



Integrated Infrastructure Services

Infrastructure Planning and Design

Edmonton

Downtown Workspace Optimization

Executive Committee / City Council
March 5, 2025

IIS02821

Motion

At the December 2/3/4/5, 2024, City Council meeting, the following motion was passed:

That Administration provide a report to Council through Committee regarding Downtown Workspace Optimization, as outlined on page 1 in Attachment 4 of the December 2, 2024, Financial and Corporate Services report FCS02530rev, that includes:

- a. various disposition options, including demolition and future sales;
- b. impacts on related projects including downtown district energy and the Winspear expansion projects;
- c. a breakdown of costs related to staff relocations (IT Infrastructure relocation, office moves, facility modifications and Edmonton Tower capital investments); and
- d. a summary of required capital investments at Century Place and Chancery Hall for the next 10-20 years.

City Staff in the Downtown Core



Edmonton Tower

19 Floors
Capacity 2203

Home to:

- City Operations
- Community Services
- Integrated Infrastructure Services
- Urban Planning & Economy

Presence from:

- Financial & Corporate Services
- Office of the City Manager



Century Place

21 Floors
Capacity 1179

Home to:

- Community Services
- Employee & Legal Services
- Financial & Corporate Services

Presence from:

- City Operations

Chancery Hall

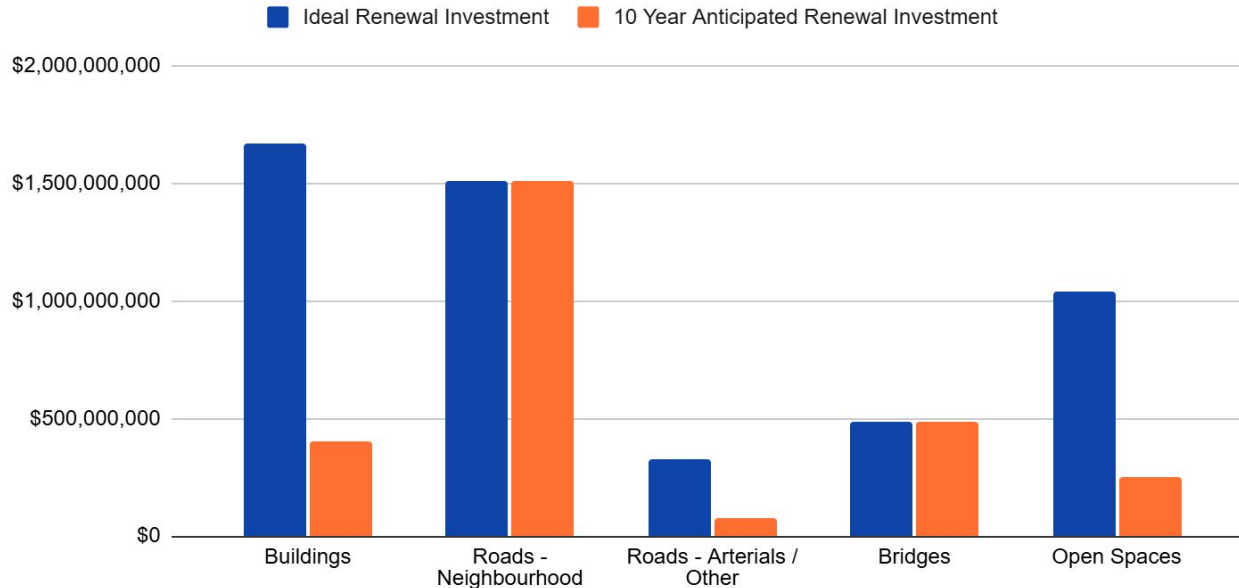
11 Floors
Capacity 518

Home to:

- Employee & Legal Services
- Financial & Corporate Services

Renewal Funding Gap

Comparison of Ideal Renewal Investment and Anticipated Renewal Investment by Asset Group



Note: Values shown in table represent renewal requirements only and exclude any growth attributed to renewal

Case for Disposition

- Renewal Funding Gap
- Strategic Alignment
- Aging Assets
- High Cost of Ownership
- Space Optimization Opportunity

Guiding Principles

→ Stewardship

Ensuring responsible management of city assets and city resources

→ Alignment with Policy

Reflecting the City's Strategic Vision and supporting policies, directives and guidelines

→ Climate Resilience

Responding to impacts of climate change and pursuing opportunities to transition to a low carbon future

→ Employee Centered

Creating employee workspaces that will be universal, functional, adaptable and efficient

Relocation

Scope

All staff in Century Place and Chancery Hall will be relocated to Edmonton Tower and other existing City leased/owned spaces

- Intent at Edmonton Tower is to maintain existing footprint, layout and furniture and ensure full utilization each day of the week
- Optimization of the workspaces at Kathleen Andrews Transit Garage, City Hall and other locations
- Reconfigurations and renovations will be limited
- Existing furniture from Century Place and Chancery Hall will be used or moved to alternative spaces

Project Budget \$22.7 million

Edmonton Tower

\$7.2M

Approx.

Work to meet legislated requirements and City standards is planned for Edmonton Tower

Facility Modifications

\$6.5M

Approx.

Modifications and reconfigurations are required to maximize the space at City Hall, Kathleen Andrews Garage and other locations

Office Moves

\$5.2M

Approx.

As many as 3,000 staff will need to move to a different location (building or floor)

IT Infrastructure Relocation

\$3.8M

Approx.

Century Place is an important hub of City IT infrastructure (network connectivity & traffic systems) must be relocated

Disposition

The Market

- Downtown Office Market Vacancy Rate 20%
- There may be limited demand combined with oversupply
- 5 Downtown Office Tower Conversions since 2017
- Conversions challenging with older buildings - costly to adapt and increased risk vs. a new development



Downtown District Energy

- The Winspear, Century Place and Chancery Hall are foundational to the Downtown District Energy Initiative
- Preserving Century Place and Chancery Hall as anchor loads to the district energy system is anticipated to be accomplished through a bylaw (Q2 2025)
- The most significant impact of disposition would be if the buildings were demolished
 - Rerouting the distribution piping
 - Utility revenue

Disposition Approaches

List Properties Before Starting Employee Relocation

- Optimizes downtown footprint and reduces maintenance and operating costs in shortest timeframe
- Lessens risk of capital investment
- Aligns with Downtown District Energy Initiative and Winspear Expansion
- **Outstanding Risk** - Uncertainty over value of sale of buildings or timing

Sell Properties Prior to Employee Relocation

- Increases certainty of the outcome of the buildings along with clarifying funding requirements
- Improves negotiating position
- Aligns with Downtown District Energy Initiative and Winspear Expansion
- **Outstanding Risk** - risk of required capital investment and delays timeframe of relocations

Other Options

- **Long term Lease** - does not remove the capital renewal liability
- **Demolition and Sale of Properties** - Challenging and costly inclusive of relocating Downtown District Energy infrastructure and parkade access for the Winspear Centre

Recommendation

That Executive Committee recommend to City Council:

1. That capital profile 24-10-0400 - Downtown Workspace Optimization, as outlined in Attachment 1 of the March 5, 2025, Integrated Infrastructure Services report IIS02821, be approved in the amount of \$22.7 million.
2. That sales proceeds and operational savings resulting from the disposition of Century Place and Chancery Hall, as outlined in Attachment 2 of the March 5, 2025, Integrated Infrastructure Services report IIS02821, be redirected to the Interim Financing Reserve until the \$22.7 million of capital costs financed on an interim basis have been recovered.

Thank you.

Questions?

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