

Energise Otaki: 2018-2023 Strategic Plan and Implementation.

Background:

Energise Otaki has been underway for about five years and in 2016 established as an Incorporated Society. It is currently in the process of achieving charitable organisation status and expects to have this completed by June 2018.

The Energise Otaki idea began as a Council supported initiative that in turn grew out of the Greater Otaki Project vision. The idea and the organisation have achieved a great deal with a combination of voluntary action and sourcing grants which have ranged from \$1,000 to \$34,000. We have deliberately taken an 'organic' approach which has worked with and grown community interest and support, and have proven that the ideas and the ways of taking action really work. The attached background document at Appendix 1 provides an overview of our work.

Our underpinning idea and way of doing things has attracted interest on a range of fronts:

- Local people who can see the benefits and get in behind the ideas in a really practical ways
- Local organisations ranging from the Otaki Community Board, to Otaki College and the Otaki MenzShed who have supported our projects financially and with practical help;
- Regional groups such as the Wellington Sustainability Trust and departments within Victoria and Massey Universities
- National organisations such as the World Wildlife Fund NZ which recognised and funded us as part of the Conservation Innovation Award.

We have been successful and want to take the next step to grow our capability to invest back into projects in the community, focused around our big picture for change in the energy space, alleviating energy poverty in Otaki and working via community action and projects large and small.

We want to do this by 'helping ourselves to a smart future' – the Energise Otaki by-line.

Our Strategic Priorities

Ultimately what we want to achieve over the next 3-5 years is:

- to grow the size, effectiveness and range of our projects.

We plan to do these through the following strategic priorities for action:

- Increasing our financial capacity to invest in projects by developing innovative self-funding mechanisms and harnessing on-going donors to our vision.
- Increasing our range of volunteer resources in a way that finds a home for everyone in terms of skills and amount of time they can offer, which allows people locally and at a distance to support the kaupapa.

To achieve this we need to:

- Develop our administrative structures and systems (particularly our financial management, records, governance and accountability systems) to better reflect this 'capacity growth' vision.
- Develop and implement a communication approach which can be used in developing our funding streams and voluntary action capacity and continue real and meaningful communication and interest in the Otaki community.
- Introduce a paid development and co-ordination position which will assist in developing the above **and** help with day-to-day co-ordination across projects.

In the process we want to:

- Develop a strong relationship with Nga Hapu o Otaki, whanau groups and Maori organisations in the town, building it out of practical projects that assist to realise the vision of each.
- Keep faith with our collaborative, 'grass roots up', no project too big or small, opportunistic, 'let's try it and see what happens' approach, and the fun and achievements that have developed from that.

See summary diagram on next page.

