



# Toronto 2016 BUDGET

## OPERATING BUDGET NOTES



## Toronto Atmospheric Fund

### 2016 OPERATING BUDGET OVERVIEW

The Toronto Atmospheric Fund (TAF) assists in slowing global climate change and improving air quality by advancing local solutions that reduce the production of greenhouse gas (GHG) emissions and related air pollution. TAF collaborates with non-government organizations, governments, corporations, official committees, neighbourhood organizations, universities, public and private schools, investors to advance social, financial, policy and technological innovations that reduce air pollution and greenhouse gas emissions while also creating a vibrant green economy.

### 2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$2.612 million gross and \$0 million net as shown below.

(in \$000's)	2015 Approved		Change	
	Budget	2016 Budget	\$	%
Gross Expenditures	2,575.0	2,612.0	37.0	1.4%
Gross Revenues	2,575.0	2,612.0	37.0	1.4%
<b>Net Expenditures</b>				

In 2016, the Toronto Atmospheric Fund (TAF), being a self-funding organization, has increased its operating budget by \$0.037 million primarily due to inflationary and cost of living increases. This increase will be covered by fundraising, earnings from their investment portfolio and the stabilization fund.

[toronto.ca/budget2016](http://toronto.ca/budget2016)

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5. Summary of 2016 New & Enhanced Service Priorities	N/A
6. Inflows/Outflows to / from Reserves & Reserve Funds	N/A
7. 2016 User Fee Rate Changes	N/A

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Fast Facts

- Over the past 20 years, the TAF has provided \$51 million in grants and financing support to the City of Toronto and its residents and businesses to reduce air pollution and GHG emissions.
- By 2011, Toronto had reduced greenhouse gas emissions by 22%, exceeding its 2012 target of a 6% reduction in greenhouse gas emissions.

Trends

- The Toronto Atmospheric Fund's marketable investments portfolio has averaged 15.0 % in returns over the last 4 years.
- The Toronto Atmospheric Fund attracts external revenues through fundraising activities while maintaining its investment revenues by staying within City-approved investment portfolio parameters. Over the long-term, TAF's Stabilization Fund smoothes out variability of investment earnings from year to year.

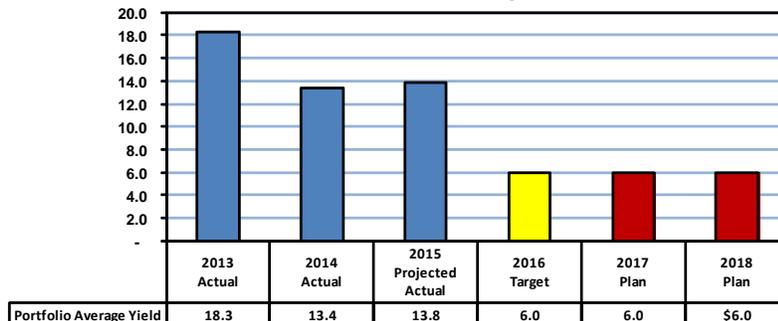
Our Service Deliverables for 2016

The Toronto Atmospheric Fund facilitates global climate stabilization by the reduction of emissions of greenhouse gas (GHG) emissions by advancing policy changes, mobilizing financial and social capital to incubate and commercialize energy efficiency projects which can be scaled-up along with public education.

The 2016 Preliminary Operating Budget will provide funding to:

- Design, develop and implement three core programs which include incubating Climate Solutions, Mobilizing Financial Capital and Mobilizing Social Capital.
- Provide support and funding for projects related to energy efficiency, global climate stabilization and air quality improvement in co-operation with non-government organizations, governments, industries, corporations, official committees, neighbourhood organizations, universities, and public and private schools.
- Administer/manage a diversified investment portfolio with oversight by the Toronto Atmospheric Fund Board (TAF) and the appointed Investment Committee.
- Continue the TAF Grants Program to generate ideas, stimulate collaborations, and engage more stakeholders to envision and implement low-carbon solutions in Toronto.

