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NOTE REGARDING NEXT STEPS AND IMPLEMENTATION

This Service Efficiency Study provides advice and recommendations to the City Manager and was conducted in consultation with the Division. The Study identifies actions and directions that could result in more efficient and effective service delivery, organizational and operational arrangements and associated savings.

The City Manager will work closely with senior management to determine which of the actions are feasible and can be implemented, implementation methods and timeframe and estimated savings. In some cases, further study may be required; in other cases the actions may not be deemed feasible. Implementation will be conducted using various methods and may be reported through annual operating budget processes or in a report to Council or an applicable Board, where specific authorities are necessary. In all cases, implementation will comply with collective agreements, human resource policies and legal obligations.

This study involves multiple City divisions and several major agencies. Preliminary estimated savings have been identified in the study by year where possible. The opportunities identified for estimated potential savings are highly dependent on the viability of these actions as determined by senior management, timeframes, and other implementation considerations such as sequenced action steps and phasing over several years.



cutting through complexity™

City of Toronto

Service Efficiency Study Program -

Environmental & Energy Efficiency
Incentives and Public Engagement
Programs

Final Report
November 7, 2011

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Part I: Executive Summary

This section of the report provides a summary of the findings and recommendations that follow in the body of the analysis.

Executive Summary

Project Background

The City of Toronto is undertaking a series of Service Efficiency Studies. Several areas have been identified for review during 2011 including environmental and energy efficiency incentives and public engagement programs. The purpose of the Service Efficiency Studies is to identify actionable recommendations that will provide the maximum service efficiency savings in the shortest period of time. This study does not include a review of all environmental and energy efficiency-related activities carried out by the City. It is intended to address only those activities that provide incentives or other types of support that encourage City divisions and the public to act in an environmentally responsible and energy efficient way.

Project Purpose

Various City agencies, divisions and corporations deliver a range of environmental and energy efficient incentive programs (i.e. grant, loan, rebates, etc.) and environmental public engagement programs. This study is intended to focus on the delivery of these specific programs. Organizations that were examined under this study include:

- Toronto Atmospheric Fund (TAF)
- Toronto Environment Office (TEO)
- Facilities Management Division – Energy & Efficiency Initiatives Office (EEO)
- Tower Renewal Office (TRO)
- Toronto Hydro Corporation
- Toronto Water
- City Planning
- Toronto Public Health
- Solid Waste Management

The main purpose of this Service Efficiency Study is to scan and review the functions, management, and governance of organizations delivering these programs in order to: identify opportunities for greater administrative coordination on a cross corporate level; to reduce programming overlap and duplication, where appropriate; and to rationalize the continuing need for specific programs.

Project Methodology

This project was conducted in under 4 weeks and included:

- **Current State Assessment.** Each organization in scope was analyzed based on document reviews and phone interviews. The purpose was to clarify what programs, services and functions the organization performed with regard to the subject area, and to identify possible overlaps and opportunities for efficiencies. The current state assessments were validated by each organization.
- **Jurisdictional Review.** Several leading jurisdictions (3 Canadian, 3 American and 1 Australian) were researched and interviewed where possible to identify their scope of Environment and Energy Efficiency related programs and services and how that suite of services compared with Toronto's. The organizational structure of the comparator jurisdictions was also documented for comparison with Toronto.
- **Scenario Analysis.** Building upon a set of scenarios outlined by the client, KPMG assessed each scenario against a set of design principles and lessons learned through the current state analysis and jurisdictional review. Two scenarios were then developed and assessed in more detail and recommended for consideration by the City Manager.

Executive Summary (cont'd)

Project Methodology (Cont'd)

The intent of the report is to identify for the City Manager possible organizational models that will result in a more efficient organizational structure and achieve high-level savings opportunities. Ideas put forward by city divisions and agencies informed the final recommendations.

The divisions and agencies within the scope of the study were provided the opportunity to review and validate the facts and figures that informed the analysis presented in "Current State Dashboards by Organization", in Part III "Current State Assessment" of this report. However, due to the time limitations in which this study was conducted, the assumptions and projections that informed the recommendations in Part V "Scenario Analysis", were not validated in an in-depth manner by the City Manager, the Chief Financial Officer or the organizations within the scope of this study.

Therefore, the projections identified for each scenario represent an approximate order of magnitude for potential savings. Further in-depth analysis is required by the City Manager and the City of Toronto's Chief Financial Officer to determine the more precise expected savings associated with each model.

Summary Conclusion of Current State Assessment

The Current State Assessment concluded that similar work is being performed in multiple areas of the City, including an arm's length agency. Moreover, it appears that across organizations staff with similar skill sets provide programs and services to similar client groups. Programmatic overlap was also notable. In cases where there isn't explicit program overlap, there was significant overlap in program objectives at a general level. Finally, major opportunities to reduce inefficiencies exist by integrating overlapping functions across organizations.

Summary Conclusion of Jurisdictional Review

The Jurisdictional Review of comparator cities indicates that most jurisdictions offer a comparable suite of programs to the City of Toronto. However, other jurisdictions tend to do so in a more integrated fashion. Comparator jurisdictions all have either a central coordinator model (or variation of) or consolidated Environmental and Energy Efficiency programs and services within a single division. The City of Toronto however is fairly unique in its use of an arms-length agency (Toronto Atmospheric Fund) to deliver environment and energy efficiency programs.

Executive Summary (cont'd)

Assumptions

The analysis that follows is based on interviews with City of Toronto stakeholders and a review of various documentation, including organizational charts, budget information, strategy plans and online resources found on each organization's website. KPMG has not audited the accuracy of these primary resources. Future state FTE requirements are based on a high-level examination of organization charts and efficiency assumptions; precise figures relating to future state FTE requirements and associated savings or costs would necessitate a full-scale organizational design project, which is outside the scope of this engagement.

It is worth noting that in many cases, discrepancies between interviewees and other sources arose around budget, FTE and grant figures. In such cases, figures provided by interviewees were used.

Disclaimer

This report provides a description of the results of an Efficiency Review of the City of Toronto (the City) Environment and Energy Efficiency Incentive Programs and Public Engagement Programs (E&EE) conducted by KPMG LLP (KPMG). This document has been prepared and is intended solely for the City of Toronto's City Manager's use. It may not be edited, distributed, published, made available or relied on by any other person without the express written permission by KPMG, which will not be unreasonably withheld. KPMG will not assume responsibility or liability for damages or losses suffered by anyone as a result of circulation, publication, reproduction, or use of this document contrary to the provision of this disclaimer. The information in this document is based on the scope of the review and limitations set out herein.

Scenarios Analysis

Scenarios Recommended for City Manager's Consideration

At the beginning of this engagement, the City of Toronto project team and KPMG identified seven organizational options for initial analysis. These scenarios were subsequently filtered through design criteria to arrive at two scenarios for detailed analysis.

These two options best satisfy the design criteria and are recommended for serious consideration by the City Manager. The following tables summarize the recommended options and the savings potential of each. An assessment of the full range of options considered can be found in the body of the full report. Note that Option A (Decentralization Model) and Option B (Centralization Model) in the executive summary correspond to Option 3 & 5 respectively in the body of this report.

From an organizational design perspective, KPMG recommends Option B, the Centralization Model. There are various considerations of interest for the City Manager. As such, several variations for the Centralization Model were reviewed and provided, along with Option A, the Decentralization Model, to the City Manager.

Future State Scenario Analysis

Scenarios Recommended for City Manager's Consideration

Option	Description	Benefits	Drawbacks
Option A Decentralization Model *Corresponds to option 3 in body of report	All external-facing incentive and public engagement programs are developed and delivered by TAF. TEO functions and programs that support internal City activities are distributed to relevant City divisions (e.g. waste, water, facilities, planning etc). TAF is no longer required to allocate 35% of its grants to fund City projects. A position is appointed within the City Manager's Office to provide policy leadership and ensure coordination between program areas and provide performance monitoring and reporting across all divisions.	<ul style="list-style-type: none"> • Significant opportunities for reduction in incentive program spending and FTEs for the City. • Provides one-window service for residences and businesses with regard to incentives and public engagement programs. • Clear distinction made between external-facing incentive programs and internal-facing programs that support City activities. Benefits of integration accrued as a result. • Assignment of accountability and oversight function in City manager's Office (preferred) or Deputy City Manager's Office (cluster TBD) can potentially improve coordination and accountability through greater compliance across divisions. • Clearer boundaries regarding program ownership reduces potential program overlap. • Divisions take full responsibility for considering environmental issues throughout programs. 	<ul style="list-style-type: none"> • This transformation requires TAF to potentially accommodate a significant increase in programming (please see page 71-72 for list of external-facing incentive programs). • TAF would require additional resources if service standards are to be maintained with current staff (7) and greater programming responsibilities. Without additional resources, program reductions are possible. • TAF could seek additional funding from outside sources. However, additional funding from the City likely to be challenging given legislative and other constraints (legal opinion would be required). • Perceived or real contraction of City involvement in environmental programming could be viewed negatively by public. • Potential for City Council to have less control over external-facing programs delivered by an arms-length agency

Future State Scenario Analysis

Scenarios Recommended for City Manager's Consideration (cont'd)

Option	Description	Benefits	Drawbacks
Option B Centralization Model *Corresponds to option 5 in body of report	The creation of a new organizational entity (e.g. office, secretariat or division), which incorporates the current functions and programs of TAF, TEO and Tower Renewal in their entirety. Externally-facing programs or services provided by the Facilities Management Division's Energy & Strategic Initiatives Office and Toronto Water are also incorporated into this new entity.	<ul style="list-style-type: none"> • Benefits of functional consolidation are leveraged, including economies of scale, elimination of duplication and greater focus on Council priorities. • Direct City Council governance over all environmental and energy efficiency related activities • Clearer lines of accountability and reporting • Clearer point of contact for clients (internal or external) • Improved allocation of limited resources to focus on high priorities. 	<ul style="list-style-type: none"> • Significant transformation required, including investment and organizational disruption

Future State Scenario Analysis

Scenarios Recommended for City Manager's Consideration (cont'd)

Option	Description	Benefits	Drawbacks
Option B Variation 1	<ul style="list-style-type: none"> Partial integration of TAF into a new organizational entity whereby TAF staff are integrated while TAF preserves and maintains its name and board of directors, which would evolve to make decisions on grant allocations and incubation projects. TAF remains a legal entity. 	<ul style="list-style-type: none"> TAF brand and investment philosophy are maintained. 	<ul style="list-style-type: none"> City does not necessarily have full control of investments made using TAF endowment fund.
Option B Variation 2	<ul style="list-style-type: none"> TAF endowment fund is subsumed by the City however the proceeds of the fund are earmarked for TAF-related investments which are directed by a TAF advisory committee. TAF staff are transferred into the City (TAF continues to execute its work but does so within the City government structure). TAF no longer exists as legal entity. 	<ul style="list-style-type: none"> TAF financial resources are transferred into the City's pool TAF brand is preserved 	<ul style="list-style-type: none"> TAF no longer retains formal authority related to investment decisions Real or perceived dismantling of TAF may create public opposition.
Option B Variation 3	<ul style="list-style-type: none"> All entities except TAF are centralized within the City under one organizational entity. TEO, TRO and components of the Facilities Management Division's ESI are consolidated under a new organizational entity (e.g. office, secretariat, division) responsible for centralizing functions, while TAF remains an arm's length agency with a niche expertise in innovation and incubation. 	<ul style="list-style-type: none"> Considerable benefits of functional consolidation are realized. 	<ul style="list-style-type: none"> Possibility for duplication between TAF and new entity if not coordinated well. Lack of City control over TAF endowment and operations. (see section 6 for additional details)
Option B Variation 4	<ul style="list-style-type: none"> All entities except TAF are centralized within the City under one organizational entity. City to completely disentangle from TAF activities and investments (TAF no longer required to allocate 35% of grant budget to fund City programs) 	<ul style="list-style-type: none"> In contrast to current situation, additional savings in the form of time and productivity available for City staff as they no longer participate in TAF projects TAF investments no longer restricted by any funding agreements with the City. 	<ul style="list-style-type: none"> City foregoes entitlement to TAF funds

Future State Scenario Analysis

Saving Potentials of Scenarios Recommended for City Manager's Consideration

Scenario	Cost Saving Opportunities				Degree of Transformation Required	Timeline for Transformation	Summary of Benefits & Risks
	Possible FTE Reduction and potential savings ¹	Possible Incentive Program Spend Reduction ²	Additional Savings Opportunities	Approximate Total Financial Benefits			
Option A – Decentralization Model	15-20 (TEO's current FTE count) \$1.5M-\$2.0M	\$4.6M (programs sunseting) + \$4.0M (incentive programs transferred to TAF) = \$8.6M		Approx \$10.1M-\$10.6M	Medium	2012	Substantial savings in short term due to transfer of external-facing program responsibilities to TAF (\$4.0M). Significant challenges for TAF in assuming increased programming responsibilities. Significant risk that programming currently managed by the City would be contracted.
Option B – Centralization Model*	14-24 \$1.4M - \$2.4M	\$4.6M (programs sunseting) + 10%-20% of \$4.0M (remaining spend) = \$5.0M-\$5.4M	TAF Finance and Investment Management - \$0.1M	Approx \$6.5M-\$7.9M	High	2012-2013	This option or its variation is considered the preferred model from an organizational design perspective. It leverages benefits of integration and has the most potential for FTE savings and elimination of redundancies. Organizational risks exist associated with significant transformation.

* Option B – Saving estimates for this option are based on a fully centralized model. Variations of this model exist and are highlighted in pages 9-10. These variations have lower cost saving opportunities as compared to Option B above.

*These FTE reductions are inclusive of FTE reductions identified as part of the 2012 budget planning process including TEO's planned reduction of 3 FTEs , TRO's planned reduction of 1 FTE and any other planned reductions of divisions within scope of this review.

¹ Potential savings from FTE reductions are based on \$100k per FTE. Note, FTE reductions are projections only based on anticipated efficiencies (listed in scenario analysis) and assumed savings rates.

² Incentive spend reductions based on approximate total external incentive program budgets reduced by assumed savings rate. Assumes no drastic program cuts in 2012.

Additional Lines of Inquiry

Rationale for City Involvement in Environment & Energy Efficiency Programs and Services

- Council-approved policy & directives (as described on pages 26 & 27) indicate a significant role for the City in this context
- Cities across North America and Europe tend to offer a comparable suite of services to those offered by Toronto, and in some cases are increasing their role in this capacity.
- Environment has a direct bearing on the well-being and quality of life of residents.
- Investment in energy efficiency tends to result in positive financial returns as well as environmental benefits

A business case for city involvement in environment and energy efficiency can be made based on several key reasons¹:

- Cities consume over 2/3 of the world's energy and account for more than 70% of greenhouse gas emissions
- Cities therefore have the greatest opportunity to conserve energy, reduce energy costs and improve environmental conditions
- Improving energy efficiency and the environment returns economic, health and local community benefits – *an expanding international trend*
- Cities are very dependent on infrastructure (e.g. electricity supply, transportation networks) that are vulnerable to extreme weather events – therefore local and regional adaptation is paramount to maintain public services and local business operations
- Cities are required to engage in environmental regulatory reporting to other levels of government and have the opportunity to promote their interests in the development and review of energy and environmental policy and programs of those governments

Further, there are clear economic, health and local community benefits associated with improving energy efficiency and the environment.²

- Economic benefits include: energy and operating cost savings and physical asset renewal.
- Health benefits include: significantly reduced premature deaths, emergency room visits, general hospital admissions directly caused by air pollution.
- Local community benefits include: local job creation, support for local businesses, increased community engagement, and new business opportunities.

¹ C40 Cities Climate Leadership Group. *Fact Sheet: Why Cities?*

² Federation of Canadian Municipalities. *The Business Case for Cutting Greenhouse Gas Emissions from Municipal Operations*

Additional Lines of Inquiry (cont'd)

Services Provided to Advance Environment and Energy Efficiency Goals

Current State

The organizations in scope deliver services largely through two functions: managing incentive programs (grant & loan management, packaging of pilot projects and deals) and stakeholder engagement programs. The City also plays a large regulatory role (e.g. Toronto Green Standard, dumping wastewater)

This was, at a high level, consistent with other jurisdictions and as far as KPMG was able to ascertain, this appears to be an appropriate delivery model to incent or inspire business, residents and public sector organizations to behave in a more environmentally appropriate manner.

Levers of Change

The city has three levers available to effect change: incentive programs, stakeholder engagement programs and regulatory programs. The City of Toronto has left regulatory matters to other levels of government, but it is conceivable that the desired changes sought by incentive programs and stakeholder engagement could be brought about through legal and regulatory channels. However, this marks a significant change in approach and would require further study to assess the viability of this change. All jurisdictions reviewed offer a suite of incentive and stakeholder engagement programs, however, only San Francisco and New York appear to use regulation as a lever of change.

Cost Effectiveness and Value for Money

As part of our current state assessment, we captured program accomplishments and any performance measures (captured in the individual organization's dashboards). Although there is evidence to support the assertion that these programs are bringing about positive impacts, there is little tracked at the program level on a value-for-money basis. In other words, the City may be influencing positive change, however, whether or not Toronto residents are getting the best bang for the buck is difficult to determine without a specific performance measurement framework in place for each program.

As one point of comparison, according to a Toronto Environment Office report, Toronto spends approximately \$1.58 per capita compared with a median of \$2.58 among 11 comparator jurisdictions in North America and Australia.

Additional Lines of Inquiry (cont'd)

The Environment as a Municipal Priority

The findings of our jurisdictional review seemed to indicate that the importance and priority of environmental issues for comparator municipal governments tend to be increasing or remaining steady.

Loans vs. Grants

The KPMG team assessed the opportunity to transition from grants to loans while maintaining effectiveness. From the high-level review conducted, KPMG observed that the opportunities for this are few and far between. Firstly, for most grant programs, particularly smaller grants directed to residents, the level of participation would significantly drop if these programs were transferred from grants to loans. Second, it has been reported that the administrative, legal and business due diligence required for a loan over a grant is significant and can often cost more in salary costs and fees than the grant itself.

The degree of benefit that could be achieved, in this particular context is likely moderate at best and does may not warrant further study.

Additional Lines of Inquiry (cont'd)

Performance Management Framework

Current State

Over the limited duration of this assignment, KPMG was able to collect some information on program performance indicators used by each program (included in individual organization's dashboards). However, limited availability and possibly limited use of performance measures at the program level prevented a deeper analysis from being conducted.

Initial observations are as follows:

- Not all programs collect performance metrics. Where metrics are used, output-based metrics are often utilized.
- High variability exists in the use of outcome-based metrics across programs and divisions.
- It is unclear whether the City of Toronto has established a robust framework that articulates division roles and requirements around performance reporting.
- It is unclear whether data derived from performance indicators (for both programs and organization) are used by divisions or the City Manager's Office on an ongoing basis to make data-informed decisions around program improvements, budget approvals and program renewals.

Opportunities for Improvement: Possible Elements of a Performance Management Framework

The City should consider developing a consolidated performance evaluation framework that includes all programs in scope for this assignment. The framework could clearly articulate roles and responsibilities for each division as it relates to collecting and reporting program performance data. The framework could also emphasize the use of targets, regular tracking of performance, and a feedback system that enables divisions and Council to make data-informed decisions around subsequent program improvements, funding approval and program renewals.

Moreover, as per the City Council Directive, the City of Toronto wants to receive a positive return on investment in environment and energy efficiency programs. Return on investment metrics could also be integrated into a new performance management framework. Return on investment for the City can be defined as:

- Reduced city spending (which includes reduced energy, infrastructure and public health costs)
- Reduced greenhouse gas emissions and improved air quality
- Increased economic development

Additional Lines of Inquiry (cont'd)

TAF Endowment Performance vs. City Investment Performance

- Markets around the world have posted poor returns since the financial crisis of 2008 and this has impacted the performance of TAF's endowment fund.
- The City, having taken a more conservative investment position, has been less impacted by market downturn.
- In the short-term, the City posted an average rate of return of 4.2% in 2010 and is expected to achieve a return of 3.9% in 2011. In comparison, TAF has suffered a loss of principle.
- In the long-term, however, it is likely that there may be less disparity in investment performance between the two entities. The City achieved an average rate of return of 5.09% since the City's amalgamation in 1998 to date. Since 2003, that rate of return has been 4.93%. In comparison, TAF's annualized return on investment since 2003 has been 4.03%.
- Considering that TAF spends approximately \$100,000 per year on external financial advisors, historically speaking, TAF's financial performance is comparatively lower. However, historical performance is not a predictor of future performance. There is no precise way to determine who would best manage the fund going forward. This decision remains, fundamentally a political one.
- TAF's investment strategy (in particular, investments in equities) may not be consistent with its funding needs. Purported to be one of the reasons TAF was created as an outside agency (to be able to make investments in areas such as equities for potentially greater returns), this investment strategy may no longer be appropriate given the global climate of economic uncertainty.

Next Steps & Recommendations

It is recommended that the City of Toronto consider undertaking the following actions:

- Clarify and articulate future desired role of City with regards to energy efficiency and the environment.
- Evaluate, refine and select preferred option from KPMG's models recommended for City Manager consideration.
- Undertake in-depth organizational design exercise, including inventorying roles and skill-sets and crafting new role descriptions for future state
- Consider that this review is an initial step of many others and City Council approval will be required at various steps along the way.
- Investigate and comment on the ability to achieve these savings by early 2012. It appears likely that these savings are not achievable until 2013 given the complexity of change required and the Council authorities that may be required.
- Develop a Performance Management Framework, as described on page 15.

How to Read This Report

Report Structure

The rest of this report presents detailed results of the Service Efficiency Study. It is structured to convey the following:

- **Part II: Project Background and Approach** - This section of the report outlines the context, within which the City is undertaking this initiative and presents the method applied by KPMG to deliver the scope of work required by the City.
- **Part III: Current State Assessment** - This section of the report provides an overview of the in-scope organizations that deliver environment and energy efficiency incentive or public engagement programs in the City of Toronto.
- **Part IV: Jurisdictional Review** – This section of the report describes the structure, role and programming of major City jurisdictions with respect to environment and energy.
- **Part V: Scenario Analysis** - This section of the report describes options or scenarios for the organization of environmental and energy efficiency incentives and public engagement functions going forward. An analysis of the benefits and drawbacks of each scenario is presented.
- **Part VI: Additional Lines of Inquiry** – This section describes additional questions that were explored as part of this assignment and captured as “food for thought”.
- **Note:** Under the discretion of the City of Toronto, certain financial figures and FTE counts in Part V of this report were removed to ensure confidentiality of City staff for the public version of this report.



Part II: Project Background and Approach

This section of the report outlines the context, within which the City is undertaking this initiative, and presents the method applied by KPMG to deliver the scope of work required by the City.

Project Background & Purpose

Project Background

The City of Toronto is undertaking a series of Service Efficiency Studies. Several areas have been identified for review during 2011 including environmental and energy efficiency incentives and public engagement programs. The purpose of the Service Efficiency Studies is to identify actionable recommendations that will provide the maximum of service efficiency savings in the shortest period of time. This study does not include a review of all environment and energy efficiency-related activity in the process of delivering a City program. It is intended to address only those activities that provide incentives or other types of support to encourage City divisions and the public to act in an environmentally responsible and energy efficient way.

Project Purpose

Various City agencies, divisions and corporations deliver a range of environmental incentive programs (i.e. grant, loan, rebates, etc.) and environmental public engagement programs. This study is intended to focus on the delivery of these specific programs.

The main purpose of this Service Efficiency Study is to scan and review the functions, management, and governance of organizations delivering environmental and energy efficiency incentives and public engagement programs in order to: identify the opportunities for greater administrative coordination on a cross corporate level; to reduce programming overlap and duplication, where appropriate; and to rationalize the continuing need for specific programs.

Project Drivers

Project Drivers

This study is guided by the City Manager's Core Service Review recommendation to City Council that the Toronto Environment Office (TEO) and the Toronto Atmospheric Fund (TAF) environmental programs consolidate, and reduce environmental services within divisions and agencies, and refocus their mandates on services that, in the opinion of the City Manager, are required to meet regulatory environmental reporting requirements, support the City's interests, or have the greatest return on investment."

