



Regional Board Report

TO: Regional Board

FROM: Brian Reardon
Chief Administrative Officer

DATE: January 2, 2017

SUBJECT: Funding Request – Governance Review Study

Voting Entitlement: All Directors – Unweighted Corporate Vote – Simple Majority LGA 208.1

Purpose: To seek Board approval for a governance review study funding request to the Ministry of Community, Sport, and Cultural Development (MCSCD).

Executive Summary:

At the December 12th, 2016 regular Board meeting the following resolution was approved:

“THAT the Board support a governance study for the North Westside Fire Protection Service Area with a focus on a hybrid approach blending a diagnostic service analysis and a community issues assessment;

AND FURTHER THAT staff be directed to draft, for Board approval an application to the Province for funding the study.”

MCSCD staff has advised funding requests can be submitted in a letter that outlines: the concern or issue to be studied; the location or area to be studied; the purpose or objectives of the study; and any particular preferences on how it should be conducted. Minister Fassbender has advised his office would consider a small-scale governance review, with a focus on local decision making and input into Regional services within the existing regional district electoral area framework.

A draft ‘Letter of Application’ for this governance review study has been prepared and is attached to this report as Appendix “A” for the Board’s consideration.

RECOMMENDATION:

THAT the Board approve the attached Letter of Application and request the Board Chair sign and send the letter on the Board’s behalf.

Respectfully Submitted:

Appendix "A"

Draft Letter of Application – Governance Review Study

Honourable Peter Fassbender
Minister, Community, Sport and Cultural Development
PO Box 9056 Stn Prov Govt
Victoria, BC, V8W 9E2

Dear Minister Fassbender

RE: Funding Request – Governance Review Study for North Westside Area

Further to your correspondence of October 13, 2016 and November 8, 2016 regarding the above captioned matter we wish to thank Ministry staff for their November 28th, 2016 Regional Board presentation. I am pleased to advise that on December 12, 2016 the Regional Board approved a resolution supporting a governance study for the North Westside Fire Protection Service Area with certain conditions including all staff time, unforeseen consulting fees, and associated costs being charged to Central Okanagan West Electoral Area. A certified copy of the Board resolution is enclosed for your information.

We request your favourable consideration of our funding request for this governance review study based on the following parameters:

- Scope:** a small-scale governance review, with a focus on local decision making and input into Regional services within the existing regional district electoral area framework;
- Location/Study Area:** all those lands within the North Westside Fire Protection Service Area in the Central Okanagan West Electoral Area;
- Purpose & Objectives:** to identify, understand and clarify the root concerns, values and interests behind the issues with an objective of providing factual information to residents & stakeholder groups, exploring ways to improve how services are delivered and their associated costs, as well as confirming & communicating the authority, roles & responsibilities of the Regional Board, its staff, and the Electoral Area Director.
- Particular Preferences:** based on the information and issues presented thus far the Board requests a hybrid approach that combines a diagnostic service analysis and a community issues assessment. The development of a terms of reference for this study by Ministry and Regional District staff will receive Board approval prior to a procurement process for an independent consultant being initiated.
- Funding Request For:** \$20,000

We appreciate the time you have taken to deal with this matter and are hopeful for a favourable response to our funding request.

Sincerely yours,



Regional Board Report

TO: Regional Board

FROM: Brian Reardon
Chief Administrative Officer

DATE: December 6, 2016

SUBJECT: Request for North Westside Governance Study

Voting Entitlement: All Directors – Unweighted Corporate Vote – Simple Majority LGA 208.1

Purpose: To bring forward a report responding to a request for a Governance Review Study from the North Westside Communities Association (NWCA), including financial implications.

Executive Summary:

On August 22, 2016 the NWCA made a presentation (*copy attached*) to the Regional Board asking for a governance review study. This presentation cited the following “areas of resident dissatisfaction”:

- a lack of transparency;
- a lack of accountability;
- a feeling of alienation and indifference; and
- ever increasing water-related costs

In a meeting with Minister Fassbender, Ministry of Community, Sport and Cultural Development (MCSCD) on September 29th at the UBCM Convention in Victoria, the Minister advised that he would look favorably on a request for a governance review study from the Regional District of Central Okanagan should the Board approve a resolution to that affect.