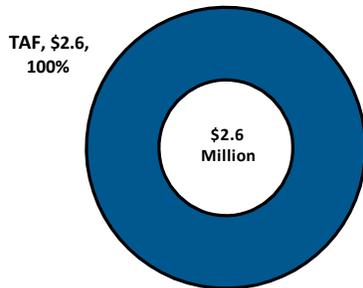
Portfolio Average Yield (%)



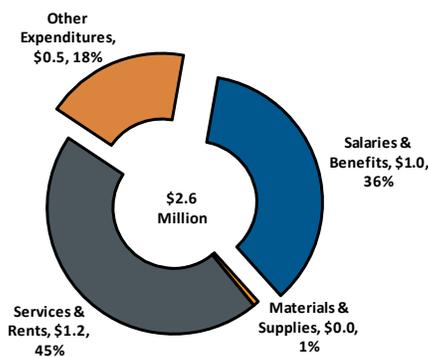
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

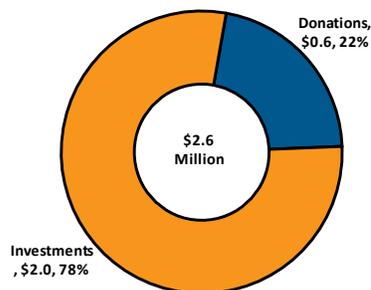


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- **Moving towards City of Toronto Green House Gas (GHG) reduction targets** of: 6% reduction by 2012, 30% by 2020 and 80% by 2050 based on the 1990 baseline of 22 Mega Tonnes per year.

  - ✓ Implement the strategic plan for 2015-2020 aligning with City objectives/activities while pursuing high-impact opportunities to advance GHG-reduction mandate
- **Manage fundraising to expand various program deliverables.**

  - ✓ Contribute to innovative, high-impact emission reduction projects undertaken by Toronto-based non-profit organizations, strategic partners, and City of Toronto.
  - ✓ Prudently manage a diversified investment portfolio with Board and Investment Committee oversight, in addition to increasing fundraising initiatives to attract corporate investment.

2016 Operating Budget Highlights

- The 2016 Preliminary Operating Budget for Toronto Building of \$2.612 million in gross expenditures provides funding for the Toronto Atmospheric Fund.
- The Toronto Atmospheric Fund's Operating Budget is funded by investment income earned from its endowment fund and by attracting funding from external sources. TAF is not funded from the City's tax base.
- TAF has allocated \$0.500 million in their 2015 Operating Budget for Grants. Grants provided are driven by quality of grant applications which must meet pre-scribed criteria be approved by the TAF Grants Committee.

## Actions for Consideration

Approval of the 2016 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2016 Preliminary Operating Budget for the Toronto Atmospheric Fund of \$2.612 million gross, \$0 million net for the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Toronto Atmospheric Fund	2,612.0	0
 Total Program Budget	<u>2,612.0</u>	<u>0</u>

2. City Council approve the 2016 service levels for the Toronto Atmospheric Fund as outlined on page 6 of this report, and associated staff complement of 8 positions.