In addition to assisting the City Manager to fulfill the objectives of the City Manager's Service Review, of which service efficiency studies are a component, this particular study is guided by other Council directives (3) including:

- i. "City Council request the City Manager to review the City's various environmental grant programs to ensure they are structured and managed as efficiently and effectively as possible. The results of the review, along with any recommendations, be reported to Executive Committee." - City Council Decision, March 8 & 9, 2011, AU 1.11
- ii. Concerning the Toronto Atmospheric Fund (TAF) "The Executive Committee referred the item to the City Manager for a general review, including the achievement of the fund's original goals, operational processes and the economic benefits of the fund." - City Council Decision, January 17, 2011, EX. 2.10
- iii. Community Environment Days, a public engagement program delivered by Solid Waste Division, is not to be included in the broader service and organizational review. – City Council Decision, September 26 and 27, 2011 Ex. 1 Core Service Review

Moreover, in 2011 the Auditor General reviewed environment loan and grant programs administered by the TEO, and energy loans and grants funded by the OPA and managed by the EEO. The reports prepared by the Auditor General contained 10 recommendations intended to improve the adequacy of controls and the effectiveness of the administration of the City's energy and environment loan programs and grants. One of the recommendations from the audit of TEO included that "the City Manager review the City's various environmental grant programs to ensure they are structured and managed as efficiently and effectively as possible. The results of the review, along with any recommendations, be reported to Executive Committee".

For the purpose of this project, the focus was on organizational structure and organizational positioning of programs and not a detailed process review of individual programs.

Project Scope

Project Scope

- This service efficiency review focused on a review of: divisions, agencies and corporations delivering the following programs and functions: environmental and energy efficiency incentive programs (i.e. grants, loans, rebates, etc.) and public engagement (e.g. outreach, education, advocacy, etc.), with a focused in-depth examination of the following City divisions, agencies and corporations: Toronto Atmospheric Fund (TAF), Toronto Environment Office (TEO), Tower Renewal Office (TRO), Facilities Management Division (FMD – EEO), Toronto Hydro and certain units within the Toronto Public Health, Solid Waste Management, Toronto Water Services and City Planning.
- While it is recognized that other types of environment or energy efficiency initiatives may exist, this study is intended to address only those activities that provide incentives or other types of support to encourage City divisions and the public to act in an environmentally responsible and energy efficient way.
- *Community Environment Days* is considered out of scope for the course of this investigation given the Council decision in the Core Service Review.

Limitations and Considerations

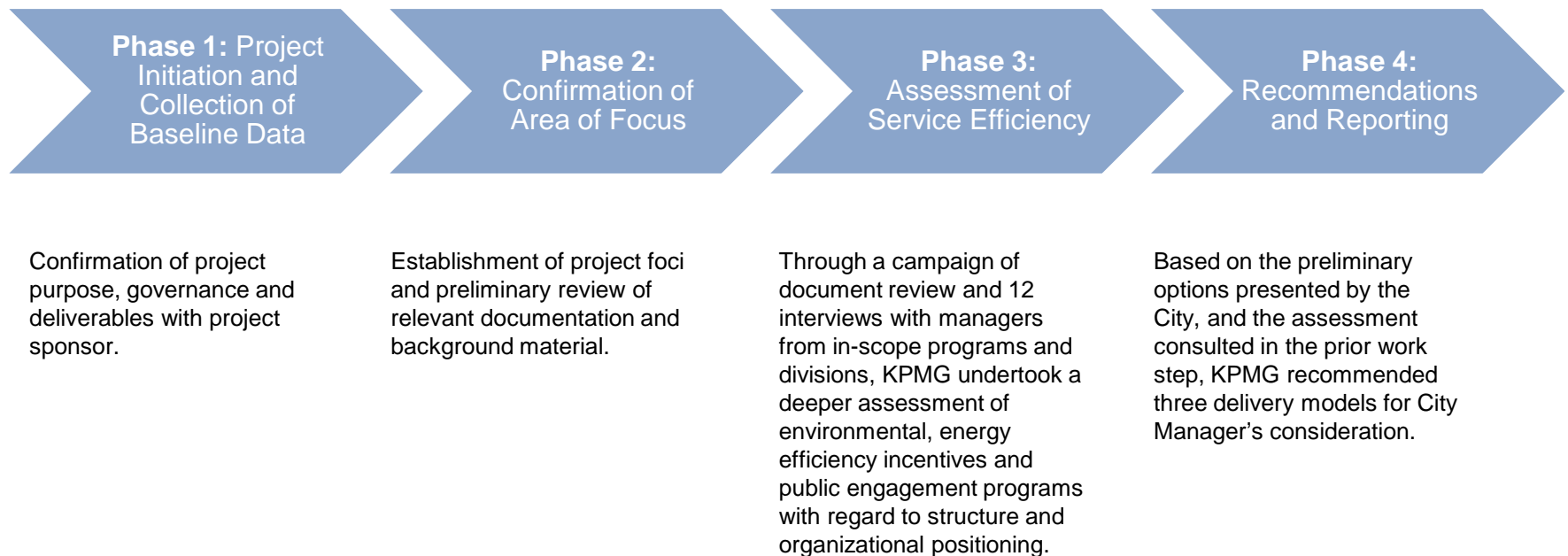
The audience for this report is the City Manager's Office of the City of Toronto. Thus, the report has been produced for the sole purpose of review, validation, and refinement by the City Manager. The City Manager will use the information prepared by KPMG to develop a course of action, which may or may not be consistent with what has been presented for consideration by KPMG.

Scenarios and opportunities presented in this report are presented for consideration of the City Manager, with certain scenarios recommended for closer examination. Recommended scenarios for City Manager consideration are presented in this report as approaches the City Manager could consider when developing an implementation plan.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Canadian Institute of Chartered Accountants ("CICA"), and we have not otherwise verified the information (financial and otherwise) we obtained and subsequently presented in this report. We express no opinion or any form of assurance on the information provided to KPMG and presented in our report, and make no representations concerning its accuracy or completeness.

KPMG's Approach to Delivery

KPMG developed a customized work program for the City to meet the objectives of the Service Efficiency Study. The timing of the project spanned from October 7, 2011 to October 31, 2011. The efficiency study consisted of four broad phases, aligned with project objectives and deliverables. It is visually depicted below, along with a description of key activities.



Consultation Activities

In addition to a detailed documentation review, KPMG conducted interviews with staff from the following organizations to build the current state assessment:

- Toronto Atmospheric Fund (TAF)
- Toronto Environment Office (TEO)
- Tower Renewal Office (TRO)
- Facilities Management Division (FMD – EEO)
- City Planning
- Toronto Water
- Toronto Public Health
- Solid Waste Management Division
- Clean Air Partnership (CAP)
- Toronto Hydro Electric System
- Corporate Finance Division
- City Manager's Office

Municipal Role in Environment and Energy Incentives and Outreach

The environment and energy incentive and engagement activities of the City of Toronto and its affiliate agencies are grounded in the following policy, strategies and legislation:

Policy & Strategy

- ***Climate Change, Clean Air and Sustainable Energy Action Plan, 2007*** – This document outlines the City's response to the challenge of climate change and poor air quality. It is designed to move the City from a framework for discussion to concrete action. The Plan includes more than 100 actions to reduce the greenhouse gas and smog-causing emissions which contribute to climate change. The actions fall under the following categories:
 - *Renewable energy production*
 - *Sustainable transportation system*
 - *Doubling tree canopy*
 - *Building partnerships*
 - *Public awareness*
 - *Adaptation to climate change*
 - *Regular monitoring and reporting*
 - *Program funding*
 - *Planning for a sustainable energy future*
 - *Greening city operations*
- ***Mayor's Tower Renewal Opportunities Book, 2007***– Outlines the vision, principles and need for pursuing energy efficiency in high-rise residential towers as a means to community revitalization. On September 24 and 25, 2008, City Council adopted the objectives, principles, approach and criteria presented in the book to be used to define the planning and implementation of the Mayor's Tower Renewal.
- ***Ahead of the Storm: Preparing Toronto for Climate Change, 2008*** - One of the recommendations of the Climate Change, Clean Air and Sustainable Energy Action Plan was the development of a comprehensive strategy to adapt to the long-term changes in our weather patterns that are already underway. This document outlines a number of actions which can improve the City's resilience to climate change and extreme weather events.
- ***The Power to Live Green: Toronto's Sustainable Energy Strategy, 2009*** – This document is the next phase of the City's Climate Change Action Plan. The strategy focuses on meeting the energy supply requirements of our businesses and homes and ensuring energy prosperity into the future by focusing on energy efficiency, renewable energy generation and smart distribution of energy.
- ***Economic Development Green Sector Strategy*** – Outlines a strategy for Toronto to become a globally recognized green industry hub that generates social, environmental, and economic value to the City, local industry and its residences while stimulating the continued growth and sustainability of established businesses

Municipal Role in Environment and Energy Incentives and Outreach (cont'd)

The environment and energy incentive and engagement activities of the City of Toronto and its affiliate agencies are grounded in the following policy, strategies and legislation:

Legislation / Regulation

- ***Conservation and Demand Management Code for Electricity Distributors, 2010*** – The Ontario Energy Board (through the authority of the provincial Electricity Act and Green Energy Act), set out the obligations and requirements that licensed distributors must comply with in relation to the CDM Targets set out in their licenses. This Code also sets out the conditions and rules that licensed distributors are required to follow if they choose to use Board-Approved CDM Programs to meet the CDM Targets. This is not the only code guiding the work of energy distributors; it focuses purely on conservation and demand management programs.
- ***Toronto Atmospheric Fund Act, 1991 and 2005*** – This provincial legislation describes the object and authority of the Toronto Atmospheric Fund (TAF) and the Clean Air Partnership (CAP). Moreover, it defines the relationship of TAF and the City.
- ***Environmental Protection Act - Ontario Greenhouse Gas Emissions Reporting*** – Reporting regulation for entities producing green house gases



Part III: Current State Assessment

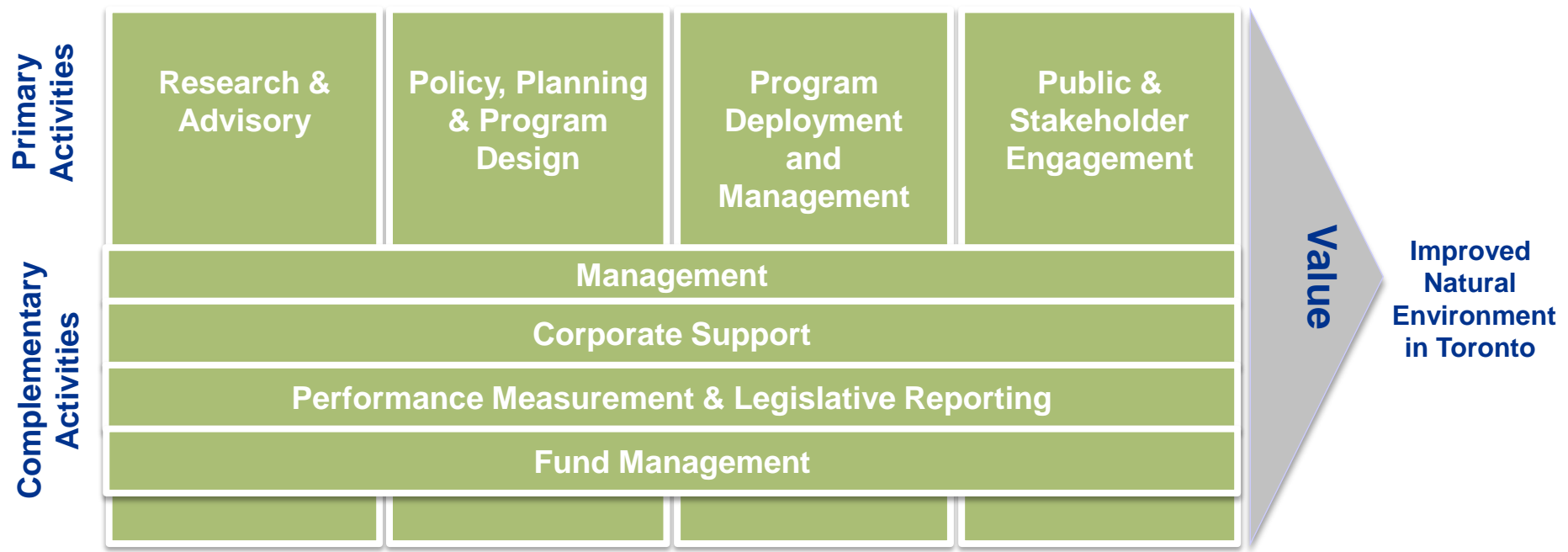
This section of the report provides an overview of the in-scope organizations that deliver environmental and energy efficiency incentives or public engagement programs in the City of Toronto.

In-scope Functions

The following diagram demonstrates KPMG’s interpretation of functions provided by the organizations in scope that relate to environmental and energy efficiency incentive programs and stakeholder engagement (as defined in the assignment Statement of Work).

The purpose of this is to anchor our analysis in the ‘work’ or functions undertaken as opposed to the specific program objective or client group served.

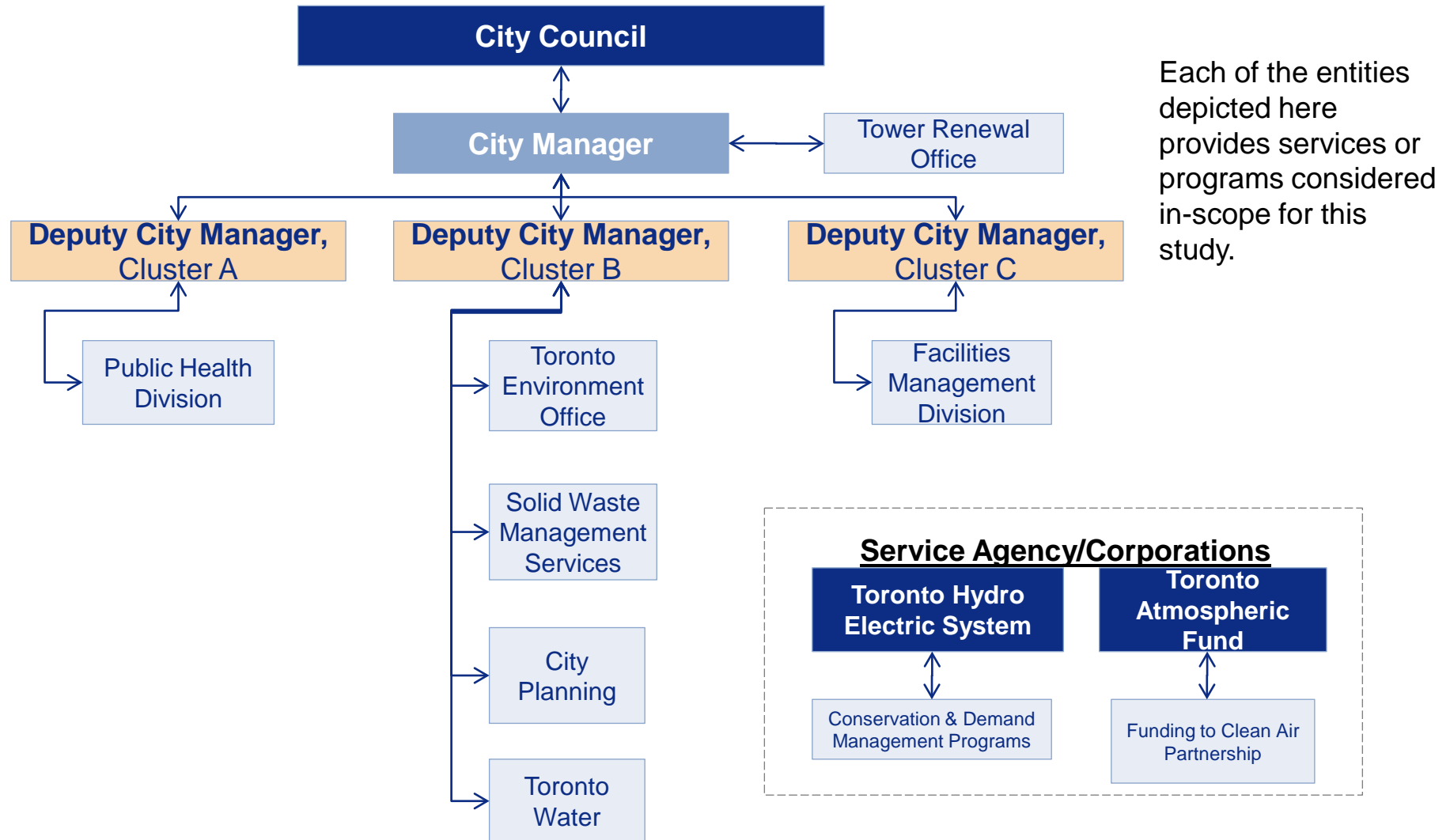
Below is a diagram that represents one categorization of the work conducted by the City and its affiliates. Other labels or classifications are possible. KPMG feels this is a suitable model to allow us to explore possible organizational changes and structure.



As-Is Functions of Environment & Energy Efficiency Incentive and Public Engagement Programs

Functions	Activities Performed
Research and Advisory	<u>Acquire and share knowledge and expertise</u> - Undertaking research related to environment and energy efficiency to identify relevant risks, new or emerging technologies or practices and stakeholder needs; and using this knowledge and know-how to advise stakeholders accordingly
Policy, Planning and Program Design	<u>Determine how to practically use this knowledge and expertise to effect change</u> - Based on research and advisory support, develop strategy and plans, policy and program designs
Program Deployment and Management	<u>Run programs</u> - Implementation and management of incentive programs including grant or loan programs as well as 'incubating' programs that bring relevant stakeholders together to pilot a program
Public & Stakeholder Engagement	<u>Increase awareness and promote programs</u> – Engage residents, business and other city stakeholders to increase their awareness of environmental issues, to inform stakeholders on how they can change their behaviors, and what supports are available to help them do so.
Management	<u>Coordination and leadership</u> – Management and leadership of division and unit activities.
Performance Measurement & Legislative Reporting	<u>Measure and report on performance including all legislatively mandated reporting</u> – Monitor and track program performance measured against desired outcomes as well as legislated reporting requirements.
Corporate Support	<u>Manage and support the primary functions</u> - Provide management and leadership as well as corporate and administrative support to primary functions described above.
Fund Management	<u>Manage Fund Capital</u> – Monitor and manage investments including investments in financial assets and loans provided to stakeholders.

Current State Organizational Structure of In-Scope Programs



Current State Summary and Dashboards

The slides that follow represent KPMG's understanding of the current state. A summary of current budget and FTEs by entities as well as functional and programmatic overlap across entities is first presented.

A closer look at each organization is provided using a dashboard, which profiles each organization's organizational budget, partners in delivery, clients, organizational structure and mandate. In addition, each dashboard provide a high-level summary of programs or services delivered by the in-scope organizations that relate specifically to environment and energy efficiency incentive and public engagement programs. The dashboards also highlight any perceived overlap or duplication of programs and functions and contain a summary of KPMG's observations about each organization's current positioning.

Level of overlap is noted by the following:



No duplicative efforts among other City divisions, departments or agencies were identified.



Partial overlap (or potential partial overlap) in program goals, target client groups or roles / responsibilities.



Program goals, target clients or roles / responsibilities explicitly overlap with those of another program or division.

Information found in each dashboard was obtained by interviews and subsequently verified by each organization.

Summary of FTEs and Budgets across Organizations

Among the organizations in scope, a total of 105 FTEs contribute to environment and energy programs. Of that, it was determined that 58 FTEs undertake potentially overlapping functions and would be available for possible integration / changes.

Organization	Total 2011 FTEs in Environment and Energy Efficiency Programming	2011 FTEs with Overlapping Functionality	2011 Budget (\$M)
Toronto Atmospheric Fund	7	7	2.23
Toronto Environment Office ¹	27	27	11.65
Facilities Management Division – Energy Efficiency Office	20	5	2.4
Tower Renewal Office	5	5	0.72
Toronto Hydro Corporation ²	25	0	12.5
Toronto Water ³	8	8	0.995
City Planning ⁴	6	6	0.663
Toronto Public Health ⁵	4	0	0.83
Solid Waste Management ⁶	3	0	3.0
TOTAL	105	58	34.99

Known FTE reductions in 2012:
TEO= 3; TRO = 1.

Other organizations in scope may plan FTE reductions in 2012. However, figures associated with in-scope programs in particular are not known.

Note: it is indicated in subsequent slides that some functional overlap may exist at Toronto Hydro, Public Health and Solid Waste however, the FTE estimates we're not included in the adjacent table because specifics of these FTE were not known at the time of the analysis and it was determined to err on the conservative side with regard to FTEs with potential overlapping functionality.

¹TEO official FTE count is 26.67. The .67 FTE represents an intern. For simplicity, we have simply rounded to a full FTE.

²Budget figures obtained by dividing \$50M allocated for 2011-2015 over 4 years.

³There are 8 FTEs when Toronto Water communication / public outreach staff and water incentive program staff are accounted for.

⁴FTE count for environmental planning group within City Planning Division. Budget accurate for environmental planning group. 2011 budget for City Building and Policy Development is \$19.4M

⁵Figures relevant for Chemtrac program

⁶FTE relevant for PPFA employees dedicated to waste management. Budget figures accurate for communication activities only.

Summary of Functional Overlap Across Organizations









Organization	Research & Advisory	Program Deployment & Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
Toronto Atmospheric Fund	✓	✓	✓	✓
Toronto Environment Office	✓	✓	✓	✓
Facilities Management Division – Energy & Strategic Initiatives Office	✓	✓		✓
Tower Renewal Office	✓	✓	✓	✓
Toronto Hydro Corporation		✓	✓	
Toronto Water	✓	✓	✓	✓
City Planning	✓	✓	✓	✓
Toronto Public Health	✓	✓	✓	✓
Solid Waste Management	-	-	✓	-

Notable overlap exists for functions conducted by each organization. Overlap presents opportunities for consolidation of functions across organizations

Summary of Programmatic Overlap Across Organizations

Overlap Status	Organizations	Program Names	Source of Overlap		
			Overall Goal	Stakeholders / Clients	Role & Responsibilities
	<ul style="list-style-type: none"> •TAF •City Manager's Office •FMD - EEO •TEO 	<ul style="list-style-type: none"> •Towerwise •Tower Renewal •Better Buildings Partnership •Toronto Sustainable Energy Funds •Home Energy Programs 	✓	✓	✓
	<ul style="list-style-type: none"> •Toronto Hydro 	<ul style="list-style-type: none"> •Power Savings Blitz •SaveONEnergy Retrofit program •Powerwise •Audit Funding Program 	✓	✓	✓
	<ul style="list-style-type: none"> •TEO •Other divisions 	<ul style="list-style-type: none"> •Community Events and Shows 	✓	✓	✓
	<ul style="list-style-type: none"> •City of Toronto •TAF 	<ul style="list-style-type: none"> •Impact Investing • City can utilize investment management function to make potentially comparable investment returns at no cost 	✓	✓	✓
	<ul style="list-style-type: none"> •City of Toronto •TAF 	<ul style="list-style-type: none"> • Financial tools to accelerate energy efficiency • Tower Renewal's financing tool which focuses on improving energy efficiency 	✓	✓	✓
	<ul style="list-style-type: none"> •TAF •Fleet Services Division •Other Divisions 	<ul style="list-style-type: none"> •Fleet Services •EV300 	✓	✓	✓
	<ul style="list-style-type: none"> •TAF •Toronto Hydro •FMD - EEO 	<ul style="list-style-type: none"> •SolarCity Partnership •Toronto Sustainable Energy Funds •Feed-in Tariff Program 	✓	✓	
	<ul style="list-style-type: none"> •TEO •Toronto Water •City Planning •Energy Efficiency Office 	<ul style="list-style-type: none"> •Eco-Roof Financial Incentive 			✓

Summary of Programmatic Overlap Across Organizations (cont'd)

Overlap Status	Organizations	Program Names	Source of Overlap		
			Overall Goal	Stakeholders / Clients	Role & Responsibilities
	<ul style="list-style-type: none"> • TAF • Toronto Hydro 	<ul style="list-style-type: none"> • Lightsavers • Unknown whether overlap exists with Hydro programs outside scope of this project 			
	<ul style="list-style-type: none"> • TAF • Other Divisions 	<ul style="list-style-type: none"> • Strengthening Corporate Communications • Unknown whether initiatives selected in 2012 may overlap with City programs 			
	<ul style="list-style-type: none"> • TAF • Toronto Hydro • FMD - EEO 	<ul style="list-style-type: none"> • SolarCity Partnership • Toronto Sustainable Energy Funds • Feed-in Tariff Program 	✓	✓	
	<ul style="list-style-type: none"> • TEO • TAF 	<ul style="list-style-type: none"> • Live Green Toronto • Impact Granting • Climate Spark2 	✓	✓	
	<ul style="list-style-type: none"> • TAF • CAP 	<ul style="list-style-type: none"> • Project 20 • Various CAP activities 	✓	✓	
	<ul style="list-style-type: none"> • TAF • City Partnership and Sponsorship Office 	<ul style="list-style-type: none"> • External Fundraising and Partnerships • City Partnership and Sponsorship Office activities 	✓	✓	
	<ul style="list-style-type: none"> • EEO • TAF • TEO 	<ul style="list-style-type: none"> • District Energy Business Development 	✓		
	<ul style="list-style-type: none"> • TEO • Other Divisions 	<ul style="list-style-type: none"> • Adaptation Risk Management & Policy Options / Analysis 			✓

Divisions and programs with a red status indicate explicit overlap. For each status, although differences exist in program delivery and scope, the general goal, stakeholders / clients targeted and roles / responsibilities employed overlap for most if not all the clustered organizations. Similarly, divisions and programs with a yellow status indicate partial overlap in terms of general goals, stakeholder / clients targeted and roles / responsibilities. Opportunities exist for greater coordination or consolidation of overlapping programs. However, limited reporting of program key performance indicators make it difficult to assess relative performance of individual programs to assess value for money. Therefore, it is difficult to identify programs for rationalization (short of undertaking an evaluation of each program which is beyond the scope of this project). It should also be noted that certain overlapping programs will be eliminated due to program sunseting in 2011.

