

# 2024 Budget Notes

## Toronto Atmospheric Fund

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at [FPD@toronto.ca](mailto:FPD@toronto.ca).

### Description

Toronto Atmospheric Fund (TAF) is a regional climate agency constituted as a non-share capital corporation via the Toronto Atmospheric Fund Act. TAF invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation, with no draw on the City's tax-base. We lead, support and collaborate with stakeholders in the private, public and non-profit sectors who have opportunities for reducing urban carbon emissions. We invest the endowments provided by City of Toronto (1991), Province of Ontario (2017) and Government of Canada (2020) in alignment with our mandate, and with the proceeds we provide grants to non-profit organizations, incubate and implement innovative programs and advocate for policies and programs, with particular focus achieving environmental, social and economic benefits that improve health, create local jobs, boost urban resiliency and contribute to a fair society. Based on TAF's model and track record, six similar agencies have been endowed by the Government of Canada under the banner of Low Carbon Cities Canada (LC3).

### Why We Do It

TAF was established to operate arms-length from the City of Toronto with a mandate that is aligned to achieving mutual objectives, more specifically with the City's TransformTO and forthcoming Net-Zero Strategy and the declaration of a climate emergency. TAF's actions are focused on **advancing low-carbon solutions for the key sources of urban carbon emissions: buildings, both existing and new construction, transportation, industrial, waste and electricity**. The expansion of TAF's mandate to the GTHA recognizes that strategic regional action is needed in order for local, provincial and national climate action efforts to succeed. Our investment strategy aims to generate both financial and mandate-related impact, and to demonstrate and mobilize much more than our capital for local low-carbon solutions. With the support and good governance of the Council-appointed Board (8 citizens, 3 Councillors), TAF provides unique, data-driven, strategic support, investment and ally ship to private, public and non-profit stakeholders contributing to achieving Toronto's net-zero by 2040 goal. This target isn't simply another milestone -- it's a vision for a climate-smart urban region that functions within its environmental means and is a leader among climate-friendly urban centres around the world.

*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.*

#### Program / Agency:

**Julia Langer**

CEO

Tel: (416) 768-0253

Email: [jlanger@taf.ca](mailto:jlanger@taf.ca)

#### Corporate:

**Ilya Ganin**

Manager, Financial Planning

Tel: (416) 392-5380

Email: [ilya.ganin@toronto.ca](mailto:ilya.ganin@toronto.ca)

## What Service We Provide

### Grants

**Who We Serve:** Eligible non-profit organizations, citizen groups and community organizations, charities, academia, research institutions and municipalities in the GTHA.

**What We Deliver:** We fund high-impact initiatives including capacity-building, projects and policies related to accelerating retrofits, net-zero new construction, electrification of transportation, low-carbon electricity, and other urban climate action priorities.

**How Much Resources Required (gross 2024 operating budget):** \$1.4 Million

### Impact Investing (Revenue Generating)

**Who We Serve:** Businesses and enterprise with low-carbon projects and activities, non-profit and for-profit institutional co-investors, the wider financial sector as interest grows in ESG.

**What We Deliver:** Prudent investment in marketable securities and projects/companies aligned with TAF's mandate, generate risk-adjusted return, and mobilize financial capital for urban low-carbon solutions through financial innovation, aggregation and/or syndication. Thought-leadership and development of innovative financial structures and instruments to address barriers to capital flow into urban low-carbon solutions.

**How Much Resources Required (gross 2024 operating budget):** \$1.4 Million

### Strategic Program Implementation

**Who We Serve:** Government (Municipal, Provincial, and Federal), businesses and industry, not for profits, and other institutions promoting and delivering greenhouse gas (GHG) reduction.

**What We Deliver:** Programs, policy advocacy and engagement that demonstrate, de-risk, remove barriers and help scale solutions for existing buildings, new construction, electrification of transportation, and clean energy which will reduce carbon and deliver other (co)benefits like improved health, community resilience, reducing inequity, job creation, and economic value.

