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# HIRING OF REAL ESTATE STAFF FOR VIVANEXT

**The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendation contained in the following report, November 6, 2008, from the Vice-President, York Region Rapid Transit Corporation and the Commissioner of Corporate Services:**

## 1. RECOMMENDATION

It is recommended that:

1. Staff be authorized, pre-operating budget approval, to hire two permanent full-time Senior Real Estate Appraiser/Negotiators to assist in the procurement of properties necessary for the deployment of vivaNext.

## 2. PURPOSE

Due to the immediate need to acquire properties for vivaNext to deliver early wins through Metrolinx funding, this report seeks pre-budget approval to hire two permanent full-time Senior Real Estate Appraisers/Negotiators. The positions would be part of the Property Services staff compliment but would work on vivaNext projects, recoverable through the capital program and respective provincial and federal funding mechanisms.

## 3. BACKGROUND

The implementation of vivaNext consists of the construction of dedicated rapidways along the majority of the 90 kilometer rapid transit network, as well as the extension of the Spadina and Yonge Street subways to Highway 7.

At the onset of the 2008 capital and operating budget processes, parameters around the delivery, timing and funding of MoveOntario 2020 projects, and more specifically vivaNext, were unknown. Significant progress has been made during the year to advance the construction of rapidways along Davis Drive, Yonge Street from Mulock Drive to Davis Drive, Enterprise Drive from Warden Avenue to Birchmount Avenue, and Highway 7 from Richmond Hill Centre to Markham Centre. York Consortium 2002 has been awarded concept level of design work programs for Highway 7, west of Richmond Hill Centre and along Davis Drive to determine property requirements. Preliminary engineering work programs for Yonge Street, from Richmond Hill Centre to 19$^{th}$ Avenue and Highway 7, from Richmond Hill Centre to Kennedy Road, will be completed in April 2009.

These engineering efforts, funded through MoveOntario 2020 Quick Wins, have put the Region in a state of readiness to deliver the next leg of the program. At the same time, the Province is looking for projects that can be delivered quickly to start the momentum of a successful funding and implementation strategy. The combination of the Region’s readiness and the Province’s sense of urgency places the Region in the unique position of moving projects from preliminary engineering to construction by year end.

### One Senior Real Estate Appraiser/Negotiator is dedicated to the requirements of the York Region Rapid Transit Corporation

In 2008, one Senior Real Estate Appraiser/Negotiator was hired specifically to address the requirements of the York Region Rapid Transit Corporation (the “Corporation”). At the time the position was approved, the Corporation did not have a firm funding commitment for vivaNext, nor confirmation on the timing of the system build-out. Funding availability and project timing has since been confirmed to the extent that the project is moving beyond preliminary engineering into property procurement and construction in 2008 and 2009. One particular project, the construction of bus rapidways along Davis Drive and along Yonge Street, from Mulock Drive to Davis Drive, is required by 2010 to accommodate transit requirements for the new Southlake Cancer Care facility that will become operational that year. The current complement of one Senior Real Estate Appraiser/Negotiator cannot complete the required work within the timeframe allotted for the project.

The Highway 7 rapidway from Richmond Hill Centre to Kennedy Road is also scheduled for construction in 2009. Property acquisitions are currently underway along the corridor. Independent appraisals, scheduled to be completed in November and December 2008, have commenced for some of the properties on Davis Drive and Highway 7.

## 4. ANALYSIS AND OPTIONS

As discussed in Section 3, the Region is in a state of readiness to deliver the next leg of the vivaNext program. At the same time, the Province is looking for projects that can be delivered quickly to start the momentum of a successful funding and implementation strategy. This combination of the Region’s readiness and the Province’s sense of urgency places the Region in the unique position of moving projects from preliminary engineering to construction by year end.

## The workload to handle property needs for vivaNext is extensive and to progress to construction, property needs to be acquired immediately

Table 1 provides an estimate of the number of open property files that will need to be managed by Real Estate Appraiser/Negotiators for the duration of 2008 and for 2009, based on known information. The 404 property parcels involved are equally divided between rights-of-way and easements and represent approximately 49,480 square meters (4.95 ha) of land.

Activities associated with each file include, but are not limited to, the review of the requirements, discussions with the engineering design team to recommend changes based on property issues, negotiations with owners and their consultants and recommending approval of negotiated settlements and/or manage the expropriation process. Prior to the actual opening of files, Appraisers/Negotiators are involved in public meetings, responding to public concerns, identifying property owners along affected corridors, liaison with Regional consultants including appraisers, business valuators, surveyors and solicitors.

**Table 1**
Property Needs – Concurrent Files to Manage

| **Segment** | **2008 Workload** | **2009 Workload** | **Square Meters** | **Total Properties** |
|---|---|---|---|---|
| | Estimated number of property files to manage concurrently | | Total Property Statistics | |
| Yonge Street – Mulock Dr. Davis Dr. | 5 | 83 | 11,024.0 | 83 |
| Davis Drive | 35 | 221 | 38,656.3 | 221 |
| Highway 7 – Richmond Hill Centre to Cedarland Dr. | 54 | 100 | n/a | 100 |
| Total | 94 | 404 | 49,680.3 | 404 |

From 2009 onward, additional work will be required for properties associated with the following projects:

- Highway 7 rapidway – Richmond Hill Centre to Pine Valley Drive.
- Yonge Street rapidway – Richmond Hill Centre to Green Lane (with the exception of the Mulock Drive to Davis Drive section that is listed in Table 1).
- Yonge Street Subway.
- Spadina Subway.