Summary of Potential Overlap Across Organizations (cont'd)

Overlap Status	Organizations	Program Names	Source of Overlap		
			Overall Goal	Stakeholders / Clients	Role & Responsibilities
●	TAF	Project 20			
●	TAF	Board and Committee Support			
●	TEO	Smart Commute			
●	TEO	District Energy Working Group			
●	TEO	Local Food / Urban Agriculture			
●	TEO	Green Toronto Awards			
●	TEO	Stormwater Management			
●	TEO / Public Health	ChemTrac			
●	TEO	Carbon Credit Policy			
●	FMD – EEO / Hydro	Demand Response			
●	FMD – EEO	OPA / THES Demand Management Programs			
●	Toronto Water	Capacity Buy Back Program			
●	Toronto Water	Industrial Water Rate Initiative			
●	Toronto Water	Spray N Save			
●	Toronto Water	Basement Flooding Protection Subsidy Program			
●	Toronto Hydro	Data Centre Incentive Program			

No overlap exists for programs marked with a green status

Toronto Atmospheric Fund

Toronto Atmospheric Fund

Service Budget (\$M)	
2011	2.23
2012	2.28

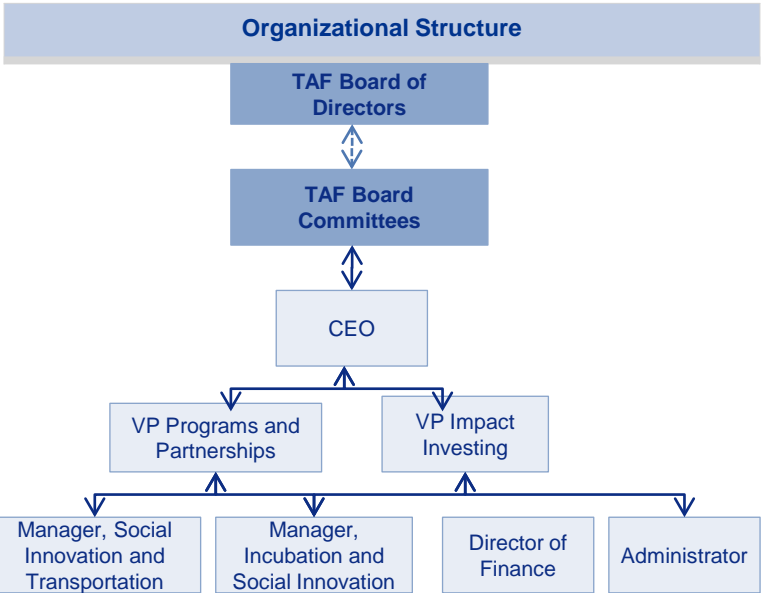
Funding Sources
<ul style="list-style-type: none">• Endowment Fund• Corporate Donors• Foundations• Provincial Government• Federal Government

FTE Count
7

Clients
<ul style="list-style-type: none">• Nonprofits• City of Toronto divisions• City of Toronto agencies• Building Owners & Managers• Corporations• Private/Institutional Investors

Partners
<ul style="list-style-type: none">• City of Toronto divisions• Corporations & Business Associations• NGOs• Public Sector Agencies

Organizational Mandate
<p>Promote global climate stabilization by the reduction of emissions of greenhouse gases and greenhouse gas precursors into the atmosphere.</p> <p>Objective achieved through the mobilization of financial capital, social capital and the incubation of climate solutions</p> <p>Formal mandate established in 1991 is broad. however, in recent years, TAF's work has been grounded in 3 specific objectives: social mobilization, financial mobilization and incubation of climate solutions.</p>





Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Observations & Analysis
<ul style="list-style-type: none">• TAF specializes in 3 core program areas - mobilizing social capital, mobilizing financial capital and incubating climate solutions – through communications, development and administration.• Strategic plan established for 2011-2014 “Unleashing the Power of Efficiency”• Under the 2006 Relationship Framework with the City of Toronto, 35% of annual funding budget is supposed to be allocated to City of Toronto programs. However, funding for City programs does not meet the 35% target.• Even without consolidating TAF, a large opportunity exists for TAF to offset budgetary constraints within City divisions.• TAF is perceived to be a key and enabling player in the development of innovative and sustainable energy efficiency and environment initiatives.

Observations & Analysis (cont'd)



- Although currently limited by headcount, TAF believes that with the support of a dedicated fundraiser they could pursue raising external funds more actively
- TAF's average return on loans has been 6.8%. According to TAF, the only bad debt or default loan in the history of TAF was made to the City (\$3.1M).
- Opportunities exist for transfer of TAF's investment management function to the City, which would save the cost associated with TAF investment advisors. The cost of investment advisors would be a potential inefficiency given that the City has its own investment managers.
- Based on an interview conducted with TAF executives, TAF perceives its strengths (as it is currently positioned) to be its association with the City, their focus on a niche high impact area, their constituency and their ability to mobilize financial capital.
- According to TAF, the perceived advantages of having TAF positioned as an arms-length agency include:
 - Increased nimbleness and expediency in reacting to client opportunities and needs
 - An ability to build partnerships with the public and private sectors
 - Increased ability to take risks
 - The expertise of a group of volunteers, external advisors and Board
 - Greater ability to raise capital and financing from other levels of government
- Possible areas of weakness for TAF include the significant cost to recruit and support a Board of Directors and the cost to maintaining an agency including costs related to the budget process, audits, and a separate administration. Moreover, from the City's perspective, additional challenges exist relating to managing an arms-length agency towards City priorities (e.g. 35% of annual TAF grants not allocated to City programs as set out in the *2006 City-TAF Relationship Framework* and annual contribution to CAP) and perceived overlap in roles between The Environment Office, Tower Renewal and Facilities Management – Energy Efficiency Office.
- TAF is required to provide funding (\$100,000) to the Clean Air Partnership. Based on an interview with a CAP executive, it was identified that CAP also receives funding through membership fees, grants third parties, and fees for service (although exact figures were not provided). It is conceivable that discontinuation of City support (either through the City or TAF) will not terminally impact CAP's long-term financial sustainability. The relationship between CAP and TAF remains an issue which should be resolved following decisions around the repositioning of TAF. Support for CAP either through the City or TAF should be evaluated to ensure value for money. It is worth noting that a recent study conducted by TEO recommends the continuation of funding from TAF.

Toronto Atmospheric Fund





Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Impact Investing	Achieve excellent returns in compliance with investment policy, and recognition as a leader and incubator of impact investing	0.373 ¹	0.425	<ul style="list-style-type: none"> •TAF operating funds •External sources 	<ul style="list-style-type: none"> •Financial assets under influence. Target: A ten-fold increase in the assets influenced by TAF, creation of new external resources to complement and extend city resources available for investment in energy efficiency 	No explicit overlap was identified among other City divisions, departments or agencies. However, similar investment returns can be made by the City at no cost because City has investment management function. 
Financial tools to accelerate energy efficiency	Establishing at least one financing tool/product that addresses key barriers to and facilitates more and wider investment in energy efficiency, aiming to add \$50M to TAF's assets under influence			<ul style="list-style-type: none"> •TAF operating funds •External sources 		Overlap with Tower Renewal Office's development of a financing tool for Tower Renewal, which focuses on improving energy efficiency. 

¹ Note: Budget figures and KPIs available only by broad objectives and not by program. Reporting budget at program level not required by City of Toronto.





Toronto Atmospheric Fund

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Impact Granting	Significantly increase the amount of public and policy support for the creation and deployment of high-impact greenhouse gas and air pollution reduction initiatives.	0.908	0.85	•TAF operating funds	Doubling of projects receiving support including grants, finance and advisory support.	However, broad goal and stakeholders targeted overlap with TEO's Live Green Toronto and ClimateSpark2. In particular, similar focus on offering grants and engaging public to address local environmental challenges. 
ClimateSpark2	To review the outcomes of the ClimateSpark Business Challenge undertaken in 2010-11 and to use the lessons learned through the first pilot to consider how to continue to develop new approaches to convening more partners and citizens to jointly develop innovative approaches to accelerating emission reduction action in a way that is meaningful to Toronto. Depending on resources and partnerships, design, undertake and evaluate a second version of this initiative and evaluate results.			•TAF operating funds		No direct overlap exists. However, broad goal and stakeholders targeted overlap with TEO's Live Green Toronto and Impact Granting. In particular, similar focus on offering grants and engaging public to address local environmental challenges 

Toronto Atmospheric Fund

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
EV300	Deployment of 300 electric vehicles in public and private fleets across the Greater Toronto Area, helping to prepare the region for full-scale electric mobility.	0.629	0.7	<ul style="list-style-type: none"> •TAF operating funds •External sources 		Clear overlap exists with Fleet Services. The City's Fleet Services Plan includes the deployment of electric vehicles across Toronto. As outlined in the <i>Fleet Services Plan 2008-2011</i> , the City was to partner with TAF to "expand the Toronto Plug-in Hybrid Electric Vehicle Project to a larger consortium of fleet managers". However, the hybrid project will end in 2011 as originally outlined in Fleet Services Plan, 2008-2011. 
Towerwise	Advance multi-measure energy efficiency retrofits in at least 50 condominium and rental towers, demonstrating the business and investment case, highlighting the need for appropriate policy and technical support, and piloting financial tools to facilitate energy efficiency transactions.			<ul style="list-style-type: none"> •TAF operating funds •External sources 	<ul style="list-style-type: none"> • Potential GHG emission reductions in Toronto supported by TAF grants, loans and projects, measured in MT eCO2/yr 	Functional overlap exists with Tower Renewal due to focus on improving energy efficiency in residential high-rise buildings. The objective of Tower Renewal, however has a socio-economic development aspect not present with Towerwise. There is also a degree of overlap at a broad level with Facilities' BBP and TSEF programs as well as TEO's Home Energy Programs across goal, stakeholders targeted and strategy employed. 
Solarcity Partnership	Optimize Toronto's solar installations and verify energy production results. Business case, operational issues, policy implications and development of best practices in urban solar installations to be shared on publicly accessible website.			<ul style="list-style-type: none"> •TAF operating funds •External sources 	<ul style="list-style-type: none"> • Develop best practices guide • Negotiate a hand-off plan with TRCA to incorporate the project into their STEP program by 2011, secure external funding for scale-up, and attract membership in the SolarCity Partnership 	No direct overlap identified. However, broad focus on supporting use of alternative energy sources and stakeholders targeted consistent with objective of Facilities' Toronto Sustainable Energy Fund and Hydro's Feed-in Tariff. 
Lightsavers	Advanced lighting technology poised for adoption in GTA, with support from public/private community of practice.			<ul style="list-style-type: none"> •TAF operating funds •External sources 	<ul style="list-style-type: none"> • Complete Toronto technology deployment initiative in 30 underground garages 	No overlap identified. However, possible overlap may exist with Hydro programs outside the scope of this study. 

Toronto Atmospheric Fund

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Strengthening Corporate Communications	Undertake research outreach to assess best opportunities for development of new projects and undertake fundraising on one or two of these to allow for launch of one or two new initiatives in early 2012.	0.326	0.3	•TAF operating funds		Not clear whether projects selected in 2012 overlap with City projects No duplicative efforts among other City divisions, departments or agencies were identified. 
Project 20	To leverage the occasion of TAF's 20 th Anniversary to build profile for the ongoing need for urgent action to address climate and air pollution issues locally, to communicate about TAF's role and achievements, and to build new effective partnerships for future action.			•TAF operating funds		Project 20 objectives overlap at a general level with the activities of CAP. No duplicative efforts among other City divisions, departments or agencies were identified. 
External Fundraising and Partnerships	Secure \$500,000 external revenue and initiate inter-organizational working partnerships.			•TAF operating funds	<ul style="list-style-type: none"> Identify best immediate and mid-term prospects aligned with TAF's mission and strategic directions. Establish a multi-year fundraising strategy for Board approval by June 30, 2011. Create one or two formal inter-organization agreements with key partners that demonstrate significant value and leverage for both parties in pursuit of common goals. 	The City has a Partnership & Sponsorship Office (not included in the scope of this study) whose work may overlap with TAF's work in this area. 
Board and Committee Support	Continue to attract and maintain the volunteer skills set required to ensure good governance and inspired advice and guidance in accomplishing TAF's mandate.			•TAF operating funds	<ul style="list-style-type: none"> Recruitment of candidates with appropriate skill sets 	No duplicative efforts among other City divisions, departments or agencies were identified. It is important to note that TAF board appointees are made by the City 



Deputy City Manager's Office
Toronto Environment Office (TEO)

Toronto Environment Office (TEO)

Service Budget (\$M)

2011	11.65
2012	5.90

Funding Sources

- 2011: Property Tax Base (\$3.3M), Reserve Fund (\$7.4M) External Sponsors (\$0.77M)
- 2012: Property Tax Base (\$2.94M), Reserve Fund (\$2.02M) and External Sponsors (\$0.94M)

FTE Count

- 26.67 FTEs (Including 6 vacant roles)

Clients

- Businesses
- Residents
- City agencies, boards, commissions and divisions

Partners

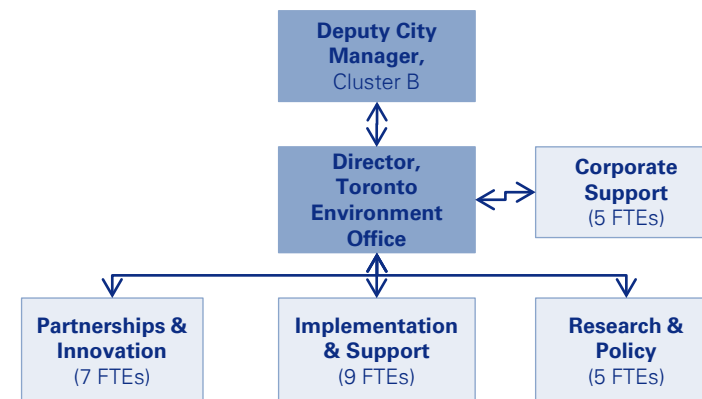
- Corporate sponsors
- City agencies, boards, commissions and divisions
- Other levels of government
- Non-profits
- Businesses
- Residents
- Toronto Community Foundation (TCF)
- GreenBelt Foundation

Organizational Mandate

The Toronto Environment Office is engaged in initiatives that support residents and businesses in improving the natural environment, enhancing employment and economic opportunities and helping address social issues of concern. TEO serves the corporation and community by:

- Providing research and policy expertise;
- Developing and implementing policy;
- Carrying out monitoring and regulatory reporting;
- Establishing effective policy and program partnerships between external and internal stakeholders; and
- Delivering the tools needed to support residents and businesses in making changes to contribute to greener lifestyles and business practices.

Organizational Structure





Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓




Observations & Analysis

- TEO's roles with respect to environment and energy efficiency is multifaceted and broad. As such, it has the experience and skill set to provide leadership and oversight on environment and energy programs across the City.
- TEO's budget is forecasted to decrease by half from fiscal year 2011 to 2012, with increasing reliance on the tax base (as opposed to the funding reserve) and external/corporate sponsorships.
- TEO is entering a period of transition, as 70% of the 68 core actions of the Climate Change Action Plan are now complete and their five-year funding envelope is coming to an end in 2012; it is an appropriate time to consider renewing the strategy for environment and energy in the City.
- While the majority of the TEO programs and incentives have a unique and specific focus, there is considerable functional overlap between TEO and other City divisions and agencies.
- TEO leads the Executive Environment Team (EET) but an assessment of whether the EET is effective, and in what capacity, needs to be considered.
- Core Service Review concluded that the majority of activities performed by TEO are non-core, although their elimination would hurt the momentum and reputation of Toronto as a leading environmental city.



Toronto Environment Office (TEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Live Green Toronto	<p>A multifaceted program that promotes and supports the greening of Toronto by offering grants, expertise and other resources to help residents and businesses take action to reduce emissions, protect our climate and clean our air. The four program components are:</p> <ul style="list-style-type: none"> • Live Green Toronto Grants • Volunteers • Membership Card • Animators 	3.35	2.2	<ul style="list-style-type: none"> • Reserve (79%) • Property tax • External sponsors 	<ul style="list-style-type: none"> • Supported 140 community led environment initiatives for the Live Green Toronto Community Investment Fund • Managed more than 1,200 registered volunteers providing more than 5,500 hours of time per year to support the City's environmental initiatives. • The Live Green Toronto Membership Card program has 10,000 residents and 250 local businesses participating. 	<ul style="list-style-type: none"> • No direct overlap identified. However, broad goal and stakeholders targeted overlap with Impact Granting and ClimateSpark2. In particular, similar focus on offering grants and engaging public to address local environmental challenges. • Moreover, with respect to volunteers, other volunteer groups are organized and utilized by City Planning and Tower Renewal. There is the potential to consolidate the engagement and management of these groups under one entity, which would be consistent with best practices employed in leading jurisdictions. 
Smart Commute	A Municipal-Provincial-Non-Governmental Organization program that works with Toronto businesses to encourage shifts in employee commutes.	0.467	0.449	<ul style="list-style-type: none"> • External sponsors (Metrolinks) • User fees • Property Tax Base 	<ul style="list-style-type: none"> • Working directly with 19 major downtown employers & property managers with over 90,000 employees . • Reduction of over 16 million vehicle kilometres travelled in the GTA. 	<p>No duplicative efforts among other City divisions, departments or agencies were identified. That being said, the Transportation Division (which was out of scope for this review) may have some role in this or similar programs.</p> 





Toronto Environment Office (TEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Eco-Roof Financial Incentive	Provides a subsidy to owners of existing institutional, commercial, and industrial buildings (ICIs) and certain new ICI buildings for a green roof or a cool roof.	0.7	0.4	• Reserve	<ul style="list-style-type: none"> 131,000 square meters of green and cool roofs have been approved for funding (72 projects). Reduced energy consumption by 11kWh per square meter a year, helping avoid on average 31 tonnes of greenhouse gas emissions annually. Diverted 8 million litres of stormwater 	TEO delivers the program while City Planning is involved in policy and compliance, and Toronto Water and the Energy Efficiency Office assist in marketing. Potential overlap in roles exist. 
Adaptation Risk Management & Policy Options/Analysis	TEO is responsible for the development and management of the Climate Change Adaptation Strategy, which seeks to manage the physical impacts of extreme weather on the City's infrastructure, services, citizens and businesses.	0.06	0.05	• Reserve		No duplicative efforts among other City divisions, departments or agencies were identified for this specific policy type (adaptation). However, multiple organizations currently undertake environmental and energy policy analysis and development, including Toronto Hydro, Facilities Management and TAF. 
Carbon Credit Policy	TEO established an inter-departmental team for the purposes of identifying and quantifying all carbon reduction emission credits that have been achieved by the City; clarifying legal ownership of the carbon credits; publishing all of the City's owned carbon credits; and evaluating the existing carbon credit policy and making recommendations for revising that policy.	0.1	-	• Reserve		No duplicative efforts among other City divisions, departments or agencies were identified. 

Toronto Environment Office (TEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
District Energy Working Group	As part of the implementation of the City's Sustainable Energy Strategy, a working group on District Energy and Geothermal systems was formed. The mandate of this working group is to develop a cohesive strategy that integrates clean distributed energy and geothermal projects to provide cost-competitive solutions for reducing greenhouse gas emissions.	0.1	-	<ul style="list-style-type: none"> • Reserve 		<p>Members from TAF and Facilities Management also participate in this Working Group, which is now coming to a close.</p> <p>TEO develops policy options while Facilities Management has a role in research, consultation and planning for these activities, and TAF plays an advisory role.</p> 
Home Energy Programs (e.g. HEAT and Help)	<p>The HEAT program provides financial assistance to support single-family homeowners in upgrading the energy efficiency in their homes. Program delivery and administration of HEAT is carried out by the Federal government through their Eco-Energy program. The federal program concluded on March 31, 2011 and the HEAT program as currently delivered has now ended.</p> <p>The Help Program is a pilot program in collaboration with Enbridge Gas and Toronto Hydro supporting up to 300 low income households in making their property more energy efficient. The Help Program is scheduled to come to a close in December 2011.</p>	3.4	-	<ul style="list-style-type: none"> • Reserve (95%) • External 	<ul style="list-style-type: none"> • Participating homeowners can reduce their utility costs by \$150 to \$300 annually. • HEAT has assisted 19,500 homeowners in Toronto • 5,700 tonnes of GHG avoided. • Goal of HEAT was to leverage EcoEnergy participants to undertake deeper retrofits. Prior to HEAT, about 29% of EcoEnergy participants undertook insulation retrofits. At the end of the HEAT program, approximately 56% were doing insulation retrofits. • Generated 115 person years of employment for carrying out the energy retrofits 	<p>Energy efficiency is promoted across Toronto through Towerwise, Tower Renewal, TSEF and the Better Buildings Partnership. Although each program differs, there appears to be overlap in overall goal, stakeholders targeted and strategy employed between Home Energy programs and others operating in the City.</p> <p>Based on project insights gained from HEAT and HELP programs, TEO staff have been working with Toronto Hydro, Enbridge Gas, the Ontario Power Authority and other key stakeholders on a proposed one-stop collaborative Home Efficiency program for single family housing. The City will not be a financial partner in these new approaches. The HEAT and HELP programs end in 2011.</p> 

Toronto Environment Office (TEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Local Food / Urban Agriculture	Development of an implementation plan that would see the City procuring at least 50% of the food used in City operations from local food producers.	0.13	0.05	<ul style="list-style-type: none"> • External (67%) • Reserve 		No duplicative efforts among other City divisions, departments or agencies were identified. 
Community Events and Shows	During the year the Toronto Environment Office carries the Live Green Toronto and other key environmental messages to the community by participating and coordinating all City ABC marketing strategy at large community events and trade shows.	0.22	0.12	<ul style="list-style-type: none"> • Property Tax (77%) • Reserve 	By participating in these events it is estimated that the City reaches about 350,000 people a year.	TEO provides a multidivisional/ABC marketing strategy at community events and shows. Partners include Toronto Water, City Planning, Public Health. However, functional overlap exists with the marketing and promotional activities undertaken by the TEO under Live Green Toronto and other city divisions. 
Green Toronto Awards	Honour and celebrate the individuals, organizations and companies leading the way to a cleaner, greener and more liveable Toronto. Made possible by corporate contributions.	0.057	0.057	<ul style="list-style-type: none"> • Property Tax 		No duplicative efforts among other City divisions, departments or agencies were identified. 
Storm Water Management	Funded by Toronto Water and provides grants to community groups engaged in actions to reduce storm water run-off.	Administrative costs are borne by TEO and included in total TEO budget costs	-	*Funded by Toronto Water (\$250K) TEO administer the fund at no cost to Toronto Water and absorb the administrative time.		Applications are screened against program criteria by staff of both divisions. Grant awards are made from Toronto Water and administered through TEO. The roles and level of interaction between these entities appears appropriate. Please note that Toronto Water has identified this grants program as part of its 10 percent budget cut in 2012. 

