

Analyst Briefing Notes

Budget Committee

(October 30, 2008)

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October 29, 2008

PART I: CAPITAL PROGRAM**Executive Summary**

- The 2008 Approved Capital Budget of \$22.897 million was 15.9% spent as at June 30th, 2008. The 2008 Approved Capital Budget provided for the continuation of the Energy Retrofit Program and the Better Buildings Partnership Program as well as four new initiatives that complement the Sustainable Energy Action Plan (SEP). Actual expenditures by year-end are anticipated to be \$17.215 million, or 75% of the 2008 Approved Capital Budget, resulting in projected 2008 cash flow funding of \$5.682 million being carried forward into 2008. The projected under-spending to year end is a result of the timing of the receipts of the loan applications and the additional steps required to be taken to review and complete the disbursement of the loans.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Plan and 2014 to 2018 Proposed Forecast totals \$108.922 million of which \$103.227 million is projected for the Program's 5-Year Capital Plan and requires no debt funding. The Recommended 5-Year Capital Plan, including carry forward funding from 2008 to 2009, totals \$108.909 million with 2009 cash flow of \$29.067 million; \$27.046 million in 2010; \$24.286 million in 2011; \$21.847 million in 2012 and \$6.663 million in 2013.
- The Recommended 5-Year Capital Plan incorporates funding to continue the existing Energy Retrofit Program and the Better Buildings Partnership Program. It also includes funding for four initiatives that were approved in principle by City Council through the Climate Change, Clean Air and Sustainable Energy Action Plan: Moving from Framework to Action report in 2007. In total, \$93 million has been allocated to the Toronto Energy Conservation Fund (\$42 million); City of Toronto Green Fund (\$20 million); Toronto Home Energy Loan Plan (\$9.000 million); Upgrades – City Hall (\$13 million) and Deep Lake Water Cooling (\$9 million).
- Funding for the Sustainable Energy Plan is provided through a combination of reserve funding, recoverable debt and funding provided from the Federation of Canadian Municipalities (FCM) (for Energy Retrofit projects only).
- The 2009 Recommended Capital Budget (excluding carry forward funding from 2008 to 2009) provides \$23.385 million in funding for Sustainable Energy projects:
 - \$9.000 million to continue the Toronto Energy Conservation Fund projects that encourages energy efficiency initiatives in a variety of building sectors across the City.
 - \$5.106 million to continue the City of Toronto Green Fund projects that will assist the City in its goals of reducing greenhouse gas emissions and improving air quality.
 - Funding in the amount of \$4.395 million to continue energy efficiency and sustainability measures in making City Hall an energy showcase.
 - \$3.350 million for various Energy Retrofit Program projects:

- ⇒ Continue energy retrofits of Police Services Buildings, Public Health facilities, Community Centre Lighting, Ambulance Stations, and Children's Services facilities.
- ⇒ Begin lighting retrofits at 8 Waste Transfer Stations and at various Parks, Forestry and Recreational facilities.
- Continue the Better Buildings Partnership Program with funding of \$0.824 million for renewal projects in existing public and non-profit sector buildings.
- Initiate a new program to finance sustainable energy retrofits in single family and small commercial sectors under the Home Energy Loan Program (HELP) at a cost of \$0.500 million in 2009.
- Undertake an analysis for and the development of implementation plans for achieving sustainable energy zones within the City with financing of \$0.110 million.
- Begin the Deep Lake Water Cooling project at Union Station with funding of \$0.100 million.
- All projects included in the Sustainable Energy Plan are service improvement projects.
- The Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast provides funding for all projects that advance the City's strategic priority actions to continue to implement a comprehensive Climate Change Adaptation Clean Air and Sustainable Energy Action Plan, to cut greenhouse gas emissions and to help combat global warming as well as the redesign of Nathan Phillips Square.
- The Energy Retrofit Projects included in the 2009-2013 Recommended Capital Plan will result in utility cost savings of \$1.206 million net over the five-year period in various City Programs and ABC operating budgets. These savings will be used to pay back the debt used to fund the retrofit program. Once the debt has been repaid, the operating budgets for the Programs and ABCs will be reduced permanently to capture these cost savings.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for the Sustainable Energy Plan with a total project cost of \$26.017 million and a 2009 cash flow of \$29.067 million and future year commitments of \$85.537 million. The 2009 Recommended Capital Budget consists of the following:
 - (a) New Cash Flow Funding for:
 - (i) 9 new and change in scope sub-projects with a 2009 total project cost of \$26.017 million that requires cash flow of \$0.816 million in 2009 and a future year commitment of \$5.460 million in 2010; \$6.713 million in 2011; \$7.780 million in 2012; \$4.767 million in 2013 and \$0.481 million in 2014; and
 - (ii) 12 previously approved sub-projects with a 2009 cash flow of \$22.569 million and future year commitment of \$21.586 million in 2010; \$17.573 million in 2011; \$14.067 million in 2012 and \$1.896 million in 2013.
 - (b) 2008 approved cash flow for 3 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$5.862 million; and
2. Council consider operating savings of \$0.298 million in 2009; \$0.608 million in 2010; \$0.200 million in 2011 and \$0.100 million in 2012 that emanate from the approval of the 2009 Recommended Capital Budget within the future year operating budgets of the Programs involved in the Energy Retrofit Program.