In subsequent letters from Minister Fassbender dated October 13th and November 8, 2016 (*copies attached*) elaborating on the September 29th meeting, it states this study should consider “*approaches within the existing Regional District Electoral Area structure*” and “*I believe a small-scale review, with a focus on local decision making and input into Regional District services, would be a good starting point*”.

In the November 28, 2016 presentation to the Regional Board from Marijke Edmondson, Director, Governance and Structure Branch, MCSCD, she confirmed the points cited in Minister Fassbender’s letters and clarified this small-scale review was not an incorporation or pre-incorporation study.

In describing other small-scale reviews currently underway in the Province, Ms. Edmondson described two approaches that are being used depending on the issues in the community:

- a diagnostic service analysis – looks, from a technical point of view, to see if the service delivery, costs, and decision processes are as expected; AND
- a community issues assessment – reaches out to the community to find out where their energy or concern is focused.

The issues presented by the NWCA fall into the following classifications: 3 community issues and 1 financial/service analysis related concerns. Based on this information consideration should be given to requesting a hybrid using both approaches aforementioned.

An important aspect to consider is the amount of misinformation circulating in the North Westside Area. During the Open Houses conducted in the Electoral Areas in October and November of this year our staff was asked numerous times to explain statements being made in the North Westside area.

Another important consideration is the NWCA and the Director for Central Okanagan West Electoral Area has been quoted in the media as seeking a full governance review study that would lead to incorporation. Minister Fassbender is offering something very different; a small-scale governance review, with a focus on local decision making and input into Regional District services within the existing regional district electoral area framework.

This is a Board led initiative. If the Board wishes to initiate a governance review study with resources provided by the Province it must do so formally by resolution. A copy of this resolution would be included with a letter of application that outlines the following:

- the concern or issue(s) that is to be studied,
- the location or area to be studied,
- the purpose of the study, AND
- any particular preferences on how it should be conducted.

As stated by Marijke Edmondson, the most successful study processes start with gathering good information about the issues and is viewed as a collaboration between the local government and the residents in the study area.

Deferred Resolution #256/16:

***THAT** the Board support a governance study for the North Westside Fire Protection Service Area with a focus on a diagnostic inventory;*

***AND FURTHER THAT** staff be directed to draft an application to the Province for funding the study.*

It is staff's recommendation that the Board consider the following amendments to the deferred resolution:

That the words "diagnostic inventory" be replaced with "hybrid approach blending a diagnostic service analysis and a community issues assessment"; and, add the words after *draft* "for Board approval".

Subsequent Recommendation for Consideration:

THAT should the Board support a governance study for the North Westside Fire Protection Service Area the following conditions be met:

1. all staff time, unforeseen consulting fees, and associated costs of the governance study will be tracked and allocated to Electoral Area Administration for Central Okanagan West;
2. the study scope, objectives and terms of reference to receive Board approval.

Respectfully Submitted:



Implications of Recommendation:

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|----------------------------|---|
| Strategic Plan: | the recommendation supports Strategic Priority 1: Provide Proactive and responsive Governance – work to improve Electoral Area working relationships within the RDCO. |
| General: | a well-executed public engagement process that provides unbiased, factual information is very much needed in the North Westside area. |
| Organizational: | this process will require a coordinated approach involving personnel from our corporate administration, purchasing, finance, communications, parks, engineering and community services departments. |
| Financial: | there will be financial and personnel costs associated with this recommendation. These costs will be included in the 2017 Financial Plan. |
| Policy: | there are no current Board policies guiding this process. |
| Legal/Statutory Authority: | this matter falls under the authority provided in section 263 of the <i>Local Government Act</i> . |

Background:

On August 22, 2016 the NWCA made a presentation (*copy attached*) to the Regional Board asking for a governance review study. This presentation cited the following “areas of resident dissatisfaction”:

- a lack of transparency;
- a lack of accountability;
- a feeling of alienation and indifference; and
- ever increasing water-related costs

This presentation also listed the following NWCA “Governance Committee Goals”:

- to ensure the North Westside communities are treated as equitably as adjacent communities;
- to initiate a governance study funded by the Province that will review the present tax spending:
 - determine whether or not the existing RDCO system works for its communities both fairly and with transparency;
 - if this is not the case, then another form of governance must be considered.

