

# Nechako Environmental Enhancement Fund

## Guidelines, Criteria, and Proposal Template

Phone: 1.250.964.6334  
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.

In 2015 the Management Committee formed the NEEF Society to administer the projects and funds as directed by the NEEF Management Committee.

## 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 – Amendment to the 2012 Decisions**

### ***Amended Decisions for Use of the Fund***

The NEEF MC continues to support the four objectives identified for the fund and will assess all future project proposals against those objectives. As such, the NEEF MC believes the funds should be invested in ways that support on-going environmental enhancement, research and stewardship activities directly linked to the river environment. The NEEF MC continues to believe that a water release facility at Kenney Dam would benefit the downstream environment.

These new decisions are intended to facilitate access to funds for potential projects, including work toward a construction of a water release facility at Kenney Dam. NEEF MC will consider multi-year proposals to a maximum of four year duration. NEEF MC will consider multi-year proposals greater than 4 years in duration if both parties to the 1997 Agreement provide written support for the proposal. Given that there is a potential for a major project, such as construction of a water release facility at Kenny Dam, NEEF MC will also consider allocation of the majority of the remaining uncommitted funds to a single project, at the request of the parties.

#### **5.1 Decision 1 (new, not linked to 2012 report decisions)**

##### **Duration of Funding Availability**

NEEF MC recognizes that, in any given year, the total annual allocation in any category might not be expended. Any unspent funds can be used to extend the duration of funding availability rather than to increase the amount of funds available in a subsequent year. The annual allocations identified will be kept in place until the year 2050, or longer. This will encourage development of long-term sustainable initiatives.

## **5.2 Decision 2 (expands 2012 Report Decision 4)**

### **Cheslatta Watershed Restoration & Stewardship**

Expand the availability of funds from NEEF to \$200,000 per year until the year 2050, a total of \$7,400,000, in support of environmental restoration and stewardship of the Cheslatta Watershed.

Funds available under this decision can be applied to any physical works, studies, planning or other activities that can be shown to be directly linked to enhancing the downstream environment in the Cheslatta watershed.

## **5.3 Decision 3 (expands and combines 2012 Report Decisions 5 and 6)**

### **Nechako Watershed Restoration & Stewardship**

Expand the availability of funds from NEEF to \$850,000 per year until the year 2050, a total of \$27,000,000, in support of environmental restoration and stewardship of the Nechako Watershed.

All aspects of environmental enhancement, conservation and stewardship activities can be considered under this single funding envelope. As such, NEEF dollars will be available for sturgeon recovery, as well as other activities directed at other species or general environmental health.

## **5.4 Decision 4 (Expands 2012 Report Decision 7)**

### **Post-Secondary Research**

Expand the availability of funds for post-secondary research from NEEF to \$200,000 per year from 2019 to 2050, a total of \$6,400,000.

It is not possible to imagine what specific environmental issues will arise over the course of time, in particular in the context of climate change. The ability to identify, assess the impacts of and respond to changes is important for managing our future. This decision expands the scope of potential research to include any research that meets the objectives of the fund.

## **5.5 Decision 5 (new, not linked to 2012 Report Decisions)**

### **Administration of the NEEF**

The NEEF Society was founded in 2015 to facilitate the administration of contracts with project proponents. This provides the financial and management controls required for responsible management of the fund. A total of \$1,895,944 will be allocated for the continued administration of the fund. This represents a total of 4.4% of the total remaining fund value.

## **6.0 Summary**

The purpose of this report is to provide the Parties to the BC/Alcan 1997 Agreement with NEEF Management Committee's Decisions for allocating the remaining funds.

With the above Decisions, NEEF MC intends to provide an inclusive funding strategy, from 2019 to 2050, that builds on past successes and enables NEEF MC and the parties to the agreement to respond to Nechako water stewardship-related challenges into the future.

## **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 10percent of grant request.
- In-kind contribution will be matched to a maximum of 25 percent of the project total cost.

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

### **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 \$15.65/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 MC manages the fund on behalf of Rio Tinto and the Province of BC. NEEF projects and funds are directed and administered by the NEEF Society. The NEEF Society is responsible for reviewing proposals and making decisions on which projects to fund. The advice of outside experts may be sought.

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

**Step 1:** Phone or Email the 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 Administrator for assistance.

**Step 3:** Submit Your Proposal. Send your proposal to NEEF electronically. ([administrator@neef.ca](mailto:administrator@neef.ca)) The Administrator will review your application and ask for additional information until it is complete. Once your proposal is complete, the Administrator will evaluate it and present it to the NEEF MC. The Administrator will

confirm receiving your application. If you do not get a “received” message within two working days after submitting your application, please follow up with the Administrator to ensure that NEEF received it.

**Step 4: NEEF MC Decision.** The NEEF Society 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 NEEF 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.

There is a minimum wait time of one year between the completion of a NEEF funded project and eligibility of the proponent to apply for subsequent NEEF funds for a continuation or subsequent phase of the same project. NEEF Directors will consider mitigating circumstances and may at its discretion accept an application prior to the one year wait time.