

BOARD AGENDA ITEM DECISIONING TEMPLATE

Agenda Title and Number: 7.1 Proposed Renewal of CAFII Contract With Managing Matters

Decision/Action Required: *The EOC recommends renewal of the contract with Managing Matters, which expires at the end of 2018. There are different options around term and pricing for renewal, and the Board is being asked to decide which option it prefers.*

Agenda Short Background Summary:

CAFII Management (Keith Martin and Brendan Wycks) feel that we have found a good partner in Managing Matters with an excellent service record, very competent staff, a service-oriented culture, and bench strength that prevents gaps when a staff person is absent. On that basis, management recommended a three-year contract renewal with price concessions offered by MM due to the length of the contract (**Option 1**).

The EOC agreed with the recommendation to renew but preferred a shorter renewal term, even if it meant some loss of the price concessions. Management was asked to negotiate an alternative based on a 2-year renewal term, with an option to extend for a third year. Those negotiations were successfully concluded and are found in **Option 2**, which is the EOC's recommendation. An alternative 2-year extension model was also offered by MM, and is found in **Option 3**.

Option 1: 3-year contract renewal term

Under this option, MM commits to price commitments and price concessions after year 1: 2019 3% increase; 2020 2.5% price increase; 2021 2% price increase.

Option 2: 2-year contract renewal term with an option to extend for a third year

Under this option, MM is at higher risk and cannot commit to the same price concession for year three. Their proposed terms are: 2019 3% price increase; 2020 2.5% price increase; 2021, if option to extend is exercised, MM commits to a 2.5% price increase.

Option 3: 2-year contract renewal term

Under this option, we extend the contract for 2 years at 2019 3% price increase, 2020 2.5% price increase. We need, as that 2-year term draws to an end, to negotiate terms of a new contract including length and price increases. Nothing is pre-set for the third year in this option.

Supplementary Information:

For information, the EOC also requested whether under the contract, whatever the duration, there would be flexibility around changing the amount of work Managing Matters does for us. MM President Jenny Faucher was approached about this, and she said that if there is an increase in the work requirements, that is something they are structured to support their clients with, and it just requires working together to determine the new scope of work.

If there is a decrease in the scope of work or a reconfiguration that reduces their revenue, they would have that discussion with us, but it is harder for them to manage—signed contracts provide for the scope of work precisely because MM needs to hire and train people to fulfil on the contract requirements, and reducing that scope of work is much harder for them to manage in a people-intensive business.