In a meeting with Minister Fassbender, Ministry of Community, Sport and Cultural Development (MCSCD) on September 29th at the UBCM Convention in Victoria the Minister advised that he would look favorably on a request for a governance review study from the Regional District of Central Okanagan should the Board approve a resolution to that affect.

In subsequent letters from Minister Fassbender dated October 13th and November 8, 2016 (*copies attached*) elaborating on the September 29th meeting, it states this study should consider “approaches within the existing Regional District Electoral Area structure” and “I believe a small-scale review, with a focus on local decision making and input into Regional District services, would be a good starting point”.

In the November 28, 2016 presentation from Marijke Edmondson, Director, Governance and Structure Branch, MCSCD, she confirmed these points and clarified the small-scale review described in Minister Fassbender's letters were considered to be an incorporation or pre-incorporation study.

In describing other small-scale reviews currently underway in the Province, Ms. Edmondson described two approaches that are being used depending on the issues in the community:

- a diagnostic service analysis – looks, from a technical point of view, to see if the service delivery, costs, and decision processes are as expected; AND
- a community issues assessment – reaches out to the community to find out where their energy or concern is focused.

The issues presented by the NWCA fall into the following classifications: 3 community issues and 1 financial/service analysis related concerns. Based on this information consideration should be given to requesting a hybrid using both approaches aforementioned. Most of the concerns and issues in the North Westside Area are community based and as such requires more than a diagnostic service analysis.

Other highlights from the November 28th, 2016 presentation from Marijke Edmondson include:

What Needs Deciding?

- if the regional district were to initiate a study, the Board would need to determine:
 - the scope and objectives of the study,
 - who will conduct the study,
 - who will give direction, and
 - how the community will be involved.
- Answers to these questions can affect whether both the community and the Board would accept the results of the study and be ready to agree on a path to move forward.

Scope

- A common pitfall in study proposals is to focus on a solution before understanding the root concerns, values and interests behind the issues;
- Most studies include elements of research, education and engagement;
- The first step in exploring governance and service delivery issues is usually a diagnostic analysis of the services or a community issues assessment.

Who Conducts the Study?

- In most cases a study is commissioned because there is a desire for an outside perspective or a third-party to validate the study results;
- The most common model is to follow the jurisdiction's procurement policy to retain qualified subject matter experts, using the terms of reference for the study to guide the work.

Who Directs the Study?

- For a study that seeks to identify the issues, rather than recommend a course of action, it is usually sufficient to have staff direct the work of the consultant within the study terms of reference;
- It is not necessary to have a community committee guide this work.

What is the Community Role?

- The role of the community in a study process can be pivotal;
- Properly structured, community input can lead to better study results;
- In a shared process with the Board, the community is both a critical source of information and a key audience for the results.

Study Program Process

- Should the Board initiate a governance study and seek resources from the Province, the Board will need formalize the request by resolution;
- Legally, the Minister of Community, Sport and Cultural Development can only make funding available upon a request from a municipal council or a regional district board;
- A funding request can be conveyed in a letter that outlines:
 - the concern or issue to be studied,
 - the location or area to be studied, and
 - set out the purpose of the study, and
 - any particular preferences on how it should be conducted
- if the Minister approves funding, Ministry and regional district staff work out the more detailed terms of reference within the parameters of both the Board proposal and the Minister's approval;
- within the Ministry, senior staff have the authority to approve the terms of reference on behalf of the Minister;
- The Board may want to review the terms or reference before they are finalized or delegate this to the CAO;
- Ministry staff continue to advise as necessary;
- Once the terms of reference are set, the regional district would begin the study, usually by going through a procurement process to select a contractor.