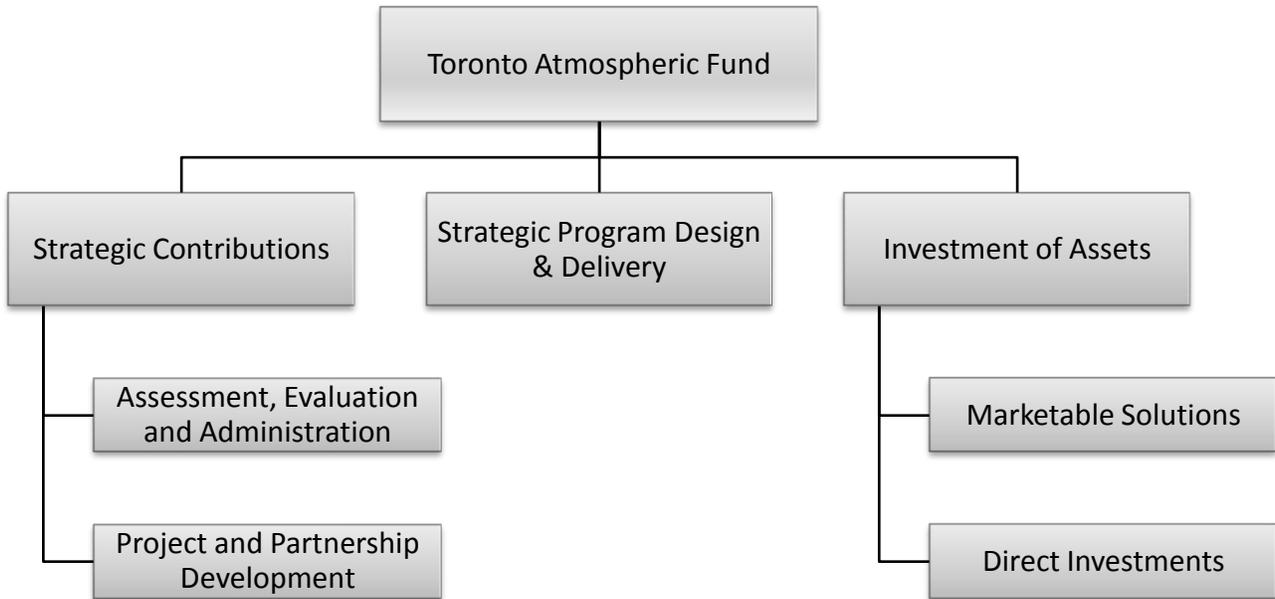


## **Part I:**

2016 – 2018

Service Overview and  
Plan

# Program Map



**Table 1**  
**2016 Preliminary Operating Budget and Plan by Service**

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget	Approved	Changes	2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Toronto Atmospheric Fund</b>											
Gross Expenditures	2,575.0	1,975.0	2,612.0		2,612.0	37.0	1.4%	173.0	6.6%	173.0	6.2%
Revenue	2,575.0	2,575.0	2,612.0		2,612.0	37.0	1.4%	173.0	6.6%	173.0	6.2%
<b>Net Expenditures</b>		(600.0)									
<b>Total</b>											
Gross Expenditures	2,575.0	1,975.0	2,612.0		2,612.0	37.0	1.4%	173.0	6.6%	173.0	6.2%
Revenue	2,575.0	2,575.0	2,612.0		2,612.0	37.0	1.4%	173.0	6.6%	173.0	6.2%
<b>Total Net Expenditures</b>		(600.0)									
<b>Approved Positions</b>	8.0	7.6	8.0		8.0						

The Toronto Atmospheric Fund’s 2016 Preliminary Operating Budget is \$2.612 million gross and \$0 million net.

- Base pressures are mainly attributable to \$0.012 million in salary and benefit increases, and an increase of \$0.025 million in Grants and costs of delivering and maintaining the current programs.
- The above pressures have been offset by external fundraising and revenues from implemented energy projects, the investment portfolio and TAF's stabilization fund if required.
- Approval of the 2016 Preliminary Operating Budget will result in Toronto Atmospheric Fund maintaining its total staff complement of 8.
- The 2016 and 2017 Plan increases are attributable primarily to increases in salaries and benefits and inflation-prone expenses relating to the delivery of programs.

