

# 2023 Budget Notes

## Environment & Climate

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### Description

With the goal of making Toronto one of the most environmental sustainable cities in the world, the Environment and Climate (E&C) Division leads and supports the development and implementation of strategic community and corporate-wide environment, climate and energy policies and programs to advance the City's overall sustainability outcomes, including TransformTO; the City's emissions strategy to be net-zero by 2040. Environment & Climate and the City of Toronto cannot accomplish TransformTO goals alone, but lead by example implementing innovative solutions, providing support and expertise, and enabling others to utilize these solutions so they can be applied across the city. Climate investments made by the City of Toronto are in both capital and operating budgets. Capital expenditures are necessary for the City to achieve reductions of our own emissions and to lead by example. Operating expenditures support the reduction of a larger set of emissions and the long-term sustainability of those reductions in the community. Refer to the supplementary 2023 Capital Budget Briefing Note Greenhouse Gas Reduction and Climate Resilience Investment for more information on planned corporate and community investments related to climate mitigation and adaptation.

### Why We Do It

Toronto has established itself as a global leader in combating climate change. Taking action on climate change is not just the work of City government, it requires a concerted effort from all orders of government, residents, and businesses across all sectors. E&C leads the City to realization of a net-zero greenhouse gas (GHG) emissions future by 2040 by implementing transformational changes to how we live, work, build and commute.

**The Environment & Climate Division, through both local and global initiatives and partnerships, serves, inspires and empowers City Divisions and Agencies, residents, businesses, organizations, local communities and other stakeholders to take transformative action with a focus on reducing emissions, protecting the environment and enhancing resilience to climate change.**

*The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.*

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## What Service We Provide

### **Climate Action in Buildings & Homes**

**Who We Serve:** Residents, building owners, businesses and institutions.

**What We Deliver:** A variety of programs that provide funding, expertise and support to help owners improve energy efficiency and accelerate emissions reductions in their residential, commercial, industrial and institutional buildings across Toronto.

### **New Buildings & Renewable Energy**

**Who We Serve:** City Agencies (net zero Housing Now, CreateTO etc.), building owners, energy developers, residents, businesses and institutions.

**What We Deliver:** Advance leading edge new building standards, identify opportunities to integrate local energy solutions and create strategic partnerships for neighbourhood-scale district energy systems in Toronto.

### **Outreach & Engagement**

**Who We Serve:** Residents, community groups, partner agencies, businesses and City staff

**What We Deliver:** A suite of programs, resources, incentives and events to engage and inspire residents, communities and businesses in taking action and help green our city.

### **Policy & Research**

**Who We Serve:** Residents, community groups, agencies, businesses, institutions, building owners and City staff.

**What We Deliver:** Collect, quantify and report information on how the City is progressing with the actions and targets outlined in TransformTO, Toronto’s Net-Zero Strategy, and introduce policies to enable the necessary transformation.

### **Innovation & Scale**

**Who We Serve:** Residents, community groups, agencies, businesses, institutions, building owners and City staff.

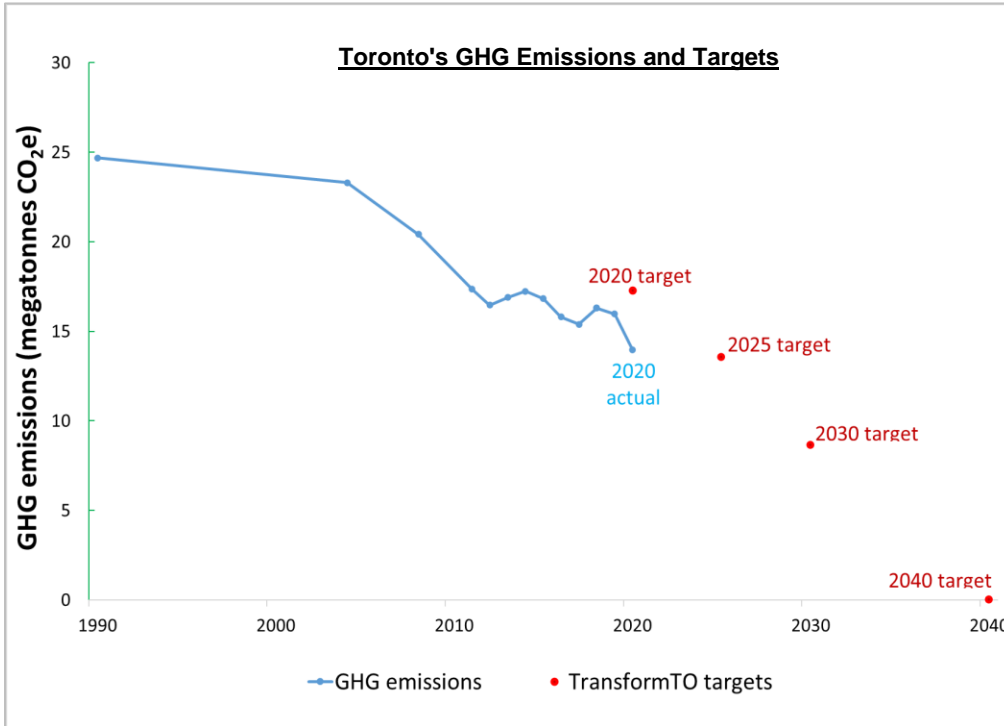
**What We Deliver:** Innovative and first of a kind projects (i.e. wastewater renewable energy, renewable district energy, resilient Toronto Paramedic Service stations, net-zero community centres), and then help asset owners scale-up efforts for massive GHG reductions through their portfolio(s).

