

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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PART I: 2009 OPERATING BUDGET**Executive Summary**

- Toronto Environment Office (TEO) serves the community and the corporation as a centre of environmental expertise and leadership by co-ordinating and implementing action across the City on substantive environmental issues and concerns through research, collaborative planning, program development and public policy recommendations that emphasize sustainable development.
- The key challenges for TEO include the ability to continue to encourage residents and businesses to adopt more environmentally friendly practices during the economic uncertainty in the economy. Other challenges focus on the vast amount of coordination required to engage all City Programs and Agencies, Boards, Commissions and Corporations and community partners in development and implementation of climate change adaptation actions and measures.
- Key service objectives include facilitating the completion of all recommendations in the Climate Change Action Plan, including the full implementation of key initiatives of the Live Green Toronto, the Eco-Roof Incentive and Smart Commute programs. Other service objectives include continuing to be recognized as a world-leading environmental city.
- The 2009 Recommended Operating Budget for TEO includes new funding of \$5.225 million gross for enhanced service priority actions in response to the challenges and opportunities set out above:
 - Continued implementation of the Live Green Toronto campaign to assist Toronto's neighborhoods and communities to take action on climate change by simplifying the process of accessing information with new funding of \$3.800 million gross.
 - Launch of the Eco Roof program in order to provide incentives to property owners to make Toronto's roof space more environmentally friendly through the installation of green roofs or reflective material. The 2009 Recommended Operating Budget provides \$0.800 million gross
 - Ongoing development of the Climate Change Adaptation Plan to reduce the negative impacts of climate change and to predict changing weather patterns with new funding of \$0.505 million gross.
 - Completion of the Local Air Quality Study for the Riverdale Neighbourhood as part of the last phase of the Greenhouse Gas (GHG) & Air Quality Monitoring and Modelling project that will enable the City to measure, monitor and model greenhouse gases and smog causing emissions to ensure efforts to address climate change are achieving the desired reduction in emissions with funding of \$0.120 million gross.

- For 2008, TEO is projecting year-end net expenditures for TEO of \$2.676 million which, is \$0.927 million or 25.7% below the 2008 Approved Operating Budget of \$3.603 million. This variance arose in the first half of 2008 as restructuring of the TEO, delayed the filling of 8.6 positions. The recruitment process has now been completed and all vacant positions will be filled by the end of first quarter of 2009. As a result the favourable variance experienced in 2008 is not expected to continue in 2009.

Table 1: 2009 Recommended Budget

(In \$000s)	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	3,742.6	2,815.7	3,662.7	5,225.0	8,887.7	5,145.1	137.5	169.7	(1,034.8)
REVENUE	140.0	140.0	140.0	5,225.0	5,365.0	5,225.0	3,732.1	(180.0)	(560.0)
NET EXP.	3,602.6	2,675.7	3,522.7	0.0	3,522.7	79.9	2.2	349.7	(474.8)
Approved Positions	25.6	25.6	25.6	2.0	27.6	2.0	7.8		
TARGET			3,530.5		3,530.5				
\$ Over / (Under) Program Target			(7.8)		(7.8)				
% Over / (Under) Program Target			-0.2%		-0.2%				

- The 2009 Recommended Operating Budget for the Toronto Environment Office of \$3.663 million gross and \$3.523 million net is \$0.008 million or 0.2% below the 2009 target of \$3.531 million net and 2.2% below the 2008 Approved Operating Budget of \$3.603 million net.
- The 2009 Recommended Base Budget incorporates the Program's key cost drivers including non-discretionary expenses for labour, the full year impact of COLA from 2008 and merit/step adjustments totalling \$0.079 million. Other key drivers arise from community demand for climate change initiatives.
- The 2009 Recommended Operating Budget is comprised of base funding of \$3.663 million gross and \$3.523 million net and new/enhanced service priorities of \$5.225 million gross and \$0 net. Approval of the 2009 Recommended Operating Budget will result in the Program's staff complement increasing from 25.6 to 27.6 approved positions.
 - The 2009 Recommended Operating Budget for TEO includes base funding for Climate Change initiatives managed by the Toronto Environment Office in the amount of \$1.035 million net. The Outlook for these initiatives shows an increase of \$0.350 million net in 2010 and a decrease of \$0.475 million net in 2011.
- The new and enhanced priority actions will be funded from the Environment Protection Reserve Fund and support the Council approved Climate Change initiatives which include the following:
 - Live Green Toronto Social Marketing Campaign includes a public advertising and marketing campaign to help instill values and lifestyle choices that reduce greenhouse

gas emissions. Funding of \$0.500 million gross and \$0 net is provided for this campaign;

