

Location, location, location



The Institution of Civil Engineers, based in London, chose to locate opposite the UK Parliament in 1915.

Where will PEO live in 2010 and beyond? Membership support is needed to purchase or construct a building befitting the profession.

There is truth to the old real estate adage. Location does matter. In June 2005, Council decided that when the lease ends at PEO's current Sheppard Avenue location in December 2009, PEO would pick up stakes and move to a downtown location on the recommendation of the regulator's Accommodation Task Force (ATF) and CB Richard Ellis, the realtor hired to consult on the move. Major factors influencing the ATF included that the *Professional Engineers Act* specifies that PEO's headquarters must be within Toronto, the lack of visibility at the current location, a serious shortage of meeting space, and lease payment expenditures that from 1994 to 2005 totalled \$13 million. In addition, a survey of Councillors, committee mem-

bers and staff conducted by the ATF in 2005 indicated downtown Toronto as the common choice of office location among the survey groups.

Since then, Council has reviewed the merits and drawbacks of over 80 properties and buildings, including government-owned lands, school board sites and historic buildings. While not all of these potential properties met the original specifications of a downtown location, Council discussion on each was considerable. In the end, however, Council declined to approve any of them, as none was found to have the right mix of qualities Council is seeking.

With time ticking down to the December 2008 deadline for PEO to make its intentions for the existing space

at 25 Sheppard Avenue West known to its landlord, Council reconfirmed at its December 17 meeting that PEO wishes to own its own building rather than rent its premises, and that a downtown address would best enhance the professional image of engineering by offering the high visibility, proximity to government, universities and some of the large employers of professional engineers Council believes PEO and the profession require to prosper.

The specifics

Council also specified that those looking for PEO's new home should look to acquire at least 50,000 square feet of space—approximately 30,000 square feet

for staff offices, and another 20,000 to house an auditorium for meetings and seminars, public archives to showcase the profession, an examination hall, and a business centre for the use of members and applicants.

Also on Council's wish list are that the building be located in a safe and attractive area downtown, which it defined as being between Avenue Road to the west, Bayview Avenue to the east, Sheppard Avenue to the north and Front Street to the

south, and on a site with no environmental concerns. The location must be easily accessible by car and public transit (preferably close to a subway station) for staff, volunteers, licence holders and applicants, and have adequate and safe parking. It

Building establishes professional engineering image

BY WALTER BILANSKI, PHD, P.ENG., PEO PRESIDENT



The story is told of an engineer who, when asked by a client why the engineer's price was higher than a competitor's, replied, "I know my value."

Frankly, this debate is not about money, it's about how we see ourselves, how we show how we value our profession, and how we consider our public profile.

It's decision time.

Your Council has decided it is economically advantageous to own our own building, and for some six years has been going to and fro on basics and issues like location. Council has decided that we should own in downtown Toronto, and accepts the reality that there is a premium of about \$10 million associated with this decision. Major considerations were future city and highway traffic gridlock, accessibility to public transportation, environmental responsibility from a car-orientation point of view and personal safety.

Council also requested we ask membership approval to go ahead. A ballot to confirm an amendment to section 39(2) of By-law No. 1 to increase the fee by \$20/year/member to help pay for a facility that meets our needs now and provides for the future accompanies your PEO election ballots.

It's in your hands.

There are tangible economic reasons for ownership and this location. However, the real question is: How do we see our profession and how do we want our profession to be seen? We need to value ourselves to be valued by others.

For an increase of \$20 a year, we can afford to have a presence in a power location, or we can skimp and buy in an industrial mall on the outskirts, far from the provincial parliament and business district.

Do you want space to publicly showcase our profession, to have the type of facilities that a modern corporation needs, to have control of our future accommodation needs? Do you want a place where we can show our environmental leadership, where we can do things in membership outreach and community involvement not now possible?

We can have an engineering centre befitting a major profession, even an exposition repository for the engineering drawings, instruments and artifacts of historical importance now being discarded and lost forever for want of safe keeping.

Is there an engineer worthy of the name who thinks that at \$20/member/year, our profession does not deserve this?

Let's have faith in our profession and our future. Let's tell Council: We're worth it!

Image not defined by building we buy

BY DAVID ADAMS, P.ENG., PEO PRESIDENT-ELECT



PEO is currently operating with a contribution to surplus of \$1 million per year, has reserves of \$10 million and, by replacing the current expenditure of \$1.3 million for rental space and parking, can afford to buy or build a \$15-million headquarters without a fee increase, better utilizing our cash.

If we were to extend the building search envelope north to Steeles Avenue, and east to the Don Valley Parkway, locating within 3.5 km or a 15-minute bus ride to the Yonge Street subway, we could buy or build 45,000 square feet of first-class office space without a fee increase.

Your Building Committee has already found over five such buildings or sites in the last five months. All had reasonable access to highways 401, 404, 407 and the DVP. If we chose a building twice the size and were to rent out half of it, the same financing would apply—no fee increase.

Our image as a profession is not merely a reflection of a structural fixture, but rather the character exhibited by our members in maintaining high standards of professional practice.

Are we fair and open to newcomers, graduated here or foreign-trained; honest in our representation of the facts to our clients; intolerant of shoddy solutions not designed to protect the public and, in this instance, sensitive to the treatment of employees, volunteers and applicants? Are we prudent in the use of our resources?

You know we are and should continue in this direction.

We are defined by the superior governance of our profession.

