



**STAFF REPORT  
ACTION REQUIRED**

**OPA Funding for Apartment Building Improvements -  
Energy Efficiency Impact Program**

<b>Date:</b>	May 11, 2012
<b>To:</b>	Budget Committee
<b>From:</b>	City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	

**SUMMARY**

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The purpose of this report is to seek approval from City Council to amend the 2012 Approved Operating Budget for the City Manager's Office, Executive Management Division, and to accept project funding from the Ontario Power Authority's Energy Efficiency Service Providers Initiative for the Tower Renewal Office.

The Tower Renewal Office has developed and is implementing a system for apartment building and community improvements across the City. Tower Renewal has been selected by the Ontario Power Authority (OPA) to receive funding for an energy efficiency improvement program targeted to apartment buildings. OPA funding will be in the amount of approximately \$500,000 for the duration of the program which is scheduled to operate from 2012 to the end of 2014.

Funds will be applied to provide education, outreach and technical expertise to support apartment buildings in undertaking improvement actions. In particular, the program will leverage private sector investments to expedite the implementation of energy efficiency projects in apartment buildings. This program will compliment the implementation of the Tower Renewal program to improve the state of the City's apartment buildings and their communities.

## **RECOMMENDATIONS**

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The City Manager recommends that:

1. City Council authorize the City Manager to receive and expend funds from the Ontario Power Authority's Energy Efficiency Service Providers Initiative (the EESP Initiative) in the amount of approximately \$500,000 to implement an energy efficiency improvement program targeting the City's older high-rise apartment buildings.
2. City Council increase the 2012 Approved Operating Budget for the City Manager's Office by \$221,000 gross, and \$0 net to reflect the Ontario Power Authority's 2012 project funding contribution.
3. City Council increase the Operating Budget of the Tower Renewal Office by 1.0 temporary position (1.0 management/non-union position) for the duration of the Ontario Power Authority funded project.

### **Financial Impact**

The Ontario Power Authority has awarded a minimum of \$500,000 to the City of Toronto for an energy efficiency program. The funding will be provided on a cost recovery basis, over the years 2012 to 2014. It is anticipated that \$221,000 will be required by the City Manager's Office in 2012 for this initiative. Therefore, it is recommended that the 2012 Approved Operating Budget be increased by \$221,000, funded from the OPA, for a \$0 net increase. The 2013 and 2014 budget submissions will include estimated funding requirements for the second and third years of the program for the remainder of the funding from OPA, \$0 net.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agree with the financial impact information.

### **DECISION HISTORY**

On January 17, 2012, City Council adopted the 2012 Capital and Operating Budget for City Manager's Office (clauses 247 – 248)

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX14.1>

City Council on July 6, 7 and 8, 2010, endorsed the approach to implementing the Tower Renewal Program City-wide presented in the Tower Renewal Implementation Book (Attachment 1 to the report (May 31, 2010) from the City Manager) including the Sustainable Towers, Engaged People (STEP) Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX45.52>

## **ISSUE BACKGROUND**

The City of Toronto has 1,189 older high-rise apartment buildings providing approximately half of the City's rental housing, often for residents with low incomes. The buildings are fundamentally sound but aging and generally energy inefficient. Studies have shown that electricity savings of up to 49% can be achieved in the typical older apartment building by applying a range of energy efficiency improvements.

(Source: [http://www.toronto.ca/tower\\_renewal/pdf/arup.pdf](http://www.toronto.ca/tower_renewal/pdf/arup.pdf) )

The benefits of improvement actions include utility savings which can be a significant economic driver to pursue improvement projects. However, building upgrades and improvements have generally been pursued only on an as-needed basis and often originally installed elements such as older appliances or original lighting are still in place. Undertaking building improvements actions has faced challenges, in particular in the area of awareness of energy efficiency retrofit potential and willingness to participate in incentive programs. There is also a reluctance to undertake improvement projects that can be technically and logistically complex, particular for owners with smaller portfolios or limited staff support. An Energy Efficiency Service Provider (EESP) will be tasked with overcoming these barriers through providing direct support services to building managers.

The EESP Initiative is being implemented by the OPA in order to contribute to achieving site-specific electricity consumption savings and broader cultural change with respect to electricity conservation. The funds must be used to provide a Full Time Equivalent position to support the OPA objectives, and other related support activities. With respect to Tower Renewal, the EESP Initiative will provide 1 FTE position that is 100% OPA funded. In addition, operating funds for education, communication and technical support is included in the OPA funding.

The Tower Renewal program provides an integrated system for implementing improvements to apartment buildings and the communities that surround them. Energy efficiency is one of the core areas of focus for the system, called the STEP program. The EESP Initiative provides direct support to Tower Renewal's efforts in implementing the STEP program by increasing the resources available for energy efficiency related improvements.

## **COMMENTS**

The Tower Renewal Office has a comprehensive understanding of the state of older apartment buildings and the challenges faced by the owners and residents of these buildings. Since 2010, the Tower Renewal Office has worked directly with apartment buildings across the city, supporting efforts to investigate and undertake building improvements, including energy efficiency. Tower Renewal has also managed a number of studies in order to identify and quantify savings and the costs related to achieving them.

Tower Renewal has established strong relationships with key players in the apartment sector including numerous building owner and property management companies; sustainable building product and service providers with a specialty in retrofits. We have also worked closely with the Federation of Rental Housing Providers and the Greater Toronto Apartment Association, sector advocacy organizations whose membership includes apartment building owners in Toronto and across the province. Building upon lessons learned from the Tower Renewal pilot sites and work with apartment buildings stakeholder groups, Tower Renewal has developed a system, called the STEP Program, to identify, prioritize and maximize the uptake of performance improvement actions, including energy efficiency opportunities in apartment buildings. This program has been designed to complement and enhance other Tower Renewal activities and is expected to strengthen the City's outreach to the privately owned apartment sector.

There is a significant opportunity to realize improvements in the City's older apartment buildings. Yet, achieving improvement actions requires integrated targeted action to support building owners, property managers and residents. The OPA in seeking improved uptake for its electricity efficiency and conservation programs has identified the apartment sector as one that will benefit from additional resources to assist with developing and undertaking energy retrofit projects. The OPA funding through the EESP Initiative will allow the Tower Renewal Office to enhance outreach to building managers and residents, provide technical support to participants, identify improvement opportunities (related to energy and other improvement actions) and augment the communication and outreach to apartment building residents.

The OPA EESP Initiative will support the Tower Renewal Office in the implementation of broader improvement actions in the City's apartment buildings. As this project will be focused on outreach to apartment sites, the Tower Renewal Office can leverage its connections with property owners and managers and integrate with work that it is being undertaking on a broad range of initiatives, including community building, building operation improvements and waste diversion initiatives, to include energy efficiency and conservation actions. Further, the improvement actions undertaken through the EESP initiative will contribute to broader City's objectives such as improving the operations and affordability of apartment buildings which will positively impact the quality of the building and building residents' quality of life.

## **CONTACT**

Eleanor McAteer  
Project Director, Tower Renewal  
emcatee@toronto.ca  
Tel: (416) 392-9716

## **SIGNATURE**

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Joseph P. Pennachetti  
City Manager