

# **CUSTOMIZING SERVICE ARRANGEMENTS: A STUDY ON REGIONAL DISTRICT SERVICE ESTABLISHMENT**

by

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## **Abstract**

This report seeks to determine why British Columbia's regional district (RD) boards are not customizing service arrangements more frequently when establishing shared services. Three specific legislative tools, found in section 800.2 of the *Local Government Act*, are available to help RD boards facilitate service customization. Customized service arrangements (CSAs) allow RDs to proactively address and formulate often-contentious service details in accordance with the unique circumstances of the service or participating areas. This study applies a multi-tiered methodological research approach to determine the degree to which specific service details, such as financing and operation, are being customized upfront, at the service establishment stage, and why this is the case. Research suggests that overall service financing details are being customized at a higher rate than service operation details. Reasons for low or non-adoption among RDs point to issues surrounding RD administrative and political capacity to recognize benefits and negotiate customization. Recommendations suggest the Province provide a professional facilitator, upon request, to assist RD administration in the service establishment process. Further, the Province could offer an educational workshop to RD members and administration with a focus on CSA adoption.

**Keywords:** regional district; service provision; local government; shared services; service customization; Local Government Act

## **Dedication**

I would like to dedicate this study to Meghan, Mom and Dad, and Grandma and Grandpa. Not to be cliché, but I couldn't have done it without your help and encouragement. Cheers.

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## Glossary

CAO	Chief Administrative Officer—The senior most position within a regional district’s administration.
CSA	Customized Service Arrangement—Undertaken when a regional district customizes a shared service at the service establishment stage.
EA	Electoral Area—Unincorporated areas found within regional districts.
LGA	Local Government Act—Provincial legislation that binds local governments in British Columbia.
MCD or ‘Ministry’	Ministry of Community and Rural Development—Provincial Ministry responsible for local government legislation and activities.
PI	Principle Investigator—Individual who undertook primary research for the purpose of this study (Burke van Drimmelen).
RD	Regional District
RDTF	Regional District Task Force—Joint task force established in 2008 including the Ministry of Community and Rural Development and the Union of BC Municipalities.
SEB	Service Establishment Bylaw—A regional district service bylaw that must be approved by the Province before being passed.
UBCM	Union of British Columbia Municipalities—Represents British Columbia’s local governments.
s.800.2	Section of the Local Government Act that contains tools that allow regional districts to customize service arrangements.

# 1: Introduction

According to the *Local Government Act*, the purposes of regional districts (RDs) in British Columbia includes, “providing the services and other things that the board considers are necessary or desirable for all or part of its community...fostering the current and future economic, social and environmental well being of its community.” (LGA, 2006). Since the creation of RDs in 1965, one means of achieving the legislative mandate of fostering economic well being has been through providing the political and administrative framework to facilitate inter-municipal or sub-regional service delivery. Inter-municipal and sub-regional services are services where RD members share the benefits and costs of a service, or bundle of services, in some capacity (Bish, Clemens, 2008). This type of service, which is also known as a “shared service” or “partnership service”, is beneficial to RD members as it allow access to more services at a lower costs, by achieving economies of scale and scope.

Facilitating the establishment of shared services for its members is a core function of the RD in British Columbia (Bish, 1999. MCS, 2006). It is the role of the Province to ensure that regional districts have the required capacity to perform this function. Often, this facilitation process involves accommodating the concerns and requests of the participating areas (RD members participating in the service), while providing the service at the most logical scale. “Logical Scale” refers to the scale at which the geographic area of those who benefit from the service most closely matches the geographic area in which the service is provided (and paid for). To assist in this facilitation process regional districts have been provided with a set of legislative tools in section 800.2 of the *Local Government Act*<sup>1</sup>. These tools allow them greater flexibility,

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<sup>1</sup> Part 24, Division 4.1, Section 800.2-*Special options for establishing bylaws*.

outside of the legislated default options, when negotiating some of the more complex service details; such as how service costs will be apportioned among participating areas, or the relative power of each participating RD director regarding service operation decision making.

When adopted upfront, during the service establishment stage, the s.800.2 tools can effectively address some of the problems that have historically beset regional districts when establishing and operating shared services. By incorporating one or more of these tools into a shared service, the regional district is *customizing* the details to meet the unique circumstances of the participating areas involved; hence the title ‘customized service arrangements’ (CSAs). However, recent research from the Regional District Task Force (RDTF) suggests that RDs continue to face challenges in achieving logical scale when establishing shared services. Further, research suggests that RDs are not typically utilizing the legislative tools available to customize service arrangements (RDTF, 2009). Though the Province suspects that overall service customization is low among RD shared services, it has not been confirmed, nor has follow-up research been conducted to determine why this may be the case.

## **1.1 Policy Problem**

Customizing service arrangements can effectively and proactively address many long-term complications associated with RD shared services, including achieving logical scale in service financing and service operation (MCS, 2006). Generally speaking, complications revolve around the concerns of participating areas. Namely that the costs of a service incurred equally reflects the benefits of the service received, and that all participating areas have a fair say in how the service is being operated. Not surprisingly, each participating area will come to the negotiation table with a specific notion of what is “logical” and what is “fair”. Upon establishment, these specific service details can either be customized, to appease participating areas, or rely on legislated default methods. Though these default methods of service establishment are more often than not appropriate, in certain cases they have been known to lead

to service provision at an illogical scale (RDTF, 2009). It is in cases such as this that the Province would hope RDs would turn to service customization, and the adoption of the tools in s.800.2. However, the Province suspects that upfront CSA adoption remains low among RD shared services, even in cases where customization is appropriate. Meanwhile, the concerns of participating areas when entering into shared services continue to complicate the facilitation process.

The tools provided in s.800.2 can effectively address these complications. They provide RDs with the flexibility to customize the method by which the shared service is financed and operated, and specify triggers for formal service reviews. Still, since the introduction of these legislative tools over a decade ago, the aforementioned complications have persisted. Further, there are suspicions that s.800.2 is not being fully utilized. Therefore, it is the goal of this study to determine the degree to which CSAs are being adopted upfront, why this is the case, and to shed light on potential barriers that may be deterring CSA adoption.

## 2: Background

### 2.1 Historical Context

British Columbia (BC) introduced a system of regional district governance in 1965 through a legislative amendment to the *Municipal Act*. Before this time, BC had no local government representation outside of the incorporated municipalities (Bish, Clemens, 2008). The Province introduced RDs to provide a forum for mediating the interests of its diverse membership, namely incorporated municipalities and unincorporated electoral areas (Cashaback, 2001). RDs were also introduced as a response to the growth BC underwent in the 1960s, both in population<sup>2</sup>, resource development, and the often-vast differences between BC's various regions and municipalities (MCS, 2006). RD legislation passed in 1965, and within three years 29 RDs were created, with borders encompassing every corner of BC.

Regional districts include two key member local governments: municipalities and electoral areas. A municipality is an incorporated area (a city, a town, a village or a district). The *Community Charter* is provincial legislation that governs all incorporated local governments in BC. An electoral area (EA) is an unincorporated constituency. The *Local Government Act* is the provincial legislation that governs all unincorporated local governments in BC. Both piece of legislation provide the responsibilities, duties and powers for each respective local government. In BC, the *Local Government Act* governs the regional district.

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<sup>2</sup> According to BC Statistics, BC's population increased from 1.6 million in 1960 to 2.1 million in 1970; approximately a 25% increase.

## 2.2 RD Roles

According to the Provincial government, regional districts have three main roles regarding their intended purpose:

1. **Act as regional governments for the region.** Provide a political forum for representation of regional members. Provide a vehicle for the delivery of typical regional services, such as economic development, water supply, sewerage disposal and solid waste management.
2. **Provide a political and administrative framework for inter-municipal or sub-regional service delivery.** Facilitate the creation of “benefiting areas” for shared services among regional member’s boundaries.
3. **Act as local government for electoral areas.** Provide services for unincorporated areas such as community planning, building regulation, street lighting and transportation (MCS, 2005).

Though the definition of roles 2 and 3 are both relatively straight forward, Role 1 can be quite confusing particularly regarding the definition of “regional services” and warrants a moment of consideration. A document provided by the Ministry of Community Services (now the Ministry of Community and Rural Development) compares the RD to a wholesaler when providing regional services, while the municipality is the retailer. For example, water supply is a commonly provided regional service. In this case, the RD manages the central reservoirs and treatment facilities and delivers the water to the gates of the municipality, which in turn, acts as the retailer distributing water to individual customers (MCS, 2006). A more detailed look at common RD service functions is available in Appendix A. Where regional services may vary from RD to RD, there are provincially mandated services that all RDs must undertake. These services include corporate and financial administrative functions for local governments, acting on behalf of municipalities in dealing with the Municipal Finance Authority (MFA), preparing solid



and liquid waste management plans, and emergency planning for rural areas. (Bish, Clemens, 2008). Though all RDs perform all of the mandated functions in some capacity, the amount of attention each function receives depends on the demographics of that particular RD. For example, the primary focus of a predominantly urban RD, such as the Greater Vancouver Regional District, is one of dealing with the MFA on behalf of its municipalities. This is because the majority of RD members in the GVRD are municipalities with independently elected councils. On the other hand, a more rural RD, such as Cariboo Regional District located in BC's central interior, would have to focus more on the responsibility of service provision.

