

# **Nechako Environmental Enhancement Fund**

## **Guidelines, Criteria, and Proposal Template**

Address: Box 101, Prince George, BC V2L 4R9  
Phone: 1.250.964.6334  
Fax: 1.888.648.3875  
Website: [www.neef.ca](http://www.neef.ca)  
Email: [administrator@neef.ca](mailto:administrator@neef.ca)

### **1. Background**

As part of an Agreement between the Province of British Columbia and Alcan (BC/Alcan 1997 Agreement) Alcan agreed to establish and to contribute, on a matching dollar basis, up to \$50M to the Nechako Environmental Enhancement Fund (NEEF).

In accordance with Schedule 4 to the BC/Alcan 1997 Agreement, in 1997 the Province of British Columbia and (Rio Tinto) Alcan (“the Parties”) established a Nechako Environmental Enhancement Fund Management Committee (NEEF MC) to review, assess and report on options that may be available for the downstream enhancement of the Nechako watershed area. As detailed in Schedule 4 any decisions of the NEEF MC are binding on the Parties.

For the purpose of identification and examination of options for the use of the fund, between 1999 and 2001 the NEEF MC undertook a lengthy process of consultation and completed a number of technical studies. At the conclusion of their consultations and studies, the NEEF MC decided amongst other things that a Cold Water Release Facility (CWRF) be constructed at Kenney Dam to enable downstream enhancement of the Nechako Watershed (Report of the Nechako Environmental Enhancement Fund Management Committee, June 2001).

Between 2001 and 2011 the NEEF MC continued to function while the Nechako Watershed Council (NWC) assisted by the Nechako Enhancement Society (NES), undertook technical investigations needed to develop the criteria necessary to design, construct, commission and operate a CWRF (Kenney Dam Cold Water Release Facility, 2003-2007 Interim Report, April 2008 and Kenney Dam Cold Water Release Facility, Addendum to April 2008 Interim Report (2008 – 2009), September 2009).

Mindful of the information made available between 2001-2011 regarding the potential benefits and costs of a water release facility, the Province and Rio Tinto Alcan asked the NEEF Management Committee to reconsider previous decisions for use of the fund. Revisiting these decisions encompassed consideration of all options for environmental enhancement including a surface water release facility at Kenney Dam. In its September 2012 report, the NEEF MC identified the following options for use of the fund: support for construction of a Water Release Facility at Kenney Dam, restoration in Cheslatta watershed, support for Nechako White Sturgeon Recovery, restoration in Tributaries, stewardship activities, and integrated Watershed Research. The Fund has been accepting proposals for projects that meet those criteria since 1 October 2012.

## 2. Guiding Principles

NEEF is managed according to the following principles.

### **Openness and Transparency**

The Management Committee seeks public input into the identification, assessment and review of options to enhance the Nechako watershed area. The public process will be carried out in an open and transparent manner.

### **Inclusiveness**

The Management Committee will provide opportunities for input from all interested parties in order to provide an opportunity for diversity of viewpoints.

### **Decision-Making**

Members of the Management Committee will seek to make decisions by consensus. Decisions of the Management Committee will be binding on the parties.

### **Geographic Scope**

The NEEF MC will address matters related to the Nechako watershed area with a focus on the downstream area. This encompasses all tributaries to the Nechako, the reservoir and the river of its confluence with the Fraser River at Prince George.

### **Timeliness**

The Management Committee will complete its work in a timely manner which does not compromise the thoroughness of the public process.

### **Cost-Effectiveness**

The Management Committee will consult in a cost-effective manner in order to minimize costs where possible, without compromising effectiveness. The Committee will build on existing information.

### **Financial Accountability**

The Management Committee will observe sound business practices in the way the fund is managed.

## 3. NEEF Objectives

Since the 1997 Agreement is primarily concerned with water, the intent of the NEEF is on environmental enhancement related to water. The following four objectives were articulated by NEEF MC in 2012 and are consistent with the considerations articulated by the original NEEF MC in 2001. Proposals being submitted to NEEF MC must identify how they support one or more of these objectives as well as which specific Decisions the project supports.

1. Options that are related to changes in flow in the Cheslatta River and Nechako River. This includes changes related to Skins Lake Spillway discharges and changes in flow achieved through other enhancement initiatives;
2. Options that seek to rehabilitate fish habitat and fish populations in the Cheslatta River and Nechako River;

3. Options that promote education and stewardship of water in the Nechako and Cheslatta watersheds; and
4. Options related to improving how water flow regulation decisions are made in consideration of all environmental aspects.

