

**STAFF REPORT****Date:** 27 Apr 2018**File**Boundary Economic
Development -
Service Review**To:** Chair McGregor and Members of
the Boundary Community
Development Committee**From:** Mark Andison, Chief Administrative
Officer**Re:** Boundary Economic Development
Service Review**Issue Introduction**

A staff report from Mark Andison, Chief Administrative Officer providing information relating to issues raised at the April 2018 BCDC meeting regarding the service review considerations for the Boundary Economic Development Service pursuant to Service Establishment Bylaw No. 1389, 2009.

History/Background Factors

At the April BCDC meeting, the Committee discussed two related issues regarding the future of the Boundary Economic Development Service:

1. the establishment of a regional advisory committee structure, including the options and anticipated outcomes relating to such a structure; and
2. the service review, and more specifically, what are the options for service structure and delivery given the expressed interest from Electoral Area 'E'/West Boundary in withdrawing from the regional service model and establishing its own stand-alone economic development service.

Jennifer Wetmore is providing a separate report outlining some options relating to a regional advisory committee structure. The viability of those options will need to be considered as the Committee reviews potential future service delivery models for economic development in the Boundary. It will likely be more difficult to institute a system of regional advisory committees if the participants decide to pursue a less regional form of service delivery in the future.

With respect to the service review for the Boundary Economic Development Service, the terms of the review process are established in RDKB Economic Development Service Establishment Bylaw No. 1389, 2009. The bylaw states:

1. *This service review shall be reviewed in the fourth quarter of 2009 and every three years thereafter.*
2. *The review will look at the effectiveness and value of the service.*
3. *The costs of the scheduled service review shall be borne by the service, including any facilitation or consulting costs deemed appropriate by the participants.*
4. *Should any participant wish to leave the service after a scheduled service review they will be allowed to subject to the following restrictions:*
 - a. *the leaving participant will still be responsible for their share of any existing debt or commitment.*
 - b. *the leaving participant will have no claim on the assets of the service.*
5. *Should enough participants leave the service as to make the service unsustainable, any assets of the service will be liquidated and allocated:*
 - a. *Firstly, to the reduction of any existing debt or commitments of the service*
 - b. *Secondly, to the participants on the basis of the participating member's relative share of the 2008 converted assessment.*
6. *Should any participant initiate service review outside of the schedule established herein, that participant will be responsible for all costs associated with the review, unless otherwise agreed to by at least 2/3 of the participants.*

With the original service establishment bylaw having included these service review provisions, the Boundary Economic Development Service participants have flexibility in how they may wish to proceed with the service review process. For bylaw-based reviews, it is the Board of Directors that initiates the service review process and either the Board or a Board-appointed steering committee is responsible for undertaking the service review process. The first step in the process was taken at the January 25, 2018 meeting when the Board of Directors passed the following resolution:

"That the Regional District of Kootenay Boundary Board of Directors approves a service review be undertaken in 2018 for the Boundary Economic Development Service pursuant to the service review provisions included in Service Establishment Bylaw No. 1389, 2009."

Based upon the discussion at the April BCDC meeting, it appears that the Committee is most interested at this point in reviewing options for the provision of economic development services in the Boundary moving forward.

Service Delivery Options

Status Quo: Currently, the Boundary Economic Development Service provides a regional level of service to five participating municipalities and electoral areas. A regional service model provides opportunities for collaboration and has proven to be an advantageous model for attracting grant funds, as many grant programs include regional collaboration as one funding criteria. There are economies of scale in having multiple participants included in the service. Sharing the costs of contracting with Community Futures for service administration allows the participants to share the costs of a single contract administrator to manage both service area-wide projects and those that are more localized. The disadvantage of the regional model, as articulated by Director Gee at the April meeting, is that individual service participants have limited autonomy in promoting and funding area-specific initiatives (eg. Big White) that are viewed by other participants as having limited benefit to their areas.

