



STAFF REPORT INFORMATION ONLY

TTC OFFICE CONSOLIDATION

Date:	May 29, 2015
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this presentation is to update the Board on the status of the TTC Office Consolidation Study.

Attachments

Presentation.



TTC OFFICE CONSOLIDATION

Pierre Laurin, Acting Head of Engineering

Joanna Kervin, Acting Head of Property, Planning & Development

TTC Board Meeting

May 27, 2015





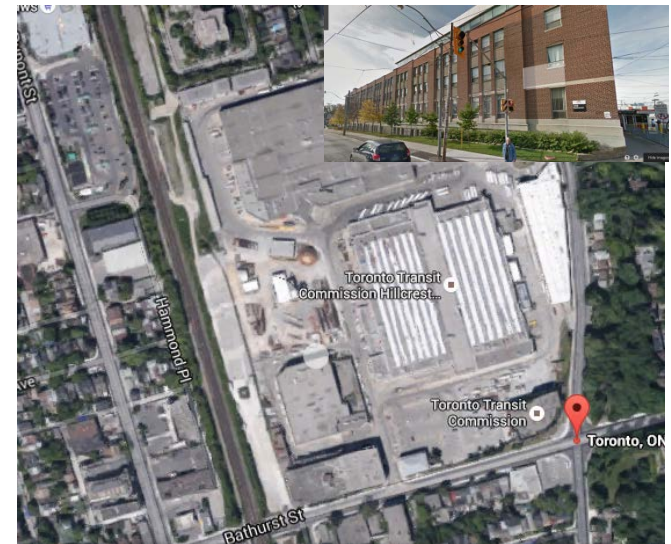
- 1. Background**
- 2. Need for Office Consolidation**
- 3. Office Consolidation Strategy**
- 4. Background Studies**
- 5. Immediate Office Space Needs**
- 6. Leases for Immediate Needs**
- 7. Conclusions**





TTC Owned Buildings (major owned facilities)

- **McBrien Building**
 - 80,680 sf office space
 - 1950s building
 - Approx. 665 offices
- **Hillcrest Complex**
 - 156,400 sf office space
 - Largely maintenance oriented
 - Approx. 375 offices
- **Total of 1040 Offices**





- TTC-owned office space was outgrown by 2005
- Lease of auxiliary office space has continued since that time
- Total of 216,700 sf currently leased for offices in six buildings primarily in Davisville and North York Centre areas
- Total of 1024 leased offices
- Annual cost of \$8.4M (2014)





- Recognition of need to explore office consolidation in 2008
- New head office proposal put forward in 2010 did not proceed
- With continuing need for auxiliary offices in leased spaces, still essential to re-examine need for consolidation of office accommodations





- Current office space leases expiring at various times over the next 1-5 years
 - Most include options to extend
- Continuing demand for new office space to support a number of key modernization and expansion projects
- TTC staff to retain consulting team to undertake an Office Consolidation Study
- Continue to discuss options with Build Toronto and incorporate in the Study



OFFICE CONSOLIDATION STUDY OBJECTIVES



- Review TTC Office Space Standards and recommend changes
- Assess viability of long term use of McBrien Building and related financial implications
- Identify options to accommodate office space for both operating and capital functions
 - Options to include new head office, retention of McBrien building, re-development potential of McBrien site
 - Will include comprehensive financial analysis
- Recommend preferred option, implementation strategy, costs and schedule





Schedule

- RFP out for Proposals July 2015
- Award Contract August 2015
- Study Recommendations January 2016
- Report to Board Q1 2016

Budget

- Funds for Office Consolidation study included in approved 2015 Operating Budget





Two background studies undertaken in preparation for the Office Consolidation Study

- McBrien Building Condition Assessment
- Office Space Requirements





Major Findings

- Consultant reviewed architectural, structural, mechanical and electrical building systems
- Building in fair to good condition
- Up to \$2.7M will be included in the 2016 Capital Budget request for recommended priority repairs to be addressed within 2 years
- Detailed review of required long-term repairs/upgrades during Office Consolidation Study





Hillcrest, McBrien and current Leased Offices

- 2,064 existing office spaces
 - TTC owned – 1040
 - Presently leased – 1024

Review of Office Space requirements

- Inventory/survey of departmental office needs
- Based on approved 2015 staffing levels
- Additional required – approx. 500 +
 - Under review by Executive
- Excludes construction site offices and other operating facilities



LEASES FOR IMMEDIATE NEEDS



- Search for new spaces started in 2014
- Search area for new space
 - Yonge/Bloor corridors
 - Yonge between Sheppard and Bloor
 - Bloor between Bathurst and Jarvis.
 - Reasonable rents
 - Proximity to other TTC offices, City Hall
 - Ideally near subway station for connectivity to TTC fiber optic backbone
- Each request evaluated to determine if space available in other TTC or City facilities
- Vacancy rates in search area is low < 3%



LEASES FOR IMMEDIATE NEEDS



- TTC has conditional offers pending at 250 Bloor St. East and 5 Park Home to meet immediate needs
- 5 Park Home: approximately 110 spaces
 - Available for immediate occupancy
 - Capital Project staff
- 250 Bloor St. E.: approximately 330 spaces
 - Available Q4 2015
 - Capital Project and Operating staff





- Comparable rental rates to existing office leases
- Very competitive market for office space
- Limited space available that is suitable to TTC requirements



CONCLUSIONS



- Long term strategy for TTC office space is required and being developed
- TTC has immediate needs for 500+ office spaces
- Approximately 440 spaces planned to be accommodated through recommended leases at 250 Bloor East and 5 Park Home
- 5 Park Home Lease before Board this meeting
- 250 Bloor St E Lease to be brought to next Board meeting upon final review of office requirements by Executive





- TTC continuing to explore other opportunities to accommodate remaining shortfall, may require additional leased space
- Existing lease renewals will be required prior to recommendations of the Office Consolidation study being approved
- Staff will assess each renewal and extend leases as necessary

