

ModernTO: Enabling a Flexible and Mobile Workplace

Date: October 8, 2019

To: Executive Committee

From: Deputy City Manager, Corporate Services

Wards: All

SUMMARY

The purpose of this report is to provide complementary information and direction on non-real estate matters to the recommendations included in the CreateTO report (RA8.1) entitled "ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization".

The Office Portfolio Optimization Plan ("ModernTO") proposes to accelerate the City's transition to a modern work environment that would not only reduce the number of office locations and improve the overall efficiency of the office footprint, but also transform how and where employees work to foster a more productive work environment, improve work-life balance and adapt to changing workforce needs. Modern workspaces focus on open space concepts, unassigned workstations (i.e. choice of workspace), collaborative spaces, mobile technology, fewer dedicated offices, and flexible workplace policies that provide staff the ability to choose a work environment most suitable to the circumstances at hand.

In addition to the proposed optimization of the physical office environment, the successful implementation of ModernTO will require a strategic plan to update traditional City policies and technologies, in order to enable a mobile and flexible workplace, which includes:

- (1) Developing policies and practices for flexible and remote work arrangements;
- (2) Providing staff with appropriate tools and technology to work and stay connected from a variety of locations; and
- (3) Ensuring that primary office buildings have adequate co-working spaces and technology to support a mobile workforce and flexible workplace.

The implementation of modern workplace policies and technologies provides a number of non-real estate related benefits, including but not limited to:

- Improved productivity, job satisfaction and employee engagement;
- Talent attraction and retention via modern spaces, policies and with appropriate tools and technology;
- Environmental benefits (reduction of GHG emissions, reduction in paper consumption and less traffic congestion);
- Service delivery improvements (employees are more connected, engaged and efficient);
- Health and safety benefits via ergonomic furniture, natural lighting, sit-stand workstations, etc.; and
- Promotes work-life balance for employees.

Alignment of key business areas, including but not limited to Corporate Real Estate Management, People & Equity, and Information & Technology will be paramount in the successful implementation of the ModernTO initiative.

RECOMMENDATIONS

The Deputy City Manager, Corporate Services recommends that:

1. City Council request the agencies and corporations listed below adopt their own policies to enable a flexible and mobile office workplace, in a manner consistent with those established by the City under the Office Portfolio Optimization Plan in order to improve overall efficiencies, standards and cost savings.

- CreateTO
- Toronto Community Housing Corporation
- Toronto Parking Authority
- Toronto Transit Commission

2. City Council direct the Chief Technology Officer, Information & Technology to work with the agencies and corporations listed in Recommendation #1 to provide a shared services model for I&T requirements related to their office functions to improve overall municipal efficiencies, standards and cost savings.

FINANCIAL IMPACT

There is no additional financial impact from that identified in the CreateTO report (RA8.1) "ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization" that was considered and adopted by the CreateTO Board on September 24, 2019.

The estimated project costs of \$250 million to modernize the four primary office buildings (excluding investments required for the new Etobicoke Civic Centre) will be detailed in the Q3 2020 overall business case and execution plan. The new Etobicoke Civic Center is subject to an alternative business case that will be provided to City

Council in Q4 2019. The \$250 million investments address end-of-lifecycle conditions in office spaces. The estimated costs provide for modern interior space design (e.g. new workstations, meeting rooms, lighting, etc.), ergonomic furniture, mobile and meeting room technology (to be detailed in the technology plan), relevant base building work (e.g. electrical and HVAC reconfigurations) and the cost of required swing space during renovations. The investment does not include improvements to the broader building envelope, including building common areas, services counters or base building systems. Ongoing state-of-good repair work related to these items will be addressed through regular lifecycle management.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its September 24, 2019 meeting, the CreateTO board adopted a report entitled "ModernTO, the City-Wide Real Estate Strategy and Office Portfolio Optimization" and transmitted the report to Executive Committee and City Council for approval. The Board endorsed the City-wide Real Estate Strategy as strategic framework to optimize the city-wide real estate portfolio and its application to the City's office portfolio:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA8.1>

