



Decision Letter

CreateTO

Meeting No.	8	Contact	Carol Kaustinen, Committee Administrator
Meeting Date	Tuesday, September 24, 2019	Phone	416-338-5089
Start Time	9:30 AM	E-mail	trab@toronto.ca
Location	Committee Room 1, City Hall	Chair	Dino Chiesa

RA8.1	ACTION	Adopted		Ward: All
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ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization

Board Decision

The Board of Directors of CreateTO recommends that:

1. City Council adopt Appendix 1 to the report (September 18, 2019) from the Chief Executive Officer, CreateTO, "The City-wide Real Estate Portfolio Strategy", as the strategic framework to best utilize the City's real estate assets to drive better value and services for the municipality.
2. City Council direct the Chief Financial Officer and Treasurer and the Executive Director, Financial Planning, in consultation with the Deputy City Manager, Corporate Services and the Chief Executive Officer, CreateTO, to establish a consolidated list of City-wide real estate needs and financial commitments on an annual basis, including funded and unfunded City-wide real estate requirements for a 10-year period to inform long-term, strategic portfolio planning.
3. City Council direct the Deputy City Manager, Corporate Services, in consultation with the Chief Executive Officer, CreateTO, to report through the 2021 budget process with an appropriate funding request to develop a City-wide data and information platform for all City real estate holdings to centrally manage the City's real estate information and integrate various real estate systems, to an extent required to measure the current utilization, cost and potential of each asset and to support the delivery industry standard asset management services.

Office Portfolio Optimization

4. City Council adopt the following guidelines to facilitate the delivery of an efficient and modernized office portfolio:

a. Identify the following assets as "primary office buildings" in need of long-term modernization investments to enable a more effective Toronto Public Service, serving as transit-oriented civic hubs for government administration:

- City Hall
- Metro Hall
- Scarborough Civic Centre
- North York Civic Centre
- Etobicoke Civic Centre;

b. Identify the following assets as underutilized and as opportunities to unlock value and address City needs and City building objectives, such as affordable housing, employment uses and community infrastructure:

- 277 Victoria Street (Appendix 3a)
- 33 Queen Street East (Appendix 3b)
- 610 Bay Street (Appendix 3c)
- 931 Yonge Street (Appendix 3d)
- 1900 Yonge Street (Appendix 3e)
- 75 Elizabeth Street (Appendix 3f)
- 95 The Esplanade - Ground Floor (Appendix 3g)
- 18 Dyas Road (Appendix 3h);

c. Direct the Deputy City Manager, Corporate Services, in consultation with the Chief Executive Officer, CreateTO and the Chief Financial Officer and Treasurer to report to the CreateTO Board and City Council in the third quarter of 2020 with a detailed business case and an execution plan, including an assessment of costs, savings/revenues and a 5-year implementation and funding plan for completing Office Optimization in primary office buildings, including a master accommodation plan for staff and recommended directions and city building opportunities for properties identified in recommendation 4b, and that the development of such business cases be guided by the following principles:

1. Consulting local Councillors, City Planning, local communities and impacted occupants regarding relocation requirements and appropriate mix of City outcomes for the properties identified as underutilized assets;
2. Develop recommendations to relocate office space occupants in underutilized assets to the "primary office buildings" or other suitable facilities, with the City acting as property manager, where appropriate, plus relocate occupants in office leases into City-owned space.

5. City Council direct the Deputy City Manager, Corporate Services to include \$4.4 million in the 2020 Corporate Real Estate Management (CREM) operating budget to be used over a 12 month period to establish a detailed implementation and funding plan, including funding for a

multi-disciplinary project team, change management activities, and to conduct site due diligence and community consultations with respect to unlocked properties.

6. City Council direct the Deputy City Manager, Corporate Services to procure a workplace consultant to determine location requirements for all impacted occupants via a master accommodation plan; determine appropriate mobility ratios for City operations; establish a project schedule, timelines and sequencing of moves over a 5-year period; and provide financial projections for recommended investments in physical spaces, technology, and change management activities.

Origin

(September 18, 2019) Report from the Chief Executive Officer, CreateTO

Summary

The purpose of this report is twofold:

1. To receive feedback and endorsement on the strategic framework to optimize the city-wide real estate portfolio. CreateTO has developed a City-wide Real Estate Portfolio Strategy (Appendix 1) which is a foundational and over-arching framework on how the City can optimize its portfolio, unlock value and deliver new efficiencies for municipal government.
2. To apply this framework to the City's office portfolio, which involves launching an Office Optimization Plan ("ModernTO") as outlined in this report. The plan is expected to accelerate the City's transition to a modern work environment through a self-funded asset management strategy, while reducing the overall capital and operating costs by \$30 million per year across the City-wide office portfolio.

As a City board, CreateTO was established to provide oversight and direction for the City's real estate portfolio, develop lands for city purposes, and deliver real estate solutions to City divisions, agencies and corporations. To achieve this, advice provided by CreateTO must be consistent with the City's broader asset management policies, corporate objectives and strategic plans. The City-wide real estate strategy aims to make the best use of real estate within this context, applying strategic principles to maximize resources and achieve the City's service deliverables. Due to the size of the City's real estate portfolio, advice will be brought forward to the CreateTO Board and City Council over a multi-year period based on a review of 11 real estate asset types. Recommendations will outline opportunities to improve the City's real estate mix and City building outcomes, starting with the City's office portfolio.

The direct application of the City-wide Real Estate Strategy is the Office Optimization Plan, developed to address a large, outdated and inefficient office footprint. The proposed plan aims to reduce total office locations from 52 to 20 over a 5-year period (2020-2025), while modernizing municipal work environments. This report recommends CreateTO and City staff initiate a detailed planning and engagement process to unlock lands and develop a new accommodation plan for City employees, with an execution plan requested for City Council and CreateTO Board approval in Q3 2020. The engagement process over the next 12 months will include extensive consultations with City divisions, agencies and corporations, local

Councillors and impacted occupants to inform the implementation plan and City building directions for unlocked real estate.

Background Information

(September 18, 2019) Revised Report from the Chief Executive Officer, CreateTO on ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization
(<http://www.toronto.ca/legdocs/mmis/2019/ra/bgrd/backgroundfile-137925.pdf>)

(September 18, 2019) Report from the Chief Executive Officer, CreateTO on ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization

Appendix 1 - City-Wide Real Estate Portfolio Strategy

(<http://www.toronto.ca/legdocs/mmis/2019/ra/bgrd/backgroundfile-137926.pdf>)

Appendix 2 - City-Wide Office Locations and Map (Owned and Leased)

(<http://www.toronto.ca/legdocs/mmis/2019/ra/bgrd/backgroundfile-137927.pdf>)

Appendix 3 - PS Sketches - Underutilized Real Estate Assets

(<http://www.toronto.ca/legdocs/mmis/2019/ra/bgrd/backgroundfile-137928.pdf>)

(September 9, 2019) Report from the Chief Executive Officer, CreateTO on City-Wide Real Estate Strategy and Office Portfolio Optimization - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2019/ra/bgrd/backgroundfile-137929.pdf>)