

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department: Finance and Administration
Subject: Climate Action Fund Operating Policy
Date Issued: October 29, 2015
Date Revised:
Approved By: President

I. Policy/Procedure

This policy sets forth the guidelines and criteria for making decisions for how to utilize the Climate Action Fund.

II. Purpose

The purpose of the Climate Action Fund is to provide necessary financial resources for Luther to achieve the goals in its Climate Action Plan, especially Luther's emission reduction targets adopted by the Board of Regents in 2012.

III. Scope

This policy applies to everyone associated with the Climate Action Fund including but not limited to the Director of Facilities, staff from the Center for Sustainable Communities, the Energy and Water Task Group, the Campus Sustainability Council, the Vice President for Finance and Administration, the Facilities and Sustainability Committee, the President of Luther College, and the Board of Regents

IV. Terms and Definitions

The Climate Action Fund consists of more than one account due to different types of funds requiring different accounting. The following accounts are currently included within the Climate Action Fund designation:

- **Plant Fund** -- Plant Fund accounts will be utilized for capital expenditures that can be depreciated assets. All expenditures from this account must either: (a) exceed \$5,000 per item and must be for depreciable assets, or (b) be transferred to an operating account to cover expenses associated with a physical plant project that is not eligible for capitalization.
- **Operating Budget:** There are no restrictions on the operating fund accounts. Any remaining year-end operating fund balance will be transferred to the Plant Fund.
- **Restricted Fund:** Gifts designated to support the Climate Action Fund will be spent in accordance with the fund parameters.
- **Grant Support:** Grants will be sought to support the Climate Action Fund. Grants designated for the fund will be accounted for separately but will be allocated based on the same procedure as described above.

V. Procedures and Guidelines

- A. The Director of Facilities and staff from the Center for Sustainable Communities will work with professional engineering firms to develop a range of options and strategies to achieve Luther's carbon footprint reduction goals.
- B. The Energy and Water Task Group will review these options based on the established criteria and submit recommendations to the Campus Sustainability Council.
 - Criteria
 - i. Alignment with the Climate Action Plan. All projects should clearly support Luther's Climate Action Plan in demonstrable ways.
 - ii. Public acceptability. Projects must be publically acceptable and efforts should be taken to address aesthetic and community concerns to the extent feasible.
 - iii. Cost-effectiveness. Projects will be evaluated on the basis of dollars spent per ton of emissions reduced and projected payback. Investments with shorter payback periods will be preferred.
 - iv. Payback period. As a general rule, no combination of projects will be funded that has an average total payback over 15 years. Efforts may be made to bundle projects together to achieve this guideline.
 - v. Educational value. Priority will be given to projects that have a clear educational value in addition to emission reductions. Some projects may be funded even if carbon reduction and payback is difficult or impossible to calculate if they are deemed to have significant educational value that will enhance energy conservation behavior and/or climate literacy among college stakeholders.
 - vi. Feasibility studies. Funds may be used to pay for feasibility studies if it is determined that there is a reasonable likelihood that the study may lead to projects with significant emissions reductions.
 - vii. Carbon offsets. Funds may be used to purchase high quality, certified or certifiable carbon offsets ideally from local sources, but such expenditures have the lowest priority for funding. No more than 25 percent of Luther's greenhouse gas reductions can be reduced via carbon offsets.
- C. The Sustainability Council will vote on the recommendations and then forward its recommendations to the Vice President for Finance and Administration.
- D. The Vice President for Finance and Administration will bring the Council's recommendations to the Facilities and Sustainability Committee of the Board of Regents. This committee of the board will make a recommendation to the President of the College about whether the recommended action(s) should be approved, deferred, or rejected.
- E. Projects that are time sensitive or involve expenditures of less than \$50,000 may be approved by the Vice President for Finance and Administration.
- F. Projects that involve expenditures between \$50,000 and \$250,000 will be reviewed and approved by the Board of Regents Facilities and Sustainability Committee. This committee of the board will make a recommendation to the President of the College about whether the recommended action(s) should be approved, deferred, or rejected.
- G. Recommended projects that total over \$250,000 will be referred to the Luther College Board of Regents for approval.
- H. Budget savings resulting from Climate Action Fund initiatives will be transferred to augment the Climate Action Fund operating budget. Transfers from utilities savings may be reversed in the event of increasing utilities costs.
- I. The Energy and Water Task Group should be updated at least twice per year on the balances in all Climate Action Fund accounts. Unless otherwise designated, the Director of Facilities will be the budget officer for Climate Action Fund.

VI. Confidentiality and Record

Records of projects will be kept on file in the Facilities Services office. All records are available to any Luther student or employee upon request.