- Other Live Green Toronto programs include projects such as Community gardens and Animators that will help to create jobs and to reduce environmental impacts. Funding of \$3.300 million gross and \$0 net is provided for these programs;
 - Climate Change Adaptation Plan involves the development of a long-term strategy to reduce the negative impacts of climate change such as extreme heat, storms and floods. Funding of \$0.505 million gross and \$0 net is provided to continue work on this plan;
 - Eco Roof Replacement is an incentive program for the industrial, commercial and institutional sector to encourage them to utilize their roof-space to help address climate change. Funding of \$0.800 million gross and \$0 net is provided for this incentive program; and
 - GHG and Air Quality Monitoring includes the complete development of a model to measure, monitor and model greenhouse gases to ensure efforts are focused on activities that will have the success in dealing with climate change. Funding of \$0.120 million gross and \$0 net is provided for this initiative.
- The 2010 Outlook reflects the incremental increases for merit and step and 2010 planned climate change initiatives of \$0.350 million net. In 2011, the Outlook reflects the increases for merit and step offset by a decrease in the net cost of climate change initiatives resulting in incremental savings of \$0.475 million net. Climate change initiatives are forecasted to incur more costs in the early phases of implementation during 2009-2010 and decrease in cost over time as they become more established and able to solicit greater external recovery through corporate sponsorships.
 - Service levels for TEO include the processing of 140 applications for Green Toronto Awards, facilitating participation of 6 companies with over 5,000 employees for the Smart Commute program and over 100 vendors wishing to take part in the Green Toronto Festival. Service levels are expected to continue to increase as these new climate change initiatives become established by the end of 2010, and then stabilize thereafter.
 - The 2009 Recommended Operating Budget supports the Mayor's and Council's priority for a Greener City through continued implementation of the Climate Change Action Plan. Climate Change initiatives will continue to encourage, educate, plan and measure progress in reducing greenhouse gas emissions from 1990 levels by 30% by 2020 and in reducing locally generated smog causing pollutants from 2004 levels by 20% by 2012.
 - The 2009 Recommended Operating Budget will allow the Toronto Environment Office to continue to serve the community and the corporation as a centre of environmental expertise and leadership. The 2009 Recommended Operating Budget will fund:
 - Increased advertising and an additional temporary Communications Officer for the Live Green Toronto campaign in order to increase awareness and support for more environmentally sustainable lifestyles in the community. Funding of \$0.500 million gross and \$0 net is provided for this initiative.

- Community projects of \$2 million gross that will create jobs in this time of economic uncertainty, as well as helping to reduce environmental impacts.
- Launch of Eco-Roof incentives of \$0.800 gross to encourage conversion of Toronto's roof space to more environmentally friendly material.
- Complete development of GHG & Air Quality Monitoring and Modelling in order to enable the City to measure, monitor and model greenhouse gases and to develop strategies to reduce the negative impacts of climate change. Funding of \$0.120 million gross is provided for this initiative.
- Support for Toronto's participation in C40, a group of the world's largest cities committed to tackling climate change. The C40 group works together to share best practices on reducing greenhouse gas emissions. In recognition of Toronto's role as a world-leading environmental city, Mayor David Miller has been appointed chair of the influential C40 Group. Funding of \$0.140 million gross and net is provided for this work.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

