



2024-2027

Multi-Year Budget

City of London



Business Case #P-56 - Climate Emergency Action Plan (CEAP) Implementation Support

Primary Strategic Area of Focus: Climate Action and Sustainable Growth

Primary Outcome: London is one of the greenest and most resilient cities in Canada in alignment with the Council-declared climate emergency and the Climate Emergency Action Plan.

Primary Strategy: Implement the Climate Emergency Action Plan with a focus on actions up to 2027 that will contribute towards achieving 2030 emissions reduction targets.

Business Case Type: Additional Investment

Description: Investments to support the implementation of the Climate Emergency Action Plan.

Service(s): Climate Change and Environmental Stewardship; Fleet; Facilities; Finance

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Business Case Tax Levy Impact Table (\$ Thousands)

Tax Levy Impact Detail	2024	2025	2026	2027	2024 to 2027 Total
Annual Tax Levy Impact	\$11,340	\$13,064	\$10,880	\$10,229	\$45,513
Annual Incremental Tax Levy Impact	\$11,340	\$1,724	-\$2,184	-\$651	\$10,229
Estimated Annual Tax Levy Impact %	1.54%	0.15%	-0.33%	-0.13%	0.31% Average
Estimated Annual Taxpayer Impact \$ ¹	\$50.76	\$58.48	\$48.70	\$45.79	\$50.93 Average

Subject to rounding.

1) Calculated based on the average assessed value of \$252 thousand for a residential property (excludes education tax portion and impacts of tax policy).

What is Included in the Base Budget?

Base Budget Table (\$ Thousands)

Climate Emergency Action Plan Implementation Support	2023	2024 to 2027 Total	2028 to 2033 Total
Total Tax Levy Funded – Operating	\$218	\$692	N/A
Climate Emergency	\$218	\$692	N/A
Fleet and Facilities	\$0	\$0	N/A
Financial Services	\$0	\$0	N/A
Financial Planning and Business Supports	\$0	\$0	N/A
Total Full-Time Equivalents	1.0	1.0	N/A
Climate Emergency	1.0	1.0	N/A
Fleet and Facilities	0.0	0.0	N/A
Financial Services	0.0	0.0	N/A
Financial Planning and Business Supports	0.0	0.0	N/A
Total Capital	\$460	\$520	\$0
Climate Emergency	\$460	\$520	\$0
Fleet and Facilities	\$0	\$0	\$0
Financial Services	\$0	\$0	\$0
Financial Planning and Business Supports	\$0	\$0	\$0

Subject to rounding.

Base Budget Summary:

Climate Change and Environmental Stewardship:

The Climate Emergency Action Plan (CEAP) was approved by Council in April 2022. Two progress reports have been provided. The approval of the CEAP purposely did not include additional resources or budget in 2022 or 2023 for implementation on the understanding that many actions could proceed with existing budgets (e.g., actions require modifying existing activities, reallocating existing funding, or efforts and resources outside of the Corporation). Additional resources and funding would be sought through the 2024 to 2027 Multi-Year Budget process. The base budget for Climate Emergency actions within Climate Change and Environmental Stewardship area currently includes staff and resources for the implementation of London’s community wide CEAP, the Climate Lens Framework, Community Outreach (from displays and events to community actions and small-scale pilot projects), and Transportation Management Association (TMA) items. The approved Climate Emergency base budget represents about 15% the total base budget for Climate Change and Environmental Stewardship.

Fleet and Facilities:

None.

Financial Services:

None.

Financial Planning and Business Supports:

None.

Business Case Summary

CEAP was approved by Council in April 2022. Two progress reports have been provided. This business case addresses CEAP implementation activities in three categories that require additional support to deliver on climate action goals and targets:

Number	Initiative (\$ Thousands)	2024	2025	2026	2027	2024 to 2027 Total
1.	Community and Business Support Investment					
1.a)	Home Energy Retrofit Financing Program to leverage funding from the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) program to support the rollout of a residential building energy retrofit pilot project in 2024/2025 and staff resource to administer the program.	\$211	\$468	\$621	\$624	\$1,924
1.a)	Home Energy Retrofit Financing Program to leverage funding from the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) program to enable low-interest loans to program participants (<i>tax supported reserve fund contribution to a new climate reserve fund</i>). FCM funding, if an application is approved, could add \$3.0 million to this program and provide \$1.5 million in grant funding to help administer the program.	\$0	\$1,500	\$0	\$0	\$1,500
1.b)	Proactive Communications (Education and Awareness) to enable a wide range of communication techniques to meet the needs of a diverse population.	\$75	\$120	\$120	\$120	\$435
1.b)	Proactive Communications (Education and Awareness) to invest in new tools that enable a wide range of communication techniques to meet the needs of a diverse population	\$50	\$50	\$50	\$50	\$200
1.c)	Growth of the Transportation Management Association (TMA) – Smart Commute London - Additional investment is required to help grow programs and opportunities to reduce reliance on single occupant vehicle trips, build stronger connections with business parks and emerging employment opportunities outside of London.	\$50	\$60	\$60	\$60	\$230