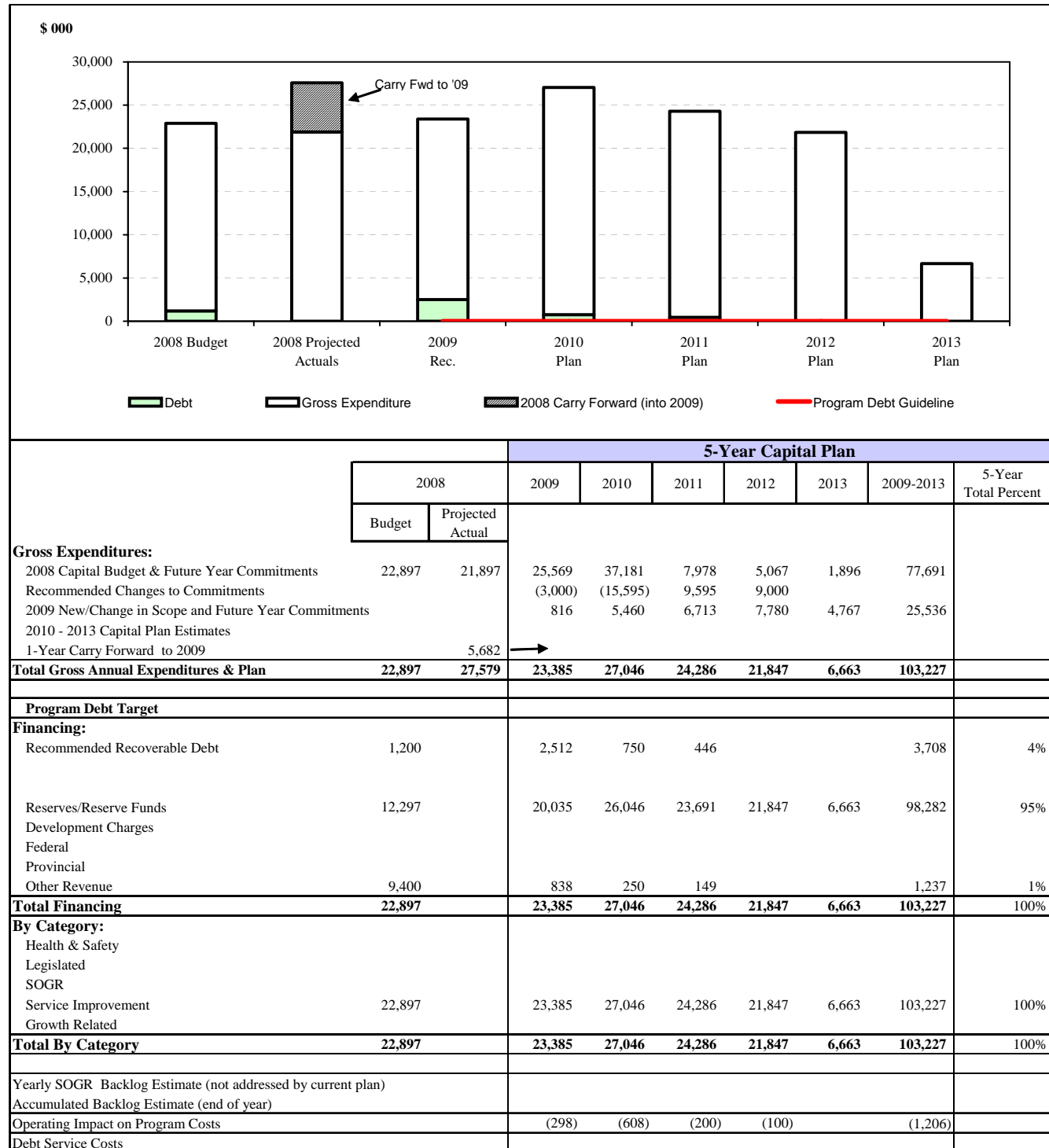
2008 Capital Variance Review

2008 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2008 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
22,897	3,640	15.9%	21,897	96%	1,000

Comments / Issues:

- As at June 30, 2008, actual expenditures for the Sustainable Energy Plan (SEP) totalled \$3.640 million or 15.9% of the 2008 Approved Capital Budget of \$22.897 million. All previously approved Energy Retrofit Program projects are completed or underway.
- Projected year-end spending for the Sustainable Energy Plan's 2008 approved projects is anticipated to be \$21.897 million or 96%. The projected under-spending to year end is a result of the timing of the receipts of the loan applications and the additional steps required to be taken to review and complete the disbursement of the loans. The majority of spending in 2008 is expected to occur in the second half of the year as a number of new projects are in the Request for Proposal (RFP) or start up stages.
- Current projections indicate actual disbursements for 2008 year-end will be \$4.682 million lower than reported in the June 30, 2008 variance report at \$17.215 million or 75%. The 2009 Recommended Capital Budget has been adjusted to reflect the revised projection with the unspent balance of \$5.682 million of funding being carried forward to 2009.
 - The Energy Retrofit projects for the City's Community Centres and Pools, Transfer Stations, the Toronto Police Division buildings and replacement of old steam boilers at the Coliseum Building in Exhibition Place will be completed in 2008. New projects starting in 2008, to be completed in 2009, include 10 Public Health facilities, lighting retrofits in over 50 facilities in Community Centres and Pools, energy retrofits at Emergency Medical Services headquarters and in Children's Services facilities.
 - Organizations received \$2.200 million in 2008 from the Better Buildings Partnership Program;
 - \$0.500 million spent on window replacement for energy efficiency upgrades at City Hall in 2008;
 - The Deep Lake Water Cooling project with a 2008 plan totalling \$5.135 million will be completed in 2008 with \$3.035 million allocated to Toronto Police Headquarters; \$0.100 million for Union Station and \$2.000 million at City Hall; and
 - The Program is expected to disburse \$4.682 million of the \$9.000 million funding allocated in 2008 to the Toronto Energy Conservation Fund (\$6.000 million) and Toronto Green Energy Fund (\$3.000 million).
- \$1.000 million for the City Hall podium roof will be carried forward to 2009.

5-Year Capital Plan (2009-2013)



5-Year Capital Forecast (2014-2018)