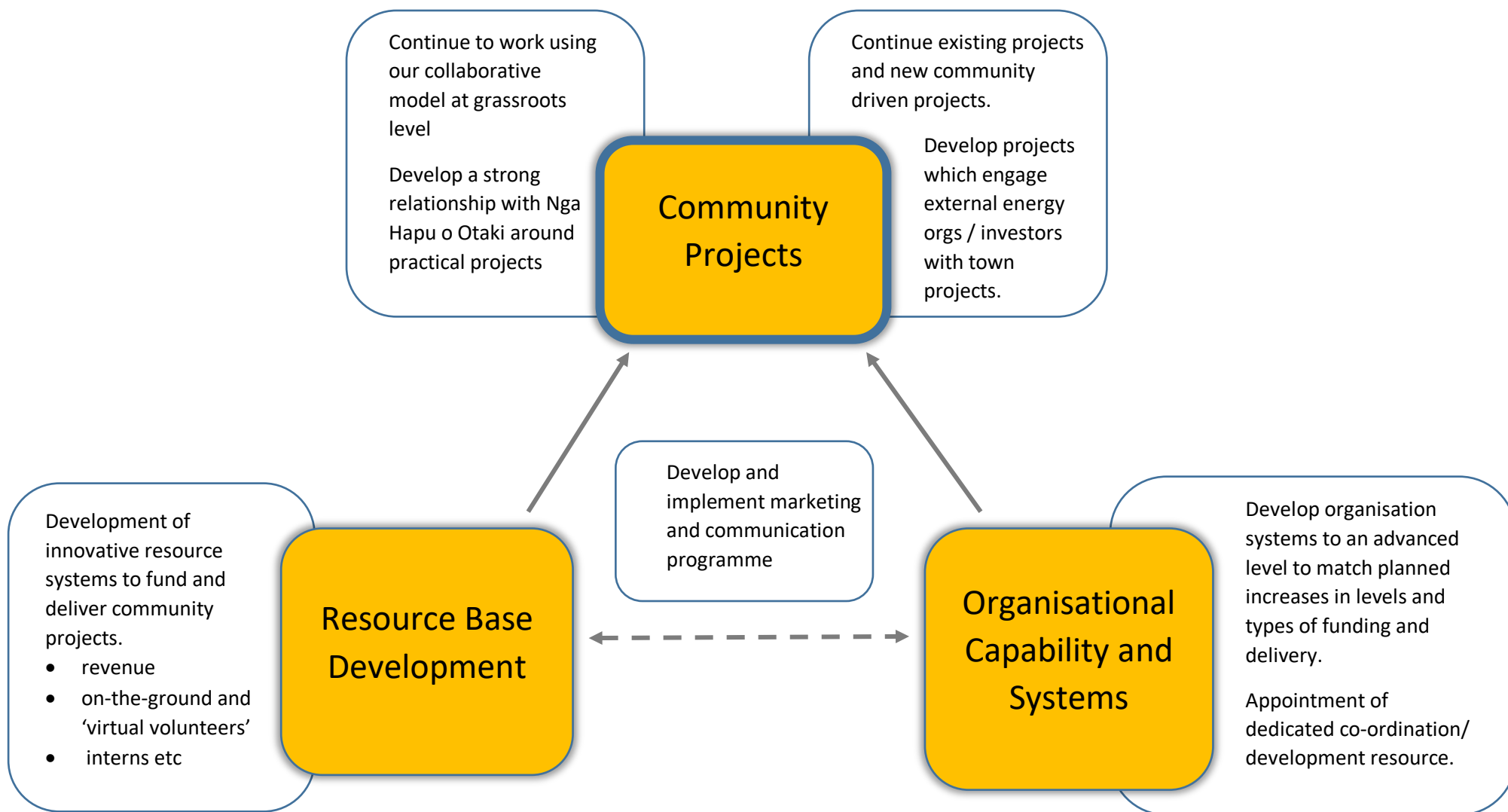


Figure 1: Summary of Strategic Priorities

Key Projects for Delivery 2018-2023

This relates to community projects undertaken or supported by Energise Otaki and does not include internal systems/ revenue improvement projects which are outlined later.

Energise Otaki will approach project development as follows:

Project	Status	Comment
Otaki Curtain Bank	Current	Continued development including potential extension to a Blanket Bank
Otaki College <ul style="list-style-type: none"> horticulture block wood to energy curriculum development and associated projects 	Current	Continue to develop current processes. Greater focus on woodlot opportunities
Advocacy	On-going	Continue to support community transport advocacy
St Peter Chanel School	Current	Early stages and may grow in size
Bike Library	Current	Complete facility and on-going communication etc.
Kindergarten project	New	Explore with group ad support initiatives
Solar farms for community investment fund (major)	New	Develop funding models and seek funding for all five projects. Once fund in place respond to funding ideas and projects arising from this fund.
Otaki food waste to energy	New (feasibility stage)	Seek funding for feasibility analysis in Year 1 and undertake review – options if any to follow.
Electra relationship development	Early stage	Have made initial approach. Discussed training opportunities for staff - pursue further.
Energise Otaki Discussion Sessions	On-going	Increase focus and publicise programme.
Other projects as they arise	On-going	Continue to respond to community ideas as they arise. Actively seek links via networks.