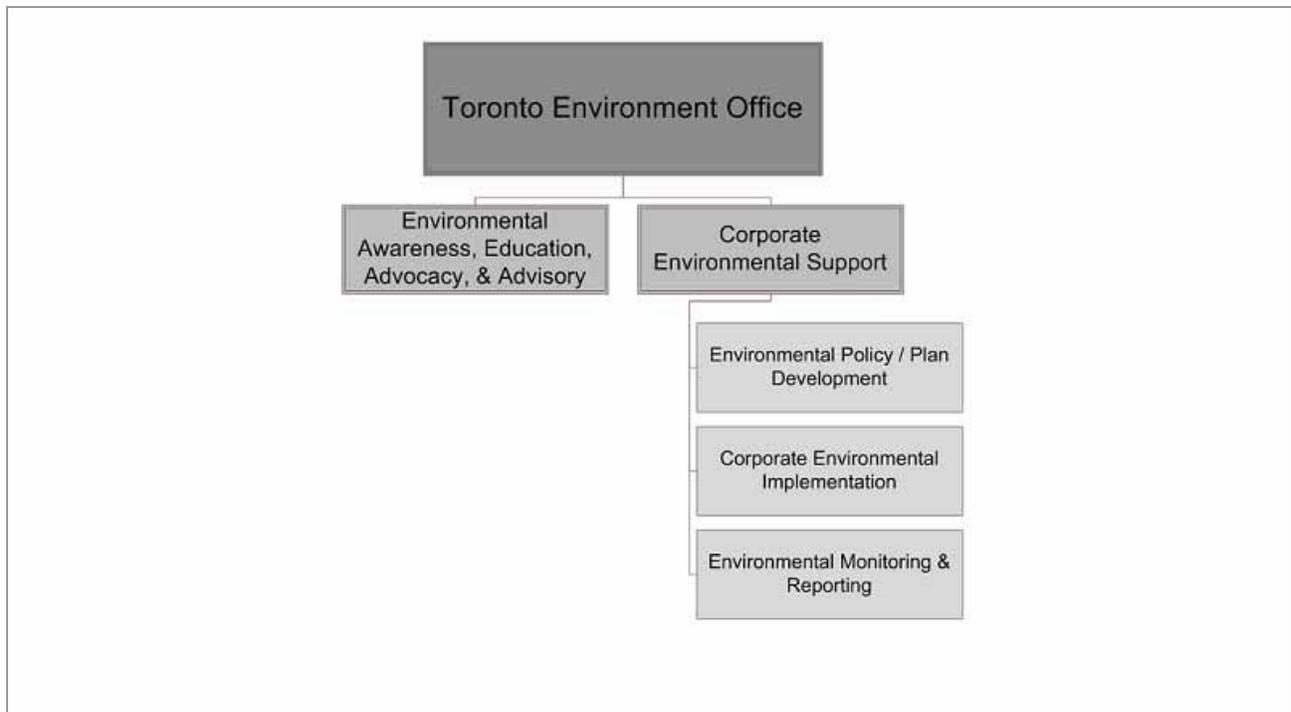
- 1. Council approve the 2009 Recommended Operating Budget for Toronto Environment Office of \$8.888 million gross and \$3.523 million net, comprised of the following service:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Toronto Environment Office	<u>8,887.7</u>	<u>3,522.7</u>
Total Program Budget	<u><u>8,887.7</u></u>	<u><u>3,522.7</u></u>

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

- The Toronto Environment Office serves the community as a centre of environmental expertise and leadership by coordinating and implementing action on substantive environmental issues and concerns through research, collaborative planning, program development and sound public policy recommendations that emphasize sustainable development.
- The Toronto Environment Office delivers two main services Environmental Awareness, Education, Advocacy & Advisory and Corporate Environmental Support Services. Environmental Awareness, Education, Advocacy & Advisory Services are dedicated to increasing public awareness of methods to increase environmental sustainability. Corporate Environmental Support Services works to improve environmental sustainability through strategic planning, by coordinating development and delivery of environmental policy and programs, and identifying environmental risk exposures.

Program Map



Service Challenges and Opportunities

Environmental concerns, in particular climate change and air quality have consistently polled as a leading issue of concern to residents. The recession may reduce the ability to participate in initiatives geared towards developing a more environmentally conscious behavior/ lifestyle. Fiscal restraint during the current economic climate will challenge the ability to allocate adequate resources necessary to satisfy high public and political expectations to deliver on the recommendations of the Climate Change Action Plan.

The key driver for the Toronto Environment Office arises from Council's policy agenda and the Mayor's Mandate for a Greener City and is outlined in the Council approved Climate Change, Clean Air and Sustainable Energy Action Plan. Challenges for the next 3 years include:

- The ability to continue to encourage residents and building owners to live more environmentally friendly lifestyles during the current economic climate through the Live Green Toronto program;
- The coordination necessary to engage all the City Divisions and Agency, Boards, Commissions and Corporations and community partners on the development and implementation of climate change adaptation actions and measures; and
- The need to respond and comply with legislative changes from senior levels of government regarding future plans and strategies in the area of climate change.