## 5. NEEF MC Decisions

NEEF MC Decisions #3, 4, 5, 6 and 7 are intended to be disbursed in equal annual allocation amounts over the period of time referenced in each of these decisions. In the event that approved budgets are not completely exhausted in the year of allocation the surplus amount may be carried on to the following year. Details regarding multi-year budget allocation and carry-overs will require NEEF MC approval. The establishment of a Legacy Fund (per Decisions 9 and 10) is the responsibility of Rio Tinto Alcan and the Province of BC, should that opportunity be exercised.

### **Decision 1 – Options for Use of NEEF**

“NEEF will be used for a Water Release Facility (WRF) at Kenney Dam as well as additional environmental enhancement options.”

### **Decision 2 – Water Release Facility at Kenney Dam**

“For a period of five years from the date of this Report, up to 80% of the total potential NEEF will be available on a matching fund basis for construction of a Water Release Facility (WRF) at Kenney Dam subject to the following conditions:

1. That the following milestones be met:
  - a. By the end of Year 1 - A proponent is identified and an acceptable Project Description is prepared and submitted to regulatory agencies;
  - b. By the end of Year 2 - An Environmental Assessment has commenced; and,
  - c. By the end of Year 5 – The Environmental Assessment process is complete and construction has commenced.
2. Drawdown of NEEF funds would not begin until after construction has commenced and would continue throughout the construction and commissioning period in accordance with a drawdown plan developed by the Parties; and
3. If after the four year period, support for the remaining necessary funds has not been confirmed, the remaining NEEF will be contributed to a Legacy Fund managed by the Parties and be available for other environmental enhancement options on a matching fund basis.”

### **Decision 3 – Towards a Water Release Facility at Kenney Dam**

“A total of \$1M of the NEEF will be available by way of an annual allocation over a period of four years, on a matching fund basis and in accordance with the procedures outlined in the NEEF Implementation Plan, to facilitate the preparation and completion of an Environmental Assessment of the WRF Option.”

### **Decision 4 – Cheslatta Watershed Restoration**

“A total of \$1M of the NEEF will be available by way of an annual allocation over a period of ten years, on a matching fund basis and in accordance with the NEEF Implementation Plan, in support of Cheslatta Watershed Restoration.”

**Decision 5 – White Sturgeon Conservation Fish Culture Program**

“A total of \$4M of the NEEF will be available by way of an annual allocation over a period of 10 Years, on a matching fund basis and in accordance with the NEEF Implementation Plan, for operation of a Nechako White Sturgeon Conservation Hatchery as directed by the Nechako White Sturgeon Recovery Initiative.”

**Decision 6 – Tributary Watershed Restoration and Stewardship**

“A total of \$2M of the NEEF will be available by way of an annual allocation over a period of ten years, on a matching fund basis and in accordance with the NEEF Implementation Plan, in support of tributary watershed restoration and water stewardship.”

**Decision 7 – Integrated Watershed Research**

“A total of \$1M of the NEEF will be available by way of an annual allocation over a period of ten years, on a matching fund basis and in accordance with the NEEF Implementation Plan, in support of integrated watershed research.”

**Decision 8 – Legacy Fund**

“In the event that any of the conditions attached to funds allocated for the construction of a Water Release Facility at Kenney Dam (Decision 2) are not met, and upon a Legacy Fund and management procedures having been established by the Parties to the 1997 Agreement, the remaining NEEF will be contributed to a Legacy Fund managed by the Parties and available for environmental enhancement options on a matching fund basis and in accordance with the following condition:

1. By year five, within the context of the four stated NEEF Objectives and consistent with established management procedures, the Parties will determine the scope of enhancement options eligible to receive interest from the legacy fund.” Year 1 is defined as 1 October 2012 to 31 Dec 2013. Subsequent years follow the calendar year.

**Decision 9 – Uncommitted NEEF**

“If the conditions of decision 2 are not met and if after five additional years a Legacy Fund has not been established due to a lack of matching funds, the Parties to the 1997 Agreement will determine the scope of options eligible to receive the remaining uncommitted NEEF.”

**Decision 10 – Accountability for Implementation of the NEEF**

“For as long as funds remain within the NEEF, the NEEF MC must continue to function and be accountable for implementation of enhancement options (approving work plans, managing dollars, auditing fund use, etc.)”

## 6. NEEF Criteria

NEEF supports projects that address one or more of the objectives of the fund and support a specific Decision. Please keep the following criteria in mind when writing your proposal.

**Priority will be given to projects that:**

- Fit in the context of local and regional environmental plans.
- Lead to long-term sustainable improvement in the environment.
- Have community buy-in, demonstrated by support letters and donations from local government and other organizations within the local community.
- Have benefits continuing after the funding is invested and the project complete.