Four-Participant Service, excluding Electoral Area 'E'/West Boundary:

At this point, Electoral Area 'E'/West Boundary is the only participant that has expressed an interest in leaving the Boundary Economic Development Service. As noted above, the Service Establishment Bylaw states: *Should any participant wish to leave the service after a scheduled service review they will be allowed to subject to the following restrictions:*

- a. *the leaving participant will still be responsible for their share of any existing debt or commitment.*
- b. *the leaving participant will have no claim on the assets of the service.*

A possible outcome of the service review process might be an amendment to the Service Establishment Bylaw to exclude Electoral Area 'E'/West Boundary as a service participant. The service could then continue operate with the remaining four participants without the requisition revenue contributed by Electoral Area 'E'/West Boundary. However, Electoral Area 'E'/West Boundary contributes 48.5% of the requisition revenue to the service (2018), so the loss of that revenue may have a significant impact upon the ability of the service to operate as it has in the past, without increased taxation revenue from the remaining participants in the service.

In terms of process, this option would entail the Electoral Area 'E'/West Boundary notifying the other participants of its intent to leave the service, providing enough time to draft and adopt a service establishment bylaw amendment before the end of 2018. The remaining members would then have to determine whether they wish to remain in a four-participant Boundary Economic Development Service. If other participants also decide to leave the service, that information will also need to be provided early to ensure that a bylaw to either amend or rescind the service establishment bylaw can be adopted by the end of 2018.

Rescind Service Establishment Bylaw No. 1389, 2009: Should enough participants wish to leave the service so as to make the service unsustainable, it may be necessary to simply rescind the RDKB Economic Development Service Establishment Bylaw No. 1389, 2009. Once again, direction from the participants to rescind bylaw would need to be provided in a timely manner in order to provide sufficient time to rescind the bylaw before the end of 2018. This option would effectively terminate the provision of a regional economic development service to the Boundary, leaving the option open for individual communities or partnering communities to pursue more localized economic development services. This would not necessarily completely eliminate opportunities for communities to collaborate with one another on economic development initiatives, but any such arrangements or relationships would be less formal. Several individual economic development services could operate independently of one another in the Boundary, but participate together at some form of regional table to facilitate cooperation between the services on regional-level projects and initiatives (eg. TOTA, Boundary Regional Trails Master Plan, Okanagan Film Commission, etc.). Without a core regional service though, there may be additional administrative and coordination challenges associated with pursuing those types of initiatives without a shared financial and administrative structure to work within. (i.e. the regional service).

Implications

Depending on which of the service delivery options is selected by the various participants, the implications will vary.

Pursuing the status quo option, and perhaps building on the achievements of the current service delivery model with the establishment of regional advisory committees to help direct the activities of the service, would be most straightforward of the options. The Boundary Economic Development Service has evolved over the years to provide a number of economic development services and to sponsor a range of regional projects. There is a current contract in place with Community Futures to provide administrative and project management services over the next three years.

Any change in the composition of the service will require a review of the initiatives and projects currently undertaken under the Boundary Economic Development Service. The contract with Community Futures is based upon the current composition of the service and the tax requisitions that fund the existing service. Changes to the service and the potential of establishing new, more localized services would trigger a re-consideration of the Community Futures contract, funding arrangements, and staffing related to any new service arrangement. There would be considerably more work generated by the establishment of new services than simply establishing, rescinding and/or amending service establishment bylaws. Such

processes and considerations will likely be quite time-consuming and will require a considerable amount of staff involvement. As a contracted service, the Boundary Economic Development Service has a very limited allocation of RDKB staff time to the service within the budget. In fact, the Board fee is the only real allocation of funding for staff time to the service, amounting to \$4,323 in 2018. The work entailed in overhauling the economic development service delivery model in the Boundary hasn't been included in the 2018 service work plan.

Advancement of Strategic Planning Goals

Reviewing the Boundary Economic Development Service on a regular basis, as per the service review provisions of RDKB Service Establishment Bylaw No. 1389, 2009, advances the Board of Directors strategic objective to "... review and measure service performance."

Background Information Provided**Alternatives**

1. Receive the staff report.
2. Provide direction to provide further information.
3. Defer consideration.

Recommendation(s)

That the staff report from Mark Andison, Chief Administrative Officer, regarding Boundary Economic Development Service review options be received.