An outline of the first two of the solar farms projects to be developed over the next five years is summarised below.

The Food Waste to Energy Project has the potential to contribute to social and environmental outcomes for Otaki if it proves feasible. About 11 Tonnes of food waste goes to landfill each week in Otaki. This amounts to \$450 -500 of income wasted each year for each Otaki household and is a sizeable sum for families who are struggling. The project would focus on reducing wastage but would also explore whether a simple collection service where the food waste is then converted to energy and sold to key local users as another source of community fund income is worth exploring.

Expanding Our Financial Resource Base

The primary reason for wishing to increase Energise Otaki's financial resource base is to increase the availability of funding for on-the-ground projects but, as noted above, the organisation also needs a paid organisational development and co-ordination function to be able to move things forward. To achieve both Energise Otaki has the following strategy:

- develop a revenue stream using solar energy (and other renewable energy installations if feasible) to provide power to local users with resulting revenue being used to fund community projects and associated administration costs.
- seek major donors for EO administration and projects with a focus on organisations operating in the energy space (e.g. sponsorship from energy generators or suppliers) and organisations and individuals interested in and committed to the wider vision, and social and environmental outcomes of EO projects;
- develop a capability around crowd-funding mechanisms which can be targeted to particular projects;
- continue to seek available grants funding for projects.
- on-going exploration of other ways to attract social investment
- being real about project administration and co-ordination costs

Development of Solar Installations to Create Community Investment Revenue

The approach involves the construction of solar arrays close to a large power user and direct supply 'behind the meter' to the user. The revenue is then placed in the Community Investment Fund for a range of projects. (See attached summary of approach). This yields a greater rate of return on investment than supplying to the grid (although some excess power will be provided to the grid). It requires external social investment funding of the capital but is attractive to social funders and investors because of the rate of return on initial investment.

Energise Otaki has already facilitated the development of this model at Otaki College with the XOtaki Foundation Trust where a 10kWp installation (with Stage 2 soon to be increased to 20kWp) generates \$3000 year for scholarships (will increase to around \$6,000 a year on completion of Stage 2). This is an annual return on investment of 9.9%.

Five initial sites have been identified for development over the next five years (sooner if funding is available). These are:

- Otaki College: 40kWp – approved for siting and funding discussions underway.
- Otaki Waste Water Treatment Plant – 141 kWp – approved in principle, final agreement on pricing for power being sought and funding discussions underway.
- three other industrial sites.

The table below shows the cost and return on the first two projects.

	Parameters	Indicative Cost	Annual Revenue	Revenue over 25 Years	ROI	Annual Emissions Reduction
Otaki College	25kWp	Est. \$69,000	\$6,500	\$162,500	9.9%	4.0 T
WWTP	141kWp	Est. \$318,000	\$22,654	\$566,350	5.27%*	24.27 T
WWTP Site		Est. \$20,000				
Totals	166kWp	Est. \$407,000	\$29,154	\$728,850	7.1%*	28.27 T

Our goal is to achieve a minimum of \$90,000 annual revenue stream for community re-investment from these projects over five years.

Social investors in the capital cost can include major charitable organisations and could in the future include private donors who may wish to split their return between public good and private benefit. At this stage we will focus on the larger donors. This includes seeking funding for installations through the Lotteries Fund Community Infrastructure Fund.

Major Donor Sponsorship

Our goal is to seek major sponsorships by Year 3 targeted to effectively cover the costs of a .75FTE co-ordination resource. We estimate that this would cost us approximately \$65,000 per annum plus \$15,000 in overheads. (See below for discussion of this role and costs). This donor sponsorship is not an area of expertise for us and we will require guidance and advice on how best to proceed and would make this a focus of our Year 1 activities. We are aware that many funders are interested in project based funding rather than funding operational costs.