### **2.3 RD Board Makeup**

A RD board of directors consists of elected EA representatives and appointed municipal councilors. A RD's voting unit determines the total number of directors a RD board will have, as well as the directors' voting strength. The RD's 'voting unit' is determined in each RD's respective letters patent<sup>3</sup>. The number of votes, or "strength", to which an individual board director is entitled is calculated by dividing the voting unit into the actual population of the area that director is representing, be it an EA or municipality. For example, the Cariboo Regional District's voting unit is 2500, the City of Williams Lake has a population of 10,744; therefore one vote from a director representing Williams Lake will have the strength of 4 votes. Once the individual members' voting strengths are determined, the number of board directors for that given area is determined by dividing the voting strength of the director by 5 (Bish, Clemens, 2008). Therefore, in the case of Cariboo Regional District, one director would represent Williams Lake, because a Williams Lake director's vote strength is 4.

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<sup>3</sup> Letters Patent are the legal documents through which the Province incorporated RDs. They contain the name of the regional district, describes its boundary and the boundaries of its electoral areas, and provides a formula for weighting the directors votes.

## 2.4 Pertinent RD Legislation

There are presently 27 regional districts in BC. A table containing all present RDs and descriptive statistics is available in Appendix B. As regional districts are ‘local governments’, they are the Constitutional wards of the Province<sup>4</sup>. In British Columbia, the *Local Government Act* (LGA) is the provincial legislation that binds the RD and provides its responsibilities, powers and duties; responsibility for the LGA falls to the Ministry of Community and Rural Development (MCD or Ministry). Section 2 of the LGA states that, “regional districts are an independent, responsible and accountable order of government within their jurisdiction.” (LGA, 1996). Through the LGA the Ministry attempts to enhance the autonomy of local governments through legislative provisions; it provides broad corporate powers, broad service powers and enhanced planning powers, while ensuring strong accountability to citizens (MMA, 2001).

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<sup>4</sup> As per section 92 (8) of the *Constitution Act*.

## **3: Policy Problem Analysis**

### **3.1 Shared Services**

In the 1999 report, *Regional District Review: Issues and Inter-jurisdictional Comparisons*, Dr. Robert Bish comments on the role, expectations and philosophy of BC's regional districts. Bish notes, "A major purpose of regional districts is to facilitate cooperation among member municipalities to provide services for a sub-area of the regional district that includes more than a single municipality or electoral area" (Bish, 1999). Partnership services are created and administered by RD boards and administration. Participating area boundaries (or the area where the service is provided) can include both the municipalities and the EAs found within the RD.

There are numerous reasons why RD members would be interested in actively pursuing shared services. For example, individual jurisdictions may not be able to provide a service with the same mix of quality and cost-effectiveness as provided through a shared service arrangement. Further, a collaborative approach to servicing often enables local governments to capture economies of scale, reduce administrative redundancy and acquire better equipment or hire expert staff (MMA, 2001). In the case of service provision, economies of scale occur when a service can be provided to more RD members at a larger capacity. Doing so can reduce overall costs, particularly for initial infrastructure construction or equipment purchases. This argument is echoed in an independent US study that looked at New York State local governments, which found that inter-municipal cooperation in service delivery was widely used and motivated by the ability to "exercise market powers" while maintaining, if not improving, service quality. (Johnson, Walzer, 2000). It is in the Province's responsibility to ensure that RDs have the required tools, be it legislative or other, to facilitate shared service adoption among their members.

### **3.2 Section 800.2 of the Local Government Act**

As previously mentioned, the RD serves three main functions. One of these functions is to facilitate cooperation among members in the provision of shared services. It is the function of the Ministry, as the ward of pertinent local government legislation, to provide RDs with the necessary tools to facilitate. Therefore, it is in the interests of the Province to help RDs provide efficient and effective partnership services; this help can come in the form of funding, grants and/or legislation. Presently, RDs do have access to a number of legislative tools found in the LGA that apply to service provision, both regional and shared. Section 800.2, for example, is specific to shared service establishment. This section provides tools that, when adopted effectively, can increase fiscal equivalence and operational equity among benefiting areas. Fiscal equivalence is desirable as it encourages a “pay for what you get, get what you pay for” philosophy (RDTF, 2009); something that most RD administrators strive for when negotiating the particular details of partnership services. Operational equity ensures that directors of participating areas have a fair amount of say in how services are operated based on how much they are paying in.

The tools in section 800.2 are inspired by recommendations found in the 1999 *Regional District Review*. The Review recognized that there were key discrepancies regarding the expectations and realities of the benefits and costs when entering into shared services. The intention of s.800.2 is to provide RDs the ability to address these discrepancies upfront, during the service establishment stage. Though these tools have been available since 2000, recent indicators suggest that they are not being utilized to their full potential (RDTF, 2009). Instead of customizing service details in shared services where these discrepancies have been known to arise, RD boards continue to rely on the ‘default’ regulations and formulas found in the LGA.

Doing so can lead to service provision at an illogical scale. As such, many of the problems highlighted in past RD Reports, Reviews and Commissions remain prevalent in today's climate<sup>5</sup>.

### **3.2.1 The Regional District Task Force**

These present-day problems have reemerged on the provincial radar due to recent research and strategic papers put forth by Regional District Task Force (RDTF). The RDTF was created in 2008 as a cooperative endeavour between the Union of British Columbia Municipalities (UBCM) and the MCD to engage in a process to articulate the challenges and problems facing regional districts.) The RDTF has undertaken over one year of research and consultation with local governments in BC, addressing some of the most pressing issues that RDs presently face. The RDTF presented its findings at the 2009 UBCM convention in Vancouver, and has released a final report entitled *Enhancing Tools for Problem Solving in Regions* (RDTF, 2010), which provides recommendations to the province. Further, the RDTF has released numerous discussion papers that focus directly on issues such as logical scale in RD partnership services, RD formal service reviews. It was in the discussion paper entitled *Creating Logical Service Partnerships* where the issue of s.800.2 tool usage arose.

### **3.2.2 The Tools**

There are a specific set of tools found in s. 800.2 of the LGA. The tools provide a RD the option to establishment service details outside the legislated default options. The service details that can be customized include cost apportionment, director vote weighting and service review triggers. The tools in s.800.2 were included into the LGA based on recommendations provided by Dr. Robert Bish in his *Regional District Review* in 1999. Through questionnaires and follow up interviews with RD administrators, Bish found a number of concerns and conflicts within the

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<sup>5</sup> The Report of the Regional District Review Committee (1979) and the Regional District Review: Issues and Interjurisdictional Comparisons (1999) and the Regional District Task Force Final Report (2010) all address concerns of fiscal equivalence, loss of autonomy and 'free-riding' as barriers to shared service establishment.

control and financing of shared services among participating areas. He determined that there were two main disputes: exit disputes, which were over areas that wanted to exit because they felt costs exceeded benefits; and entry disputes regarding areas not wanting to enter shared services because they felt they would not have sufficient vote strength relative to the costs they had been allocated.

In an attempt to address these disputes, s. 800.2 provides three key tools to RD boards, which can be administered separately or together. The tools provide the ability to think outside of the legislated “default methods box” that have traditionally guided RD service establishment. If a RD does not adopt s.800.2, the shared service will be adopted under the default methods. Table 1 offers a summary of the service details that the tools can address, as well as default methods of shared service establishment. A closer examination of these tools and default methods will show how, if implemented at the service establishment stage, they can proactively address some of the lingering problems found in RD shared services and encourage shared service adoption.

*Table 1: Default Methods of Service Establishment*

<b>Service details that s.800.2 can address</b>	<b>Legislated default methods</b>
<p><b>Cost Apportionment:</b></p> <ul style="list-style-type: none"> <li>➤ How tax burden is distributed among participating areas.</li> </ul>	<p><b>Converted Assessed Values:</b></p> <ul style="list-style-type: none"> <li>➤ Cost apportionment based on property class and value of land and improvements.</li> </ul>
<p><b>Director Vote Weighting:</b></p> <ul style="list-style-type: none"> <li>➤ Level of say each director has in service operation decisions.</li> </ul>	<p><b>Per-Capita Population:</b></p> <ul style="list-style-type: none"> <li>➤ Director vote weighting based on population of participating area divided by RD voting unit.</li> </ul>
<p><b>Service Review Trigger:</b></p> <ul style="list-style-type: none"> <li>➤ When participating area can request a formal service review.</li> </ul>	<p><b>5 Years:</b></p> <ul style="list-style-type: none"> <li>➤ Service review trigger based on five years of participation.</li> </ul>

### 3.2.2.1 Cost Apportionment

Provided in s.800.2 (1)(a) of the LGA, this tool gives board members the opportunity to establish an alternative method of apportioning the costs of the service among the participating areas. Cost apportionment applies directly to how the tax burden from financing the service is distributed among the participating areas. This tool is only accessible if a RD chooses to use property taxation as a means of cost recovery for the service, however almost all RDs choose this method of financing. The default method for cost apportionment, traditionally used by RD boards, is set out in s.804 (2)(a) of the LGA and is commonly known as a method of *converted assessed values*. This method bases cost apportionment on property values (attributed to either land values, improvement values or some combination of the two). Through regulation this system prescribes different percentages to the different property classes in the RD<sup>6</sup>, and then multiplies the property value by the prescribed percentage. Non-residential properties (business and industry) tend to have higher percentages prescribed to them than residential properties. Therefore, under the converted assessed values default method, non-residential properties are generally charged more than residential properties for shared services (Bish, 1999).