Service Objectives

The service objectives for TEO address the challenges and opportunities outlined above, as well as the need to manage and coordinate delivery on the recommendations within the Climate Change Action Plan. Facilitating the completion of all recommendations in the Climate Change Action Plan reflects Toronto Environment Office's strong commitment to the environmental sustainability of the City. The Toronto Environment Office's measurable service objective targets for 2009 and beyond are the following:

1. Increase the number of applicants for the Green Toronto Awards from 140 applications in 2008.
2. Successfully complete all the recommendations arising from the Climate Change Clean Air and Sustainable Energy Action Plan and the Climate Change Adaptation Strategy. All of the recommendations are now underway
3. Continue to increase community outreach. In 2008 it was estimated that 200,000 people were reached through climate change initiatives launched by TEO.
4. Continue to be recognized as a world-leading environmental city.

Priority Actions

The 2009 Recommended Operating Budget provides approximately \$8.888 million in base and new funding for a broad range of services and activities that advance the Mayor's Mandate and Council's policy agenda.

- ***Climate Change Adaptation , Clean Air and Sustainable Energy Action Plan***

The 2009 Recommended Operating Budget provides base and new funding of \$6.025 million gross for the Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan. The following are highlights describing funding provided in the 2009 Recommended Operating Budget:

➤ **Live Green Toronto Campaign**

Live Green Toronto's goal is to have the City play a key role in assisting Toronto's neighborhoods and communities to take action on climate change. This will be accomplished by simplifying the process of accessing information, financial incentives and technologies that reduce environmental impacts and greenhouse gas emissions. As well the program provides direct support to Toronto's neighborhoods and communities in making lifestyle choices that significantly reduce carbon footprints. This initiative will increase awareness and participation by the community to adopt more environmentally friendly lifestyles. The campaign includes community projects that will help to create jobs in this time of economic uncertainty as well as help to reduce environmental impacts. Funding of \$4.600 million gross and \$0.800 net is provided for this priority action.

➤ **Eco Roof Program**

The Eco Roof Program provides financial incentives to property owners to make Toronto's roof space more environmentally friendly through the installation of green roofs or reflective material in an effort to address the urban heat island effect and reduce storm water run off. Funding of \$0.800 million gross is included in the 2009 Recommended Operating Budget. The target for this program is to make 10% of the total industrial, commercial and institutional roof space located in Toronto more environmentally friendly by 2020.

➤ **Climate Change Adaptation**

The Climate Change Adaptation plan addresses the direction of Council in adopting the Climate Change Action Plan to develop a plan to reduce the negative impacts of climate change. The two initiatives included in this program are the development and implementation of strategies to address and forecast climate changes and monitoring and prediction of changing weather patterns in Toronto. Funding of \$0.505 million gross and \$0 net is provided in the 2009 Recommended Operating Budget.

➤ **Greenhouse Gas (GHG) & Air Quality Monitoring and Modeling**

The GHG & Air Quality Monitoring and Modeling Program will enable the City to measure, monitor and model greenhouse gases and smog causing emissions to ensure efforts focused on policies and programs being implemented through the Climate Change Clean Air and Sustainable Energy Action Plan are achieving the desired reduction in emissions. The 2009 Recommended Operating Budget provides funding of \$0.120 million for this initiative.

PART III: 2008 BUDGET VARIANCE ANALYSIS

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	2,524.2	3,742.6	2,815.7	(926.9)	(24.8)
REVENUES	65.1	140.0	140.0	0.0	0.0
NET EXP.	2,459.1	3,602.6	2,675.7	(926.9)	(25.7)
Approved Positions	18.6	25.6	25.6	0.0	0.0

Note * Source TEO's 2008 Third Quarter Operating Budget Variance Report.

2008 Experience

Toronto Environment Office reported a favourable net variance of \$1.261 million or 51.5% of planned expenditures for the nine months ended September 30, 2008. As of September 30th, 2008, TEO is projecting, 2008 year-end net expenditures of \$2.676 million and a favourable gross and net expenditure variance of \$0.927 million.

