

**ITEM 2. GRANTS AND SPONSORSHIP - ROUND ONE 2017/18 - ENVIRONMENT GRANTS - ENVIRONMENTAL PERFORMANCE GRANTS: BUILDING OPERATIONS, RATINGS AND ASSESSMENTS AND INNOVATION**

**FILE NO: S117676**

**SUMMARY**

The City of Sydney's Grants and Sponsorship Program supports initiatives and projects that build the social, cultural, environmental and economic life of the city. To achieve the objectives of *Sustainable Sydney 2030* requires genuine partnership between government, business and the community.

The provision of grants and sponsorships is a mechanism to further the aims identified in the City's social, economic and environmental policies. Applications are assessed against these policies and against broad City objectives and plans. In this way, the City and the community act collaboratively to bring to life *Sustainable Sydney 2030* and the City of Villages it envisions.

The City advertised the following three environmental grant programs in Round One of the annual grants and sponsorship program for 2017/18:

- Environmental Performance - Building Operations: funding is available to help lower the costs of implementing building operations efficiency measures;
- Environmental Performance - Ratings and Assessments: funding is available to undertake building performance ratings and certifications, energy audits and assessments to enable a building or facility owner to understand their opportunities to improve environmental performance; and
- Environmental Performance – Innovation: funding is available for the demonstration of new technologies or processes that are currently not being implemented in the local market, but have the potential to achieve greenhouse gas emissions reductions and resource efficiencies that could be rolled out at scale within the local area.

For the Environmental Performance Grants, 18 eligible applications were received. This report recommends a total of 16 grants to a value of \$114,223 for the 2017/18 financial year.

On 15 September 2014, Council adopted a revised Grants and Sponsorship Policy. All grants in this report were assessed against criteria and guidelines set in this revised Policy with reference to *Sustainable Sydney 2030*, *Environmental Action 2016-2021 Strategy and Action Plan*, and *Residential Apartments Sustainability Plan*.

All grant recipients will be required to sign a contract, meet specific performance outcomes and acquit their grant.

All figures in this report exclude GST.

**RECOMMENDATION**

It is resolved that:

- (A) Council approve the cash grant recommendations for 2017/18 under the Environmental Performance – Building Operations Grant Program as follows:

| Applicant                   | Project Name   | Project Description  | \$ Amount Recommended | Conditions   |
|-----------------------------|--|--|-----------------------|--|
| Adfa Jamison Pty Limited    | Cooling Tower sub-metering - Amora Hotel, 11 Jamison Street Sydney | Cooling tower water sub-metering in a hotel building to better manage building performance and water efficiency.                 | \$2,220               | Applicant to provide Work Health and Safety Plan               |
| Ep Managemet Pty Ltd        | Cooling Tower sub-metering - Swissotel - 68 Market Street Sydney   | Cooling tower water sub-metering in a hotel building to better manage building performance and water efficiency.                 | \$4,673               | Applicant to provide two additional quotes with cost breakdown |
| Owners Corporation SP 72673 | Water monitoring - 107-121 Quay Street Sydney                      | A water monitoring project in an apartment building to track consumption and identify opportunities to reduce water consumption. | \$3,800               | Nil  |
| Props Strata Plan No 18530  | Water monitoring - Wentworth Towers, 17-25 Wentworth Avenue Sydney | A water monitoring project in an apartment building to track consumption and identify opportunities to reduce water consumption. | \$3,650               | Nil  |

| Applicant         | Project Name                                   | Project Description  | \$ Amount Recommended | Conditions |
|-------------------|--|--|-----------------------|------------|
| Strata Plan 60040 | Water monitoring - 45-55 Harris Street Pyrmont | A water monitoring project in an apartment building to track consumption and identify opportunities to reduce water consumption. | \$3,300               | Nil        |

(B) Council approve the cash grant recommendations for 2017/18 under the Environmental Performance – Ratings and Assessment Grant Program as follows:

| Applicant          | Project Name   | Project Description  | \$ Amount Recommended | Conditions |
|--------------------|--|--|-----------------------|------------|
| Birtley Towers Ltd | Energy assessment-residential apartments - Birtley Towers, 8 Birtley Place Elizabeth Bay | A detailed on-site energy audit to identify how and where there are potential energy efficiencies (known as a level 2 energy audit) for common areas and central building services including hot water system. | \$3,865               | Nil        |

