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City-Wide Portfolio Strategy - Update

Presentation to CreateTO Board of Directors – February 15, 2019

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Transforming Toronto's Real Estate

Purpose

1. Update on City-Wide Portfolio Strategy
2. Current Activities
3. Next Steps

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Portfolio Strategy Vision & Mandate

A long-term vision to ensure the City's real estate portfolio realises its full potential in support of a more affordable, accessible and livable Toronto:

MANDATE OF PORTFOLIO STRATEGY

1. Determine the best use of City-wide real estate assets
2. Make recommendations regarding these assets
3. Implement agreed upon strategies

CRITICAL ELEMENTS IN THE PROCESS

1. Socialize various ideas
2. Receive feedback from stakeholders
3. Adjust plans accordingly (to meet balanced outcomes)

Progress to Date

For the first time, the City has the appropriate structure, expertise & capacity to deliver a City-Wide real estate portfolio strategy – forecasting to Council May 2019

- ✓ Developed a view of entire of real estate portfolio by asset class (irrespective of title)
- ✓ Developed a view of City-wide real estate requirements & Council / program objectives
- ✓ Developed approaches to optimization (to progress over time)
- ✓ Starting with Affordable Housing / Office / Industrial / Transit Sites

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Engagement & Feedback To Date

A draft strategy & framework has been socialized with a range of City stakeholders:

We are here

ENGAGEMENT COMPLETED

1. **CreateTO Board Members (October/November 2018)** (i.e., 1-on-1 meetings)
2. **Major Program Leaders (September 2018)** (e.g., Parks, Shelter Support & Housing, Corporate Finance)
3. **City Building Committee (June 2018)** (including Chief Planner, Deputy City Manager, Head of Economic Development, Head of Social Development)

FEEDBACK RECEIVED

1. **Enable City Programs/Needs = Core Purpose of Portfolio**
2. **Maximize Potential of Air Rights over City Assets** (i.e., unlock value - Libraries, Fire Halls, Transit Stations…)
3. **Assemble a Broader View of City Real Estate Requirements** (i.e., funded and unfunded needs; SOGR backlog)
4. **Measure Performance and Establish Targets**
5. **Address the Need for Consolidated Asset Data** (e.g., occupancy, OpEx/CapEx, building data)
6. **Identify Broader Opportunities for Revenue/Offset Costs** (i.e., smart cities, energy, etc)

EVOLVING THE PLAN

1. **Updating strategic framework and directions**
2. **Second Round of Engagement Required** (CreateTO Board Members 1-on-1, City Councillors, City Executive Leadership Team)
3. **Report to CreateTO Board and City Council** (March/April 2019)

What to Expect

Prioritizing the 11 asset classes for optimization:

2019

1. Office Space (52 office locations)
2. Transit Sites (75 subway stations/commuter lots)
3. Industrial/Yards (85 industrial holdings)

2020 + Beyond

4. Housing Facilities
5. Parking Facilities
6. Community Infrastructure
7. Emergency Services
8. Tourism, Culture & Heritage
9. Utility Infrastructure
10. Transportation Infrastructure
11. Minor & Miscellaneous

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Case Study – Office Space

The City has 28 office locations in downtown Toronto – prudent management would dictate consolidation of space:

CONSOLIDATION HURDLES

1. Capital requirements for consolidation solution
   (e.g. constructing City-owned building)
2. Economic Development ("spread the wealth")
3. Return on Investment
   (i.e taking into account greater operational efficiencies)

OBSERVATION

1. Need to anticipate and identify all issues that may impede implementation plans
2. Need to find compelling arguments and/or alternative solutions (i.e. no blind alleys!)

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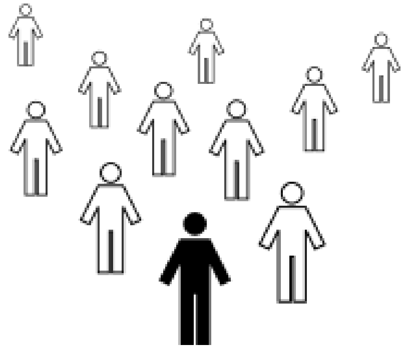
Decision Making

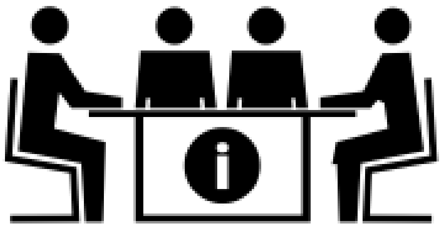
Executive Leadership



1.) CEO, CreateTO

2.) DCM, Corporate Services

Role of CreateTO Board

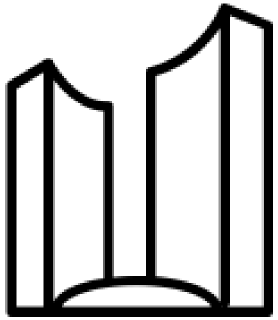


1.) Provide Strategic Direction

2.) Adopt Staff Report

3.) Recommend Report to City Council

Final Approval



1.) Approved by City Council

2.) Council directs City staff + budgets

3.) Council approves major transactions

Target Dates & Deliverables

DELIVERABLE	CONSULTATION/APPROVAL	DATE*
ENGAGEMENT MEETINGS	CreateTO Board Members (pre-consultations)	March 2019
ENGAGEMENT MEETINGS	City Executive Leadership (pre-consultations)	March 2019
FINAL REPORT	CreateTO Board Meeting	March 2019
FINAL REPORT	Clerks Agenda Closing (Executive Committee)	April 15, 2019
FINAL REPORT	Executive Committee	May 1 ,2019
FINAL REPORT	City Council	May 14, 2019

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Thank you
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