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YORK REGION STRATEGIC ACCOMMODATION PLAN

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, November 17, 2004, from the Commissioner of Corporate Services:

1. RECOMMENDATION

It is recommended that this Report be received by Committee and Council for information purposes.

2. PURPOSE

The purpose of this report is to inform Committee and Council of the work completed to date on the Region's first Strategic Accommodation Plan (SAP), and to provide an introduction to its purpose, significance, and findings.

2.1 Introduction

York Region's real estate holdings reflect the type of organization it is and wants to be and directly affects the delivery of its services to its citizens and customers. The importance of real estate in the function of both government and business, has gained considerable profile in recent years, as it has become more apparent that its value and the financial benefits of its active management, is considerable when viewed from a portfolio-wide, rather than project-specific perspective.

Over the last decades, real estate operated in an independent manner, with its focus on managing buildings and property and related financial expenses. Real estate decisions were made with little consideration of overall corporate business strategies, which was significant because it represented a major balance sheet asset that generated large operating costs. The pace of change has forced all governments and businesses to re-examine how they manage all of their assets in relation to their service delivery, to ensure that limited resources are utilized to their full potential in supporting employee productivity, while servicing the client/customer.

The suitability, condition, and location of the Region's facilities are key elements in the Corporation's ability to achieve its goals of effective and cost-efficient service delivery, excellence in customer service, and employee satisfaction. By planning its accommodation in a strategic manner, the Region will avoid the mistake made by many organizations by attempting to simply minimize the capital and operating costs of its real estate. A lack of strategic planning and the necessary investments required for an organization's real estate, can lead to unintended impacts of higher long-term costs due to deferred maintenance, potential unfavourable lease terms, decreased levels of service delivery and lower workforce productivity and staff retention.

2.2 Purpose of a Strategic Accommodation Plan

The purpose for completing a Strategic Accommodation Plan is to establish an accommodation strategy to best achieve the Region's short, medium and long term objectives for service delivery, within a fiscally responsible framework, while supporting the Corporation's primary goals for excellence in customer service, and employee satisfaction. The Plan's goals are to:

- Formulate an understanding of the great diversity of issues impacting the Region's real property;
- Provide a context for ongoing decisions related to the management of the Region's portfolio of land and facilities; and
- Establish an action plan for the continuing development of the Region's portfolio to ensure its consistency with, and ability to support, corporate initiatives, objectives, and requirements, in an effective, efficient, and financially responsible manner.

Developing and implementing a SAP will help the Region to:

- Realize significant cost savings over the long term by providing a strategy to expand its owned portfolio of newer buildings to reduce leasing, maintenance and renovation costs;
- Be proactive in preparing to meet increasing accommodation challenges that correspond with continued high growth and funding issues;
- Increase productivity by improving the environment in which employees work;
- Ensure that Regional properties are productively used or retained for future uses, or disposed of to generate revenue if not suitable for Regional purposes;
- Ensure that future Regional facilities are located in a manner that supports the Regional Official Plan's policies relating to nodes, centres, corridors and transit; and
- Develop a portfolio of owned facilities designed to meet its own standards with regard to numerous criteria including program suitability, energy efficiency, accessibility, health, safety, and security.

3. BACKGROUND

In June of 2003, the Property Services Branch retained Profac/SNC- LAVALIN (Profac) to work with Regional staff to develop a SAP. A Project Working Group was established with senior representatives from all departments to document each department's current and future staff and program requirements. Simultaneously, a separate firm was retained to complete Building Condition Audits (BCA's) for 23 facilities which currently house Regional staff. The purpose of the BCA's was to ensure that Profac had up to date information on the condition of each staffed facility, which would be essential for the development of an accommodation strategy.

Local CAO's were also interviewed across the Region to explore potential partnership opportunities. Profac contacted other Regional and local municipalities in the Province to gather additional information from those that have already completed SAP's. They further researched industry trends nationally and internationally to provide Regional staff with a context for developing "made in York Region" strategies and solutions.