**How Much Resources Required (gross 2024 operating budget):** \$7.4 Million

### Operations and Governance

**Who We Serve:** City Council, Province of Ontario and Government of Canada (via FCM), TAF Board and Committees, other key stakeholders (e.g., industry partners, non-profits, academia, citizens in the GTHA).

**What We Deliver:** High standard of accountability and compliance with all governance requirements and mission-focused KPIs, efficient & effective operations, a diverse, collaborative and mission-focused culture.

**How Much Resources (gross 2024 operating budget):** \$1.2 Million

## Budget at a Glance

2024 OPERATING BUDGET			
\$Million	2024	2025	2026
Revenues	\$11.4	\$11.9	\$12.5
Gross Expenditures	\$11.4	\$11.9	\$12.5
Net Expenditures	\$0.0	\$0.0	\$0.0
Approved Positions	38	38	38

2024 - 2033 10-YEAR CAPITAL PLAN			
\$Million	2024	2025-2033	Total
Toronto Atmospheric Fund has no capital budget.			

# How Well We Are Doing – Behind the Numbers

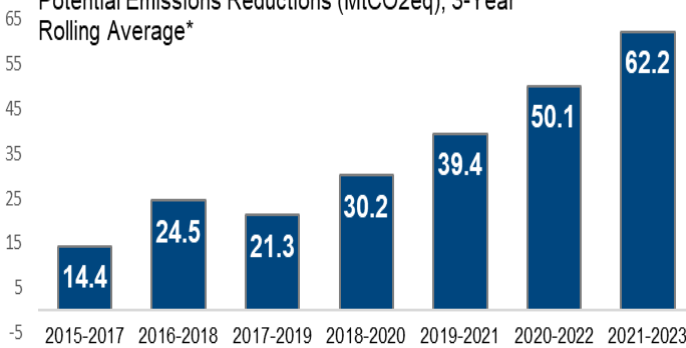
Portfolio Annual Return



## Portfolio Performance

- Investment returns are conservatively budgeted at 5.5%; the 3-year average has been 3% and 5-year average 6%.
- Portfolio asset mix is re-balancing towards the target portfolio by increasing Direct Investments and Private Equity to reduce revenue volatility, provide risk-adjusted return, and achieve mandate-related impact; and this trend will continue along with investment in Alternative infrastructure funds.
- Significant external revenues (donations) have been secured for programs from various sources; an ambitious 2024 target leverages relationships and accomplishments.
- TAF maintains a Stabilization Fund for each endowment to mitigate the impact of variability of investment earnings from year to year.
- To protect the asset value, TAF’s endowment-funded spending is maintained within the Payout Ratio established by the Board of 5-6% of the Net Asset Value, on a 4-year rolling average.

Cumulative Potential Impact from TAF Investments Potential Emissions Reductions (MtCO<sub>2</sub>e), 3-Year Rolling Average\*

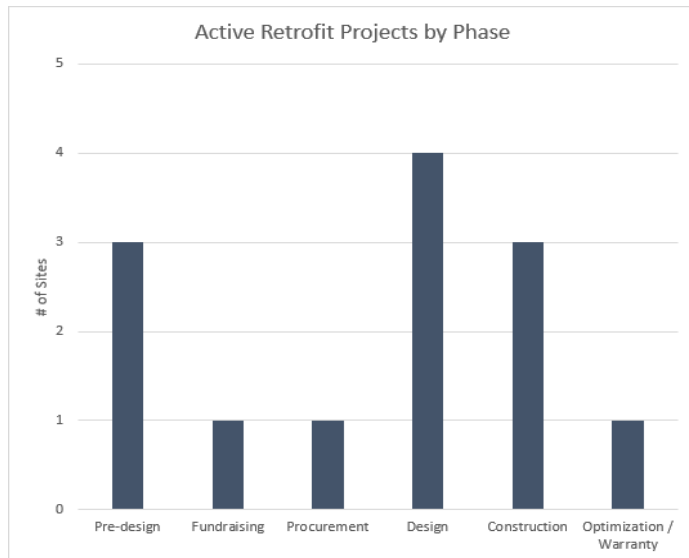


\*A rolling average is represented here to account for the large variance in potential reductions between projects and better reflect the underlying trend.