Number	Initiative (\$ Thousands)	2024	2025	2026	2027	2024 to 2027 Total
1.c)	Growth of the Transportation Management Association (TMA) – Smart Commute London – to increase bike racks, signage and other commuting amenities	\$10	\$10	\$10	\$10	\$40
2.	Community-Led Action Investment					
2.a)	Expansion of London Community Grants Program (with a focus on climate actions and resiliency).	\$350	\$450	\$450	\$450	\$1,700
2.b)	Expansion of the Community Connectors Resource Group and Community Liaisons (focus on climate change).	\$200	\$250	\$250	\$250	\$950
2.c)	Creation of a new Neighbourhood Climate Action Champions Program.	\$100	\$100	\$100	\$100	\$400
3.	Corporate Investment					
3.a)	Accelerate Use of Climate Lens Framework – staff resource and technical funding.	\$75	\$125	\$125	\$125	\$450
3.a)	Accelerate Use of Climate Lens Framework – technical funding for lifecycle assessment software and investment in collaborative climate lens consulting work with other municipalities	\$75	\$75	\$75	\$75	\$300
3.b)	Climate Change Investment (CCI) Fund (<i>tax supported reserve fund contribution to a new climate reserve fund</i>)	\$4,000	\$4,000	\$4,000	\$4,000	\$16,000
3.c)	Facilities energy efficiency and resiliency measures for lifecycle renewal of existing City buildings and development of Net Zero Plan.	\$385	\$385	\$385	\$385	\$1,540
3.c)	Facilities energy efficiency and resiliency measures for lifecycle renewal of existing City buildings and development of Net Zero Plan (capital investments).	\$3,310	\$3,332	\$3,027	\$2,958	\$12,627
3.d) i	Fleet transition to zero emission and clean energy technologies: Implement fuel conservation program through the installation of Telematics on all City vehicles.	\$260	\$354	\$309	\$309	\$1,232
3.d) ii	Fleet transition to zero emission and clean energy technologies: Low-Carbon Fuel Switching – Renewable Natural Gas (RNG) delivery for Waste Management trucks.	\$37	\$88	\$96	\$96	\$317
3.d) ii	Fleet transition to zero emission and clean energy technologies: Power and infrastructure changes for mobile delivery of RNG at EROC.	\$500	-	-	-	\$500

Number	Initiative (\$ Thousands)	2024	2025	2026	2027	2024 to 2027 Total
3.d) iii	Fleet transition to zero emission and clean energy technologies: Mechanic training, special tools and test equipment to support electrification.	\$110	\$82	\$50	\$50	\$292
3.d) iii	Fleet transition to zero emission and clean energy technologies: Procurement of electric vehicles and equipment.	\$477	\$263	\$341	\$253	\$1,334
3.d) iii	Electric vehicle and equipment charging infrastructure.	\$1,050	\$1,450	\$1,000	\$500	\$4,000
3.e) i	Climate-related financial disclosures in the City's annual financial statement reporting – staff resource and consulting to support additional regulatory requirements.	\$25	\$112	\$171	\$174	\$482
3.e) ii	Review and implement a corporate ESG strategy to guide financial decision-making, enhanced ESG reporting and a carbon accounting/budgeting process.	\$140	\$140	\$140	\$140	\$560

The set of activities addressed in this business case will assist in reducing corporate and community greenhouse gas emissions (GHG) from buildings, assist in the reduction of transportation-related emissions, increase additional climate action in the community (residents, households, businesses and institutions) through increased education and engagement, improve corporate decision-making alignment with climate change objectives, and build a foundation for further investment in climate action. These investments are recommended to contribute to meeting London's near-term emissions reduction target of 55 per cent below 2005 emission levels by 2030 (about 1.75 million tonnes of greenhouse gas emissions per year, or about 3.4 tonnes per person per year, by 2030).