This variance is due to the restructuring of TEO which delayed hiring for 8.6 vacant positions early in the year. This resulted in under expenditures related to the Live Green Initiative in the areas of advertising and promotion and salaries. The recruitment process has now been completed and all vacant positions have been filled for January 2009.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

Vacant positions were filled towards the end of 2008 reducing the projected year-end favourable variance from what was achieved at the end of nine months ending September 30, 2008. As vacant positions become filled in early 2009, it is not expected the TEO will have a similar favourable variance as experienced in 2008. As a result, there is no impact of the 2008 Operating Variance on the 2009 Recommended Budget.

PART IV: 2009 RECOMMENDED BASE BUDGET

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
	\$	\$	\$	%	\$	\$
GROSS EXP.	3,742.6	3,662.7	(79.9)	(2.1)	99.7	(224.8)
REVENUE	140.0	140.0	0.0	0.0	(250.0)	250.0
NET EXP.	3,602.6	3,522.7	(79.9)	(2.2)	349.7	(474.8)
Approved Positions	25.6	25.6				
NET TARGET		3,530.5				
\$ Over / (Under) Program Target		(7.8)				
% Over / (Under) Program Target		-0.2%				

2009 Recommended Base Budget

Toronto Environment Office's 2009 Recommended Base Budget of \$3.523 million net is \$0.008 million or 0.2% below the 2009 target of \$3.531 million net set at 2% less than the 2008 Approved Operating Budget. The incremental impact for 2010 is \$0.350 million net increase and for 2011 it is a \$0.475 million net decrease.

- There is an increase of \$0.039 million in 2009 as a result of the annualized impact of one additional Smart Commute Coordinator position which was approved in 2008 in order to meet increasing demand of car pooling. The increase in cost will be offset by a reduction in non-staff costs.
- An additional \$0.041 million in net expenditures is recommended for the Program's Base Budget to fund merit and step increases and inflationary adjustments for labour such as the full year impact of the cost of living adjustment (COLA) from 2008 and the wage harmonization settlement for Local 79 that became effective on December 31, 2008.
- There is a decrease of \$0.079 million in non-staffing costs as a result of savings for fleet services and other expenses no longer required.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Operating Budget incorporates the following key cost drivers offset by reduction strategies:

- Prior year impacts include key non-discretionary cost drivers such as the incremental impact of COLA from 2008, the wage harmonization settlement for Local 79, merit and step increases of \$0.040 million. Other base changes include the annualized cost of new positions hired during 2008 for a total \$0.039 million net.
- The labour related pressures are fully offset by savings in the Smart Commute Program of \$0.079 million net in non-staffing expenses.
- A further reduction of \$0.074 million net in savings consisting of services and rent of \$0.060 million, overtime of \$0.012 million and elimination of the scavenger hunt of \$0.002 million net is recommended resulting in a 2009 Recommended Base Budget of \$3.523 million which is \$0.008 million or 0.2% below the 2009 net target.

2010 and 2011 Outlook: Net Incremental Impact

The 2010 and 2011 Outlooks includes the cost of merit/step increments for union and non-union staff and the increase in the net cost of the Live Green Toronto Social Marketing Campaign which is outlined in Part VI in the Issues For Discussion section. This results in an incremental impact of \$0.350 million net for 2010 and a decrease of \$0.475 million net for 2011.

PART V: RECOMMENDED NEW SERVICE PRIORITY ACTIONS

Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental Impact	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
Live Green Toronto Campaign	3,300.0				
Live Green Toronto - Social Marketing	500.0		1.0		
Climate Change Adaptation	505.0				
Eco Roof Program	800.0		1.0		
GHF&Air Quality Monitoring and Modelling	120.0				
(b) Enhanced Services - Program Initiated					
Sub-Total Enhanced Services	5,225.0	0.0	2.0	0.0	0.0
New Services:					
(a) New Services - Council Approved					
(b) New Services - Program Initiated					
Sub-Total New Services	0.0	0.0	0.0	0.0	0.0
Total New/Enhanced Services	5,225.0	0.0	2.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

The 2008 Capital Budget approved and committed funding of \$4.225 million from the Strategic Infrastructure Partnership Reserve Fund and \$0.500 million from third party contributions in 2009 for the Live Green Toronto Campaign, Eco-Roof Program, Climate Change Adaptation Plan and GHG & Air Quality Monitoring and Modelling initiatives as part of the Climate Change Action Plan. During the 2009 Capital Budget process these four projects were transferred to the 2009 Operating Budget process because they did not meet the City's definition of capital expenditures which must be directly related to the acquisition, betterment or replacement of a physical asset. The four projects have been recommended as new and enhanced service priorities in TEO's Operating Budget with committed funding as originally planned.

