



ModernTO Workplace Modernization Program Update

Date: May 18, 2022
To: TTC Board
From: Chief Capital Officer

Summary

This report provides an overview on the implementation of the City's ModernTO Workplace Modernization Program as it affects the TTC.

Recommendations

It is recommended that the TTC Board:

1. Receive this report for information.

Implementation Points

Staff will continue work with ModernTO to consolidate TTC office space in accordance with the TTC's Office Space Consolidation Vision, Mission, Assumptions and Guiding Principles incorporating strong communications and change management support, and report back to the Board with updates, as appropriate.

Financial Summary

The ModernTO initiative will optimize and modernize office space throughout City divisions and agencies. To enable the required TTC work to advance ModernTO objectives and timeframes, including space planning, policy development, information management and digitization, a total of \$1.8 million in operating funding and 11 temporary positions were approved through the 2021 and 2022 Operating Budget processes.

In addition, other corporate initiatives funded in the approved 2022-2031 Capital Budget and Plan, under separate capital programs, including Employee File Digitization and Digital Workspace Platforms, will be timed to co-ordinate with the office consolidation phasing-in process. Existing approved funds, totalling \$5 million for these initiatives, will be utilized to determine the overall strategy and pilot the needs assessment process for Employee File Digitization and Digital Workspace Platforms. However, the full implementation of the Employee File Digitization capital project is not funded. As the

needs assessment progresses and scope is confirmed, estimates will be refined and included in future Capital Budget and Plan submissions for the Board’s consideration.

The TTC’s current annual costs, including leases, maintenance and utilities associated with the office space that will be consolidated through the ModernTO initiative, is approximately \$14.2 million as summarized in the following table. Of this total current annual cost, approximately \$6.1 million relates to occupied leased space for staff working TTC Capital Projects and therefore is charged to the Capital Budget.

2022 TTC Costs for Office Space unlocked by ModernTO Program			
(\$ Millions)	Operating Budget	Capital Budget	Total
Office Leases	6.6	6.1	12.7
Maintenance and Utilities 1900 Yonge	1.5	-	1.5
Total	8.1	6.1	14.2

As existing leases expire and ModernTO is implemented, it is intended that TTC operating savings will be captured and redirected to support City ModernTO costs, including where possible, the redirection of capital funding capacity. In accordance with the City’s financing strategy for ModernTO, the TTC’s 2022 Operating Budget was reduced by \$81,000 based on the 2022 lease expiry dates of 2200 Yonge and 365 Bloor, which will annualize to \$379,500 in the 2023 budget.

As ModernTO office space is ready for occupancy, the City will act as a “full service landlord” providing a fully furnished space (with the exception of printers, computers, monitors, etc.), and complete all operational responsibilities (including cleaning, security and maintenance) at no cost to the TTC. Furthermore, ModernTO will cover the moving costs from existing TTC space into ModernTO space.

The TTC’s costs to implement the Program will include;

- 1) Obligations at expiry of existing leases (removal and disposal of furniture and items specified within the leased space, e.g. cabling);
- 2) Set up of IT and printers in the ModernTO workspace; and
- 3) Any TTC staff, affected by their lease termination, being accommodated in TTC space rather than ModernTO swing space, prior to their final location being ready for occupancy.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity/Accessibility Matters

The TTC is committed to promoting and supporting diversity and inclusion in all corporate policies, procedures, processes, programs and services to reflect and respond to the needs of our employees, contractors and customers.

The ModernTO office configurations will be designed in accordance with the barrier-free accessibility requirements as outlined in the Ontario Building Code and the applicable requirements of the Accessibility for Ontario with Disabilities Act (AODA).

The new space, designed to City of Toronto Accessibility Design Guidelines, will incorporate inclusive measures, such as smudging spaces and prayer rooms. The TTC will work with ModernTO to ensure the TTC-occupied space is designed and managed in an inclusive manner that meets TTC needs.

Decision History

On May 29, 2015, the TTC Board received a presentation which provided an update on the status of the TTC Office Consolidation Study.