## Impact From TAF Activities

- Emission reduction potential (2023 estimate): 78 MT CO<sub>2</sub>e\*. Recognizing year-to-year variation, a 3-year rolling average presented, which also indicates growing impact. This estimate includes the impact from internal projects, impact investments and grants (including those conditionally approved, and will be updated once grants approved by the Board in November). For instance, the top three contributors to GHG reduction potential are: a grant to Environmental Defence aimed at electricity gas plants phased out, a grant to Durham Region on Green Development Incentive Program, and investment on Kite Mobility project to scale mobility as an amenity service in multi-family buildings.
- TAF is committed to multi-solving and also tracks three other KPIs: scalability to assess the potential for initiatives funded to achieve market penetration, community benefits such as improvements in health, local economic development, job creation, and equity which recognizes the unequal distribution of climate harms and need for equitable solutions to climate change.

Active Retrofit Projects by Phase



## Program Delivery

- TAF focuses on four priority opportunities for carbon emission reduction: decarbonizing existing buildings, codes & standards for green new construction, electrification of transportation, and an affordable, resilient, low-carbon electricity system.
- Retrofit Accelerator supports delivery of deep retrofits in multi-family buildings in the GTHA to achieve carbon reductions, operational savings, and improved housing for residents. Approx. \$58 million of retrofit work at over 13 building sites across GTHA is in process including ambitious retrofits at TCHC buildings. How to reduce the time and cost of retrofits being explored including purchasing strategies (e.g., for heat pumps), prefabricated panelization, and design of community-scale energy systems.
- EV Station Fund is providing \$5 million in funding (contributed by Natural Resources Canada) to support installation of approximately 700 EV charging stations throughout GTHA, targeting multi-family buildings and public charging locations.
- Leveraging Toronto’s Green Development Standard leadership, TAF successfully advocated for and supported development and adoption of similar requirements by 8 other GTHA municipalities.

## How Well We Are Doing

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
<b>Outcome Measures</b>								
<b>Community Grants</b>	At least 20% of proceeds disbursed to grantees	100%	100%	100% (oversubscribed)	100%	●	100%	100%
<b>Impact Investing</b>	Steady progress towards Direct Investment target allocation of 30%	80%	80%	100% (4 new Direct Investments)	90%	●	100% (20% allocation)	100% (25% allocation)
<b>Impact Investing</b>	Compliance with Statement of Investment Objectives & Principles (SIOP)	100%	100%	100% compliance	100%	●	100%	100%
<b>Strategic Programs</b>	Achieve projected KPIs including GHG reduction potential, community benefits, equity and scalability	80%	80%	100% (all programs have high impact potential)	80%	●	100%	100%
<b>Operations &amp; Governance</b>	Board and Committees fully constituted and supported to undertake their fiduciary roles	90%	90%	100% (6 new appointments)	95%	●	100%	100%

### 2023 Projection to 2023 Target Comparison

● 100% (MET TARGET) ● 70 - 99% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
<b>Service Level Measures</b>								
<b>Grants</b>	Grants Applications across GTHA	36	16	22	22	●	N/A	N/A
<b>Governance</b>	Board Meetings	4	5	4	4	●	4	4
<b>Impact Investing</b>	New Investments approved	6	2	4	5	●	4	4
<b>Program</b>	External Funding attracted (\$millions)	.181	1.49	2.49	2.7	●	3.9	4.2

## EXPERIENCES, CHALLENGES AND PRIORITIES

### Our Experience and Success

- TAF has a unique position as a regional (GTHA-wide) climate agency. Consultation with nearly 60 stakeholders indicates TAF is trusted, seen as fair and authoritative on local climate solutions, and well-governed.
- TAF's GTHA GHG Inventory has gained visibility and traction, providing an objective view on regional emissions, how policies and programs are making a difference, and a tool for local decision-makers.
- TAF has attracted significant federal funding to deliver innovative programs that benefit Torontonians including to make homes more energy efficient and install electric vehicle (EV) charging.
- TAF continues to be a leader in impact investing, providing financing to a range of companies and projects that advance local climate solutions.
- TAF successfully advocated for policies and programs at the municipal, provincial and federal levels related to our four focus areas: retrofits, green new construction, EV adoption, and clean electricity.