3.1 Phase 1 Report

Profac submitted its first report, entitled "Industry Trends" in October of 2003. It provided a comprehensive review of accommodation issues including: telecommuting; hotelling; satellite offices; outsourcing and charge backs; lease/own decisions; and public/private partnerships. It was noted that while some alternative work environments used in the private sector may not currently be appropriate for use in the public sector, they may potentially be useful to the Region in the future. These include hotelling, which could be utilized in certain facilities where Regional staff spend the majority of their day out of the office and therefore, may not require permanent office space. Other options might include telecommuting, where staff who have a limited role directly serving the public and or who mainly write reports, could work at home one or two days a week. In addition, creative office and furniture designs could gradually be implemented as existing furniture is replaced to lower the existing space standard and use current space more efficiently.

Their report concludes that a fundamental change in corporate culture will need to be implemented if there is to be any significant reduction on the future amount of space utilized by staff. The report recommends that the Region constantly review and consider innovative ways of managing the Region's workplaces, for the benefit of staff, and to achieve maximize efficiencies and effectiveness in service delivery.

3.2 Phase 2 Report

Profac's second report, "York Region Departmental Requirements and Real Estate and Accommodation Practices of Other Municipalities", was submitted in November of 2003. The report documented interviews held with Regional departments with regard to future staffing levels and facility-criteria. The report also presented the findings of interviews held with the Region's area municipalities. The report concluded that most area municipalities face similar accommodation issues and are willing to work with the Region to explore potential opportunities to share land and facilities. A majority of CAO's stated that they would like to see a formalized communication process established for the purpose of sharing information on land and facilities.

The report also presented findings from other GTA municipalities relating to their current staffing and real estate and accommodation practices. The findings suggest that in 2003, York Region had the fewest number of staff per citizen than any of the surveyed Regional municipalities. It is recognized that each Region has unique circumstances such as differing policing requirements, levels of outsourcing and contracting of services, and water distribution responsibilities. The report concluded that:

- Most interviewed municipalities have only rudimentary components of real estate management practices in place, including basic inventories;
- Basic property maintenance is a highly outsourced function;

- Methodical accounting for property costs and revenues is not in place anywhere, although some Regions do have charge-back programs;
- Most municipalities have a clear desire to own their real estate,
- Municipalities plan for expansion space when designing new facilities; and
- While there is some limited amount of hotelling used, alternative work environments are not commonplace.

3.3 Phase 3 - Interim Report

In December 2003, Profac submitted its third report “Interim Report-Short to Medium Term Accommodation Requirements for York Region”. This report formed the basis for the SAP’s short term space requirements for the Corporation. It outlined specific accommodation issues currently facing the Region, including office facilities that have significant short term issues relating to quantity and quality of space, maintenance, safety, security and costs. The report provided staffing projections under three different growth scenarios, current and future space requirements, potential options and costs, and an analysis of lease versus own.

3.4 Phase 4 - Strategic Accommodation Plan / Implementation Strategy

The Consultant submitted a draft of a final SAP for review at the end of 2003. The Plan recommended specific priority areas that the Region should focus on over the short and medium term to ensure that staffing requirements match those of a rapidly growing population. The Plan also provided projections of long term accommodation requirements as a visioning exercise. The draft SAP was completed and presented to the Staff Working Group in March, 2004, and subsequently revised and received departmental sign-off in April 2004. Presentations to the Senior Management Group concluded in the summer of 2004.

4. ANALYSIS AND OPTIONS

The SAP has been constructed on three significant corporate pillars: Vision 2026; the Regional Official Plan, and the 10 Year Capital Works Plan. It has also been developed to support excellence in customer service and employee satisfaction/retention strategies.

4.1 Population and Employee Growth

The SAP is based on an analysis of population growth, staff growth and subsequent space requirements projected to occur in future years. For the Region to ensure that it has sufficient land and facilities in appropriate locations and of the proper quality, quantity and size, it is essential to gain an understanding of what future service demand levels will likely be and what the impact will be on Regional staffing and space.