Crowd Funding Capability

We wish to develop capability in this area. The nature of many of our smaller projects, particularly if linked to wider social change and environmental outcomes and our big picture for the town around energy has real appeal – we believe, internationally. Ideally we would develop our knowledge of how it all works and then work with other experts who may be willing to donate time and/or undertake projects directly. Our approach would be flexible and would also look to work with other organisations in Otaki to develop initiatives.

Our goal is to have generated \$40,000 funding for community energy projects via crowd-funding by Year 3.

Continue to Seek Grants Funding for Projects

This will continue to be a source of funding for a range of projects and Energise Otaki has been successful in gaining grants funding over time. The transaction costs of applying can be high but even small amounts of funding can make a large difference to some projects. Our approach will be to use this approach judiciously and ensure that funding can be targeted to our core goals, to avoid being pulled away from our main areas of focus.

Continued Exploration of Social Enterprise Revenue Models

We wish to continue to develop understanding and expertise in this areas. A particular interest lies in innovation around energy production and energy conservation activities which can generate income: either at the project level or an organisation level.

Being Real About Project Administration Costs

Because we emphasise a collaborative approach, we have learnt that achieving that collaboration can have a significant time impact: talking to people about the idea, getting their interest and buy-in, making linkages and encouraging people to put forward their ideas etc. We have tended to not factor that into our estimates of project costs when applying for grants but we have concluded that we need to cost some of this effort, particularly if we are moving to having a paid co-ordination function.

We will be more rigorous in this area and include a component of project administration costs in relevant proposals for grants.

Expanding Our Range of Volunteer Resources

Energise Otaki does have a good volunteer resource base involving people with a range of skills but we feel there is an opportunity to expand on this further. The main areas are:

- taking advantage of and building on the fact that people outside Otaki have an interest in what Energise Otaki and the community is trying to achieve both in terms of social outcomes (e.g. reducing energy poverty and empowering people and the community to capture social benefit from a new approach to energy), environmental outcomes (CO2 emissions, energy from waste, etc) and the big picture idea of a town like Otaki becoming an energy supplier in the long term.

We already have some people who have volunteered effort remotely. For example, a supporter in Hamilton is helping with the revamping of the website. Some of our technical experts provide support from outside Otaki. We think this is worth expanding but will not overwhelm or substitute for local effort.

This will require an active focus on communication and engagement (see below).

- Developing an interns programme. During 2015 and 2016 Energise Otaki hosted three unpaid interns (two from Western Australia and one from Germany). This proved to have real benefits for them and allowed significant advancement of a number of projects. To turn this into a more regular and consistent initiative the following is planned (assuming volunteer interest in developing the project):
 - establishing clear paths for identifying and selecting interns, including strengthening relationships with universities in NZ and overseas;
 - establishing a small Otaki group to manage intern placement, access to accommodation and to act as mentors. The initiative could also be sued by other groups;
 - establishing a base from which they can operate;
 - setting aside a small sum \$5,000 per annum to cover intern costs, e.g. travel and a small gratia payment towards accommodation.

The goal is to test interest and viability in Year 1 and if there is a decision to proceed to have systems/ structures in place and operating by Year 3, sufficient to manage up to two interns per year.

Developing Organisation Capacity

This is key to growing the reach and impact on social wellbeing and environmental benefit that can be delivered by Energise Otaki and partners in Otaki.

Governance, Administrative, Financial and Accountability Systems and Procedures

Our financial management systems, administrative processes and accountability provisions for the grants we have managed have been adequate for the current level of activity. Energise Otaki has developed a governance model for the management of community revenues (see Appendix 2) derived from the proposed solar farms and is in the process of reviewing documented procedures and management policies for overall funding and accountability. We hope to do that in conjunction with the external advisory resource made available by Kapiti Coast District Council.

The further shift to charitable status and proposed development of a range of sustained revenue sources, each with their own accountability mechanisms requires a more efficient financial management model and procedures. This will be a focus of the next 12 months. It will include review and purchase of appropriate software systems (including financial management systems).

