



Council-In-Committee Meeting – September 09, 2025

Subject: Community Vibrancy Fund
Report Number: CAO-25-086
Division: Office of the Chief Administrative Officer
Department: Economic Development
Ward: All Wards
Purpose: For Decision

Recommendation(s):

That staff report CAO-25-086 be received as information; and

That Council approve the establishment of a Community Vibrancy Fund as outlined in this report; and

That Council direct staff to create a Community Vibrancy Fund Policy according to the terms outlined in this report; and

That Council direct staff, in consultation with external legal counsel, to develop a standard Community Vibrancy Fund Agreement.

Explanation: Norfolk County has been approached by alternative energy companies interested in locating renewable energy projects in our community. Other Ontario municipalities have successfully implemented Community Vibrancy Funds that direct revenue from these projects toward community priorities and infrastructure improvements. Norfolk County seeks to leverage these renewable energy development opportunities to support economic development initiatives and community enhancement projects. The creation of a Community Vibrancy Fund would allow Norfolk County to generate revenue from renewable energy development to fund economic development and community initiatives, including recreation and cultural programs.

Executive Summary:

Purpose of the Report: To establish a Community Vibrancy Fund (CVF) through revenue from renewable energy projects to support local economic development and community enhancement.

Background and Context: Following Council's November 2023 support for NRStor Inc.'s unsuccessful energy storage application to the IESO, multiple alternative energy companies have approached Economic Development staff expressing interest in

locating similar energy renewal projects in Norfolk County. This increased interest in renewable energy development presents an opportunity to establish a systematic approach for managing community benefits through standardized Community Vibrancy Fund Agreements and a dedicated Community Vibrancy Fund for community investment.

Key Findings and Analysis: The proposed framework would establish a standardized Community Vibrancy Fund Agreement between the County and each alternative energy company locating in Norfolk County with an annual payment structure for renewable energy projects over 20 to 25-year terms. The revenue would be placed in a Community Vibrancy Fund for projects with broad community benefit that focus on economic development and community improvements as specified in a Community Vibrancy Fund Policy. Proposed eligible uses include land stewardship initiatives, recreational facilities, infrastructure improvements, and economic development projects that align with existing capital programs and Council's strategic priorities. Council approval would be required for all CVF allocations and expenditures.

Financial Implications: A CVF concept has the opportunity to create a new revenue source for the County that can help decrease the taxes or user rates required to fund existing projects, or prevent additional burden on existing tax- and rate-payers for funding new projects. Careful planning to ensure forecasted inflows are available to fund initiatives will be required to successfully manage the concept.

Conclusions: The creation of a Community Vibrancy Fund represents an opportunity to fund County priorities through the emerging renewable energy industry. The proposed framework balances revenue generation with community accountability, ensuring that energy projects contribute meaningful, long-term benefits to residents while supporting the County's economic development objectives. Implementation requires Council approval of the CVF framework and direction to staff to develop a CVF Policy and template Community Vibrancy Fund Agreement for future renewable energy proponents in consultation with external legal counsel.

Discussions:

1. BACKGROUND

In November 2023, Economic Development staff presented Report [CD-23-100, Proposed Energy Storage Project](#), to Council for consideration, requesting a letter of support for NRStor Inc.'s proposal to locate a battery energy storage facility in Norfolk County. The proposal involved the long-term use of approximately 10-15 acres of industrially-zoned land for a 20-25 year battery storage project that would store energy when supply exceeds demand and release it back to the grid during peak demand periods. Several potential locations were being explored, including sites in the Simcoe area near transmission corridors.

At that time, staff recommended providing municipal support for NRStor's application to the Independent Electricity System Operator (IESO), contingent on the proponent entering into a Community Vibrancy Fund Agreement with the County to ensure ongoing annual financial contributions to the municipality over the facility's operational life. Council agreed and provided a letter of support. Unfortunately, NRStor Inc.'s application to the IESO was not successful.

Since that time, staff have been approached by additional alternative energy companies expressing interest in developing similar energy storage projects within Norfolk County; many are preparing new applications for future IESO procurement processes.

Given this continued interest and the potential for multiple energy storage projects, staff are now recommending the establishment of a Community Vibrancy Fund to systematically manage and allocate the revenues that would be generated from any successful energy storage developments through Community Vibrancy Fund Agreements. This proactive approach will ensure Norfolk County is prepared to maximize the community benefits from emerging energy infrastructure investments.

This report outlines the proposed Community Vibrancy Fund Agreement (CVFA) terms, including a payment structure for alternative energy companies locating in Norfolk County and proposed eligibility criteria for projects that could be funded through this revenue through the establishment of a Community Vibrancy Fund (CVF) and CVF Policy.