**Table 2**  
**Key Cost Drivers**

(In \$000s)	Operating Budget		2016 Base Budget	
	Fund		Total	
	\$	Position	\$	Position
<b>Salaries and Benefits Changes</b>	12.0		12.0	
<b>Other Base Changes</b>				
Program Delivery & Approved Grants/Loans	25.0		25.0	
<b>Total Gross Expenditure Changes</b>	<b>37.0</b>		<b>37.0</b>	
<b>Revenue Changes (Increase) / Decrease</b>				
Increase in Investment Income	(137.0)		(137.0)	
Decrease in Donations	100.0		100.0	
<b>Total Revenue Changes</b>	<b>(37.0)</b>		<b>(37.0)</b>	
<b>Net Expenditure Changes</b>				

Key cost drivers for the Toronto Atmospheric Fund are discussed below:

- In addition to the salary and benefit changes of \$0.012 million, base pressures are driven by an increase of \$0.025 million primarily due to the delivery of programs.
- Revenue Changes:
  - Revenue increase from investment income and loan interest of \$0.137 million.
  - A decrease in budgeted donations of \$0.100 million is expected based on estimated funding from foundations and private sector programs.

**Table 5**  
**2017 and 2018 Plan by Program**

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Salaries and Benefits Changes	48.0		48.0	1.8%		48.0		48.0	1.7%	
Operating Expenses (Program Delivery and Grants/Loa	125.0		125.0	4.8%		125.0		125.0	4.5%	
<b>Sub-Total</b>	<b>173.0</b>		<b>173.0</b>	<b>6.6%</b>		<b>173.0</b>		<b>173.0</b>	<b>6.2%</b>	
<b>Anticipated Impacts:</b>										
Project Revenue Stream from Implemented Projects		173.0	(173.0)	6.6%			173.0	(173.0)	6.2%	
<b>Sub-Total</b>		<b>173.0</b>	<b>(173.0)</b>	<b>6.6%</b>			<b>173.0</b>	<b>(173.0)</b>	<b>6.2%</b>	
<b>Total Incremental Impact</b>	<b>173.0</b>	<b>173.0</b>				<b>173.0</b>	<b>173.0</b>			

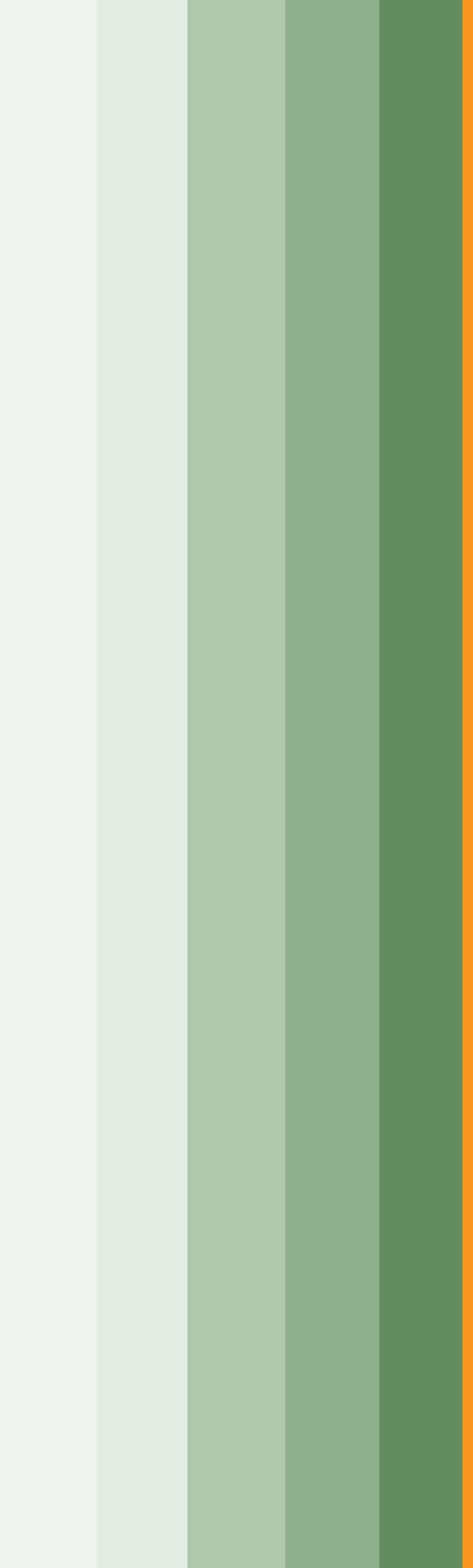
Future year incremental costs are primarily attributable to the following:

#### **Known Impacts**

- Salary and benefit increases include progression and merit pay and cost of living adjustments of \$0.048 million or 1.8%.
- The amount of \$0.125 million is primarily due to the increase in program delivery and fundraising activities.

