

<b>Risk and Complexity Assessment Evaluation Criteria</b>	
<b>Score</b>	<b>Rank</b>
Less than 40%	Low
40% to 60%	Moderate
60% to 80%	High
Greater than 80%	Critical

<b>Ratings</b>	
Low	1
Low-Moderate	2
Moderate	3
High	4
Critical	5

**Transaction Risk and Complexity Assessment**  
**Sales, Acquisition & Property Management - Competitive Bid Process**

Prepared by:

Reviewed by:

**TRANSACTION RISK & COMPLEXITY SCORE**

Low

Attribute	Question	Rating Scale	Clarification	Risk Weighting	Rating	Weighted Score
Cost	1. What is the estimated total value/cost of the transaction? (convert market rent into market value for the purpose of this tool)	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 and risk of the transaction may increase with the size.	20%		0%
	2. Relative to the average transaction value in the transaction type portfolio, 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%
Asset	3. Does the transaction relate to a strategic or critical asset?	1 = No 3 = Moderate 5 = Yes	The inherent complexity and risk of the transaction may increase if the transaction relates to a strategic asset given the high-profile nature and exposure that may be generated.	20%		0%
Priority / Urgency	4. What is the urgency of the transaction? Can current workloads impact the timeliness of transaction completion? Factors to consider include: A. Stalled negotiations B. Are any other City transactions or initiatives dependent on this transaction? C. Budgetary considerations; D. The need for approvals; E. External influences F. What level of priority is the transaction to the City?	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 (e.g. Council/CAO directive for immediate completion); time delays will have major effects.	The inherent complexity and risk of the transaction may increase if there is enhanced pressure on the closing time of the transaction.	15%		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.	10%		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	15%		0%
Business risks	7. Will environmental considerations impact the transaction?	1 = No 5 = Yes	The inherent complexity and risk 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.	5%		0%
	8. 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, Aboriginal people's (First Nations, Inuit, Métis) rights and interests, green procurement, relocation of staff, managing designated heritage assets, etc.	5%		0%
	9. 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. 2 = 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. 3 = One or more non-standard terms and conditions will be negotiated resulting in legal costs and/or effort (rezoning and subdivision required). Legal Services has not yet been engaged and is not aware of the transaction. 4 = There is a high probability of liability and other legal risks; extensive legal resources will be required during the transaction. 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 Services has not yet been engaged and is not 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.	5%		0%
<b>MAX SCORE</b>				<b>100%</b>	<b>0</b>	<b>0%</b>

Risk and Complexity Assessment Evaluation Criteria		
Score	Rank	Definition
Less than 60%	Low to Moderate	Transaction has low to moderate risk and complexity. A comprehensive competitive bid process is not required. The standard Real Estate marketing package can be utilized.
Greater than 60%	High to Critical	Transaction has high risk and complexity. A comprehensive competitive bid process should be undertaken. Consultations are required. Transaction requires resources outside of PP&D and the engagement of Materials Management.
LCA Transaction Classification		
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.

**Transaction Risk and Complexity Assessment**  
**Part A: Leasing - Establishing Lease Rates**

Prepared by:

Reviewed by:

TRANSACTION RISK & COMPLEXITY SCORE Low

Attribute	Question	Rating Scale	Clarification	Risk Weighting	Rating	Weighted Score
Cost	1. What is the estimated annual rent of the transaction?	1 = \$100 or less 2 = \$101 - \$1,000 3 = \$1,001 - \$5,000 4 = \$5,001 - \$10,000 5 = \$10,001 +	The inherent complexity and risk of the transaction may increase with the size.	15%		0%
	2. Relative to the average annual rent, 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%
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	The inherent complexity and risk will increase based on the availability of market information and rates	15%		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%
Priority / Urgency	5. What is the urgency of the transaction? Can current workloads impact the timeliness of transaction completion? Factors to consider include: A. Stalled negotiations B. Are any other City transactions or initiatives dependent on this transaction? C. Budgetary considerations; D. The need for approvals; E. External influences F. What level of priority is the transaction to the City?	1 = No, 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 (e.g. Council/CAO directive for immediate completion); time delays will have major effects.	The inherent complexity and risk of the transaction may increase if there is enhanced pressure on the closing time of the transaction.	10%		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.	10%		0%
	7. Is there a risk of external / public influence? Will the rent be precedent setting? Will the rent impact the perception of other tenants?	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	10%		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)	5%		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%
	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, Aboriginal people's (First Nations, Inuit, Métis) rights and interests, green procurement, relocation of staff, managing residential heritage assets, etc.	5%		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. 2 = 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. 3 = One or more non-standard terms and conditions will be negotiated resulting in legal costs and/or effort. Legal Services has not yet been engaged and is not aware of the transaction. 4 = There is a high probability of liability and other legal risks; extensive legal resources will be required during the transaction. 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 not yet	To answer this question find the answer that best represents the situation for the transaction. Not all the conditions in each answer need apply.	5%		0%
<b>MAX SCORE</b>				<b>100%</b>	<b>0</b>	<b>0%</b>

Risk and Complexity Assessment Evaluation Criteria – for establishing lease rates		
Score	Rank	Definition
Less than 60%	Low to Moderate	Transaction has low to moderate risk and complexity. Abundance of publicly available information. Leasing is familiar with the asset and the submarket. No further external information is required.
Greater than 60%	High to Critical	Transaction has high risk and complexity. There is limited to no publicly available information. Leasing is not familiar with the asset and the submarket and/or has experienced challenges with the third party (landlord or tenant). Additional external information through a formal Market Survey Report is required.

**Part B: Leasing - Competitive Bid Process**

Prepared by:

Reviewed by:

TRANSACTION RISK & COMPLEXITY SCORE Low

Question	Rating Scale	Risk Weighting	Rating	Score
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 +	33%		0%
2. Lease transaction relates to leasing of property where the specific location is not specified by the Client Department	1 = No 5 = Yes	33%		0%
3. Examining multiple property options through a comprehensive competitive bid process may generate the best options and value for the City	1 = No 5 = Yes	33%		0%
<b>MAX SCORE</b>		<b>100%</b>	<b>0</b>	<b>0%</b>

Risk and Complexity Assessment Evaluation Criteria – for marketing		
Score	Rank	Definition
Less than 50%	Low	Transaction has low risk and complexity. A comprehensive competitive bid process is not required. The standard Real Estate marketing package can be utilized.
Higher than 50%	High	Transaction has high risk and complexity. A comprehensive competitive bid process should be undertaken. Consultations are required. Transaction requires resources outside of PPD and the engagement of Materials Management