Our purpose, to license well-educated and trained engineers, is aligned with academic and experience assessment processes, provided by well-qualified technical and administrative staff and volunteers.

Astutely, we have performed our own traffic survey, which clearly shows that 80 per cent of staff, committee members and applicants, collectively, travel to our premises by automobile.

Subjecting these people to the time-consuming and onerous task of commuting to a downtown location through the Toronto traffic gridlock is cavalier and without merit.

Therefore, to locate in downtown Toronto at a cost of \$30 million, and requiring an increase in annual fees of \$20 per member to help make it feasible, is not an advantageous way to enhance our operation, even for a potential, marginal gain in image.

Engineers are known for sensible, practical solutions. Let us opt for one now.

should also be near restaurants and hotels for the benefit of the some 700 volunteers who help to keep PEO ticking. Ideally, the building will also have a low environmental footprint with LEEDS certification.

At what cost?

While Council strongly supported ownership combined with a central location as the best recipe for meeting PEO's future accommodation needs, it also acknowledged that a move downtown comes with a hefty price tag, and accordingly approved an expenditure of up to \$30 million for the building. To finance the expenditure, Council also approved amending section 39(2) of By-law No. 1 to increase the annual P.Eng. licence fee to \$220, effective May 1, 2008. The current fee is \$200. Because bylaw amendments are effective only upon confirmation by members in a mail ballot, and so as not to delay the accommodation search, Council directed that the ballot to confirm the amendment to section 39(2) be included in the 2008 Council election package, which will be mailed to members by January 31, 2008 and must be returned to the official elections agent by February 29, 2008.

Why own?

There was little debate that ownership is the way to go for PEO, rather than continuing to lease. The annual \$1.24 million rent (climbing to \$1.45 million by 2009 with the addition of the required 18,000 square feet) for offices, parking and storage at the current location would be eliminated. Even if the yearly mortgage expense of a new building is more than what is currently paid in lease payments, there are offsetting factors of ownership, including the value of equity, and the possibility of third-party income if the building ultimately chosen is larger than PEO's needs and areas of it are leased to other companies. Ownership would also qualify PEO for a reduced municipal tax assessment, which could amount to significant cost savings. For example, consider the scenario that PEO pays \$10 per square foot in taxes for a leased property. If that same property were owned by PEO, there would be a realty tax saving of \$8 per square foot. For a 50,000 square-foot property, that amounts to a savings of \$400,000.

Ownership would also allow PEO to brand itself more effectively through signage or other means, the options for which are either restricted or prohibitively expensive when not the principal tenant in leased space.

Environmental leadership

Council is aware that a downtown location for PEO brings with it both advantages and disadvantages, but believes the pluses outweigh the minuses.

For example, a ground-floor location in an area of heavy foot traffic cannot help but mean increased overall visibility for PEO, and easy accessibility to public transportation shows leadership in the face of ever-increasing road congestion, rising fuel costs, and the need for engineering to be part of the solution to the challenge of cutting greenhouse gas emissions. For those who wish to travel to PEO by car, however, there will likely be some driving headaches associated with a central location, although the accessibility of public transit might even inspire some drivers to leave their cars at home.

A central location would provide additional opportunities for PEO to reach out to students at two of the three engineering schools in Toronto, and to international engineering graduates, many of whom rely on public transit in their early years in the province.

Raising PEO's profile

Council also believes PEO's interactions with government, in particular the provincial government at Queen's Park, would be enhanced at a more central location, from which meetings with key ministry staff and time-starved politicians could be convened more frequently so as to enable PEO to gain ground with such emerging issues as changes to legislation that might impact the profession or PEO's ability to govern it. A primary objective of PEO's Government Liaison Program (GLP) is to raise awareness among government of the value to the public of a self-regulating engineering profession, and the benefit of consulting with PEO early in the formation of public policy. PEO's increased visibility to the policy makers on their own turf should serve as daily reinforcement of the grassroots efforts of the GLP spokespeople across the province.

The location decision, Council reasoned, really comes down to a question of how PEO sees itself and how it wants to be seen by those in a position to influence the profession's future.

Inadequate space

As for the question of how much space PEO needs, the fact is that space at PEO's current location has often been at a premium, with meeting space, in particular, in short supply. The space at the current location does not always meet various statutory committees' needs for meeting, interview and hearing rooms. The Experience Requirements Committee, which interviews licence applicants whose educational background does not appear to meet the academic requirements for licensure, in particular, requires a guaranteed supply of interview rooms, so that applicants are interviewed with a minimum of delay. With international engineering graduates comprising an increasing proportion of PEO's licence applicants, the work of this committee can be expected to grow apace. With little space available in PEO's present building, and the principal tenant rather than PEO having the first right of refusal of any space that becomes available, the chance for expansion to meet future needs is limited if PEO stays put.

Council sees a move, combined with ownership, as providing PEO an opportunity to plan its future accommodation around the anticipated demands on its core processes caused by the changing profile of its prospective members.

The upshot

If the amendment to section 39(2) is approved, the annual membership fee will be increased by \$20 effective May 1, 2008, and the accommodation search will carry on, with a focus on PEO owning a building in a downtown location.

If the amendment is not confirmed, Council will need to revisit its criteria for the building.

Council recommends that PEO take this step towards the acquisition of a building more appropriate to its needs and image, and believes the membership will support this initiative to raise the profile of the engineering profession. ❖

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