4.1.1 Population Growth and the Changing Nature of York Region

In utilizing the growth projections in the Regional Official Plan, it is clear that the Region’s population will continue to grow rapidly over the coming decades and in turn, the demand on Regional services will grow at a similar rate. At the end of 2003, the Region’s population was approximately 860,000 persons, and it is projected to grow to over 1 million in the next 5 years, and to approximately 1.3 million by the year 2026. The majority of this growth will occur in designated urban areas. In addition, larger communities tend to be more sophisticated and demanding with regard to service levels and delivery methods. This in turn, will likely lead to an even greater demand for Regional services from residents and businesses, and subsequently, increased staffing levels over the coming decades.

4.1.2 Regional Staff Growth

The SAP undertook an analysis to best project the future number of Regional and Police employees there will be to support the growing demand for services, which in turn, would indicate the amount of space required to accommodate staff. The following scenarios were studied:

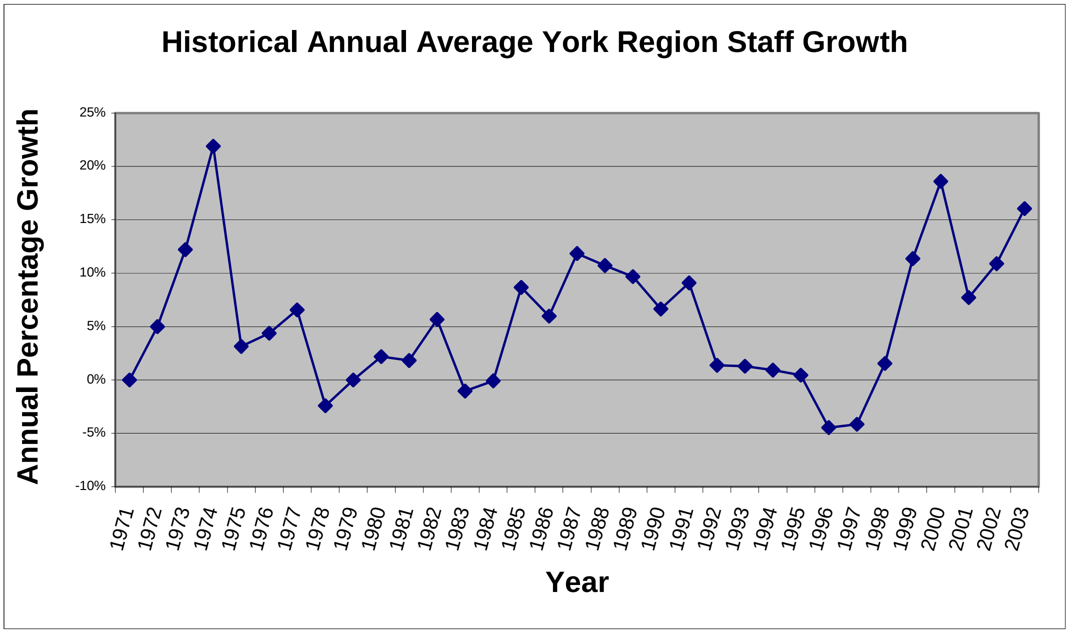
- Scenario 1 utilized an estimate of staff growth by Regional departments over the next 5 years and represented an annual increase of approximately 4.66%; (staff projections from the police were not available);
- Scenario 2 utilized the actual annual historical staff growth rate since the Region was created in 1971 (5.89% for Regional staff, 5.77% for Police); and
- Scenario 3 utilized the annual employee growth rates seen over the last 5 years, which averaged approximately 10% per year.

The Consultant determined that Scenario 2 clearly provides the most accurate projections for employee growth over the short (1-5 years), medium (5-10 years) and long term (10-20 years) for the following reasons:

a) A majority of departments could not project what their future staffing numbers would be, given unknowns in funding and potential changes to service delivery or legislation;
b) the actual annual historic growth rate illustrates a longer time period which intrinsically contains both positive and negative economic cycles, related funding changes and legislative delegation of authority; and
c) the unprecedented levels of growth seen since 1998 were due, in large part, to the recent delegation of provincial responsibilities to the Region, recovery from the recession and hiring freeze of the early to mid-1990’s, and unexpected occurrences such as the SARS and West Nile Virus outbreak. It is not likely that this rate of staff growth will continue.