Toronto Environment Office (TEO)

Program Name	Objective	Budget			KPI	Potential Overlap
		2011	2012	Funding Source		
ChemTrac Grants	Funded by Toronto Public Health, TEO provides grants to organizations working with local businesses in finding ways to reduce and eliminate the use of priority toxic chemicals that can be released into the environment	-	-	*Funded by Toronto Public Health (\$831K)	Grants awarded is in the order of 2-4 each year.	Applications are screened against program criteria by staff of both divisions. Grants are administered through TEO. The roles and level of interaction between these entities appears appropriate.

Facilities Division

Energy & Strategic Initiatives Office
(ESI)

Facilities Management Division

Energy & Strategic Initiatives Office (ESI)

Service Budget (\$M)

2011	39.46 * (EEO 2.4)
2012	(EEO 2.1)

*2011 Budget of the Facilities Division – Energy Management

Funding Sources

- Property tax base
- Revolving fund
- Reserve fund
- External sponsors

FTE Count

44 (20 EEO)
(Including 6 vacancies)

Clients

- Building owners
- Building managers
- Builders
- Municipal, university, social health and not-for profit sectors
- City divisions

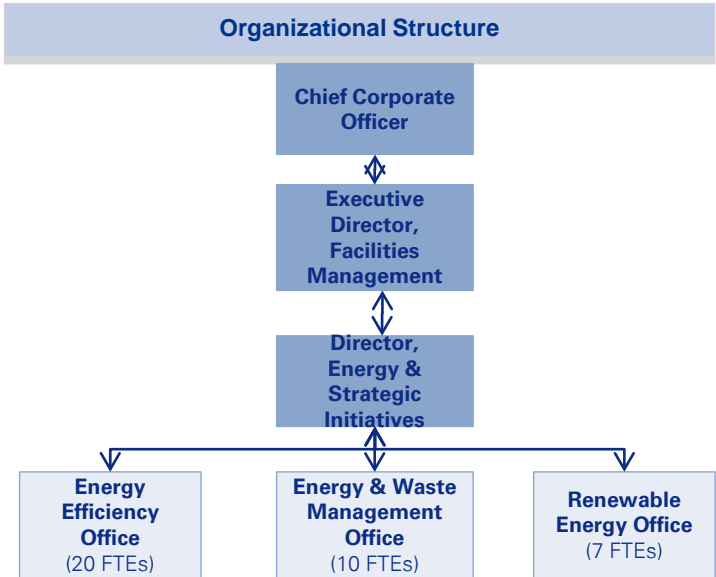
Partners

- Toronto Hydro
- Ontario Power Authority
- Building managers
- TAF

Organizational Mandate

The ESI is made up of three offices:

- The Energy Efficiency Office (EEO) is responsible for developing and coordinating the implementation of an energy efficiency and conservation strategy. The EEO is the only ESI group that delivers programs to external clients.
- The Energy and Waste Management Office (EWMO) is the City of Toronto's centre of expertise for internal energy conservation and waste management programs.
- The Renewable Energy Office (REO) is responsible for developing the potential and capacity for the adoption of renewable energy sources in the City of Toronto.





Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓		✓

Observations & Analysis

- Many of the energy efficiency and demand management functions and clients of the ESI overlap with those of TAF, Toronto Hydro and TEO. For example, both TAF and the ESI provide funding to the City for similar objectives.
- ESI is perceived by other divisions and agencies to be especially strong and competent delivering internally-focused City programs.
- While the Facilities Division generally provides services to internal clients, the ESI provides a portfolio of programs to external clients as well.
- Need to consider whether dual mandate of both internal and external services is causing overlap with TAF, TEO and Hydro.
- ESI does not perceive an increased role for Toronto Hydro in the delivery of energy management programs. However, need to consider whether Hydro is delivering mandated conservation programs that could make it possible for Facilities to reduce its role in providing external-facing services
- According to an interview with Facilities, one of the division's strengths is the ability to raise external funding and manage revolving funds.



Facilities Management Division

Energy Efficiency Office (EEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Better Buildings Partnership	Provides assistance and financial support (0% loans) to work with building owners, managers and builders to ensure that buildings achieve high energy performance and low environmental impact. Specifically, the incentives support energy projects and new construction in multifamily, institutional and commercial buildings.			<ul style="list-style-type: none"> • Revolving fund established from equal contributions from the federal government, province and City 		<p>Direct overlap exists with some if not all of the following programs with respect to overall goal, stakeholders targeted and strategy employed: Towerwise, Tower Renewal, TSEF and Home Energy programs.</p> 
District Energy Business Case Development	District Energy Initiatives entails the development of detailed and comprehensive business cases for three priority District Energy Nodes in the City of Toronto.	0.228		<ul style="list-style-type: none"> • Property tax base • 75% MOHLTC • 25% 	<ul style="list-style-type: none"> • The utilization of the Three Pillar approach is key in the development of these cases. Thrust of the approach is to identify value to the City. Three measures include - financial/economic value, improve energy security, reduce environmental footprint.. 	<p>Members from TAF and TEO participate in the Working Group that drove the creation of this initiative, although that Group is drawing to its end. Beyond this appropriate interaction, it appears that there is no duplicative efforts among other City divisions, departments or agencies.</p> 


Facilities Management Division

Energy Efficiency Office (EEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Toronto Sustainable Energy Funds (SEF)	<p>Toronto Green Energy Fund (TGEF) (\$20 Million) supports the undertaking of renewable energy installations in new or existing buildings in the Municipal, Academic, Social Service, Healthcare (MASH), private sector multi-family residential and not-for-profit sectors.</p> <p>Toronto Energy Conservation Fund (TECF): Toronto Energy Conservation Fund (TECF) (\$42 Million) enables energy efficiency improvements in existing buildings Municipal, Academic, Social Service, Healthcare (MASH), private sector multi-family residential and not-for-profit sectors.</p>	0.596		<ul style="list-style-type: none"> Property tax base 	<p>Expected outcomes include:</p> <ul style="list-style-type: none"> Verifiable and ongoing greenhouse gas reductions due to energy savings/generation Reduction in electricity demand and associated energy Increased organizational capacity to plan, install, operate and maintain projects Ongoing reporting of project results and dissemination of lessons learned Measurable increase in tax revenues <p>Initial investment of \$62M in the form of an interest-free repayable loan facility has worked in conjunction with the Better Buildings Partnership Loan Repayment Reserve Fund to leverage private sector investment of \$867 Million.</p>	<p>Overlap exists with two clusters of programs due to the broad nature of this program. First, there appears to be overlap with many if not all of the following based on overall goal, stakeholders targeted and strategy employed: Towerwise, Tower Renewal, BBP and Home Energy programs. Second, there is overlap in overall goal and stakeholders targeted with Solarcity Partnership and Feed-in Tariff Program.</p> 
Demand Response	Managed by the OPS, Demand Response is designed to encourage companies/businesses to curtail electrical use during periods of high demand in Ontario through either the reduction in electrical load requirements or the self-generation of electricity through natural gas fired generators. The City is responsible for bringing City buildings online with the Demand Response program.	0.187		<ul style="list-style-type: none"> Property tax base <p>*This is revenue generating program for the City. Payments will be approx. \$100k per MW, per year enrolled in the program.</p>	<ul style="list-style-type: none"> 3 Business Cases on schedule to be completed by December 2011. <p>Goal to supply:</p> <ul style="list-style-type: none"> 600 kW in 2011 7 MW in 2012 7 MW in 2013 15.4 MW in 2014 	<p>No overlap identified</p> 

Facilities Management Division

Energy Efficiency Office (EEO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
OPA/THES Demand Management Programs	Similar to the Demand Response Program, the rationale for the Demand Management is to lower energy demand across the province. In Toronto, the City takes the lead on behalf of the OPA and THES to deliver programs that seek to lower demand in any building (public or private).	1.27		<ul style="list-style-type: none"> External source – Incentives and operating costs are funded by OPA/THES 	<ul style="list-style-type: none"> Target was to reduce energy demands by 89MW, but the ESI has achieved a reduction of 91MW 	No overlaps identified. 

Only the EEO has been highlighted in the current state assessment. The Energy & Waste Management Office and Renewable Energy Office of the ESI were not considered in-scope for this review as they focus exclusively on internal service delivery, which is core to the Facilities Management Division. Similarly, the purpose of multiple programs within the EEO are internally focused and will not be considered in-scope for the scenarios that follow.

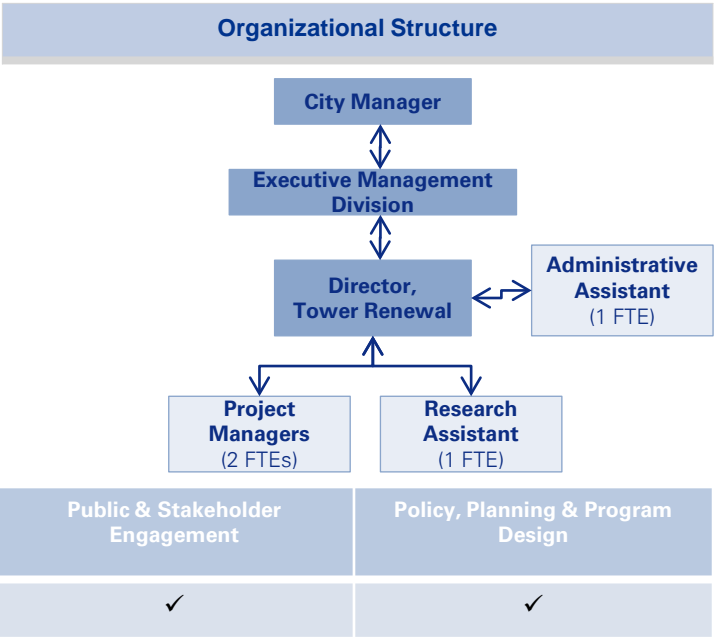
City Manager's Office

Tower Renewal (TR)

Tower Renewal (TRO)

Service Budget (\$M)	
2011	0.72
2012	0.67
Funding Sources	
<ul style="list-style-type: none">Property tax baseExternal sources/sponsors	
FTE Count	
5 FTEs	
Clients	
<ul style="list-style-type: none">Owners and residents of high rise rental apartment buildings	
Partners	
<ul style="list-style-type: none">Owners and residents of high rise rental apartment buildingsCity agencies, boards, commissions and divisionsToronto HydroEnbridge Gas	

Organizational Mandate
<p>Since 2009, TRO has sought to transform Toronto's older apartment buildings to achieve:</p> <ul style="list-style-type: none">A cleaner and greener city by reducing greenhouse gas emissions, increasing energy efficiency, improving transit, using renewable and district energyIncreased social and cultural benefits and stronger communities through local cultural initiatives and improvements to the buildings and natural surroundings in neighbourhoodsImproved local economic activity through on-site retail and services, employment training and business opportunities, particularly in green technology.



Observations & Analysis
<ul style="list-style-type: none">Prior investigation of Tower Renewal pilot sites provided evidence that Tower Renewal should be implemented city-wide and that doing so will achieve dramatic results across Toronto. The necessary information is now available to develop a successful, city-wide rollout strategy.TRO has been able to secure funding from external sources, including a \$346K grant from Stewardship Ontario and \$188K from the Toronto Community Foundation.There is a perception that the success in any one Tower Renewal objective requires that the other two objectives of the triple-bottom line are addressed simultaneously. Thus, the three objectives are inter-dependent and need to build upon each other. As a result, it may be difficult to establish alternative positioning for this office such that it is able to maintain its focus on environmental sustainability, social and economic development, or until the focus of the Tower Renewal is narrowed.That being said, there is the potential to transition Tower Renewal within Shelter's Support and Housing Administration/Affordable Housing Office, which has more of focus on the triple bottom line, as suggested by Tower Renewal.Tower Renewal is considered to be in an incubation and development period. There is a perception that, until the Tower Renewal transitions out of incubation, it may not be an appropriate time to consider repositioning the Office.There is a perception that being positioned in the City Manager's Office places Tower Renewal in a constant position of cutbacks.Toronto Community Housing Corporation's social housing high-rises account for less than 20% of the high-rise buildings in the city and therefore less than 20% of the potential impacts and savings available to the City.

Tower Renewal (TRO)

Observations & Analysis (cont'd)

- The Tower Renewal projects involves a range of initiatives, ranging from small energy efficiency to large-scale retrofit projects. Small projects are those that can be funded through energy savings and payback the initial investment within 5 to 8 years.
- Beyond a 5-8 year payback, there is exponential reluctance from building owners/managers to undertake the initiative. As a result, the success of the program rests on convincing the market place to accept longer payback periods or by providing low-interest financing for projects.
- Tower Renewal is awaiting reply from the province with respect to a request to change legislation that would allow TRO to establish a corporation that could provide low-interest loans to building owners. Lack of provincial regulatory change makes it difficult to enact funding mechanism.
- While awaiting response, or should TRO's request to the provincial government be rejected, TRO intends to focus on the STEP program that allows building owners to achieve energy efficiency savings within 5-8 years and demonstrates the business case for TRO.
- The success of TRO's future initiatives rests largely on finding an attractive business case for investors.
- Multiple cities have adopted a similar financing model to that proposed with the Tower Renewal Corporation to the provincial government.
- There is a perception that, without the success of Tower Renewal in the near future, eventually, neglect in the maintenance and updating of high-rises will lead to a crisis.
- Potential other destinations suggested by stakeholders for TRO's positioning include Toronto Hydro, Build Toronto, Toronto Community Housing Corporation and Shelter's Support and Housing Administration/Affordable Housing.

Tower Renewal (TRO)

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
Tower Renewal	<p>A city-wide rollout strategy has been created that includes three components for implementation from 2011-2030:</p> <p>i. Sustainable Towers Engaging People (STEP) program seeks to build the capacity of property owners, managers and residents step-by-step so that they may undertake or participate in renewal projects. The four stages include, learning and planning, implementation, high performance, leadership.</p> <p>ii. Financing: There are a number of improvement projects that can be done at low or no cost. However, to achieve the best and highest results, substantial investment is required. The City of Toronto is pursuing a plan for property owners to self-finance the retrofit projects through utility and operating savings. No City funding will be provided.</p> <p>iii. Community Revitalization: Many apartment neighbourhoods do not have enough services and retail close by, compelling residents to travel far for their daily errands and work. A significant number of residents in apartment neighbourhoods are newcomers to Toronto and live in isolation. Tower Renewal provides an opportunity to bring together a better mix of services that will make neighbourhoods more vibrant and complete.</p>	0.72	0.67	<ul style="list-style-type: none"> Property tax base External sponsor for undertaking studies 	<p>Tower Renewal will generate social, economic and cultural benefits by creating local green jobs; increasing on-site small-scale retail and markets; upgrading green space around the buildings; providing more space for neighbourhood meetings and interactions; installing solar, wind and geothermal energy solutions; increasing water conservation and on-site management of waste; increasing the demand for locally-produced green and clean technology; and fostering small business, community gardens and local food production at the sites.</p>	<p>There is a functional overlap between the objectives of Tower Renewal and TAF's Towerwise. TowerWise is focused on improving the energy efficiency of residential high-rise buildings (most often condominium buildings), which overlaps with Tower Renewal's sustainable tower's mandate.</p> <p>Other programs that have direct application include BBP, TSEF and Home Energy programs.</p> <p>Moreover, there are multiple programs across the City that focus on environmental community partnerships and energy efficiency programs.</p> <p>Finally, overlap exists between Tower Renewal and the responsibilities of City Planning Division</p>

The logo for Toronto Hydro Corporation (THESL) is displayed in white text on a dark blue background. The background features a diagonal split, with the dark blue section on the left and a lighter blue section on the right. The text is arranged in three lines: "Toronto Hydro Corporation" in a bold sans-serif font, followed by "Toronto Hydro Corporation" in a regular sans-serif font, and "(THESL)" in a regular sans-serif font.

Toronto Hydro Corporation
Toronto Hydro Corporation
(THESL)

Toronto Hydro Electric System Ltd. Toronto Hydro Corporation (THESL)

Service Budget (\$M)

2011	12.5*
2012	

*THES has been allocated \$50M over 4 years (2011-2015) for CDM initiatives

Funding Sources

- Revenue
- External sources

FTE Count

25

Clients

- Residents
- Businesses
- City agencies, boards, commissions and divisions

Partners

- City agencies, boards, commissions and divisions
- Social Housing Services Corporation
- Provincial government
- Ontario Power Authority

Organizational Mandate

Following the amalgamation of the cities of Metro Toronto, the local utility companies of the former cities merged to become the Toronto Hydro-Electric System (THES), the local distributor of electric power in the Greater City of Toronto. THESL is driven by the conditions of their distribution license with the Ontario Energy Board (OEB) to offer a variety of conservation and demand management (CDM) programs to assist:

- Home owners to monitor and adjust electricity usage;
- Businesses to conserve energy and retrofit their offices;
- Torontonians to be a part of Ontario's growing energy movement by generating their own energy from renewable sources;
- Social Housing Services Corporation to raise awareness about conservation in social housing communities.

Organizational Structure







Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
	✓	✓	

Observations & Analysis

- From an external perspective, THESL considers the current City structure and organization of E&EE programs to be confusing, and do not always know where the appropriate point of contact may reside.
- There are multiple areas of overlap with respect to the (CDM) programs offered by THESL and those offered by City agencies and divisions.
- In contrast to many City programs, THESL is legislated by the OEB to deliver CDM programs.
- If the City were to cease all of its environment and energy efficiency programs there would likely be an impact to the ability of THESL to meet its target energy reduction targets set by the OEB. Indeed, THESL may in fact need to deliver more CDM programs were the City to stop doing so.
- As a for-profit corporation, it would not be appropriate for THESL to take on any program that does not directly or indirectly create value for the Corporation.
- In 2010, THESL invested approximately \$26.7 million in CDM programs and achieved energy savings of approximately 126,800 MWh, bringing total energy savings since the start of its CDM programs to approximately 784,300 MWh – the annual equivalent consumed by approximately 87,100 homes.




Toronto Hydro Electric System Ltd.

Toronto Hydro Corporation (THESL)

Program Name	Objective	Budget			KPI	Potential Overlap
		2011	2012	Funding Source		
Data Centre Incentive Program	Provides financial incentives for measurable reductions in peak kilowatt usage from a customer's data centre.				<ul style="list-style-type: none"> 17 applications 10,500 MWh saved For example, the Scarborough Hospital completed a data centre project that halved the number of servers to 54, removed 20 tonnes of coolant and reduced peak electricity demand by approximately 69 kW and achieved approximately 488,792 kWh of annual energy savings. 	No overlap identified. 
Power Savings Blitz	Provides qualifying businesses up to \$1,000 (plus tax) worth in free energy efficient lighting and equipment upgrades.				<ul style="list-style-type: none"> 12,600 lighting retrofits for small business customers 67,400 MWh saved 	Although particular aspects of the programs differ, overlap with many if not all of the following programs exist with respect to overall goal, stakeholders targeted and strategy employed: SaveOnEnergy Retrofit program, Powerwise and Audit Funding Program 
Audit Funding Program	Provides an incentive to cover up to 50% of the cost of an energy audit for building owners, based on requirements that take into account the size and complexity of the buildings.					Although there are no overlapping audit programs, overlap with many if not all of the following programs exist with respect to overall goal, stakeholders targeted and strategy employed: Power Savings Blitz, SaveOnEnergy Retrofit program, and Powerwise 
SaveONenergy Retrofit Program	Provides financial incentives for businesses and homeowners to replace inefficient existing equipment with high efficiency equipment that will improve the efficiency of operational procedures and processes.					Although particular aspects of the programs differ, overlap with many if not all of the following programs exist with respect to overall goal, stakeholders targeted and strategy employed: Power Savings Blitz, Powerwise and Audit Funding Program. 

Toronto Hydro Electric System Ltd.

Toronto Hydro Corporation (THESL)

Program Name	Objective	Budget			KPI	Potential Overlap
		2011	2012	Funding Source		
PowerWise	PowerWise is the partnership between the Ontario Government and the six participating local electricity utilities that comprise the Coalition of Local Distributors (CLD). PowerWise represents conservation, education and programs geared toward the residential and small commercial customers within defined areas in Ontario. This includes programs for the collection, replacement and/or purchase of household appliances such as A/Cs, washing machines, dehumidifiers, central heating/cooling systems and Christmas lights. In addition, PowerWise managed the Beat the Peak program to help customers manage Time-of-Use rates.				<ul style="list-style-type: none"> ~12,600 MWh saved Collected 8,300 inefficient A/C units and 1,600 old dehumidifiers Collected 18,000 strings of old Christmas lights in exchange for 8,7000 LED strings Collected 5,600 refrigerators and freezers Distributed 72,000 power bars 	<p>Multiple City programs (TEO's HEAT, Facilities Division's BBP, SEF and Energy Retrofit Programs) focus on conservation education and programs geared toward residential and small commercial businesses in Toronto.</p> <p>That being said, no duplicative efforts appear between THESL and other City divisions, departments or agencies with respect to <u>specific</u> appliance replacement or upgrades.</p> 
Demand Response	Compensate participating industrial and commercial businesses for reducing their energy demand at specific times of power system need.					<p>No overlap identified</p> 
Feed-in Tariff Program	Provides a guaranteed pricing structure for renewable electricity production. It offers stable prices under long-term contracts for energy generated from renewable sources. The OPA is responsible for implementing the FiT Program. The FiT Program is designed for projects over 10KW.				<p>By encouraging the development of renewable energy in Ontario, the FiT Program will: help Ontario phase out coal-fired electricity generation by 2014 - the largest climate change initiative in Canada boost economic activity and the development of renewable energy technologies create new green industries and jobs.</p>	<p>No direct overlap exists. However, broad focus on supporting use of alternative energy sources and stakeholders targeted consistent with objective of Facilities' Toronto Sustainable Energy Fund and SolarCity Partnership</p> 

Note: Budget figures not available

Toronto Water
Toronto Water (TW)

Service Budget (\$M)	
2011	0.995M
2012	1.535M

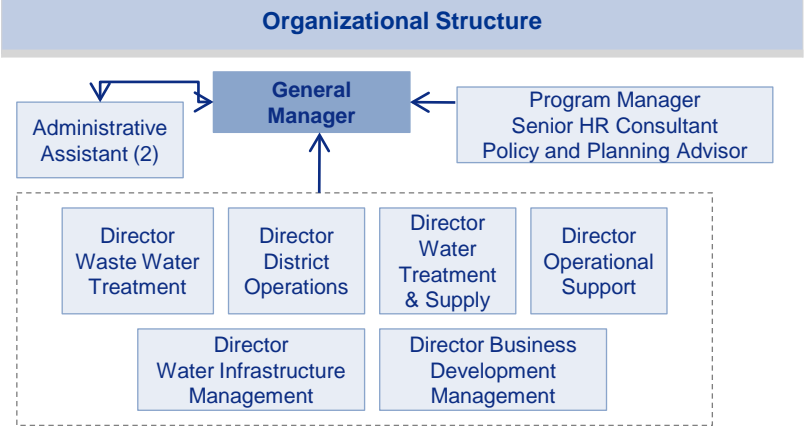
Funding Sources
<ul style="list-style-type: none">• Fee revenue

FTE Count
8 (includes 4 communication staff)

Clients
<ul style="list-style-type: none">• Residential customers• ICI Institutional / Industrial / Commercial• Internal divisions

Partners
<ul style="list-style-type: none">• City of Toronto divisions• Enbridge

Organizational Mandate
Derived from Toronto Water's Strategic Plan: Toronto Water's strategy focuses on infrastructure management. Specific goals focus on: <ul style="list-style-type: none">•Minimizing expansion with conservation,•Implementing the Water Efficiency Plan measures to reduce water and associated capital costs•Assisting other divisions in developing and implementing their water conservation strategies



Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Observations & Analysis
<ul style="list-style-type: none">•Financial incentives are provided to residents or companies to either change behaviour and/or upgrade equipment to become more efficient in order to defer the capital costs of infrastructure.•In the case of water efficiency programs, the demand for water has been steadily declining over a number of years, it may no longer make sense to provide incentives to defer the capital cost of infrastructure. However, the incentives for businesses do make sense because the City would like to retain businesses that use water so that jobs, taxes and water revenue remain in Toronto. Otherwise, they would go to neighbouring municipalities or other countries and the City would lose out.•In the case of basement flooding protection subsidy, capital costs for infrastructure to address the City's basement flooding problem is still very high and it will take many years to address the problem. Therefore, the incentives currently offered to homeowners to install sump pumps and backflow valves still make sense because it will defer the need to spend the money on infrastructure upgrades.•Industrial water rate – currently linked to compliance with the Sewer-use bylaw. The current enforcement policy has made it difficult for many of the industrial process water users to comply with the requirements and as a result the program is not as successful as it can be.•Capacity Buyback and Industrial Water Rate Programs require technical verification of water efficiency plans and achievements and therefore require "water experts"•Spray N Save and Basement Flooding protection Subsidy Programs are administrative in nature and could be delivered by others as long as objectives are being met.