| Applicant                   | Project Name   | Project Description   | \$ Amount Recommended | Conditions                           |
|-----------------------------|--|---|-----------------------|--------------------------------------|
| Lilyvale Hotel Pty. Ltd.    | NABERS energy and water rating - Shangri-La Hotel, 176 Cumberland Street Sydney              | A NABERS energy and water rating assessment including the evaluation of efficiency options such as variable speed drives on air handling units, insulation of water piping, and an assessment of options to replace equipment which is at nearing the end of its functional life. | \$10,000              | Nil                                  |
| Owners Corporation SP 72673 | Energy and water assessment - residential apartments - 107-121 Quay Street Sydney            | An energy and water assessment to establish baseline levels and develop a costed action plan that prioritises opportunities for efficiency improvements.  | \$7,400               | Applicant to submit a revised budget |
| Props Strata Plan No 18530  | Energy assessment - residential apartments - Wentworth Towers, 27-33 Wentworth Avenue Sydney | An energy efficiency and lighting upgrade assessment for the strata building's common area.   | \$5,650               | Nil                                  |
| Strata Plan 70294           | Energy assessment - residential apartments - 4 Alexandra Drive Camperdown                    | An energy assessment to analyse and provide costed options to reduce significant consumption.   | \$6,400               | Nil                                  |

| Applicant            | Project Name   | Project Description  | \$ Amount Recommended | Conditions  |
|----------------------|--|--|-----------------------|---|
| Strata Plan 70999    | Energy and water assessment - residential apartments - 23 Gadigal Avenue Zetland                   | A review of current energy and water consumption to guide cost saving and efficiency measures. Includes assessment of solar hot water and solar electricity opportunities. | \$5,250               | Funding to go towards energy audit components of application    |
| Strata Plan 73333    | Energy assessment - residential apartments - Glo Apartments, 16-20 Eve Street Erskineville         | A common property energy assessment to establish a baseline and develop a costed action plan to improve efficiency and lower emissions.                                    | \$5,650               | Nil   |
| Strata Plan No 70871 | Energy and water assessment- residential apartments - Regent Hall, 49-51 Regent Street Chippendale | A water efficiency assessment and energy audit to establish consumption patterns and practices to inform efficiency actions.   | \$8,115               | Applicant to provide a minuted resolution from Strata Committee |

| Applicant             | Project Name   | Project Description   | \$ Amount Recommended | Conditions   |
|-----------------------|--|---|-----------------------|--|
| Strata Plan No. 65151 | Energy assessment-residential apartments - The Galleria, 27-51 Palmer Street Woolloomooloo | An energy assessment of solar thermal hot water, electric heat pump, solar photovoltaic, electric heat pump and solar photovoltaic and air conditioning to optimise systems and guide strata committees in efficiency improvements. | \$4,250               | Funding to go towards Solar Photovoltaic Feasibility, Electric Heat Pump, Solar Photovoltaic Feasibility and Air Conditioning Retrofit Feasibility |

(C) Council approve the cash grant recommendations for 2017/18 under the Environmental Performance – Innovation Grant Program as follows:

| Applicant                   | Project Name  | Project Description  | \$ Amount Recommended | Conditions   |
|-----------------------------|---|--|-----------------------|--|
| Owners Corporation SP 77684 | Heat Pump and Solar Photovoltaic for strata hot water systems | A demonstration project switching a strata apartment common hot water system to a combination of electric heat pump and solar photovoltaic to reduce operating costs and carbon emissions. | \$20,000              | Applicant to provide three quotes for works and justification of preferred contractor. A component of funding (\$5,000) be contingent on the use of natural refrigerant with low global warming potential (GWP) Applicant to work with Sustainability team regarding heat pump requirement |

| Applicant         | Project Name   | Project Description  | \$ Amount Recommended | Conditions   |
|-------------------|--|--|-----------------------|--|
| Strata Plan 61131 | Heat Pump and Solar Photovoltaic for strata pool/spa heating | A demonstration project to switch pool/spa heating in an apartment building to a combination of heat pumps and solar photovoltaics to lower costs and emissions. | \$20,000              | Applicant to provide three quotes for works and justification of preferred contractor.<br>A component of funding (\$5,000) be contingent on the use of natural refrigerant with low global warming potential (GWP)<br>Applicant to work with Sustainability team regarding heat pump requirement |

- (D) Council note that all grant amounts are exclusive of GST; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with any organisation approved for a grant or sponsorship under terms consistent with this resolution and the Grants and Sponsorship Policy.

