

**STAFF REPORT
ACTION REQUIRED**

Date:	January 28, 2016
To:	TAF Board of Directors
From:	Julia Langer, CEO
Re:	2016 Business Plan

SUMMARY

A draft 2016 Business Plan is attached for Board consideration and approval. The projects and activities are guided by the Strategic Directions for 2015-2020 approved by the TAF Board, including: continued priority on energy efficiency of buildings and mobilizing financial capital for low-carbon solutions; increased investment in charting a course to achieving the City's ambitious 80 percent GHG reduction target by 2050; enhanced attention to community engagement, recognizing that TAF's carbon-reduction mandate can be more compelling when aligned with other priorities and co-benefits such as health, mobility and economic opportunity; and consideration of TAF's role in supporting regional initiatives that advance the mandate.

RECOMMENDATION

It is recommended that TAF's Board of Directors approve TAF's 2016 Business Plan.

BACKGROUND

TAF creates annual business plans to guide its activities and evaluates and reports against these plans. Year-end results for 2015 – both successes and challenges – are presented separately, and have informed the development of the 2016 Business Plan.

DECISION HISTORY

This 2016 Business Plan is guided by the [Strategic Directions for 2015-2020](#), which was approved by TAF's Board of Directors on December 5, 2014.

CONTACT

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2016 BUSINESS PLAN



8/1/2016

Deepening Impact in a Post-Paris Era

Building on the momentum created by the Paris conference and the new climate priorities at the federal and provincial levels, TAF will focus on building new resources and relationships to deepen our impact in Toronto and beyond, leveraging our 25 years of experience in incubating municipal climate solutions.

TAF 2016 Business Plan

DEEPENING IMPACT IN A POST-PARIS ERA

TAF's 2014 strategic planning resulted in seven [strategic directions](#) to guide TAF's work for the 2015-2020 period. These emphasize continued focus on the key sources of greenhouse gas (GHG) emissions and air pollution, the importance of working across multiple sectors, including through formal collaborations where that is effective, and establishing the "map and compass" to guide Toronto's success in reaching its 2020 and 2050 GHG reduction targets. The Province of Ontario's emerging Climate Action Plan and Cap and Trade policy, the new federal government priorities for climate and communities, the momentum created in Paris, and the public and private sector concerns about and commitment to action on climate change, are all creating opportunities to accelerate local climate solutions that TAF has been incubating. This is TAF's 25th anniversary year, and now is the time for TAF to focus on the most impactful strategies, to assist in the creation of policies and programs that represent best practices, and to join with others to ensure municipalities have adequate resources to reach their potential as drivers of on-the-ground climate solutions.

TAF 2016 BUSINESS PLAN AT A GLANCE

1. Accelerating Energy Efficiency

- Complete retrofit designs, implementation, and case studies for TWEED sites, including Indoor Environmental Quality research and outcomes.
- Engage and mobilize stakeholders in cities across Canada to advance retrofits.
- Establish the technical and business case for conversion to heat pumps.

2. Low-Carbon Finance Innovation

- Develop opportunities and senior debt co-financing for ESPA transactions.
- Diversify TAF's investment portfolio and support financing tools, structures and capacity building to accelerate impact investing in energy efficiency on a broad scale.

3. TransformTO

- Secure key partnerships and funding, provide advisory and implementation support, and share and analyze modeling/scenario results with stakeholders.

4. Advancing Policy Game-Changers

- Help shape and support Ontario's Climate Plan, advance national energy efficiency policy drivers, and work with the City on the Toronto Green Standard 3.0.

5. Grantmaking

- Strategic support for a few low-carbon transportation solutions.
- Collaborate with funders and grantees to magnify impact.

6. Knowledge Transfer

- Optimize investment outcomes by packaging and sharing key findings.

7. Communications

- Focus on strategic topics and key projects like TransformTO and TowerWise
- Build TAF's profile through media relations, increasing subscribers, and TAF.ca.

8. Fundraising

- Leverage TAF's 25th Anniversary to expanding TAF's endowment and capacity.
- Attract at least \$500K to advance TAF's energy efficiency and 'map & compass' objectives.

9. Governance and Management

- Support decision-making with excellence, regular evaluation, financial stewardship and compliance, and oversight of full investment portfolio.

PROJECT #1: ACCELERATING ENERGY EFFICIENCY

Objective: Accelerate improved energy efficiency in the built environment, while maximizing and demonstrating the multiple benefits.

