

**PROPOSAL:**

**PROVIDING THIRD PARTY ADMINISTRATION  
SERVICES FOR SOUTH GIPPSLAND SHIRE**

Prepared by Sustainable Melbourne Fund, 6 October 2016

Document Name: SMF - Third Party Administration Proposal South Gippsland Shire

## PROPOSAL AND OVERVIEW

Sustainable Melbourne Fund (SMF) has been invited by South Gippsland Shire to act as Third Party Administrator (TPA) to co-deliver EUAs for commercial and industrial properties within the Council.

Under the TPA contract SMF will perform the tasks outlined in this document to ensure Environmental Upgrade Agreements (EUAs) are able to be offered in South Gippsland Shire and that projects financed via EUA secured finance adhere to the *Local Government Act (Vic) 1989*.

An EUA is an agreement between a property owner, a bank and local government that facilitates a building upgrade to improve energy efficiency. EUAs allow for the tenants and building owners of commercial and industrial property to collaborate on energy, water and waste projects that will reduce the impact to the environment and reduce operating costs. Unlike other alternative finance options, EUAs allow tenants to contribute financially to the project where it makes sense to do so and help shape the project to best suit their needs. Importantly, EUA finance also offers 100% project finance, very competitive interest rates and long term finance.

## ABOUT SUSTAINABLE MELBOURNE FUND

SMF was established by Melbourne City Council in 2002 to support Council's environmental objectives through strategic investment in external entities. Control of the trust is vested in the trustees acting together as a board of trustees in accordance with the Trust Deed. The *Local Government Legislation Amendment (Environmental Upgrade Agreements) Act 2015* amended the *Local Government Act 1989* to enable Councils, including the City of Melbourne, to enter into environmental upgrade agreements.

SMF designed and implemented the EUA program for the City of Melbourne, the first Australian municipality to offer EUAs. SMF are now the TPA for the EUA program, engaging actively with the finance and property sectors as a trusted intermediary for building owners.

SMF has developed and delivered a range of workshops, briefings and financing services to help property owners become more sustainable. Building owners who have executed EUAs have reduced their carbon footprint by 6,365tCO<sub>2</sub>-e per year, as well as continuing to make ongoing savings in a future with higher energy and water costs.

## ESTABLISHMENT OF THE EUA PROGRAM

SMF will work with the Council's teams to set up the processes to successfully execute an EUA. These processes will be supported using the pre-existing material owned by SMF and provided as part of the Third Party Administration services for the duration of the contract between South Gippsland Shire and SMF:

#	Document name	Used by
<b>COUNCIL DOCUMENTS USED BEFORE EUAs ARE OFFERED</b>		
1.	Instrument of Delegation to CEO	Council
<b>APPLICATION DOCUMENTS GIVEN TO CLIENT (BUILDING OWNER)</b>		
2.	EUA Application Form	Building Owner
3.	Building Owner Statutory Declaration	Building Owner
4.	Building Owner Representations - Occupier Consent	Building Owner
5.	Occupier Confirmation of Participation	Building Occupier
6.	Occupier Consent Form	Building Occupier
7.	EUA Application Guide	Building Owner
8.	EUA Application Instructions	Building Owner
9.	EUA Improvements Guide	Building Owner
10.	EUA Common Improvements	Building Owner
11.	EUA Custom Improvements	Building Owner
12.	EUA Application Terms and Conditions	Building Owner
13.	Project Information Form	Building Owner
14.	Building Occupier List	Building Owner
<b>INTERNAL COUNCIL DOCUMENTS USED DURING APPLICATION</b>		
15.	EUA Application Processing (Step by Step instructions)	Council
16.	Rates Eligibility Check	Council
<b>EUA DOCUMENTS PREPARED BY SMF ONCE APPLICATION IS APPROVED</b>		
17.	EUA Template	SMF/Council/Building Owner
18.	EUA Template – Multiple Building Owners	SMF/Council/Building owner
19.	Request to CEO – EUA and Declaration of Rate	SMF/Council
20.	Declaration of Environmental Upgrade Charge	SMF/Council
21.	Buildings Reporting template	SMF/Council/Building Owner
22.	Charge schedule template	Council
<b>SMF INTERNAL DOCUMENTS</b>		
23.	Eligibility Confirmation Letter and email template	SMF
24.	Not-Eligible Letter and email template	SMF
25.	CEO Representations & checklist template	SMF
26.	Email template –application pack	SMF
27.	Email template – receipt of application	SMF
28.	Email template – 28 day commencement & EUA sent to building owner	SMF
29.	Email template – EUA sent to lender for review	SMF

Template building owner forms and documents will be provided to the project manager by SMF. These documents need to be completed by the building owner and submitted to SMF as the Council's TPA service provider.

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SMF will assist in setting up the processes within the existing finance program to remit the quarterly payments to lender and remit the quarterly administration fee to SMF. The internal documentation will be adapted to best suit the Council's existing processes.