Action on emissions reduction and adaptation to climate change improvements will benefit Londoners now, and for generations to come. By making these investments, Londoners will have better access to information on the impacts of climate change, new and expanded resources (information and funding) to reduce household and corporate building emissions as well as transportation emissions, and Londoners will benefit from the City's ability to react quickly to fund emerging near-term corporate emissions reduction and/or adaptation projects.

More details on the specific actions and activities included in the table are presented in the "Additional Details" section below.

Financial and Staffing Impacts

Operating Budget Table (\$ Thousands)	2024	2025	2026	2027	2024 to 2027 Total
Total Expenditure	\$11,490	\$13,414	\$11,380	\$10,729	\$47,013
Climate Emergency	\$750	\$1,205	\$1,355	\$1,355	\$4,665
Facilities	\$385	\$385	\$385	\$385	\$1,540
Fleet	\$407	\$524	\$455	\$455	\$1,841
Financial Services	\$86	\$230	\$292	\$298	\$906
Financial Planning and Business Supports	\$140	\$140	\$140	\$140	\$560
Reserve Fund Contribution ¹	\$9,722	\$10,930	\$8,753	\$8,096	\$37,501
Revenue: Grants	-\$150	-\$350	-\$500	-\$500	-\$1,500
Revenue: User Fees	-\$0	-\$0	-\$0	-\$0	-\$0
Revenue: Savings from Existing Budget	-\$0	-\$0	-\$0	-\$0	-\$0
Revenue: Other (Specify funding source)	-\$0	-\$0	-\$0	-\$0	-\$0
Net Tax Levy	\$11,340	\$13,064	\$10,880	\$10,229	\$45,513

Subject to rounding.

Note:

1. This business case requires new capital financing – at this this time it is envisioned that all funding requirements will result in new tax supported reserve fund contributions to a new reserve fund for Climate Change that will be created upon approval of this business case. The parameters of the new reserve fund will be established through a Council by-law governing the fund that will be brought before Council for approval in the regular course of reserve fund housekeeping reports.
2. The expenditures included in this table represent the financing solutions required to implement this business case – they are not meant to reconcile to the expenditure breakouts presented in the Business Case Summary tables above.

Capital Budget Table (\$ Thousands)	2024	2025	2026	2027	2024 to 2027 Total	2028 to 2033 Total
Total Expenditure¹	\$5,472	\$5,180	\$4,503	\$3,846	\$19,001	\$26,875
Climate Emergency	\$135	\$135	\$135	\$135	\$540	\$810
Facilities	\$3,310	\$3,332	\$3,027	\$2,958	\$12,627	\$12,362
Fleet	\$2,027	\$1,713	\$1,341	\$753	\$5,834	\$13,703
Financial Services	\$0	\$0	\$0	\$0	\$0	\$0
Financial Planning and Business Supports	\$0	\$0	\$0	\$0	\$0	\$0
Capital Levy	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Debenture	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Reserve Fund ²	-\$5,472	-\$5,180	-\$4,503	-\$3,846	-\$19,001	-\$26,875
Other	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Non-Tax Supported	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0

Subject to rounding.

Note:

1. The variance between the total expenditure line in the capital budget table, and the reserve fund contribution line in the operating budget table is explained twofold; 1) contributions for the Climate Change Investment Fund (\$4.0 million annually) and the Home Energy Retrofit program (\$1.5 million in 2025) remain in the fund until they are needed, and thus not immediately flowed to capital, 2) the contribution for the London Community Grants program (\$250 thousand annually) flows through the reserve fund and back to the appropriate operating business unit, and thus is not shown as a capital expenditure. The rest of the initiatives requiring a new reserve fund contribution will result in the creation of new capital projects funded via the new climate reserve fund.
2. The reserve fund financing for this business case will be provided via a new reserve fund for climate change if this business case is approved.
3. The expenditures included in this table represent the financing solutions required to implement this business case – they are not meant to reconcile to the expenditure breakouts presented in the Business Case Summary tables above.

Staffing Summary - Changes	2024	2025	2026 ¹	2027
# of Full-Time Employees Impacted	8.0	1.0	0	0
Climate Emergency	2	0	0	0
Fleet and Facilities	4	0	0	0
Financial Services	1	1	0	0
Financial Planning and Business Supports	1	0	0	0

Staffing Summary - Changes	2024	2025	2026 ¹	2027
# of Full-Time Equivalents Impacted	8.0	1.0	0.0	0.0
Climate Emergency	2.0	0.0	0.0	0.0
Fleet and Facilities	4.0	0.0	0.0	0.0
Financial Services	1.0	1.0	0.0	0.0
Financial Planning and Business Supports	1.0	0.0	0.0	0.0
Cost of Full-Time Equivalents (\$ Thousands)	\$870	\$112	\$59	\$0
Climate Emergency	\$206	\$0	\$0	\$0
Fleet and Facilities	\$505	\$0	\$0	\$0
Financial Services	\$54	\$112	\$59	\$0
Financial Planning and Business Supports	\$140	\$0	\$0	\$0

Subject to rounding.