At its meeting on May 14, 2018, Executive Committee adopted a staff report entitled "Optimizing the City-Wide Office Portfolio" and endorsed key directions to modernize and find efficiencies in the City-wide office portfolio:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX34.4>

At its meeting on December 1, 2016, Executive Committee adopted a motion regarding Flexible Work Arrangements / Alternative Work Arrangements for the Toronto Public Service. The recommendation requests the City Manager to report to the Executive Committee on the status of the implementation of mobility policies and flexible work arrangements through a pilot project within an appropriate City division to be determined by the City Manager:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.38>

COMMENTS

The Office Portfolio Optimization plan aims 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. If adopted by Council, it will reduce total office locations from 52 to 20 over a 5-year period while modernizing municipal work environments across the City. It is the first strategic plan developed through the application of the City-wide Real Estate Strategy, which has been recommended for City Council approval by the

CreateTO Board in the report entitled "ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization".

The proposed Office Portfolio Optimization Plan will transform the City's primary office assets into modern workspaces with a focus on open space, activity based concepts, unassigned workstations (i.e. choice of workspace), collaborative areas, mobile technology, fewer dedicated offices, and flexible workplace policies that provide staff the ability to choose a work environment most suitable and appropriate to the circumstances at hand. The Plan recommends space efficiency targets of 140 square feet per workstation and a mobility ratio of 1.3 staff persons per workstations (i.e. 13 people sharing 10 desks, on average).

A critical component of the Office Portfolio Optimization Plan is the establishment of a flexible and mobile workplace, leveraging changes in workplace trends and technology to allow employees greater choice as to where, how and when they work. Current portfolio benchmarking measures indicate that City staff only utilize their assigned workstations approximately 36% of the workday. At other times, work is being completed in meetings, through informal collaboration, at remote locations, e.g. at a project site or out in the community, or in areas more appropriate to the work tasks and circumstances. As such, providing dedicated workstations for each employee generates significant space inefficiencies. Establishing a flexible and mobile workplace with the appropriate tools and technology, in addition to the real estate and physical changes to the office environment, is necessary to achieving better space utilization as well as to realizing the full anticipated benefits from the Office Portfolio Optimization Plan.

The benefits of the Plan include a number of non-real estate expected outcomes related to employee productivity, wellness and talent attraction/retention. The Plan will allow the City to meet the expectations of a modern workforce (with technology, and flexible choice) and to provide the tools and environments to manage productivity, improve accessibility and enable an efficient public service. Flexible workplace solutions contribute to engagement, productivity, and employee wellness, by offering greater work-life balance opportunities. A modern, flexible and mobile workplace contributes to attracting and retaining talent. Allowing employees to work from remote locations, possibly at home, or closer to home at another City office location, will have a positive impact on lowering GHG emissions and traffic congestion by reducing the number of City employees commuting every day.

Enabling a flexible and mobile workplace will be achieved through targeted strategic changes and adaptation of current HR and I&T policies and tools. These will support the detailed business case and execution plan that will be brought to the CreateTO Board and City Council for approval in Q3 2020.

A Modern Workforce

Employees' needs and expectations are changing. For the City to remain an employer of choice, the City's policies, technologies and workspaces must adapt to meet the needs of a modern workforce. Employees desire a greater degree of flexibility, choice and modern and mobile technology, features that are now commonplace in public and private organizations. In addition, environmental considerations have been

demonstrated to be a priority for next generation employees. Approximately 60% of the City's workforce is eligible to retire in the next 10 years. Accelerating the pace of workplace modernization will better position the City to attract the next generation of talent and retain current employees.

Workforce modernization is a key enabler of a future ready, efficient, engaged and productive public service. By providing employees with improved work-life balance options, modern workplaces, access to new technology, mobility and flexibility options, and accessible transit-oriented office locations, ModernTO has the ability to bolster the City's brand as an "employer of choice".

