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## 2019 OPERATING BUDGET BRIEFING NOTE

### TransformTO Implementation Status

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#### Issue/Background:

Budget Committee when reviewing the 2019 Facilities, Real Estate, and Environment and Energy Budget Notes asked the Environment and Energy Division to respond to the following question:

- What are the delays in implementing TransformTO and how any delays might impact our ongoing CO2 reduction goals?

#### Key Points:

TransformTO is not delayed. The program is well on track, and in some areas ahead of the goals outlined in TransformTO. On February 6, 2019 the City of Toronto released its updated greenhouse gas emissions inventory demonstrating that Toronto has achieved a 33% reduction in greenhouse gases in 2016 relative to 1990 levels. This is ahead of the City's 2020 target of 30% and more than half-way to our 2030 target of 65%.

Some program elements have achieved performance levels beyond those expected in the plan. For example, the Federal Government will be retrofitting one of their buildings in the City to achieve an estimated 88% reduction in carbon emissions in collaboration and alignment with TransformTO. Additionally, outside of the joint development agreement we have with Enwave, the private sector continues to set the pace in green investments with both Enwave and Creative Energy developing low-carbon district energy systems.

In addition to private sector investments, the Environment and Energy Division continues to attract financial support from external agencies. For example, in excess of \$3 million in direct grants from both public and private sectors have been retained. The joint development of low carbon energy systems with Enwave continues to make investments in low carbon thermal across the city. We are using the sustainable energy funding tools provided by Council to support investment in low carbon systems, including \$35 million to the TCHC to support the retrofit of 9 buildings, \$12 million to support investment in community energy initiatives and three district energy systems.

The 2017 Capital Budget Briefing Note TransformTO: Short Term Strategies & Financial Estimates (BN#2 Jan24 - <https://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-100463.pdf>) provided an estimate of gross Operating Budget funding requirements for 2017 to 2020 for the short-term strategies outlined in the TransformTO. Environment and Energy updated this in 2018 with a firm budget request.

As outlined in the table below, in the 2018 briefing note, TransformTO was estimated to be implemented with a gross cost of \$17.4 million, \$15.7 million net over four years. A revised plan in the 2019 briefing note estimates the TransformTO implementation to cost \$17.2 million gross, \$15.6 million net, over five years. 5 of 10 TransformTO positions originally planned for 2019 will be deferred until 2020 and the hiring of the remaining 5 positions will be delayed from April to July of 2019. The 5 positions being retained in 2019 were identified on the basis of having immediate impact and on building upon other programs like the deep retrofit program based on Council approval to use sustainable energy financing in July 2018.

	2017	2018	2019	2020	Total 2017 - 2020	2021	Total 2017 - 2021
<b>Budget 2018 Briefing Note</b>							
<b>Gross</b>	333	3,270	6,450	7,322	17,375		17,375
<b>Revenue</b>		277	658	788	1,723		1,723
<b>Net</b>	333	2,993	5,792	6,534	15,652	0	15,652
<b>Budget 2019 Briefing Note</b>							
<b>Gross</b>	443	3,332	5,926	7,292	16,992	157	17,150
<b>Revenue</b>		277	485	759	1,520	42	1,562
<b>Net</b>	443	3,055	5,441	6,533	15,472 <sup>1</sup>	115	15,588
<b>Net Difference between 2018 BN &amp; 2019 BN for 2017 - 2021</b>							<b>64 <sup>2</sup></b>

**Notes:**

- 1 The 2017 to 2020 net budget requested of \$15,472 million is identified in *Appendix 2: Overview of TransformTO net funding 2017 to 2020* of the 2019 Operating Budget Briefing Note - TransformTO 2019 Budget Request.
- 2 The net funding difference of \$0.064 million between the Transform TO funding request in 2018 and the funding request in 2019 is attributed to deferring the start dates of the 5 positions requested in 2019 by 3 months (from April 2019 to July 2019).

In 2021, we will be recommending a further \$0.115 million to achieve the funding levels anticipated in 2018. In Q2, The Environment & Energy Division will be bringing a status report on the progress of TransformTO Council, and will provide an update on performance at that time.

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