Some service benefits are well suited to have costs correlate with land and improvement values of property, for example, where the ‘amount’ of service provided is contingent on property size, such as fire protection or sewage collection. However, some shared services that RDs provide do not fit into the converted assessed values method as logically. For example, recreational services or regional parks services would be more attuned to a different method/formula for determining cost apportionment. In such cases, service benefits and land values of surrounding benefactors do not necessarily correlate, and this is where problems can arise, where one participating area feels that it is paying more and receiving fewer benefits than

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<sup>6</sup> Property classes in BC are numbered, and include: (1) Residential; (2) Utilities; (3) Supportive Housing; (4) Major Industry; (5) Light industry; (6) Business; (7) Forest land; (8) Recreational/Non-Profit; (9) Farm.

another area. Dr. Robert Bish argues that because benefits from different kinds of services accrue differently, it is logical that the formula to divide the costs among participating members should be adaptable (Bish, 1999). Examples of other possible methods of cost apportionment include population or quantity of service used.

### **3.2.2.2 Director Vote Weighting**

Found in s.800.2 (1)(b) of the LGA, this tool provides RD boards the authority to set an alternative method for determining the vote weighting of the RD director for the administration and operation of a service. Such decisions are made by a voting process involving all participating area directors. The default method for determining vote weighting is provided in s. 783 (2)(a) of the LGA and states that the weighting of director's vote is obtained by dividing the population of the directors constituency by the RD voting unit. This method was explained in section 2.3. As is the case with the cost apportionment default, this default method can be illogical when applied to certain services. In many cases, particularly when sparsely populated areas participate in a shared service, the population weighted voting method can promote inequities. In such cases, property owners from these low-population areas are taking on a large amount of the tax burden for the service, yet their representatives do not have an equal say in the day-to-day operations of the service. According to Dr. Bish, this represents a lack of logical scale, is unfair, and can lead to service reviews. Further, it can also reduce willingness of some areas to enter into a shared service and complicate service establishment (Bish, 1999). The voting tool provides the RD board with the option to formulate an alternative method of determining voting strength. Other methods that have been adopted in the past include vote weighting on perceived or actual service usage in a participating area, or equal representation (one vote for one director).



### **3.2.2.3 Formal Service Review**

S.800.2 (1)(d) of the LGA provides RD boards the authority to establish terms and conditions for an alternative trigger for a formal service review. Formal service reviews happen when a participating area is unhappy with the service being provided. The default method is found in s. 813.04 (1)(a) of the LGA, and provides that a participating area may initiate a service review if they have been in the service for at least 5 years. Bish's findings led him to conclude that an area should not be locked into long-term commitments for operating cost subsidies when conditions change so that those taxpayers are no longer beneficiaries (Bish, 1999). These condition changes could be service quality, demographic change, economic changes, etc. To counter this problem Bish recommended provisions for flexible time limits, and notice provisions for service review to be incorporated into the establishment bylaws themselves; and not left until a dispute arises.

## **3.3 Literature Review**

A comprehensive literature review of academic sources, reports and internal and external government documents provides insight and knowledge on the topic of local governance structure (both in BC and other jurisdictions) and shared service provision. Further, this knowledge supplements the independent research undertaken in this study to ensure well thought out and clearly understood policy alternatives and analyses. This section briefly examines selected pieces of literature that have a significant importance to the progression of this study as a whole.

*The Regional District Review Committee: Report of the Committee*, also referred to as "The Farmer Committee", was published in 1978 and chaired by Rendina Hamilton. The Farmer Committee was the first extensive review that looked at a fledgling regional district system in British Columbia. This report was prepared for the Ministry of Municipal Affairs and Housing (presently the MCD), and was mandated to examine the jurisdictional role of regional districts, the structural and administrative organization of regional districts (including boundaries,

relationships, and financial support) as well as other issues the committee deemed appropriate. The committee gathered information by establishing 41 public hearings and receiving briefings from over 360 jurisdictions across BC. This report brings to light the successes and problems that RDs were facing during their early years. Common problems included lack of identity, lack of sufficient decision-making powers, and an undefined role.

The Farmer Committee is of particular interest and relevance to this study as it becomes clear, when the committee addresses specific concerns pertaining to RD services, many of the problems that RDs were facing in 1978 remain today. For example, a direct quote from this report states:

“There was also evidence presented to indicate a strong feeling in many regional districts that the municipalities are exercising too much control over the rural areas through the regional district. This was especially evident where there is a heavy weighted vote in favour of a large municipality...many presentations showed a need for more decision making authority at the local level without incorporation” (Hamilton, 1978).

More recent reports and reviews that look at RD functions echo this sentiment of inequity amongst the electoral areas engaged in shared services.

*Regional District Review-1999: Issues and Interjurisdictional Comparisons*, or “Review”, written by Dr. Robert Bish, provides a more recent in-depth assessment of the state of RDs in British Columbia. The Review was the outcome from a process of consultation between the Ministry of Municipal Affairs (presently the MCD) and the UBCM. The goal of the Review was to examine potential improvements in the operation of RDs, including recommended legislative amendments to the *Municipal Act* in the year 2000. The most relevant section of the Review to this study is the section that examines *The Role, Expectations and Philosophy of Regional Districts*. In this section RD roles are described as acting as non-municipal government; facilitating inter-municipal service cooperation; and acting as a regional government. To

accomplish these roles effectively, Dr. Bish determines that RDs need increased flexibility to “adjust their procedures to their own conditions.”

A sub-section entitled *Intermunicipal Service Cooperation* offers insight into problems RDs were facing ten years ago regarding shared service establishment. Some of these problems echo those mentioned in the Farmer Report in 1979. For example, Bish notes, “Questionnaire responses from RD administrators indicated a number of conflicts over control and financing of benefiting areas. The most common characteristic of the problems was there was a mismatch between who voted, who benefited and who paid”. In other words, the problem of inequality surrounding the financing and decision making of shared services remained as much a problem for RDs in 1999 as it was in 1979. Even though this sub-section provides recommendations 4-6<sup>7</sup>, which the Ministry implemented through s.800.2 of the LGA, more recent literature suggests that many of these problems remain.

Numerous discussion papers from the Regional District Task Force provides the most recent look into issues facing RDs, including RD shared service provision. The two key RDTF papers relevant to this study are entitled *Participation in Regional District Services: Creating Logical Service Partnerships* (Partnerships) and *Regional District Task Force-Service Review and Withdrawal* (Review and Withdrawal). The Partnerships paper originally introduced the issue of possible s.800.2 underutilization, after performing a study that looked at a sample of RD service establishment bylaws to see if RDs were adopting tools during the service establishment stage. This study determined that “regional districts are not typically using the 2000 amendments to customize service arrangements”. The Partnerships paper highlights the difficulties RDs continue to have providing shared services at a logical scale, where “the scale at which the geographic area

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<sup>7</sup> Recommendations 4-6 from Bish’s Regional District Review: **4** - “Custom agreements for a benefiting area should be allowed modified voting rules and modified basis for financial contribution”; **5** - “Voting rules and delegation rules need to be reviewed both for clarity as to when a corporate or weighted vote are to be used and to clarify what can be delegated in custom service arrangements”; **6** - “Provisions for time limits, notice provisions for exit dispute resolution should be included in the criterion of benefiting areas and in custom agreements.”

of those who benefit from the service (benefitting area) most closely matches the geographic area in which the service is provided and paid for (service area).” The fact that such problems exist reinforces that argument that issues dating back to the Farmer Committee persist today.

The Review and Withdrawal RDTF paper highlights trends in formal service reviews and withdrawals of RD services over the past decade. This information is important as it shows that service reviews often cite a lack of fiscal equivalence as reasons for initiating review. Further, and perhaps more importantly, many of these disputes have been or are in the process of being resolved through service detail customization. This information both promotes the effectiveness of s.800.2 tool usage and the importance of tool adoption upfront, during the service establishment stage, to avoid complications such as costly and disruptive service reviews.

Since the yearly UBCM convention in September, 2009, the RDTF has released their final report. The report is titled *Enhancing the Tools for Problem Solving in Regions: Report of the Regional District Task Force—January 2010* (Final Report). While summarizing their findings over the past year and a half (essentially the information found in the discussion papers), the Final Report offers recommendations to “key issues” that were determined through months of consultation. According to the RDTF, one of these key issues that need to be addressed is “participation in RD shared services”, with the goal of encouraging the development of effective service partnerships. To achieve this goal, the RDTF recommends “Promoting more effective use of existing service *design* tools – greater customization of service partnerships could better accommodate participants’ interests and reduce barriers to effective service partnerships.” (RDTF, 2010) Therefore, policy alternatives in this study will be formulated around this recommendation.

*Local Government in British Columbia-Fourth Edition*, written by Dr. Robert Bish and Eric Clemens, was published in 2008 by the UBCM. This book provides an in-depth look at all forms of local government in BC. An entire chapter is dedicated to regional district government structure in BC; another chapter is dedicated to local government service delivery. As well as

offering extensive information on RDs. This book also provides an up to date and in-depth look at the functions of all RD members, including municipalities, EAs, improvement districts, hospital districts and school districts. This text serves as an extremely useful reference tool and guided much of the Background section for this report.