## Budget at a Glance\*

2023 OPERATING BUDGET			
<u>\$Million</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues	\$4.1	\$4.0	\$4.0
Gross Expenditures	\$17.7	\$17.8	\$17.7
Net Expenditures	\$13.6	\$13.8	\$13.8
Approved Positions	98.6	98.6	98.6

2023 - 2032 10-YEAR CAPITAL PLAN			
<u>\$Million</u>	<u>2023</u>	<u>2024-2032</u>	<u>Total</u>
Gross Expenditures	\$33.3	\$298.6	\$331.9
Debt	\$0.0	\$0.0	\$0.0
Note: Includes 2022 carry forward funding			

## How Well We Are Doing – Progress Towards Net-Zero



- This graph represents total city-wide greenhouse gas (GHG) emissions relative to TransformTO targets.
- Latest data from 2020 shows GHG emissions were 14 mega tonnes and nearly 11 per cent lower when compared to 2019 levels. Emissions in Toronto during 2020 were positively impacted by the COVID-19 pandemic, particularly from reductions related to transportation.
- Overall, Toronto has achieved a 43% reduction in emissions since 1990, exceeding its target of a 30% reduction by 2020.

## How Well We Are Doing

Service	Measure	2020 Actual	2021 Actual	2022 Target	2022 Projection	Status	2023 Target	2024 Target
<b>Outcome Measures</b>								
Environment & Climate	% reduction in CO2 emissions relative to 1990 levels	43%					65% reduction by 2030 Net-zero emissions by 2040	
Environment & Climate	Retention of "A" listing on Carbon Disclosure Project	Yes	Yes	Yes	Yes	●	Yes	Yes
Environment & Climate	Retention of "Leadership Status" with C40 Network Cities	Yes	Yes	Yes	Yes	●	Yes	Yes
<b>Service Level Measures</b>								
Environment & Climate	Solar assessments completed through the SolarTO program	150	300	500	750	●	1,000	1,500
Environment & Climate	Large-scale Wastewater Energy Transfer decarbonization assessments completed	N/A	N/A	2	5	●	10	15
Environment & Climate	Training/Workforce Development Facilitated	178	509	341	366	●	450	800
Environment & Climate	Number of buildings participating in E&C building decarbonization programs	3,967	4,362	5,501	6,204	●	6,614	7,054
Environment & Climate	Number of outreach events including LiveGreen, webinars, workshops, festivals & community presentations	74	25	1,000	1,380	●	1,500	1,700

### 2022 Projection to 2022 Target Comparison

● 80% - 100%      ● 64 - 79%      ● 63% and Under

Service	Measure	2020 Actual	2021 Actual	2022 Target	2022 Projection	Status	2023 Target	2024 Target
<b>Other Measures</b>								
Environment & Climate	Volunteer engagement – number of volunteer hours	1,050	1,100	2,000	1,800	●	2,500	2,500
Environment & Climate	Participants engaged at LiveGreen events	2,332	1,930	222,734	70,541 <sup>1</sup>	● <sup>1</sup>	80,000	100,000
Environment & Climate	Number of volunteers supporting LiveGreen events	1,520	1,560	1,580	1,560	●	1,580	1,580

#### 2022 Projection to 2022 Target Comparison

● 80% - 100%      ● 64 - 79%      ● 63% and Under

<sup>1</sup> Participation was below targets due to continued impacts of COVID-19 on LiveGreen events.

## EXPERIENCES, CHALLENGES AND PRIORITIES

### Our Experience and Success

#### Policy & Research

- Launched the Climate Advisory Group (CAG), an external stakeholder group with representation from Toronto's diverse communities. The CAG offers advice and peer review to inform community-wide implementation of TransformTO.
- Established the Net Zero Climate Leadership Table, a cross-corporate group of advisors from City Divisions, Agencies and Corporations that provides leadership and coordination on implementing climate action across City operations in order to meet the community-wide and lead-by-example targets of Toronto's Net Zero Strategy.
- Developed Long-term plan for public Electric Vehicle (EV) charging infrastructure in Toronto
- Developed and presented Carbon Accountability system that will drive implementation of the TransformTO net-zero strategy.
- Toronto's first consumption based emissions inventory.

#### New Development & Renewable Energy

- Completed Toronto's first net-zero community building at Waterfront Neighbourhood Centre featuring a lake-based geoexchange system.
- Launched the SolarTO map, a self-serve solar potential and business cases for homeowners with over 900 users having completed inquiries in 2022.
- Launched the Wastewater Renewable Energy Program in partnership with Toronto Water, which has the potential for 200,000 tCO<sub>2</sub>e emissions reductions, displacing natural gas use in buildings.
- Launched Toronto Green Standard version 4 in partnership with City Planning getting us one step closer to zero emissions development before 2030. E&C reviews 300+ development applications per year.

#### Climate Action in Buildings & Homes

- Launched the Deep Retrofit Challenge program offering grants of up to \$500,000 for multi-unit residential and mid-tier commercial office sectors. E&C has received 14 applications to date.
- Provided \$8.3 million in financing to the Toronto Zoo putting them on track to realizing a future net zero campus. E&C has also been supporting the development of the Zoo's Net Zero Plan.
- With \$14.6 million in funding from the Federation of Canadian Municipalities, the City launched a zero-interest offering of the Home Energy Loan Program (HELP). Received over 1,200 applications for the enhanced program that launched in July 2022, resulting in a 580% increase in applications over 2021.
- Navigation & Support Services facilitated the application and approval for approximately \$1 million in federal funding from the Federation of Canadian Municipalities to assist not-for-profit housing providers and housing corporations in Toronto to carry out GHG reduction projects focusing on improving affordability and occupant comfort.
- Through the Green Will Initiative (GWI), developed and launched a Strategic Energy Management Services curriculum where 10 GWI building portfolios participated in a series of interactive workshops to help building portfolio owners create or enhance their Pathway to Net Zero Plans.