TAF lead: Bryan Purcell, Director of Policy & Programs

Key Partners: Toronto Community Housing, Federation of Canadian Municipalities, Natural Resources Canada, Independent Electricity System Operator, McConnell Foundation

A. TOWERWISE

- **Complete engineering designs** for seven Toronto Community Housing TWEED buildings using an Integrated Design Process (IDP).
- **Complete and commission** seven Toronto Community Housing and one co-op housing retrofit, completing the ten TWEED retrofits.
- **Complete draft case studies** for all ten TWEED buildings, and final case study for one.
- **Indoor Environmental Quality (IEQ).** Continue our research with U of T on the links between energy performance and IEQ in multifamily buildings, using the TCH TWEED sites as a 'living lab'. Leverage the results to inform scale-up across the TCH portfolio.
- **Develop a tool or guideline** to support the use of Integrated Design Process for future retrofits.
- **Demonstrate Gas Absorption Heat Pump** technology at one TWEED site, and evaluate its scalability potential.

- **Develop a design resource for retrofitting heating systems of existing multi-family buildings.** This work will draw on the findings from the TWEED project.
- **Getting to Scale:** Advise and support Toronto Community Housing in scaling up the implementation of deep energy and indoor environmental quality retrofits across their portfolio, beginning with three new sites in 2016. Scope and deliverables for this new project element are still being finalized with TCH.
- **Explore advancing a large-scale retrofit project for non-profit buildings** in the context of Ontario's climate plan, bringing together financing strategies and building capacity.

B. BUILDING VALUE

- **Mobilize and support champions.** Convene a range of stakeholders in cities across Canada and engage them in the co-development of a national strategy for advancing energy efficiency in large buildings. Identify and assist local champions in advancing key policy and financial tools by sharing best practices.
- **Demonstrate the business case and multiple benefits:** Support and disseminate high-quality research and analysis regarding the broader societal benefits – health, economic development, etc -- of accelerating energy efficiency.
- **Chart the course.** Initiate development of a national energy efficiency strategy by identifying the high-impact policies and financial tools for advancing energy efficiency.

C. PUMPING ENERGY SAVINGS (Heat Pumps)

- **Understand the opportunity:** Complete a Market Characterization Study to understand and document the size and key characteristics of the Electrically-heated Multi-Unit Residential Buildings (EMURBs) sector, including number, location, size and age of buildings, ownership type, and stakeholder perspectives.
- **Assess the Feasibility:** Working with eight archetypal EMURBs, complete feasibility studies documenting the costs, savings, and technical feasibility of converting to heat pump technologies.
- **Evaluate the Business Case:** Working with the four promising archetypal EMURBs, assess the business case for converting to heat pumps and developing a financing plan.
- **Getting to scale:** Initiate evaluation of province wide scale up potential based on project findings, and development of scale-up recommendations and tools (to be completed in 2017).

PROJECT #2: LOW-CARBON FINANCE INNOVATION

Objectives: Develop investment opportunities that demonstrate and de-risk financial strategies and structures that will mobilize capital for energy efficiency and other low-carbon solutions, and generate a risk-adjusted return on investment.

TAF Lead: Tim Stoate, VP Impact Investment

Key Partners: Investment Committee members, colleagues in the financial sector and responsible investing organizations, owners of Efficiency Capital Corp., accounting and legal professionals.

A. IMPACT INVESTING TAF'S ENDOWMENT

- **Warehouse energy efficiency retrofit transactions**, structured as Energy Savings Performance Agreements (ESPAs) for purchase by ECC, with a total value of approximately \$9 million, including six ESPAs fully or partially advanced totaling approximately \$3 million, four ESPAs signed with a minimum value of \$2 million, four Letters of Intent totaling approximately \$2 million; as well as six to eight “starter” ESPAs fully or partially advanced, or at LOI stage totaling \$3 million
- **Secure senior debt co-financing for ESPA transactions.** Leveraging TAF's SVX listing and first commitment of \$1M from Ivey Foundation, attract \$3 M as non-recourse ‘take-out’ financing for commissioned retrofits, with TAF maintaining at least 20% of each transaction.
- **Diversify TAF's Direct Investment portfolio.** Undertake research and consultation to establish an investment strategy for products and/or services related to buildings, transportation and food that have potential to yield both GHG reduction and financial return on investment, and where TAF's investment can demonstrate, de-risk opportunities and mobilize capital and market uptake, and explore drawing from TAF's performance contract model to other sectors and technologies.

