



REPORT FOR ACTION

Amendments to Delegated Authorities for Corporate Real Estate Management Functions

Date: November 7, 2019

To: General Government and Licensing Committee

From: Deputy City Manager, Corporate Services

Wards: All

SUMMARY

This report recommends the delegation of approval and signing authority levels for certain real estate matters to the new Executive Director, Corporate Real Estate Management, that are currently within the delegated authority of the Deputy City Manager, Corporate Services, and related amendments to other existing authorities to align with the Corporate Real Estate Management Division's new structure.

For the purposes of expediting routine real estate transactions, facilitating situations involving critical deadlines, and limiting the need for the Deputy City Manager, Corporate Services to approve certain lower value real estate transactions, staff is recommending that delegations previously approved by City Council be updated. If adopted, the proposed amendments would not change the value threshold, currently \$10 million, above which City Council approval is required for certain real estate matters.

RECOMMENDATIONS

The Deputy City Manager, Corporate Services recommends that:

1. City Council amend the existing delegated approval and signing authorities adopted by City Council on October 2, 3, and 4, 2017 in Item EX27.12 as follows:

a. the Executive Director, Corporate Real Estate Management, shall have delegated approval and signing authority for all matters also delegated to the Deputy City Manager, Corporate Services, but with an upper financial limit of \$3 million; and

b. effective upon the recruitment of the new Director, Transaction Services, and the new Director, Property Management, such Directors shall each have delegated approval and

signing authority with respect to matters for which authority previously resided with the Director, Real Estate Services.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

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

DECISION HISTORY

At its meeting on October 2, 3, and 4, 2017, City Council adopted EX27.12 "City-Wide Real Estate - Delegated Authorities Framework and Transition Plan". The framework delegated new approval and signing authorities for real estate matters as set out in Appendix A to the report (September 12, 2017) for the Deputy City Manager and Chief Financial Officer and the Chief Corporate Officer, effective January 1, 2018 and in so doing, amended the existing delegated approval and signing authorities adopted by City Council on May 11 and 12, 2010 in Item EX43.7.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.12>

At its meeting on May 24, 25 and 26, 2017, City Council adopted EX25.9 "City-Wide Real Estate Transformation". This report recommended a new real estate service delivery model for the City of Toronto 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. Council also directed City staff to recommend a delegation of authority framework for real estate matters in order to centralize real estate authorities City-wide.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

COMMENTS

In 2010, City Council delegated authority up to particular dollar value thresholds for a range of real estate matters to the City Manager, Deputy City Manager & Chief Financial Officer, Chief Corporate Officer, and the Director, Real Estate Services Division. The delegation of authority includes such matters as acquisitions, expropriations, disposal of surplus property, leases and licenses for the City of Toronto as the landlord and as the tenant, and easements where the City is the grantor or grantee.

The Chief Corporate Officer role was eliminated on October 4, 2017. All real estate transactions over \$1 million were subsequently signed by the Deputy City Manager, Corporate Services. Rising property values over the past five years in the City of

Toronto show a small but steadily increasing number of real estate transactions between the \$1 million and \$3 million dollar range suggesting the need to increase the authority at the divisional level. Appendix A shows that the majority of real estate transactions managed by the City of Toronto are less than \$3 million in value and can be signed at the divisional level in order to expedite.

On July 2, 2019, a new Corporate Real Estate Management Division was launched as part of the City-wide Real Estate program's effort to integrate the City's corporate real estate functions for improved stewardship and management of the City's real estate assets. In establishing the new Corporate Real Estate Management Division, the City of Toronto is realigning to an industry standard delivery model and centralizing operational management City-wide. As a result, Real Estate Services; Facilities Management; Corporate Security; Project Management and Business Management are now integrated under the Corporate Real Estate Management Division.

A new Executive Director role was established to lead the Corporate Real Estate Management Division and following a thorough search of the market, the successful candidate was announced on August 8, 2019 reporting to the Deputy City Manager, Corporate Services.

In order to align with real estate industry best practices and real estate needs within the City, two real estate roles were repurposed and reporting directly to the Executive Director, Corporate Real Estate Management. A Director of Transaction Services and a Director, Property Management will oversee, manage and direct high risk and high value real estate transactions for the City of Toronto in collaboration with CreateTO, impacted City Divisions, and applicable agencies and corporations.

In order to increase efficiency and incorporate delegated authority under the new Executive Director position, staff is proposing a minor amendment to the current Delegation of Authority for Real Estate Matters. The following "stepped" financial ceilings proposed are:

- The Director, Transaction Services and Director, Property Management be delegated the decision-making authority of \$1 million, which is the same authority as the current Director, Real Estate Services;
- The new Executive Director, Corporate Real Estate Management, will have decision-making authority up to \$3 million;
- The Corporate Services Deputy City Manager's authority will remain at \$5 million and;
- The City Manager's authority will remain at \$10 million.

There is currently a corporate initiative underway led by the Office of the Controller to design and implement a formal enterprise-wide Delegation of Financial Authority (DOFA) framework for the City. The DOFA framework will review all delegated authorities across the City including the corporate real estate portfolio, and as such, there may be further recommended changes as part of the implementation. The DOFA framework is currently in the planning phase and a launch date has not yet been set.

CONTACT

Patrick Matozzo, Executive Director, Corporate Real Estate Management, 416-392-9158, Patrick.Matozzo@toronto.ca

David Jollimore, Director, City-Wide Real Estate Program, 416-392-8217, David.Jollimore@toronto.ca

Ray Mickevicius, Director, Real Estate Law, 416-392-3912, Ray.Mickevicius@toronto.ca

SIGNATURE

Josie Scioli
Deputy City Manager, Corporate Services

ATTACHMENTS

Appendix A – Summary of Delegated Authority Form Transactional Amounts (2013-2018)

Appendix A - Summary of Delegated Authority Form Transactional Amounts (2013-2018)

Approver	Approval Amount	2019 YTD	2018	2017	2016	2015	2014	2013
		Number of Transactions						
City Manager	\$5-10M	4	6	-	-	1	-	-
Deputy City Manager	\$3-5M	4	2	2	2	2	2	2
Executive Director	\$1-3M	7	11	12	16	9	6	12
Real Estate Directors	<\$1M	95	123	148	116	134	131	138

The above table shows the distribution of approved transactions under the proposed amendments based on annual transaction amounts. Under the proposed amendments, the majority of transactions would be approved at the Executive Director or Real Estate Director level to expedite routine real estate transactions, facilitate situations involving critical deadlines, and limit the need for the Deputy City Manager, Corporate Services to approve certain lower value real estate transactions. The authority of more senior staff to also approve lower value transactions would be retained, in the event of a staff absence or other unforeseen circumstance.