As part of the approval of the 2009 Capital Budget on December 10, 2008 Council authorized funding of up to \$87 million from the Strategic Infrastructure Partnership Reserve Fund be transferred to the Environment Protection Reserve Fund for the purpose of financing a number of environmental protection measures, including the Climate Change Action Plan. Starting in 2009, TEO projects that had funding previously committed in the Strategic Infrastructure Partnership Reserve Fund will now be funded from the Environment Protection Reserve Fund.

Enhanced Service Priority Actions – Council Approved***Live Green Toronto Campaign (\$3.300 million gross and \$ 0 net)***

Funding of \$3.300 million gross and \$0 net has been recommended in 2009 for the Live Green Toronto campaign in the 2009 Recommended Operating Budget for TEO. This is an ongoing program with a goal to have the City play a key role in assisting Toronto's neighborhoods and communities to take action on climate change. This will be accomplished by simplifying the process of accessing information, financial incentives and technologies that reduce environmental impacts and greenhouse gas emissions and providing direct support to Toronto's neighborhoods and communities in making lifestyle choices that significantly reduce carbon footprints. Elements of the program include the following;

- Community Projects operating in different parts of the city. The nature of neighbourhood and community projects will include; neighbourhood tree inventory and urban forest improvement action plans, community gardens and low-water gardening initiatives. These projects will help to create jobs as well as reducing environmental impacts.
- Community Animators to assist communities and neighbourhoods in identifying and launching community-based climate change initiatives.
- A Live Green Toronto Festival which will feature a 2-day celebration with over 100 exhibitors, marketing and showcasing environmental projects and services with additional features such as live music and sale of local organic food.

The campaign is expected to continue until 2012 at a cost of \$12.550 million gross of which \$9.050 million is allocated in the Environment Protection Reserve Fund and \$3.500 million is expected to be generated externally through corporate sponsorships.

Live Green Toronto – Social Marketing Campaign (\$0.500 million gross and \$ 0 net)

One-time funding of \$0.500 million gross and \$0 net has been recommended for the Live Green Toronto Social Marketing Campaign program. This represents an increase of \$0.500 million to the Base Budget for this campaign to increase advertising and hire an additional temporary Communication Officer in addition to the two existing staff. The objective is to improve community awareness of projects that can help create jobs as well as instilling values and lifestyle choices that reduce greenhouse gas emissions in this time of economic uncertainty. The increase in funding has been accommodated by advancing \$0.500 million in 2009 previously committed to Live Green Toronto Campaign from the Environmental Protection Reserve Fund for 2010-2012. The Live Green Toronto Campaign will reduce expenditures by \$0.500 million during 2010-2012 in order to ensure that the increase in funding from the reserve fund in 2009 will have no net effect.

Eco-Roof Program (\$0.800 million gross and \$0 net)

The Eco-Roof program will provide financial incentives to property owners to make Toronto's roof space more environmentally friendly through the installation of green roofs or reflective material in an effort to address the urban heat island effect and reduce storm water run off. 2009 recommended funding of \$0.800 million makes provisions for a temporary Project Administrator position to be added to the TEO complement to launch the program in 2009. The target for the program is to make

10% of the total industrial, commercial and institutional roof space located in Toronto more environmentally friendly by 2020.

This on-going program will have funding of \$2.200 million allocated over 2009-2012 in the Environment Protection Reserve Fund with \$0.800 million recommended for 2009.

Climate Change Adaptation Plan (\$0.505 million gross and \$0 net)

The program addresses the direction of Council in adopting the Climate Change Action Plan to develop a plan to reduce the negative impacts of climate change. The two initiatives included in this project are the development and implementation of strategies to address and forecast climate changes and monitoring and prediction of changing weather patterns in Toronto.

Funding of \$2.300 million from 2009-2012 has been allocated in the Environment Protection Reserve Fund with \$0.505 million for 2009.

