



City of Toronto Water Efficiency Loan

Item 6
Wednesday, September 20, 2006

BOARD OF DIRECTORS

To: Board of Directors
From: City Building Committee
Date: September 6, 2006

Report: TCHC:2006-128

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PURPOSE:

To provide the Board of Directors, with information on the City of Toronto Water Efficiency Revolving Loan pilot program and its applicability to TCHC.

RECOMMENDATIONS:

That the Board of Directors:

- (1) authorize the CEO to negotiate loans for water efficiency as outlined in this report where such loans are the most economic alternative for water efficiency projects; and
- (2) direct the CEO to report to the Board of Directors through the City Building and/or Finance Committee as per TCHC policies on loan authorizations.

CITY BUILDING COMMITTEE COMMENTS:

At its meeting on September 6, 2006, the City Building Committee adopted the report and recommended it be forwarded to the Board of Directors for approval.

BACKGROUND:

TCHC, through the Green Plan Initiative, has set a water reduction target of 20% by 2008 relative to 2001 levels. The major components of the water reduction plan are low flow toilet and washing machine replacements. To date over 60% of toilets have been replaced with the pace of replacement accelerating this year towards a completion date in 2008. A washing machine replacement program is also well under way through Sparkle Solutions. Both replacement programs benefit from incentives under the current City of Toronto water saving initiative.

Recommendation 1: *authorize the CEO to negotiate loans for water efficiency as outlined in this report where such loans are the most economic alternative for water efficiency projects.*

The City of Toronto is launching a revolving loan fund pilot for water efficiency. Up to \$2,000,000 will be made available through the loan for water efficiency measures that fall under the current Toilet Replacement Program and the Washer Replacement Program. The Commercial and Institutional (ICI) Capacity Buyback Program (or any other future program approved by council under the Water Efficiency Plan) is also included.

Loans to TCHC would be based on a negotiated contract with quarterly payments at an interest rate equivalent to the return the City would receive on its investment (currently 5%). There will be a determination by the City of simple payback period and the loan repayment plan will be equal to or less than the payback period. Net Present Value calculations will be used to determine the viability of each proposed project.

TCHC will review the current funding measures for the toilet and water replacement programs to determine the financial viability of TCHC participation in the loan program. Authority is being sought to enter into such loans where TCHC undertakes a qualified project and where the loan is the most efficient means of financing the project.

Recommendation 2: *direct the CEO to report to the Board of Directors through the City Building and/or Finance Committee as per TCHC policies on loan authorizations*

It is recommended that the CEO report as is usual practice where loans have been entered into within the delegated financial authorities of the CEO and that loans above delegated authorities be approved by the Board as per TCHC policies.

REASONS FOR RECOMMENDATIONS:

TCHC participation in the program would depend on a preferential loan as compared to current facilities available to TCHC and/or opportunities for new programs, such as rainwater harvesting, in the future.

CONSULTATION PROCESS:

N/A

CONCLUSION:

TCHC is currently working to reduce water consumption. To this end a number of substantial investments have been made in toilet replacement as well as water consumption reduction devices. Additional projects will require capital expenditures. The City loan instrument is one way of financing such projects. It is recommended this approach be used where this is the most cost-effective way to obtain the capital necessary for the investments.

FINANCIAL IMPLICATIONS:

Potential savings for water efficiency program.

LEGAL IMPLICATIONS:

N/A

COMMUNICATION IMPLICATIONS:

N/A

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Attachment: 1: N/A

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