



## STAFF REPORT ACTION REQUIRED

### Eco-Roof Incentive Program: Creation of Reserve Fund

<b>Date:</b>	March 7, 2012
<b>To:</b>	Planning and Growth Management Committee
<b>From:</b>	John Livey, Deputy City Manager Cam Weldon, Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2012\Cluster B\TEO\PG12004

#### SUMMARY

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This report recommends the creation of a reserve fund to receive money paid to the City of Toronto by developers who make a cash-in-lieu payment when they opt not to construct a green roof, as required by the Green Roof Bylaw (Toronto Municipal Code Chapter 492).

Creation of a reserve fund will enable the City to maintain the Eco-Roof Incentive Program, as 2012 is the final year of scheduled financial support for the Strategic Infrastructure Reserve.

The program applies to existing industrial, commercial and institutional buildings and new buildings not subject to the City's Green Roof Bylaw that mandates green roofs for new building construction over a certain size threshold.

The Eco-Roof Incentive Program, established in 2008, is administered by the Toronto Environment Office.

This report also recommends changes to the Terms and Conditions of the Eco-Roof Incentive Program to ensure that eligibility for Eco-Roof Incentive Program funding is consistent with the requirements of the Green Roof Bylaw for industrial, commercial and institutional buildings.

## **RECOMMENDATIONS**

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**John Livey, Deputy City Manager, and Cam Weldon, Deputy City Manager and Chief Financial Officer, recommend that:**

1. City Council establish a discretionary reserve fund called the 'Eco-Roof Financial Assistance Reserve Fund' to receive monies raised through the cash-in-lieu policy of the City's Green Roof Bylaw (Toronto Municipal Code Chapter 492), for the purpose of financing green roof installation grants for industrial, commercial and institutional buildings not subject to the Toronto Green Roof Bylaw, with criteria as set out in Appendix I.
2. City Council direct that all funds acquired, both already received and in the future, through the cash-in-lieu policy of the City's Green Roof Bylaw be deposited in the 'Eco-Roof Financial Assistance Reserve Fund'.
3. City Council authorize the Director of the Toronto Environment Office, in consultation with the City Solicitor, to amend the eligibility requirements in the Terms and Conditions of the Eco-Roof Incentive Program, as needed, to ensure that eligibility for Eco-Roof Incentive Program funding is consistent with the requirements of the Green Roof Bylaw for industrial, commercial and institutional buildings.
4. Municipal Code Chapter 227 – Administration of Reserves and Reserve Funds be amended to give effect to Recommendation 1 and City Council authorize the City Solicitor to submit any necessary bills in Council.

### **Financial Impact**

There are no immediate financial implications arising from this report.

2012 is the final year of dedicated funding from the Strategic Infrastructure Reserve for the Eco-Roof Incentive Program. As initially detailed in the five-year funding plan approved by City Council in March 2008, and approved in the 2012 Operating Budget by City Council, the 2012 budget for the Toronto Environment Office has \$200,000 in reserve funds for the Eco-Roof Incentive Program. These funds are ear-marked to provide financial incentives to support the installation of cool roofs.

Ongoing approval of green roof projects will be subject to the availability of funds received from the cash-in-lieu policy tied to the Green Roof Bylaw. As of February 2012, a total of \$296,100 in cash-in-lieu contributions has been received, of which \$148,000 was provided by the Toronto District School Board. In addition, seven development proposals have received an exemption or variance to the Green Roof Bylaw, with a total contribution amount estimated at \$438,188, of which \$232,240 is estimated to come from School Board projects. It is important to note that these are estimated amounts, as proponents do not pay until they apply for their building permit.

Should Council adopt the pending report from the Chief Planner and Executive Director, City Planning, entitled "*Amendment to the Green Roof Bylaw for Public and Separate School Board Buildings*", effectively approving refunds for School Boards, the funds placed in the proposed 'Eco-Roof Financial Assistance Reserve Fund' will be adjusted to \$148,100 with anticipated future contributions estimated at \$205,948.

The Director of the Toronto Environment Office, in consultation with the City Solicitor, will amend the eligibility requirements for disbursement of these funds through a modified Eco-Roof Incentive Program. The recommendations in this report provide a mechanism for holding cash-in-lieu funds until they can be awarded.

A future adjustment to the Operating Budget of the Toronto Environment Office will be required to draw these funds from the proposed 'Eco-Roof Financial Assistance Reserve Fund' and award them as grants.

