



**KPMG LLP**  
**Public Sector Advisory**  
Suite 700  
Commerce Place  
21 King Street West  
Hamilton ON  
L8P 4W7

Telephone (905) 523-8200  
Fax (905) 523-2222  
www.kpmg.ca

Director of Fire & Emergency Services  
Mr. David Sparling  
Township of North Huron  
P.O. Box 90, 274 Josephine St.  
Wingham, ON  
N0G 2W0

Our ref   Draft Letter of Engagement

**Draft**

8 February 2016

Dear Mr. Sparling,

### **Emergency Services Training Centre Review**

Thank you for the opportunity to work with you and the Township of North Huron ("the Township") in developing a business plan for the Emergency Services Training Centre. Based upon your conversation with Bruce Peever, we understand that the Township wishes to review the operations of the Emergency Services Training Centre ("the ESTC") and develop a business plan for that will address the long term sustainability of the ESTC. We have drafted the following letter to describe an approach for the successful completion of a business plan to ensure the ongoing success of the ESTC.

### **Our Approach.**

#### ***Phase One: Project Initiation***

KPMG will spend a brief, but necessary, period of time at the beginning of the project to confirm the scope, establish expectations and validate our approach with the Project Sponsor. Specific items to be addressed include project deliverables, timelines, the availability and requirements of resources. We will also schedule bi-weekly project status meetings during which KPMG will report on the overall progress of the Emergency Services Training Centre business plan.

#### ***Phase Two: Current State Analysis***

We will tour the facilities and review relevant financial and operational information. Information that we will request will include but not be limited to:

- Most current strategic plan, business plan, and department objectives
- Past operating budgets and actual financial performance against budget
- Details of the Township's cost allocations to the ESTC

KPMG will then meet with key stakeholders (Elected Officials, CAO, Director of Finance, Deputy Chiefs and ESTC Staff) as identified by the Project Sponsor to understand the current operating environment and obtain their perspectives in order to:

- Understand the ESTC's specific mandate and objectives
- Understand the historic performance of the ESTC in meeting its objectives and mandate
- Assess strengths, weaknesses, opportunities, and threats related to the ESTC's current operation
- Identify operational gaps required to achieve the ESTC's long term sustainability
- Further identify and gain insight on issues relating to asset management, client demand, course offerings, and financial sustainability.

The consultation format will consist of one-on-one interviews. For the purposes of this proposal, we have assumed 8 interviews (45 minutes each), but we will work closely with the Project Manager to identify the appropriate participants and consultation approach. KPMG will develop interview guides that will form the basis of these conversations. The interview guides will be reviewed with the Project Manager prior to interviews and distributed to interview participants in advance.

#### ***Phase Three: Financial Analysis***

KPMG will review the ESTC budgets, business plans and historic financial performance. Upon the completion of the documentation review, KPMG will prepare a summary of the ESTC's historic financial performance and possible operational models for future performance. Of particular interest will be the long term debt currently carried by the ESTC and its ability to manage the debt based upon its current utilization. We will review our findings and operational models with the Project Sponsor to gain his perspective on our findings and discuss the merits of the proposed operational models. Once these models are considered, KPMG will prepare a financial business plan for the ESTC.

#### ***Phase Four: Final Report & Recommendations***

KPMG will pull together all of the work completed during the previous phases and develop a final report with recommendations for the future operation of the ESTC. The draft final report will be provided to the Project Sponsor for review and feedback prior to being finalized. Once the final report has been validated, KPMG will present the findings to Township Council for their consideration.

The final report will include the following deliverables:

- 1 Summary of findings from the stakeholder engagement & current state analysis
- 2 Financial Analysis of the ESTC's historic performance and possible operational models for future performance
- 3 A Financial Business Plan for the ESTC
- 4 Recommendations on the future operations of the ESTC.

#### **Fees**

As professional advisors, we understand your need to maximize value for the fees you pay. We strive to keep fees at the lowest possible level consistent with high professional standards and top quality service. In the course of this, KPMG will deliver value. Our engagement will be efficient, effective and well-

coordinated, building on our proven approach to municipal service delivery reviews. You will be informed of our progress every step of the way and receive early notification of any emerging issues.

Based on our understanding of the project and the professional effort required, we estimate our fees for this engagement to be (TBD), inclusive of all disbursements but excluding HST and travel. Travel expenses will be billed to a maximum of \$2,000 based upon actual travel incurred.

The Township of North Huron will be serviced from our Hamilton office.

### **Confidentiality**

KPMG will treat as confidential all proprietary information and personal information obtained from Client in the course of the engagement.

### **Terms and Conditions for Advisory Services**

This proposal is subject to the attached KPMG's Terms and Conditions for Advisory Services (Appendix B).

### **Confirmation**

We look forward to working with you on this important engagement. If this letter of engagement is agreeable to you, please sign it and return the enclosed approval form to me directly. Should you have any questions or concerns, please do not hesitate to contact me at +1 905-523-2247.

We look forward to working with you on this engagement.

Kind regards



John Rockx

Partner

Enclosures:

Appendix A: Terms and Conditions



**Mr. David Sparling**  
*Emergency Services Training Centre Review*  
8 February 2016

---

**ACCEPTANCE**

Per: Township of North Huron

---

Mr. David Sparling, Director of Fire and Emergency Services

---

Date