Using historic growth rates since 1971, it is projected that by the year 2013, the Region will have approximately 3,743 Regional staff, not including police. It is important to note that potential impacts on staffing levels will not necessarily be the same for all departments. The required number of staff in particular service areas, such as Health Services, are mandated by the Province based on population. For others, staff and service levels may be entirely based on Provincial and/or Federal funding. While these historic staff growth rates were utilized in an attempt to project future staff levels and related space requirements, the Region will need to ensure that it plans for managed growth utilizing a phased approach, so as not to over-build, or waste valuable resources. As such, historic growth rates will be tempered by on going validation of future staff growth/ requirements.

TABLE 2:



4.1.3 York Regional Police Growth

York Regional Police were included in the SAP because they currently occupy 25% of the Administrative Centre and any future decisions relating to their location and space requirements will have a significant impact on the Region's space requirements. In late 2003, York Region had approximately 1,271 police staff. It is estimated that police staff will grow by just under 1,000 staff across the Region over the next 10 years. Using historic growth rates since 1971, it is projected that by the year 2013, the Region will have approximately 2,228 police employees (officers and civilians).

4.2 Departmental Input

Interviews with the Region's senior management were carried out to gain an understanding of what gaps may currently exist between current accommodation and the characteristics of accommodation required to support each service area. The objective was to determine what each department's future accommodation needs will be and how those needs may change in the coming years in relation to potential changes to service delivery models. In summary, most departments are having significant difficulty accommodating staff growth in appropriate facilities able to meet high service level standards. A majority stated that there were limited opportunities to decrease the amount of new space required through alternative work arrangements, as the majority of Regional employees need to be accessible to the public or located at Regional facilities to carry out their work. There are a number of Regional services that are now provided 24 hours a day, 7 days a week which require specialized facilities to meet their needs. It was noted that the majority of Regional buildings are located where the minority of citizens reside and that the Region should focus on accommodating additional Regional staff in the south end of the Region.

4.3 Condition of Owned and Leased Facilities/Replacement Space

In general, the majority of the Region's portfolio is in good condition. However, the Region does have some significantly older buildings, particularly in the Newmarket area, that require constant maintenance and renovation. In addition to these older, owned facilities, the Region leases facilities where there were found to be health and safety concerns, problems with landlords, and excessive leasing costs. The SAP concludes that the Region currently owns and leases some unsatisfactory workplaces and recommends that the strategic planning required to replace these facilities should begin immediately, due to their poor quality and potential renovation/replacement costs. The following table summarizes the condition of the Newmarket owned portfolio:

Table 4: Buildings Requiring Replacement in Newmarket

Location	Building Name	Gross Square Feet
465 Davis Drive	The Tannery	55,991
62/80 Bayview Parkway	Social Services	26,776
240 Prospect Street	Police District 1	30,000
85 Eagle Street	Children's Aid Society	22,622
22 Prospect Street	Health Clinic	12,000
55 Eagle Street	Former Daycare Centre	10,000
	Total	**157,389**
	Total Without Police	**127,389**

In planning for the amount of space required for future growth, new facilities would be constructed to allow for an additional 10 years of growth. Given projections for staff growth and replacement recommendations, and by implementing the new Regional space standard of 185 useable square feet per person (205 rentable square feet), a total of approximately 210,000 gsf of space is required in Newmarket for Regional staff within the next 5 years. A Business Case has been completed which clearly supports the need to consolidate the older Regional portfolio in Newmarket as a first priority.

