

APPENDIX B – TRANSACTION COMPLEXITY ASSESSMENT TOOL

Transaction Complexity Assessment Tool

Real Estate Transactions*

Prepared by: _____

Reviewed by: _____

Attribute	Question	Rating Scale	Clarification	Risk Weighting	Rating	Score	Weighted Score
Value/Cost	1. What is the estimated total value/cost of the transaction?	1 = \$100,000 or less 2 = \$100,001 - \$500,000 3 = \$500,001 - \$1,000,000 4 = \$1,000,001 - \$2,500,000 5 = \$2,500,001+	The inherent complexity of the transaction may increase with the size.	20%		0%	0%
	2. Relative to the average transaction value in the transaction portfolio type, how would you describe the estimated value/cost?	1 = Small 3 = Medium 5 = Large	The inherent complexity of the transaction may increase if the size of the transaction relative to the average cost is large.	5%		0%	0%
Asset	3. Does the transaction relate to a strategic or critical asset?	1 = No 3 = Moderate 5 = Yes	The inherent complexity of the transaction may increase if the transaction relates to a strategic or critical asset given the high-profile nature and exposure that may be generated.	20%		0%	0%
Priority / Urgency	4. What is the urgency and priority of the transaction? Factors to consider include: A. What level of priority is the transaction to the City? B. Are any other City transactions or initiatives dependent on this transaction? C. Budgetary considerations; D. The need for approvals; E. External influences	1 = Completion time is not a factor 3 = Yes, the completion time may impact the success of the transaction; time delays will have minor effects. 5 = Yes, time delays will significantly impact the transaction.	The inherent complexity of the transaction may increase if there is enhanced pressure on the closing time of the transaction.	15%		0%	0%
Influence	5. Is there a risk of internal/political influence?	1= No 5 = Yes	The inherent risk of the transaction may increase if there is a risk of political or other stakeholder interference/influence	5%		0%	0%
	6. Is there a risk of external / public influence?	1= No 5 = Yes	The inherent risk of the transaction may increase if there is a risk of political or other stakeholder interference/influence such as public opinion	5%		0%	0%
Business risks	7. Will environmental considerations impact the transaction?	1 = No 5 = Yes	The inherent complexity of the transaction may increase if there are environmental considerations. Environmental considerations may take account of contaminated sites or carbon off-sets, and environmental tools may include environmental site assessments.	10%		0%	0%
	8. Are there any socio-economic considerations that must be taken into account?	1 = No 5 = Yes	The inherent complexity of the transaction may increase if there are socio-economic issues to be considered. Considerations may include industrial regional benefits, interest group's rights and interests, managing designated heritage assets, etc.	5%		0%	0%
	9. What level of legal risk could be introduced as a result of this transaction?	1 = No additional legal review will be required; Legal Services approved agreements, terms and conditions, etc. will be executed. 3 = One or more non-standard terms and conditions will be negotiated resulting in legal effort. Legal Services is engaged and aware of the transaction. 5 = There is a high probability of liability and other legal risks; extensive legal resources will be required during the transaction (rezoning, subdivision, land dedication). Legal	The inherent complexity and risk of the transaction may increase if there are legal risks. To answer this question find the answer that best represents the situation for the transaction. Not all the conditions in each answer need apply.	15%		0%	0%
MAX SCORE				100%	0	0%	0%

Weighted Score	Complexity Rating	Definition
Less than 60%	Routine	Transaction has low to moderate risk and complexity.
Greater than 60%	Complex	Transaction has high risk and complexity. Transaction may require additional resources /expertise for review.

* For the purposes of using this guidance tool, expropriation and land exchange transactions would be included as Real Estate Transactions.

Transaction Complexity Assessment Tool
Management Services - Lease Transactions

Prepared by: _____

Reviewed by: _____

Attribute	Question	Rating Scale	Clarification	Risk Weighting	Rating	Score	Weighted Score
Cost	1. What is the estimated average annual lease value?	1 = \$10,000 or less 2 = \$10,001 - \$75,000 3 = \$75,001 - \$250,000 4 = \$250,001 - \$500,000 5 = \$500,001+	The inherent complexity and risk of the transaction may increase with the size.	15%		0%	0%
	2. Relative to the average annual lease, how would you describe the estimated cost?	1 = Small 3 = Medium 5 = Large	The inherent complexity and risk of the transaction may increase if the size of the transaction relative to the average cost is large.	5%		0%	0%
Availability of Information	3. What level of market information is available?	1 = City has prior experience with the leased space and market information is readily available 3 = City has prior experience with the leased space but additional market information is required/may not be readily available 5 = City does not have prior experience with the leased space and additional market information is required.	The inherent complexity and risk will increase based on the availability of market information and rates	15%		0%	0%
Term	4. What is the term of the proposed lease (excluding renewal options)?	1 = 5 years or less 3 = 5 to 10 years 5 = Over 10 years	The inherent complexity and risk will increase based on the proposed term of the lease.	15%		0%	0%
Priority / Urgency	5. What is the urgency of the transaction? Factors to consider include: A. What level of priority is the transaction to the City? B. Are any other City transactions or initiatives dependent on this transaction? C. Budgetary considerations; D. The need for approvals; E. External influences; F. Ongoing negotiations.	1 = No, completion time is not a factor 3 = Yes, the completion time may impact the success of the transaction; time me delays will have minor effects. 5 = Yes, time delays will significantly impact the transaction.	The inherent complexity and risk of the transaction may increase if there is enhanced pressure on the closing time of the transaction.	10%		0%	0%
Influence	6. Is there a risk of internal/political influence?	1= No 5 = Yes	The inherent risk of the transaction may increase if there is a risk of political or other stakeholder interference/influence	5%		0%	0%
	7. Is there a risk of external / public influence? Will the rate be precedent setting?	1= No 5 = Yes	The inherent risk of the transaction may increase if there is a risk of political or other stakeholder interference/influence such as public opinion	5%		0%	0%
Asset	8. What type of asset is being leased?	1 = Land 5 = Building	The inherent risk and complexity of the transaction will vary depending on the asset type (land or building)	10%		0%	0%
Business risks	9. Will the City be responsible for additional rent or other costs? (i.e. taxes, maintenance, and insurance, etc.)	1 = No 5 = Yes	The inherent complexity and risk of the transaction may increase based on additional obligations of the City.	5%		0%	0%
	10. Are there any socio-economic considerations that must be taken into account?	1 = No 5 = Yes	The inherent complexity and risk of the transaction may increase if there are socio-economic issues to be considered. Considerations may include industrial regional benefits, interest group's rights and interests, managing designated heritage assets, etc.	5%		0%	0%
	11. What level of legal risk will be introduced as a result of this transaction?	1 = No additional legal review will be required; Legal Services approved agreements, terms and conditions, etc. will be executed. 3 = One or more non-standard terms and conditions will be negotiated resulting in legal costs and/or effort. Legal Services is engaged and aware of the transaction. 5 = There is a high probability of liability and other legal risks; extensive legal resources will be required during the transaction; Legal Services has been engaged and is aware of the transaction.	The inherent complexity and risk of the transaction may increase if there are legal risks. To answer this question find the answer that best represents the situation for the transaction. Not all the conditions in each answer need apply.	10%		0%	0%
MAX SCORE				100%	0	0%	0%

Weighted Score	Complexity Rating	Definition
Less than 60%	Routine	Transaction has low to moderate risk and complexity.
Greater than 60%	Complex	Transaction has moderate risk and complexity.

* For the purposes of using this guidance tool, licence transactions would be included as Lease Transactions.