An important aspect to consider is the amount of misinformation circulating in the North Westside Area. During the Open Houses conducted in the Electoral Areas in October and November of this year our staff was asked numerous times to explain statements being made in the North Westside area. Many of these statements can be found on a couple of web sites; www.nwcaonline.ca and www.waynecarson.ca. Suffice to say, if a governance review process is undertaken in the North Westside, a large component of that effort will have to be allocated to public education to communicate the facts on how regional districts operate in British Columbia.

Another important consideration is the NWCA and the Director for Central Okanagan West Electoral Area has been quoted in the media as seeking a full governance review study that would lead to incorporation. Minister Fassbender is offering something very different; a small-scale governance review, with a focus on local decision making and input into Regional District services within the existing regional district electoral area framework. It is recommended that prior to initiating this governance review study and committing 4 to 6 months of regional district staff time that we have a process that is clearly defined, understood and supported by both the Regional Board and the residents in the study area.

This is a Board led initiative. If the Board wishes to initiate a governance review study with resources provided by the Province it must do so formally by resolution. A copy of this resolution would be included with a letter of application that outlines the following:

- the concern or issue(s) that is to be studied,
- the location or area to be studied,
- the purpose of the study, AND
- any particular preferences on how it should be conducted

As stated by Marijke Edmondson, the most successful study processes start with gathering good information about the issues and is viewed as a collaboration between the local government and the residents in the study area.

Analysis:

On August 22nd, 2016 the Regional Board approved a resolution requesting a staff report explaining the implications of undertaking a governance review study that would serve as the basis for a subsequent incorporation study. Concerns were expressed regarding:

- confirmation of what the governance review study process included:
 - what was needed to formally initiate the study;
 - what considerations did the Board need to take into account prior to supporting such a study;
 - what commitments and involvement applied to:
 - the Ministry of Community, Sport and Cultural Development;
 - the Regional District of Central Okanagan;
 - the North Westside Community Association;
 - the Director from Central Okanagan West Electoral Area
- potential impacts to the remainder of Central Okanagan West Electoral Area;
- potential impacts to the Westbank First Nation;
- what the financial and personnel impact to the RDCO would be

Following receipt of Minister Fassbender's offer of support for a governance review study on September 29th, 2016 and clarification of what that offer entailed in his letters dated October 13th, 2016 and November 8th, 2016 Marijke Edmondson, Director, Governance and Structure Branch, MCSCD made a presentation to the Board on November 28th, 2016 outlining what is involved in a governance review process.

Most of the concerns expressed by the Board at the August 22nd, 2016 Board Meeting have been addressed from the context of, in Minister Fassbender's words, a study that considers "approaches within the existing Regional District Electoral Area structure" and "I believe a small-scale review, with a focus on local decision making and input into Regional District services, would be a good starting point".

Marijke Edmondson, MCSCD clarified the proposed governance review study is not an incorporation or pre-incorporation study but rather a small-scale review within the existing regional district structure limited to the North Westside Fire Protection Service Area and as such should not impact the interests of the Westbank First Nation.

This is a Board led initiative. If the Board wishes to initiate a governance review study with resources provided by the Province it must do so formally by resolution. Included in this resolution should be any conditions the Board deems appropriate.

An outstanding concern expressed by the Board at the November 28th, 2016 Meeting pertained to the costs of undertaking this governance review initiative.

Financial Considerations:

The Board has been advised that costs of conducting these governance review studies have a direct correlation with the size of scope, the terms of reference requirements, and the objectives that are assigned to the study. At this point these decisions have not been made and therefore we can only provide an estimate based on experiences in other jurisdictions.

The Board was advised on November 28th that similar studies recently completed in other areas of the Province ranged between \$10,000 and \$15,000 to complete. A more detailed, hybrid study having a combined diagnostic service analysis and a community services assessment in the Regional District of Kitimat-Stikine was completed for approximately \$25,000. Based on the issues identified in this report, it is recommended the Board request a hybrid study in the amount of \$20,000 should a resolution requesting this study be approved. This amount may need to be revisited depending on what the Board determines the scope of this study should be.