Program Name	Objective	Budget			KPI	Potential Overlap
		2011	2012	Funding Source		
Capacity Buy Back Program	Encourages and rewards commercial and institutional organizations that reduce waste.	\$0.4M	\$0.44M	• Rate based	<ul style="list-style-type: none"> Daily water consumption reduction (mL/day). Surpassed target by 20% Incentives issued (94 total) Total amount rebated (\$2.6M) 	<p>No duplicative efforts among other City divisions, departments or agencies were identified.</p> <p>That being said, the content knowledge or expertise required to deliver the Water programs is minimal, and as a result these programs could be delivered by another environment or energy efficiency agency with incentive management and public engagement experience.</p>
Industrial Water Rate Initiative	Industrial customers that consume more than 6,000 cubic meters per year are eligible for a reduced water rate provided they submit a water conservation plan and commit to implementing water efficiency projects with a payback of five years or less.	\$0.06M	\$0.06M	• Incentive funded through discount of the water rate. Capital budget used for the \$0.06M cost of a 3 rd party verification of water efficiency achievements	• Company uptake (approximately 64 of approximately 350 industrial clients receive the Block 2 rate.)	
Spray N Save	Toronto Water is partnering with Enbridge Gas Distribution Inc. Through the Spray 'N' Save Program, Enbridge Gas Distribution offers a free, high velocity pre-rinse spray valve (values at \$100) to restaurants with dish service; the City pays \$35 of the total value of the valve.	\$0.035M	\$0.035M	• Rate based	<ul style="list-style-type: none"> Total amount rebated (\$93,660) Number of spray nozzles rebated at \$35 each (2,676) 	
Basement Flooding Protection Subsidy Program	Owners of single family, duplex and triplex residential homes are offered a financial subsidy of up to \$3,200 per property to install flood protection devices.	\$0.5M	\$1M	• Rate based	# of applications: 220 (2008), 422 (2009), 580 (2010), 600 (2011 through Q3).	

Note: see TEO section for Storm Water Management program

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City Planning

City Planning

Service Budget (\$M)	
2011	*0.663M
2012	*0.323M

Funding Sources
<ul style="list-style-type: none">Property tax base

FTE Count
6 environmental Planning FTEs (3 Senior Planners, 3 Planners)

Clients
<ul style="list-style-type: none">Owners and residents of private residential buildingsIndustrial / CommercialToronto communities

Partners
<ul style="list-style-type: none">Internal City divisions

Organizational Mandate
<ul style="list-style-type: none">Designs, implements and reviews environmental policy as it relates to development based on extensive research in land use, urban design, housing and community services. This includes promoting a high quality of design for streets, parks and open spaces and improving transit and alternative forms of transportation. One example is the Toronto Green Development Standards.Approves development projects for CouncilCreates and maintains a comprehensive zoning bylaw for the City

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Observations & Analysis
<ul style="list-style-type: none">Focuses primarily on designing, implementing and reviewing environmental policy and by-laws as it relates to city development.Research and advisory is key priority, not program management.Lack of coordination across divisions cited. A central coordinating entity operated out of the City Manager's Office is viewed as fair and balanced.Funding deficits accounted for with effective volunteer and donations program that can be leveraged by other divisions and the City as a whole.

* Accurate for environmental planning group within City Planning Division. 2011 total for City Building and Policy Development is \$19.4M

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Toronto Public Health

Toronto Public Health (TPH)

Toronto Public Health (TPH)

Service Budget (\$M)	
2011	0.83M*
2012	0.81M*

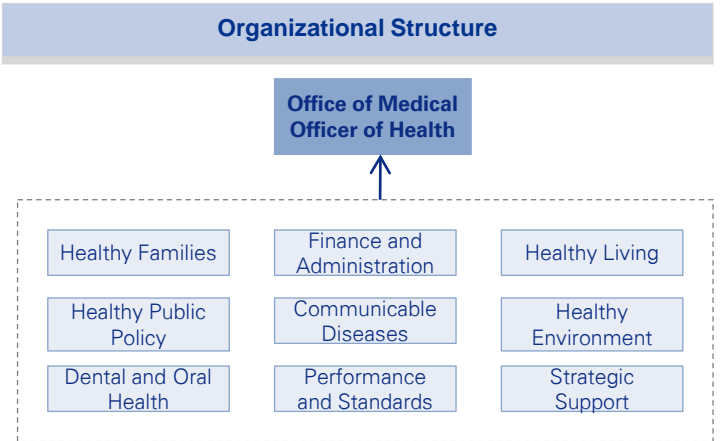
Funding Sources
<ul style="list-style-type: none">Property tax baseProvincial Government

FTE Count
4*

Clients
<ul style="list-style-type: none">IndustrialResidentialCommunity at large

Partners
<ul style="list-style-type: none">Toronto Environment Office


Organizational Mandate
<p>Manages environmental programs as it relates to public health.</p> <p>This service supports the identification and management of health hazards, which is mandatory due to public health legislation.</p> <p>Service standards are documented in various legislation including OPHS and protocols.</p>



Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Observations & Analysis
<ul style="list-style-type: none">As it relates to the environment, TPH manages programs that have implications around public healthTPH has legal responsibilities and program requirements:<ul style="list-style-type: none">Ontario Health Protection and Promotion Act (HPPA)Ontario Public Health Standards, authorized by regulation under the HPPANo projects related to energy efficiency fall under the purview of TPHDue to legislation, minimal overlap with other divisions and programs exist

* Budget and FTE count for Chemtrac only. Total 2011 TPH budget and FTE count is \$235M and 1925 respectively but out of scope for the purposes of this report.

Program Name	Objective	Budget (\$M)			KPI	Potential Overlap
		2011	2012	Funding Source		
ChemTRAC	Aims to improve public health and support a green local economy by reducing toxic chemicals in our environment. Facilities and businesses in the City of Toronto are required to annually report on the use, manufacture and release of any priority substances listed in the Environmental Reporting and Disclosure Bylaw	0.830	0.812	<ul style="list-style-type: none">•Property tax base•75% MOHLTC•25% Public Health	<ul style="list-style-type: none">• # of chemicals stored• Volume of chemicals stored• amount of priority substance used annually• amount of priority substance released into community annually	Applications are screened against program criteria by Toronto Public Health and Toronto Environment Office staff and then grant awards made from Toronto Public Health, administered through TEO, which require signatures from both divisions. The roles and level of interaction between these entities appears appropriate. 

Solid Waste Management Division (SWM)

Solid Waste Management

Solid waste management was considered part of the initial scope of this review. However, KPMG received direction from the Client that Council did not want Environment Days included in this review.

However, it should be noted that Environment Days is a program that could be considered for migration toward a more integrated model for environmental and energy efficiency programming.

The analysis that follows focuses solely on the communication and public engagement activities performed by Solid Waste Management with respect to waste diversion.

Solid Waste Management

Service Budget (\$M)

2011	3.0
2012	

*Budget for communications activities only

Funding Sources

- Property tax base

FTE Count

3*

*PPFA employees dedicated to Waste Management

Clients

- Industrial
- Residential
- Commercial

Partners

- Toronto Environment Office
- Transportation Division

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
		✓	

Program/ Service Name	Objective	Budget			Potential Overlap
		2011	2012	Funding Source	
Waste Diversion Public Engagement	Solid Waste Management performs various communication and public engagement activities to promote the diversion of waste in Toronto among residents and businesses. These activities include press releases, advertisements, promotional material and public events.	\$3M		• Property tax base	There is potential functional overlap with the marketing and promotional activities undertaken by the TEO under Live Green Toronto and those of other city divisions (e.g. Toronto Water). That being said, Solid Waste has been leveraging the presence of TEO at public events and often TEO will promote waste diversion activities on Solid Waste's behalf.

Observations & Analysis

- Communication and public engagement is perceived to be a best practice and essential component to the success of waste diversion programs.
- Currently, the Solid Waste Management Division has dedicated communication and public engagement support; were this function moved into an integrated office, Solid Waste would need to receive dedicated support from personnel with solid waste expertise in order to enable the success of their campaigns.
- The three FTEs dedicated to the Solid Waste file are part of Policy, Planning and Finance Administration (PPFA)'s Public Consultation unit and therefore may not offer savings opportunities.

Current State Observations & Analysis

In-Scope Programs Organized by Client Type

Organization	Program Name	Internal	External
TAF	Climate Spark		✓
	EV300	✓	✓
	Towerwise		✓
	Solarcity Partnership	✓	
	Light Savers	✓	✓
TEO	Live Green Toronto		
	Smart Commute		
	Eco-Roof		
	Adaptation Risk Management & Policy	✓	
	Carbon Credit Policy	✓	
	Home Energy Programs		✓
	Local Food Procurement	✓	
	Events & Tradeshow		✓
	Green Toronto Awards		✓
	Storm Water Management		✓
	ChemTrac Grants		✓

Organization	Program Name	Internal	External
Facilities Division	Better Buildings Partnership		✓
	District Energy		✓
	Sustainable Energy Funds	✓	✓
	Demand Response	✓	
	Energy Retrofit	✓	
	Demand Management	✓	✓
	Energy & Waste Management Office	✓	
	Renewable Energy Office	✓	
Tower Renewal	Tower Renewal Projects	✓	✓
Toronto Water	Capacity Buy Back		✓
	Industrial Water Rate		✓
	Spray n Save		✓
	Basement Flooding Protection Subsidy Program		✓
City Planning	Environmental Planning	✓	

Approximate Dollars Expended on In-Scope Incentive Programs

The total budget (2011) of external-facing incentive programs in scope is approximately \$8.6 million.

Organization	Program	Value (2011)	Value (2012)
TEO	Live Green Community Grants	\$1,200,000	
	Eco-Roof	\$700,000	\$400,000
	HEAT	\$3,400,000	\$0
	Subtotal	\$5,300,000	\$400,000
Toronto Water	Storm Water Management	\$250,000	\$0
	Capacity Buy-Back	\$400,000	\$440,000
	Spray-n-Save	\$35,000	\$35,000
	Basement Flooding	\$500,000	\$1,000,000
	Subtotal	\$1,185,000	\$1,475,000
Toronto Public Health	ChemTrac Toxics Reduction Grants	\$831,000	\$812,000
	Subtotal	\$831,000	\$812,000

*KPMG requested budget information from all organizations. Some organizations were unable to provide budget information for individual programs.

Approximate Dollars Expended on In-Scope Incentive Programs (cont'd)

The total budget (2011) of external-facing incentive programs in scope is \$8.6 million.

Organization	Program	Value (2011)	Value (2012)
TAF	All Incentive Programs (recent historical average)	~\$600,000	~\$600,000
	Subtotal	\$600,000	\$600,000
TRO	<i>Grants awarded for pilot projects were funded by both property tax base and external sources.</i>	\$72,000	\$67,000
	Subtotal	\$72,000	\$67,000
EEO	Toronto Sustainable Energy Fund	\$596,000	\$596,000
	Subtotal	\$596,000	\$596,000
TOTAL		\$8,584,000	\$3,950,000

*KPMG requested budget information from all organizations. Some organizations were unable to provide budget information for individual programs. Due to the tight timeline of this project, KPMG was unable to evaluate how these figures were developed by their respective organizations.

Opportunities for Program Integration

Three organizations within the City of Toronto, in addition to TAF and Toronto Hydro, provide incentive or public engagement programs specific to energy efficiency.

Each of these programs is slightly differentiated with respect to their specific objectives and client groups. However, it is possible that these programs do partially overlap with respect to clients and the type of projects funded. Therefore there is likely opportunity to integrate and rationalize some of these programs. Even if rationalization is not appropriate, there are benefits to managing these programs collectively, as opposed to independently.

A more integrated organizational structure would enable appropriate rationalization of program overlap and support more collaborative management of programs.

The table on the following page lists the energy efficiency programs, the program objectives and target client groups.

Opportunities for Program Integration among Energy Efficiency Programs

Programs	Description	Client				
		City Buildings	Public Sector	Home Owners	Multi-Unit Buildings	Business
Home Energy Programs (TEO)	The HEAT program provides financial assistance to support single-family homeowners in upgrading the energy efficiency in their homes.			✓		
Better Buildings Partnership (ESI)	Incentives support energy projects and new construction in multifamily, institutional and commercial buildings.				✓	✓
Toronto Energy Conservation Fund (ESI)	Enables energy efficiency improvements in existing buildings Municipal, Academic, Social Service, Healthcare (MASH), private sector multi-family residential and not-for-profit sectors.		✓		✓	
Energy Retrofit Program (ESI)	Provides internal loans for energy efficiency improvements in City buildings, and specifically parks facilities.	✓				
Towerwise (TAF)	Advance multi-measure energy efficiency retrofits in condominium and rental towers.				✓	
Tower Renewal	The Tower Renewal projects involves a range of initiatives, ranging from small energy efficiency to large-scale retrofit projects.				✓	
Audit Funding Program (THC)	Provides an incentive to cover up to 50% of the cost of an energy audit for building owners, based on requirements that take into account the size and complexity of the buildings.				✓	✓
Power Savings Blitz (THES)	Provides qualifying businesses up to \$1,000 (plus tax) worth in free energy efficient lighting and equipment upgrades.					✓
SaveONenergy Incentive Program (THES)	Provides financial incentives for businesses and homeowners to replace inefficient existing equipment with high efficiency equipment that will improve the efficiency of operational procedures and processes.			✓		✓
Powerwise (THES)	Represents conservation, education and programs geared toward the residential and small commercial customers within defined areas in Ontario. This includes programs for the collection, replacement and/or purchase of household appliances			✓		✓

Summary Observations from Current State Assessment

- Multiple organizations perform similar functions
- Multiple organizations provide programs with potentially overlapping client groups and objectives, however, each program is differentiated from one another.
- Collaboration between related programs and functions tends to be ad hoc, however there is general awareness of other related programs.
- Programs are generally well-subscribed. Measurement of programs outcomes is mainly inconsistent, however a number of programs do track contribution to quantifiable measures.
- The total budget (2011) of in-scope external-facing incentive programs is approximately \$8.6M.

There are opportunities for increased integration of the current portfolio of environment and efficiency organizations as well as for improved collaboration and coordination across programs.



Part IV: Jurisdictional Review

This section of the report describes the structure, role and programming of other major city jurisdictions with respect to environment and energy.

Part IV: Jurisdictional Review

- A jurisdictional review was conducted to identify scope of environment/energy mandates, functional areas and program offerings in other municipal governments
- A report by the Toronto Environment Office titled, 'The Multi-City Environmental Initiative Comparison' was used to study the following cities: Edmonton, Vancouver, Montreal, Seattle, San Francisco, Sydney and New York.
- Additional research was conducted to identify leading environmental jurisdictions in North America. A Siemens report titled, 'Green City Index', provides a comprehensive ranking of cities worldwide and was used to identify and analyze top-ranked cities in North America. San Francisco (ranked #1), Vancouver (ranked #2) and New York (ranked #3) were examined further. Montreal (ranked #19) was also examined as a comparable Canadian jurisdiction.
- Efforts were also made to schedule interviews with government representatives from San Francisco, New York and Vancouver. Interviews with (1) an economist within Vancouver's Sustainability Group and (2) the Deputy Director of the New York City Office of Long-Term Planning and Sustainability provided additional insight into how leading jurisdictions deliver integrated environmental services while accounting for overlap of resources, programs and functions across government departments. Given the short timeline of this engagement, interviews with San Francisco and Montreal could not be secured before the release of this publication.

Summary of Jurisdictions

Jurisdiction	Net budget per capita (\$) ¹	Structure	Functions				Areas of Programming					Incentives programs
			Planning & Policy	Public Engagement	Grant Management	Advisory	Energy Efficiency	GHG Emissions	Renewable Energy	Waste Management	Other	
Sydney	0.75	Sustainability unit designs strategy and delivers programs with other divisions.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
New York City	2.29	Environment/energy is addressed by 3 major departments. One is responsible for coordinating environment initiatives across departments.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
San Francisco	21.81	The Commission on the Environment sets policy for the Department of the Environment and advises the mayor and Board of Supervisors on environmental matters.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Montreal	2.28	Consolidated environment division reports indirectly to council through other organizations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Seattle	2.15	Office of Sustainability and Environment coordinates interdepartmental environmental sustainability programs, policies, work plan, communications, and outreach	✓	✓	✓		✓	✓	✓	✓	✓	✓
Vancouver	1.38	Sustainability group coordinates initiatives across all departments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Edmonton	4.01	The Office of Environment, within a consolidated department, reports to the City manager through the Sustainable Development General Manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Toronto	1.58	Multiple divisions execute various functions. No central, coordinating body exists to ensure integration of programs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

¹ Note: Net budget per capita was extracted from a Toronto Environment Office report titled, “Multi-City Environmental Initiative Comparison”. The figures were calculated by dividing city revenue expenditures by total population. Grants, capital funds, reserve funds and stimulus package were excluded from the net budget figure.

Jurisdictional Review

Vancouver

Service Budget (\$M)

2010	0.80M
------	-------

Net Budget per Capita (\$)

- 1.38

Funding Sources

- Property tax base
- Provincial
- Federal

FTE Count

17

Clients

- Owners and residents of private residential buildings
- Industrial / Commercial
- Community at large
- Internal

Partners

- Corporations
- Nonprofit
- British Columbia Government
- Environment Canada

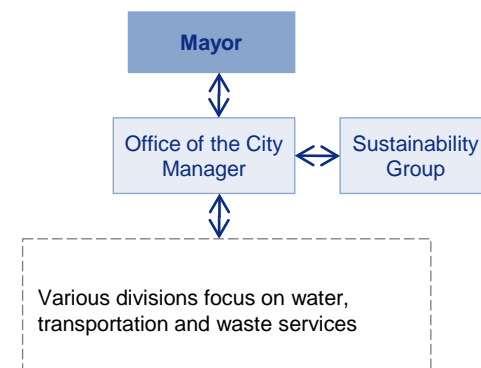
Organizational Mandate and Governance Structure

The sustainability group focuses on integrating and coordinating the City's environment strategy across divisions. It plays a role in facilitating cross-functional teams responsible for developing the City's comprehensive environment strategy, setting targets and reporting performance in their respective divisions. It also acts as a central internal consultant team that provides advice to divisions on issues of sustainability and performance.

The Sustainability Group's key areas of work are: growing the green sector of the economy at large, improving productivity through greening operations, greening buildings, electric vehicle planning and measuring, monitoring and reporting GHG emissions across corporations and communities.

Environmental communications and public engagement was previously carried out by divisions but is now a centralized function.

Governance Structure



Functions Conducted

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Areas of Programming

GHG Emissions	Energy Efficiency	Renewable Energy	Waste Management	Water
✓	✓	✓	✓	✓

Jurisdictional Review

San Francisco

Service Budget (\$M)

2010	17.11
------	-------

Net Budget per Capita (\$)

- 21.81

Funding Sources

- Property tax base
- Grants
- Capital funds
- Reserve funds
- Stimulus Package

FTE Count

58.8

Clients

- Owners and residents of private residential buildings
- Industrial / Commercial
- Community at large
- Internal

Partners

- Corporations
- Environment Protection Agency
- Nonprofits
- California Government

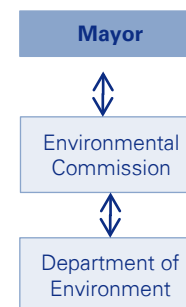
Organizational Mandate and Governance Structure

The Environment Commission, established by the San Francisco City Charter, sets policy for the Department of Environment and advises the mayor and Board of Supervisors on environmental matters.

Appointed by the mayor, the seven-member commission develops policies and programs in recycling, toxics reduction, environmental justice, energy efficiency, commute alternatives, climate change, and the city's urban forest.

The Department of the Environment (SF Environment) regularly assesses San Francisco's environmental condition, as well as planning for the long-term environmental sustainability of San Francisco.

Governance Structure



Functions Conducted

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Areas of Programming

GHG Emissions	Energy Efficiency	Renewable Energy	Waste Management	Water
✓	✓	✓	✓	✓

Jurisdictional Review

Montreal

Net Budget (\$M)

2010	\$3.7M
------	--------

Net Budget per Capita

\$2.28

Funding Sources

- Property tax base
- Provincial Grants

FTE Count

34.7

Clients

- Owners and residents of private residential buildings
- Industrial / Commercial
- Community at large
- Internal

Partners

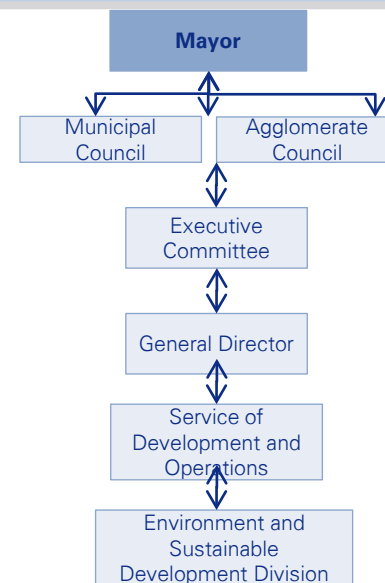
- Corporations
- Nonprofits
- Provincial Government

Organizational Mandate and Governance Structure

The City of Montreal delivers environmental services through a consolidated body called the Environment and Sustainable Development Division.

Within the Division, the Environmental Planning and Monitoring Branch plans and develops the City's environmental programs in collaboration with the boroughs and central services, performs environmental monitoring on the territory of Montreal, and produces annual reports on these issues. The Branch also maintains relationships with other organizations and external partners with respect to the quality of the physical environment and raises awareness and educates citizens and partners.

Governance Structure



Functions Conducted

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Areas of Programming

GHG Emissions	Energy Efficiency	Renewable Energy	Waste Management	Water	Transportation
✓	✓	✓	✓	✓	✓

Jurisdictional Review

New York City

Net Budget (\$M)

2011 2M (OLTPS)

Net Budget per Capita

Funding Sources

- Property tax base
- Grants
- Capital funds
- Reserve funds
- Stimulus Package

FTE Count

15-20 (in OLTPS)

Clients

- Owners and residents of private residential buildings
- Industrial / Commercial
- Community at large
- Internal

Partners

- Corporations
- Environment Protection Agency
- Nonprofits
- New York State Government

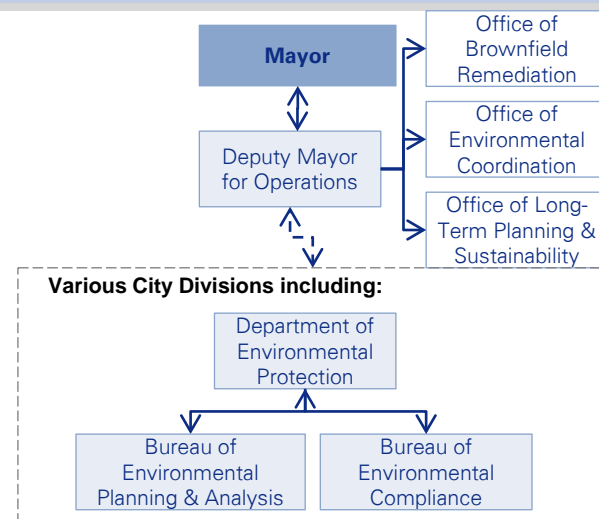
Organizational Mandate and Governance Structure

The Office of Long-Term Planning and Sustainability (OLTPS) reports directly to the Deputy Mayor for operations who, in turn, has a direct relationship with the mayor. OLTPS develops the citywide strategy, incubates innovative initiatives and assigns and coordinates project implementation across departments. It is also responsible for tracking, measuring and reporting the performance of each agency involved.