#### Outreach & Engagement

- Recruited 26 Neighbourhood Climate Action Champions and funded 12 community-led projects.
- Climate Action Fund (CAF) invested more than \$200,000 in 24 community climate action projects, engaging with more than 400 social-service and public benefit agencies and partners, in collaboration with the City's Community Coordination Plan. CAF projects are dedicated to protecting low-income residents and contributing to advancing social equity and prosperity.
- In 2022, PollinateTO invested \$150,000 in 40 community-led pollinator stewardship projects, with 16 located in Neighbourhood Improvement Areas and 18 projects on school grounds. Over 100 gardens and more than 7,500 square metres of pollinator habitat will be created.
- The Smart Commute Program supported hundreds of employers and thousands of commuters across Toronto to safely and sustainably travel during pandemic recovery and through the Return to the Office with an online web portal with resources, webinars, Smart Commute Challenge, Bike Month and Smart Commute Month campaigns.

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## Key Challenges and Risks

- **Scale of Emission Reductions:** As outlined in TransformTO, incremental action is not enough to put the City on its net-zero trajectory, there is a need for rapid and scaled-up investment and action in existing and new community-facing programs, accelerated policy implementation, enhanced coordination, and dedicated funding contributions from senior levels of government to meet City Council's climate ambition.
- **Community Emission Reductions:** Corporate emissions from City operations (e.g. buildings, fleets) represent only 5% of total city-wide emissions. While there are corporate plans and investments underway to green City operations, municipal government only has direct control over a small fraction of total emissions. This underscores the role of residents, business and civil society, and the supports needed from all levels of government, to enable adoption of sustainable practices towards decarbonization which will be the main driver of bringing the other 95% of Toronto's emissions to net-zero.
- **Electricity Policy:** A carbon-free electricity generation system in Ontario is critical. The emissions intensity of Ontario's electricity grid is expected to increase in the near-term as more generation will come from fossil-based sources (i.e. natural gas). For Toronto to get to net zero, the grid needs to be carbon free.
- **Fiscal Constraints:** Fiscal constraints experienced by the City that lead to reduced or deferred investments in low-carbon initiatives in the short-term will entail greater investment in the years ahead to meet TransformTO goals, and can also result in unintended consequences. For example, 'business as usual' investments in conventional assets and technologies with a useful life that surpasses the 2040 timeframe risks the lock-in of a higher carbon profile. This scenario will result in assets requiring either earlier retrofitting, replacement or carbon offsets and will likely be a more costly liability to the City in the long-term.
- **Interest Rates:** The rising interest rate environment will likely have a negative impact on the marketability of E&C's loan programs, as higher borrowing costs and credit constraints experienced by clients will limit participation.
- **COVID-19:** A resurgence of COVID-19 and other respiratory illnesses could impact E&C's outreach & engagement activities through limiting ability to host in-person events or attendance at events where they are continued.

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## Priority Actions

- Enable residents, businesses and building owners to change behaviors and take action towards meeting the target of net-zero emissions by 2040 through leadership, creating partnerships, providing advice, and promoting sustainable solutions.
  - Implement the Net Zero Existing Building Strategy with a focus on setting requirements to assess building performance and create a path to net zero, provide support and resources to make retrofits easier and more affordable and lay the groundwork for overall marketing transformation in the existing building sector.
  - Maintain the accountability and management framework for TransformTO through the Net-Zero Leadership Table, Climate Advisory Group and Joint TransformTO Implementation Committee.
  - Integrate climate risk and adaptation considerations and related costing into long term financial planning and Environment, Social and Governance (ESG) goals, to support enhanced consideration of climate in financial planning and budgetary decision-making.
  - Continued development of the Climate Lens to identify emission reduction and resiliency efforts across the City.
  - Raising the bar for new construction by advancing leading edge new construction standards, targeting net-zero energy through the Toronto Green Standard, advancing the Wastewater Renewable Energy program, and creating strategic partnerships with the private sector and other partners.
  - Continue TransformTO community engagement, LiveGreen Toronto activities, networks and communication channels, and delivering award-winning programs like LiveGreen Toronto and Smart Commute to provide residents, businesses, building owners and Divisions with the information and tools needed to understand how they can minimize their environmental impact.
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**TABLED BUDGET**

The City Manager and Chief Financial Officer and Treasurer have tabled that:

1. The 2023 Operating Budget for Environment & Climate of \$17.695 million gross, \$4.105 million revenue and \$13.590 million net for the following services:

**Service:**

	<b>Gross Expenditures (\$000s)</b>	<b>Revenue (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
Environment & Climate	17,694.7	4,104.5	13,590.2
<b>Total Program Budget</b>	<b>17,694.7</b>	<b>4,104.5</b>	<b>13,590.2</b>

- The above includes a 2023 budgeted staff complement for Environment & Climate of 98.6 positions comprised entirely of operating positions.
2. The 2023 Capital Budget for Environment & Climate with cash flows and future year commitments totaling \$62.403 million as detailed by project in [Appendix 6a](#).
  3. The 2024-2032 Capital Plan for Environment & Climate totalling \$269.500 million in project estimates as detailed by project in [Appendix 6b](#).
  4. That all sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2023 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.