*The Guide to Regional Service Arrangements and Service Reviews* (Guide) is a Best Practices document provided by the Ministry of Municipal Affairs (presently MCD) in 2001. This document offers information on Bill 14, the *Local Government Statutes Amendment Act, 2000*, which included s.800.2. The intent of this guide is to inform local governments, particularly RD boards and administrators, of the changes made to the *Municipal Act* (soon to be re-named *The Local Government Act*). The Guide explores the new flexibility local governments have in designing service arrangements and guidance on how to effectively use this new flexibility. The Guide is a valuable resource for the purposes of this study as it offers the perspective of the Ministry regarding how it believed RD boards should be utilizing the tools available in s.800.2. For example, the Guide stresses that many of the complications that have beset RDs regarding shared services can be anticipated and to some extent mitigated in the design of the service details. The Guide goes on to state:

Service arrangements are not contracts that need to anticipate every possible eventuality. They are partnerships based on mutual interest and, as such, they need not be elaborate or complex. Moreover, because they are partnerships set within established governance structures, issues can be debated and decided as they arise. If the partners have mutually supportive objectives and a good history of working together, tensions will, for the most part, be successfully resolved within the established governance structure.

This perspective is useful for both the development of the Survey Instrument and subsequent analysis of the data, as the principle investigator (PI) can compare how RDs are actually using tools with how the province believes they should be using the tools.

## **4: Methodology**

The research methodology for this study will apply a three-step approach to gain a holistic account of the circumstances and issues surrounding RD service establishment as they presently stand. The first step includes an analysis of past service establishment bylaws to acquire a snapshot of which tools are being adopted upfront, and to what extent. The second step is a survey, distributed to the Chief Administrative Officer of each RD, to gain an “on the ground” perspective of shared service involvement and tool utilization. The final step is key informant interviews, with questions that focus on pertinent survey results. The goal of the interviews is to supplement responses to the ‘why?’ question posed in the survey, and begin to address the ‘what now?’ question that will guide the Policy Alternatives section.

### **4.1 Service Establishment Bylaw Analysis**

The service establishment bylaw (SEB) analysis will examine a sample of RD SEBs. The SEB is a provincial regulation found in the LGA<sup>8</sup> that requires a RD board to submit proposed service bylaws to the Ministry for a stamp of approval before being passed. A SEB must contain all relevant information pertaining to the proposed service(s), including whether they intend to customize any service details and the new method being applied. Therefore, by simply reading over the SEBs, one can determine whether any of the tools in s.800.2 are used in the given service. The RDTF has already performed a smaller version of this analysis. From this analysis, the RDTF concluded that RD boards do not seem to be utilizing custom arrangements to their full capability. They also discovered that the cost apportionment tool was being adopted more frequently than the voting tool and the service review tool. The SEB Analysis follows a similar

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<sup>8</sup> Section 800 (1) of the LGA provides that “In order to operate a service, the (RD) board must first adopt an establishing bylaw for the service”.

methodology with a larger sample size. The goal of the SEB analysis is to determine whether there are consistencies as compared to the original study, namely low overall tool usage with higher rates of cost apportionment usage than the other two.

The SEB analysis examines a sub-sample of SEBs to access a picture of how prolific s.800.2 tool adoption is in shared service establishment is among RDs. The original SEB sample, received as an electronic file from the Ministry, contained approximately 1400 SEBs, ranging from the year 1989 to 2009. A full analysis of this entire sample is beyond the scope of this study. Therefore it is necessary to create an adequate and representative sub-sample of SEBs, one that only includes services that could/would conceivably be utilizing s.800.2 tools. Creating a manageable sub-sample is also necessary as only the paper files found at the Ministry contain information on service customization. Therefore, three separate criteria were applied to the original sample in an attempt to eliminate redundant SEBs. These criteria were established through consultation with a senior level administrator at the Ministry:

1. All SEBs that came before the year 2000 were eliminated. Bill 14, which included s. 800.2, was implemented in 2000; therefore, no SEBs prior to 2000 could have adopted the tools.
2. All SEBs that included only one participating area were eliminated. The tools are for use with shared services; adoption for single area services would be pointless.
3. All other SEBs were eliminated that would/should not be utilizing the tools. Services that were eliminated were those that historically lacked complexity, such as street lighting and house numbering, as well as all services that provide grants and funds, and services that are mandated to RDs and regionally provided services.

After applying these three criteria to the original sample, a manageable sub-sample of 52 SEBs remained for analysis. This sub-sample will be analyzed to determine whether RB boards are utilizing the tools available or are relying on the default methods of service establishment. Though the Ministry has confirmed that determining an accurate quantitative measure for

“underutilization” is impossible, based on their own analyses they suspect that the tools are not being used to their full capacity. Because of this knowledge, I expect that my findings will be similar to those of the original study; that is to say that a relatively small percentage of the 52 SEBs in the sub-sample will have incorporated some form of CSA, and of those that have, cost apportionment will be the most commonly adopted tool.

## 4.2 Survey

The next research step is a survey used to gain an “on-the-ground” perspective of RD knowledge, opinion, and overall utilization of the tools in s.800.2. To accommodate this perspective the Chief Administrative Officers (CAO) of each RD in the province received a survey invitation. The CAO is the most senior member of a RD’s administration and therefore has the most understanding and expertise on both the political and administrative side of RD policy<sup>9</sup>. As such, the CAO is in the best possible position to answer questions pertaining to shared service provision and the usage of CSAs.

The survey instrument, entitled *The Role of the RD in Shared Service Establishment*, includes two sections, each used to gain specific information on the role RDs play in shared service establishment and their knowledge and usage of CSAs. The first section of the survey focuses on the formulation stage of shared service establishment. For the purpose of the survey, “formulation stage” refers to the entire negotiation process between the RD administration, and board members that can lead to a service establishment bylaw. The first section contains questions that examine shared services that RDs typically engage in, as well as factors and barriers that that have been known to encourage and deter entry into shared services. Section 2 focuses on RD knowledge, opinions and overall usage of CSAs. Questions focus on each tool

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<sup>9</sup> According to s.197 of the LGA, the CAO’s powers, duties and functions include overall management of the administrative operations of the regional district; ensuring that the policies and directions of the board are implemented; and advising and informing the board on the operation and affairs of the regional district.



individually and examine whether the RD has incorporated the tool into any SEB; and if so, under what circumstances? If not, why? Section 2 will offer an insightful look into where tool usage seems to be working, where it is not and why this seems to be the case. The questions used in the survey instrument are available in Appendix C.

### **4.3 Key Informant Interviews**

Three key informant interviews provide critical input into the role of the RD in shared service establishment as well as potential alternatives to address problems RDs are facing. The PI will interview three individuals with unique expertise and perspectives on RDs. For a short biography on each participant please see Appendix D. The interview instrument consists of five main questions posed to each participant; a copy of the main interview questions is available in Appendix E.

Interview participants are Dr. Robert Bish, Professor Emeritus in the School of Public Administration at the University of Victoria; Nicola Marotz, Executive Director of the Policy and Research branch in the Local Government Department of the Ministry of Community and Rural Development; and John Smith, a former CAO of the Thompson-Nicola Regional District. Interviewing these individuals will add colour to the outline sketched by the survey data. As the goal of these interviews is to add perspective to the survey data, attempting hypotheses on responses to the interview questions would be fruitless. However, interviewees were chosen based on their unique perspectives, therefore it is anticipated that responses to the interview questions will contain great diversity.

## 5: Data Analysis

The independent research undertaken for this study provided both quantitative and qualitative data from three separate sources: a RD SEB analysis; a survey distributed to the CAO of each RD; and three key informant interviews. Analysis of this data seeks to determine why RD boards are not adopting CSAs more prolifically. Further, analysis of the data, particularly the interview data, will seek to flesh out alternatives to address the issues facing RD.

### 5.1 Service Establishment Bylaw Analysis

#### 5.1.1 SEB Analysis Results

Through correspondence with the Ministry the PI created a sub-sample of 52 SEBs for this analysis. Of 52 SEBs analyzed, 12 had customized a service detail. Table 2 offers a summary of these 12 SEBs, the RD that was involved, the type of tool(s) and new method(s) adopted, and the type of service.

*Table 2-Details on SEB Customization*

<b>Regional District</b>	<b>Tool(s) Utilized</b>	<b>New Method Adopted</b>	<b>Type of Service</b>
Cariboo	Service Review	Review based on efficiency of cost recovery process	Recreation Facility and Parks
Capital	Cost Apportionment	50% population-50% of net taxable value of land and improvements for hospital purposes	Pool, Ice Arena and Rec. Centre
Capital	Cost Apportionment	Based on % of total parcels of land that have onsite sewage systems	Liquid Waste Management
Bulkley-Nechako	Cost Apportionment	Based on population and distance from service	Pool and Racquet Court

<b>Regional District</b>	<b>Tool(s) Utilized</b>	<b>New Method Adopted</b>	<b>Type of Service</b>
East Kootenay	Cost Apportionment	55% of costs to Canal Flats, 45% of costs to EA F	Recreation Service Establishment
	Voting	Based on total net taxable value of land and improvements divided by 20,000,000	
	Service Review	Review can be initiated for more or less than 5 year	
Comox-Strathcona	Cost Apportionment	Determined by flat percentages for each community	Comox Valley Recreation Complex
	Service Review	Review after 3 years	
North Okanagan	Cost Apportionment	Determined by a flat percentage for each community, based on usage.	Transit
North Okanagan	Cost Apportionment	Based on converted value of improvements only for hospital purposes	Parks & Recreation Services
	Voting	One vote for each director representing a participating area	
	Service Review	Consistent with default however with additional stipulations	
Nanaimo	Cost Apportionment	New formula accounts for yearly revenue hours and yearly revenue kilometres of service used for each participating area	Transit
Nanaimo	Cost Apportionment	Converted value of land and improvement for hospital purposes	Ice Arena
Okanagan	Cost Apportionment	Determined by actual cost of service provision to participating area	Landfill-Solid Waste Collection
Sunshine Coast	Cost Apportionment	Based on parcel tax for all parcels on service area for service debt-hospital converted value of improvements for other	Recreation Service Facilities
	Service Review	Set at three years	

Results show that 12 of the 52 SEBs utilized at least one of the available tools in s.800.2, a 23% rate of customization. Four of these 12 SEBs shown in Table 2 adopted more than one tool; and two SEBs from these four adopted all three tools (recreation services in North Okanagan

and East Kootenay). Of the three tools cost apportionment was the most commonly, represented in 11 of the 12 SEBs in Table 2. Service review was next, adopted in five of the 12 SEBs. Finally, the voting tool was only adopted in two of the 12 SEBs. Interestingly, the voting tool was only adopted in SEBs where both the cost apportionment and service review tools were also adopted.

