set up and approved as the City moves through the agreement process.

Council Committee Routed Through:

N/A

Administration Recommendation:

That Council approves the operating reserve draw for CEIP loan purposes, of \$1,623,968 as required, with repayment of the draw expected as the loan is repaid by homeowners over the term of their CEIP loans.

Alternatives/Implications:

1. Council could choose to open a line of credit and pass on those additional interest costs to the homeowner. This would involve more complicated interest calculations, and therefore more administration time. The interest rate would fluctuate over the term of the homeowner's loan and would cost the homeowner more.
2. Council could choose to pull separate fixed debt to offset the difference, likely involving a higher interest rate that would then be passed onto the homeowner.
3. Council could choose to not contribute the required 20% contribution and therefore, not proceed with the CEIP program.

Budget Implications:

Currently, there are no budget implications to the draw from this reserve for 2024. Grant and expenditure items related to the program will be part of the 2025 budget package.

Communications and Engagement:

A full communications plan will be launched once the agreement is signed, and a public announcement is permitted.

Recommendation:

That Council approves an operating reserve draw for Clean Energy Improvement Plan (CEIP) loan purposes, of \$1,623,968 as required, with repayment of the draw expected as the loan is repaid by homeowners over the term of their CEIP loans.

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Staff Presenter:	Monica Labait
External Presenter:	N/A
Department:	Corporate Services
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Attachments:	#1: AB Munis Fact Sheet