# **2023 OPERATING BUDGET**

## 2023 OPERATING BUDGET OVERVIEW

**Table 1: 2023 Operating Budget by Service**

(In \$000s)	2021 Actual	2022 Budget	2022 Projection*	2023 Base Budget	2023 New / Enhanced	2023 Budget	Change v. 2022 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>								
Environment & Climate	1,784.6	4,276.6	1,793.6	4,104.5		4,104.5	2,310.9	128.8%
<b>Total Revenues</b>	<b>1,784.6</b>	<b>4,276.6</b>	<b>1,793.6</b>	<b>4,104.5</b>		<b>4,104.5</b>	<b>2,310.9</b>	<b>128.8%</b>
<b>Expenditures</b>								
Environment & Climate	13,487.3	17,866.8	15,146.6	17,694.7		17,694.7	2,548.1	16.8%
<b>Total Gross Expenditures</b>	<b>13,487.3</b>	<b>17,866.8</b>	<b>15,146.6</b>	<b>17,694.7</b>		<b>17,694.7</b>	<b>2,548.1</b>	<b>16.8%</b>
<b>Net Expenditures (including COVID-19)</b>	<b>11,702.6</b>	<b>13,590.2</b>	<b>13,353.0</b>	<b>13,590.2</b>		<b>13,590.2</b>	<b>237.2</b>	<b>1.8%</b>
<b>Required COVID-19 Support</b>								<b>N/A</b>
<b>Net Budget (excluding COVID-19 supports)</b>	<b>11,702.6</b>	<b>13,590.2</b>	<b>13,353.0</b>	<b>13,590.2</b>		<b>13,590.2</b>	<b>237.2</b>	<b>1.8%</b>
<b>Approved Positions**</b>	<b>101.6</b>	<b>104.6</b>	<b>N/A</b>	<b>98.6</b>	<b>0.0</b>	<b>98.6</b>	<b>N/A</b>	<b>N/A</b>

\* 2022 Projection based on 9 Month Variance

\*\*YoY comparison based on approved positions

### KEY COST DRIVERS – FUNDING PRIORITIES

**Total 2023 Budget** expenditures of \$17.695 million gross reflects an increase of \$2.548 million in spending above 2022 projected year-end actuals, predominantly arising from:

- Salaries & Benefits required to fill vacancies to support the implementation of the plan to achieve Net Zero by 2040; and
- Budget supporting the Eco-Roof Grant Program, as we see increased levels of participation in the grant program based on historical experience, funded by reserves.

### EQUITY IMPACTS OF BUDGET CHANGES

**No significant equity impacts:** The changes to the Environment & Climate's 2023 Operating Budget do not have any significant equity impacts.

**2023 OPERATING BUDGET KEY DRIVERS**

The 2023 Operating Budget for Environment & Climate of \$17.695 million gross is \$2.548 million or 16.8% higher than the 2022 Projected Actuals. Table 2 below summarizes the key cost drivers for the 2023 Budget.

**Table 2: 2023 Operating Budget by Revenue / Expenditure Category**

Category (In \$000s)	2020 Actual	2021 Actual	2022 Budget	2022 Projection*	2023 Budget	2023 Change from 2022 Projection	
	\$	\$	\$	\$	\$	\$	%
Federal Subsidies	87.0	30.4	93.5		1,058.2	1,058.2	
User Fees & Donations	298.7	504.9	132.8	501.1	532.8	31.8	6.3%
Transfers From Capital			210.1				
Contribution From Reserves/Reserve Funds	469.4	945.9	3,007.2	1,395.0	2,178.5	783.5	56.2%
Sundry and Other Revenues	1,298.1	303.3	749.9	(102.5)	335.0	437.5	(426.8%)
Inter-Divisional Recoveries			83.1				
<b>Total Revenues</b>	<b>2,153.1</b>	<b>1,784.6</b>	<b>4,276.6</b>	<b>1,793.6</b>	<b>4,104.5</b>	<b>2,310.9</b>	<b>128.8%</b>
Salaries and Benefits	8,470.1	8,103.7	10,736.0	9,163.1	11,324.4	2,161.2	23.6%
Materials & Supplies	45.1	24.3	17.8	31.5	17.8	(13.7)	(43.5%)
Equipment	22.6	66.0	46.7	40.0	46.7	6.7	16.7%
Service and Rent	2,231.0	2,445.0	5,570.9	4,476.8	4,797.4	320.6	7.2%
Contribution To Capital			335.0	335.0		(335.0)	(100.0%)
Contribution To Reserves/Reserve Funds	42.7	1,003.5	3.5	3.5	338.5	335.0	9697.3%
Other Expenditures	980.5	1,840.4	1,156.9	1,036.0	1,170.0	134.0	12.9%
Inter-Divisional Charges	263.4	4.2		60.7		(60.7)	(100.0%)
<b>Total Gross Expenditures</b>	<b>12,055.3</b>	<b>13,487.3</b>	<b>17,866.8</b>	<b>15,146.6</b>	<b>17,694.7</b>	<b>2,548.1</b>	<b>16.8%</b>
<b>Net Expenditures</b>	<b>9,902.2</b>	<b>11,702.6</b>	<b>13,590.2</b>	<b>13,353.0</b>	<b>13,590.2</b>	<b>237.2</b>	<b>1.8%</b>

\*Projection based on 9 Month Variance

**Key Base Drivers:****Salaries & Benefits:**

Inflationary increase and increases outlined in collective bargaining agreements for staffed positions, as well as the expectation of full complement throughout 2023 in order to implement the plan to achieve Net Zero by 2040.

**Other Expenditures:**

Increase in participation in the Eco-Roof grant program compared to prior years, funded by reserves.

**Federal Subsidies:**

The increased funding from Federal Subsidies is tied to the Federation of Canadian Municipalities (FCM) funded enhancement of the Home Energy Retrofit Loan Program (HELP), allowing Environment & Climate to meet the needs of the growing program.

