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2012 OPERATING BUDGET BRIEFING NOTE

Redirecting Funding for Remediation and Replanting – Emerald Ash Borer Infestation

Issue/Background:

- At its meeting of December 6th, 2011, Budget Committee directed staff from the Toronto Environment Office to provide a briefing note on redirecting current and proposed programmes to address the unfunded remediation and replanting strategy required as a result of the Emerald Ash Borer infestation. Carriage of the briefing note has been taken by the CFO as there are several potential corporate sources of funding to consider.
- This briefing note provides the status of reserve funding that could be re-directed to fund the remediation and replanting strategy related to Urban Forestry's initiatives. In addition, other potential sources of funding have been identified by the Deputy City Manager and Chief Financial Officer for the consideration of Budget Committee.

Key Points:

- Forestry staff have estimated that \$68 million (2011 costing) will be required over the next six to seven years for removal and street tree replacement plantings due to the infestation of the Emerald Ash Borer. The 2012 Recommended Operating Budget includes \$3.6 million for the second year's implementation of the Emerald Ash Borer Management Plan; funded from interest accumulated in the Subdividers Deposit Reserve Fund. Prior to preparation of the 2013 Operating Budget, forestry staff will have more information on the scale and speed of the infestation and specific measures that may be taken to slow the infestation and address the liability of dead trees.

Toronto Environment Office Initiatives

- The Toronto Environment Office (TEO) delivers two environmental initiatives through its Operating Budget, funded from the Strategic Infrastructure Partnership Reserve Fund. These are the Climate Change Action Plan and Home Energy Efficiency Programs. The original allocation of reserve funding for these two programs was \$26.190 million. It is estimated that of this total, \$6.792 million will be unspent at the end of 2012. The history of funding and spending is identified in the following table:

TEO 5-Year Reserve Fund Allocation & Expenditures for 2008 to 2012						
Program	Expenditures 2008 to 2012				Total Allocation	Available Reserve Funds
	Actuals for 2008-2010	Projected for 2011	Recommended for 2012	Total Reserve-Funded Expenditures		
Climate Change Action Plan	\$8,216	\$3,611	\$2,022	\$13,849	\$17,190	\$3,341
Home Energy Efficiency Programs	\$2,421	\$3,129	\$0	\$5,550	\$9,000	\$3,450
TOTAL	\$10,637	\$6,740	\$2,022	\$19,409	\$26,190	\$6,791

Toronto Energy Conservation Fund and Toronto Green Fund

- In addition to funding the TEO initiatives, \$62 million was set aside in 2008 from the Strategic Infrastructure Partnership Reserve to fund the Toronto Energy Conservation Fund (\$42 million) and the Toronto Green Fund (\$20 million). These were set up to be interest-free revolving loan funds where principal repayments would be repaid into the Reserve and could be used to provide additional loans. In February, 2010, Council directed that a maximum of \$5 million from each of the two funds be directed to loans to privately owned multi-family apartment sector applicants that are undertaking comprehensive retrofits consistent with the objectives of the Tower Renewal Project.
- To date \$14.570 million has been loaned to the Municipal, Academic, Social and Healthcare sectors (MASH); with \$23.649 million in loans pending. Loans to date issued amount to \$1.175 million for the Academic sector; \$2.619 million for the Healthcare sector; \$2.165 million for the not-for-profit sector; \$4.521 million for the Social sector and \$4.089 million for the Municipal sector.
- In addition, \$9.000 million has been budgeted for Energy and Strategic Initiatives/FMD, in which \$1.000 million was allocated to two program areas, namely the District Energy Initiative (\$0.500 million to develop 3 Business Cases), and \$0.500 million to the Renewable Energy Study). The Toronto Renewable Energy Office was loaned an amount of \$8.000 million for the Solar Photovoltaic Program.
- The Staff Recommended 2012 Capital Budget and 2013-2021 Capital Plan includes a recommendation requesting the City Manager and Deputy City Manager and Chief Financial Officer report back to Budget Committee within the first quarter of 2012 on the merits of continuing the Sustainable Energy Funds for non-City agencies and continuing to provide loans interest free given the City's financial constraints. Until that report is available, no further loans will be approved.
- As the table below indicates, \$43.793 million will be available at the end of 2012, assuming no additional loans are issued. Commitments noted for 2012 include support to the Energy Efficiency Office in the amount of \$2.904 million and the Toronto Renewable Energy Office in the amount of \$0.737 million.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Conservation Fund	9,028	1,193	3,105	3,839	3,773	3,790	3,797	3,806	3,815		36,146
Green Fund	3,249	897	1,021	1,016	1,018	1,019	1,021	1,023	1,024		11,288
Committed	(3,641)										(3,641)
TOTAL	8,636	2,090	4,126	4,855	4,791	4,809	4,818	4,829	4,839	-	43,793

Public Realm Reserve

- The Public Realm Reserve Fund is a reserve that was established for proceeds of the Astral Media Street Furniture contract. A continuity schedule for the Reserve is provided below. Withdrawals include funding for the Neighbourhood Improvement Project, street tree maintenance and support for the Public Realm initiative. In addition, projections include a \$1 million per year provision for Emerald Ash Borer Management, beginning in 2013.

	Pro Forma Cash Flow Statement									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPENING BALANCE JANUARY 1	15,233,053	7,359,232	5,445,368	5,200,081	5,498,115	6,376,583	7,873,815	13,116,754	19,215,867	26,223,841
Contributions to	13,478,256	15,001,287	16,968,168	17,815,757	18,706,545	19,641,872	23,710,471	24,895,995	26,140,795	27,447,835
Withdrawals from	(21,352,077)	(16,915,151)	(17,213,454)	(17,517,723)	(17,828,078)	(18,144,639)	(18,467,532)	(18,796,883)	(19,132,820)	(19,475,477)
ENDING BALANCE DECEMBER 31	7,359,232	5,445,368	5,200,081	5,498,115	6,376,583	7,873,815	13,116,754	19,215,867	26,223,841	34,196,200

The sources of funds as detailed above could provide some or all of the funding required to implement the strategy for the Emerald Ash Borer infestation.

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