It is important to note that Council is being asked only to approve the creation of the CVF framework at this time. A Municipal Support Resolution (MSR) is now mandatory for developers to include with their proposal submission to the IESO and signals that a community supports the proposed project moving to the next phase. Any application from a company looking to locate a renewable energy project in Norfolk County would still require individual Council approval, as the IESO requires municipal support for each specific project proposal.

2. COMMUNITY VIBRANCY FUND AGREEMENT

The following terms are proposed for inclusion in a standard Community Vibrancy Fund Agreement that the County would enter with any alternative energy companies considering locating in Norfolk County. The CVFA would be drafted and reviewed by external legal counsel if Council wishes to proceed with the creation of a CVF.

2.1 Scope

The CVFA would apply to all renewable energy projects locating in Norfolk County, including:

- Battery storage facilities
- Solar farms

- Wind turbines
- Transmission infrastructure
- Other renewable energy technologies
- AI facilities

Agreements would be negotiated on a case-by-case basis, using a standard template and the terms outlined in this report.

2.2 Payment Structure

Staff propose the following payment structure based on best practices charged in neighboring municipalities, including Haldimand and Brant County:

- **Battery Storage:** \$1,500 per MW annually
 - Ontario offers have clustered around ~\$1,000/MW/yr (with some fixed-amount deals on very large projects). Norfolk's proposed \$1,500/MW/yr base reflects market maturity and adds a duration adder so longer-duration storage (which benefits the grid more and can have larger footprints) contributes more—without penalizing standard 4-hour builds.
- **Solar:** \$2,500 per MW annually
 - Brant has used ~\$2,000/MW/yr historically; \$2,500/MW(AC)/yr updates that floor and clarifies AC basis.
- **Wind:** \$4,000 per MW annually
 - Haldimand's long-used benchmark is ~\$3,500/MW/yr; indexing to today supports \$4,000/MW/yr as a clear, regionally consistent ask with modest uplift for inflation and community expectations
- **Transmission:** \$6,000 per KM annually
 - A simple, transparent per-km figure with CPI mirrors nearby practice (historically ~\$5,000/km/yr) and reflects higher 2025 construction and restoration costs at \$6,000/km/yr.

Please note that new emerging technologies such as hydrogen would require further consideration.

2.3 Terms

- 20-25 year agreements for commercial operations
- Annual payments
- Annual escalation tied to project agreements
- Missed payments subject to collection as outlined in the County's Accounts Receivable Collection Policy
- First right of refusal on property after agreement expires with IESO or when the property is no longer in use for the agreed upon use(s)

2.4 Provisions

Standard Community Vibrancy Fund Agreements would include:

- **Municipal Benefits**
 - Annual community vibrancy payments as outlined above
 - Proponent responsible for all legal compliance and municipal indemnification
 - Standard municipal approvals process (Planning Act, Building Code, etc.)

- **Municipal Rights**
 - First right of refusal on property acquisition
 - Land contamination protection
 - Access for monitoring and inspection
 - Municipal Support Resolution (MSR) for IESO applications

- **Project Requirements**
 - Fire safety plans and road use agreements
 - Visual aesthetics commitments
 - 20-year land commitment on industrial lands
 - Compliance with all Federal and Provincial legislation

3. COMMUNITY VIBRANCY FUND POLICY

The following terms are proposed for inclusion in a Community Vibrancy Fund Policy to help identify projects that should be funded through the CVF to support community improvement and ensure broad community benefit and accountability.

3.1 CVF Principles

3.1.1 Council Oversight and Accountability

- All expenditures funded through the CVF would require Council approval
- CVF expenditures would be strategically planned through the annual budget process
- Staff would provide annual CVF reports to Council that include:
 - Projects funded and community outcomes achieved
 - CVF revenue received and projected
 - Project operational status and compliance
 - Fund balance and sustainability analysis

3.1.2 Funding Priorities

- Projects and initiatives funded through the proposed CVF must have broad community benefit rather than benefit to narrow interests/groups

- Projects would ideally support long-term community benefit beyond agreement terms
- Projects must be consistent with program standards and service levels delivered throughout the County
- Priority would be given to projects that accelerate existing capital programs where there are already staff resources available for project management

3.1.3 Funding Principles

- The CVF would be used to augment levy and rate capital plans – i.e. CVF will not be used simply as a replacement funding source
- The CVF is not intended for funding ongoing operating expenses
- The CVF may be used for events, celebrations and community focused programs that contribute to the County’s Strategic Plan. Please note that these would be one-time expenditures, as the CVF is not intended to fund ongoing operational costs.