10-Year Capital Plan and Forecast Overview

- The 10-year Capital Plan and Forecast will position the City to become a world leader in the sustainable use of energy from local, clean and renewable sources by achieving energy self-sufficiency. The 10-year Plan provides funding to continue to implement a comprehensive Climate Change Adaptation Clean Air and Sustainable Energy Action Plan, to cut greenhouse gas emissions and to help combat global warming.
- The Sustainable Energy Plan's 10-year Capital Plan and Forecast provides funding of \$108.922 million for initiatives that advance the City's strategic priority actions to continue to meet the greenhouse gas emissions reduction target established by City Council.
- The \$108.922 million in recommended funding for the Sustainable Energy Plan 10-Year Capital Plan and Forecast is fully allocated to Service Improvement projects.
- The 10-Year Capital Plan and Forecast is comprised of the following:
 - Energy Retrofit projects total \$4.945 million and consist of six on-going projects: Energy Retrofit in Police Service Buildings, Community Centre Lighting, Public Health Facilities, Emergency Medical Services facilities, Children's Services and the City's 8 Solid Waste Management Transfer Stations;
 - The Better Buildings Partnership loan program will continue to provide funding to City ABCs and other Municipal, Academic, Social and Health entities (MASH) and not-for-profit sectors organizations for projects that increase energy efficiency in their buildings (\$10.095 million);
 - City Council approved an \$84.000 million project that encourages energy efficiency initiatives to a variety of building sectors, including MASH and not-for-profit sectors. The funding allocated to the Toronto Energy Conservation Fund was \$42.000 million; the Toronto Green Energy Fund was \$20.000 million; the Upgrades - City Facilities was \$13.000 million and the Deep Lake Water Cooling project was \$9.000 million. The Recommended 5-Year Capital Plan (2009-2013) and the Proposed 5-Year Capital Forecast (2014-2018) allocate the approved funding of \$84.000 million plus reinvestments of the loan repayments and interest earned;
 - Implementation of a development plan under the Community Energy Plan (\$2.541 million) and the creation of the Toronto Home Energy Loan Program (\$9.000 million) to finance sustainable energy retrofit in single family and small commercial building sectors.
- The 10-Year Capital Plan and Forecast will be funded mainly by reserve and reserve funds of \$71.670 million funded from the Strategic Infrastructure Partnership Reserve Fund. Other sources of funding consist of the following:
 - Interest earned of \$3.413 million and loan repayments of \$13.104 million.
 - Continuation of the Better Buildings Partnership Program providing loans of \$10.095 million to be financed through the Better Buildings Partnership Loan Repayment Reserve Fund.

Multi-Year Debt Affordability Targets

There is no debt target for this program. The Energy Retrofit Program is partially financed by recoverable debt that is, operating savings realized from reduced energy costs, repay the debt service costs for the debt issued for that particular project.

Project Financing

Energy Retrofit

The Energy Retrofit Program was established in 2004 to facilitate the City's carbon dioxide and energy consumption objectives. The financing for this Program is a combination of City debt (recoverable) and Federation of Canadian Municipalities (FCM) Green Fund loans. Savings realized in Program operating budgets due to energy cost savings are redirected towards the debt repayment until the debt has been fully repaid. The Energy Retrofit Program will continue to be funded from recoverable debt (\$3.708 million) and funding provided by the Federation of Canadian Municipalities for the duration of the project (\$1.237 million).

Better Buildings Partnership Program – New Construction

This program provides support for improving the design and construction of new buildings (non-City). The program is in co-operation with Toronto Hydro. The program provides grants to non-City applicants. The funding is initially provided by the City (Better Buildings Partnership Loan Repayment Reserve Fund). The repayments to the city, which are provided through the Ontario Power Authority-City of Toronto 90 Megawatt Electricity Conservation Agreement, are used to replenish the Loan Repayment Reserve Fund.

Sustainable Energy Action Plan

Funding the implementation of the Sustainable Energy Plan was approved by Council during the 2008 Capital Budget Process to be provided from the Strategic Infrastructure Partnership Reserve Fund in the amount of \$84 million (City portion). An additional \$9.000 million is included in the 2009 Recommended Capital Budget for a Home Energy Loan Program bringing the total investment to \$93.000 million.

The following has been established to achieve the objectives of the Sustainable Energy Plan:

- *Toronto Energy Conservation Fund*

This is a revolving fund for energy retrofits for facilities in the Municipal, Academic, Social, and Health entities (MASH) and not-for-profit sectors. This is a \$42.000 million project with funding provided to successful applicants by the City. Loans repaid into the program during the 10-year period amounts to \$10.280 million with interest earnings of \$2.483 million. The loan repayments and interest earned will be available to fund future sustainable energy projects.