**Other Revenue Changes:**

Increase in revenue share from City Planning for the application support provided by Environment & Climate with respect to the Toronto Green Standards.

**Offsets and Efficiencies:**

Included in the budget submission is a \$0.563 million in budget offsets and efficiencies, which are primarily related to reductions in contracted professional and consulting services to align with 2023 procurement plans.

**Note:**

1. For additional information on 2023 key cost drivers please refer to [Appendix 2](#) for a summary of Affordability Measures.

**2024 & 2025 OUTLOOKS****Table 3: 2024 and 2025 Outlooks**

(\$000s)	2023 Budget	2024 Incremental Outlook	2025 Incremental Outlook
<b>Revenues</b>			
Revenue Changes		(72.5)	(66.5)
<b>Total Revenues</b>	<b>4,104.5</b>	<b>(72.5)</b>	<b>(66.5)</b>
<b>Gross Expenditures</b>			
Salaries and Benefits		185.3	(1.4)
Growth		(72.5)	(66.5)
<b>Total Gross Expenditures</b>	<b>17,694.7</b>	<b>112.8</b>	<b>(67.9)</b>
<b>Net Expenditures</b>	<b>13,590.2</b>	<b>185.3</b>	<b>(1.4)</b>
<b>Approved Positions</b>	<b>98.6</b>	<b>0.0</b>	<b>0.0</b>

**Key drivers**

The 2024 Outlook with total gross expenditures of \$17.807 million reflects an anticipated \$0.113 million or 0.6% increase in gross expenditures above the 2023 Operating Budget; The 2025 Outlook expects a decrease of \$0.068 million or 0.4% below 2024 gross expenditures.

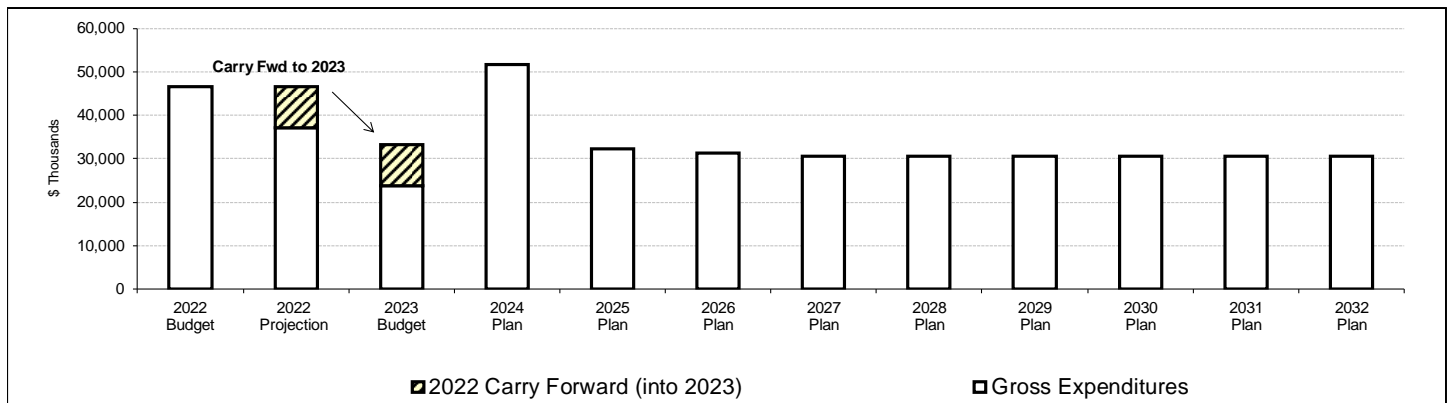
These changes arise from the following:

- **Impact of 2023 Decisions:**  
Annualization of 2 positions supporting the enhanced Home Energy Retrofit Loan Program (HELP) funded by the Federation of Canadian Municipalities (FCM) grant. **(2024 & 2025)**
- **Salaries & Benefits:**  
Increase in Salaries & Benefits reflective of collective agreement obligations **(2024 only)**

# **2023 – 2032 CAPITAL BUDGET AND PLAN**

**2023 – 2032 CAPITAL BUDGET & PLAN OVERVIEW**

**Chart 1: 10-Year Capital Plan Overview**  
(\$000)



In \$000's	2023 Capital Budget and 2024 - 2032 Capital Plan												
	2022		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total 10 Year Plan
	Budget	Projected Actual											
<b>Gross Expenditures by Project Category:</b>													
Health & Safety & Legislated SOGR													
Service Improvement & Growth	46,590	24,903	33,302	51,851	32,300	31,450	30,500	30,500	30,500	30,500	30,500	30,500	331,903
<b>Total by Project Category</b>	<b>46,590</b>	<b>24,903</b>	<b>33,302</b>	<b>51,851</b>	<b>32,300</b>	<b>31,450</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>331,903</b>
<b>Financing:</b>													
<b>Debt</b>													
Reserves/Reserve Funds	4,416	3,732	984	300									1,284
Development Charges Provincial													
Federal			5,689	6,051	1,800	950							14,490
Debt Recoverable	42,174	21,171	26,629	45,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	316,129
Other Revenue													
<b>Total Financing</b>	<b>46,590</b>	<b>24,903</b>	<b>33,302</b>	<b>51,851</b>	<b>32,300</b>	<b>31,450</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>331,903</b>

**Changes to Existing Projects**

The 2023-2032 Capital Budget and Plan does not include changes to existing projects.