B. CREATING FINANCING TOOLS, STRUCTURES AND CAPACITIES

- **Structure and advance an efficiency financing guarantee.** The aim is to provide an appropriate level of security for senior lenders who are un-willing to co-finance ESPAs which do not have ‘bricks & mortar’ security.
- **Support the launch of the “citizen to investor” initiative.** Participate on the Steering Group, guiding the development and funding of activity to engage and mobilize pension beneficiaries to press their funds to be better carbon risk managers, and supporting Tides Canada project management.

- **Craft a specialized retrofit financing approach/structure for suite-metered buildings and for privately-owned rental apartments**, addressing the specific barriers faced by these owners.
- **Development and implementation of standardized energy efficiency protocols.** Support MaRS Advanced Energy Centre in leveraging the US-based Investor Confidence Project (ICP), and the feasibility analysis demonstrating interest of Canadian stakeholders to secure financial support to 'Canadianize' the ICP protocols and program.

PROJECT #3: TRANSFORMTO

Objective: Create excellent decision-support information to guide development of a carbon reduction strategy to achieve the City of Toronto's 2020 and 2050 greenhouse gas reduction targets (i.e.: 30% by 2020 and 80% by 2050 compared to the 1990 baseline).

TAF lead: Mary Pickering, VP Programs & Partnerships

Key Partners: City of Toronto Environment and Energy Division and others TBD

- **Secure key partners.** Develop formal relationships with key stakeholders and funders, establishing clear roles and responsibilities. Gain a commitment for at least \$100,000 in additional funding.
- **Implement the project.** In co-operation with community stakeholders and technical advisors, undertake the modelling exercise and share and analyze results with stakeholders. Convene stakeholder modelling advisory groups to consider public health, local economic development, and social justice aspects of the proposed carbon reduction measures.
- **Develop and implement a communications and engagement plan.** In collaboration with the Environment and Energy Division, design and implement a robust communications plan including strategies to engage key stakeholders and the general public in the development of the TransformTO recommendations. Leveraging new information generated by project modelling, build profile for the project and support the key message that carbon reduction will bring multiple community benefits.
- **Advance a strategy to achieve Toronto's 2020 GHG reduction target.** In collaboration with Environment and Energy Division and based on modelling results, prepare a recommendations report concerning steps necessary to achieve Toronto's 2020 target and present to City Council.
- **Advance recommendations to support a long-term strategy to achieve Toronto's 2050 GHG reduction target.** In collaboration with Environment and Energy Division and based on modelling results and community input, prepare a recommendations report concerning steps necessary to create a pathway for significant GHG emission reductions, highlighting ways to create multiple synergies concerning Toronto's public health, economic and social justice goals.

PROJECT #4: ADVANCING POLICY GAME-CHANGERS

Objective: Lead and/or support policy development and reform that can achieve or be a stepping-stone to significant urban GHG reduction.

TAF leads: Julia Langer, CEO and Bryan Purcell, Director of Programs & Policy

Key Partners: Environmental Defence, Pembina Institute, Association Québécoise pour la Maîtrise de l'Énergie (AQME), Canada Green Building Council, City of Toronto Environment and Energy Division.

- **Participate in development of Ontario's Climate Plan.** In collaboration with Environmental Defence and the Clean Economy Alliance and others, continue to participate actively in shaping Ontario's Climate Policy. Provide a focus on provincial policy opportunities that provide municipalities with tools and resources to advance local climate solutions.
- **Explore and advance federal energy efficiency policy drivers.** Through the Building Value initiative, explore and advance federal policy options that support emissions reductions in the large buildings sector.
- **Support excellence in implementation of the Benchmarking and Reporting policy.** In cooperation with Environment and Energy Division and others, participate actively in designing and implementing this new policy with the goal of ensuring that it is set to have maximum impact with respect to accelerating energy efficiency in buildings.
- **Assist in strengthening the Toronto Green Standard (TGS).** Work with City Planning to support the development of version 3 of the TGS, as well as establish a medium-term policy target of achieving net-zero in new construction.
- **Monitor policy developments at all levels of government and engage where necessary to support climate mitigation policy priorities.**

PROJECT #5: STRATEGIC GRANTMAKING

Objective: Cultivate high-impact grants advancing TAF's 2015-2020 strategic directions.

TAF lead: Mary Pickering, VP Programs & Partnerships, Ian Klesmer, Grants Manager

Key Partners: Community climate advocates, climate and energy funders

- **Advance transportation solutions.** Based on 2015 research, select and advance one or two key low-carbon transportation solutions through strategic grant cultivation and present proposals to the Grants and Programs Committee for review.