Table 2 illustrates that alternative methods of cost apportionment used include apportionment based on population and service usage. Alternative methods of service review included potential to review after one year; three years and a separate pre-determined set of criteria not mentioned. Alternative methods of determining voting strength were one vote per director (no additional weighting) and basing voting strength on net taxable value of land and improvements in participating area. Of all the SEBs in Table 2, recreational facilities such as pools, ice arenas and racquet courts are the most heavily represented shared service, making up eight of the 12 SEBs. Waste management and transit services are each represented in two of the 12 SEBs, respectively.

### **5.1.2 SEB Analysis Summary**

The results of the SEB Analysis are useful to this study in two key ways:

1. The results are consistent with those from the study performed by the RDTF, upon which this analysis was modeled. As only 23% of the SEBs in the sub-sample customized a service detail, it can be stated with more confidence that the majority of RD boards are not customizing arrangements at the service establishment stage.
2. Certain trends have arisen regarding which tools seem to be adopted more frequently than others. For example, cost apportionment is customized in 92% of the SEBs in Table 2, whereas director's vote weight is only customized in 16% of the SEBs. This suggests that RDs are more comfortable with the cost apportionment tool. Also, service detail customization seems to be taking place most notably with recreation services, suggesting that

RDs may be drawn to tool usage when attempting to establish particularly complex and expensive services. Though this is an encouraging result, where recreation services made up 26 of the 52 SEBs analyzed, only eight of these 26 adopted a tool or tools, suggesting that overall RD boards continue to rely on the default legislative options.

## 5.2 Survey Data Analysis

### 5.2.1 Responses and Sample

Online access to the survey instrument was available to the Chief Administrative Officers of each RD for five weeks. Upon closing the survey, the PI had received 15 of a possible 27 responses, a 55% response rate. The survey sample produced offers a robust and representative account of the diversity that BC's RDs encompass.

*Figure 1-Dispersal of RD Survey Respondents*



Figure 1 provides a map showing where RD survey respondents fall into BC's six Regions (not to be mistaken with regional districts). As can be seen, RD respondents are situated throughout the province, with the highest representation of survey respondents found in the Thompson-Okanagan Region. On a population grouping basis, the survey sample of RD populations is slightly less representative of actual population distribution among RDs; this point is highlighted in Figure 2:

Figure 2-Comparison of Population Groupings

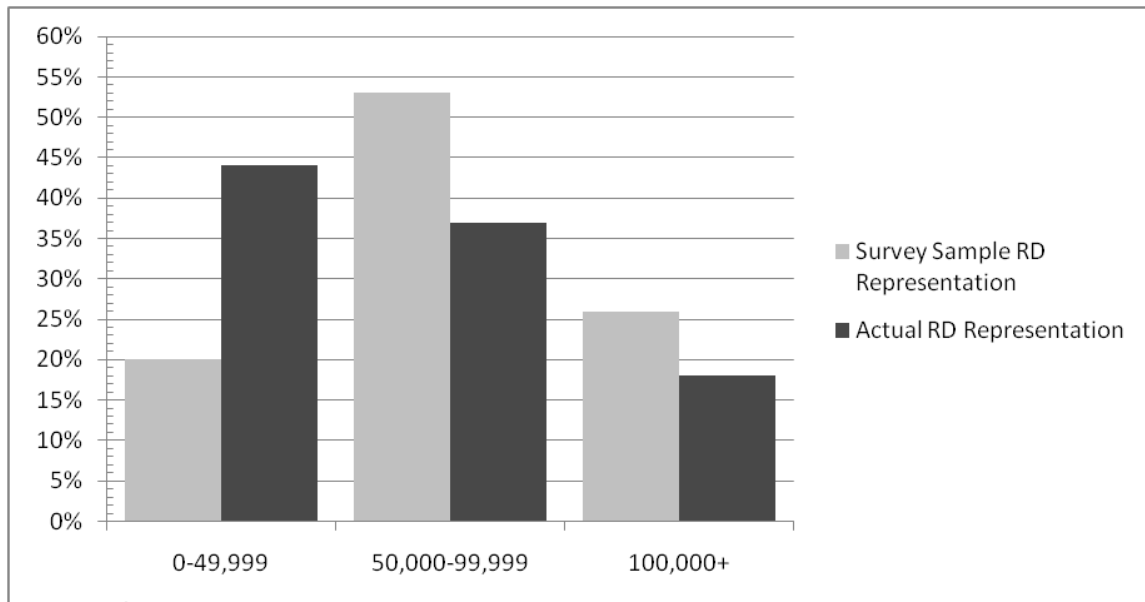


Figure 2 illustrates population groupings of RD survey respondents (left column) and population groupings of all the 27 RDs in BC (right column). Groupings are broken into three population categories of 0-49,999; 50,000-99,999; and 100,000+. Percentages are calculated by dividing the total number of RDs whose population falls into a given category by the total number of RDs in the sample. For example, three of the 15 RD survey respondents have a population of 0-49,999, thus 20% of survey respondents fall into this population grouping. Across the province, on the other hand, 12 of the 27 RDs or 44% fall into the 0-49,999 grouping. As can be seen, the

survey sample provides an under representation of the 0-49,999 population grouping and an over representation of the 50,000-99,999 and 100,000+ groupings.

Both geographic location and population are important factors when considering what type of a role the RD plays in its mandated responsibilities<sup>10</sup> (Bish, Clemens, 2008). Therefore, having a survey sample that adequately represents these differences is important to this study. Though there are slight discrepancies regarding population groupings, they are not so disproportionate as to discredit the relative robustness of the survey sample. Though no claims during the analysis of survey data can be made with the utmost certainty, survey responses should provide an accurate representation of RD opinions regarding shared services and CSAs.

## **5.2.2 Quantitative Data Analysis**

### **5.2.2.1 Section 1: Shared Service Formulation**

Question two of the survey instrument asks what percentage of all services provided by the RD are shared services. Responses to this question were quite diverse. The majority of survey respondents claimed that shared services make up 31-60% of all services provided. Further, no respondents claimed that shared services make up 0-20% of all services provided. These results suggest that shared services make up a significant component of overall RD service provision.

Question four of the survey instrument offers a list of factors that describe possible reasons why a RD member might enter into a shared service. Survey respondents were asked to rate the relative “impact” of each possible factor, based on personal experiences. Figure 3 illustrates how impact ratings are determined:

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<sup>10</sup> 1) Act as regional government for the region; 2) Provide a political and administrative framework for inter-municipal or sub-regional service delivery; 3) Act as local government for electoral area.

Figure 3-Impact Rating Continuum on Motivating Factors

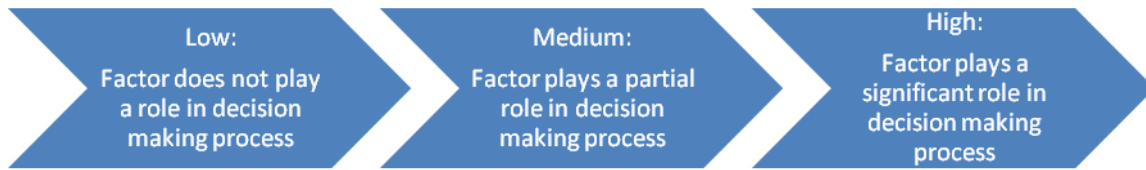


Table 3 summarizes the results from question four<sup>11</sup>:

Table 3: Motivating Factor Survey Results

Factors that encourage entry into shared services	Range of impact	Survey response rates
<b>Efficiency:</b> Creates efficiencies and possible economies of scale. Enhances the delivery of services and avoids duplication of effort/expenditure.	Low Impact	0
	Medium Impact	0
	High Impact	100%
<b>Community Building:</b> Set an example for the community by providing leadership on cooperative initiatives.	Low Impact	20%
	Medium Impact	47%
	High Impact	33%
<b>Economic Growth:</b> Enhanced opportunity to attract economic growth and development in the area.	Low Impact	26%
	Medium Impact	53%
	High Impact	20%
<b>United Voice:</b> Allows participating areas to speak with one voice to government, achieving strength in unity.	Low Impact	27%
	Medium Impact	33%
	High Impact	40%
<b>Community Capacity:</b> Based on the needs of the community, can provide a more effective and	Low Impact	0
	Medium Impact	7%

<sup>11</sup> Survey respondents could choose a low, low-mid, mid, mid-high, or high impact rating for each factor. For the purpose of clarity in **Error! Reference source not found.** responses were condensed where all “low” and “low-mid” responses fall under the “Low” row, and all “mid-high” and “high” responses fall under the “High” row.



broader range of services not possible individually.	High Impact	93%
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The results from question four, seen in Table 3 reveal interesting trends among RD respondents. For example, the “Efficiency” and “Community Capacity” factors have a considerable impact on whether a RD member enters into a shared service. On the other hand, community oriented factors such as “Community Building”, “United Voice” and “Economic Growth” reveal more scattered responses regarding impact ratings. These trends suggest that the majority of RD members see economic benefits, such as achieving economies of scale and scope, as the most important factors when considering entrance into shared services; whereas factors that promote community building seem to be a secondary consideration.