SMF will work with the marketing/communications team to ensure communications are of maximum benefit for the Council for the launch of EUAs, the first EUA signed and promotion of EUAs through existing Council programs. Case studies can be prepared once EUAs have been signed.

The timeframe for setting up all of these processes is expected to be two months, dependent on the availability of the individuals in each Council who are responsible for their part of the process.

## **ADMINISTRATION OF THE EUA PROGRAM**

The EUA program will be jointly administered by Council and the SMF. The process of setting up an EUA from initial enquiry to signing of the EUA typically takes between 3 – 6 months, including the mandatory 28 day waiting period. This time is variable due to building owners often taking time to decide internally if they wish to proceed with the works and an EUA, and if the correct information is provided with the application.

For the purposes of this Agreement, SMF will, as a minimum, provide the following services:

- Receive and process applications.
  - provide application and information forms to building owner and explain timelines and process,
  - sending of statutory declaration for completion by the building owner,
  - liaise with building owner to ensure application documentation and preliminary activities such as a Level 2 energy audit are complete,
  - due diligence of project details and assessment of EUA eligibility,
  - liaise with Council rates department to confirm property and project eligibility,
  - determine eligibility of project and property and provide letter to building owner,
  - creation of files to ensure client material is kept for compliance purposes,
  - liaising with financier,
  - once confirmation has been determined, liaising with Council Project Manager to inform the Council of the approved application and ensure appointment is made with CEO to sign the EUA at the end of the mandatory 28 day waiting period,
  - liaise with occupier(s) to seek Environmental Upgrade Charge contribution,
  - liaising and notifying the building owner regarding their application status and expected signed EUA date,
  - obtaining loan schedule from the lender during the waiting period,
  - provide loan schedule to Council Project Manager to integrate this into rates software,
  - creation of the executable EUA contract and associated documentation for the CEO of the Council to sign and providing these to the Council Project Manager to be signed at the end of the 28 day waiting period
  - Upon signing of the EUA, providing copies of the signed documents to the rates team to ensure Environmental Upgrade Charge is issued and to the lender,

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- Preparation and sending of EUA approval letter and schedule to building owner,
  - Liaise with the building owner to complete a Direct Debit request form,
  - SMF provides the Project Manager with the Sustainable Melbourne Fund's CEO Representation letter, and
  - Liaise with the project manager and relevant teams for ad hoc queries and to establish each EUA.
- Liaise with clients and potential clients for ad hoc queries,
  - Monitor the contract performance, including review of works and documentation to ensure that retrofit works are as per the quote and funding purpose,
  - Conduct ongoing origination, communication and education with building owners, tenants and industry professionals in line with an agreed communications plan,
  - Ensure accredited installers are conducting origination within the Council for suitable EUA projects,
  - Provide quarterly reporting on program activities and transactions, and
  - Participate in marketing events and workshops and assist with the development of marketing collateral and case studies.

Notwithstanding the above, SMF will liaise with Council to, as far as practicable, assist the resolution of any administrative or contract issues that may arise from time to time.

## **PROJECT TEAM**

### **CEO – *Scott Bocskay***

The CEO conducts ongoing origination, communication and education and participates in the marketing events and workshops specific to Council.

### **Operations Manager – *Melissa King***

The Operations Manager is the primary contact for internal Council resources; is responsible for setting up the appropriate processes and templates within the Council and corresponding with Council regarding each step of the EUA application and reporting requirements.

### **Client Manager – *Michael Lambden***

The Client Manager is the primary contact for any building owners, tenants and businesses that are enquiring about or applying for an EUA. The Client Manager also conducts the ongoing origination, communication and education and participates in the marketing events and workshops specific to the Council.

## **FEES**

The duration for this proposal will be two years from the date of signing of the formal contract. The fees for the services will be:

Year One (estimated Nov November 2016 – October 2017) - \$5,000 plus GST, to be paid on issuance of invoice on the contract signing date.

Year Two (estimated November 2017 – October 2018) - \$5,000 plus GST to be paid on issuance of invoice on contract signing anniversary date.

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 This contract can be extended upon the completion of year two, with the terms and fees to be reviewed and negotiated by both parties.

**South Gippsland Shire COMMITMENT**

To obtain the discounted fee rate facilitated by the Australian Renewable Energy Agency (ARENA) grant, the Council must commit to setting up the internal processes to offer EUAs within 3 months of agreeing to this proposal. Council must also complete a quarterly report regarding events, media/marketing and enquiries and applications using a template provided by SMF. This quarterly report will be forwarded to ARENA.

In-Kind support, including:

- Promotion of EUAs on Council Webpage,
- Hosting and facilitating local events either through Sustainability our Local Economic development where EUAs can be presented and discussed
- Design and printing of locally branded sales and marketing collateral
- Other as agreed

**EXECUTED AS AN AGREEMENT (Email confirmation of the agreement is also acceptable)**

<b>EXECUTED</b> by South Gippsland Shire:	)	<b>EXECUTED</b> by Sustainable Melbourne Fund
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