

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: June 2, 2010

SUBJECT: SPACE ALLOCATION AT HILLCREST AND RELOCATION
OF SAFETY DEPARTMENT - 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 provide space at Hillcrest for staff working on the Automatic Train Control (ATO) and the new Light Rail Vehicle (LRV) projects and the resultant relocation of the Safety Department.

FUNDING

The leasing of this space (15,000 square feet) will cost the Commission approximately \$3,482,945 plus applicable taxes, until the lease term expires on October 31, 2015. Total impact for 2010 is expected to be approximately \$113,977 which can be accommodated within the existing operating budget. Staff will assess whether a portion of the lease costs can be charged to the capital program related to those projects that will occupy the space vacated by the Safety Department at Davenport Garage. Ongoing expenditures will be provided for in future budgets as appropriate.

BACKGROUND

TTC is undertaking several new major capital projects including the re-signalling of the south Yonge subway to an Automatic Train Control (ATO) system and the acquisition of a new generation of Light Rail Vehicles (LRV). Both of these projects entail continuous detailed interaction with staff who operate and maintain the current system to ensure a safe and effective integration of the new facilities and vehicles with the existing system. These capital projects have increased the authorized staff complement in Rail Operations. In addition, there are a number of departmental reorganizations to improve the integration and effectiveness of the Rail Operations group. The net impact of these changes is the need for approximately 40 additional office spaces at Hillcrest to staff the projects and enable integration activities of these closely linked organizational units. There are no plans to develop additional space on the Hillcrest site. There is, therefore, a need to rationalize the allocation of space such that groups that have the greatest need for co-location are concentrated at Hillcrest whilst groups with more discretionary geographic requirements locate elsewhere.

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The Safety Department moved into the old transportation offices at the former Davenport building in the summer of 1999 with 34 approved staff positions. Since then, the Department has grown in both scope and personnel to 51 including students. This growth has resulted in the decline of working conditions and loss of essential business functions such as the conference room, storage space and common areas which have all been converted into office space. At present five staff members are doubled up in offices which are only designed for one person. An assessment of space requirements based on normal TTC office space standards was undertaken to arrive at the space plan for the Safety Department. This lease also provides a training classroom to accommodate the numerous safety training programs delivered by the Safety Department and a departmental conference room.

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 6th floor of 1920 Yonge Street. This site is adjacent to the McBrien Head Office and would meet the space requirements of the Safety Department.

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:

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| Premises: | – 6th Floor – 15,000 square feet |
| Term: | – November 1, 2010 to expiry of the lease on October 31, 2015 |
| Base Rent: | – November 1, 2010 – October 31, 2015 - \$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: | – Currently set at \$135 per space per month 30 parking spaces required |
| Renovations: | – Cost of leasehold improvements budgeted at \$45.00 p.s.f. Landlord shall provide the tenant with a leasehold improvement allowance of up to \$50 p.s.f |

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The total cost to the Commission over the life of the lease is \$3,482,945 plus applicable taxes. This includes base rent, operating costs, leasehold improvement costs and the cost of parking. In addition, about \$25K will be required for moving expenses.

JUSTIFICATION

This lease is required to relocate the Safety Department from Hillcrest to accommodate staffing needs for the Automatic Train Operation and Light Rail Vehicle projects and other Operations needs at Hillcrest. In addition, it will permit the Safety Department space allotments to be brought up to existing Commission standards.

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