Question six of the survey instrument offers a list of barriers that describe possible reasons why a RD member might not enter into a shared service. Survey respondents were asked to rate the impact of each barrier, based on personal experiences. Figure 4 illustrates how impact ratings are determined:

*Figure 4-Impact Rating Continuum on Discouraging Barriers*

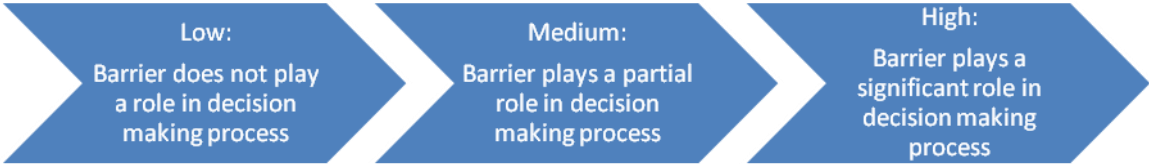


Table 4 summarizes the results from question six<sup>12</sup>:

*Table 4: Discouraging Barrier Survey Results*

<b>Barriers that discourage entry into shared services</b>	<b>Range of impact</b>	<b>Survey response rates</b>
<b>Autonomy:</b> A concern of losing control over decision-making power regarding service operations	Low Impact	7%
	Medium Impact	20%
	High Impact	73%
<b>History:</b> A historically negative working relationship among RD members	Low Impact	47%
	Medium Impact	7%
	High Impact	47%
<b>Process:</b> Lack of a clearly defined set of guidelines for establishing shared services among members	Low Impact	80%
	Medium Impact	7%
	High Impact	13%
<b>Environment:</b> Lack of a stable economic and/or political environment within which to work	Low Impact	67%
	Medium Impact	7%
	High Impact	27%
<b>Objectives:</b> Differing goals and priorities, understanding of community need and personal expectations among members	Low Impact	13%
	Medium Impact	33%
	High Impact	53%

Table 4 shows great diversity among responses regarding the level of impact for each barrier. Results suggest barriers that have the highest impact on discouraging entry into shared services are “Autonomy” and “Objectives”; whereas “Process” and “Environment” are the least impactful

<sup>12</sup> Survey respondents could choose a low, low-mid, mid, mid-high, or high impact ratings for each factor. For the purpose of clarity in **Error! Reference source not found.**, responses were condensed where all “low” and “low-mid” ratings fall under the “Low” rows, and all “mid-high” and “high” ratings fall under the “High” rows.

barriers. Ratings for other barriers are scattered, with “History” splitting its impact ratings right down the middle.

Results suggest that RDs are hesitant to give up control over the operation of services, while differing goals and negative working relationships among RD members are also deterring factors. For the most part these results reflect available literature and similar studies, which suggested that a loss of autonomy and a negative historical relationship are commonly sighted reasons local governments will not engage in shared service arrangements (AAMD&C. Bish, 2009. Johnson, Walzer, 2000). Further, the results are similar to those found in past commissions on BC’s regional districts, primarily listed in the Literature Review section of this study. “Process” came out the least impactful of all the barriers listed; this encouraging as it suggests that RDs clearly understand the processes involved in entering into shared services.

#### **5.2.2.2 Section 2: Custom Arrangements within Shared Services**

Questions eight, 12 and 14 of the survey instrument individually asked the RD respondent whether they have adopted the cost apportionment tool, the alternate voting rules tool or the service review tool to customize the service details for any shared service. Results showed that 73% of RD respondents had adopted the cost apportionment tool, 20% had adopted the voting tool, and 13% had adopted the service review tool. As compared to the SEB analysis, there are consistencies in these results, in that cost apportionment is the most widely adopted tool. However, where usage of the cost apportionment tool was only present in 21% of the SEBs analyzed, it was present in 73% of survey responses. In fact, compared to the SEB analysis, survey results showed a much higher representation of tool adoption across the board, not only with the cost apportionment tool. These results are interesting and could be caused by numerous factors. For example, the criteria used for creating the SEB sub-sample may have been too stringent, eliminating SEBs that may have utilized section 800.2. Another potential factor is that

the survey respondents themselves were biased. In other words, RDs who were already familiar with CSAs were more likely to respond to the survey than those who were not.

Questions 10, 14 and 18 of the survey instrument each offers a list of statements that describe possible circumstances where a RD might not have adopted a tool. The RDs were then asked to rate the significance of each given reason, based on their experiences. Figure 5 illustrates how significance ratings are determined:

*Figure 5- Significance Rating Continuum on Reasons for not Adopting Tool*

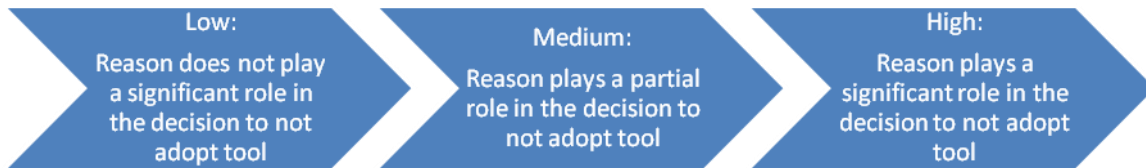


Table 5 summarizes the results of questions 10, 14 and 18<sup>13</sup>

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<sup>13</sup> The survey instrument had the rating options of low, low-mid, mid, mid-high, or high for each reason. For the purpose of this paper responses were condensed in Table 5, where all “low” and “low-mid” responses were grouped under the “Low” row, and all “mid-high” and “high” responses were grouped under the “High” row.

Table 5- Reasons for Non-Adoption Survey Results

		<b>Cost Apportionment Tool</b>	<b>Voting Tool</b>	<b>Service Review Tool</b>
<b>Reasons for Non-Adoption</b>	<b>Significance Rating</b>	<b>Survey Response Rate</b>	<b>Survey Response Rate</b>	<b>Survey Response Rate</b>
1) Key decision makers (elected officials) unaware of tool	Low	67%	67%	80%
	Medium	20%	7%	7%
	High	13%	26%	14%
2) Tool usage considered too complex or difficult by RD board	Low	60%	47%	66%
	Medium	27%	33%	20%
	High	14%	20%	13%
3) Financial burden of upfront work attached to tool implementation	Low	67%	87%	60%
	Medium	20%	7%	13%
	High	14%	7%	27%
4) Time demands of upfront work of tool adoption (effort/available resources)	Low	73%	80%	67%
	Medium	13%	0	7%
	High	14%	20%	26%
5) Believe tool is ineffective in accommodating shared services	Low	60%	33%	40%
	Medium	27%	40%	27%
	High	13%	26%	23%
6) Not possible to agree on alternative option	Low	33%	40%	47%
	Medium	13%	13%	20%
	High	53%	47%	33%
7) Believe default method is adequate for the purposes of shared service	Low	20%	26%	40%
	Medium	27%	13%	27%
	High	60%	60%	34%

Table 5 shows many interesting results regarding why RDs may not be adopting the tools found in s.800.2 when establishing shared services. The results are broken down and analyzed on a reason-by-reason basis.

**Reason 1—Key decision maker unaware of tool:**

- The vast majority of survey respondents rated this reason as having a low significance. Reason one examines whether RDs are aware of s.800.2 as a potential option when establishing shared service. Results suggest that the majority of RDs are aware of the tools.

**Reason 2—Tool Complexity:**

- The majority of survey respondents also rated this reason as having low significance. However, there is noticeable representation of medium significance ratings for each tool as well, specifically with the voting tool. These results suggest that tool complexity, though not a major contributing factor, can affect different RDs on a different scale.

**Reasons 3 & 4—Financial Burden & Resource/Time Constraints:**

- Significance ratings for reasons three and four are both resoundingly low, suggesting that RD financial and administrative capacity may not be an issue. These results are encouraging, as some RDs have greater access to finance and resource capital than others do, and it would be an unfair advantage if the costs of tool implementation were holding some RDs back from adoption. Though the majority of respondents rated significance of these respective reasons as low, upon closer examination, the most remote RD, with the smallest population within the survey sample rated both financial burden and time constraints as having high significance for all three tools. However, this result is not consistent among the remaining RDs in the sample with similar sized population and remoteness.

**Reason 5—Tool is Ineffective:**

- Reason five is the first to show a noticeable diversity on a tool-by-tool basis among respondents. Where the cost apportionment tool maintains a low significance rating, significance ratings for the other two tools even out considerably between low, medium and high. These results suggest that survey respondents believe in the effectiveness of the cost apportionment tool more than the voting tool or the service review tool, which is consistent with the SEB analysis results.