### Key Challenges and Risks

- Volatility in the public markets can be expected to continue which affects TAF's main source of revenue.
- Carbon emissions have increased throughout the GTHA which can undermine confidence, just when even more aggressive action is needed.

### Priority Actions

- Enhance TAF's "multi-solving" approach to ensure carbon and co-benefits are achieved in tandem.
- Advocacy for key policies and programs which will scale local climate solutions including for existing buildings, new construction, electrification of transportation, and electricity systems.
- Advance several high-impact direct investments, re-balancing the investment portfolio.
- Scale up retrofit activity to stimulate the market for retrofit goods, services and capital.
- Scale up EV charging programs for multi-family buildings and the vehicle-for-hire sector.
- Launch a small/medium rooftop solar and storage program to demonstrate and de-risk this distributed energy resource opportunity.
- Continue TAF's commitment to good governance and accountability to our stakeholders.

**CITY STAFF PREPARED BUDGET**

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2024 Operating Budget for Toronto Atmospheric Fund of \$11.358 million gross, \$11.358 million revenue and \$0.0 million net for the following services:

**Service:**

	<b>Gross Expenditures (\$000s)</b>	<b>Revenue (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
Toronto Atmospheric Fund	11,358.0	11,358.0	0.0
<b>Total Program Budget</b>	<b>11,358.0</b>	<b>11,358.0</b>	<b>0.0</b>

- The 2024 staff complement for Toronto Atmospheric Fund of 38 positions is comprised entirely of operating positions.

# **2024 OPERATING BUDGET**



## 2024 OPERATING BUDGET OVERVIEW

Table 1: 2024 Operating Budget by Service

(In \$000s)	2022 Actual	2023 Budget	2023 Projection*	2023 Budget excl COVID	2024 Base Budget	2024 New / Enhanced	2024 Budget	Change v. 2023 Budget excl COVID	
By Service	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>									
Toronto Atmospheric Fund	(5,003.0)	9,318.0	7,232.6	9,318.0	11,358.0		11,358.0	2,041.0	21.9%
<b>Total Revenues</b>	<b>(5,003.0)</b>	<b>9,318.0</b>	<b>7,232.6</b>	<b>9,318.0</b>	<b>11,358.0</b>		<b>11,358.0</b>	<b>2,041.0</b>	<b>21.9%</b>
<b>Expenditures</b>									
Toronto Atmospheric Fund	6,577.0	9,318.0	7,229.6	9,318.0	11,358.0		11,358.0	2,041.0	21.9%
<b>Total Gross Expenditures</b>	<b>6,577.0</b>	<b>9,318.0</b>	<b>7,229.6</b>	<b>9,318.0</b>	<b>11,358.0</b>		<b>11,358.0</b>	<b>2,041.0</b>	<b>21.9%</b>
<b>Net Expenditures</b>	<b>11,580.0</b>		<b>(3.0)</b>						<b>N/A</b>
<b>Approved Positions**</b>	<b>16.0</b>	<b>33.0</b>	<b>N/A</b>	<b>33.0</b>	<b>38.0</b>	<b>0.0</b>	<b>38.0</b>	<b>N/A</b>	<b>N/A</b>

\*2023 Projection based on 9 Month Variance

\*\*YoY comparison based on approved positions

### KEY DRIVERS

**Total 2024 Budget** expenditures of \$11.358 million gross reflect an increase of \$2.041 million in spending above 2023 budget, predominantly arising from:

- **Program Implementation:** External funding for programs is significantly higher in 2024. In 2023, spending related to retrofits – TAF’s largest program, was under budget and delayed due to prolonged contract negotiations. In 2024 construction will be ramped up resulting in \$3.12 million spending.
- **Salaries and Benefits:** In 2024, the second stage of a planned compensation adjustment, underpinned by a compensation study, will bring salaries up to fair market value and along with additional staff (33 in 2023 & 38 in 2024) will result in a \$1.4 million increase in spending. This initiative will address the challenges of employee turnover associated with below-market wages.
- **Financial Markets:** Market performance is the key driver of TAF revenues, which is heavily influenced by the performance of the public stock and bond markets. With the markets currently performing well TAF will nevertheless continue efforts to diversify investment dollars to less market-volatile direct investments aligned with TAF’s mandate.