## ATTACHMENTS

**Attachment A:** Recommended 2017/18 Environmental Performance Grants

**Attachment B:** Not Recommended 2017/18 Environmental Performance Grants

**BACKGROUND**

1. The City of Sydney's Grants and Sponsorship Program supports residents, businesses and not-for-profit organisations to undertake initiatives and projects that build the social, cultural, environmental and economic life of the city.
2. On 8 February 2017 the City announced Round One of the annual grants program for 2017/18 as being open for applications on the City's website, with grant applications closing on 13 March 2017.
3. The three environmental programs promoted were:
  - (a) Environmental Performance – Building Operations;
  - (b) Environmental Performance – Ratings and Assessments; and
  - (c) Environmental Performance – Innovation.
4. Information about these grant programs (such as application dates, guidelines, eligibility criteria and sample applications) was made available on the City's website. The City actively promoted the programs through radio live reads, Facebook, Twitter, Instagram, What's On and the Multicultural NSW mailing list as well as the City's Green Villages and Creative City websites. Email campaigns were also utilised to target interested parties who have applied previously for grants at the City or who have expressed an interest in the City's programs. The Sustainability Programs and Strategy teams also promoted the grants to peak industry organisations, networks and stakeholders.
5. The three environmental performance grant programs aim to build capacity and address barriers to the implementation of environmental actions within key customer sectors.

**Environmental Performance - Building Operations Grant Program**

6. The Environmental Performance - Building Operations Grant Program aims to improve the environmental performance of buildings by lowering the costs and mitigating the barriers of implementing building efficiency measures, such as water monitoring in residential apartments.
7. Five applications have been assessed and are recommended for funding to a value of \$17,643 for water monitoring equipment to be installed at three residential apartment buildings in central Sydney and Pyrmont, and two hotel buildings in central Sydney. Water monitoring will provide timely information to strata and facility managers to assist them to reduce potable water consumption through the better tracking of water consumption and management of leaks.

**Environmental Performance - Ratings and Assessments Grant Program**

8. The Environmental Performance - Ratings and Assessments Grant Program aims to address barriers to the uptake of building performance ratings and assessments across energy, water, waste and other sustainability aspects. Ratings and assessments enable a building owner or facility manager to understand their building's environmental performance and to identify efficiency opportunities.



9. Ten applications have been assessed and 9 are recommended for funding to a value of \$56,580 for energy and water assessments at eight residential buildings across the suburbs of Erskineville, Elizabeth Bay, Surry Hills, Woolloomooloo, Camperdown, Zetland, Chippendale, central Sydney and a NABERS energy and water rating at a hotel building in central Sydney. Applicants are required to implement efficiency measures based on the recommendations of the assessments.

### **Environmental Performance – Innovation Grant Program**

10. The Environmental Performance – Innovation Grant Program supports the demonstration of new technologies or processes that are currently not being implemented in the local market, but have the potential to achieve greenhouse gas emissions reductions and resource efficiencies that could be rolled out at scale within the City of Sydney local government area.
11. Three applications have been assessed and 2 applications are recommended for funding to a total value of \$40,000. Both projects combine a heat pump with a solar photovoltaic system to heat water for common area facilities in apartment buildings.
12. Heat pumps are very energy efficient. However they run off electricity and due to the higher carbon emissions intensity of the electricity in the local government area, switching to a heat pump from gas does not in itself lead to significant emissions savings. Only when combined with a renewable energy source such as solar photovoltaic technology is this achieved.
13. Both projects fulfil the Innovation Grant Program's explicit purpose to support new processes that are not currently being implemented in the local market but have potential to achieve greenhouse gas emissions reductions that could be rolled out at scale in the local area. Both buildings have applied for some financial assistance to implement this opportunity due to the high capital cost and payback period for the technology. In exchange they will supply data and information for case studies to demonstrate to other buildings the benefits of installing this technology upgrade.
14. The City has set a target in its Residential Apartments Sustainability Plan to reduce apartment sector greenhouse gas emissions by 40 per cent by 2030. Water heating for domestic use and common area pool and spa heating represents a significant proportion of energy use in apartment buildings.
15. The assessment panel unanimously recommended both projects and added a funding condition that some budget be allocated to prioritise use of a natural refrigerant which has low carbon impact - an additional innovative solution for strata buildings seeking to reduce their environmental impact. The panel agreed that these two demonstration projects were sufficient to showcase the benefits of heat pump/solar photovoltaics. Below is a summary of each project and its benefits to the City.