Environmental Benefits

The Office Portfolio Optimization Plan is expected to generate significant environmental benefits and support TransformTO, the City's climate action strategy. Main environmental benefits include:

- *Reduction of the City's greenhouse gas emissions:* 750,000 square foot reduction of office space and related GHG associated with office uses
- *Reduced vehicular traffic and parking:* flexible work arrangements, mobility options, infrastructure for active commuting modes and transit oriented office buildings, which reduce the need for single occupant vehicle commuter travel and parking
- *Green design features:* building and space planning energy efficiency improvement (LED lighting, energy start appliances, recycling focus, reduction of paper use)
- *Improved Indoor Air Quality:* improved air flow and circulation from open office spaces with less partition walls

Flexible Workplace Policies

A key aspect of enabling a flexible and mobile workplace is the adoption of modern employment policies allowing staff, including unionized employees, greater flexibility and choice as to where, how and when they work. There are variations of flexibility that are suitable for different job types, which recognize that employees no longer necessarily need to be fixed to a specific workstation to complete their work tasks throughout the day.

The degree of flexibility available will depend on an evaluation of job types and business functions (to be completed with the assistance of a workplace consultant) and is not intended to be a "one size fits all" approach. Flexible and remote work policies are central to the Office Portfolio Optimization Plan and achieving space efficiency targets. This transformative change will need to be carried out carefully and with due diligence, support and guidelines to ensure service delivery goals are maintained, unions are appropriately engaged, performance is managed appropriately, employee productivity and engagement is supported, and employee health and safety remain paramount.

As earlier outlined, the workforce is changing. To promote attraction and retention of the best talent, it is imperative that the City adopt policies that will enable a future ready, efficient, engaged and productive public service.

With support from the project team, the People & Equity Division, in consultation with Legal Services, the Senior Leadership Team and other internal stakeholders will establish and update policies, including a remote work policy, to allow staff to work from alternative locations, including working from home when operationally feasible. These policies will address employment and legal requirements, including occupational health and safety, IT equipment, technology, connectivity, confidentiality and performance management.

The policies will be informed by a jurisdictional scan of both public and private sector organizations to review best practices in teleworking and flexible work arrangements. Preliminary research conducted highlighted that remote work options are voluntary and conducted on a case-by-case basis. Organizations with a unionized workforce have been able to offer remote work options to their staff in appropriate roles. Remote work arrangements are often presented as a tool to enable new ways of working as well as to support employee wellness and work-life balance. The City's union partners will be engaged in the City's efforts to modernize its workplace policies and practices.

The City of Toronto launched a pilot program in May 2017 to allow non-unionized staff from a few Divisions to work from home one to three days a week, in response to a motion from Executive Committee, as well as a growing need to provide more flexible work options to Divisions undergoing Office Modernization. The pilot project was developed by People & Equity in partnership with Corporate Services, and with support from Legal Services. Participating Divisions included Information & Technology, Environment & Energy, Real Estate Services and Facilities Management and the Office of the Deputy City Manager, Corporate Services. In 2019, Legal Services and the People & Equity Divisions also conducted pilots. Outcomes from those pilots will inform the development of a city-wide remote work policy.

In scope agencies and corporations (CreateTO, Toronto Transit Commission, Toronto Parking Authority, and Toronto Community Housing Corporation), as separate employers with their own HR policies, will also need to update their policies and/or adopt remote work policies consistent with the objectives and standards established by the Office Portfolio Optimization Plan in order to facilitate colocation and to improve overall municipal efficiencies, standards and cost savings.