The OLTPS was established in 2006 to address issues around possible overlap of functions and programs across departments. It is considered effective because of the authority and cachet associated with operating directly under the Mayor.

Departmental compliance is ensured by OLTPS using 'soft power' (i.e. leveraging the close association with the Mayor and the advantages that come with it).

Governance Structure



Functions Conducted

Research and Advisory	Program Deployment and Management	Public & Stakeholder Engagement	Policy, Planning & Program Design
✓	✓	✓	✓

Areas of Programming

GHG Emissions	Energy Efficiency	Renewable Energy	Waste Management	Water	Transportation
✓	✓	✓	✓	✓	✓

Observations and Conclusions

- Leading jurisdictions in North America have a broad environmental mandate. The areas of programming and functions performed in other jurisdictions are comparable to those of Toronto. Addressing environmental issues appears to be a priority in major jurisdictions.
- The City of Toronto offers services (i.e. incentive programs and stakeholder engagements) that appear to be comparable to other jurisdictions in North America such as New York, Montreal and Vancouver. However, Toronto differs from comparable jurisdictions in regards to how programs are integrated. A popular organizational model adopted in other jurisdictions includes a central coordinating body or a focus on full integration across all environment and energy divisions.
- A broad coordinating government body found in other jurisdictions typically operates out of the Mayor or City Manager's Office and focuses on an integrated approach to delivering environment and energy efficiency improvements. The coordinating body typically is a small unit that is responsible for devising overall environmental strategy, assigning projects to relevant departments, and tracking the performance of each department. For example, the Office of Long-Term Planning and Sustainability was established in 2006 by the Mayor of New York to address duplication issues and ensure the City's environmental strategy is delivered seamlessly across the City.
- Leading jurisdictions are embedding environmental considerations across all city priorities including economic development, urban planning, transportation and housing. This integrated approach to addressing sustainability further requires a centralized, coordinating body that can ensure broad city priorities achieve meaningful results for citizens.
- The jurisdictional scan revealed that environmental and energy efficiency initiatives are delivered primarily by government organizations. Although partnerships with nonprofits, corporations, donors and foundations are common, no arms-length agency plays a primary role in designing and delivering services.
- Notable differences between American and Canadian jurisdictions should be accounted for. They include greater federal stimulus funding, larger private endowments and donors, and greater mayoral control of program delivery in US jurisdictions.



Part V: Scenario Analysis

This section of the report describes options or scenarios for the organization of environmental and energy functions going forward. An analysis of the benefits and drawbacks of each scenario is presented.

Future State Scenarios

Context

Summary Conclusion of Current State Assessment

The Current State Assessment concluded that similar work is being performed in multiple areas of the City including an arm's length agency. Moreover, it appears that across organizations staff with similar skill sets provide programs and services to similar client groups. Programmatic overlap was also notable. In cases where there isn't explicit program overlap, there was significant overlap in program objectives at a general level. Finally, major opportunities to reduce inefficiencies exist by integrating overlapping functions across organizations.

Summary Conclusion of Jurisdictional Review

The Jurisdictional Review of comparator cities indicate that most jurisdictions offer a comparable suite of programs to the City of Toronto. However, other jurisdictions tend to do so in a more integrated fashion. Comparator jurisdictions all have either a central coordinator model (or variation of) or have consolidated Environmental and Energy Efficiency programs and services within a single division. The City of Toronto however is fairly unique in its use of an arms-length agency (Toronto Atmospheric Fund) to deliver environment and energy efficiency programs.

Approach

In this section we explore various scenarios for structural change and organization of the City's environmental and energy efficiency incentive and public engagement programs.

The City provided five potential scenarios for review and analysis by KPMG. Two additional scenarios were added based on conversations with the City of Toronto project team. There are multiple permutations and combinations of options that can be constructed with the organizations and function in scope. KPMG chose to focus on the seven scenarios as they represent a broad range along the continuum of integration. The seven scenarios were then filtered through a set of design criteria and evaluated against learning from the current state assessment and jurisdictional review to arrive at two scenarios recommended for deeper analysis and consideration by the City Manager.

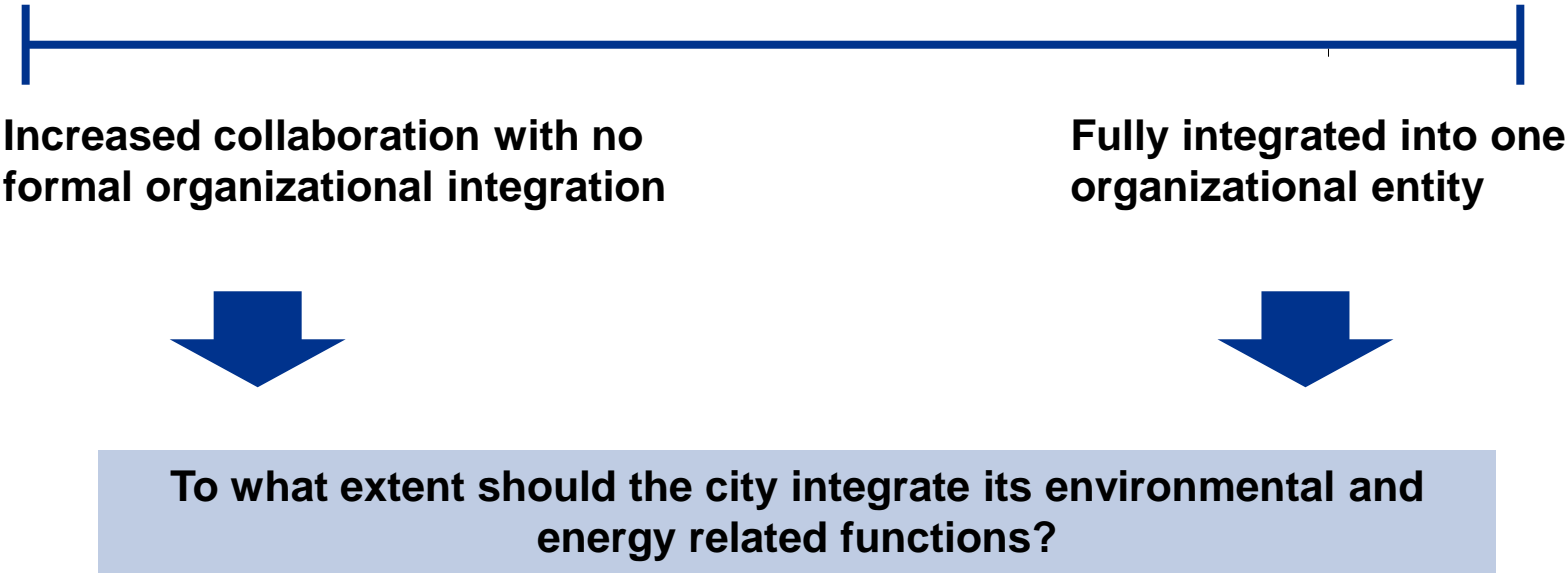
Assumptions

The analysis that follows is based on interviews with City of Toronto stakeholders and a review of various documentation, including organizational charts, budget information, strategy plans and online resources found on each organization's website. The accuracy of these primary resources is assumed by KPMG. Future state FTE requirements are based on a high-level examination of organization charts and efficiency assumptions; precise figures relating to future state FTE requirements and associated savings or costs would necessitate a full-scale organizational design project, which is outside the scope of this engagement.

Finding the Right Organizational Structure – Extent of Integration

There are potential benefits to integrating the functions (as described on the following slide). How, and to what extent we integrate is the relevant question.

The Continuum of Integration



Benefits and Drawbacks of Increased Consolidation & Integration

Benefits

- Reduced duplication and overlap of programs and services between divisions, programs and agencies.
- Reduction in administrative management time and costs
- Clearer lines of accountability and reporting
- Better alignment and focus of major programs around core Municipal objectives
- Opportunity to better leverage transferable skills and expertise across resources
- Clearer point of contact for clients (internal or external)
- Ability to leverage best practices and efficiencies of scale
- Collaboration is accelerated across functional groups due to increased organizational proximity
- Potential to increasingly leverage existing corporate supports, templates and processes

Drawbacks

- Possible dilution of priorities of special interests
- Potential loss of specialized or customized approach with increased standardization
- Major organizational impact and change management required to undertake transformation
- Potential requirement for upfront investments, depending on scale of integration
- Potential loss of agility or “nimbleness” in responding to client needs

Finding the Right Organizational Structure – Baseline Design Principles

Structure should ...

- ...eliminate duplication** – to minimize overlapping functions, programs and activities and reduce redundancy
- ...be efficient** – to maximize productivity and resource use, group similar activities
- ...be clear** – to delineate responsibilities, accountabilities and reporting lines
- ...be aligned** – to support effective outcomes for strategic objectives of the City and activities
- ...be flexible** – to be innovative and nimbly adapt to the changing needs of the City and its operating environment
- ...be customer focused** – to effectively identify, address and respond to customer needs (internal/external)
- ...support collaboration** – to support interaction and information sharing between functions
- ...be connected** – to support positive relations with internal and external customers, partners and stakeholders
- ...be realistic** – to be pragmatic and deployable

Future State Scenarios Analysis

Overview of Spectrum of Future State Scenarios

At the beginning of this engagement, the City project team and KPMG identified seven organizational options for initial analysis which were subsequently filtered through a set of design criteria to arrive at two scenarios for detailed analysis.

The following table summarizes the seven options initially reviewed. The recommended scenarios in the executive summary – Option A and Option B – correspond to Option 3 and 5, respectively.

Option	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 1 Improved Status Quo	No structural changes are made to the City's current organizations, but rather pruning of overlapping programs and increased coordination and collaboration across programs and organizations.	<ul style="list-style-type: none"> Minimal organizational impact 	<ul style="list-style-type: none"> Lost opportunity to reduce functional duplication. Difficult to achieve cost savings and effectively manage program overlap without structural change. 	<ul style="list-style-type: none"> The potential for cost savings in this scenario is less than other scenarios with structural changes. This is a lost opportunity to take advantage to increase efficiency of E&EE programs. 	No
Option 2 Central Coordinator Model	A lean central body is created, reporting to the City Manager to provide planning, service coordination and integration. Service delivery coordinated by the central body continues to be performed by other divisions and agencies.	<ul style="list-style-type: none"> Improved visibility and coordination between different functional and programmatic areas Improved line of site on duplications Modest organizational transformation/impact Better able to align with the current priorities of government. 	<ul style="list-style-type: none"> Authority of Central Coordinator may not be sufficient to adequately coordinate across various programs. May be perceived as an additional layer of bureaucracy. Opportunities for functional consolidation are not realized. 	<ul style="list-style-type: none"> Potential benefits are modest, particularly in the short term. But this remains an attractive option as it does not require significant organizational change and up-front investment. Furthermore, long-term benefits, including FTE reductions remain a significant possibility. Lastly, the model, or variations of it, are common in leading jurisdiction in North America (as described in the jurisdictional review). Risk and Reward may be suitably balanced with this model. 	No

Future State Scenarios Analysis

Overview of Spectrum of Future State Scenarios (cont'd)

Option	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 3 Decentralization Model *Corresponds to option A in Executive Summary	All external-facing incentive and public engagement programs are developed and delivered by TAF. TEO functions and programs that support internal City activities are distributed across appropriate City divisions (e.g. waste, water, facilities, planning etc). TAF is no longer required to allocate 35% of its grants to fund City projects. A position is appointed within the City Manager's Office to provide policy leadership and ensure coordination between program areas and provide performance monitoring and reporting across all divisions.	<ul style="list-style-type: none"> • Significant opportunities for reduction in incentive program spending and FTEs for the City. • Provides one-window service for residences and businesses with regard to incentives and public engagement programs. • Clear distinction made between external-facing incentive programs and internal-facing programs that support City activities. Benefits associated with integration accrued as a result. • Assignment of accountability and oversight function in City manger's Office (preferred) or Deputy City Manager's Office (cluster TBD) can potentially improve coordination and accountability through greater compliance across divisions. • Clearer boundaries regarding program ownership reduces potential program overlap. • Divisions take full responsibility for considering environmental issues throughout programs. 	<ul style="list-style-type: none"> • This transformation requires TAF to accommodate greater programming responsibilities (approximately \$4M in programming costs if all current external-facing programs are adopted). If TAF is to maintain service standards, this would require additional resources. Otherwise, material program reductions are likely. TAF could seek additional funding from outside sources. However, additional funding from the City likely to be challenging given legislative and other constraints (legal opinion would be required). • Perceived or real contraction of City involvement in environmental programming could be negatively viewed by public. • Potential for City Council to have less control over external-facing programs delivered by an arms-length agency • Lost opportunity for benefits of further integration by making delineation across internal v. external-facing programs 	<ul style="list-style-type: none"> • Significant savings opportunity worthy of further investigation despite challenges TAF may likely face in preserving current service offerings 	Yes

Future State Scenarios Analysis

Overview of Spectrum of Future State Scenarios (cont'd)

Option	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 4 Consolidation into the Facilities Division	The Energy & Strategic Initiatives Office of the Facilities Division assumes the functions and resources of TEO, Tower Renewal and TAF	<ul style="list-style-type: none"> Partial benefits from functional consolidation Improved line of sight on program duplication 	<ul style="list-style-type: none"> The mandate of the Facilities Division is fundamentally inward facing and focused on energy efficiency; externally focused programs or those with objectives beyond energy efficiency may lose priority 	<ul style="list-style-type: none"> While the benefits of Option 4 are similar in magnitude to Option 5, the external facing and environmental programs are not aligned with the current mandate of the Facilities Division 	No
Option 5 Centralization Model *Corresponds to option B in Executive Summary	A new organizational entity (e.g. office, secretariat or division) is created which incorporates the current functions and programs of TAF, TEO and Tower Renewal in their entirety. Externally-facing programs or services provided by the Facilities Management Division's Energy & Strategic Initiatives Office and Toronto Water are also incorporated into this Office.	<ul style="list-style-type: none"> Benefits of functional consolidation are leveraged, including economies of scale, elimination of duplication and greater focus on Council priorities. Direct City Council governance over all environmental and energy efficiency related activities Clearer lines of accountability and reporting Clearer point of contact for clients (internal or external) Improved allocation of limited resources to focus on high priorities. 	<ul style="list-style-type: none"> Significant transformation required, including investment and organizational disruption 	<ul style="list-style-type: none"> Material opportunities for improved service delivery and efficiency gains 	Yes

Future State Scenario Analysis

Scenarios Recommended for City Manager's Consideration (cont'd)

Option	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 5 Variation 1	<ul style="list-style-type: none"> Partial integration of TAF into a new organizational entity whereby TAF staff are integrated while TAF preserves and maintains its name and board of directors, which would evolve to make decisions on grant allocations and incubation projects. TAF remains a legal entity. 	<ul style="list-style-type: none"> TAF brand and investment philosophy are maintained. 	<ul style="list-style-type: none"> City does not necessarily have full control of investments made using TAF endowment fund. 	<ul style="list-style-type: none"> Material potential benefits Manageable organizational change 	Yes
Option 5 Variation 2	<ul style="list-style-type: none"> TAF endowment fund is subsumed by the City however the proceeds of the fund are earmarked for TAF-related investments which are directed by a TAF advisory committee. TAF staff are transferred into the City (TAF continues to execute its work but does so within the City government structure). TAF no longer exists as legal entity. 	<ul style="list-style-type: none"> TAF financial resources are transferred into the City's pool TAF brand is preserved 	<ul style="list-style-type: none"> TAF no longer retains formal authority related to investment decisions Real or perceived dismantling of TAF may create public opposition. 	<ul style="list-style-type: none"> Material potential benefits Manageable organizational change 	Yes
Option 5 Variation 3	<ul style="list-style-type: none"> TEO, TRO and components of the Facilities Management Division's ESI are consolidated under a new organizational entity (e.g. office, secretariat, division) responsible for centralizing functions, while TAF remains as arm's length agency with a niche expertise in innovation and incubation. 	<ul style="list-style-type: none"> Considerable benefits of functional consolidation are realized. 	<ul style="list-style-type: none"> Possibility for duplication between TAF and new entity if not coordinated well. Lack of City control over TAF endowment and operations. (see section 6 for additional details) 	<ul style="list-style-type: none"> Material potential benefits Manageable organizational change 	Yes

Future State Scenario Analysis

Scenarios Recommended for City Manager’s Consideration (cont’d)

Option	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 5 Variation 4	<ul style="list-style-type: none"> All entities except TAF are centralized within the City under one organizational entity. City to completely disentangle from TAF activities and investments (TAF no longer required to allocate 35% of grant budget to fund City programs) 	<ul style="list-style-type: none"> In contrast to current situation, additional savings in the form of time and productivity available for City staff as they longer participate in TAF projects TAF investments no longer restricted by any funding agreements with the City. 	<ul style="list-style-type: none"> City foregoes entitlement to TAF funds 	<ul style="list-style-type: none"> Material potential benefits Manageable organizational change 	Yes

Future State Scenarios Analysis

Overview of Spectrum of Future State Scenarios (cont'd)

	Description	Benefits	Drawbacks	Deciding Factors	Recommended for City Manager Consideration (Y/N)
Option 6 Consolidation Under TAF	TAF performs all programming and service delivery, with the exception of policy and reporting requirements.	<ul style="list-style-type: none"> Benefits of functional consolidation are leveraged, including the removal of programs from City Budget (if no budget transfer is included), and improved line of site on program overlap. 	<ul style="list-style-type: none"> Expanded role of TAF does not necessarily align with their current mandate or niche expertise. TAF is not likely to have the capacity to deliver all programs under their current financing mechanism; as a result, external services to the public may be reduced or a budget transfer will be required from the City. City relinquishes control 	<ul style="list-style-type: none"> This transformation requires TAF to accommodate greater programming responsibilities (over \$4M in programming costs). If TAF is to maintain service standards, this would require additional resources. Otherwise, material program reductions are likely. TAF could seek additional funding from outside sources. However, additional funding from the City likely to be challenging given legislative and other constraints. 	No
Option 7 Eliminate E&EE Mandate	No environmental or energy efficiency programs are funded by the City. Those programs funded in entirety by OPA/THES and delivered by the City continue to be delivered.	<ul style="list-style-type: none"> Reduced expenditures 	<ul style="list-style-type: none"> Effective programs and work will no longer be performed Environment could suffer Improvements to energy efficiency could be hindered Unpopular with public 	<ul style="list-style-type: none"> There is a role for municipalities in environmental management and energy efficiency as large urban cities are big energy consumers and waste producers in ways that impact the local environment <p>*See Part VI – Additional Lines of Inquiry, for additional thinking around the role of the City with respect to E&EE</p>	No

Based on design principles and the desire to identify cost savings, options 3 and 5 are recommended for close consideration by the City Manager.

Evaluation of Recommended Options Against City Objectives and Decision Principles

This table assesses the extent to which the recommended options meet the City's objectives and satisfy KPMG evaluation criteria.

	Evaluation Principles	Option 3 – Decentralization	Option 5 - Centralization
City Objectives	Meet Regulatory Environmental Reporting Requirements	High	High
	Support City's Interests	Medium	High
	Greatest Return on Investment	High	Medium
KPMG Evaluation Principles	Eliminate Duplication	High	High
	Improve Efficiency	High	Medium
	Clear Reporting Lines	Medium-High	High
	Capability to Fulfill City Objectives and Activities	Medium	High
	Support Collaboration	Low	Medium-High
	Realistic	Low	Medium
	Customer Focused	High	High
	Flexible	Medium	Medium

Note: The evaluation of these options were not workshopped with City of Toronto staff. They are presented for discussion purposes.

Option 3 – Decentralization Model

Future State Scenario Analysis

Detailed Analysis of Option 3 – Decentralization Model

Organizational Mandate

All external-facing incentive and public engagement programs are developed and delivered by TAF. TEO functions and programs that support internal City activities are distributed across appropriate City divisions (e.g. waste, water, facilities, planning etc). TAF is no longer required to allocate 35% of its grants to fund City projects. A position is appointed within the City Manager’s Office to provide policy leadership and ensure coordination between program areas and provide performance monitoring and reporting across all divisions.

Why Is This Model Attractive?

This model consolidates external-facing incentive and public engagement programs off of the City’s budget, This transfer represents a short-term significant reduction in City spending. It also allows for efficiencies to be gained through the integrated management of programs under one Organization (i.e.TAF).

Benefits	Drawbacks
<ul style="list-style-type: none"> Significant opportunities for reduction in incentive program spending and FTEs for the City. Provides one-window service for residences and businesses with regard to incentives and public engagement programs. Clear distinction made between external-facing incentive programs and internal-facing programs that support City activities. Benefits associated with integration accrued as a result. Assignment of accountability and oversight function in City manger’s Office (preferred) or Deputy City Manager’s Office (cluster TBD) can potentially improve coordination and accountability through greater compliance across divisions. Clearer boundaries regarding program ownership reduces potential program overlap. Divisions take full responsibility for considering environmental issues throughout programs. 	<ul style="list-style-type: none"> This transformation requires TAF to accommodate greater programming responsibilities (approximately \$4M in programming costs if all current external-facing programs are adopted). If TAF is to maintain service standards, this would require additional resources. Otherwise, material program reductions are likely. TAF could seek additional funding from outside sources. However, additional funding from the City likely to be challenging given legislative and other constraints (legal opinion would be required). Perceived or real contraction of City involvement in environmental programming could be negatively viewed by public. Potential for City Council to have less control over external-facing programs delivered by an arms-length agency Lost opportunity for benefits of further integration by making delineation across internal v. external-facing programs

Variations on this Model

- Transfer external-facing programs from TEO only. Distribute internal-facing programs from TEO to appropriate City divisions. Retain external-facing programs within Facilities and Toronto Water. Under this variation, TAF program responsibilities would not increase and programs would be kept within the City.

Spend Reductions from Incentive and Public Engagement Programs

- Spending associated with transfer of all City incentive and public engagement programs transferred to TAF and removed from the City budget.

Option 5 – Centralization Model

Future State Scenario Analysis

Detailed Analysis of Option 5 – Centralization Model

Organizational Mandate

A new organizational entity (e.g. office, secretariat or division) is created which incorporates the current functions and programs of TAF, TEO and Tower Renewal in their entirety. Externally-facing programs or services provided by the Facilities Management Division's Energy & Strategic Initiatives Office and Toronto Water are also incorporated into this Office.

Functions	Activities Performed
Research and Advisory	<u>Acquire and share knowledge and expertise</u> - Undertaking research related to environment and energy efficiency to identify relevant risks, new or emerging technologies or practices and stakeholder needs and using this knowledge and know-how to advise stakeholders accordingly -
Policy, Planning and Program Design	<u>Determine how to practically use this knowledge and expertise to affect change</u> - Based on research and advisory support, develop strategy and plans, policy and program designs.
Program Deployment and Management	<u>Run programs</u> - Implementation and management of incentive programs including grant or loan programs as well as 'incubating' programs that bring relevant stakeholders together to pilot a program
Public & Stakeholder Engagement	<u>Increase awareness and promote programs</u> – Engage residents, business and other city stakeholders to increase their awareness of environmental issues, to inform stakeholders on how they can change their behaviors, and what supports are there to help them do so.
Management	<u>Coordination and leadership</u> – Management and leadership of division and unit activities.
Supporting Functions	<u>Measure and report on performance including all legislatively mandated reporting</u> – Monitor and track program performance measured against desired outcomes as well as legislated reporting requirements.
	<u>Manage and support the primary functions</u> - Provide management and leadership as well as corporate and administrative support to primary functions described above.

Why Is This Model Attractive?