**New Projects**  
(\$5 Million)

The 2023-2032 Capital Budget and Plan includes new projects. Key projects are as follows:


- \$5M for *Deep Retrofit Challenge (DRC) Program* funded by Federal Government to support deep retrofit projects that significantly reduce greenhouse gas emissions in approximately 10 to 16 buildings in Toronto.

**Note:**

For additional information, please refer to [Appendix 6](#) for a more detailed listing of the 2023 and 2024-2032 Capital Budget & Plan by project and [Appendix 8](#) for Capacity to Spend Review, respectively

**2023 – 2032 CAPITAL BUDGET AND PLAN**

**\$331.9 Million 10-Year Gross Capital Program**


<b>Service Improvement, Growth</b>
<b>\$331.9M</b> <b>100%</b>
<i>Combined Heat &amp; Power (CHP)</i> <input checked="" type="checkbox"/> <i>Community Energy Planning</i> <input checked="" type="checkbox"/> <i>Community Initiatives - Existing Building Retrofits</i> <input checked="" type="checkbox"/> <i>District Energy Systems</i> <input checked="" type="checkbox"/> <i>New Development Sustainable Energy Plan Financing</i> <input checked="" type="checkbox"/> <i>Residential Energy Retrofit Program (HELP)</i> <input checked="" type="checkbox"/> <i>Renewable Energy Program - Geoexchange</i> <input checked="" type="checkbox"/> <i>Renewable Thermal Energy Program</i> <input checked="" type="checkbox"/>

- Project supports Climate Resiliency and / or Greenhouse Gas (GHG) Reduction\*

\*Information above includes full project / sub-project 2023-2032 Budget and Plan cash flows. Does not break out the climate component costs separately

**How the Capital Program is Funded**

<b>City of Toronto</b>		<b>Federal Funding</b>	
<b>\$317.4 M</b> <b>96%</b>		<b>\$14.5M</b> <b>4%</b>	
Recoverable Debt	\$ 316.1 M	Grants	\$ 14.5 M
Reserve Draws	\$ 1.3 M		

# APPENDICES



### Appendix 1

#### COVID-19 Impact and Recovery

N/A

### Appendix 2

#### 2023 Affordability Measures

(\$000s)									
Recommendation	Savings Type	Equity Impact	2023				2024 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Reduction in external contracts budget to align with 2023 procurement plans	Efficiencies	None		(563.8)	(563.8)				
<b>Total Affordability Measures</b>				<b>(563.8)</b>	<b>(563.8)</b>	-			-

### Appendix 3

#### Summary of 2023 Service Changes

N/A

### Appendix 4

#### Summary of 2023 New / Enhanced Service Priorities Included in Budget

N/A

### Appendix 5

#### Summary of 2023 New / Enhanced Service Priorities Not Included in Budget

N/A

### Appendix 6

#### 2023 Capital Budget; 2024 - 2032 Capital Plan Including Carry Forward Funding

Project Code	(In \$000s)		2023 Budget	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2023 - 2032 Total	Growth & Improved Service
CCA001	Combined Heat & Power (CHP)	☑		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	27,000	27,000
CCA002	Community Energy Planning	☑	684										684	684
CCA003	Community Initiatives - Existing Building Retrofits	☑	10,450	11,800	11,800	10,950	10,000	10,000	10,000	10,000	10,000	10,000	105,000	105,000
CCA004	District Energy Systems	☑		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	18,000	18,000
CCA005	New Development Sustainable Energy Plan Financing	☑	10,000	25,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	115,000	115,000
CCA006	Residential Energy Retrofit Program (HELP)	☑	5,538	4,551									10,090	10,090
CCA007	Renewable Energy Program - Georexchange	☑		500	500	500	500	500	500	500	500	500	4,500	4,500
CCA008	Renewable Thermal Energy Program	☑	6,629	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	51,629	51,629
<b>Total Expenditures (including carry forward from 2022)</b>			<b>33,301</b>	<b>51,851</b>	<b>32,300</b>	<b>31,450</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>331,903</b>	<b>331,903</b>

☑ - Project supports Climate Resiliency and / or Greenhouse Gas (GHG) Reduction

\*Information above includes full project / sub-project 2023-2032 Budget and Plan cash flows. Does not break out the climate component costs separately

### Appendix 6a

#### 2023 Cash Flow and Future Year Commitments Including Carry Forward Funding

Project Code	(In \$000s)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total 2023 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
CCA002	Community Energy Planning	684										684	684		
CCA003	Community Initiatives - Existing Building Retrofits	10,450	1,800	1,800	950							15,000	10,000		5,000
CCA004	District Energy Systems														
CCA005	New Development Sustainable Energy Plan Financing	10,000	15,000									25,000	25,000		
CCA006	Residential Energy Retrofit Program (HELP)	5,538	4,551									10,090	10,090		
CCA007	Renewable Energy Program - Geoeexchange														
CCA008	Renewable Thermal Energy Program	6,629	5,000									11,629	11,629		
<b>Total Expenditure (including carry forward from 2022)</b>		<b>33,301</b>	<b>26,351</b>	<b>1,800</b>	<b>950</b>							<b>62,403</b>	<b>57,403</b>		<b>5,000</b>

### Appendix 6b

#### 2024 - 2032 Capital Plan

Project Code	(In \$000s)	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2024 - 2032 Total	Growth & Improved Service
CCA001	Combined Heat & Power (CHP)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	27,000	27,000
CCA002	Community Energy Planning											
CCA003	Community Initiatives - Existing Building Retrofits	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	90,000	90,000
CCA004	District Energy Systems	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	18,000	18,000
CCA005	New Development Sustainable Energy Plan Financing	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	90,000	90,000
CCA006	Residential Energy Retrofit Program (HELP)											
CCA007	Renewable Energy Program - Georexchange	500	500	500	500	500	500	500	500	500	4,500	4,500
CCA008	Renewable Thermal Energy Program		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	40,000	40,000
	<b>Total Expenditures</b>	<b>25,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>30,500</b>	<b>269,500</b>	<b>269,500</b>