- *City of Toronto Green Energy Fund*

This program provides \$20.000 million in revolving funds to acquire technology for renewable energy. Support through a loan program would help move these technologies to market acceptance and would assist the City in being a leader in renewable energy. Loans repaid into the program during the 10-year period amount to \$2.824 million with interest to be earned of \$0.930 million which will be available for future sustainable energy projects.

- *Toronto Home Energy Loan Program (HELP)*

This is a new revolving fund providing \$9.000 million to finance sustainable energy retrofits in single family and small commercial building sectors across the City. The City will provide a lower interest rate on loans to homeowners than can be obtained from a financial institution. The Program will assist the City in its goals of reducing greenhouse gas emissions and improving air quality by reducing dependence on energy derived from the use of fossil fuels.

- *Upgrades - City Facilities*

This project will include the first phase of initiatives to make City Hall and Nathan Phillips Square a show case for energy efficiency and sustainability. The first phase of this initiative to begin in 2009 will include window replacement, daylight harvesting and other measures to reduce CO2 emissions from City Hall. Funding of \$6.300 million is allocated for the retrofit program in City Hall for 2009 to 2011 and \$5.200 million for the implementation of sustainability measures at Nathan Phillips Square using the Toronto's Green Development Standard.

- *Deep Lake Water Cooling-Union Station*

The Deep Lake Water Cooling (DLWC) project will enable the City to reduce emissions and its demand for electricity at Union Station by approximately 75% compared to conventional cooling systems. There are several existing cooling systems to be replaced by Deep Lake Water Cooling at Union Station at a cost of \$3.865 million.

The Upgrades to City Facilities and Deep Lake Water Cooling projects are also funded from the Strategic Infrastructure Partnership Reserve Fund. These funds will not be replenished through repayment.

Development Charge Funded Projects

The Program does not have any projects funded from Development Charges.

State of Good Repair Backlog and Unmet Service Needs

The Program does not have a backlog of State-of-Good-Repair projects.

Program Capacity and Readiness to Proceed

The Sustainable Energy Plan began in 2008. Implementation details for the four new initiatives have been finalized. Development of the plan and the framework for costing, energy cost savings and the criteria for payback of loans are now complete. The additional steps to review and complete the disbursement of the loans in the first year of operation are progressing with the projected increases in disbursements for 2009.

The 2008 projected disbursement rate of 75% by year end represents the first year of operation of the Sustainable Energy Plan when combined with the previous Energy Retrofit Projects. New operational procedures were required before the loans can be processed. These procedures were developed by staff in the Toronto's Energy Efficiency in conjunction with external consultants and completed in 2008. Disbursements of loans started later in 2008 and is expected to ramp up for 2009 and onwards.

The Recommended 5-Year Capital Plan includes \$13.976 million of loan repayments and interest earnings for reuse for new loans. The revolving fund will be disbursed based on assessments of individual feasibility studies prepared for each eligible energy project.

The reliance on third party operational production capacity levels for Deep Lake Water Cooling availability will make it challenging to expand the system to serve City facilities, specifically Union Station over the next 5 years.

Changes to the 5-Year Capital Plan (2009-2012)

Highlights of the recommended changes from the 2008–2012 Approved Capital Plan are summarized below:

- The Toronto Energy Conservation Fund has been revised to phase in over a five year period ending in 2012 rather than a three year period 2008-2010, moving \$3.000 million from 2009 and \$15.000 million from 2010 and increasing 2011 and 2012 by \$9.000 million in each year.
- \$0.595 million has been deferred from 2010 to 2011 in the Energy Retrofit Program.
- New projects totalling \$25.536 were added to the Capital Plan over the 5-year period to continue to meet energy reduction targets. Included in the new projects is the creation of the Toronto Home Energy Loan Program for \$9.000 million.