[TTC Office Consolidation – May 29, 2015](#)

On November 23, 2015, the TTC Board directed that the plans for the TTC's Head Office consolidation be accelerated and that staff report back with an accommodation strategy.

[2016-2025 TTC Capital Budget – TTC Board Minutes – November 13, 2017](#)

On May 24, 2017, City Council approved a new real estate service delivery model for the City government that centralizes all real estate activities City-wide, and create a new agency (CreateTO) to manage the City's real estate portfolio, develop City buildings and lands for municipal purposes and deliver client focused real estate solutions to City Divisions, Agencies and Corporations.

[City-Wide Real Estate Transformation](#)

On November 13, 2017, the TTC Board directed staff to continue to work with Toronto Realty Agency, City Real Estate Service and Planning departments to progress the TTC's office consolidation strategy, including business case development and report back to the Board in Q2 2018.

[Office Lease Extensions – November 13, 2017](#)

At its meeting on May 8, 2018, the Board authorized TTC staff to work with City and CreateTO staff to develop a detailed business case and implementation plan for the consolidation of TTC's staff offices, to meet TTC business needs, including consideration for satellite office space as required for business efficiency, and report back to the Board with the findings in Q1 2019.

[Office Consolidation Strategy – May 8, 2018](#)

In 2018, Toronto's Executive Committee adopted a staff report entitled, "Optimizing the City-Wide Office Portfolio" and endorsed key directions to modernize and find efficiencies in the City-wide office portfolio, which included the TTC's office needs.

[Optimizing the City-Wide Portfolio – May 14, 2018](#)

On September 24, 2019, CreateTO recommended approval of the City-wide Real Estate Portfolio Strategy, which was a framework on how the City can optimize its portfolio, unlock value and deliver new efficiencies for municipal government. Applying this framework to the City's office portfolio involved launching an Office Optimization Plan, entitled ModernTO.

[ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization](#)

In October 29, 2019, City Council adopted this recommendation for a City-wide office optimization initiative entitled the ModernTO Workplace Modernization Program and requested that the City's Corporate Real Estate Management Division report back in 2020 with a detailed implementation and funding plan. The focus of the initiative was to reduce and revitalize the City's office footprint through the reduction of third-party leases, unlocking 8 underutilized City properties to address City needs and City building objectives, which included 1900 Yonge Street and the co-location of staff into a core portfolio of City managed Primary Office sites.

[ModernTO – City-Wide Real Estate Strategy and Office Portfolio Optimization](#)

City Council also adopted a staff report in October 29, 2019 entitled, "Enabling a Flexible and Mobile Workplace" and requested the TTC as well as other in-scope agencies and corporations adopt their own policies to enable a flexible and mobile office workplace, in a manner consistent with those established by the City under the Office Portfolio Optimization Plan, in order to improve overall efficiencies, standards and cost savings.

[ModernTO – Enabling a Flexible and Mobile Workplace](#)

In November 2020, the City's Executive Committee received for information a report entitled, "Workplace Modernization Program Business Case and Implementation Plan Update" that contained a detailed implementation and funding plan for the Workplace Modernization Program.

[ModernTO – Workplace Modernization Program Business Case and Implementation Plan Update](#)

In April 2022, Council adopted recommendations from a report from the Chief Executive Officer, CreateTO entitled "ModernTO: Unlocking Eight City-Owned Properties", which included a strategy to optimize the city-building opportunities on the eight City-owned properties targeted to be unlocked through the ModernTO program, including TTC's existing head office at 1900 Yonge Street.

[ModernTO: Unlocking Eight City-Owned Properties](#)

Issue Background

In the 2015 presentation to the Board, it was acknowledged that the TTC had recognized the need to explore consolidation of its offices, and that a new head office proposal put forward in 2010, did not proceed.

At that May Board meeting in 2015, the Board directed the plans for the TTC's office consolidation be accelerated. Studies were completed to understand existing state and potential consolidation requirements. In late 2017, the TTC began working with stakeholders within the City on a consolidation strategy.

