



REPORT FOR ACTION

Toronto Realty Agency Recruitment for a Chief Executive Officer

Date: June 16, 2017
To: Toronto Realty Agency
From: Chief Corporate Officer & Transition Lead, City-Wide Real Estate Program
Wards: All

SUMMARY

The purpose of this report is to present to the Toronto Realty Agency for consideration, a proposed process, timelines and considerations in undertaking a search for a Chief Executive Officer (CEO), as directed by City Council on May 24, 25 and 26, 2017 (Part 12 of Item EX25.9.)

RECOMMENDATIONS

The Chief Corporate Officer & Transition Lead, City-Wide Real Estate Program recommends that:

1. The Toronto Realty Agency delegate authority to the Chief Corporate Officer and Transition Lead, City-Wide Real Estate Program, to retain an executive search firm to undertake the recruitment for a permanent Chief Executive Officer (CEO).
2. The Toronto Realty Agency appoint a selection panel to initiate recruitment of the permanent Chief Executive Officer comprised of the Board Chair and two other Board members to:
 - a. Work with the executive search firm to approve a candidate job profile; and
 - b. Work with the executive search firm to shortlist candidates.
 - c. Provide regular updates to the Board on the selection process.
3. The Toronto Realty Agency interview the shortlisted candidates and select the preferred candidate for ratification by City Council, after the appointment of the permanent board members.
4. The Toronto Realty Agency request the Chief Corporate Officer and Transition Lead, City-Wide Real Estate Program, to report further on the appointment of an interim Chief Executive Officer in September 2017, when there will be greater clarity on implementation and business execution requirements, with the City-Wide Real Estate Transition Lead continuing to drive implementation activities.

FINANCIAL IMPACT

There will be no financial impact beyond what has been approved by City Council for the City-Wide Real Estate Transformation implementation as part of the 2017 Operating Budget for Facilities, Real Estate, Environment and Energy. It is estimated that the cost of implementing the search process will be approximately \$120,000 including fees to the recruitment firm, advertising, and other ancillary expenses.

DECISION HISTORY

At its meeting on May 24, 25 and 26, 2017, City Council considered and adopted a new real estate service delivery model for the City government that centralizes all real estate activities City-wide, including all real estate strategy and portfolio planning, major building projects, developments, real estate transactions and facilities management. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

COMMENTS

The approval of Item EX25.9 included City Council establishing a new City agency ("Toronto Realty Agency") to manage the City's real estate portfolio, develop City buildings and lands for municipal purposes and deliver client focused real estate solutions to City Divisions, Agencies and Corporations. In addition, City Council directed the Board of the new Toronto Realty Agency to bring forward the appointment of its Chief Executive Officer for ratification by City Council, and City Council delegated authority to the Board to renew or terminate the appointment of the Chief Executive Officer.

Recommended CEO Recruitment Process

The interim Board of Directors will be responsible for retaining an executive search firm and initiating a recruitment process for the CEO. The City-Wide Real Estate Program recommends the following process to be undertaken for CEO recruitment:

June to November 2017

- The City-Wide Real Estate Program to reach out to appropriate executive search firms for work assignment proposals and select an executive search firm.
- The Selection Panel, including the Board Chair and two Board members, will:
 - Work with the executive search firm to approve a candidate job profile; and
 - Work with the executive search firm to shortlist candidates.

End of 2017 or early 2018

- A separate process led by the City Clerk will be recruiting and appointing the Toronto Realty Agency Board of Directors for Q4 2017.
- The appointed Board of Directors will undertake interviews with CEO candidates and select a preferred candidate.

- The preferred candidate may have follow-up engagement with City executives, as deemed necessary.
- City Council to ratify the preferred candidate selection, based on the Board's recommendation as per City Council's direction (Item EX25.9, Part #10).

Executive Search Firms Contacted

In support of the above and to maintain a competitive process, the City-Wide Real Estate Program team has reached out to three pre-approved executive search firms from the City of Toronto's roster for Executive Management Search Services. The three search firms that have been requested to submit a work assignment proposal are:

- The Phelps Group;
- Odgers Berndtson Canada Inc; and
- Lee Hecht Harrison Knightsbridge Corp

Attachment 1 is the documentation sent to the firms, an "Executive Search Brief" to outline requirements and allow for an appropriate proposal, which is a starting point for input from the Board once a firm is hired. The requirements included the need for transformation experience, team building, and establishing a new culture for the team.

Interim CEO Consideration

The City-Wide Real Estate Program recommends that the Board defer any decision for an interim CEO until September 2017. At this time the Board will be focused on set-up activities of the centralized real estate model, including the new agency. In September, as transition work and plans progress there will be greater clarity on implementation and business execution requirements. In the meantime, the Chief Corporate Officer will continue to act in the role of Transition Lead to drive the implementation under the direction of the interim Board and the City Manager.

CONTACT

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SIGNATURE

Josie Scioli
Chief Corporate Officer & Transition Lead, City-Wide Real Estate Program

ATTACHMENTS

Attachment 1: Executive Recruitment Brief

ATTACHMENT 1

TORONTO REALTY AGENCY

EXECUTIVE RECRUITMENT BRIEF

POSITION TITLE: President & Chief Executive Officer

REPORTS TO: Chairman, Toronto Realty Agency Board of Directors

TORONTO REALTY AGENCY

In May 2017, City of Toronto Council approved a new City-wide real estate service delivery model that will centralize the City's real estate holdings and facilities management activities. It will allow the City to take a "whole of government" approach, focused on enabling strategic city-building, program service and stewardship of the entire real estate portfolio (8,446 properties on 28,823 acres of land).