**Reason 6—Difficulty Reaching Consensus on Alternative Option:**

- Significance ratings for this reason even out across the board among the different tools. Further, this is the first reason where high significance ratings outweigh low ratings. This suggests that more RD members are having difficulty in reaching a consensus on specifically customized service details. This is an interesting result, specifically with previous survey results discounting the complexity of the tools themselves and the financial and administrative capacity of the RD as potential reasons. The relatively high significance ratings for Reason 6 suggests that RD members remain self-interested, focusing on their constituencies alone, and may not be fully aware of the short and long-term benefits that are often attached to shared service detail customization. The responsibility of articulating these benefits generally falls on the CAO, as the acting facilitator for the RD.

**Reason 7—Members Content with Default Options:**

- This reason received the highest significance rating among survey respondents, specifically for the cost apportionment tool and the voting tool. This is understandable, as RD boards and members are comfortable with the default options that have regulated

shared service establishment for over four decades. This result suggests that customizing a service detail is often seen as an unnecessary, simply not required.

### **5.2.3 Qualitative Data Analysis**

The survey instrument also had a considerable amount of comment box questions, where RD respondents could answer follow up questions. For the most part these questions were optional, as such many were left unanswered, and those filled were generally less than fruitful. There were comment box questions where responses were mandatory, however. The mandatory questions asked the RD to elaborate on why they chose to adopt a particular tool, or if they have not yet adopted the tool, to explain if there were circumstances where they would. The qualitative analysis will examine the RDs responses individually to determine themes, and then compare themes to determine if there are any obvious trends.

#### ***Cost Apportionment Tool***

Question 11 of the survey instrument probes at reasons for adopting the cost apportionment tool, or circumstances where RDs would consider adopting the tool (if they have not already). For RDs that have adopted the tool, the words “fairness” and “equity” were quite prevalent. For example, one response was:

“(The tool) gives us the ability to ensure that cost apportionment is fair and equitable, that costs are apportioned on an appropriate basis, e.g., people services shared on population, property services shared on assessment, services to improvements shared on the basis of number of parcels, etc.”

However, such depth of responses was not the norm; another response simply stated “Fairness and Equity”. There was less consistency in the responses of RDs that have not yet adopted the cost apportionment tool, or no response at all. One response did claim to be in the process of considering tool usage, based on service usage. Another response was that adoption “will depend upon the objectives of the stakeholders in the service”, which suggests that the CAO is waiting on the members to take the first step towards alternative method of cost apportionment.



The overall theme in responses was one of belief in the tool as an effective mechanism for increasing equity in financing the service. This theme is encouraging; as 73% of the RD respondents had adopted the cost apportionment tool it suggests that the tool is being implemented in tune with provincial policy objectives. An overall theme was less obvious in the responses of those RDs that had not yet adopted the tool. However, of the few responses given, none claimed to be outwardly against the cost apportionment tool; generally, it was a case of tool adoption being deemed unnecessary.

### ***Alternate Voting Rules***

Question 15 of the survey instrument probes at why the RD respondent chose to adopt the alternate voting rule tool; or in the event that they had not yet adopted the tool, circumstances where they would. Once again, many of the RD respondents that had adopted the voting tool referenced ‘fairness’ and ‘equity’ as motivating factors. One response referred to a case where the voting rule was adopted:

“In the case of this service, the Electoral Area has a high assessment base and low population while the Village’s assessment is lower and population is higher. So the participants chose to assign votes based on assessment rather than population to ensure that the Electoral Area had a fair say in the decisions affecting the service.”

This quote represents a very good example of a service where the voting tool should be incorporated into a shared service plan; potential inequities were recognized in advance and addressed appropriately. However, the majority RD respondents did not share this optimistic vision of the voting tool. Only 20% of RD respondents had adopted the tool, which is reflected in many of the responses. Responses from those RDs that had not adopted the tool suggest that tampering with voting regulations can be contentious. Terms such as “highly political” and “lack of political will” were evident in some of the responses. One particular RD summed up the theme quite succinctly in stating that:

“Alternate voting rules always means that someone ‘gains’ a degree of power or authority or influence, while someone ‘loses’, so we always revert back to the default, because no one can get enough support to change it.”

This quote adequately represents a theme among non-adoption RDs that the voting tool is a potentially divisive option that has the capability of fragmenting the negotiation process even further, as opposed to mending it. Though RDs that have adopted the tool tend to see it as another means of “balancing the scale”, one can see how such an arrangement could only be possible in a negotiating environment of mutual respect and trust. In any RD where there is an “us versus them” attitude amongst members, it is understandable how even addressing the potential of changing the standard voting rules could increase controversy by creating perceived “winners” and “losers”.

### ***Service Review and Withdrawal Provisions***

The service review tool was the least adopted of the three tools among survey respondents. This fact is reflected in the responses to question 19 of the survey instrument, which seeks to gain additional information on why the tool was adopted, or circumstances where the RD would consider tool adoption. For those RDs that had adopted a different method of service review, justifications centered on how this tool diminished the likelihood of service reviews just “popping up”, and offered “an easy opportunity to pull out.” The responses from those RDs that had not adopted the service review tool tend to share the belief that often service reviews are managed informally among the participating areas, and outside of the legislative framework. There is also a sense that service review provisions are simply unnecessary. For example, one RD stated:

“They are not viewed as particularly effective in general...usually either the parties pay in, in which case they aren’t overly concerned about the future satisfaction with the service, or they won’t agree to participate to start with, so discussion of service review is a moot point.”

These responses suggest that those RDs that are adopting the service review tool are applying foresight regarding the long-term health of the service, and recognizing that problems may arise in the future that can at least partially be addressed in the present. However, responses suggest that the majority does not seem to subscribe to this degree of foresight, and do not see the benefit in taking the extra time and effort addressing a problem that may not even arise. Both of these reasons, for adoption and non-adoption, are valid and understandable. An overriding theme from the responses of RDs that have not adopted the service review tool is one of disinterest, or disbelief in the importance of alternative service review provisions.

### ***Overall Effectiveness***

The final question of the survey asked RD respondents whether they believe the tools in s.800.2 provide an effective instrument in encouraging shared service establishment among regional members. A follow-up question then asked them to explain their response. 80% of respondents stated that they believe that the tools in s.800.2 are effective. Many of these responses contained terms such as “fairness”, “flexibility”, “creativity” and “opportunity”. One RD stated, “Increased flexibility allows for more options. More options allows for more reasons to say yes.” Another stated, “It gives an option for creativity when things become difficult or ‘stuck’ during the negotiation process.” Those RDs that stated that the tools are ineffective claimed reasons such as of lack board unanimity, and their inability to address true barriers (such as free riding).

These results are interesting. They suggest that there may not be anything fundamentally flawed with the tools themselves, particularly regarding their perceived or actual effectiveness. SEB analysis and survey reflected this sentiment in overall upfront cost apportionment customization, however not in director vote weighting and service review customization. There seems to be a stark contrast between how the CAOs perceive the vote weighting and service

review tool in theory, and how applicable it is in practice. This again points to the decision makers being unwilling or unable to negotiate the specific details that pertain to tool adoption.

#### **5.2.4 Survey Data Summary**

The survey instrument produced qualitative and quantitative data that will greatly assist and advance the purposes of this study. Regarding shared services generally, responses suggest that RD members enter into shared services for economic reasons, such as the ability to gain economies of scale and scope. However, the concern over a loss of autonomy in service operations remains a barrier that can deter RD members from entry.

Regarding the tools themselves, cost apportionment comes out the clear favourite among the three tools. Cost apportionment is the most highly adopted tool, and almost all RDs believe in its ability to increase fairness and equity in how costs are portioned out amongst the participating areas, as well as its overall ability to encourage entry into shared services. Incorporating alternate voting rules into a shared service is much less common, and is seen as a highly political and risky move. Though some RDs do appreciate its effectiveness in addressing the issue of autonomy, overall it is not a popular tool. Incorporating alternative service review provisions is generally seen as an unnecessary tool among RD respondents. This outlook suggests that the benefits attached to this tool are too long term for many RD members to consider during the upfront negotiation stages of service establishment.

### **5.3 Interview Data Analysis**

Three Key Informant Interviews were undertaken in December of 2009. The intentions of these interviews was to gain a holistic perspective of the issues surrounding RD shared service establishment and tool usage, and the over position and role of the Province. Interviews were conducted with a Provincial representative specializing in local government policy and legislation in BC, an academic and resident expert in local governments both nationally and internationally,

and a former RD CAO with over one decade of direct experience establishing shared services with RD members. Each interviewee was asked the same series of questions; however responses varied considerably, as was anticipated. This analysis will summarize the responses from each interview, focusing on relevant points made as well as overall themes. Interview data will then be compared against SEB analysis and survey data to determine how to appropriately proceed with policy alternatives and recommendations

### **5.3.1 Provincial Perspective**

Nicola Marotz is the Executive Director in the Policy and Research branch of the Ministry of Community and Rural Development and was actively involved in the policy work that went into s.800.2 implementation. Ms. Marotz qualified at the outset of the interview that, while representing the “Provincial perspective”, her responses are all speculative.

#### ***Question 1:***

When asked why promoting shared services among RD members is important to the Province, Mr. Marotz responded that facilitating shared services is one of the three responsibilities of the RD, the other two being: acting as a local government to unincorporated areas and dealing with region wide issues. She went onto say that RD shared services create economies of scale for the people who actually receive the services; such a system also effectively avoids the necessity of amalgamation or other dramatic structural change.