(1) The cost of wages in 2026 relates to an individual hired part way through 2025.

Environmental, Socio-economic Equity and Governance (ESG) Considerations

Environmental, Socio-economic Equity and Governance Relevance Profile for this Business Case:



Environmental:

The package of actions included in this business case align with the following environmental outcomes:

1. Regarding Corporate Emissions: This business case includes the reduction of greenhouse gas emissions from existing sources and avoids increased emissions from a new service or asset by using zero emissions technology.
2. Regarding Community Emissions: This business case is expected to avoid, reduce, or help reduce greenhouse gas emissions in the community.
3. Regarding Community and/or Corporate Resilience: This business case is expected to improve or increase community adaptation and resilience in the community.

This business case directly addresses the desired environmental outcomes stated in the London Plan, Council's Strategic Plan and the CEAP. Outcomes will include reduced community and corporate emissions, greater engagement with climate actions in the community, improved resilience to climate change impacts, avoid future related damage costs, and further encouragement of the growth of the circular economy. The possibility of achieving the near and long-term GHG emissions reduction targets of the CEAP will be increased through the support of this business case.

Socio-economic Equity:

One of three high level goals of the CEAP is to "Bring everyone along", which includes the understanding that higher income Londoners generally have higher household greenhouse gas emissions (e.g., larger homes, more vehicles, more travel) and associated ability to withstand and adapt to climate change impacts, while climate change often has the largest impact on those Londoners who are least able to withstand or adapt to those impacts while often having lower household emissions (smaller homes, fewer vehicles). Similarly, equity deserving groups, low-income households and marginalized communities are often unable to access resources required to take action to reduce their emissions or improve their resilience due to systemic, financial and/or social barriers. CEAP has provided a series of actions in Area of Focus 1, Engaging, Inspiring and Learning from People to address these challenges.

Economic impacts - consider the costs and benefits associated with the renewal, including initial investments, long-term savings, and increasing costs of fossil fuels.

Health Wellbeing - prioritize solutions that enhance community health and reduce environmental risks.

Long-Term Viability - adapt to future needs and changing environmental conditions.

Governance:

Enterprise-wide input contributed to the creation of the CEAP, including findings from the assessment of the risks of doing nothing to address climate change. The implementation of the CEAP through this business case will reduce future risks from climate change associated with increasing regulation and costs related to GHG emissions, damages to public and private infrastructure and assets, human health impacts, and potential reputational damage to the Corporation. Each of the activities included in this business case can be monitored through key performance indicators that are currently included in CEAP progress reporting, as well as new indicators that will be added.

Additional Details

The specific items included in this business case and corresponding to the table in the Business Case Summary include the following:

1. CEAP Community and Business Support Investment

- a) Home Energy Retrofit Financing Program – Single-family home energy use represents 17% of London’s local greenhouse gas emissions and is the second highest source of emissions. The proposed Home Energy Retrofit Financing Program would have a total program value of \$6.0 million - \$1.5 million of City one-time capital grant funding, \$3.0 million from the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) loan program and \$1.5 million FCM CEF grant to support the rollout of a residential building energy retrofit pilot project in 2024/2025. If London’s application is approved, the FCM funding would be contributed to a new Climate Change Reserve Fund, along with the City’s \$1.5 million contribution pending approval of this business case, to be used as a funding source for approved projects. Details of the funding program will be further determined through the program design process.

This would be sufficient to support the retrofitting of about 150 homes over a three-year period. The \$4.5 million in combined capital (City plus FCM loan funding) would be used for lower-interest loans to program participants – an average loan of \$30,000 per participant. This loan would be attached to the property through the Local Improvement Charge (LIC) mechanism, similar to the process currently used for the existing City of London Basement Flooding Grant and Loan program. The funding will address program delivery costs, loan issuance, loan loss recovery and program concierge services for Londoners to understand and access the program with ease.