GHG& Air Quality Monitoring and Modelling (\$0.120 million gross and \$0 net)

Funding for this program will enable the City to measure, monitor and model greenhouse gases and smog causing emissions to ensure efforts focused on policies and programs being implemented through the Climate Change Clean Air and Sustainable Energy Action Plan are achieving the desired reduction in emissions.

Completion of this project and on-going maintenance of this project from 2009-2012 will cost \$0.180 million gross and be funded from the Environment Protection Reserve Fund of which \$0.120 million gross is required to complete the project in 2009.

PART VI: ISSUES FOR DISCUSSION**2009 Budget Issues*****2009 Recommended Operating Budget vs. Guideline***

The 2009 Recommended Operating Budget for TEO in the amount \$3.523 million net is \$0.008 million or 0.2% below the 2009 target of \$3.531 million net set at 2% below the 2008 Approved Operating Budget of \$3.603 million net.

TEOs' 2009 Recommended Operating Budget relies on funding from the Environment Protection Reserve Fund for 59 percent of the gross expenditures.

2009 Reduction Strategies

To mitigate the cost pressures resulting from the prior year impacts that include merit and step and annualized impact of COLA , the 2009 Recommended Operating Budget incorporates savings of \$0.072 million gross and net resulting from efficiencies which include overtime of \$0.012 million and \$0.060 million in services and rent. Additional reductions include the elimination of the Scavenger Hunt for a savings of \$0.002 million gross and net

Live Green Toronto –Social Marketing Campaign

The development of a Greener City, continues to be a major priority in 2009 for the Toronto Environment Office. The ongoing economic climate increases the challenge and difficulty to provide adequate funding for such priorities. For 2009, it is recommended that funding be allocated to increase advertising for Live Green Toronto in order to further increase awareness and continue to expand interest in the community to adopt more environmentally friendly lifestyles. It is recommended that in order to have no net impact to the City during the current economic climate, that one-time funding of \$0.500 million previously committed for the Live Green Toronto Campaign in 2010-2012 from the Economic Protection Reserve Fund be accelerated into 2009 in order to give the Live Green Toronto Social Marketing Campaign a higher profile.

As shown in Table 5, "Live Green Toronto Social Marketing Campaign", costs are expected to increase to \$1.250 million gross in 2010 for the Live Green Toronto Social Marketing Campaign. The increase in costs are partially offset by an increase in external funding from corporate sponsorships of \$0.250 million, however when combined with the discontinuation of \$0.500 million in one-time funding from the Environment Protection Reserve Fund, this results in a net incremental increase of \$0.325 million for 2010.

Increased funding for the Live Green Toronto Social Marketing Campaign in 2009-2010 will help to generate increased interest and funding through corporate sponsorships. As Live Green Toronto becomes more established in the community, spending on advertising can be reduced for the Social Marketing Campaign by \$0.250 million in 2011 and combined with the increase in corporate sponsorships the incremental impact will decrease by \$0.500 million net for 2012.

Table 5: Funding Plan for Live Green Toronto Social Marketing Campaign

Description	2009	2010	2011	2012	Total
	\$	\$	\$	\$	\$
Gross Expenditures					
Base Budget Funding	675.0	1,175.0	1,250.0	1,000.0	4,100.0
Enhanced Service Priority Actions	500.0	75.0			575.0
Reduction in Advertising and Marketing			(250.0)		(250.0)
Total Gross Expenditures	1,175.0	1,250.0	1,000.0	1,000.0	4,425.0
Revenues					
External Funding (Corporate Sponsorships)		250.0	500.0	500.0	1,250.0
Environment Protection Reserve Fund	500.0				500.0
Total Revenues	500.0	250.0	500.0	500.0	1,750.0
Net Tax-Base Funding Required	675.0	1,000.0	500.0	500.0	2,675.0
Net Incremental Impact		325.0	(500.0)	0.0	

Issues Referred to the 2009 Operating Budget Process

Transfer of TEO Capital Projects to the Operating Budget

A close review of the nature of the capital projects submitted as part of TEO's 2009 Capital Budget raised questions concerning the eligibility of various initiatives as capital expenditures. Debt funded capital expenditures must create or acquire real assets which will be owned by the City and used for the production or delivery of goods or services. For example, some of the projects submitted as part of the TEO 2009-2018 Capital Plan and Forecast required future year debt funding for the purposes of issuing grants to citizens or corporations in the community. This activity is not eligible as a capital expenditure that can be debt funded according to the Municipal Act as well as Public Sector Accounting Board Standards.