Capital Projects Highlights

Strategic Priorities:

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast advances the strategic objectives of the Sustainable Energy Plan that supports two key priorities outlined in the Mayor's Mandate and Council's policy agenda:

Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan:

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast provides \$103.722 million to continue to implement successful city-building initiatives like the world-leading Climate Change Plan and to develop a comprehensive climate change plan to cut greenhouse gas emissions to help combat global warming; and

A Cleaner and More Beautiful City - Developing a comprehensive public space beautification plan:

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast provides \$5.200 million to renew and improve our public spaces, including the redesign of Nathan Phillips Square.

Summary of Major Capital Initiatives

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 - 2018 Forecast	2009 -2018 Total
New & Expanded Facility Projects								
IT Projects								
Sub-Total								
Other Major City Initiatives:								
Energy Retrofit Projects	3,350	1,000	595			4,945		4,945
Upgrades - City Facilities	4,395	5,100	2,005			11,500		11,500
Deep Lake Water Cooling -Union Station	100	1,000	1,000	1,000	765	3,865		3,865
Better Buildings Partnership	824	886	973	1,067	1,131	4,881	5,214	10,095
Toronto Energy Conservation Fund	9,000	10,122	11,194	10,751	3,782	44,849	372	45,221
City of Toronto Green Fund	5,106	6,258	5,111	4,186	985	21,646	109	21,755
Community Energy Development Plan	110	680	408	1,343		2,541		2,541
Toronto Home Energy Loan Program (HELP)	500	2,000	3,000	3,500		9,000		9,000
Sub-Total	23,385	27,046	24,286	21,847	6,663	103,227	5,695	108,922
Total	23,385	27,046	24,286	21,847	6,663	103,227	5,695	108,922

All the projects included in the Recommended 5-Year Capital Plan and the Proposed 5-Year Capital Forecast position the City to move from an unsustainable state of energy use to a state of energy sustainability complementing the implementation of the Climate Change and Clean Air Action Plan.

Operating Budget Impact - 10-Year Plan & Forecast Incremental Operating Impact Summary

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 -2018 Forecast	2009-2018 Total
2009 Recommended Capital Budget								
Program Costs (net)	(298)					(298)		(298)
Approved Positions								
Recommended 2010-2013 Capital Plan								
Program Costs (net)		(608)	(200)	(100)		(908)		(908)
Approved Positions								
Recommended 2014-2018 Capital Forecast								
Program Costs (net)								
Approved Positions								
Total								
Program Costs (net)	(298)	(608)	(200)	(100)		(1206)		(1206)
Approved Positions								

The 2009-2013 Recommended Capital Plan will provide future year Operating Budget savings of \$1.206 million net over the five-year period, with no projected impact for the 2014-2018 Proposed Capital Forecast period. Programs participating in the Energy Retrofit Project must include the loan repayment costs as part of their annual operating budgets, offsetting the energy savings accruing from the retrofit project.

The incremental net operating savings outlined above include the following:

- \$0.138 million in savings in 2009 from the Boiler/Lighting Retrofits at Exhibition Station;
- Savings generated from the upgrades to City Facilities will reduce costs in 2009 by \$0.035 million; \$0.165 million in 2010; \$0.300 million in 2011 and \$0.100 million in 2012; and
- Deep Lake Water Cooling systems at City Hall and Police Headquarters will generate savings in 2009 of \$0.125 million and in 2010 of \$0.050 million.

Total 2009 Recommended Cash Flow & Future Year Commitments (\$000s)

