

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** August 23, 2010

**SUBJECT:** SPACE REQUIREMENTS FOR ITS AND FINANCE  
DEPARTMENTS – LEASE OF OFFICE SPACE

## **ACTION ITEM**

---

### **RECOMMENDATION**

It is recommended that the Commission approve the offer to lease office space at 1920 Yonge Street with 1920/1944 Davisville Centre Inc. under the terms detailed in this report to meet the needs of the ITS and Finance Departments.

### **FUNDING**

The leasing of this space (12,000 square feet) will cost approximately \$2,566,663 plus applicable taxes, until the lease term expires on January 31, 2016. Staff will assess whether a portion of the lease costs can be charged to the capital program related to the project work performed by ITS staff at this location. Ongoing expenditures will be provided for in future budgets as appropriate.

### **BACKGROUND**

The ITS and Finance Departments have both identified the need for additional office space to meet current and future office space requirements.

- Currently Information Technology Services has no space to accommodate future capital and full-time new hires and co-op positions at either 1900 or 1910 Yonge Street. ITS is currently doubling people in office and pod space to accommodate co-op and capital contract resources. The future forecast of expected new employees, contractors and co-op students includes a mixture of Operating and Capital people for a total of 25 people. In consultation with Property Development Department and Engineering it was determined that the overall space requirements are approximately 5000 square feet.
- E&C has completed a comprehensive review of the current and mid to long-term office space needs of the Finance Department. The review concluded that the Finance Department offices on the first, second and third floor of 1900 Yonge Street are at capacity and are neither efficient nor effective to meet current needs nor are they sufficient to meet current or projected future office space requirements. The study recommends that the Payroll area be relocated to alternate office space – with a requirement for approximately 6800 square feet. This would free up space which would permit reallocation to the remainder of the department to ensure that work

groups are properly distributed and located in contiguous layouts with improved functionality and improved ergonomic features for the MDP section. This plan would allow for some future growth and would also permit the addition of an auditor's room, a budget assembly area and, meeting rooms for Finance and all Head Office occupants. Funds in the amount of \$500k are included in the 2010 Capital Program to allow for this modification of existing office space.

A number of alternative spaces have been evaluated by the Property Development Department. The most suitable vacant site at this time has been identified as the 5<sup>th</sup> floor of 1920 Yonge Street. This site is adjacent to the McBrien Head Office and would meet the space requirements of the ITS and Finance Departments.

The term of the lease coincides with the Office Consolidation project. The post-lease space needs of the Department will be accommodated within the context of the overall Commission office space plan.

**DISCUSSION**

The TTC offer for the lease of the space at 1920 Yonge Street from 1920/1944 Davisville Centre Inc., which has been accepted by the landlord conditional on Commission approval, is summarized as follows:

Premises:	- 5 <sup>th</sup> Floor – 12,000 square feet
Term:	- February 1, 2011 to expiry of the lease on January 31, 2016
Base Rent:	- February 1, 2011 – January 31, 2013 – \$10.50 per sq. ft. net - February 1, 2013 – January 31, 2016 – \$10.75 per sq. ft. net
Other:	- TTC will pay all additional rent for property taxes, utilities, maintenance, etc., as set out in the Head Lease which is currently set at approximately \$20.45 per sq. ft.
Parking:	- None
Renovations:	- Cost of leasehold improvements budgeted at \$45.00 p.s.f. Landlord shall provide the tenant with a leasehold improvement financing of up to \$50 p.s.f.

The total cost to the Commission over the life of the lease is \$2,566,663 plus applicable taxes. This includes base rent, operating costs and leasehold improvements costs. In addition, about \$20,000 will be required for moving expenses and approximately \$2,000 per workstation for furniture, to be confirmed in accordance with the office space and furniture standards policy.

**JUSTIFICATION**

This lease is required to relocate the Payroll section of the Finance Department and to meet

the project needs of the ITS Department. In addition, it will permit the space allotments to be brought up to existing Commission standards.

-----

August 6, 2010  
42-34-34