This model is worthy of consideration because it presents the most opportunity for leveraging the benefits of integration including improved efficiencies, eliminating redundancies, establishing clear lines of accountability and reporting and improving service delivery. Furthermore, this model does not require a significant up-front investment or organizational transformation.

Future State Scenario Analysis

Detailed Analysis of Option 5 – Centralization Model (cont'd)

Benefits	Drawbacks
<ul style="list-style-type: none"> • Benefits of functional consolidation are leveraged, including economies of scale, elimination of duplication and greater focus on Council priorities. • Direct City Council governance over all environmental and energy efficiency related activities • Clearer lines of accountability and reporting • Clearer point of contact for clients (internal or external) • Improved allocation of limited resources to focus on high priorities. 	<ul style="list-style-type: none"> • Possible dilution of priorities of special interests • Potential loss of specialized or customized approach with increased standardization • Major organizational impact and change management required to undertake transformation • Potential requirement for upfront investments, depending on scale of integration • Potential loss of agility or “nimbleness” in responding to client needs • There is possible concern that divisions would not incorporate environmental issues in their day to day operations if it is perceived that the central agency has it covered.

Variations on this Model

- Partial integration of TAF into a new organizational entity whereby TAF staff are integrated while TAF preserves and maintains its name and board of directors, which would evolve to make decisions on grant allocations and incubation projects. TAF remains a legal entity.
- TAF endowment fund is subsumed by the City however the proceeds of the fund are earmarked for TAF-related investments which are directed by a TAF advisory committee. TAF staff are transferred into the City (TAF continues to execute its work but does so within the City government structure). TAF no longer exists as legal entity.
- TEO, TRO and components of the Facilities Management Division's ESI are consolidated under a new organizational entity (e.g. office, secretariat, division) responsible for centralizing functions, while TAF remains as arm's length agency with a niche expertise in innovation and incubation.
- All entities except TAF are centralized within the City under one organizational entity. City to completely disentangle from TAF activities and investments (TAF no longer required to allocate 35% of grant budget to fund City programs)

Incentive Program Spend Reductions

- Of the \$8.6 million of incentive spending (excluding programs funded through endowments), this model will offer improved line of site on incentive programs, reducing and duplication and allowing for future iterations of incentive programs to be designed in a more focus manner, leading to more value for money.
- Program spend reductions in this model are estimated to be between 10 – 20%

Future State Scenario Analysis

Detailed Analysis of Option 5 – Centralization Model (cont'd)

Current In-Scope FTEs: 58

Management: 6.5

Staff : 51.5

Potential Future State FTEs: 34 - 44

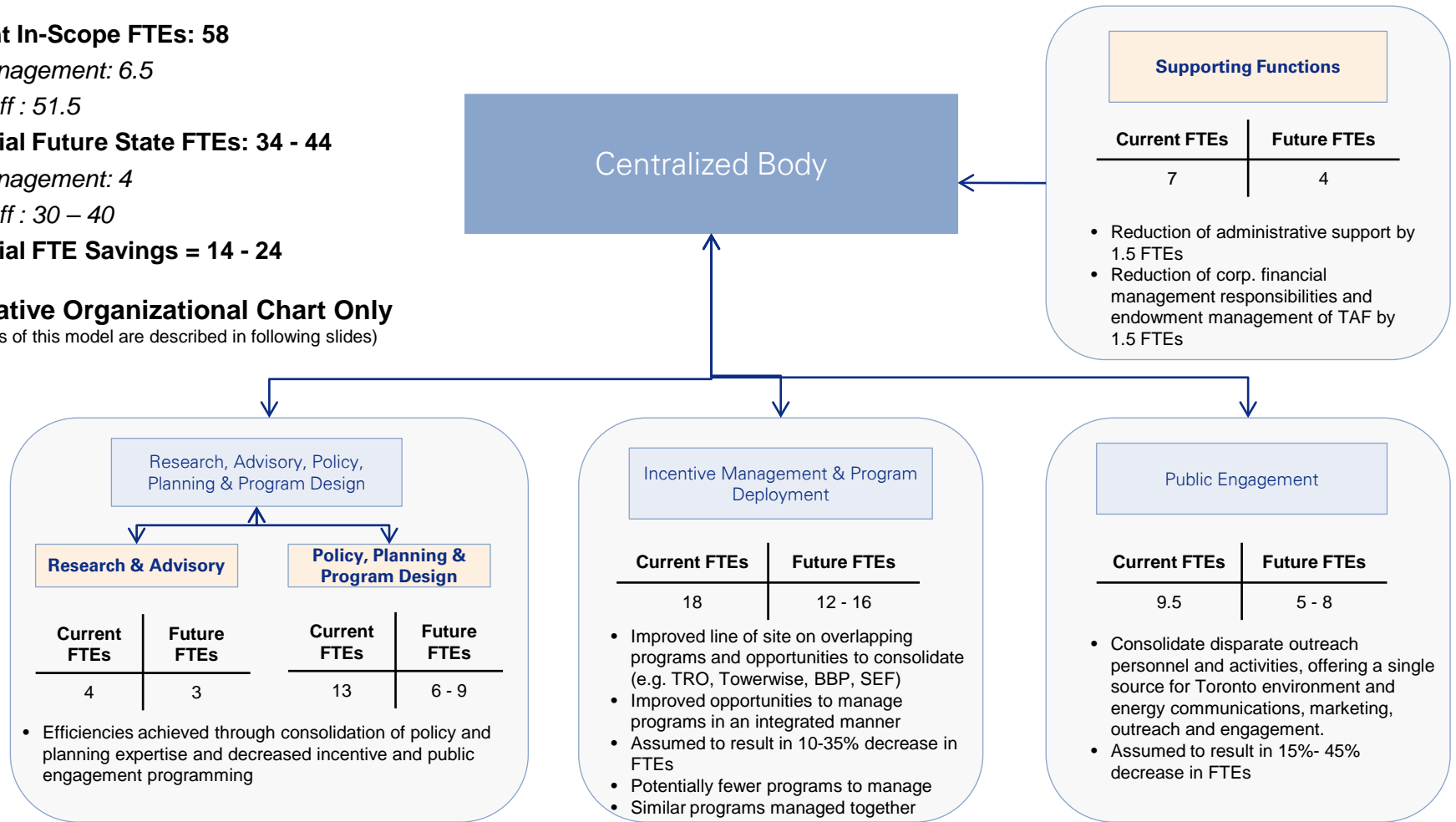
Management: 4

Staff : 30 – 40

Potential FTE Savings = 14 - 24

Illustrative Organizational Chart Only

(Variations of this model are described in following slides)



Comparison by Savings Potential – Business Case Overview

Scenario	Cost Saving Opportunities				Degree of Transformation Required	Timeline for Transformation	Summary of Benefits & Risks
	Possible FTE Reduction and potential savings ¹	Possible Incentive Program Spend Reduction ²	Additional Savings Opportunities	Approximate Total Financial Benefits			
Option 3 – Decentralization Model	15-20 (TEO's current FTE count) \$1.5M-\$2.0M	\$4.6M (programs sunseting) + \$4.0M (incentive programs transferred to TAF) = \$8.6M		Approx \$10.1M-\$10.6M	Medium	2012	Substantial savings in short term due to transfer of external-facing program responsibilities to TAF (\$4.0M). Significant challenges for TAF in assuming increased programming responsibilities. Significant risk that programming currently managed by the City would be contracted.
Option 5 – Centralization Model*	14-24 \$1.4M - \$2.4M	\$4.6M (programs sunseting) + 10%-20% of \$4.0M (remaining spend) = \$5.0M-\$5.4M	TAF Finance and Investment Management - \$0.1M	Approx \$6.6M-\$7.9M	High	2012-2013	This option or its variation is considered the preferred model from an organizational design perspective. It leverages benefits of integration and has the most potential for FTE savings and elimination of redundancies. Organizational risks exist associated with significant transformation.

* Option 5 – Saving estimates for this option are based on a fully centralized model. Variations of this model have lower cost saving opportunities.

*These FTE reductions are inclusive of FTE reductions identified as part of the 2012 budget planning process including TEO's planned reduction of 3 FTEs , TRO's planned reduction of 1 FTE and any other planned reductions of divisions within scope of this review.

¹ Potential savings from FTE reductions are based on \$100k per FTE. Note, FTE reductions are projections only based on anticipated efficiencies (listed in scenario analysis) and assumed savings rates.

² Incentive spend reductions based on approximate total external incentive program budgets reduced by assumed savings rate. Assumes no drastic program cuts in 2012.

Next Steps & Recommendations

It is recommended that the City of Toronto consider undertaking the following actions:

- Clarify and articulate the priority of environment and energy efficiency vis-a-vis other City priorities
- Evaluate, refine and select preferred option from KPMG's models recommended for City Manager consideration
- Undertake in-depth organizational design exercise, including inventorying roles and skill-sets and crafting new role descriptions for future state
- This review should be considered an initial step that precedes many others



Part VI: Additional Lines of Inquiry

Performance Management Framework

Current State

Over the limited duration of this assignment, KPMG was able to collect some information on program performance indicators used by each program (included in individual organization's dashboards). However, limited availability and possibly limited use of performance measures at the program level prevented a deeper analysis from being conducted.

Initial observations are as follows:

- Not all programs collect performance metrics. In cases when metrics are used, output-based metrics are often utilized.
- Although certain programs focus on outcome-based metrics, high variability exists in the use of outcome-based metrics exist across programs and divisions
- It is unclear whether the City of Toronto has established a robust framework that articulates division roles and requirements around performance reporting.
- It is unclear whether data derived from performance indicators (for both programs and organization) are used by divisions or the City Manager's Office on an ongoing basis to make data-informed decisions around program improvements, budget approvals and program renewals

Opportunities for Improvement: Possible Elements of a Performance Management Framework

Develop a consolidated performance evaluation framework that includes all programs in scope for this assignment. The framework could clearly articulate roles and responsibilities for each division as it relates to collecting and reporting program performance data. The framework could also emphasize the use of targets, regular tracking of performance, and a feedback system that enables divisions and Council to make data-informed decisions around subsequent program improvements, funding approval and program renewals.

Moreover, as per the City Council Directive, the City of Toronto wants to receive a positive return on investment in environment and energy efficiency programs. Return on investment metrics could also be integrated into a new performance management framework. Returns on Investment for the City can be defined as:

- Reduced city spending (which includes reduced energy, infrastructure and public health costs)
- Reduced greenhouse gas emissions and improved air quality
- Increased economic development

Services Provided to Advance Environment and Energy Efficiency Goals

Current State

The organizations in scope deliver services largely through two functions: managing incentive programs (grant & loan management, packaging of pilot projects and deals) and stakeholder engagement programs.

This was, at a high level, consistent with other jurisdictions and as far as KPMG was able to ascertain, this appears to be an appropriate delivery model to incent or inspire business, residents and public sector organizations to behave in a more environmentally appropriate manner.

Levers of Change

The city has three levers available to affect change: incentive programs, stakeholder engagement programs and regulatory programs. The City of Toronto has left regulatory matters to other levels of government. It is conceivable that the desired changes sought by incentive programs and stakeholder engagement could be brought about through legal and regularity channels, however, this marks a significant change in approach and would require further study to assess the viability of this change. All jurisdictions reviewed offer a suite of incentive and stakeholder engagement programs, however, only San Francisco and New York appear to use regulation as a lever of change.

Cost Effectiveness and Value for Money

As part of our current state assessment, we captured program accomplishments and any performance measures (captured in the individual organization's dashboards). Although there is evidence to support the assertion that these programs are bringing about positive impacts, there is little tracked at the program level on a value-for-money basis. In other words, the City may be influencing positive change, however, whether or not Toronto residents are getting the best bang for the buck is difficult to determine without specific a performance measurement framework in place for each program.

As one point of comparison, according to a Toronto Environment Office report, Toronto spends approximately \$1.58 per capita compared with a median of \$2.58 among 11 comparator jurisdictions in North America and Australia.

Services Provided to Advance Environment and Energy Efficiency Goals

The Environment as a Municipal Priority

The findings of our jurisdictional review seemed to indicate that the importance and priority of environmental issues for comparator municipal governments tended to be increasing or remaining steady.

Loans vs. Grants

The KPMG team assessed the opportunity to transition from grants to loans while maintaining effectiveness. From the high-level review conducted, KPMG observed that the opportunities for this are few and far between. Firstly, for most grant programs, particularly smaller grants directed to residents, the level of participation would significantly drop if these programs were transferred from grants to loans. Second, it has been reported that the administrative, legal and business due diligence required for a loan over a grant is significant and can often cost more in salary costs and fees than the grant itself.

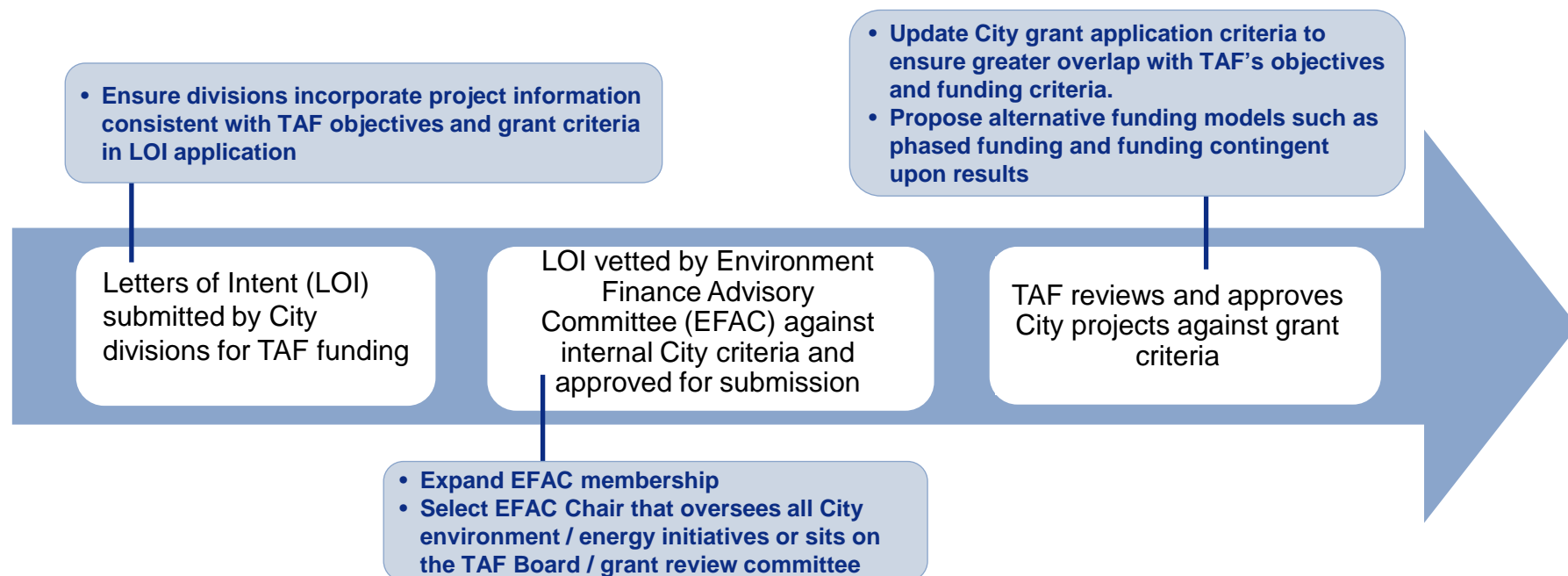
The degree of benefit that could be achieved, in this particular context is likely moderate at best and does may not warrant further study.

TAF Endowment Performance vs. City Investment Performance

- Markets around the world have posted poor returns since the financial crash of 2008 and this has impacted the performance of TAF's endowment fund.
- The City, having taken a more conservative investment position, has been less impacted by market downturn.
- In the short-term, the City posted an average rate of return of 4.2% in 2010 and is expected to achieve a return of 3.9% in 2011. In comparison, TAF has suffered a loss of principle.
- In the long-term, however, it is likely that there may be less disparity in investment performance between the two entities. The City achieved an average rate of return of 5.09% since the City's amalgamation in 1998 to date. Since 2003, that rate of return has been 4.93%. In comparison, TAF's annualized return on investment since 2003 has been 4.03%.
- Considering that TAF spends approximately \$100,000 per year on external financial advisors, historically speaking, TAF's financial performance is comparatively lower. However, historical performance is not a predictor of future performance. There is no precise way to determine who would best manage the fund going forward. This decision remains, fundamentally a political one.
- TAF's investment strategy (in particular, investments in equities) may not be consistent with its funding needs. Purported to be one of the reasons TAF was created as an outside agency (to be able to make investments in areas such as equities for potentially greater returns), this investment strategy may no longer be appropriate given the global climate of economic uncertainty.

Leveraging the City-TAF Funding Relationship Framework

The 2006 City-TAF Relationship Framework adopted by Council established both a 35% grant contribution target range and an internal City screening process for recommending City projects to TAF for funding. In recent years, TAF funding has fluctuated with only 5% (2009) and 11% (2010) of TAF grants being allocated to the City. Opportunities exist at each step of the TAF grant application process to improve the City's target of achieving 35% TAF funding



A new organizational structure that increases strategic collaboration with TAF may present opportunities for greater TAF funding. In particular, coordination with TAF around the grant application process can increase successful grants. Moreover, mandate, strategies and projects can be co-developed, selected and managed to ensure more successful grants. Benefits could include: reducing City staff time allotted to creating, reviewing, submitting and reporting on grants; opportunities to leverage TAF funding and secure external funding through TAF partnerships; and multiyear funding timeframes and high impact results

Rationale for City Involvement in Environment & Energy Efficiency Programs and Services

- Council-approved policy & directives (as described on slides 25 & 26) indicate a significant role for the City in this context
- Cities across North America and Europe tend to offer a comparable suite of services to those offered by Toronto, and in some cases are increasing their role in this capacity.
- Environment has a direct bearing on the well-being and quality of life of residents.
- Investment in energy efficiency tends to result in positive financial returns as well as environmental benefits

A business case for city involvement in environment and energy efficiency can be made based on several key reasons¹:

- Cities consume over 2/3 of the world's energy and account for more than 70% of greenhouse gas emissions
- Cities therefore have the greatest opportunity to conserve energy, reduce energy costs and improve environmental conditions
- Improving energy efficiency and the environment returns economic, health and local community benefits – *an expanding international trend*
- Cities are very dependent on infrastructure (e.g. electricity supply, transportation networks) that are vulnerable to extreme weather events – therefore local and regional adaptation is paramount to maintain public services and local business operations
- Cities are required to engage in environmental regulatory reporting to other levels of government and have the opportunity to promote their interests in the development and review of energy and environmental policy and programs of those governments

Further, there are clear economic, health and local community benefits associated with improving energy efficiency and the environment.²

- Economic benefits include: energy and operating cost savings and physical asset renewal.
- Health benefits include: significantly reduced premature deaths, emergency room visits, general hospital admissions directly caused by air pollution.
- Local community benefits include: local job creation, support for local businesses, increased community engagement, and new business opportunities.

¹ C40 Cities Climate Leadership Group. *Fact Sheet: Why Cities?*

² Federation of Canadian Municipalities. *The Business Case for Cutting Greenhouse Gas Emissions from Municipal Operations*



Part VII: Appendix



Core Service Review

July 2011

Findings for In-Scope Organizations

Toronto Atmospheric Fund

The next section contains profiles for Toronto Atmospheric Fund services that are allocated to the Executive standing committee.

Toronto Atmospheric Fund

Toronto Atmospheric Fund

Standing Committee	
Executive	
Cluster	
Agency	
Program	
Toronto Atmospheric Fund	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$2.2
Net	\$0

Rationale for Core and Service Level Assessment	
These services are a response to community priorities. The Management and Investment activities are essential to the extent the other activities require them.	

Jurisdictional Examples	
Most municipalities do not have directly comparable programs.	

		Below Standard	At Standard	Above Standard
Core	Mandatory			
	Essential	Management & Administration	Investment of TAF Assets	
Discretionary	Traditional			
	Other	Emission Reduction Programs (Design & Delivery)	Contributions to City and Community	

Key Opportunities	
<ul style="list-style-type: none">There is the opportunity to eliminate this serviceThere is an opportunity to streamline the Investment of TAF Assets by having the City handle investment of the funds on behalf of TAF.	

Toronto Atmospheric Fund

Toronto Atmospheric Fund

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Contributions to City and Community	0.69	0	0%	4	S	C	D	
Emission Reduction Programs (Design & Delivery)	0.99	0	0%	4	S	M	D	• Includes \$500,000 external funding
Investment of TAF Assets	0.13	0	0%	2	S	C	D	• Includes fixed income, equities and loans
Management & Administration	0.43	0	0%	2	S	M/L/C	D	

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
NCSR	The Toronto Atmospheric Fund could be wrapped up as a program.	Grants and programs promoting clean air and climate solutions would not be issued. There would be no net saving to the City, but the capital fund (\$23M) would be available for other purposes.	High (more than 20%)	2012-3	Low
RE	Fund investment could be managed in whole or in part by the City	Dedicated resources to manage a fund of this size are not required and the City has a process for managing the investment of much larger funds already in place.	Medium (up to 20%)	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which impact could be felt. Full savings may take longer.

Facilities and Real Estate

Facilities and Real Estate

Facilities Management

Standing Committee	
Government Management	
Cluster	
Cluster C	
Program	
Facilities and Real Estate	
Service Type	
Internal	
Program Budget (\$m)	
Gross	\$145.9
Net	\$79.5

Rationale for Core and Service Level Assessment
<p>Facilities Management is an essential service required to successfully operate the City.</p> <p>Service level standards across Facilities Management are being consistently achieved.</p>

Leading Practices
<p>Leading practices include:</p> <ul style="list-style-type: none"> • Use of external providers for custodial and security services. • Centralized management of facilities i.e. shared services. <p>OMBI Benchmarks:</p> <ul style="list-style-type: none"> • Facility Operating Cost per Sq. Ft of Office Building <ul style="list-style-type: none"> • City of Toronto: \$13.50 • OMBI Average: \$12.47 • Custodial Cost per Sq. Ft. of HQ Building <ul style="list-style-type: none"> • City of Toronto: \$4.18 • OMBI Average: \$2.53

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

Key Opportunities
<ul style="list-style-type: none"> • The key opportunities in Facilities Management include strategic sourcing and pooling resources across agencies and divisions. • Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Facilities and Real Estate

Facilities Management

Services/Activities								
Service/Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Facilities Management	145.89	79.53	55%					
Energy Management	39.46	22.07	56%	2	S	L/F/C	D/Mp/Mc	
Security and Safety	16.51	8.26	50%	2	S	M/C	D/Mc	
Custodial Care	31.62	16.25	51%	2	S	M/C	D/Mc	
Facilities Maintenance	58.29	32.95	57%	2	S	M/C	D/Mc	

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings*	Timeframe**	Barriers
ASDR	Consider increasing shared services approach with agencies for all activities.	Requires more coordination and service level management. May introduce service level disruption during transition.	Low (up to 5%)	2013	Medium
ASDR	Consider strategic sourcing of custodial and security activities.	Requires more contract and service level management. May introduce service level disruption during transition.	Low (up to 5%)	2012	Medium

*Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Facilities and Real Estate

Real Estate Services

Standing Committee	
Government Management	
Cluster	
Cluster C	
Program	
Facilities and Real Estate	
Service Type	
Internal	
Program Budget (\$m)	
Gross	\$24.6
Net	-\$25.0

Rationale for Core and Service Level Assessment
<p>Real Estate Services is an essential service required to successfully operate the City.</p> <p>Service levels standards across Real Estate Services are being consistently achieved.</p>

Leading Practices
<p>Leading practices include:</p> <ul style="list-style-type: none"> Centralized management of real estate i.e. shared services. Standardized lease terms.

	Below Standard	At Standard	Above Standard
<div> <div>Core</div> <div>Mandatory</div> <div>Essential</div> <div>Discretionary</div> <div>Traditional</div> <div>Other</div> </div>			

Key Opportunities
<ul style="list-style-type: none"> The key opportunities in Real Estate include pooling resources across agencies and divisions. Cost savings should be identified through an efficiency and effectiveness review of the program/service, specifically reviewing the organizational structure, business processes and technology platforms in place.