Technology Plan

Flexible work arrangements enable employees to work throughout City buildings and/or remote locations. Remote work policies need to be accompanied by investments in mobile tools (e.g. tablets, laptops, remote access, Wi-Fi, virtual meeting options) to allow staff to work away from a designated dedicated desk. The project team will work the Information & Technology Division to establish a technology plan to enable the Office Portfolio Optimization Plan, with the following components:

(1) *Mobile hardware*: Providing employees with mobile hardware (such as a laptop or tablet and mobile phones) and remote technology, as appropriate. Recommended technology will be aligned with the mobility ratios established by the workplace consultant for all office job functions across the City divisions, agencies and corporations.

(2) *Office space technology*: Equipping primary office buildings with required technology to enable virtual meetings options, desk sharing and wireless network access. Consistent technology in meeting rooms and collaborative spaces will reduce the need for in person meetings and allow employee to participate from remote locations.

(3) *Paperless office*: Working with Corporate Information Management Services, the technology plan will include recommendations to support Divisions in their digitization projects to enable a paperless office environment

The costs associated with the technology plan will be included in the overall business case and execution plan for the Office Portfolio Optimization that will be brought to City Council in Q3 2020 for approval.

Co-working Spaces

A key feature of the Office Portfolio Optimization plan is to establish dedicated unassigned and touchdown spaces in each primary office building that are available to all City staff. These spaces will allow staff to work from any Civic Centre, as appropriate, in particular when attending to matters at City Council and Community Council, reducing total travel times while improving choice and productivity. Dedicated co-working space will also strengthen the City's emergency responsiveness and resiliency by maintaining unassigned touchdown spaces available so that employees can continue to work if their primary office locations become unavailable.

As primary office buildings are being modernized, dedicated space with touch down workstations and meeting rooms will be incorporated into the planning for each building to ensure mobile employees can access work spaces when needed.

Customer service delivery and public space improvements

The primary office buildings identified in the Office Portfolio Optimization encompass significant public spaces and front line service delivery spaces. The project team will work with Corporate Real Estate Management and the Customer Experience Transformation team, in consultation with key stakeholders and local councillors, to examine common areas in the primary office buildings for opportunities to deliver public services more effectively or activate more open use, as appropriate. Corporate Real Estate Management will review planned work in each of the five primary office facilities and determine opportunities to integrate and accelerate capital improvements to public areas in the buildings.

Office Portfolio Optimization Governance and Management

The executive sponsor of the overall Office Portfolio Optimization Plan will be the Deputy City Manager, Corporate Services. A steering committee will be established with representatives from Corporate Real Estate Management, Information & Technology, People & Equity, and CreateTO. Employee matters will be brought forward to the City Employee Experience Lead Committee to receive input and feedback from senior executives from across the organization.

The Office Portfolio Optimization Plan will be managed by a multi-disciplinary project team, accountable to the Steering Committee and responsible for the three work streams detailed in Figure 1 below. The Project Team will be composed of a project director and dedicated resources to support the work streams and provide overall program support. The Team will report to the Director of the Project Management Office in the Corporate Real Estate Management Division. Additional support will be provided by Strategic Communications and Legal Services Divisions. A dedicated workplace consultant will also be procured to provide overall advisory and planning.