- **Collaborate with other funders to magnify impact.** Participate in collaborative activities advanced by our fund recipients and by other energy funders. Seek out at least one co-funding opportunity. Continue as a participant in the Move the GTHA collaboration. Co-develop, with Evergreen, a narrative case study of the first two years of the project and share with key stakeholders.
- **GHG Analysis.** Refine understanding of relative GHG reduction contributions of various transportation measures. Support development of methods to improve access to and use of data related to transportation emissions. Support excellence in the use of GHG emissions analytical best practices within the TransformTO initiative.
- **Enhance TAF's grant program outreach.** Pilot and assess new strategic grant cultivation methods, for example, calls for proposals around key focus areas, or by supporting "searchlight" grants to proactively seek out new community partners. TAF is investigating opportunities to co-fund transportation initiatives with other groups in the region and in other Canadian cities. TAF will continue to assess funder collaboration opportunities through CEGN's Low Carbon Funder Group.
- **Undertake preliminary research.** Assess the sources and magnitude of Toronto's scope 3 emissions, and identify a suite of potential approaches aimed at reducing the largest sources of these emissions.

PROJECT 6: KNOWLEDGE TRANSFER

Objective: Ensure the outcomes of TAF's investments are fully optimized by packaging and sharing key findings.

TAF leads: Julie Leach, Communications Manager in collaboration with TAF Program leads

Key Partners: Funders, Program Partners (Toronto Community Housing, City of Toronto, Environmental Defence, Energy Efficiency Corp., Pembina Institute and others TBD)

- **TWEED**
 - Disseminate TWEED knowledge outcomes to practitioners and stakeholders through articles in four trade and academic publications as well as four conferences and events.
 - Pursue earned media and awards that promote the TWEED project to a broad public audience.
 - Engage and inform TAF's network through regular project updates to TAF's blog and e-newsletter.
 - Produce a short video highlighting the TWEED project that will be distributed and promoted through project stakeholders and community partners.
- **Building Value**
 - Develop a communications plan in collaboration with program partners.
 - Build awareness of the multiple benefits of energy efficiency, the key policy and financial tools needed to accelerate it, and TAF's leadership in this area.

- Create useful and engaging Building Value communications materials. Consult stakeholders to understand what the most effective format is for knowledge transfer of Building Value findings.
- **Impact Investing.**
 - Demonstrate and profile TAF's retrofit financing experience and results with the finance sector, including at key conferences, via targeted media, and guest writing for external blogs and publications to stimulate interest and mobilize capital.
 - Support impact investing efforts of colleagues in the Foundation community, such as the Canadian Environmental Grantmakers' Network.
 - Determine how to build sophisticated retrofit engineering capacity needed to scale-up project delivery.
 - Provide resources for investors and investment managers on TAF.ca about impact investing, and serve as an entry point for potential co-investors (see Project #2 – attracting Senior Debt) .
 - Undertake an in-depth evaluation of the development of Efficiency Capital Corp (ECC). A third-party expert will document and analyze the process of incubating ECC, and present insights and lessons learned in a manner that will be of value to TAF and the wider community interested in social ventures.
- **TransformTO.**
 - **Create a visual brand.** Create a brand look and feel that invites collaboration and innovation.
 - **Create key collateral pieces.** Create a case for support, dedicated website, and conversation kit to provide public education and stimulate engagement.
 - **Develop creative and compelling graphics.** Based on the modelling outcomes, create a set of clear and compelling graphics to share knowledge and opportunities for long-term emission reduction and the benefits and challenges associated with them.

PROJECT #7 CORPORATE COMMUNICATIONS

Objective: Build TAF's public profile, credibility and relevance to support TAF's success in achieving its overall organizational goals.

TAF leads: Mary Pickering, VP Programs & Partnerships, Julie Leach, Communications Manager

Key Partners: TBD

- **Expand TAF's public profile.** Establish TAF as 'to-go' authority on urban climate action, drawing from new interest generated by the Paris conference and the timeliness of TAF's 25th Anniversary. Reach new audiences by focusing on increasing number of blog and newsletter subscribers, pursuing new awards, especially in "unpredictable" categories like health and finance, and focusing on strategic key messages.
- **Promote TAF's key strategic messages.** Emphasize the key role cities play in achieving city, provincial, and national carbon reduction targets and the urgency of the 2020 goals. Drawing from outcomes of TransformTO modelling and other opportunities, communicate the

relevance and co-benefits of climate action, such as public health, local economic development, and social equity. Emphasize the important role good data and information plays in informing smart climate work.