	2007 & Prior Year Carry Forwards	2009 Previously Approved Cash Flow Commitments	2009 New Cash Flow Recommended	2009 Total Cash Flow Recommended	2009 Debt Target	2008 Carry Forwards	Total 2009 Cash Flow (Incl 2008 C/Fwd)	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Cost
Expenditures																	
Previously Approved		22,569		22,569		1,000	23,569	21,586	17,573	14,067	1,896	1,153	1,246	1,344	1,471		83,905
Change in Scope			(100)	(100)			(100)	(1,000)	(595)								(1,695)
New						4,682	4,682										4,682
New w/Future Year			916	916			916	6,460	7,308	7,780	4,767	481					27,712
Total Expenditure		22,569	816	23,385		5,682	29,067	27,046	24,286	21,847	6,663	1,634	1,246	1,344	1,471		114,604
Financing																	
Reserves/Res Funds		19,319	716	20,035		5,682	25,717	26,046	23,691	21,847	6,663	1,634	1,246	1,344	1,471		109,659
Development Charges																	
Other		813	25	838			838	250	149								1,237
Recoverable Debt		2,437	75	2,512			2,512	750	446								3,708
Total Financing		22,569	816	23,385		5,682	29,067	27,046	24,286	21,847	6,663	1,634	1,246	1,344	1,471		114,604

Comments / Issues:

- The 2009 Recommended Capital Budget for the Sustainable Energy Plan is \$29.067 million gross, with future year commitments of \$27.046 million in 2010; \$24.286 million in 2011; \$21.847 million in 2012; \$6.663 in 2013 and \$1.634 million in 2014 with commitments of \$5.214 million over the 2015 to 2018 period.
- The 2009 Recommended Capital Budget included carried forward from 2008 projects into 2009 of \$5.682 million; previously approved commitment funding of \$22.569 million and \$0.816 million for new/change in scope projects.
- Approval of the 2009 Recommended Capital Budget will result in new funding commitments of \$5.460 million in 2010, \$6.713 million in 2011, \$7.780 million in 2012, \$4.767 in 2013 and \$0.481 million in 2014.
- The commitments for 2010 are for Energy Retrofit projects for Parks, Forestry and Recreation, the Toronto Energy Conservation Fund and the Toronto Green Fund projects funded from the repayment and interest earned as well as projects for developing partnerships with community members and the Toronto Home Energy Loan Program.

2009 Recommended Capital Budget

2009 Recommended Capital Budget versus Debt Target

No debt target has been established for this program. Recoverable debt has been identified as a source of funds for the Energy Retrofit portion of the program. The Better Buildings New Construction Program will be funded from (and repaid to) the Better Buildings Partnership Loan Repayment Reserve Fund. The Toronto Energy Conservation Fund and the City of Toronto Green Fund will be funded from the Strategic Infrastructure Partnership Reserve Fund. These will be revolving funds; repaid by the MASH sector to replenish the City's reserve fund. The Upgrade - City Facilities and the Deep Lake Water Cooling projects at Union Station will be funded from the Strategic Infrastructure Partnership Reserve Fund.

Capital Budget by Project Category

100% of projects funded in the 2009 Recommended Capital Budget are for service improvement initiatives that will result in energy cost savings as well as reductions in greenhouse gas emissions.

Capital Projects Highlights

Strategic Priorities:

The 2009 Recommended Capital Budget advances the strategic objectives of the Sustainable Energy Plan that supports two key priorities outlined in the Mayor's Mandate and Council's policy agenda:

Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan:

The 2009 Recommended Capital Budget provides \$22.200 million towards meeting the meeting the greenhouse gas reduction targets established by the City. These include funds to complete the Energy Retrofit Plan projects (\$3.350 million); to continue with ongoing implementation of the Energy Plan including energy efficiency upgrades to City Hall (\$3.210 million); to expand the Deep Lake Water Cooling System at Union Station (\$0.100 million); to implement the Toronto Energy Green Fund (\$5.106 million) and the Toronto Energy Conservation Fund (\$9.000 million); to develop partnerships with the Better Buildings Partnership program (\$0.824 million); to provide low-interest revolving loans to homeowners with the Home Energy Loan Program (\$0.500 million); and for the Community Energy Development Plan (\$0.110 million); and

A Cleaner and More Beautiful City - Developing a comprehensive public space beautification plan:

The 2009 Recommended Capital Budget provides \$1.185 million funding in the Upgrades-City Hall project to renew and improve our public spaces, including the redesign of Nathan Phillips Square.