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

## **DECISION HISTORY**

At its meeting of July 16 – 19, 2007 City Council unanimously adopted the *Climate Change, Clean Air and Sustainable Energy Action Plan: Moving from Framework to Action* (the “Climate Change Action Plan”). At that time City Council directed the Director of the Toronto Environment Office to establish a program to support property owners in making their roof space more environmentally friendly. See item EX10.3 on page 25 of the Council minutes:

<http://www.toronto.ca/legdocs/mmis/2007/cc/minutes/2007-07-16-cc11-mn.pdf>.

In March 2008, City Council considered a report entitled, “Climate Change Action Plan – Implementation of Key Program Initiatives” (see item BU21.1h), which included requested funding of \$2.4 million over five years (2008-12) to establish an Eco-Roof Incentive Program. That request was approved and in December 2008 City Council endorsed the terms of reference for the Eco-Roof Incentive Program (<http://www.toronto.ca/legdocs/mmis/2008/pg/bgrd/backgroundfile-16869.pdf>), which was officially launched in March 2009.

At its meeting of May 26, 2009 City Council adopted the Green Roof Bylaw which provides an option for developers who do not wish to construct a green roof as required, to seek approval to provide cash in-lieu of constructing the green roof. The Green Roof Bylaw came into effect in January 2010. The Green Roof Bylaw can be viewed at:

[http://www.toronto.ca/legdocs/municode/1184\\_492.pdf](http://www.toronto.ca/legdocs/municode/1184_492.pdf).

## COMMENTS

### **Recommendation to establish a reserve fund for cash-in-lieu contributions**

When City Council approved the Green Roof Bylaw in 2009, it directed that any funds collected as cash-in-lieu be directed to the Eco-Roof Incentive Program and be utilized to provide financial support for green roof installations. Cash-in-lieu payments are received from development proposals where an exemption or variance to the Green Roof Bylaw was approved by either City Council or the Chief Planner. Approved exemptions and variances require a cash-in-lieu payment of \$200/m<sup>2</sup> of green roof not provided.

As of February 29, 2012, a total of \$296,100 in cash-in-lieu contributions has been received, of which \$148,000 was provided by the Toronto District School Board. In addition, there are seven development proposals that have received a variance or exemption to the Green Roof Bylaw, but have not yet applied for building permits and therefore have not submitted payment. The estimated potential total cash-in-lieu payments could be \$438,188, of which \$232,240 is estimated to come from School Board projects. It is important to note that these are estimated amounts. Proponents do not actually pay for their variance or exemption until they apply for their building permit, and may decide to pursue options provided by the Green Roof Bylaw.

Before the committee is another report from the Chief Planner and Executive Director, City Planning, entitled "*Amendment to the Green Roof Bylaw for Public and Separate School Board Buildings*", which is proposing an alternative option to green roofs with respect to public and separate school buildings. This report also recommends providing a refund equivalent to the cash-in-lieu of a green roof paid to the City at the time of building permit applications for public and separate school board buildings and building additions if the buildings comply with the alternative option.

Should Council adopt the pending report "*Amendment to the Green Roof Bylaw for Public and Separate School Board Buildings*", approving refunds for School Boards, the funds placed in the proposed 'Eco-Roof Financial Assistance Reserve Fund' will be adjusted to \$148,100 with anticipated contributions estimated at \$205,948.

Although details have been provided about funds held and anticipated to be received, this report does not determine the amount available, or the criteria through which the funds are generated through the cash-in-lieu policy of the Green Roof Bylaw, it is only establishing a mechanism to hold the funds for the purpose of financing green roof installations through the Eco-Roof Incentive Program.

A future adjustment to the Operating Budget of the Toronto Environment Office will be required to draw these funds from the proposed 'Eco-Roof Financial Assistance Reserve Fund' and award them as grants.

This report recommends the establishment of a discretionary reserve fund called the 'Eco-Roof Financial Assistance Reserve Fund' to receive monies raised through the cash-in-

lieu policy of the City's Green Roof Bylaw, with criteria as set out in Appendix I. The funds collected through the cash-in-lieu policy prior to the creation of this account should be transferred to the 'Eco-Roof Financial Assistance Reserve Fund' upon its establishment. Additionally, any new funds collected through the cash-in-lieu policy of the Green Roof Bylaw should be deposited to this account.