Communication and Targeted Marketing to Achieve Revenue Goals

Energise Otaki members have long identified the need for improved communication about what we are doing for a range of reasons. The organisation has managed to communicate to the local community about projects and has, apart from the establishment and current revamp of the website, deliberately focused limited effort locally. This will continue to be a priority given the focus on local collaboration.

If Energise Otaki is to achieve its goals around external social investment, e.g. in the solar farms for the community investment fund, and development of external sponsorship or partnerships, then it will need to target communication and 'marketing' of its overall vision and approach around these areas. This is a high priority. Key first steps will be to:

- review best methods to deliver in these targeted areas with people who have community enterprise development experience and an understanding/ appreciation of our particular focus;
- develop a detailed approach plan for implementation.

The expectation is that this would be completed by the end of 2018.

Development and Co-ordination Position

The scope and the demands for on-the-ground co-ordination and knitting together under the collaborative model we have developed has grown beyond simple volunteer capacity. In real terms overall Energise Otaki delivery of current projects and initiatives to develop Energise Otaki capacity (e.g. funding applications and management, strategic planning, scoping of energy technology shifts relevant to projects, communication development and implementation, liaison with groups and individuals, overall project co-ordination, administration of Energise Otaki meetings etc) is about a 1.25 FTE. This does not include the volunteer effort expended on particular projects.

The goal is to have in place a 1FTE resource in place by Year 5 (or if earlier if funding targets are exceeded) with guaranteed funding for that position for a three year minimum beyond that time.

This person would work alongside the Trustees and Energise Otaki's strategic advisor to:

- support development of efficient management/ administrative systems and procedures
- assist with the development of the revenue and people resource growth initiatives
- assist with the development of associated targeted communication resources
- retain administrative oversight of current projects in play, including expenditure and accountability processes and reports
- assist with liaison around projects and development of the Energise Otaki collaborative model

- manage the Energise Otaki discussion forums and seminars

The proposed position would be established at a .5FTE from Year 1 and would grow to .75FTE if revenue targets are achieved by Year 3, with the final timing of a shift to 1FTE to follow. Workload and expectations would need to be carefully managed in the context of growing the position size, the complexity of some projects and strategic goals.

The proposed 1FTE is less than the amount of estimated time currently expended by members of Energise Otaki but it is intended that the current level of volunteer effort would more or less continue (along with project based volunteer effort) at current levels. However, the establishment of the position and the assistance with co-ordination in particular, would release Energise Otaki members, particularly Committee members and advisers, to focus on change issues, development of revenue paths around energy systems, and the long term projects intended under the Energise Otaki umbrella.

A draft Job Description is attached. The intention is to develop a final JD with the advice and assistance of the XXX so that it fully meshes with opportunities and direction around systems and revenue stream improvement.

Developing a strong relationship with Nga Hapu o Otaki, whanau groups and Maori organisations.

This is a real desire on the part of Energise Otaki. The town and wider community of Otaki is grounded in hapu and iwi history and presence, and has a large Maori population. Energise Otaki believes that it can contribute and support a range of groups by helping to develop projects and ideas around energy, renewable energy and returning benefits to marae, hapu and other community efforts.

Energise Otaki has taken the view to date that it needed to prove itself on the ground and show that it can do 'real projects' which bring benefit before seeking a more developed relationship with already very busy and committed hapu, marae and other Maori organisations. We have provided ideas, advice etc when it has been sought but we think we are at a stage where we can now get our teeth in to some meaningful projects with various organisations and individuals. Some associated Energise Otaki groups already have discussions underway with the wananga and kura on particular projects.

Our initial area of focus will be:

- approaching Nga Hapu o Otaki to identify whether they would wish to have a presence on the proposed committee which will manage allocation funds from the proposed solar farms Community Investment Fund
- identifying through those contacts whether there is interest in exploring other projects – e.g marae based projects – and advancing those where identified.