Additional financial considerations include:

- any consulting costs exceeding the Ministry grant will be borne by the regional district;
- any associated costs not included or found to be not eligible for Provincial grants such as hall rental, printed materials, public communications, etc. in the consultants proposal will be borne by the regional district;
- all staff time spent supporting this study is borne by the regional district.

Based on discussions with CAO's in other jurisdictions the following estimate is provided for budget consideration:

- assuming a Provincial study grant of \$20,000 to \$25,000 –
 - allow a \$5,000 contingency for cost overruns;
 - allow a \$2,500 contingency for associated costs;
 - allow \$15,000 for staff time spent supporting this study

The question of where these costs should be allocated was asked at the November 28, 2016 Board Meeting. In answering that question the following considerations are taken into account:

- it is understood that the governance review study is a small-scale governance review, with a focus on local decision making and input into regional district services within the existing regional district electoral area framework for the North Westside Fire Protection Service Area;
- it is understood that the governance review study is not an incorporation study or a pre-incorporation study;
- this governance review study is being requested by the Electoral Area Director for Central Okanagan West and the NWCA;
- the focus on local decision making and input into regional district services within the regional district electoral area framework within the North Westside Fire Protection Service Area as the request comes from the residents of this area;

As this governance review study is requested by and will benefit only a small portion of the Central Okanagan West Electoral Area it is recommended a budget amount of \$22,500 be approved for this project and that these costs be allocated to Electoral Area Administration for the Central Okanagan West Electoral Area. It is also recommended that actual staff time spent supporting this study will be tracked and all costs would be recovered from this account.

Organizational Issues:

This project will involve regional district staff from several departments and will require a coordinated approach including staff from:

- corporate administration
- purchasing
- finance
- parks
- engineering, and
- community services

Should the Board support this initiative, staff will add this as a work plan item for 2017.

External Implications:

As previously mentioned, most of the issues associated with this governance review are based on community questions and concerns.

The role of the community in a study process can be pivotal. Properly structured, community input can lead to better study results. In a shared process with the Board, the community is both a critical source of information and a key audience for the results.

Therefore, we anticipate a considerable community outreach and engagement process being an important part of this initiative.

Alternative Recommendations:

Option 1: A Local Solution

If the scope of the governance review study is specific to the North Westside Fire Protection Service Area with a focus on local decision making and input into regional district services within the existing regional district electoral area framework; AND

If there is an interest in avoiding the costs associated with the proposed governance review study, consideration should be given to “a local solution”:

- establish an Northwest Advisory Committee with a mandate to discuss the local services provided in the North Westside Fire Protection Service Area;
- this advisory committee would have a Board approved terms of reference and be comprised of a broad cross section of residents, pertinent staff members and the Electoral Area Director;
- in the short term, the committee would meet to gather good information about the issues pertaining to the services being provided in their communities. Working collaboratively, the committee would agree on the problem statement(s) that staff would then respond to. The committee would meet on an as needed basis;
- in the longer term this advisory committee could meet on a quarterly basis to engage the community in the exchange of information, ideas and feedback;
- the support costs for this committee would be recovered from the local services.

Option 2: A Green Light Solution

If the scope of the governance review study is specific to the North Westside Fire Protection Service Area with a focus on local decision making and input into regional district services within the existing regional district electoral area framework; AND

The Board wishes to move ahead with initiating a governance review process immediately, without conditions the Board could do so by:

- directing staff to draft a “letter of application” to the Province for Board approval along with the project scope and objectives; AND
- forward the final terms of reference to the Board for approval prior to commencing with the procurement process.

Option 3: A Red Light Solution

If the majority of the Board determines that it is not in the best interest of the corporation to proceed with a governance study at this time, the Board could do so by:

- defeating the current motion on the floor that was moved and seconded prior to being tabled at the November 28th, 2016 Board Meeting; AND
- defeating any subsequent motion to approve initiating a governance review study

Attachment(s): October 13, 2016 Letter from Minister Fassbender
November 8, 2016 Letter from Minister Fassbender
August 22, 2016 NWCA PowerPoint Presentation