

ITEM 22



Beacon 2020, Inc.  
Smart Solutions Delivering Capacity & Efficiency in the  
Public Sector

True North Consultants, Inc  
New Directions in Management  
For the 21st Century

February 12, 2015

CAO Town of Collingwood &  
Clerk Town of Collingwood

**Reference: Addendum to the "Service Agreement Review Summary Report" dated December 22, 2014**

Dear Mr. Brown,

We want to thank everyone for the time they spent commenting on the "Service Agreement Review Summary Report" dated December 22, 2014 ("the Report") and submitted by Beacon 2020, Inc. and True North Consultants, Inc. to the CAO Town of Collingwood and COO Collingwood Public Utilities.

**Conclusion:**

Based on the responses received, the recommendations and conclusions in the Report remain the same.

**Validation Process:**

Steps in the Report validation process:

- (1) The Report was reviewed for factual correctness during the validation process by the Town CAO and the COO of CPU. It was also reviewed and validated for factual correctness by the Town Treasurer and the Town Clerk before being submitted by the consultant;
- (2) Comments were received from the President & CEO of Collus PowerStream, the CPUSB and 6 other respondents;
- (3) 4 reviewers and 2 respondents found the Report to be factually correct;
- (4) Updates to the Report based on the remaining 6 responses are set out below.

**Adjustments to the Report**

- Page 3, Column 1, line 22: add "it appears" after "which"
- Page 3, Column 2, Line 8 and Page 7, Column 2, Line 20: add "for business support services" after "comparators"
- Page 3, Column 2, Line 18 and Page 9, Column 2, Line 7: add "potential" after "caused"
- Page 5, Column 2, paragraph 1 and paragraph 2: remove quotation marks
- Page 5, Column 2, lines 7 & 8, Page 5, Column 2, line 11, and Page 6, Column 2, line 3: replace "an automatic" with "a default" and replace "thereafter" with "provision"
- Page 7, Column 2, Footnote 13: add "and Sustainable Water and Sewage Systems Act, 2002."
- Page 8, Column 1, Line 7: add "for business support services" after "available"

- Page 8, Column 1, Line 37: add “direct” after “little”
- Page 8, Column 2, Line 12: add “albeit indirect,” after “current”
- Page 9, Column 2, Line 20: add “potential” after “of”
- Page 9, Column 2, Line 25: add “Solutions” after PowerStream
- Page 12, Column 1, line 5: add “/” after “has been”
- Page 15, Column 2, line 35: add “external” after “any”
- Page 40, Column 6, Line 16: change “#034b” to “#026b”
- Page 92, Column 11: delete.

**Clarification**

- Respondents with comments relating to services, financial consideration, associated changes and performance management are referred to the clauses in the services agreement cited below. They are the basis for the consultant’s assertions that the documented evidence that is required under the agreement in relation to these was not provided to the consultant:
  - **Section 3.01: Services** *“Unless the parties otherwise agree in writing (emphasis added) and subject to the terms, covenants and conditions contained in this Agreement and to the observance and performance by PUC & SERVCO of all terms covenants and conditions hereof, SERVCO will provide or cause to be provided to PUC the following services”* (followed by the list of 18 services and 1 activity).
  - **Section 5.01: Financial Consideration** *“SERVCO agrees to provide the services as outlined in the terms of this Agreement to PUC for an annual base cost of \$670,000.00 for the year ending December 31, 2003. The base cost will be reviewed annually (emphasis added) and may be adjusted upon agreement between the PUC and SERVCO. If a review is not performed and/or PUC and SERVCO fail to reach agreement, then a 3.5% per annum increase will be applied to the previous year’s amount.”*
  - **Section 3.04: Changes** *“PUC and SERVCO may, from time to time, agree to modifications to the Services, by negotiating appropriate changes to the descriptions of the services and the consideration in connection with such changes and shall initial and attach amended schedules hereto.”(emphasis added)*
  - **Section 3.03: Performance Standards** *“(a) SERVCO will endeavour to perform in the top quartile of industry standards. (emphasis added) (b) SERVCO will make all reasonable efforts to meet or exceed performance measures established by the PUC. (c) PUC/SERVCO commit to attempting to provide distribution price stability for customers. (d) SERVCO will use their bid policies to ensure that the most efficient purchases are made.”*
- **Page 92: Financial Analysis Matrix: Description of columns:** Column 1: Year - Column 2: Consumer Price Index - Column 3: Estimated Population Growth in Collingwood - Column 4: Base Cost (\$670,000) in the multiplied by the growth factors in columns 2 and 3 - Column 5: Actual Expenditures Paid by CPU to SERVCO (based on Collus PowerStream Solutions Corp. Income Statements) - Column 6: % Allocation factor used to determine Solutions costs to be allocated to CPU – Column 7: % change year to year of the actual costs paid by CPU to SERVCO – Column 8: Expected cost based on multiplying the 2004 actual cost (earliest one provided - \$544,442) by the annual growth factors in columns 2 and 3 – Column 9: the difference between the actual expenditures paid by CPU and the expected cost based on applying the annual growth

factors in columns 2 and 3 – Column 10: Building Lease payments paid by SERVCO to CPU –  
Column 12 (now labelled 11): Computer Equipment Rental paid by SERVCO to CPU.

Sincerely



Rienk de Vries, President  
Beacon 2020, Inc.



F.G. (Sandy) Scott, President  
True North Consultants, Inc.