- **Expand TAF's media presence.** Develop a media kit with informative resources for media personnel, including b-roll footage of TWEED retrofit buildings in response to previous media requests. Promote press releases based on program milestones and interviews with TAF staff to generate 3-5 major media stories about TAF and the local work it is supporting. Provoke two-way dialogue on social media and recognize relevant high-profile social media users in order to increase our own followers. Increase TAF's social media followers on Twitter and LinkedIn by 50%.
- **Maximize value of events.** Attend and plan events that align with other communications and strategic goals such as establishing TAF as a thought-leader, supporting the relevance of climate solutions to diverse audiences, promoting TAF projects and their findings to key audiences, convening diverse stakeholders and disseminating knowledge transfer in new ways, and increasing public support for key climate actions. Develop a sponsorship package to encourage support of TAF's events, including Dan Leckie Forum, AGM Reception, project-related and 25th anniversary events.

PROJECT #8 – FUNDRAISING

Objective: Attract resources to enhance TAF's organizational and project-specific capacity to advance urban climate solutions.

TAF lead: Julia Langer, CEO and Mary Pickering, VP-Programs and Partnerships

- **Implement the Cities ON Target campaign.** Working with the Government of Ontario and regional stakeholders and funders, explore the idea of expanding TAF's endowment and operating resources to allow greater capacity to incubate climate solutions for the City of Toronto and the Greater Toronto and Hamilton Area, targeting a doubling of TAF's current endowment resources (from \$25M to \$50M).
- **Assess the feasibility of a crowd-funding campaign.** Explore the potential to develop a crowd-funding campaign to build new program resources for TAF, using the tactic to generate public engagement in the climate issue, to enhance TAF's profile, and to raise new financial and pro bono resources.
- **Attract project-specific co-funders – target \$300K.** Pursue contributions over \$100K to accelerate TAF's energy efficiency and 'map & compass' objectives. Prioritize funding partners who are motivated to help scale TAF's incubation work including governments, utilities, companies and foundations.
- **Stewardship of funder/co-investor relationships.** In collaboration with the Communications Manager, create and implement a stewardship strategy to maximize knowledge transfer, expand our network of funders, and to facilitate repeat contributions.

PROJECT #9 – GOVERNANCE & MANAGEMENT

Objective: Maintain a high standard of operational excellence

TAF lead: Julia Langer, CEO and Richard Rysak, Finance Director

A. GOOD GOVERNANCE & ACCOUNTABILITY

- **Support decision-making with excellence.** Provide TAF Board of Directors and Committees with proactive, professional and engaging information and proposals related to TAF's approved strategic goals and objectives. Ensure TAF Board of Directors has access to best information and advice to ensure compliance and alignment with City and Provincial requirements.
- **Provide regular opportunities to assess progress.** Use TAF's annual business planning process to track, evaluate and report on activities and performance according to TAF's Key Performance Indicators, and capturing lessons and recommending course corrections for improved outcomes, where necessary. Revisit and update Key Performance Indicators as required. Continue to practice Developmental Evaluation approach to ensure innovation work is focused on the right track amidst a changing environment.

B. FINANCE & OPERATIONS

- **Provide excellent financial stewardship and compliance.** Best practices, compliance with City requirements and continuous improvement of TAF's financial operations including cash management, processing of payables/receivables and payroll, project accounting, corporate and government filings, formal approval for and administration and management of TAF's subsidiary (CAIT Ventures Inc.) and preparation of annual budget, and Audited Financial Statements.
- **Oversight of full investment portfolio.** Support compliance with TAF's investment policy (SIOP) including tracking, implementing adjustments to, and reporting on marketable securities, direct investments (including any asset recoveries), currency impacts, and other relevant factors. Finalize a more sophisticated methodology for tracking, analyzing, and reporting on TAF's Direct Investment portfolio including risk, diversification and outlook.

OPERATING BUDGET FOR 2016

Operating Budgets	2016	2015
REVENUES	Budget in \$ 000's	
Marketable Securities Portfolio	\$ 1,320	\$ 1,215
Direct Investments	\$ 420	\$ 390
Grants and Sponsorships	\$ 550	\$ 650
Allocation from Capital - if required	\$ 320	\$ 320
Total Revenues	\$ 2,610	\$ 2,575
EXPENDITURES		
Grants	\$ 500	\$ 500
Strategic Programs		
Implementation Costs	\$ 750	\$ 850
Staff	\$ 675	\$ 667
Amortization	\$ 202	\$ 80
Outreach & Stewardship		
Staff	\$ 289	\$ 286
Operations	\$ 195	\$ 193
Total Expenditures	\$ 2,610	\$ 2,575