The \$1.5 million FCM CEF grant would be used to cover the start up costs, operating costs for the first three years of the program and provide additional financial incentives for participants in addition to the existing retrofit incentives (up to \$10,000) from the Home Efficiency Rebate Plus program. The nature and scope of these incentives would be developed in 2024, pending approval of the City of London’s FCM CEF application which would be submitted in Spring 2024.

The Home Energy Retrofit Financing Program would provide benefits to other Londoners beyond those 150 participants who opt for the retrofit financing loan to be attached to their property tax bill. This would be in the form of a concierge-style service to help Londoners navigate the different options available for retrofits including the Home Efficiency Rebate Plus Program, the Canada Greener Homes Loan Program (0% interest \$40,000 loan), the Canadian Home Builders’ Association’s Net-Zero Renovation Program, and London Hydro’s Solar PV Net-Metering Program.

The GHG emissions reduction benefit of this proposed program is expected to be in the 250-300 tonnes per year range for the estimated 150 program participants, not including those Londoners who make use of the program but choose another means to finance their retrofits (e.g., lines of credit, the Canada Greener Homes Loan program).

Based on preliminary program overviews of how a home retrofit program would roll out, it was identified that, subject to program design, administrative effort by the municipality would be required. As a retrofit program will be a new process, the program will not only need to be developed but administered for the duration of the loans. It is anticipated that a full-time equivalent will be required to; research tax history/verification, disburse funds, arrange payments and coordinate approvals, update tax roll, collect payments, administer billings, account bookkeeping, facilitate and co-ordinate reporting requirements to any third-party partners, providing customer services, and other program administration.

Finance Supports Retrofit Program - The City of London's Climate Emergency Action Plan (April 2022) identified an area of focus related to Taking Action Now (Household Actions). One of the key actions identified was a home energy-retrofit project. Based on preliminary program overviews of how a home retrofit program would roll out, it was identified that, subject to program design, administrative effort by the municipality would be required.

- b) Proactive Communications (Education and Awareness) – CEAP Area of Focus 1, Engaging, Inspiring and Learning from People, lists a number of key priorities to encourage more community action including:
- Talking climate change – driving climate conversations with all communities and, in particular, those communities traditionally marginalized from the climate conversation to overcome polarization, meet more needs, and inspire ambition and action for everyone.
 - Climate change literacy, knowledge and content – enabling more Londoners and employees to understand and see their connection with climate change, in particular through understandable information, local stories and images and other content in traditional and digital forms.
 - Co-creating – where possible, co-create portions of this Area of Focus with the community, businesses, institutions, Indigenous communities and stakeholders.
 - Local and regional economic development – while climate change brings risks and uncertainties, it also brings business opportunities. The low-carbon transition creates opportunities to spend existing energy expenditures differently; creates opportunities for efficiency, growth and innovation; and creates opportunities for investments and to grow the circular economy.

Addressing these communication priorities will require new investment for tools and techniques to address language needs, sharing local climate action stories, highlighting simple and more complex solutions to make London more resilient to changing weather, providing feedback of progress towards CEAP milestone targets, sharing information on incentive programs available in the marketplace. Capital requests for proactive communications currently being considered include mobile engagement kiosks and information centers (indoor), outdoor information boards (e.g., to explain investments in adaptation), outdoor learning areas with basic shelters and amenities, display units for indoor and outdoor use, etc.

c) Growth of the Transportation Management Association (TMA) – Smart Commute London - London’s first TMA, Smart Commute London, was launched in Fall 2023. Personal transportation fuel use represents 27% of London’s local greenhouse gas emissions and is the highest local source of emissions. Commuter transportation is going through an evolution that includes a return to office and manufacturing work coupled with work from home opportunities that are changing how commuters and residents travel in London and to and from London. For a two-year period (2024 and 2025), City staff will serve as the administrator of Smart Commute London until it is well-established. Existing City staff time has been allocated to this initiative. It is estimated that between 0.75 and 1.0 full-time equivalent (FTE) staff will be needed for Smart Commute London.

Additional investment is required to help grow the Smart Commute London program and build on opportunities to reduce reliance on single occupant vehicle trips, particularly with the growing need to address multiple areas in London and regional mobility needs as a result of large employers (e.g., Amazon, Volkswagen) expecting to employ a larger number of Londoners. The proposed funding amount of \$60,000 annual operating and \$40,000 capital over four years would go towards the following:

- Growth into more areas of London;
- New measures to support regional mobility needs for Londoners;
- Expanded programs including some customization for participating employers to support workplace commuting initiatives;
- Increased use of capital bike racks, signage and other commuting amenities;
- Expanded Pilot Projects, Collaborations, Events; and
- Expanded short duration resource needs for program delivery.