3.2 CVF Uses

Staff propose that CVF funds be used for community improvement projects with clear Economic Development and/or community outcomes that improve quality of place, including:

- **Economic Development initiatives** as outlined in the Economic Development Strategy
- **Municipal Development Corporation Funding** as foundational start-up revenue for a potential MDC
- **Land stewardship initiatives** (habitat creation/improvement, tree planting, shoreline rehabilitation)
- **County recreational facilities** (arenas, parks, trails)
- **Heritage and culture assets**
- **Roads / public municipal infrastructure**
- **Community-related activities** that enhance community vibrancy

3.3 Prohibited CVF Uses

- **No narrow interest group benefits** without clear public value; projects should demonstrate broad community benefit
- **No operational costs** unless for one-time start-up costs with clear community benefit

3.4 CVF Prioritization Criteria

3.4.1 Capital Projects

- 3.4.1.1 **Prioritization Criteria** may be developed for staff to recommend potential projects to be funded through the CVF. These criteria may include:
- **Alignment with Council’s Strategic Plan**
 - **Wide Interest Group / Stakeholders** – higher priority will be assigned to projects that benefit many stakeholders
 - **Operating Budget Financial Impact** – higher priority will be assigned to projects that minimize future recurring operating budget implications or future capital replacement needs
- 3.4.1.2 **Multi-Ward Projects:** Projects that benefit the County as a whole / have the broadest community benefit would be given priority.
- 3.4.1.3 **New Service Levels:** Where an initiative would introduce a new level of service, Council must approve the service level standard before the initiative is prioritized

3.4.2 Non-Capital Initiatives (Events, Celebrations, Programs)

The following principles will be used to prioritize non-capital initiatives proposed to be funded through the CVF:

- The initiative has a County-wide (or substantial) impact/benefit rather than a localized community specific effect
- The initiative is sponsored by the County or a volunteer, not-for-profit organization
- The initiative is for the benefit of the general public as opposed to a specific target audience
- The initiative contributes to community vibrancy or land stewardship
- The initiative is free of admission charges
- The initiative supports community engagement and volunteerism and may support tourism
- The initiative provides a visible positive public image of the County

3.4.3. Decision Making Process

Staff will bring projects forward with recommendations for funding through the CVF during the budget process that will include an assessment according to the principles identified in this report. All proposed expenditures or application of funds from the Community Vibrancy Fund would require Council approval.

Given the length of the term of the Community Vibrancy Fund Agreements (20-25 years) and the flow of funds over time, staff recommend that Council only expend CVF funds expected to be generated over the current Term of Council.

Finance Comments:

Revenue Opportunity

The approval of a CVF creates a potential new revenue source for the County. This may be beneficial in decreasing the taxes or user rates required to fund existing projects, or prevent additional burden on existing tax- and rate-payers for funding new projects.

For context on the potential of a CVF in Norfolk, the letter of support Council endorsed in November 2023 was for a 100MW capacity facility. Based on the rates researched in the body of the report, a hypothetical agreement a battery storage project of this size, had it moved forward, could have led to approximately \$150,000 of revenue on an annual basis for a 20 year term (\$3,000,000 over the term).

Additionally, regular expected revenue impacts would be experienced by the County for any development, which may include a change in assessment or class which affect municipal tax revenues, development application and agreement fees, development charges (DCs) depending on the applicability of the development to the County's DC By-law in effect at that time, or other deferred revenues that may be approved or introduced in the long-term such as Parkland Dedication or Community Benefits Charges.

Cost Controls

Careful planning will be required to manage a CVF. Municipalities are legislatively required to adopt budgets which are complete and that provide revenues which equal expenditures. A CVF will comprise a component of the County's budgets so, just like other deferred revenue tools, it will be important for staff and Council to ensure forecasted inflows are always sufficient to fund initiatives.

As a result, staff recommend that if Council approves the framework of a CVF, a Community Vibrancy Reserve be established in accordance with the procedure outlined in Policy CS-23 Reserve & Reserve Funds and that information be provided to Council prior to the first CVF agreement being signed.

It is recommended that the administration of a CVF follow all of the County's existing financial procedures including identification of projects / initiatives in the County's operating and capital budgeting processes and documents, Council approval of all withdrawals, long-term forecasting of projected inflows and balances, and ensuring forecasted balance never falls below \$0.

Interdepartmental Implications:

If Council approves the creation of a Community Vibrancy Fund, staff will work with Legal Services to draft a standard Community Vibrancy Fund Agreement. Economic Development staff will lead this initiative and collaborate with alternative energy companies interested in locating in Norfolk County. The Community Vibrancy Fund could positively impact all departments and the County by providing a new revenue source.

Consultation(s):

This report was drafted in consultation with Economic Development staff. Staff created the CVF and CVFA criteria through a review of best practices, including similar programs implemented in Haldimand County, Brant County, Lambton Shores, and Bluewater.

Strategic Plan Linkage:

Building Norfolk - Develop the infrastructure and supports needed to ensure complete communities

Attachment(s):

N/A

Approval:

Approved By:
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