Keeping faith with our collaborative 'grass roots up' model.

Energise Otaki's working values have been to date:

- collaboration as a first priority
- inclusiveness and openness to new ideas and opportunities – no idea too small to consider supporting
- doing real things on the ground and avoiding too much talking over doing

- flexibility about project priorities
- achieving social benefit and well-being through on-the-ground projects (e.g. the Curtain Bank and the Bike Library) and bigger picture initiatives which give the town leverage over its energy future (such as using energy revenue for social benefit)
- always keeping an eye to the environmental benefit (including climate change issues)
- working with young people to educate them about issues and opportunities and,
- working from the grass-roots up.

As we become more structured around our systems etc we will always hold fast to this approach.

The Summarised Programme

Set out below is a summary of the proposed timing of key projects and deliverables. Delivery will be contingent on revenue stream.

Community Projects*	Year1	Year 2	Year 3	Year 4	Year 5	Comment
Solar Farms						Two sites Year 1.
Food Waste to Energy						Initial analysis only at this stage
Otaki Bike library						Completion Yr 1 and ongoing delivery
Otaki Curtain Bank						On-going – extended reach as new project funding sourced
Kindergarten						
Otaki College						Advancement of committed and new projects
Advocacy						

Note: does not include new projects that will arise during the period.

Internal Projects	Year1	Year 2	Year 3	Year 4	Year 5	Comment
External Revenue Sources						Initial review and path forward and follow up review
Communication Review						Initial review and path forward and follow up review
Interns						
Virtual Volunteers						
Administration and governance systems						Initial review, path forward and follow up review
Financial mgmt systems						Initial review, path forward and follow up review

Key

	Year of delivery
	Prior planning for key projects and/or feasibility reviews

2018-23 Budget and Associated Risk Management

Set out on the next page is the proposed Energise Otaki budget for the next five years. The following key point should be made:

- as for most social good organisations, revenue is heavily dependent on external public good sources, either as direct grants or sponsorships, or as an initial funding source for the capex projects which will ultimately provide on-going revenue;
- the solar farms initiative has been tested locally at Otaki College by Energise Otaki and is a proven model. The challenge is achieving front end funding of capital costs but Energise Otaki has been encouraged by funder interest in the idea of there being a significant return on their investment over time which can then be reinvested back into the community. We have confidence in this area as a funding stream.
- Targets for more standard grants funding sourcing is conservative and based on knowledge of available sources. There is a high level of confidence in reaching those targets. Targets around crowd funding and donor/ sponsorship remain to be tested over the period. We will be seeking guidance on how to advance these areas.
- funding and speed of projects will be affected by the level of revenue generated but a significant contribution to advancing projects will continue to be volunteer time;
- while Energise Otaki has been successful in accessing grant money in the past (an 87% success rate on applications made) the overall amounts have been relatively small when compared with the projected revenue targets and spend of this budget. This ramping up in part is the result of thinking and planning over the last two years about using renewable energy to generate revenue for community use and in part, simply as a result of the discussions which have ensued as part of this current Council process.
- This budget carries some risks in terms of revenue sources and a careful risk assessment has been made, alongside developing a 'risk management plan' or a 'Plan B' if that revenue stream is only partially successful within the time period. This is discussed briefly below.
- The budget contains a contingency fund which can be used to support basic funding commitments, particularly around employment and reporting/ accountability processes, provided that all avenues for funding revenue have been exhausted in any one year. This contingency would be reallocated at the end of each financial year to projects if not having been required for base level funding commitments in that year. In other words, the contingency would not be used to build up funding reserves over time instead of investing money in projects etc. The preference is for an organisation which does things, provided basic risks are managed.

Risk Management

The table following the budget identifies the key risks and their potential impacts, along with mitigation actions.