2. Community-Led Action Investment

Half of the local greenhouse gas emissions in London come from how we move in London and how we live at home. Reaching Londoners to obtain an understanding that adjustments are required to lifestyles, that options exist right now that can be implemented with minor changes, and planning for future adjustments that require more efforts and planning, requires the implementation of broader, community-based approaches. Successes in London have been realized in related areas; therefore, expanding established programs by adding a focus on climate actions is the most cost-effective and the quickest approach to implementation.

a) Expansion of London Community Grants Program - Building on an existing City program, Innovation and Capital grants for London based not-for-profit organizations and groups who are expanding programs, services or facilities that support London residents and must focus on climate actions and resiliency.

Each year, the City of London provides funding for London based not-for-profit organizations and groups who are expanding programs, services or facilities that support London residents. All grant applications are assessed based on a demonstrated need for the project in the community, the cost and effectiveness of the project, the project’s contribution to the quality of life in the community and alignment with the City’s Strategic Plan or Council-directed emerging priorities. Applications are accepted from London based incorporated not-for-profit organizations or non-incorporated groups that are hosted by a local not-for-profit.

The expansion would focus on community climate actions. The application and selection process would follow a well-established and recently reviewed process to support not-for-profit organizations and groups. Visit the City of London website at this link [City of London Community Grants Program](#).

- b) Expansion of Community Connectors Resource Group and Community Liaisons – This initiative builds on an existing City resource group (Community Connectors) that includes individuals that specialize in outreach and engagement efforts with particular focus on communities historically underrepresented in the civic process and decisions that impact their community. Community Connectors have played a valuable role in enterprise-wide initiatives such as the Mobility Master Plan and their experience with that plan can be applied to support the Climate Emergency Action Plan. Funding would go towards using the existing pool of Community Connectors for CEAP-related engagement as well as expanding the pool of Community Connectors to reach more Londoners who have an interest in promoting climate action in their communities. Where Community Connectors are not possible, Community Liaisons, selected through a similar process, would serve a similar purpose.
- c) Creation of a Neighbourhood Climate Action Champions Program – The goal of this new program is to encourage, motivate and inspire London residents to take a leadership role within London to undertake community-focused climate action projects. Neighbourhood Climate Action Champions would identify Londoners who have already taken climate action to encourage them to share their stories with their friends, family, neighbours, and Londoners as a whole. Honorariums would be provided to encourage Londoners to participate, with a range of options provided for participation (e.g., social media stories, local neighbourhood engagement lead by Londoners). The goal is to identify and work with a couple of Champions in each Ward with an allocation of \$7,000 per Ward.

3. Corporate Investment

The processes and structures in place within the Corporation of the City of London are responsible for managing critical infrastructure and supports that are relied on by residents and businesses to meet their daily needs. Aligning those processes and structures with climate action goals through the accelerated implementation of the Climate Lens Framework will ensure that the City moves toward its CEAP corporate emissions goals and that decisions being made to satisfy immediate needs will also protect and ensure that those needs will be satisfied in the future. By also investing now in a Climate Change Investment (CCI) Fund, the Corporation will have the ability to take advantage of emerging funding opportunities where a premium may be required to realize additional climate benefits and pay backs for further investment, respond effectively to the evolving understanding of climate impacts on London, and open the door for further creativity and innovation.

- a) **Accelerate Use of Climate Lens Framework:** The need for a climate lens was identified as a key component of the City's response to the declaration of a climate emergency and its implementation enterprise-wide is included in the CEAP. The Climate Lens Framework was developed by a cross-disciplinary team of staff as a consistent approach for identifying climate change impacts for City programs, projects and services. The implementation of the Framework provides improved understanding of climate impacts and opportunities for staff, consistent evaluation and presentation of climate impacts and opportunities for decision-makers and promotes transparency and accountability for climate action.

To date, the use of the Climate Lens Framework has created important information and understanding in several City areas including Transportation Planning, Solid Waste Management, Wastewater Treatment Operations, Planning and Economic Development, and Facilities Management.

New and additional co-benefits across Service Areas, potential organizational efficiencies, and innovative opportunities to multi-solve complex problems are anticipated to arise with accelerated and continued implementation of the Framework. Additional funding of \$125,000 annual operating plus \$75,000 annual capital will enable a dedicated staff to coordinate the implementation of the Framework which will include enterprise-wide staff support, regular tracking and recordkeeping, opportunity and issues identification, implementation effectiveness analysis for continuous improvement, and summary reporting. Capital requests to assist with the Climate Len Framework include hiring technical consultants to assist in specialty areas of climate impact assessment, technical consultant peer reviews of City staff work, licenses for lifecycle assessment software, investment in collaborative climate lens consulting work with other municipalities to create common tools, etc.