### **Strata Plan 61131 – Combined heat pump and solar photovoltaic system for pool and spa water heating**

16. Palladium Apartments, a strata building of approximately 900 residents, wishes to replace their existing gas powered pool and spa water heater with the combined heat pump and solar photovoltaic solution.

17. In this scenario, simply replacing the gas water heater with a heat pump would achieve emissions savings of approximately 6 tonnes of CO<sub>2</sub>-equivalent per annum. Combining heat pump technology with a solar photovoltaic system will increase emissions savings to an estimated 43 tonnes of CO<sub>2</sub>-equivalent per annum as well as deliver longer term cost savings to the building occupants.

**Owners Corporation SP77684 - Combined heat pump and solar photovoltaic system for central hot water system**

18. The Owners Corporation for Strata Plan SP77684 wishes to retrofit the building's existing central gas powered hot water system with the combined heat pump and solar photovoltaic solution.
19. In this scenario the project is estimated to achieve emissions reductions of 29 tonnes of CO<sub>2</sub> equivalent per annum as well as deliver longer term cost savings to the building occupants.
20. The assessment panels for applications received under the Environmental Performance Grants Program comprised the City's Manager Carbon Strategy, Commercial Manager Green Infrastructure, Sustainability Engagement Manager – Commercial Office, Sustainability Engagement Manager – Residential Apartments, and Sustainability Engagement Coordinators for residential and non-office business teams.

**Overview of 2017/18 Environmental Performance Grant Program**

|  |                  |
|--|------------------|
| Total draft budget for 2017/18   | \$615,000        |
| Total already committed<br>(approved in 2016/17)   | \$22,000         |
| Total currently recommended to June 2017 Council meeting in<br>report: <i>Knowledge Exchange Sponsorship - Environmental<br/>Action 2016-2021 Strategy And Action Plan Initiatives</i> | \$78,300         |
| Total amount available for 2017/18   | \$514,700        |
| Total number of eligible applications this allocation  | 18               |
| Total cash value requested from applications   | \$241,773        |
| <b>Total number of applications recommended for cash</b>   | <b>16</b>        |
| <b>Total amount of cash funding recommended 2017/18</b>  | <b>\$114,223</b> |
| Amount remaining for subsequent allocation of the program<br>2017/18   | \$400,477        |

**KEY IMPLICATIONS****Strategic Alignment – Sustainable Sydney 2030**

21. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This sponsorship is aligned with the following *Sustainable Sydney 2030* strategic directions and objectives:
22. Direction 2 - provides a road map for the City to become a leading environmental performer – the grant projects recommended in this report will support the City's endeavours to work with our business and residential communities to reduce greenhouse emissions, potable water use and encourage diversion of waste from landfill across the local government area.

**Organisational Impact**

23. The grants and sponsorships contract management process will involve staff in the City's grants and sustainability teams to set contract conditions and performance measures for each approved project and review project acquittals.

**Environmental**

24. The recommended environmental grants under the Building Operations and Ratings and Assessments Programs will provide energy and water savings as a result of improved monitoring and applicants implementing efficiency measures as a condition of the grants. The innovation projects are aimed at providing a catalyst for the adoption of new solutions that improve environmental performance across our key Residential Apartments sector.

**BUDGET IMPLICATIONS**

25. A total value of \$114,223 in cash is recommended in this report and is provided in the proposed draft 2017/18 Environmental Performance Grants budget of \$615,000.

**RELEVANT LEGISLATION**

26. Section 356 of the *Local Government Act 1993*. Section 356(3)(a) to (d) is satisfied for the purpose of providing grant funding to for-profit organisations.

**CRITICAL DATES / TIME FRAMES**

27. The funding period for Round One of the grants and sponsorship annual program for 2017/18 is for activity taking place from 1 August 2017 to 31 July 2018. Contracts will be developed for all successful applications after Council approval to ensure their funding is released in time for projects starting in August.

**PUBLIC CONSULTATION**

28. For all programs open to application in Round One of the annual grants and sponsorship program for 2017/18, two Q&A sessions were held in Town Hall House to assist potential applicants with their applications on the following dates:
  - (a) Wednesday 15 February 2017 at 4pm–6.30pm; and
  - (b) Tuesday 28 February 2017 at 4pm–7pm.
29. Sixty-five meetings were held across the two Q&A sessions where prospective applications sought advice from City staff about their project proposals and the application process.
30. Seventy-five per cent of these attendees advised they had not applied for a City of Sydney grant previously.

**ANN HOBAN**

Director City Life

Jeremy Kelshaw, Acting Grants Manager