

## APPENDIX "B"

### Single Asset vs. Component Approach

#### Advantages and Disadvantages

(An excerpt from the 'Guide to Accounting For and Reporting Tangible Capital Assets' as prepared by CICA)

# Guide to Accounting for and Reporting Tangible Capital Assets

Guidance for Local Governments and Local Government Entities that Apply the Public Sector Handbook

## 2.1 Analysis of Advantages and Disadvantage

Single Asset Approach	
Advantages	Disadvantages
<p>Less expensive and simpler to maintain because it does not require detailed records and estimates of useful lives of the components of assets.</p>	<p>There is no control over the stock and no information about its cost, location or physical attributes.</p> <p>Provides only summarized information for asset management plans and financial planning.</p> <p>Can skew the cost information of programs and services. For example, if an entire water system were to be amortized over its average expected life of, say 75 years, the costs of components having expected lives of less than 75 years may well be understated in period costs and overstated in periods where major replacements are required. Estimating the useful life of an asset is more difficult and, for long-lived infrastructure assets, is likely to be arbitrary. For example, pipes in water systems could last 100 years or more based on physical attributes. Other factors, such as capacity, actual usage, deferred repair and maintenance, effects of idle time, geological conditions, technical obsolescence and changes in demand must be factored into the estimate of useful life. The influences of these factors are easier to estimate on a component basis than over an entire system.</p>

# Guide to Accounting for and Reporting Tangible Capital Assets

Guidance for Local Governments and Local Government Entities that Apply the Public Sector Handbook

<b>Component Approach</b>	
<b>Advantages</b>	<b>Disadvantages</b>
<p>Complex network systems have major components with significantly different expected useful lives and that require replacement at different intervals throughout the life of the system. Accounting for components provides better information on asset condition, location and physical attributes.</p> <p>Information required for asset management plans and financial planning is readily available and can be compiled on local government-wide basis.</p> <p>The information about the cost of providing programs and services is more accurate since the costs of major components are amortized and expensed over their individual lives. This may improve pricing decisions.</p> <p>Improves comparability of period cost information and removes “lumpiness” in period costs since each component is accounted for individually and amortized over its estimated useful life. Each replacement is capitalized.</p> <p>Improves accuracy of estimates of useful lives and costs. It is easier factor in effects of physical attributes, capacity, actual usage, deferred repair and maintenance, idle time, geological conditions, technical obsolescence, and changes in demand for individual components.</p>	<p>Requires the creation and maintenance of detailed records and estimates of useful lives of individual components. Accounting for components does not, however, require recording each individual item. Components having similar useful lives and consumption patterns can be grouped. For example, a water system could be broken down into treatment facilities, pumping stations, water mains and distribution lines. Further, pumping stations could be broken down into pumps, pipes, facilities, etc.</p>

## APPENDIX "C"

Consultant CVs

# Philip N. Smith, MRICS, AACI, PLE

Altus Group, 200 University Avenue, Toronto, ON M5H 3C6



## Education

Reading University  
B.Sc (Honours), Land Management  
Member of the Royal Institute of Chartered Surveyors (MRICS)  
Accredited Appraiser (AACI)  
Professional Land Economist

## Professional Affiliations

Royal Institute of Chartered Surveyors – East Canadian Group Committee Member  
Appraisal Institute of Canada  
Association of Ontario Land Economists  
Member of the National Association of Office and Industrial Parks (NAIOP)  
Vice Chair – Toronto Valuation Accord

## Professional Career

### **Altus Group Limited, Toronto (2007 - Present)**

#### *Senior Director*

- Responsible for a range of advisory and valuation activities. Manages Altus' Public Sector Consulting Practice in Toronto

### **Cushman & Wakefield LePage Inc., Toronto (2004 - 2007)**

#### *Vice President, Valuation & Advisory Services*

- Responsible for advisory services and valuations of income producing properties with a particular focus on public sector and non-profit clients.

### **Colliers International Realty Advisors Inc. (1995 - 2003)**

#### *Vice President & Manager*

- Jointly managed the valuation and advisory services practice in Toronto and substantially expanded the revenues and practice areas of the group.

### **Richard Ellis (Canada) Inc. (1990 - 1995)**

#### *Joint Managing Director*

- Established and co-managed the Canadian operations. Responsible for the investment and advisory services practices and also managing the valuation of several portfolios of income producing properties.

### **Knowlton Realty Ltd. (1986 - 1990)**

#### *Negotiator*

- Responsible for the sale and leasing of commercial properties in Toronto and Calgary.