- b) **Climate Change Investment (CCI) Fund:** As part of this business case a new reserve fund is being proposed for London to accelerate implementation of climate actions – the CCI Fund is one of the predominant reasons Civic Administration would create a new reserve fund to help administer the funding in a clear and transparent manner. The cost for this portion of the business case request is proposed to be \$4.0 million annually – which would result in \$16 million available for capital funding over four years of the multi-year budget. 50% of this funding would be allocated to projects with clear financial returns that can replenish the reserve fund over time.

The CCI Fund will be available for two categories of climate change projects; i) projects that have a defined payback period and reimburse the fund over time and ii) projects that do not have an appropriate payback period but have other social, environmental and/or climate action benefits or other values. These sums are not paid back. This will be modelled similar to the City of London's

existing Operating Effectiveness, Efficiency and Economy (EEE) reserve (which is not climate change specific) under a similar administrative structure and financial controls as the City's other reserve and reserve funds.

The municipalities of Toronto, Guelph, Hamilton and Caledon currently employ revolving funds of this nature to support corporate energy plan implementation and other climate actions with at least a portion of each fund allocated to projects with clear financial returns to replenish the fund.

The intention of the CCI is to provide funding for opportunities that arise outside of those already identified elsewhere in the Multi-Year Budget (e.g., under Lifecycle Renewal (LCR), Growth, or Service Improvement). Examples include opportunities that arise because of new Federal or Provincial funding programs as well as new unanticipated climate change issues that would benefit from timely action taken by the City of London.

- c) Facilities - London's Climate Emergency Action Plan (CEAP) was approved in April 2022 addressing both mitigation and adaptation and setting a goal to achieve net-zero greenhouse gas emissions by 2050. Reviewing long term plans for capital improvements and applying the CEAP lens to our LCR needs, we can identify energy saving initiatives to respond to the City's climate emergency declaration and reduce greenhouse gas emissions. Building operations and fleet activities represent the largest contributors to the City of London's Greenhouse Gas (GHG) emissions. The development of a Net-Zero Emission Plan for facility assets would identify actions to achieve 2045 corporate targets as resolved by Council on June 6, 2023.

Most of our building inventory was constructed 40 + years ago, when less emphasis on energy efficiency was incorporated into facility design. Issues include poor insulation, outdated Heating, Venting and Air Condition (HVAC) systems and inefficient lighting, leading to higher energy consumption and greenhouse gas emissions.

Facilities has planned a phased approach to enhancing energy efficiencies and reducing our greenhouse gas emissions. In the current 2024 – 2027 Multi-Year Budget, HVAC replacements will be upgraded to the most energy efficient models feasible. The second priority will be to address building envelope issues, such as roofing, cladding, and glazing. Updating the building envelope can significantly improve energy performance. This business case identifies the incremental costs to undertake the work to also include mitigation and adaptation to support CEAP actions for projects already planned for lifecycle renewal. This will minimize disruptions to user groups and reduce overall costs if CEAP actions are planned when lifecycle replacements happen.

Achieving net zero in existing buildings is a much bigger challenge than designing and building new facilities to be net-zero. The City of London has a broad range of building types and construction used for many different purposes, such as public recreation, long-term care, administrative and operations and infrastructure functions. The utility demands of each facility and any opportunities to enhance efficiencies must be thoroughly investigated and understood, ensuring operational requirements can still be met. Similarly, opportunities exist within the Fleet Operations to reduce fuel consumption and GHG emissions, that must be evaluated against operational requirements.

Specialized consultants can provide a comprehensive audit of current operations using inspections and diagnostic testing. This information can be used to develop energy models, perform engineering calculations, and identify conservation measures to reduce fuel consumption and GHG emissions. To effectively plan, design, procure and implement the identified projects, additional staff resources are required for the Net Zero Plan and maintain momentum.

A Manager, Fleet and Facilities Strategy position would be primarily focused on CEAP planning, implementation, and reporting. Related activities include funding and grant applications; developing master plans and client engagement; and integrating policy and procedures in Fleet and Facilities operations. A Planning and Business Analyst role would be assigned to each of Facilities and to Fleet. This position will provide support with data collection and analytics, monitoring and verification of results and reporting functions. These positions are budgeted for 2024.