### EQUITY IMPACTS OF BUDGET CHANGES

**No significant equity impacts:** The changes in Toronto Atmospheric Fund's 2024 Operating Budget do not have any significant equity impacts. Equity and community benefits have been incorporated into TAF's grant-making criteria and investment opportunity analysis. TAF's staff-led Equity, Diversity and Inclusion (“EDI”) Working Group will be publishing TAF’s first-ever EDI report and help develop action items for management and Board implementation.

## 2024 OPERATING BUDGET KEY COST DRIVERS

The 2024 Net Operating Budget for Toronto Atmospheric Fund has no net change compared to the 2023 Budget. Table 2 below summarizes the key cost drivers for the 2024 Budget.

**Table 2: 2024 Key Cost Drivers**

(In \$000s)	2024				2025 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
<b>2023 Budget</b>	<b>9,318.0</b>	<b>9,318.0</b>		<b>33.0</b>	<b>N/A</b>
<b>2023 Projection*</b>	<b>7,232.6</b>	<b>7,229.6</b>	<b>(3.0)</b>	<b>N/A</b>	<b>N/A</b>
<b>Key Cost Drivers:</b>					
<b>Strategic Programs</b>					
Grants		(240.0)	(240.0)		
Program Implementation Expenses		1,410.0	1,410.0		
Salaries & Benefits		1,028.0	1,028.0	5.0	
Amortization		(85.0)	(85.0)		
<b>Governance &amp; Engagement</b>					
Salaries & Benefits		370.0	370.0		
Corporate Expenses		(442.0)	(442.0)		
<b>Sub-Total - Key Cost Drivers</b>		<b>2,041.0</b>	<b>2,041.0</b>	<b>5.0</b>	
<b>Affordability Measures:</b>					
Marketable securities	(697.0)		697.0		
Direct Investments	(60.0)		60.0		
External Revenues	2,568.0		(2,568.0)		
Draw from CA Operating and/or Stabilization Fund(s)	230.0		(230.0)		
<b>Sub-Total - Affordability Measures</b>	<b>2,041.0</b>		<b>(2,041.0)</b>		
<b>Total 2024 Budget</b>	<b>11,358.0</b>	<b>11,358.0</b>		<b>38.0</b>	
<b>Change from 2023 Budget (\$)</b>	<b>2,041.0</b>	<b>2,041.0</b>		<b>N/A</b>	<b>N/A</b>
<b>Change from 2023 Budget (%)</b>	<b>22%</b>	<b>22%</b>	<b>0%</b>	<b>N/A</b>	<b>N/A</b>

\*Based on 9 Month Variance

\*\*YoY comparison based on approved positions

### Key Base Drivers:

- TAF is revenue driven not operating expense driven with revenue being the primary driver of operating expenses and project expenditures.

### Program Delivery Expense:

- An increase in expenditures is the result of increased external funding for retrofit projects and EV station projects.

### Salaries & Benefits:

- An increase in expenditures includes five additional permanent positions based on endowment capacity and additional contract positions supported by external revenues.

### Administrative Expenses:

- Administrative expenses are budgeted to decrease in 2024 due to lower spending, governance, and legal & audit spending corporately.

### Affordability Measures:

- TAF is primarily financed by investment revenues from its three funds including income from marketable securities, direct investments, as well as external grants and contributions.

- The \$2.568 million increase in external revenues represents funding committed from governments and foundations towards TAF Retrofit Accelerator operations, specific retrofits, and the EV Station Fund rebates and operating costs. External funding is allocated to and disbursed from the three funds proportionately according to project participation.
- Portfolio revenues are budgeted at a conservative 5.5% yield due to the variability public equities market and external revenue inflows year over year. The 2024 revenue projected reflects the actual performance of the public equities in the first 3 quarters of the year.
- Withdrawal from the Stabilization Fund may be made to reduce variability in its program spending due to fluctuating financial markets.