A total of \$296,100 in cash-in-lieu payments have been paid to the City as of February 29, 2012. The amount of \$258,000 is sitting in a Deferred Revenue Account as these payments were received in 2011. There is \$38,100 sitting in the Eco-Roof Incentive Program cost centre (WE0081) as this payment was received in 2012, for a total of \$296,100.

### **Eco-Roof Incentive Program Terms and Conditions: Eligibility**

A core principle of the Eco-Roof Incentive Program is that grant funding will only be provided where the provision of a green roof is not mandated by a bylaw or regulation, (such as the Green Roof Bylaw). If property owners are already under an obligation to create a green roof then they are ineligible for funding under this program.

In 2011, City Council made amendments to the Green Roof Bylaw, therefore changes are required to the Eco-Roof Incentive Program to ensure consistency. This report includes a recommendation that would authorize the Director of the Toronto Environment Office in consultation with the City Solicitor to amend the eligibility requirements in the Terms and Conditions of the Eco-Roof Incentive Program, as needed, to ensure consistency between the Eco-Roof Incentive Program and the Green Roof Bylaw.

New industrial buildings are currently eligible for funding under the Eco-Roof Incentive Program as they had been exempt from the Green Roof Bylaw. However, City Council on Nov 29, 2011 adopted an amendment to the Green Roof Bylaw that requires new industrial construction to comply with the Green Roof Bylaw. The eligibility requirements within the Terms and Conditions of the Eco-Roof Incentive Program must therefore be revised to remove the eligibility of industrial buildings.

From time to time, it will be necessary to amend the eligibility requirements of the Eco-Roof Incentive Program as the Green Roof Bylaw is amended in the future through Council direction. The intent is to ensure that eligibility for Eco-Roof Incentive Program funding is consistent with the requirements of the Green Roof Bylaw for industrial, commercial and institutional buildings.

### **Conclusion**

2012 is the final year of dedicated funding from the Strategic Infrastructure Reserve for the Eco-Roof Incentive Program. Going forward, all funding for green roof installation projects will come from cash-in-lieu contributions associated with the Green Roof Bylaw.

This report recommends that a discretionary reserve fund called the 'Eco-Roof Financial Assistance Reserve Fund' be established to hold the cash-in-lieu payments collected through exemptions and variances to the Green Roof Bylaw. This includes funds already received and currently held in a Deferred Revenue Account and any new funds collected.

This report also recommends that the Director of the Toronto Environment Office be granted the authority to amend the eligibility requirements in the Terms and Conditions of the Eco-Roof Incentive Program, as needed, to ensure consistency between the Eco-Roof Incentive Program and the Green Roof Bylaw. The intent is to ensure that eligibility for Eco-Roof Incentive Program funding is consistent with the requirements of the Green Roof Bylaw for industrial, commercial and institutional buildings.

## **CONTACTS**

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## **SIGNATURES**

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John Livey  
Deputy City Manager

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Cam Weldon  
Deputy City Manager & CFO

## **APPENDIX I: Eco-Roof Financial Assistance Reserve Fund**

## **Appendix I**

### **Eco-Roof Financial Assistance Reserve Fund**

#### 1. Location within the Consolidated Reserves/ Reserve Funds Schedule

This account will be included in Schedule #7 – Corporate Discretionary Reserve Funds as part of the Climate Change Reserve Fund Group.

#### 2. Statement of Purpose

This account will receive monies raised through the cash-in-lieu policy of the City's Green Roof Bylaw (Toronto Municipal Code Chapter 492), for the purpose of financing green roof installation grants for industrial, commercial and institutional buildings not subject to the Toronto Green Roof Bylaw.

#### 3. Service Area or Beneficiary Program

The City Division assigned responsibility for the Eco-Roof Program by the City Manager, currently the Toronto Environment Office, shall have primary responsibility for the account.

#### 4. Initial Contribution (2012)

All funds received from cash-in-lieu payments prior to the establishment of the reserve fund, will form the initial contribution. Funds will come from cash-in-lieu payments received from development proposals where an exemption or variance to the Green Roof Bylaw was approved by either City Council or the Chief Planner.

#### 5. Contribution Policy

All funds raised through the cash-in-lieu policy associated with the Green Roof Bylaw will be deposited into this reserve account.

#### 6. Withdrawal Policy

Funds may be withdrawn as identified through the operating budget for the City Division assigned responsibility by the City Manager for administering the Eco-Roof Program.

#### 7. Review Cycle

The account will be reviewed a minimum of once every five years.