- d) Fleet - The City's municipal Fleet (not including Police, Fire, Transit) must begin to take more progressive action towards transitioning the Fleet of vehicles and equipment to zero emission or clean energy technologies. As outlined in the 2022 Progress Report – Climate Emergency Action Plan, “Municipal building and fleet vehicles have the largest share of corporate energy-related emissions” (p. 41). This business case outlines the implementation of actions to reduce corporate fleet fossil fuel consumption and GHG emissions that will contribute towards achieving 2045 corporate targets. The Clean Fleet Transition business plan supports Expected Results 1.1 and 2.1 in the Strategic Area of Focus Climate Action and Sustainable Growth for the 2023-2027 Strategic Plan. The proposed actions encompass three areas to reduce GHG emission in the 2024 to 2027 business cycle:
- i) Fuel Conservation Program: The proposed fuel conservation program will reduce fuel consumption and GHG emission by implementing vehicle idling monitoring, right sizing assets, maintain high utilization levels, offer ride sharing programs and perform operationally tailored route optimization analyses. In the short term, vehicle manufacturing companies are moving away from offering internal combustion engines on light duty vehicles, however Battery Electric Vehicle (BEV) replacements for pickups, medium and heavy-duty trucks are not yet available or do not match our operational needs. For some weight classes internal combustion engines will take time to offer zero tailpipe emission options. Until that transition, there are significant financial and GHG improvements to be had by implementing telematics on all City vehicles. Telematics enables anti-idling programs to develop using analytics that can be used for driver education or policy oversight. Telematics can also be used to determine candidates for BEV transition or car-pooling opportunities through utilization reports.
 - ii) Low-Carbon Fuel Switching – Renewable Natural Gas (RNG)
 - iii) Phasing in of Battery Electric Vehicles and Equipment
- e) Financial Services:
- i) Financial Services Disclosure - New financial reporting standards are in development that will mandate certain Environment, Social and Governance (ESG) related disclosures. One additional staff resource along with consulting services, at this time, is being requested in Finance to prepare for the inclusion of climate-related financial disclosures in the City's annual financial statement reporting. Governing financial reporting bodies such as the International Accounting Standards Board (IASB) who develop and issue International Financial Report Standards (IFRS) which help inform national accounting bodies on their standards, have recently introduced (June 2023) two new standards related to “general requirements for disclosure of sustainability-related financial information (IFRS S1)” and “Climate-related Disclosures (IFRS S2)”. Based on work done to date by IASB and the Task Force on Climate-Related Financial Disclosure (TCFD) which was established in December 2015, financial reporting bodies around the world are starting to recognize that climate-related risks and corresponding strategic decisions being made by organizations will impact financial statement reporting along with the corresponding key performance indicators. As part of climate-related financial disclosures, it is anticipated that consideration will need to be given to an organization's governance, strategy, risk management, and the reporting of metrics and targets. While at this time the Financial Reporting and Assurance Standards Canada has not introduced any standard(s) yet, their establishment of the

Canadian Sustainability Standards Board, who are closely linked with the International Sustainability Standards Board (ISSB), would indicate that reporting standards are not too far off in Canada (i.e., ISSB was established in 2021 - 2022, and then two new IFRS standards were introduced June 2023). Based on these developments, resourcing will be needed to meet and prepare for these eventual reporting requirements. Items that will need to be considered and reviewed with a climate risk lens would be the implications on asset lives, asset impairments, asset inventory, the fair value measurement of assets, financial instruments (including disclosure), provisions and contingent liabilities, and disclosures of accounting judgements and estimates.

- ii) Financial Planning and Business Supports: ESG considerations continue to gain prominence in financial reporting and capital markets. Evaluation of ESG risks now forms an integral component of the City of London's annual credit rating review. Investors, including those investing in municipal debentures, now regularly incorporate ESG considerations into their investment decisions. Overall, there is a growing expectation that organizations, including the City of London, are actively assessing, tracking and reporting on relevant ESG impacts and risks. One additional staff resource is being requested in the Financial Planning and Policy office to build capacity to review and implement a corporate ESG strategy to guide financial decision-making, enhanced ESG reporting and a carbon accounting/budgeting process. These enhancements are intended to provide greater visibility, tracking and insight into the environmental, climate and socio-economic considerations associated with the City of London's various services. Should this additional resource not be approved, this work will need to be advanced within existing staff resources over an extended period or, in some cases, may result in an inability to implement certain ESG reporting, budgeting or accounting improvements.