Facilities and Real Estate

Real Estate Services

Services/Activities								
Service/Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Real Estate Services	24.60	-24.96	-101%					
Property Appraisal	2.19	1.59	73%	2	S	L	D/Mc	Section 37 and 42 of the Planning Act.
Lease Management	18.07	-29.28	-162%	2	S	L	D/Mc	Commercial Tenancies Act and Residential Tenancies Act.
Development and Portfolio Planning	1.05	0.78	74%	2	S	L	D/Mc	
Property Disposal	1.63	1.06	65%	2	S	L	D/Mc	City of Toronto Act.
Property Acquisition	1.66	0.89	53%	2	S	L	D/Mc	Expropriations Act.

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings*	Timeframe**	Barriers
ASDR	Consider increasing shared services approach with agencies for all activities.	Requires more coordination and establishing service level management. May introduce service level disruption during transition.	Low (up to 5%)	2013	Medium

*Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Toronto Environment Office

Standing Committee	
Parks and Environment	
Cluster	
Cluster B	
Program	
Toronto Environment Office	
Service Type	
•External Service Delivery •Internal Support Services	
Program Budget (\$m)	
Gross	\$11.5
Net	\$3.2

Rationale for Core and Service Level Assessment
Environmental Support for Residents and Businesses are optional services that increase awareness and foster action on environmental issues.
Corporate Environmental Support Services is also largely discretionary services, with the exception of Regulatory Reporting, which is required by legislation (federal, provincial and city by-laws).

Jurisdictional Examples
Some of the comparator cities were identified as having some similar programs:
<ul style="list-style-type: none">• Montreal has guidelines to assist the municipal administration in integrating sustainable development into planning and policy-making in Montréal.• In Chicago, the Chicago Department of Environment develops environmental policies, initiatives and programs, enforces the City's environmental code and regulations.• In Melbourne , The Environment Management Plan sets out responsible waste and environmental practices for all properties in the municipality.

	Below Standard	At Standard	Above Standard
Core			
Mandatory			● Environmental Advisory, Coordination and Regulatory Reporting
Essential			
Discretionary			
Traditional			
Other			

Key Opportunities
<ul style="list-style-type: none">• The activities of the Toronto Environment Office are largely non-core and could be eliminated, albeit with some damage to Toronto's record and reputation in the environmental field.

Toronto Environment Office

Toronto Environment Office

Service / Activities								
Service / Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Environmental Support for Residents and Businesses								
Community Grants	5.44	0.1	2%	4	S	M	F / D	
Community Partnerships	0.17	0.17	100%	4	S+	M	Mp	
Community Engagement	3.07	0.93	30%	4	S	M/F	SM / D	<ul style="list-style-type: none"> Community Animators is contracted. Funding arrangements with groups like Smart Commute North Toronto Vaughan.
Corporate Environmental Support Services								
Strategic Policy Analysis, Development and Implementation	0.93	0.56	60%	4	S	M	D	<ul style="list-style-type: none"> Environmental policy development and monitoring internal to the City.
Environmental Advisory, Coordination and Regulatory Reporting	0.58	0.51	88%	1	S	L/M	D	<ul style="list-style-type: none"> 4 mandatory reporting requirements – 2 federally, 1 provincially, 1 ,municipally.
Program Design and Delivery	0.67	0.57	85%	4	S	M	D	<ul style="list-style-type: none"> Risk Assessment – 2 divisions per year.
Monitoring, Research and Evaluation	0.67	0.39	58%	4	S-	C/M	D	<ul style="list-style-type: none"> Submission of the Green Initiatives Report has been delayed for review corporately.

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Time Frame **	Barriers
NCSR	Reduce or eliminate activities.	Some activities have revenues that would be lost or contribute to cost-shared programs that could be jeopardized. Some environmental expertise is required as an input to policy development, deal with environmental regulation and anticipate the impact of environmental change. A number of programs involve partners (e.g. Smart Commute with 19 employers of 90,000 employees), and volunteers whose commitment would be challenged.	High (more than 20%)	2012	Medium

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

City Planning

City Planning

Development Review, Decision and Implementation

Standing Committee	
Planning and Growth Management	
Cluster	
Cluster B	
Program	
City Planning	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$19.4
Net	n/a

Rationale for Core and Service Level Assessment	
Community planning and review of development applications has long been an important municipal role.	

Jurisdictional Examples	
In Montreal, an Urban Planning Advisory Committee (known as "UPAC") is mandated to evaluate the special requests of citizens or developers, in terms of urban planning and land use.	

		Below Standard	At Standard	Above Standard
Core	Mandatory	Community Planning *		Committee of Adjustment *
	Essential			
Discretionary	Traditional	Heritage Review *		
	Other			

Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

Key Opportunities	
<ul style="list-style-type: none">There are opportunities to make the planning processes less complex and more consistent which will both reduce costs and the time required to process applications. This will limit the extent and duration of public discussion in some cases. It could also limit the amount of free information provided to proponents requiring that they engage professionals for assistance, or pay for the time of City staff providing information.	

City Planning

Development Review, Decision and Implementation

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Development Review, Decision and Implementation (includes all activities below)	19.4 *	n/a	n/a	(*) This figure represents cost of all activities described below on this page				
Committee of Adjustment	n/a	n/a	n/a	1	S+	M	R	<ul style="list-style-type: none"> Service level involves extensive consultation and co-ordination.
Community Planning	n/a	n/a	n/a	1	S+	M	R/D	<ul style="list-style-type: none"> Applications not consistently processed within target time frames – this is generally due to more extensive circulation, public involvement and discussion than required. Design and Site Plan inconsistent across the City - includes developments, like single-family, where not required.
Heritage Review	n/a	n/a	n/a	3	S+	L/C	R/D	<ul style="list-style-type: none"> Archeological Review exceeds standards. Public Art program optional.

•Note: n/a denotes data not available

City Planning

Development Review, Decision and Implementation

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings*	Timeframe**	Barriers
SLR	Consider less proactive and detailed intents review process.	Could speed up processing of applications, but could lead to sub-optimal outcomes.	Medium (up to 20%)	2012	Low
NCSR	Consider eliminating public art programs.	Program appears to generate substantial investment in public art at modest costs to the City.	Low (up to 5%)	2012	Low
SSR	Consider the opportunity to harmonize the Site Plan By-law.	The value added by City Planning does not appear to be commensurate with the amount of effort required to process certain site plan applications. In particular, single family created by consent, single family homes on ravines and homes on lots.	Low (up to 5%)	2013	Low
SSR	Consider co-location with other City Divisions.	Could result in cost savings.	Low (up to 5%)	2013	Medium
SLR	Consider streamlining review of planning applications.	Could speed up processing of applications, but could lead to sub-optimal outcomes.	Medium (up to 20%)	2013	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

City Planning

Civic and Community Improvement

Standing Committee	
Planning and Growth Management	
Cluster	
Cluster B	
Program	
City Planning	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$3.7
Net	n/a

Note: A portion of Heritage Inventory and Incentives is also reviewed under the Community Partnership and Investment Program.

Rationale for Core and Service Level Assessment
Heritage Preservation is a traditional municipal role.
The Public Realm improvements program goes beyond what some cities do.

Jurisdictional Examples
Montreal, Chicago, Boston and Melbourne provide this service at the City level.

	Below Standard	At Standard	Above Standard
Core			
Discretionary			

Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

Key Opportunities
<ul style="list-style-type: none">The support to heritage structures could be reduced or eliminated.The support to public realm improvement could be reduced or eliminated. The major impacts would be on the capital budget.

City Planning

Civic and Community Improvement

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Civic and Community Improvement (includes all activities below)	3.7 *	n/a	n/a	(*) This figure represents cost of all activities described below on this page				
Heritage Inventory and Incentives	n/a	n/a	n/a	3	S+	L/C/F	R/F	<ul style="list-style-type: none"> Heritage Designations falling behind. Grant and Rebate programs exceeds requirements.
Public Realm Improvements	n/a	n/a	n/a	3	S+	C	D	<ul style="list-style-type: none"> Optional service to improve the look of public places in the City.

•Note: n/a denotes data not available

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
SLR	Consider reducing the Heritage Grant and Heritage Tax Rebate Program.	May make it more difficult to convince owners to retain heritage buildings.	High (more than 20%)	2012	Low
SLR	Consider reducing the services levels and/or eliminating the Public Realm Improvements program.	Eliminating these services will impact the look and dynamism of the City.	High (more than 20%)	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

City Planning

City Building and Policy Development

Standing Committee	
Planning and Growth Management	
Cluster	
Cluster B	
Program	
City Planning	
Service Type	
<ul style="list-style-type: none">• External Service Delivery• Governance	
Budget (\$m)	
Gross	\$13.5
Net	n/a

Rationale for Core and Service Level Assessment
Many plans are required by provincial legislation. Policy and area studies are carried out by most municipalities.

Jurisdictional Examples
Montreal, Chicago, Boston and Melbourne provide this service at the City level.

	Below Standard	At Standard	Above Standard
Core			
Discretionary			

Note: * denotes that bubble size and color are not reflective of financial budgets – data not available.

Key Opportunities
<ul style="list-style-type: none">• No opportunities were identified.

City Planning

City Building and Policy Development

Activities								
Service / Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
City Building and Policy Development (includes all activities below)	13.5	n/a	n/a	(*) This figure represents cost of all activities described below on this page				
Plans	n/a	n/a	n/a	1	S-	L	R	<ul style="list-style-type: none"> Comprehensive zoning by-law review behind schedule.
Policy, Studies and Guidelines	n/a	n/a	n/a	3	S	C	D	<ul style="list-style-type: none"> Generally meeting standards, although a couple of study types are behind standard.
Surveys, Monitoring and Forecasting	n/a	n/a	n/a	3	S	C	D	<ul style="list-style-type: none"> Data collection is required to support planning activities.

Note: n/a denotes data not available

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
-	None identified.	-	-	-	-

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Solid Waste Management Services

Solid Waste Management Services

Solid Waste Collection

Standing Committee	
Public Works and Infrastructure	
Cluster	
Cluster B	
Program	
Solid Waste Management Services	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$126.7
Net	-

Rationale for Core and Service Level Assessment
<p>Solid Waste Collection is an essential service.</p> <p>The diversion rate targeted by the City (47%) reflects the high cost and limited opportunities for landfill disposal, but, it is higher than what other municipalities are targeting and may not be possible given the high proportion of multi-residential housing in Toronto, however the Division indicates it expects to meet this target with forward thinking innovative waste management programs.</p> <p>Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base.</p>

Jurisdictional Examples
<p>OMBI report indicates that:</p> <ul style="list-style-type: none"> Toronto receives a high number of garbage collection complaints relative to the median. The cost for waste collection in Toronto is lower than other Ontario municipalities, but the cost for disposal is high (though less than some GTA municipalities). All comparator municipalities have this service, although three provide it through an ABC and in Barcelona the service is provided by a private sector organization.

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

Key Opportunities
<ul style="list-style-type: none"> Introducing and expanding the contracting of solid waste collection is the most significant cost reduction opportunity. Elimination of some small, specialized services like the Toxic Taxi program and Community Environment Days may impact achievement of some program goals.

Solid Waste Management Services

Solid Waste Collection

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Collect Curbside	70.20	-	0%	2	S+	L/C/F	D/Mc	<ul style="list-style-type: none"> Toxic taxi, household collection of electronic appliances and provisions of bins / containers appears to be higher than standard. Receives external funding. Recycling programs are legislated.
Collect Multi Residential	27.47	-	0%	2	S+	L/C/F	D/Mc	<ul style="list-style-type: none"> Toxic taxi and household collection of electronic appliances appears to be higher than standard. Receives external funding.
Small Commercial Waste Collection	7.0	-	0%	3.5	S	C	D	<ul style="list-style-type: none"> Most locations include service to residential units above the commercial.
Litter	18.10	-	0%	2	S	C	D	<ul style="list-style-type: none"> Partially contracted out. Could frequencies be reduced?
Litter Bins and Special Events and Parks	3.18	-	0%	2	S	C	D/Mc	<ul style="list-style-type: none"> This is partially contracted out. Recently transferred to SWMS.
Customer Drop-Off	0.28	-	0%	2	S	L/C/F	D	<ul style="list-style-type: none"> Main means of collecting toxic wastes.
Community Environment Days	0.47	-	0%	4	S	M/F/C	D	<ul style="list-style-type: none"> External funding covers the costs. This is the primary program for collection and safe disposal of hazardous wastes.

Solid Waste Management Services

Solid Waste Collection

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
NCSR	Consider replacing Toxic Taxi with drop off.	Could result in more toxic materials being disposed off improperly.	Low (up to 5%)	2012	Low
NCSR	Consider eliminating community environment days.	Could result in more toxic materials being disposed off improperly, lower participation in recycling activities.	Low (up to 5%)	2012	Low
ASDR	Consider further contracting out of Collection Services.	May meet with resistance. Provisions of the collective agreement may impact potential savings.	Medium (up to 20%)	2013	Medium
NCSR	Consider eliminating the (4) free garbage tag program.	Would increase revenue from bag tag sale and provide additional encouragement to recycle.	Low (up to 5%)	2012	Low
NCSR	Consider elimination of small commercial waste collection.	Largely at locations that already have residential collection, so current approach reasonably efficient. Collective agreement may limit savings. Requires business case analysis.	High (more than 20%)	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Solid Waste Management Services

Solid Waste Processing, Transfer and Disposal

Standing Committee	
Public Works and Infrastructure	
Cluster	
Cluster B	
Program	
Solid Waste Management Services	
Service Type	
External Service Delivery	
Budget (\$m)	
Gross	\$198.8
Net	-

Rationale for Core and Service Level Assessment
<p>Solid Waste Processing, Transfer and Disposal is an essential municipal service.</p> <p>The diversion rate targeted by the City (70%) reflects the high cost and limited opportunities for landfill disposal, but, it is higher than what other municipalities are targeting and may not be possible given the high proportion of multi-residential housing in Toronto, however the Division indicates it expects to meet this target with forward thinking innovative waste management programs.</p> <p>Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base.</p>

Jurisdictional Examples
<p>OMBI report indicates that:</p> <ul style="list-style-type: none"> Toronto's diversion rate is lower than the median – 44% verses 47.6%, And the cost of diversion (\$343 per ton) is the highest in the province, far higher than the cost of disposal (\$111 plus \$79 for collection). <p>Most of the comparator municipalities are responsible for solid waste processing, transfer and disposal. In Barcelona a private company is responsible. Montreal and Boston achieve a 20% diversion rate, Chicago 45%, Philadelphia has a 15.7% rate with a 25% target for 2015, Barcelona achieves 12% diversion.</p>

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

The diagram consists of three overlapping circles labeled 'Material Receiving', 'Material Processing', and 'Material Transport'. A fourth, separate circle is labeled 'Residual Disposal'.

Key Opportunities
<ul style="list-style-type: none"> Toronto has established a very aggressive recycling target, seeking 70% diversion from land fill sites. This derives from the difficulty of finding and developing land fill sites, but is much more aggressive than the targets of other municipalities and will be very difficult (and expensive) to achieve given the high proportion of apartments in Toronto. Despite the challenges of finding landfill sites, landfill is already cheaper than diversion, and the gap will grow as the rate of diversion increases.

Solid Waste Management Services

Solid Waste Processing, Transfer and Disposal

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Material Receiving	28.05	-	0%	2	S	L/C/F	D	<ul style="list-style-type: none"> Division indicates that monthly operations and H/S audits indicated service standards are satisfactory. No useful information on service level standards and performance.
Material Processing	57.75	-	0%	2	S	L/C/F	Mc	
Material Transport	22.06	-	0%	2	S	L/C/F	D/M _c	<ul style="list-style-type: none"> All SSRM, leaf and yard waste, 55% of SSO and 100% of waste transport is contracted out.
Residual Disposal	90.92	-	0%	2	S	L/C	Mc	<ul style="list-style-type: none"> Disposal is contracted out. Gross cost includes \$39 M internal transfer for City of Toronto waste disposal.

Solid Waste Management Services

Solid Waste Processing, Transfer and Disposal

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
SSR	Consider reducing the target rate for diversion and / or setting target rates by category of waste producer.	Reducing the diversion rate will reduce the lifespan of the landfill, and require the City to pursue other, potentially costly disposal options sooner. Cutting back on the diversion target may compromise the City's efforts to obtain a landfill expansion from the Ministry of Environment. However the current diversion rates (47%) are well below the target (70%), and much more intensive efforts will be required to achieve the target. Diversion already costs more per tonne than land filling. Single family diversion rates are currently 63% but those in apartments much lower, and apartment rates harder to increase. Expenditures will have to increase significantly if the target is to be achieved, or even approached. The financial impact of the options require careful business case analysis, and business case for the current target has not been established.	Medium (up to 20%)	2013	High
SSR	Expansion of "Drop and Load" at transfer stations.	Would improve net cost to rate payers, but may lead to "push-back" from private sector transfer operators.	Low (up to 5%)	2012	Low
ASDR	Outsource facility security services.	None identified.	Low (up to 5%)	2012	Low
ASDR	Outsource grass cutting.	None identified.	Low (up to 5%)	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Solid Waste Management Services

Public Education, Revenue Generation, Contract Management*

<div>Standing Committee</div> <div>Public Works and Infrastructure</div>	<div>Rationale for Core and Service Level Assessment</div> <div> <p>Solid Waste Management program is an essential service and these services are important components.</p> <p>Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base.</p> </div>	<div> <div>Below Standard</div> <div>At Standard</div> <div>Above Standard</div> </div> <div> <div>Core</div> <div>Mandatory</div> <div>Essential</div> <div>Discretionary</div> <div>Traditional</div> <div>Other</div> </div> <div> <div>Contract Management</div> <div>Revenue Generation</div> <div>Public Education / Awareness</div> </div>
<div>Cluster</div> <div>Cluster B</div>		
<div>Program</div> <div>Solid Waste Management Services</div>		
<div>Service Type</div> <div>External Service Delivery</div>	<div>Jurisdictional Examples</div> <div> <p>All municipalities provide some public education component. Some still include solid waste costs on the property tax, but there is a tendency to treat it more as a utility. Strengthening the financial accountability for the amount of residual not recycled is a best practice that improves recycling rates.</p> </div>	<div>Key Opportunities</div> <div> <ul style="list-style-type: none"> The review did not identify opportunities for elimination of services or reduction of service levels. </div>
<div>Budget (\$m)</div> <div> <div>Gross</div> <div>\$12.0</div> </div> <div> <div>Net</div> <div>-</div> </div>		
<div> <p>* The three services listed are individual services in the Solid Waste Management Services program. The figure shown in the budget box above is the combined budget . Individual service are assessed in the table on the next page.</p> </div>		

Solid Waste Management Services

Public Education, Revenue Generation, Contract Management

Services								
Service Name *	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Public Education / Awareness	2.99	0	0%	2	S	M/C	D	
Revenue Generation	7.49	0	0%	2	S	C	D	
Contract Management	1.54	0	0%	2	S	C	D	

* Note: The table above contains three separate services which should not be confused with the 'Activities' listed in most tables

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
-	None identified	-	-	-	-

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Toronto Water

Toronto Water

Water Treatment and Supply

Standing Committee	
Public Works and Infrastructure	
Cluster	
Cluster B	
Program	
Toronto Water	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$172.2
Net	-

Rationale for Core and Service Level Assessment
<p>Provision of safe, potable water is an essential service. As the City is the owner of the water treatment and supply system, it is mandatory to comply with the Safe Drinking Water Act and its associated regulations.</p> <p>Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base.</p>

Jurisdictional Examples
<p>OMBI indicates that Toronto's cost of water treatment is relatively low , while the cost of water distribution is very high, likely due to a relatively high number of water main breaks.</p> <p>The comparator cities all have water systems. Some have a utility ABC to operate the system, particularly where it serves more than one municipality (Montreal, Melbourne).</p> <p>The Division reports that:</p> <ul style="list-style-type: none"> Toronto Water implemented a major restructuring at its treatment plants and district yards over the past few years. The Works Best Practices Program (WBPP) introduced new technologies in the treatment plants and water pumping stations. This reduced staffing levels by 532 position and provided a sustained annual savings of \$35 million. The District Services Improvement Program (DSIP) harmonized and amalgamated the district operations. This reduced staffing by 106 positions and provided sustained annual savings of \$10 million.

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

Key Opportunities
<ul style="list-style-type: none"> The fluoridation of drinking water could be eliminated, with impacts on dental health. Toronto Water can continue its restructuring program (WBPP and DSIP) improving efficiency across Toronto Water services.

Toronto Water

Water Treatment and Supply

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Water Distribution	80.24	0	0%	1	S-	L/IS	D	<ul style="list-style-type: none"> Frequent water main breaks impacts customers and drives up costs.
Water Treatment	91.99	0	0%	1	S+	L/M	D	<ul style="list-style-type: none"> Water quality is high and costs are low.

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
NCSR	Consider eliminating fluoridation of Toronto water.	It is very likely that dental health of Toronto residents would decline.	Low (up to 5%) [to rates]	2013	Low
RE	Continue implementing the final elements of the WBPP and DSIP restructuring to ensure additional efficiencies are obtained.	Need to ensure that staffing levels remain sufficient to operate the water treatment and supply system in compliance with the Safe Drinking Water Act and associated regulations.	Low (up to 5%) [to rates]	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.
Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Toronto Water

Wastewater Collection and Treatment

Standing Committee	
Public Works and Infrastructure	
Cluster	
Cluster B	
Program	
Toronto Water	
Service Type	
External Service Delivery	
Service Budget (\$m)	
Gross	\$201.1
Net	-

Rationale for Core and Service Level Assessment
Wastewater collection and treatment is essential to public health. As the City is the owner of the waste water collection and treatment system, it is mandatory to comply with the Ontario Water Resources Act and the Nutrient Management Act (and the associated regulations).
Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base.

Jurisdictional Examples
OMBI indicates Toronto has more frequent back-ups of mains than other municipalities, resulting in higher water collection costs and contributing to higher than average amounts of waste water bypassing treatment.

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

A Venn diagram with two overlapping circles. The left circle is labeled 'Wastewater Collection' and the right circle is labeled 'Wastewater Treatment'. The circles overlap in the center, representing the intersection of the two services.

Key Opportunities
<ul style="list-style-type: none">The review did not identify opportunities for elimination of services or reduction of service levels.

Toronto Water

Wastewater Collection and Treatment

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Wastewater Collection	62.25	0	0%	2	S-	M/IS	D	<ul style="list-style-type: none"> Basement flooding remedies slower than target. High level of back ups.
Wastewater Treatment	138.8	0	0%	2	S	L	D	

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
-	None identified	-	-	-	-

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Toronto Water

Storm Water Management

Standing Committee	
Public Works and Infrastructure	
Cluster	
Cluster B	
Program	
Toronto Water	
Service Type	
External Service Delivery	
Budget (\$m)	
Gross	\$16.7
Net	-

Rationale for Core and Service Level Assessment
<p>Management of storm water is essential to the functioning of the City, and requirements for collection and treatment is increasing to meet standards set by legislation . As the City is the owner of the storm water management system, it is mandatory to comply with the Ontario Water Resources Act (and the associated regulations).</p> <p>Funding is provided solely from User Rates, Fees and Charges – no reliance on Property Tax Base</p>

Jurisdictional Examples
<p>Requirements for management/treatment of storm water as part of new developments are leading to higher expectations and requirements for areas with existing storm water collection and combined sewer areas. Requirements for the management and treatment of storm water differs across jurisdictions. In two tier municipalities, the lower tier may be responsible for providing the service and is paid for through property taxes. Some jurisdictions have implemented a separate user fee system for storm water management that is not tied to water consumption data. As new developments within the City are required to provide better management/treatment of storm water, there is a higher expectation from existing residents for upgrades to older storm water collection and combined sewer systems.</p>

	Below Standard	At Standard	Above Standard
Core			
Mandatory			
Essential			
Discretionary			
Traditional			
Other			

Storm water Treatment

Storm water Collection

Key Opportunities
<ul style="list-style-type: none"> The review did not identify opportunities for elimination of services or reduction of service levels.

Toronto Water

Storm Water Management

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Storm Water Collection	14.09	0	0%	2	S+	L/IS	D	• Costs lower than service level target.
Storm Water Treatment	2.63	0	0%	2	S	L	D	• Storm water can bypass the treatment system during heavy rain storms because of combined sewer overflows

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
-	None identified	-	-	-	-

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.