## Appendix 7

### Reporting on Major Capital Projects: Status Update

N/A

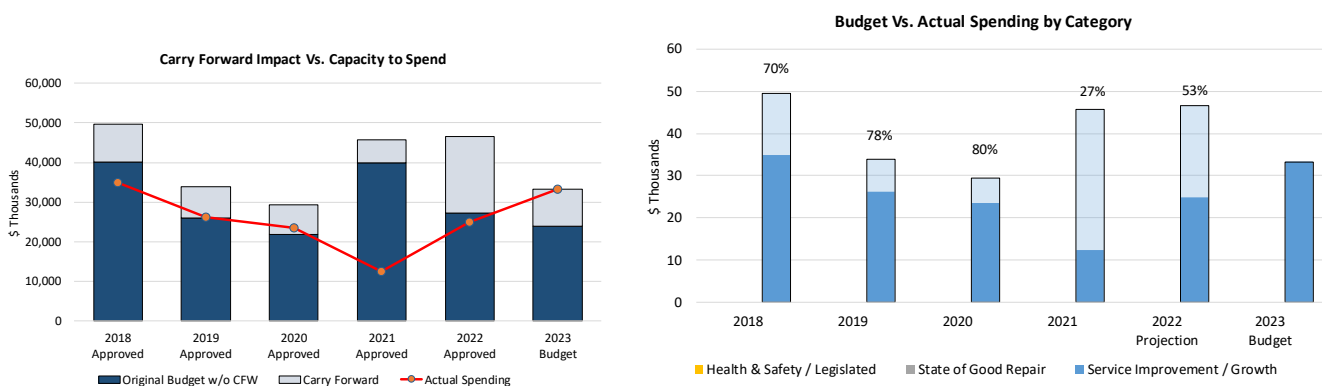
## Appendix 8

### Capacity to Spend Review

The 10-Year Capital Plan has been developed with consideration of historical demonstrated ability to spend within any given year of the ten year capital plan. A review was undertaken to ensure budgets align with Environment & Climate's (E&C) ability to spend and the market's capacity to deliver.

A key component in determining an appropriate level of annual cash flows includes historical capacity to spend reviews by project categories (Chart 2 below) as well as the level of projected 2022 underspending that will be partially carried forward into 2023 to complete capital work.

Chart 2 – Capacity to Spend



#### Capacity to Spend Review Impact on the 10-Year Plan

Based on the review of historical capital spending constraints and a capacity to spend review, \$10.6 million in capital spending originally in the 2023 capital budget has been deferred to future years.

The 2023 capital budget represents a net reduction of \$20.5 million over 2022 and is primarily due to reductions in the New Development and Existing Building Retrofit Sustainable Energy Program Financing, reflecting lower demand for loans as interest rates increase.

E&C is expected to deliver over 53.5% of its 2022 planned initiatives. The overall program's performance has been impacted by the demand for financing of energy retrofit projects as noted above. The COVID-19 pandemic has also impacted delivery resulting in delays to projects such as the Toronto Paramedic Services Headquarters deep retrofit and Waterfront Neighbourhood Centre deep retrofit. Challenges in logistics and the global shortage of materials have impacted the construction schedule as well as cost.

## Appendix 9

### Summary of Capital Needs Constraints

N/A

## Appendix 10

### Inflows and Outflows to/from Reserves and Reserve Funds

#### 2023 Operating Budget

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2023	2024	2025
XQ1502	Beginning Balance	1,934	1,441	689
Vehicle Reserve - Facilities & Real Estate				
	<u>Withdrawals (-)</u>			
	Other Program ~ Withdrawals - Capital	-896	-1,156	-221
	<b>Total Withdrawals</b>	<b>-896</b>	<b>-1,156</b>	<b>-221</b>
	<u>Contributions (+)</u>			
	Environment & Climate Division ~ Contributions - Operating	3	3	3
	Other Program ~ Contributions - Operating	400	400	400
	<b>Total Contributions</b>	<b>403</b>	<b>403</b>	<b>403</b>
	<b>Net Contributions</b>	<b>-493</b>	<b>-753</b>	<b>182</b>
	<b>Balance at Year-End</b>	<b>1,441</b>	<b>689</b>	<b>871</b>

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2023	2024	2025
XR1723	Beginning Balance	5,435	4,287	3,117
Eco-Roof Financial Assistance				
	<u>Withdrawals (-)</u>			
	Environment & Climate Division ~ Withdrawals - Operating	-1,241	-1,242	-1,243
	<b>Total Withdrawals</b>	<b>-1,241</b>	<b>-1,242</b>	<b>-1,243</b>
	<u>Contributions (+)</u>			
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-1,241</b>	<b>-1,242</b>	<b>-1,243</b>
	Interest Income	94	71	49
	<b>Balance at Year-End</b>	<b>4,287</b>	<b>3,117</b>	<b>1,922</b>

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2023	2024	2025
XR1732	Beginning Balance	-130	-300	-470
Pollinator Protection	<i>Withdrawals (-)</i>			
	Environment & Climate Division ~ Withdrawals - Operating ₺	-170	-170	-170
	<b>Total Withdrawals</b>	<b>-170</b>	<b>-170</b>	<b>-170</b>
	<i>Contributions (+)</i>			
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-170</b>	<b>-170</b>	<b>-170</b>
	Interest Income	0	0	0
	<b>Balance at Year-End</b>	<b>-300</b>	<b>-470</b>	<b>-640</b>

Third party funding is anticipated but not yet confirmed. Once funding is secured, reserve balance will be positive. If funding is not secured, the associated expenditures will be reduced to match available funds.