Capacity and Readiness to Proceed

Projects that began in 2008 and will continue in 2009 include: the Energy Retrofit Plan projects and the ongoing implementation of energy efficiency upgrades in City Hall, expanding the Deep Lake Water Cooling initiatives and focusing on improving air quality. These projects are all ready to proceed. The application process and review processes for loans to the MASH sector are being finalized. It is anticipated the 2009 loans will be disbursed according to plan.

PART III: ISSUES FOR DISCUSSION**2009 Recommended Capital Budget Issues****New Projects**

- The 2009 Recommended Capital Budget provides \$0.610 million in funding to establish two financing programs that encourages energy efficiency and renewable energy initiatives for facilities in a variety of building sectors across the City.
 - ***The Toronto Home Energy Loan Program (HELP)*** provides \$0.500 million to be funded from the Strategic Infrastructure Reserve Account. The program will assist homeowners with lower interest rates on loans than from a financial institution.
 - ***The Community Energy Plan*** provides \$0.110 million for a process to develop an integrated approach for community planning based on community energy zones.

Monitoring and Reporting Requirements

- The Sustainable Energy Plan provides new and innovative opportunities to assist the MASH sector in reducing greenhouse gas emissions and utilizing renewable energy sources. The total Plan encompasses loans, repayments, interest earned, allocations and various other processes that are relatively new to the City: particularly in the magnitude approved. The establishment of these processes required development of process maps and forms for loan applications, project details and a framework for costing; energy cost savings and criteria for payback of loans. Detailed project monitoring and reporting are required that connect the applications processed and the disbursement of loans with the repayment criteria to the funding allocated. The Energy Efficiency Office will consult with Accounting, Financial Planning and Corporate Finance Divisions on corporate procedures and policies to ensure appropriate financial management systems are in place for monitoring and reporting financial impacts resulting from implementing of these initiatives. The Energy Efficiency Office will incorporate these findings in the Sustainable Energy Plan 2010 Capital Budget submission.

Appendix 1

2009 Recommended Capital Budget; 2010 to 2013 Plan and 2014 to 2018 Forecast

Appendix 2

2009 Recommended Cash Flow and Future Year Commitments

Appendix 3
2009 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review

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Reserve / Reserve Fund Name	Project/Subproject name	Balance as of December 31, 2008	Proposed Withdrawals										2009-2018 Total
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	
Strategic Infrastructure Partnership Reserve Fund XR1714	Beginning Balance	71.9	71.9	47.0	21.8	(0.9)	(21.7)	(27.2)	(27.7)	(27.7)	(27.7)	(27.7)	
	Upgrades - City Facilities		(5.4)	(5.1)	(2.0)								(12.5)
	Deep Lake Water Cooling - Union Station		(0.1)	(1.0)	(1.0)	(1.0)	(0.8)						(3.9)
	Toronto Energy Conservation Fund		(12.8)	(10.1)	(11.2)	(10.8)	(3.8)	(0.4)					(49.0)
	Toronto Green Fund		(6.0)	(6.3)	(5.1)	(4.2)	(1.0)	(0.1)					(22.6)
	Community Energy Development Plan		(0.1)	(0.7)	(0.4)	(1.3)							(2.5)
	Toronto Home Energy Loan Program		(0.5)	(2.0)	(3.0)	(3.5)							(9.0)
													0.0
Total Reserve / Reserve Fund		71.9	47.0	21.8	(0.9)	(21.7)	(27.2)	(27.7)	(27.7)	(27.7)	(27.7)	(27.7)	

Reserve / Reserve Fund Name	Project/Subproject name	Balance as of December 31, 2008	Proposed Withdrawals										2009-2018 Total
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	
Better Buildings Partnership Loan Repayment Reserve Fund XR1052	Beginning Balance	7.3	7.3	6.4	5.5	4.6	3.5	2.4	1.2	(0.0)	(1.4)	(2.8)	
			(0.8)	(0.9)	(1.0)	(1.1)	(1.1)	(1.2)	(1.2)	(1.3)	(1.5)		(10.1)
Total Reserve / Reserve Fund		7.3	6.4	5.5	4.6	3.5	2.4	1.2	(0.0)	(1.4)	(2.8)	(2.8)	