4.4 Geographic Service Delivery Framework

The SAP establishes a geographic service delivery framework by dividing the Region into 4 zones, based on the Regional Official Plan's projected population growth and current and future demand for Regional services. The framework also incorporates the reality of the Region's existing real estate portfolio. Newmarket, as the seat of Regional Government, is currently the workplace for 59% of the Region's staff. Of note, is the fact that while York Region South has approximately 73% of the Region's population, it has only 30% of the Region's workforce. The South Services Centre, located in Richmond Hill, is the Region's second most significant building. It is a leased facility that currently serves as a focus for York's service delivery in the south end. Also of note, is the Town of Markham, which is the Region's most populated municipality, yet is the location of only 6.5% of Regional staff. The development at Bales Drive, will result in a significant reduction in Regional staff in the central zone in 2005.

Table 5: Percentage of Regional Staff Currently Located in Each Area Municipality

Accommodation Zone	Area Municipality	Percentage of Regional Staff (Without Police)
Newmarket	Newmarket	59.33
Newmarket Total		**59.33**
York Region North	Georgina	3.93
	East Gwillimbury	0.19
York Region North Total		**4.12**
Central York Region	King	0.33
	Aurora	0.90
	Whitchurch-Stouffville	4.78
Central York Region Total		**6.01**
York Region South	Vaughan	9.76
	Richmond Hill	14.20
	Markham	6.58
York Region South Total		**30.54**
Grand Total		**100.00%**

4.5 Short and Medium Term Space Requirements - Regional Staff

The calculations for new space requirements were formulated using the Region’s new space standard of 185 useable square feet per employee (205 rentable sf), plus a 15% gross up per industry standards and a 10% contingency. Given that this is a strategic plan that sets the context for more detailed future studies and implementation plans, there will likely be variations in the exact size recommended by the SAP. Table 6 illustrates that over the short term, there will be a need for approximately 410,000 gross square feet (including Bales Drive) of new space required in the next 5 years to accommodate Regional staff growth, and for replacement of existing poor quality space.

Table 6: Space Requirements for Regional Staff in the Short Term (5 Years)

Accommodation Zone	New Accommodation	Area Municipality	Number of New Staff	New GSF Required
Newmarket	New Space Requirements Replacement Space	Newmarket	413	120,000 130,000
York Region North	Bales Drive	East Gwillimbury	200	95,000
Central York Region	None (Growth accommodated at Bales Drive)	N/A	0	0
York Region South	Public Health Office	Vaughan	70	20,000
	General Government Building	Markham	178	45,000
		Total for all Zones	**861**	**410,000**

Over the next 10 years, it is projected that there will be a requirement for an additional 555,000 gross square feet of new space to accommodate Regional staff growth, as shown on Table 7, not including York Regional Police.

Table 7: Space Requirements for Regional Staff in the Medium Term (10 Years)

Accommodation Zone	New Accommodation	Area Municipality	Number of New Staff	New GSF Required
Newmarket	New Space	Newmarket	550	145,000
York Region North	Long-Term Care Facility	Georgina	200	175,000
	Public Health Office	Georgina	70	20,000
Central York Region	None (growth to be accommodated at Bales Drive)	N/A	0	0
York Region South	Long-Term Care Facility	Markham	200	175,000
	Transportation Works Yard	Markham	10	40,000
		Total for all Zones	**1,030**	**555,000**

Therefore, in total, it is projected that there will be an additional 1,891 Regional staff, (not including police) over the next 10 years, requiring an additional 965,000 gross square feet of space in all zones across the Region.

4.6 Space Requirements for York Regional Police

Since work on the SAP was completed, York Regional Police have subsequently re-evaluated their accommodation requirements. In November of 2004, the Police released a facilities forecast, which outlined their priorities from 2005-2008. Police facility requirements are prioritized as follows:

1. Investigative and Support Services Facility (110,000 gsf in Aurora);
2. Training Facility (22,000 gsf);
3. A 6th District Office (50,000 gsf in central area of the Region); and
4. Communications Centre (Size unknown at this time).