#### **Anticipated Impacts**

- Incremental revenues are projected to be \$0.173 million due to an increase in earnings from investments, fundraising initiatives, and the stabilization fund if needed.



## **Part III:**

Issues for Discussion

## Issues for Discussion

### Issues Impacting the 2016 Budget and Future Years

#### *2015 – 2020 Strategic Plan*

- At the end of 2014, Toronto Atmospheric Fund (TAF) staff undertook a planning process to establish a set of strategic directions to help guide them for the next phase of "*Charting the Voyage to a Low-Carbon City*". The strategic directions were finalized during 2015 while aligning with City objectives and activities focusing on high-impact opportunities to advance greenhouse gas - reduction mandate.
- TAF is actively supporting community partners in advancing energy efficiency. TAF continues to assist and collaborate with City's Environment & Energy Services as a service delivery agent to attract community-based green energy and retrofit projects and leverage the capital funding available through the Sustainable Energy Plan for 2016.
- By 2016, Toronto Atmospheric Fund will have created, in consultation with multiple stakeholders and drawing from the City of Toronto's greenhouse gas inventory:
  - A living document charting a path to achieving the City of Toronto's target of reducing greenhouse gas emissions by 30 percent by 2020 and 80 percent by 2050, based on 1990 levels; and,
  - 2030 and 2040 interim emission reduction targets.
- By 2018, the City of Toronto will be within sight of meeting its 2020 greenhouse gas emissions target and TAF will have:
  - Incubated priority actions for meeting the 2050 and / or interim emission reduction targets; and,
  - Reviewed and updated its strategic directions as required based on new insights and lessons learned from the 2015 – 2018 period.
- By 2020, the City of Toronto will have achieved its 2020 target and approved and / or initiated actions that will put the City on a path to achieve the 2050 targets, understanding that doing so will achieve multiple benefits for the City.
  - TAF will have mobilized at least \$375 million or 15 times the current value of the TAF endowment of \$23 million in private and/or public sector financial resources for low-carbon solutions, based on TAF actions taken since 2011.

TAF will continue to explore opportunities to advance the City's mandate of greenhouse gas reductions.



## **Appendices:**

## Appendix 1

### 2015 Service Performance

#### 2015 Key Service Accomplishments

In 2015, the Toronto Atmospheric Fund accomplished the following:

- ✓ City of Toronto named as a finalist in the C40 Cities Awards, a program of the C40 Cities Climate Leadership Group. The awards provide global recognition for cities that demonstrate world-leading policies and programs that reduce GHG emissions and improve sustainability all over the world.
- ✓ Implementing energy efficiency retrofits
  - Guiding deep retrofits of 10 high-rise buildings including TCHC (7) and housing Co-operatives (3)
  - Secured \$2.6M loan/grant from FCM's Green Municipal Fund for TCHC retrofit
  - Leading-edge indoor air quality study of TCHC buildings to dovetail energy with air-quality improvements
- ✓ Move the GTHA (Greater Toronto and Hamilton Area)
  - Incubated and funded a collaboration of 14 diverse organizations focused on securing funding needed to implement The Big Move
- ✓ Fleet-Wise EV300 Electric Vehicles (EV) Project
  - Project wrapped up in 2015 with key objectives achieved including:
    - policies, purchasing practices and programs developed to accelerate deployment of EV's in Toronto fleets
    - created an analytical tool for assessing business case for purchasing EV's
    - supported fleets to incorporate EV's into their operations
- ✓ Transform-TO
  - Initiated new project focused on how the City can achieve its ambitious GHG reduction targets – 30% by 2020 and 80% by 2050
  - Collaboration with the City's Environment & Energy Division (EED) and expecting to attract external funding
- ✓ Urban focus for Ontario's climate change plan
  - Participation in the multi-stakeholder Clean Economy Alliance, with 80+ organizations
  - Grant to Environmental Defence to develop, advance and monitor relevant approaches, policy recommendations and communications
  - Convening to identify and advance recent provincial action to reduce urban carbon emissions.