The City's ModernTO Workplace Modernization Program, initiated in 2019, will consolidate approximately 15,000 City, Agency and Corporation staff from 52 locations into 15 primary office locations, reducing the overall City floor area by 33 percent. The consolidation will incorporate a revised modernized office environment and culture with fewer offices, no assigned offices or workstations, and an overall mobility ratio of one desk for every 1.7 people. This ratio will result in people working in the office approximately 60 per cent of the work week, with the remaining 40 per cent from home.

Since mid-2020, TTC has been working with the City's ModernTO program staff to understand and develop the office consolidation program as it pertains to the TTC. As the ModernTO Workplace Modernization Program progresses, it is appropriate to update the Board on the program, outline how it aligns with the TTC's Corporate Plan and how implementation is progressing.

Comments

The Corporate Plan

The TTC Corporate Plan identifies office consolidation and flexible working arrangements as initiatives to support enabling our employees to succeed. The ModernTO program provides the vehicle under which we can deliver on these commitments. This optimization and modernization initiative will allow the TTC to attract talent and retain employees through improved design and use of workspaces, and by providing the flexibility to work remotely. This will concurrently contribute to the effort to innovate for the long-term by providing the organization with improved business continuity and readiness for future natural disasters or emergencies as well as long-term cost savings.

TTC's Vision for the Office Consolidation

The TTC's Vision is to become a modern, welcoming, diverse, inclusive, flexible accessible and productive workplace that cultivates a sense of belonging and provides a safe, equitable and exceptional employee experience that enables service excellence.

TTC's Mission through the Office Consolidation Process

It is the TTC's Mission through the ModernTO Program to provide office staff with the appropriate tools, technology and resources to perform efficiently and effectively in a safe, modernized and accessible workplace while ensuring that they feel connected and valued regardless of location and specific accessibility needed.

Assumptions and Guiding Principles

To ensure that the TTC's office consolidation within the ModernTO Workplace Modernization Program supports the Vision and Mission of the Program, the following Guiding Principles for consolidation have been established. These principles assume that in-scope TTC departments will be consolidated into two civic centre locations and there will be no assigned offices or workstations:

- The TTC will provide a safe, welcoming and accessible workplace achieved through an equity, diversity and inclusion lens.
- A culture of collaboration and innovation will be built through a variety of activity-based workspaces to empower employees to choose the best fit for the task at hand.
- All spaces will be designed to meet both ModernTO office design standards, TTC policies and business needs.
- TTC spaces will be located on adjacent floors within each building. Groups will be located together unless there is a functional reason for an alternate location. Inter-departmental adjacencies will be based on business needs.
- There will be extensive stakeholder consultation to ensure the new space meets the individual department business and personal needs.
- Departments/sections will have dedicated areas that are functionally designed for them.
- There will be flexibility in the workspace for TTC staff to visit and collaborate with other departments.
- Future growth will be planned into the design on each floor.

Governance and Reporting Structure

The consolidation of offices into a new type of workspace and introduction of flexibility results in a culture impact to many elements of how people presently function.

To ensure the success of the ModernTO Workplace Modernization Program, the TTC has established a cross-functional internal team that reports to a TTC Executive Steering Committee and the Monthly Executive (MX) Committee. The cross-functional internal team consists of four major Work Streams: Property and Space; People and Policy; Information Management; and Technology. The team is led by a Program Manager with strong change management and communications support.

The TTC cross-functional team meets regularly with external ModernTO teams to share information and best practices, and ensure the needs of the TTC are met.

Scope, Phasing and Staff Impact

The ModernTO Workplace Modernization Program involves the relocation of approximately 2,200 TTC staff and consultants from nine leased buildings and one owned office building. into two City-owned buildings:

- 1) North York Civic Centre,
Where the more technically based people will be located including Construction, Engineering, Major Projects, Project Management Office, Subway Infrastructure, Property and Innovation & Sustainability Services. The majority of these people are presently located within the North York City centre now.
- 2) Metro Halls
Where the corporate functions being Executive Team, Finance, ITS, People, Strategy & Customer Experience, Diversity and Culture, Safety and Environment, Corporate Affairs, Corporate Communications and Legal will be located.