### **Costs eligible for NEEF funding**

The fund will not normally cover more than 50% of project costs.<sup>1</sup> In-kind donations are acceptable at market rates and must be verifiable and documented by written commitments or quotes from donors, where appropriate. Grants can be used towards:

- Contracted goods and services.
- Capital costs, materials and supplies, excluding the costs of land.
- Incremental labour (wages plus employer costs) and related costs such as supervision, travel, training and skill development.
- Rent or lease of facilities and equipment dedicated to the project.
- Specific administrative costs to a maximum of 10% of grant request.
- In-kind contribution will be matched to a maximum of 25 percent of the project total cost.

### **Ineligible projects and costs**

- Funds cannot be used to subsidize or compete with private enterprise.
- Funds cannot be used to pay wages of employees doing their regular jobs.
- Requests will not be approved if funding is normally available from other sources.
- Funds cannot be used to pay GST.
- Funds cannot be used to pay for any costs incurred prior to a project's start date.

### **In-kind Contributions**

Both volunteer labour and equipment are eligible for matching NEEF funds up to a maximum of 25 percent of the total annual value of the project. As one example, a project budget could be dependent on 25 percent in-kind, 25 percent cash from other sources, and 50 percent funding from NEEF.

In-kind contributions will be valued as follows:

- Volunteer labour will be valued at minimum wage which is currently \$10.25/hour.
- Professional services will be valued at fair market rates, or as approved by the MC when developing the contribution agreement.
- Actual salary costs for staff directly engaged in the project may be eligible where they are incremental, and will be reviewed on a case by case basis.
- Equipment rates will be based on the fair market value of the equipment at the time of the proposal. The NEEF MC may require documentation from a certified appraiser confirming the value of assets.

Cash and in-kind funding expended prior to a project start date will not be eligible.

## **7. Application Review and Assessment Process**

NEEF is governed by the NEEF Management Committee. It is the Management Committee's responsibility to review proposals and decide whether or not to provide funding for projects. The Project Administrator or Management Committee may seek the advice of outside experts.

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<sup>1</sup> Note: Ineligible costs cannot be used to leverage NEEF funds.

The NEEF MC welcomes feedback ongoing, and stakeholders are encouraged to forward comments to the Project Administrator or the NEEF MC Chair.

**Step 1:** Phone or Email the Project Administrator to verify the eligibility of your project and to discuss timelines for submitting your proposal. If your project is eligible, you will be invited to submit a proposal. Invitation to submit is not approval.

**Step 2:** Prepare Your Proposal. Use the outline on the next page as a guide. If needed, ask the Project Administrator for assistance.

**Step 3:** Submit Your Proposal. Send your proposal to NEEF electronically if possible (administrator@neef.ca), or by Canada Post or Greyhound. Please do not use couriers and do not bind your proposal. The Project Administrator will review your application and ask for additional information until it is complete. Once your proposal is complete, the Project Administrator will evaluate it and present it to the NEEF MC. The Project Administrator will confirm receiving your application. If you don't get a "received" message within two working days after submitting your application, please follow up with the Project Administrator to ensure that NEEF received it.

**Step 4:** NEEF MC Decision. The NEEF MC will review your completed proposal and make a decision. Your proposal will be assessed according to the following criteria:

- Adherence to the principles and requirements of Schedule 4 of the BC/Alan 1997 Agreement;
- Consistency with the objectives and priorities articulated in NEEF Guidelines, and completeness of your proposal (outline and checklist on following pages);
- Environmental enhancement benefits to the Nechako Watershed in proportion to the size of the request;
- A detailed project budget which clarifies which amounts are confirmed, which are for, and supporting documentation;
- Clear identification of contributing funds, partners, and personnel;
- Logical work plan, timelines and evaluation framework; and
- Experience and capability of the applicant to undertake the project.

**Step 5:** Approval or Decline Letter. Once the NEEF Management Committee reaches a decision, the NEEF Chair will issue an approval or decline letter within five working days. If approved, the Project Administrator will contact you to discuss conditions of funding and negotiate the terms of a contribution agreement.

**Step 6:** Agreement Development. Once an agreement has been signed by both parties, the project can commence and the NEEF funds will be dispersed according to the payment schedule in the agreement. The agreement will include a timetable for grant payments and progress reports, methods for publicly recognizing NEEF for the grant, and methods for evaluating the project.

Projects that run multiple years or proponents requesting funds in sequential years will not be awarded new funds in the second year if the funds in the first year have not been expended. For clarity, project funds cannot be accumulated over sequential years, funds must be spent as proposed.