## Appendix 2

### 2016 Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected	Budget	2015 Approved		2017	2018
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	695.0	804.0	953.0	862.0	965.0	12.0	1.3%	1,017.0	1,017.0
Materials and Supplies							-		
Equipment							-		
Services & Rents							-		
Contributions to Capital							-		
Contributions to Reserve/Res Funds							-		
Other Expenditures	1,300.0	1,303.0	1,622.0	1,113.0	1,647.0	25.0	1.5%	1,768.0	1,768.0
Interdivisional Charges							-		
<b>Total Gross Expenditures</b>	<b>1,995.0</b>	<b>2,107.0</b>	<b>2,575.0</b>	<b>1,975.0</b>	<b>2,612.0</b>	<b>37.0</b>	<b>1.4%</b>	<b>2,785.0</b>	<b>2,785.0</b>
Interdivisional Recoveries							-		
Provincial Subsidies							-		
Federal Subsidies							-		
Other Subsidies							-		
User Fees & Donations							-		
Transfers from Capital Fund							-		
Contribution from Reserve/Reserve Funds							-		
Sundry Revenues	4,808.0	3,720.0	2,575.0	2,575.0	2,612.0	37.0	1.4%	2,785.0	2,785.0
<b>Total Revenues</b>	<b>4,808.0</b>	<b>3,720.0</b>	<b>2,575.0</b>	<b>2,575.0</b>	<b>2,612.0</b>	<b>37.0</b>	<b>1.4%</b>	<b>2,785.0</b>	<b>2,785.0</b>
<b>Total Net Expenditures</b>	<b>(2,813.0)</b>	<b>(1,613.0)</b>		<b>(600.0)</b>			-		
<b>Approved Positions</b>	<b>7.0</b>	<b>8.0</b>	<b>8.0</b>	<b>7.6</b>	<b>8.0</b>			<b>8.0</b>	<b>8.0</b>

\* Based on the 2015 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

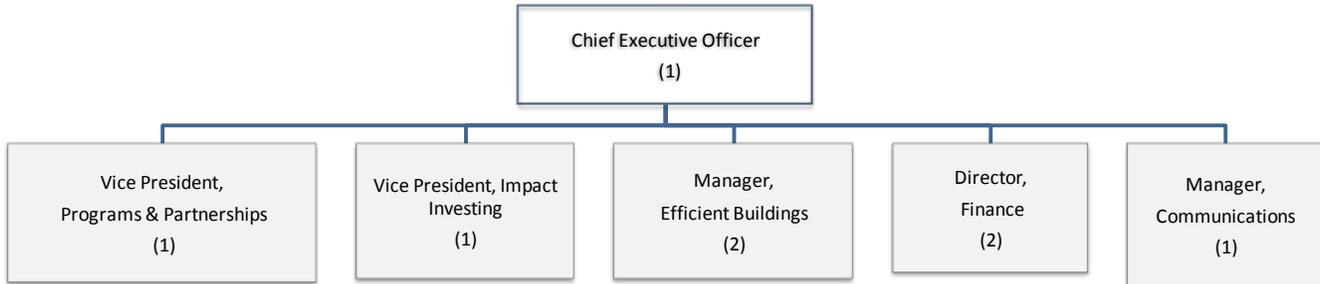
<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-85887.pdf>

#### Impact of 2015 Operating Variance on the 2016 Preliminary Budget

There is no impact to the 2016 Preliminary Operating Budget.

## Appendix 3

### 2016 Organization Chart



### 2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	6.0	1.0		8.0
Temporary					
<b>Total</b>	<b>1.0</b>	<b>6.0</b>	<b>1.0</b>		<b>8.0</b>