## 2025 & 2026 OUTLOOKS

Table 3: 2025 and 2026 Outlooks

(In \$000s)	2024 Budget	2025 Incremental Outlook	2026 Incremental Outlook
<b>Revenues</b>			
Toronto Atmospheric Fund		568.0	574.0
<b>Total Revenues</b>	<b>11,358.0</b>	<b>568.0</b>	<b>574.0</b>
<b>Gross Expenditures</b>			
Toronto Atmospheric Fund		568.0	574.0
<b>Total Gross Expenditures</b>	<b>11,358.0</b>	<b>568.0</b>	<b>574.0</b>
<b>Net Expenditures</b>			
<b>Approved Positions</b>	<b>38.0</b>	<b>0.0</b>	<b>0.0</b>

## Key Outlook Drivers

The 2025 Outlook with total gross expenditures of \$11.9 million reflects an anticipated \$0.6 million or 5% increase in gross expenditures above the 2024 Operating Budget. The 2026 Outlooks expects an additional increase of \$0.6 million or 4.6% above 2025 gross expenditures.

These changes arise from the following:

- The increase in gross expenditures is reflective of an anticipated return on investments and increase in external revenues.

# APPENDICES

## Appendix 1

### 2024 Operating Budget by Category

Category (In \$000s)	2021 Actual	2022 Actual	2023 Budget	2023 Projection*	2024 Budget	2024 Change from 2023 Budget		2024 Change from 2023 Projection	
	\$	\$	\$	\$	\$	\$	%	\$	%
Sundry and Other Revenues	9,521.0	(5,002.0)	9,318.0	7,232.6	11,358.0	2,041.0	21.9%	4,125.4	57.0%
<b>Total Revenues</b>	<b>9,521.0</b>	<b>(5,002.0)</b>	<b>9,318.0</b>	<b>7,232.6</b>	<b>11,358.0</b>	<b>2,040.0</b>	<b>21.9%</b>	<b>4,125.4</b>	<b>57.0%</b>
Salaries and Benefits	1,910.0	2,635.0	3,300.0	2,535.0	4,514.0	1,214.0	36.8%	1,979.0	78.1%
Service and Rent	3,821.0	3,942.0	6,018.0	4,694.6	6,844.0	826.0	13.7%	2,149.4	45.8%
<b>Total Gross Expenditures</b>	<b>5,731.0</b>	<b>6,577.0</b>	<b>9,318.0</b>	<b>7,229.6</b>	<b>11,358.0</b>	<b>2,041.0</b>	<b>21.9%</b>	<b>4,128.4</b>	<b>57.1%</b>
<b>Net Expenditures</b>	<b>(3,790.0)</b>	<b>11,579.0</b>		<b>(3.0)</b>				<b>3.0</b>	<b>(100.0%)</b>

\*Projection based on 9 Month Variance

**Appendix 2**

**Summary of 2024 Service Changes**

N/A

**Appendix 3**

**Summary of 2024 New / Enhanced Service Priorities Included in Budget**

N/A

**Appendix 4**

**Summary of 2024 New / Enhanced Service Priorities Not Included in Budget**

N/A

**Appendix 5**

**2024 Capital Budget;  
2025 - 2033 Capital Plan Including Carry Forward Funding**

N/A

**Appendix 5a**

**2024 Cash Flow and Future Year Commitments Including Carry Forward Funding**

N/A

**Appendix 5b**

**2025 - 2033 Capital Plan**

N/A

**Appendix 6**

**Reporting on Major Capital Projects: Status Update**

N/A

**Appendix 7**

**Capacity to Spend Review**

N/A

**Appendix 8**

**Summary of Capital Needs Constraints**

N/A

**Appendix 9**

**Capital Program Provincial/Federal Funding Streams by Project**

N/A

**Appendix 10**

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

N/A

## 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).