	Base Year \$'000	Year 1 \$'000	Year 2 \$'000	Year 3 \$'000	Year 4 \$'000	Year 5 \$'000	Total Over 5 Years	Notes on Budget
Planned Operational Revenue								
Capacity Grants	11	50	50	50	-	-	150	Assumes \$50k available from KCDC Social Investment funding
Targeted Donors/ Sponsorships		-	20	40	80	80	220	This is an initial target. See funding risk assessment and management below.
Solar Farm (Community Fund)		30	30	70	70	100	298	Revenue based on fully modelled ROI for two planned 2018/19 projects
Crowd Funded Initiatives		-	-	40	40	40	120	This is an initial target. See funding risk assessment below.
Carry forward from 2017/18		7	8	10	-	-	25	Current Energise Otaki 'reserves' spread over three years.
Other Grants (Projects)	25	25	25	25	25	25	125	This is an initial target based on average grants over last three years.
Total Operational Revenue	36	112	133	235	215	245	940	
Planned Operational Expenditure								
Development/Coordination FTE		40	40	50	60	80	270	Reaching a full FTE is staged to manage funding risks.
Administration Overheads		10	15	15	15	15	70	This is based on a hot desk share and limited administration costs.
Solar Farm Community Fund		30	30	70	70	80	280	Year 5 – funding from one installation for EO admin. See below.
Other Projects		25	25	65	55	55	225	Expenditure variable. Dependent on reaching revenue targets.
Planned Budget Contingency		3	20	35	15	20	93	Contingency size dependent on funding achievement. See further discussion.
Total Planned Operational Expenditure		108	130	235	215	250	938	
Planned Capital Revenue								
Solar Farms (Capex grants revenue)		407		250		400	1057	Assumes external public good funding grants for capex costs.
Planned Capital Expenditure								
Solar Farms – for Community Fund		407		250		400	1057	Year 1 costs based on full modelling and feasibility report. Year 3 and 5 assumes similar size projects.

Identified Risk	Likelihood	Impact	Mitigation Actions
1. Commitment made to employing a person and insufficient revenue to cover costs.	Moderate	Significant (organisation reputation, impact on employee and slowing of programme).	<ul style="list-style-type: none"> Employ only from Year 1 if receive capacity funding at that time. Stage movement to full-time FTE over five years and only when projected income is certain for this position, and have full confidence in person's delivery skills. Hold stages at current levels until can be assured of 2-3 year future funding. Ensure all projects undertaken with external funding include an explicit administration/ co-ordination cost in project budgets. Ensure early action on revenue targets and actively seek funding sources which will consider funding such costs. Maintain an annual contingency fund as part of the budget Consider, as a last resort and only in Year 4 or 5, ring fencing a portion of solar farm funding from a proposed site for Energise Otaki administration costs. Note: this will require agreement from the independent fund committee and must be fully transparent.
2. Insufficient funds generated to advance projects	Low	Moderate (slowing of programme)	<ul style="list-style-type: none"> Ensure early action on revenue targets and actively seek funding sources which will consider funding such costs. Manage project timing and project commitments to fit available funding/ resources
3. Employee does not deliver to required standards	Low	Significant (project quality – community projects and internal projects)	<ul style="list-style-type: none"> Ensure job description is clear and provides a structured base for managing performance. Have clear lines of management and reporting systems for employee. Review regularly. Ensure the employee is supported and mentored where necessary.
4. Lack of clarity around role of employee vis-à-vis work of active Energise Otaki members and committee members leads to confusion of tasks.	Low	Moderate (slows programme)	<ul style="list-style-type: none"> Ensure job description is clear and provides a structured base for managing performance. Ensure person responsible for staff management is experienced and is working to governance processes and strategic plan. Provide mechanisms for discussion and resolution of any day to day project management/ delivery issues
5. Inadequate governance/ administration structures lead to financial and other management/ delivery failures	Low	Significant (reputation, programme impacts)	<ul style="list-style-type: none"> Undertake review (with advice) of current governance structures and processes and implement changes. Purchase fit for purpose/ scale financial management systems Review systems on a 1-2 year basis. Source and use training.