Consolidating these functions will improve the co-ordination and communication between the groups. Locating in Metro Hall will improve the co-ordination and communication with their counterparts at the City of Toronto that are located at Metro Hall and City Hall.

Relocation of staff will be phased based on expiry of leases. Relocation from the owned office building (1900 Yonge Street) will be timed with the building readiness of Metro Hall renovation, estimated at Q4 2027. 1900 Yonge Street is primarily occupied by the Executive team, Finance, Strategy & Customer Experience Group, and Information Technology Services.

Location	Lease Expiry Dates						
	2022	2023	2024	2025	2026	2027	2028
2200 Yonge Street (Human Rights & Investigation Dept.)	Aug						
365 Bloor Street East (Employee Services & Systems)	Nov						
1920 Yonge Street (Safety & Environment, Employee Services, Information Technology Services)		Oct					
5140 Yonge Street (15FL) (Engineering, Finance)			Apr				
5 Park Home Avenue (Major Projects, Transit Expansion Assurance)				May			
1835 Yonge Street (Legal, Track & Structure, Wheel Trans, Farecard)				Sep			
1910 Yonge Street (Information Technology Services)				Oct			
5140 Yonge Street (9FL) (Innovation & Sustainability, Procurement & Category Management)				Oct			
250 Bloor Street East (Information Technology Services, Vehicles Group, Human Resources)					Mar		
5140 Yonge Street (5 & 6FL) (Engineering, Project Management Office)							May
5160 Yonge Street (Construction, Service Planning & Scheduling, Project Management Office, Property, Planning & Development, LRT)							May
People Affected	33	135		805		1,045	

Approximately one-third of people impacted by the consolidation will have their leases expire prior to the completion of renovations at North York Civic Centre and Metro Hall. The TTC is currently mitigating this impact by implementing a hybrid work model within our existing office areas resulting in people working up to 40 per cent of the work week from home. This would enable desk sharing and therefore accommodation of a greater number of people within existing space. This increased capacity will result in a decreased need for temporary swing space in an alternate City location. However, any staff that cannot be accommodated in TTC space would be located in swing space provided by ModernTO.

The TTC's hybrid work model will conform to the overall ModernTO target of no assigned seating and one desk for every 1.7 people (mobility ratio) and people working from home 40 per cent of the time or three days per week in the office. This ratio will vary between departments based on business requirements. The TTC presently has one person to one desk assignment (either workstation or office).

By moving to a more modern office environment, the TTC expects a substantial reduction in the amount of paper being used. To support this change in culture and

office optimization, the TTC's ModernTO group will support the updates to technology, processes and policies. Technological updates will be implemented (i.e. Microsoft Teams and Office 365) as well as updates to the TTC's records and information management program to ensure relocation readiness. The report from the Chief Financial Officer, *Microsoft Cloud Subscriptions 2022 Update* also before the Board at this meeting provides additional background on the implementation of Microsoft Teams and Office 365.

Staff are developing strategies to address the challenges of:

- Approximately 700 people being impacted by leases expiring prior to North York Civic Centre and Metro Hall building renovation completion, requiring temporary swing space either within existing TTC offices as desk sharing is introduced and capacity increases or within ModernTO swing space in Union Station.
- Accommodating the TTC's organizational growth prior to and post occupancy in the new consolidated locations, and in particular, staffing required for capital works. Staff are determining the number of TTC people required to be accommodated at occupancy and future potential growth rates along with mobility ratios that meet the business needs to understand TTC's spatial requirements within the 2 consolidated office locations.
- The substantial effort required to implement the digitization of records management program and required technology updates and additional IT Services equipment for a successful hybrid working model. Consultation has been initiated and business analysts have begun assessments to scope the required effort. Implementation will be phased over the duration of the 6-year program.
- Change management and communication to the affected staff. Dedicated TTC change management will be available for all the work streams involved in the program. A communication and engagement strategy has been developed and has begun to be implemented to ensure clear consistent messaging and information is provided to affected TTC members.

Staff will continue to update the Board, as appropriate, throughout the office consolidation process on issues, milestones, budgetary impacts and progress.

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