

Energy Retrofit Loan

Date: March 30, 2022

To: Toronto Zoo Board of Management

From: Director, Facilities & Infrastructure

Wards: All

SUMMARY

The Toronto Zoo has applied for a Better Buildings Partnership Energy Retrofit Loan from the City of Toronto to cover the cost of the Energy Retrofit Project and access the lower interest rate offered by the Loan Program (2.96%) compared to the financing terms offered by Ecosystem Energy Services (6.25%). The Energy Retrofit Loan will provide the upfront capital cost of the project and allow for a long-term payment plan to be repaid through the annual savings in utility and maintenance costs from environmental conservation measures implemented in the project. The Toronto Zoo seeks approval from the board to enter into a financing agreement with the City of Toronto's Environment and Energy Better Buildings Partnership for the Energy Retrofit Project.

RECOMMENDATIONS

The Director, Facilities & Infrastructure recommends that:

1. The Board of Management of Toronto Zoo authorize the Chief Executive Officer, Toronto Zoo to enter into a Financing Agreement with the City of Toronto for the Environment and Energy's Better Buildings Partnership Energy Retrofit Loan for the Zoo's Energy Retrofit Project. Accepting the Energy Retrofit Loan under these terms will save the Zoo \$2,177,551 in interest compared to the financing terms offered by Ecosystem Energy Services.

FINANCIAL IMPACT

The cost of the Energy Retrofit Project is \$8,373,073.00 with an Enbridge incentive of \$21,290. The project is expected to produce annual utility savings of \$936,880. All expenses are expected to be reimbursed by the utilities saving generated by the project.

Proposed City of Toronto Energy Retrofit Loan details:

Disbursed Loan amount:	\$ 8,373.073.00
Interest Rate:	2.96%
Loan Disbursement Date:	July 1, 2022
Payment Frequency:	Annually
Loan Period:	14 years
1st Repayment Date:	July 1, 2024
Loan End Date:	July 1, 2037
Cumulative loan interest over loan period:	\$ 1,975,977.46
Total Project Cost with interest:	\$10,349,050.46

Attached is a copy of the Draft - Repayment Schedule presented to the City Manager for the loan approval.

DECISION HISTORY

In April 2018, the Toronto Zoo released a Request for Proposals - RFP 18 (2018-03) to complete a site-wide Energy Retrofit Project that will target energy and water consumption.

At the 2019-02-15 meeting, the Board approved the Energy Retrofit Project to be awarded to Ecosystems Energy Services Inc. (ZB2.6). The project included the development of a Detailed Concept Design for the project, Engineering Design, Implementation, Commissioning, and Monitoring and Verification. At the 2021-12-09, the Board approved the Detailed Concept Design presented by Ecosystem Energy Service Inc. with modified scope and costs. The project cost is \$8.37M with \$21,290 incentive rebates, \$936,880 annual utilities savings, 129 tonnes of annual GHG emission reductions and included annual peak shaving opportunities, replacement of the Americas Pavilion heating and distribution system and installation of filtration for the River hippo and pygmy hippo habitats. The financial term for Ecosystems Energy Services to carry the capital investment is 6.25%, \$4.15M over a 10-year payback period.

COMMENTS

As the City of Toronto's Better Buildings Partnership loan program often offers lower interest rates than that offered by Ecosystem Energy Services Inc., the Zoo submitted a loan application to the City of Toronto Environment and Energy Better Buildings Partnership Energy Retrofit Loan (ERL) Program for the Zoo's Energy Retrofit Project. The Environment and Energy Office has recommended the City Manager approve the loan under the criteria set out for the ERL Program for energy and greenhouse gas reductions.

The financing terms for the Energy Retrofit Loan include a 2.96% interest over 14 years, paid annually from the proposed utility cost savings proposed by the project, and a 1-year interest-free loan period on disbursements (See Attachment A - Draft Repayment

Schedule). The Zoo has requested two disbursement payments. The loan request amount is \$8,373,073, cumulative interest over 14 years is \$1,975,977.46 for a total project cost of \$10,349,050.46. Accepting the Energy Retrofit Loan under these terms will save the Zoo \$2,177,551 in interest compared to the financing terms offered by Ecosystem Energy Services.

The Environment and Energy Office is awaiting final approval of the loan from the City Manager, therefore a final contract between the Zoo and the City of Toronto for the Loan has not been completed. For review and consideration attached (Attachment B - SAMPLE - SEPF Financing Agreement) is the template agreement used for the Energy Retrofit Loan Program. Some details in the draft repayment schedule may change slightly based on the comments from the City Manager Office or requests by the Zoo. Upon completion the City will circulate an agreement including the repayment schedule for review and signature by the Zoo.

The Toronto Zoo, with the support of the Environment and Energy Better Buildings Partnership Staff, has submitted a grant application to the Green Community and Inclusive Buildings Fund and an Expression of Interest to the Low Carbon Economy Fund, and will continue to submit applicable grant and incentive applications to help fund the cost of the Energy Retrofit Project. The terms of the loan are open which allows the Zoo to make principal payments received from the grants without penalty.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 - DRAFT - Repayment Schedule
Attachment 2 - SAMPLE - SEPF - Financing Agreement