Figure 1: Office Portfolio Optimization Work Streams

	Stream 1: Master Accommodation Plan for Office Space	Stream 2: Unlock 8 Underutilized Real Estate Assets	Stream 3: Business Transformation Policies and Tools
Mandate	Develop occupancy and logistics plan for five modernized Civic Buildings	Engage stakeholders and establish directions for eight unlocked real estate assets	Establish flexible workplace policies, mobile technologies and change management plan
Leads	<ul style="list-style-type: none"> - Corporate Real Estate Management (CREM) - Workplace Consultant 	<ul style="list-style-type: none"> - CreateTO - CREM 	<ul style="list-style-type: none"> - People & Equity - Information Technology - CREM - City Clerk's
Key Actions	<ul style="list-style-type: none"> - Consultations with impacted Divisions, Agencies and Corporation - Establish mobility ratios by function/business type - Establish 5-year accommodation plan - Logistics plan and timing of moves - Identify resources, costing and phasing - Research & best practices 	<ul style="list-style-type: none"> - Consult stakeholders (local Councillor, Communities, impacted occupants, City Divisions) - Establish vision/directions and desired City building outcomes - Undertake site due diligence - Planning concepts and financial analysis - Relocation plan for impacted services 	<ul style="list-style-type: none"> - Mobile technology plan - Establish Flexible workplace policies - Labour union engagement - Digitization of records - Change management plan
Staff Level Approval	<ul style="list-style-type: none"> - DCM, Corporate Services - CEO, CreateTO 	<ul style="list-style-type: none"> - DCM, Corporate Services - CEO, CreateTO - Chief Planner, City Planning 	<ul style="list-style-type: none"> - DCM, Corporate Services - Chief People Officer, People & Equity - Chief Technology Officer

	Stream 1: Master Accommodation Plan for Office Space	Stream 2: Unlock 8 Underutilized Real Estate Assets	Stream 3: Business Transformation Policies and Tools
Final Approval	City Council (Q3 2020)	City Council (Q3 2020)	City Manager

In addition to deliverables related to work streams #1 and #2 that will be included in the Q3 2020 report to the CreateTO Board and Council, City staff will work on establishing the necessary policies, tools and practices to establish a flexible and mobile workplace, under the City Manager's authority, as detailed below:

- (1) The Chief People Officer, People and Equity, in consultation with the City Solicitor the City Senior Leadership Team and internal stakeholders, will establish policies and tools to enable a flexible and mobile workplace.
- (2) The Chief Technology Officer, Information & Technology, will establish a technology plan to provide employees with mobile hardware and remote technology, as appropriate, to support the overall Office Portfolio Optimization, including the cost and impacts of these changes on I&T policies, standards and procedures.
- (3) The Chief Technology Officer, the Executive Director, Corporate Real Estate Management and the City Clerk will determine the impacts of the Office Portfolio Optimization on current records storage practices in office buildings, determine requirements and costs for digitization of existing records and digital storage of these records as a result of the Office Portfolio Optimization Plan.
- (4) The Executive Director, Corporate Real Estate Management, with input from the workplace consultant, will develop a delivery and execution model for the project implementation over the next five to six years, including a detailed governance and reporting schedule to the CreateTO Board and City Council on the implementation.
- (5) The Executive Director, Corporate Real Estate Management will develop a plan to establish co-working spaces at the primary office buildings listed below that are open and available to all City employees to work, as appropriate, in particular to accommodate staff attending Council, Community Council, or local municipal matters that require meeting or touchdown space.
 - City Hall
 - Metro Hall
 - Scarborough Civic Centre
 - North York Civic Centre
 - Etobicoke Civic Centre;
- (6) The Executive Director, Corporate Real Estate Management will review planned base building work in each of the primary office buildings for opportunities to integrate and accelerate broader building improvements, including planned capital to service counters, state-of-good-repair needs, and other expenditures scheduled in the next 5-10 years, as well as AODA improvements scheduled for completion by December 2024.

(7) The Executive Director, Corporate Real Estate Management will review common areas in the primary office buildings identified in action #6 for opportunities to deliver public services more effectively and/or activate more open uses, as appropriate.

ModernTO proposes to accelerate the City's transition to a modern work environment and transform how and where employees work to foster a more productive work environment, improve work-life balance and adapt to changing workforce needs. The successful implementation of ModernTO will require developing a robust strategic plan, including developing flexible and remote work policies and practices; providing staff with appropriate tools and technology to work mobile and stay connected; establishing comprehensive change management support; and ensuring that primary office buildings have adequate co-working spaces and technology to support a mobile workforce and flexible workplace.

Alignment of key business areas, including but not limited to Corporate Real Estate Management, People & Equity, and Information & Technology will be paramount in the successful implementation of the ModernTO initiative.

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