



Decision Letter

Executive Committee

Meeting No.	18	Contact	Cathrine Regan, Committee Administrator
Meeting Date	Wednesday, November 18, 2020	Phone	416-392-4666
Start Time	9:30 AM	E-mail	exc@toronto.ca
Location	Video Conference	Chair	Mayor John Tory

EX18.2	ACTION	Amended		Ward: All
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ModernTO - Workplace Modernization Program Business Case and Implementation Plan Update

Committee Decision

The Executive Committee:

1. Received the report (November 3, 2020) from the Deputy City Manager, Corporate Services for information.
2. Requested the City Clerk to forward a copy of the Item to the CreateTO Board of Directors for information.

Origin

(November 3, 2020) Report from the Deputy City Manager, Corporate Services

Summary

The purpose of this report is to provide City Council with an update on one of ModernTO key transformation initiatives, the Workplace Modernization Program ("the Program"), currently focused on the City's office portfolio. A report with final recommendations for the proposed visions for the eight unlocked properties will be brought to CreateTO Board and City Council in the second quarter of 2021. The investment required for the Program implementation will be included in the capital request through the 2021 annual budget process for Council consideration.

The COVID-19 pandemic has had a significant impact on the Program, acting as a catalyst for change and accelerating the transition toward remote working. This

resulted in further optimization of the office portfolio and reduction in the City's office footprint from what was presented to City Council in October 2019. Over the past year staff completed due diligence to review and validate implementation costs, potential savings, and employee and functional information from in-scope Divisions, Agencies and Corporations. The work completed to date confirmed that the Program can consolidate the 14,900 office employees from City Divisions, Agencies and Corporations in 15 locations from the current 55 leased-in and City-owned locations, reducing the City office floor area by 1 million square feet or 33 percent (compared to 750,000 square feet or 25 percent of portfolio projected in 2019). The Program will generate annual savings of \$30.5 million from operating costs and reduction of the City's State of Good Repair ("SOGR") obligations. This represents savings of \$2,100 per year per employee in workplace accommodation costs, and an annual return on investment of 12 percent.

To achieve these outcomes, an investment of \$225 million is required to renovate primary office facilities in order to make the office environment more efficient and to invest in key business transformation, which will enable the relocation of staff from leased and owned office locations. Once the Program is fully implemented, it will free up eight properties, generating an estimated \$450 million in land value (subject to market conditions) that can be leveraged for city building purposes, including housing, and community and environmental initiatives.

The Program is aligned with the City's efforts to modernize government and will bring additional benefits to the City including smaller environmental impacts and reduction in the City's greenhouse gas emissions ("GHG"), improved talent attraction and retention, better employee engagement and opportunities to provide additional accessible public and community space on the ground floor of the Civic Centres. The focus on employee mobility and the redistribution of office capacity outside of the downtown core, and in particular to Etobicoke and Scarborough, will also reduce commute times and frequency, contributing to the reduction in GHG emissions as well as improved work-life balance for employees.

The Program will deliver modernized City office space that support increased occupancy and space utilization. The new workplace design will fundamentally change the city's office environment from one primarily filled with dedicated individual work spaces into a collaborative environment with a range of unassigned work spaces. Overall employee mobility will increase, and most employees will have the ability to allocate a portion of their work time to working remotely, at home or from a satellite City office location.

The Program is supported by business process transformation to enable a resilient and safe workplace that will position the City well to meet the demands of a productive workforce in the future, as well as provide the flexibility to respond better to future emergencies, like the COVID-19 pandemic. This transformation will support employees in the new workplace with the appropriate tools, policies and technologies to be mobile, connected and engaged.

The next steps is to procure services from the right partners to work closely with the City to support the detailed design and pre-construction preparatory work that will proceed in 2021. Renovation of the primary office locations are scheduled to take place between 2021 and 2026. Additionally, 2021 will see the completion of the public engagement process and the completion of a report on final recommendations for the proposed visions for the eight unlocked properties, with the expectation that these sites will be unlocked for new City building opportunities between 2021 and 2026.

Background Information

(November 3, 2020) Report from the Deputy City Manager, Corporate Services on ModernTO - Workplace Modernization Program Business Case and Implementation Plan Update

(<http://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-158077.pdf>)

Appendix A - Current City Wide Leased Office Locations - Portfolio Recommendations

(<http://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-158078.pdf>)

Appendix B - Preliminary Implementation Roll-out Schedule

(<http://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-158139.pdf>)