After careful review for capital eligibility during the 2009 Capital Budget process, it was recommended that all of the 2009 projects of \$4.725 million gross be referred to the 2009 Operating Budget process and to be included as new and enhanced priority actions in the 2009 Recommended Operating Budget.

The creation of the Environment Protection Reserve Fund was approved by Council on December 10, 2008 as part of the 2009 Capital Budget process to support the development of a long-term, climate change adaptation strategy and operating costs for the Toronto Environment Office. Funding for the Environment Protection Reserve Fund was established through a transfer of funds from the Strategic Infrastructure Partnership Reserve Fund specifically for this purpose. The Environment Protection Reserve Fund provides funding of \$4.225 million for projects being transferred to the 2009 Recommended Operating Budget as well as \$0.500 million for the increase in funding for social marketing for Live Green Toronto. A total of \$14.230 million has been allocated in this reserve fund to support TEO programs of \$17.730 million gross planned for 2009 through 2012.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	22.6	3,590.7	140.0	3,450.7	0.0	0.0
In-year approvals and technical adjustments	3.0	151.9		151.9		
Corporate adjustments						
2008 Approved Operating Budget	25.6	3,742.6	140.0	3,602.6	0.0	0.0
Prior year impacts		40.4		40.4	24.7	25.2
Zero base items						
Economic factors						
Adjusted Base Budget	25.6	3,783.0	140.0	3,643.0	24.7	25.2
Other base changes		(46.7)		(46.7)	325.0	(500.0)
Base revenue changes						
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies		(72.1)		(72.1)		
Revenue adjustments						
Minor service impact		(1.5)		(1.5)		
Major service impact						
Total Recommended Base Adjustments		(120.3)		(120.3)	325.0	(500.0)
2009 Recommended Base Budget	25.6	3,662.7	140.0	3,522.7	349.7	(474.8)
2009 Program Operating Target				3,530.5		
% Over (Under) Program Target				-0.2%		
% Over (Under) 2008 Appvd. Budget				-2.2%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: B PROGRAM: TORONTO ENVIRONMENT OFFICE							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	2,421.3	1,663.6	2,651.1	229.8	9.5%	2,675.8	2,701.0
Materials and Supplies	134.2	134.2	132.7	(1.5)	(1.1%)	132.7	132.7
Equipment	11.0	11.0	11.0			11.0	11.0
Services & Rents	726.9	510.9	1,154.8	427.9	58.9%	1,299.8	239.8
Contributions to Capital							
Contributions to Reserve/Res Funds							
Other Expenditures	380.0	286.8	4,878.3	4,498.3	1183.8%	4,878.3	4,878.3
Interdivisional Charges	69.2	69.2	59.8	(9.4)	(13.6%)	59.8	59.8
TOTAL GROSS EXPENDITURES	3,742.6	2,675.7	8,887.7	5,145.1	137.5%	9,057.4	8,022.6
Interdivisional Recoveries							
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations							
Transfers from Capital Fund							
Contribution from Reserve Funds			4,725.0	4,725.0		3,795.0	2,985.0
Contribution from Reserve							
Sundry Revenues	140.0	140.0	640.0	500.0	357.1%	1,390.0	1,640.0
TOTAL REVENUE	140.0	140.0	5,365.0	5,225.0	3732.1%	5,185.0	4,625.0
TOTAL NET EXPENDITURES (EXCLUDING CAPITAL FINANCING)	3,742.6	2,675.7	3,522.7	5,145.1	137.5%	3,872.4	3,397.6
APPROVED POSITIONS	25.6	25.6	27.6	2.0	7.8%		

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008 \$	Proposed Withdrawals (-) / Contributions (+)		
			2009 \$	2010 \$	2011 \$
Environment Protection Reserve Fund	XR1718	0.0			
Live Green Toronto			(3,300.0)	(2,150.0)	(2,050.0)
Eco-Roof Program			(800.0)	(800.0)	(400.0)
Climate Change Adaptation			(505.0)	(825.0)	(515.0)
GHG Monitoring and Modelling			(120.0)	(20.0)	(20.0)
Total Reserve / Reserve Fund Draws / Contributions			(4,725.0)	(3,795.0)	(2,985.0)