## Experience

- Philip has over 20 years experience in the commercial real estate market and has been involved in the leasing, management, sale, acquisition, financial analysis, strategic planning and valuation of a variety of assets in real estate markets across Canada, the U.S. and the Caribbean. Philip has completed numerous valuations and market studies for clients across Canada. In addition he has also developed and coordinated real estate strategies for a wide variety of corporate, government and non-profit clients.
- Philip has written a number of articles for industry publications on items ranging from the impact of bank mergers on the Toronto office market to the business case for green buildings and the impact of changes in financial reporting standards on the valuation profession. Philip has spoken at a number of industry conferences in Canada and the U.S.

# Bob Khurana, MBA, PMP

Altus Group, 200 University Avenue, Toronto, ON M5H 3C6

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## Education

- Sept 2007 Project Management Professional (PMP), PMI
- June 2007 MBA (Focus: Real Property Develop./ Investments)-Schulich, York University
  - Participated in an exchange program at the prestigious Funducaio Getulio Vargas in Sao Paulo, BRZ.
- May 2005 Certified Human Resources Professional (CHRP), HRPAO
- Nov. 2002 B. Comm., Information Technology Management - Ryerson University
  - Completed a 5-month International Business exchange program in Amsterdam, Netherlands.

## Professional Affiliations

- Project Management Professional (PMP), PMI
- Certified Human Resources Professional (CHRP), HRPAO

## Professional Career

### Altus Group Limited, Toronto (2008 - Present)

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#### *Senior Analyst (2008 - Present)*

- ~ Recently joined us Altus to assist Philip Smith in developing the Public Sector consulting business.

### CIBC Corporate Real Estate CRE (Oct. 2007 – Jan. 2008)

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#### *Implementation Lead, Strategy and Research*

- ~ Implemented a corporate governance model to better monitor and manage external service providers.
- ~ Developed project scope, plan, methodology, and facilitated governance issue identification process, and lead problem analysis, option development and solution design.
- ~ Identified roles/responsibilities of all groups and garnered buy-in for the new process model.
- ~ Responsible for new process implementation, change management, and project delivery.
- ~ Facilitated workshops to elicit user requirements for new management reporting modules.

### Ministry of Community and Social Services, Ontario Public Service (June 2005 – Aug. 2006)

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#### *Senior Business Consultant / Lead – Business Process*

- ~ Led part of a \$40 million business process transformation and software implementation project.
- ~ Project Management duties included developing the project plan, WBS, methodology/charter, change control procedures, RACI/resource matrix, risk management plan, weekly PMO status reporting.
- ~ Analysed and designed new business model & organisational structure.
- ~ Identified new roles/changes in responsibilities to facilitate new business model implementation.
- ~ Analysed, identified inefficiencies and redesigned business processes resulting in workflow improvements and cost reductions of up to 82% and 67%, respectively.
- ~ Developed test strategy and setup UAT environment for iterative application/process testing, including database extraction, transfer and load (ETL).

## **Ministry of Government Services, Ontario Public Service (Feb. 2005 –May 2005)**

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### ***Business Consultant***

- ~ Engaged multiple project partners on the electronic death registration project, identifying their needs and concerns, and negotiating and balancing tangible positive outcomes and costs for each group.
- ~ Developed project charter (plan, methodology, stakeholder analysis, risk mitigation), as well as the framework for a federal/provincial partnership resulting in the potential for \$10M+ in cost savings.
- ~ Analysed internal services and business processes to evaluate service bundling opportunities.

## **Ministry of Government Services, Ontario Public Service (May 2004- Feb. 2005)**

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### ***Associate Consultant, Human Resources***

- ~ Partnered with and advised managers on re-organization planning, job evaluation, and workforce reductions, stemming from organizational and service delivery change.
- ~ Analysed HR issues and developed recommendations for the Deputy Minister in order to mitigate risk and ensure the efficient use of human resources.
- ~ Designed and implemented an e-recruitment solution and developed the associated training documentation, reducing costs, and improving service delivery by 40%.

## **Institute for Citizen-Centred Service (ICCS) (May 2003 – May 2004)**

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### ***Business Analyst***

- ~ Conducted market research and analysis, and developed a new service model/offering.
- ~ Project managed web site redesign project, including needs analysis, project plan, testing, and implementation.
- ~ As webmaster, identified business requirements for a web application, developed training material.
- ~ Coordinated and developed strategic/business plans, project schedules, and budgets.
- ~ Supported Senior Project Manger in building & managing stakeholder relationships.

## **Experience**

Bob has recently joined the Altus Group and brings considerable experience working in the Public Sector on a variety of consulting assignments. Bob has also recently completed his MBA in Real Estate Development at the Schulich School of Business at York University. Most recently Bob has designed and implemented a governance model within CIBC's corporate real estate department. Bob also has extensive analytical and research skills developed from a wide variety of work experience in human resources and information technology.