Currently there are 24 entities involved in real estate activities with varying governance structures, program objectives, investment plans, processes, data and technology, skill and expertise. The proposed model aims to address these complexities by centralizing governance and decision-making through a single Agency that is accountable for a City-wide real estate strategy, while leveraging current capabilities in City corporations and divisions.

City of Toronto Council approved creating a new real estate agency (the "Toronto Realty Agency") to manage the City's real estate portfolio, develop City buildings and lands for municipal purposes, and deliver client-focused real estate solutions to City divisions, agencies and corporations.

The new model, including the Toronto Realty Agency, will launch on January 1, 2018. The Agency will:

1. Lead the strategic management, real estate planning, and oversight of the City of Toronto's multibillion-dollar real estate property portfolio; and
2. Be accountable for the negotiation of agreements involving strategic land acquisition, development and operations, as well as oversee annual and long-term budgets and staffing plans aligned with corporate standards and applicable legislation.

As part of the transition, the operations of Build Toronto and the Toronto Port Land Corporation will be merged into the new Agency. The consolidation of other real estate activities across divisions, agencies, and corporations will commence based on an appropriate change management timeline over the first three years of operation.

In the first year of operation, key deliverables for the Agency will include:

- Creating a new agency by merging and integrating key functions, activities, and staff;
- Establishing a preliminary 10-year strategic city-wide real estate plan;
- Creating a talent model to support the new service mandate;
- Begin build-out of key strategic functions (strategy & data/analytics);
- Advancing key City-building projects;
- Establishing City-wide real estate standards and operational processes;
- Integrating City-wide real estate inventory; and
- Developing a client relationship framework that integrates program needs.

SCOPE OF POSITION

Leadership

- President and Chief Executive Officer is to develop and lead a service driven culture that is focused on city-building, enabling City program solutions, and is accountable for real estate asset stewardship.
- Reporting to the Board of Directors, the CEO is accountable for creating a vision, strategy and business plan consistent with the purpose of the Toronto Realty Agency and aligned with the policy direction of Toronto City Council.
- Responsible and accountable for the overall leadership, management, and functioning of the Toronto Realty Agency.
- Develop and manage a positive and productive relationship with the City Government, Council, and its broader constituents, including stakeholders, partners, and industry leaders.
- Leads the development and execution of short and long range business change and transformation with the City of Toronto partners, consistent with an approved strategy.
- Lead disciplined oversight and management of financial (both operating and capital), human resources, and organizational performance, both in the short and long-term.
- Assess and take overall responsibility for mitigating and managing corporate and operational risks of the business.

Organizational Capacity

- Responsible for team building and ensuring the development and implementation of talent management, professional development and succession plan strategies.
- Create a healthy and innovative organizational environment and value system which contributes to maximizing agency productivity, brand, and a positive reputation.

- Drive a culture of continuous improvement by identifying opportunities to implement emerging industry practices, and lead change management of business models, technology and organizational design.

Reputation and Stakeholder Management

- Strength as a relationship builder and experience leading negotiations with top government officials, senior industry leaders, and communities.
- Assist the executive management team in cultivating relationships with financial institutions, other orders of government, developers, pension funds, and other industry stakeholders.
- To act as the spokesperson for the Agency in affairs with stakeholders and the Media.

Executing Strategic projects

- Responsible for overseeing and recommending appropriate transactions and agreements (e.g., joint ventures, public-private partnerships, AFPs, etc) that further the agency's city-building mandate and meet the terms of appropriate procurement and property disposal policies for consideration to the Board of Directors.
- Ensures financial oversight, controls and risk management activities are in place with strategic projects to ensure the agency and the City of Toronto is adequately protected.

QUALIFICATIONS

- The CEO needs to be a strategic visionary who understands the demands of operating a commercial enterprise in the public sector, communicating expertly both internally and externally.
- An acknowledged business leader with a wide network and a track record of success in team building, organizational change, business transformation and leading a large division or corporation.
- Prior experience as a CEO of an organization/entity would be ideal, or extensive executive leadership experience in a public, private or hybrid organization.
- The CEO must come with an understanding of real estate portfolio management, and must possess a comprehensive understanding of the relationship between the City government's policy-setting role and the role of an agency.
- University degree in a relevant field and exposure to a wide range of real estate and city building projects and activities.
- Graduate Degree or Designation would be an asset.

- Board experience, either as a Director of a Board or reporting to a Board of Directors is essential.
- Knowledge of Financial, Environmental and Economic issues in a highly complex environment.
- Strong communication and presentation skills.
- Proven leadership skills in complex social and political environment.
- Proven ability to influence all levels of management and to engage with a range of stakeholders, Board Members and Councilors, the media and other stakeholders.

COMPENSATION FRAMEWORK

- To be confirmed.

PROCESS

June to Q4 2017

- A selected executive search firm will work with the interim Agency Board of Directors to:
 - Approve a candidate job profile and shortlist candidates.

Before the end of 2017 or early 2018

- A separate City process will be appointing a permanent Agency Board of Directors for Q4 2017.
- The permanent Board of Directors will interview finalists and select a preferred candidate.
- The preferred candidate may have follow-up engagement with City executives.
- City council will ratify the selection.