



REPORT FOR ACTION

Supplemental Report - Toronto Employment and Social Services Lease at 5160 Yonge Street, Suite 200

Date: June 26, 2020

To: City Council

From: Executive Director, Corporate Real Estate Management

Wards: Ward 18 – Willowdale

SUMMARY

This report is supplementary to GL12.18, "Toronto Employment and Social Services Lease at 5160 Yonge Street, Suite 200", which was adopted by the General Government and Licensing Committee on March 9, 2020. It presents additional information and introduces new recommendations for City Council consideration in light of pandemic-related developments.

As a result of the COVID-19 pandemic, City staff are reassessing optimal use of space for program delivery, considering options such as further reducing the City of Toronto's leased office footprint, and/or exploring integrated service delivery through co-location. Accordingly, City staff are working to identify office space for Toronto Employment and Social Services within existing locations and other City-owned facility. This new approach, which is deemed the most optimal at this point, invalidates the need to lease space at 5160 Yonge Street, Suite 200. As such, this report seeks City Council authorization to delete the recommendations put forth by GL12.18, and direct staff to pursue the new solution.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, recommends:

1. City Council delete Recommendation 1 from the General Government and Licensing Committee and replace it with the following:

1. City Council direct the Executive Director, Corporate Real Estate Management, in collaboration with CreateTO, to secure space in an existing City

of Toronto facility as an optimal solution for Toronto Employment and Social Services' program delivery.

FINANCIAL IMPACT

There are no financial impacts associated with adopting the recommendation in this supplementary report. Any incremental operating or capital fit-up costs that may result from the identified space in a City of Toronto facility will be included in Toronto Employment and Social Services' future year Operating and Capital Budget submissions for Council consideration.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting of March 9, 2020, the General Government and Licensing Committee considered GL12.18, "Toronto Employment and Social Services Lease at 5160 Yonge Street, Suite 200", and adopted the recommendation to enter into an Offer to Lease followed by a Lease with The Canada Life Assurance Company, for a term of ten (10) years, for approximately 31,635 square feet of space at 5160 Yonge Street, Suite 200, for use by Toronto Employment and Social Services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL12.18>

COMMENTS

The COVID-19 pandemic has provided an opportunity to reimagine how office space is utilized and configured, as the City continues to make best use of its real estate assets. Additionally, the shifting financial and economic environment, resulting from the pandemic, warrants the exploration of alternative solutions that optimize the use of space for program and service delivery.

Given the environmental and circumstantial changes, relocating Toronto Employment and Social Services from their current location at 20 Lesmill Road to a City-owned facility is deemed the most optimal real estate solution to program delivery at this time. Corporate Real Estate Management will work closely with Toronto Employment and Social Services and CreateTO to ensure that the necessary requirements are met to support a successful relocation.

The total financial impact of the originally-contemplated lease and leasehold improvements is approximately \$30-million over 20 years (net of Harmonized Sales Tax recoveries), as outlined in the original report. While lease costs are eligible for 50 percent funding from the Province, and renovations will likely be required to

accommodate Toronto Employment and Social Services programming in an existing City facility, Corporate Real Estate Management estimates that this new direction will result in a significant cost avoidance for the City.

CONTACT

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SIGNATURE

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