Property requirements are being refined from the approved environmental assessments and will be the outcome of concept level design efforts that will commence in 2009 for these segments.

### Three full-time Real Estate Appraisers/Negotiators are required to meet immediate rapid transit project needs

Although the number of property owners that will be affected by vivaNext has yet to be determined, the number is estimated to be in the range of 400 to 500. It is a generally accepted industry practice for a Senior Real Estate Appraiser/Negotiator to manage a concurrent case load of approximately 40 to 50 property owners. Given the number of property owners that will be subjected to property acquisition over the next year (ie. 150 to 200), it is estimated that three to four Senior Real Estate Appraisers/Negotiators will be required to complete the work.

Realty Services staff currently has one dedicated Senior Real Estate Appraiser/Negotiator for the Rapid Transit Office. Two additional Senior Real Estate Appraiser/Negotiators, would be sufficient to acquire the number of properties at the lower end of the range (ie. 150).

### External contracted resources for negotiators are double the cost of internal staff resources

The annual full-time equivalent for an inpendent negotiator is $210,000. The annual cost to the Region to bring a Senior Real Estate Appraiser/Negotiator on-staff is approximately half the cost of retaining outside negotiators. Third-party appraisals will continue to be required to provide independent opinions of the market value of properties.

Other advantages of internal staff versus external appraisers/negotiators include the ability to quickly re-allocate staff efforts to critical tasks; known availability; no procurement cycle; known costs; and reduced need for supervision as internal resources become familiar with processes and methodologies. Using internal staff for the assignments will result in the projects being attended to sooner and will better position Realty Services to meet the required rapid transit project timelines.

Based on the volume of properties required for the rapid transit system over the next ten years, it is expected that the savings to the Region by using staff to review independent appraisals and negotiate property purchases would be approximately $2 million (current year dollars).

### An increase in legal services for Rapid Transit services is required

As the mandate of the Corporation continues to expand and evolve, the increased legal service requirements cannot be met with the existing resources within the Legal Services Branch and would place further reliance on external counsel. For property matters alone, if the land acquisition strategy of the Corporation continues, legal support cannot be met with existing resources Given the growing volume of legal activities, it is recommended that an in-house counsel for rapid transit services be retained. External corporate and specialized counsel would continue to be required but would not cover all the legal services needed by the rapid transit office at a corresponding cost premium. The addition of one senior counsel full-time staff member as well as support staff will be addressed during the 2009 operating budget process.

## 5. FINANCIAL IMPLICATIONS

Costs associated with the procurement of lands for vivaNext were anticipated in the development of projected land budgets and will be recovered from MoveOntario 2020 funding. Adequate funds for property procurement costs, including Appraisers/ Negotiators, have been provided for in the 2009 capital budget, as well as in the 10 year capital plan.

Both positions relate to work required for capital projects, including the Yonge Street subway extension, and Viva Rapid Transit infrastructure. Costs related to vivaNext are eligible for recovery through Provincial and Federal funding agreements and under the Region’s Development Charges By-law.

Gross one-time and annual costs, before recovery, are provided in Table 2.

**Table 2**
One-time and Annual Costs for New Resources

| Position | Salary and Benefits | Initial Setup* | Other Annual Costs** |
|---|---|---|---|
| 2 Real Estate Appraisers/ Negotiators | 197,313 | 20,554 | 16,320 |

* Initial setup includes desk, computer, and other equipment needed to furnish an office
**other annual costs include training, conferences, cell phones, professional dues, office supplies, and mileage

## 6. LOCAL MUNICIPAL IMPACT

Property impacts of the implementation of vivaNext are experienced most directly by local property owners. By ensuring that property matters are dealt with in a timely, consistent and professional manner with internal resources, Property Services and the Corporation expect to enhance the overall experience of property owners through the property procurement cycle.

## 7. CONCLUSION

This report recommends the hiring of two resources:

- Two permanent full-time Real Estate Appraisers/Negotiators to meet the needs of the Corporation.

VivaNext will be implemented over a timeframe that extends to 2018 and beyond. A significant component of the programme will involve property procurement. Delays in securing land can be expected to result in property cost escalation and extensions to the project schedule.

Property procurement involves not only Real Estate Appraisers/Negotiators but also legal resources to complete legal arrangements and land registrations. The amount of effort is in direct proportion to the increase in property acquisitions. Legal resource requirements are being addressed through the 2009 operating budget.

As a result of the requirement to procure property over the duration of the project, it would be more cost-effective to hire permanent resources rather than procure independent/temporary resources. It has been estimated that the cost of full-time staff resources is just over half the cost for independent Real Estate Appraisers/ Negotiators.

Other benefits associated with using Region staff include the ability to promote a more consistent approach to dealing with property matters; greater flexibility to deploy/redeploy resources based on need; insulation from market conditions; and the elimination of a procurement cycle and contract negotiations, as currently exists when using external resources.

Adequate funds for property procurement costs have been provided for in the 2009 capital budget, as well as in the 10 year capital plan.

The hiring of these staff will comply with the Region's HR Policies as directed previously by Council.

For more information on this report, please contact Mary-Frances Turner, Vice-President, York Region Rapid Transit Corporation at (905) 886-6767 ext. 2226.

The Senior Management Group has reviewed this report.