Reserve / Reserve Fund		Contributions / (Withdrawals)		
		2023	2024	2025
XR3029	Beginning Balance	1,932	1,422	903
Conservation Management	<i>Withdrawals (-)</i>			
	Environment & Climate Division ~ Withdrawals - Operating ₺	-542	-542	-542
	<b>Total Withdrawals</b>	<b>-542</b>	<b>-542</b>	<b>-542</b>
	<i>Contributions (+)</i>			
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-542</b>	<b>-542</b>	<b>-542</b>
	Interest Income	32	22	12
	<b>Balance at Year-End</b>	<b>1,422</b>	<b>903</b>	<b>374</b>

### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2023	2024	2025
XR1724	Beginning Balance	8,013	7,262	6,496
Local Improvement Charge Energy Works	<i>Withdrawals (-)</i>			
	Environment & Climate Division ~ Withdrawals - Operating ₺	-225	-225	-225
	Other Program ~ Withdrawals - Operating ₺	-373	-373	-373
	Environment & Climate Division ~ Withdrawals - Capital	-300	-300	0
	<b>Total Withdrawals</b>	<b>-899</b>	<b>-899</b>	<b>-599</b>
	<i>Contributions (+)</i>			
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-899</b>	<b>-899</b>	<b>-599</b>
	Interest Income	147	133	121
	<b>Balance at Year-End</b>	<b>7,262</b>	<b>6,496</b>	<b>6,018</b>

**Inflows and Outflows to/from Reserves and Reserve Funds**

**2023 – 2032 Capital Budget and Plan**

**Program Specific Reserve / Reserve Funds**

N/A

**Corporate Reserve / Reserve Funds**

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2023	2024	2025	2026 <sup>∞</sup>	2027 <sup>∞</sup>	2028 <sup>∞</sup>	2029 <sup>∞</sup>	2030 <sup>∞</sup>	2031 <sup>∞</sup>	2032 <sup>∞</sup>
XR1715	Beginning Balance	3,412	2,788	2,842	2,898	2,954	3,012	3,070	3,130	3,191	3,254
Energy Conservation	<b>Withdrawals (-)</b>										
	Environment & Climate Division ~ Withdrawals - Operating ‡	0	0	0	0	0	0	0	0	0	0
	Other Program ~ Withdrawals - Operating ‡	0	0	0	0	0	0	0	0	0	0
	Environment & Climate Division ~ Withdrawals - Capital	-684	0	0	0	0	0	0	0	0	0
	<b>Total Withdrawals</b>	<b>-684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Contributions (+)</b>										
	Environment & Climate Division ~ Contributions - Operating	0	0	0	0	0	0	0	0	0	0
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Interest Income	60	54	55	57	58	59	60	61	62	63
	<b>Balance at Year-End</b>	<b>2,788</b>	<b>2,842</b>	<b>2,898</b>	<b>2,954</b>	<b>3,012</b>	<b>3,070</b>	<b>3,130</b>	<b>3,191</b>	<b>3,254</b>	<b>3,317</b>

<sup>∞</sup> Using 2025 PBF Contributions, figures have been projected for 2026 - 2032 contributions

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2023	2024	2025	2026 <sup>∞</sup>	2027 <sup>∞</sup>	2028 <sup>∞</sup>	2029 <sup>∞</sup>	2030 <sup>∞</sup>	2031 <sup>∞</sup>	2032 <sup>∞</sup>
XR1724	Beginning Balance	8,013	7,262	6,496	6,018	5,530	5,034	4,527	4,011	3,484	2,948
Local Improvement Charge Energy Works	<b>Withdrawals (-)</b>										
	Environment & Climate Division ~ Withdrawals - Operating ‡	-225	-225	-225	-225	-225	-225	-225	-225	-225	-225
	Other Program ~ Withdrawals - Operating ‡	-373	-373	-373	-373	-373	-373	-373	-373	-373	-373
	Environment & Climate Division ~ Withdrawals - Capital	-300	-300	0	0	0	0	0	0	0	0
	<b>Total Withdrawals</b>	<b>-899</b>	<b>-899</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>
	<b>Contributions (+)</b>										
	<b>Total Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Net Contributions</b>	<b>-899</b>	<b>-899</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>	<b>-599</b>
	Interest Income	147	133	121	112	102	92	82	72	62	52
	<b>Balance at Year-End</b>	<b>7,262</b>	<b>6,496</b>	<b>6,018</b>	<b>5,530</b>	<b>5,034</b>	<b>4,527</b>	<b>4,011</b>	<b>3,484</b>	<b>2,948</b>	<b>2,400</b>

<sup>∞</sup> Using 2025 PBF Contributions, figures have been projected for 2026 - 2032 contributions



## Appendix 11

### Glossary

**Approved Position:** Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

**Actuals:** An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

**Capacity to Spend:** Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

**Capital Budget:** A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

**Capital Needs Constraints:** The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

**Complement:** Positions that support the delivery of City services and service levels as approved by Council.

**Efficiencies:** Reductions in the cost of delivering a service without a reduction in service level.

**New / Enhanced Service Priorities:** New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

**Operating Budget:** An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

**Operating Impact of Completed Capital Projects:** The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

**Rate Supported Budget:** Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

**State of Good Repair (SOGR):** The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

**Tax Supported Budget:** Budget funded by property taxes.

**User Fees:** Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).