Property Services Staff will continue to work closely with York Regional Police to assist them in meeting their facility and space requirements and ensure that their priorities are integrated into an overall Regional strategy on accommodation. Staff will evaluate current land holdings in Newmarket for development potential.

4.7 Evaluative Criteria for York Region

The SAP also establishes evaluative criteria which have been utilized in establishing an accommodation strategy for the Region. These criteria can be used on an ongoing basis by the Region to evaluate potential options and plan for future accommodation requirements. Most corporate real estate organizations typically apply three sets of criteria when making decisions regarding real estate and accommodation: Business Criteria (location, cost and/or financial return); Philosophical Criteria (corporate vision, goals and policy); and Due Diligence Criteria (avoiding and managing risk). In reviewing the practices of public sector organizations, the location of facilities was noted as the most important criteria, as accessibility to its citizens and the location's ability to meet service requirements was the key factor. The second most important criteria noted by government was cost. While the location of accommodation must be appropriate, the lowest cost accommodation in that location was desirable. The SAP establishes categories of evaluative criteria including: Program Specific; Policy; Location; Site; Building; and Financial. Significant questions arising from work on the SAP include:

- How many Regional and Police staff will the Region have in the future, what number and type of facilities will be required, and what will be the approximate costs and project timing?
- Should significant dollars continue to be spent on maintaining or renovating the Region's 40-50 year old office buildings?
- Should most new facilities be developed in the southern municipalities where the majority of residents live, even though land and leasing costs are higher?
- Should the Region continue to pay significant leasing costs for the 40 currently leased facilities, or potentially purchase or construct facilities for significant cost savings over the long term?
- Should the Region strive to consolidate various types of services into one location for cost efficiencies and better customer service, or have more smaller, satellite-offices located closer to a larger percentage of residents?

4.8 Relationship to Vision 2026

A Strategic Accommodation Plan supports a number of principles and goals of Vision 2026. The planning of new facilities in centres or along corridors would conform with the Regional Official Plan by being transit supportive and helping to create more vibrant urban communities. Better located and designed facilities would clearly respond to the needs of the Region's residents. New and consolidated health, community services and long term care facilities would help promote wellness and enhance human resources and partnerships. The SAP would lead to more partnerships and cost-sharing opportunities with area municipalities, proactively meet the needs of our customers, and would assist in establishing a sound fiscal strategy that will save significant taxpayer's dollars over the long term. The SAP would clearly support the Corporation's values of cost efficiency to taxpayers, excellence in customer service, and proactive planning for the future.

5. FINANCIAL IMPLICATIONS

A second report, recommending options, costs/benefits, and an implementation strategy, will be submitted to Committee and Council in early 2005.

6. LOCAL MUNICIPAL IMPACT

The implementation of a SAP will lay the framework for more convenient and better quality Regional services for the citizens of all of the Region's area municipalities, particularly in those areas where the majority of York's residents reside. The Plan will assist area municipalities plan for their service delivery by providing them with a blueprint of where the Region intends to develop its key service delivery nodes. This will enhance the potential for better communication and co-operation between the two levels of government in the development of future projects or the sharing of land or facilities.

7. CONCLUSION

There are early signs that the Region's older facilities are having some negative impacts on its service delivery and staff. These include lack of parking, overcrowded work spaces, lack of space for growth, increased maintenance and renovation costs, increased leasing costs (currently 40 locations at a cost of $5.5 million per year), and lack of services in highly populated areas. The situation in Newmarket is particularly critical. It takes approximately 3 years to complete a new facility, and therefore it is important that the Region take action by adopting a Strategic Plan for its accommodation, and a budget for its implementation in a well-organized, effective and efficient manner. A Business Case has been completed which clearly supports the need to consolidate the older Regional portfolio in Newmarket as a first priority. In addition, Staff will initiate studies to thoroughly examine the development capacity of all major Regionally-owned parcels in the Newmarket area.

A second report providing specific location and ownership options, projected costs, and an implementation strategy, will be forwarded to Committee and Council upon completion of these studies.

The Senior Management Group has reviewed this report.