#### ***Question 2:***

Regarding survey results suggesting that “Autonomy” and “History” are significant barriers that deter RD members from entering into shard services, Ms. Marotz was not surprised. She believes that these two factors, namely relationships and partnerships, are at the heart of the federation that is a regional district. A follow-up question asked what role the province should play in facilitating the RDs to help them address these issues. Ms. Marotz responded that it is not

the role of the Province to come down on top of this with a “magic answer” to fix everything; the role of the province it to supply the system with the tools it needs to fix its own problems. She went on to explain that there are numerous factors that need to be considered when looking at the framework of issues that surround RD implementation, such as “capacity, knowledge, understanding... political will and the soft characteristics of political leadership and understanding... conceptual and systemic thinking.”

***Question 3:***

Question 3 informed Ms. Marotz that both the SEB analysis and survey results suggest that s.800.2 tools are not being utilized to their full capability and that RD boards continue to rely on the default options. When asked why she believes that this may be the case, she responded that lack of knowledge of the tools themselves may be a contributing factor, as well as lack of understanding of how the tools should be used. She also recognized that adoption of the default options might simply be due to lack of time; where the default option may be seen as “faster and safer... by the administrators and the politicians... there might be risk aversion to doing something other than the default”. Further, she stated that time constraints may limit RD capability of conceptualized thinking, where board members tend to focus on immediate rather than long-term challenges.

***Question 4:***

When informed that survey results revealed the most prevalent reason for not adopting a tool was that the default method was deemed adequate, Mr. Marotz was encouraged, stating that, “The fact that they’re not using the tools is not negative, if the reason for this is that they feel the default method is adequate.” However, she went on to state that this was not a surprising answer as the majority of services that RDs provide are rather straightforward, and would not require tool adoption, it is in the more complex services where customized arrangements are needed. Regarding the second most significant reason for not adopting a tool, namely that it was not

possible to reach an agreement among members on service details, Ms. Marotz questioned whether this difficulty lies in the tools or the services to which they are being applied. Stating that, “it could be not so much a reflection of the tools, but the nature of the services in which you are trying to apply the tools.” Ms. Marotz then reasserted the importance of RD capacity to adopt these tools. A follow-up question asked whether it is the Province’s responsibility to provide for this increased capacity to RDs to allow them to use the tools to their full potential. The response was that it is a “shared responsibility...our responsibility is to ensure that we do what we can to help...that the tools and the capacity are there so that the system can function and work for itself.”

***Question 5:***

Question 5 addresses the apparent contrast between the RD respondents’ resounding belief in the effectiveness of the tools in s.800.2, and the relatively small amount of RDs that have actually adopted the tools. Once again, Mr. Marotz was encouraged by the fact that the majority of RDs believe in the effectiveness of the tools, even if it is just in theory. Further, she does not necessarily see this response as a contrast; what she sees are a majority of RDs that have not had a need to adopt any of the tools yet, however if faced with an especially complex service, they would, at least in theory, consider s.800.2 as an option. Ms. Marotz goes on to state that responses suggest that the “problem is not the tools...the tools seem perfectly adequate”, the problems lie in the complexities of the RDs themselves: history, money, time, and capacity.

***Question 6:***

Given the opportunity to speculate about possible methods of encouraging shared service adoption, outside of the legislative tools in s.800.2, Ms. Marotz offered interesting suggestions. The first was a recommendation from the RDTF Final Report, one of encouraging RDs to implement upfront “strategic service plans”, which include well thought out service visions (including CSAs, if necessary). Another option would be offering additional information on

shared services to RDs, specifically building on the 2005 Regional District Toolkit, which offered not only information on RD service provision, but also offered hypothetical scenarios and how they might play out. Another potential option would be one-on-one problem solving, in an attempt to uproot the deep lying problems that may exist within individual RDs. Building on this suggestion, Ms. Marotz identifies RD administrator capacity building as another potential option, referencing Local Government Management Association (LGMA) as a potential partner in developing a workshop or a series of workshops that target shared services.

### **5.3.2 Expert Perspective (Academic)**

Dr. Robert Bish is a former professor, published writer and resident expert on Local Government systems, particularly in British Columbia. Along with numerous other publications on local government systems, Dr. Bish wrote the *1999 Regional District Report* that contained recommendations that led to the implementation of s.800.2 in 2000.

#### ***Question 1:***

When asked why shared services are important to encourage among RD members, Dr. Bish stated that the role of the Ministry is to establish the legal framework within which local governments can work; after that, it is up to the local governments to take advantage of the opportunities provided. In this sense Dr. Bish is advocating the Province's arms length policy approach to handling most local government issues. However, he believes:

“(The Province) would like to keep (property) taxes relatively low, that's in the provincial interest, and you'd like to have services efficiently produced, so there's some broad provincial interest there. But it's very seldom that there's a provincial interest in any particular shared service in any particular regional district...so if there's no provincial interest then you leave it up to the locals”.

In this sense Dr. Bish is describing the importance of defining provincial interest in the matter, and how the level of interest will determine the degree of provincial action that will be undertaken.



***Question 2:***

Question two looked at loss of autonomy and a historically negative working relationship among RD members being highly rated barriers among survey respondents. Dr. Bish was not surprised by these results, in fact he stated that

“This is exactly what you would expect; in the sense that as you reduce decision rules, individual parties have an increased potential for being harmed by the decision...If it’s ever 51% voting rule, then you know that there will be an instance where you are going to be harmed, because you are in the minority sometimes.”

Dr. Bish recognizes the caution of RD members to enter into shared services, particularly where there is a negative working history among members.

***Question 3:***

Question three informed Dr. Bish that studies suggest RDs are not utilizing the tools in s.800.2 to their full capability. Meanwhile, RDs continue to rely on the default legislative options and are continuing to struggle with complex shared service establishment. In response, Dr. Bish believes that many RD members are so blinded by the initial benefits and costs of the service implementation that they ignore the distributional consequences of the financing or other operational issues that may arise. He goes on to state, “they (participating areas) view the entire package as a positive sum for everybody...and they don’t want to get into the zero sum of discussing financing.” As such, the default methods of service establishment are deemed adequate, as none of them directly address the short term costs and benefits. However, Dr. Bish warns that without the upfront discussion of finer details such as service financing and administration, down the road, once the initial benefits have worn out, the participating areas will begin “sharpening their pencils” and comparing their service costs and benefits with other participating areas; this is where problems tend to arise. In this sense, the benefits of upfront service customization are framed as a type of insurance for participating areas. This is a useful

analogy and an effective way to frame the importance of upfront detail customization, specifically when looking at director vote weighting.

***Question 4:***

Question four asked Dr. Bish to comment on the survey results that suggested that the two most significant reasons for not adopting a tool were that participating members were unable to reach an agreement on an alternative tool formula and participating members were comfortable with the default option. In response, Bish reiterated that the default methods may very well be adequate in establishing shared services, due to the start-up benefits and costs making up the brunt of what is negotiated. The default method of cost apportionment, voting weighting and service reviews can become problematic down the road once the short-term benefits have been reaped.

***Question 5:***

Regarding the contrast between the apparent optimism from RD respondents of s.800.2 tool effectiveness and the percentage of RDs that have actually adopted the tools, Dr. Bish states that it is a matter of who is making the final decisions. Where the RD CAO's may recognize the benefits of the tools, the elected officials make the decisions, and as Bish states, "if they're busy people, they are going to opt for simplicity". Bish explains that RD directors are primarily concerned with their own constituency; therefore, if there are not direct and obvious benefits from tool adoption, they are more likely to oppose it.

***Question 6:***

Given the opportunity to focus on other ways that the Province could encourage shared service establishment, Dr. Bish makes reference to how shared service agreements are encouraged among local governments in the USA:

"You give them money, and you put as a condition a shared service...if there's a fundamental provincial interest (in BC) then the province ought to be paying for

part of the bill...then as a condition of paying part of the bill, you encourage whatever kind of organization in shared services that makes sense.”

To put a final stamp on his position, Bish states, “if it’s a provincial interest they have two choices, mandates or money...and unless there’s a provincial interest with a particular (RD) service, we fiddle with the rules internally and see what happens in a decade.” This sentiment is evident in Ms. Marotz’s response to question six as well; one of providing adequate tools to local governments, without having to come down on top of them with aggressive policy or spending.

### **5.3.3 Practitioner Perspective**

John Smith is the former Chief Administrative Officer from the Thompson-Nicola Regional District and has sixteen years of firsthand experience facilitating shared services alongside RD members. Mr. Smith was also involved in the stakeholder negotiations that preceded the implementation of s.800.2 of the LGA.

#### ***Question 1:***

When asked why it is important to encourage RD shared services, Mr. Smith felt that it was necessary to qualify exactly whom it is important to, stating that it seems to be more important to the Province than it is to the persons who would be gaining from the shared services. He believes that provincial interest is presently due to a group of particularly dysfunctional RDs that are “beating up” provincial bureaucrats and holding their attention. However, he does state:

“It only makes sense that (shared) services be established; you get more for your dollar, you can actually make them far more efficient, and hopefully people can live happily ever after. But that’s the trick; you’ve got to be able to get everybody to be very happy with what happened.”

#### ***Question 2:***

Regarding barriers that discourage shared service establishment, namely loss of autonomy and a negative history, Mr. Smith says that they can be addressed, and have been addressed through s. 800.2. However the concern of loss of autonomy comes down to distrust

among RD directors, particularly between EA and municipal directors in the dysfunctional RDs. Mr. Smith believes that RD administrators, such as CAOs, have the ability to address this distrust; however there is what he sees as a huge reluctance to do so. Even though the tools are available to increase fairness and equity in shared services provision, there will always be winners and losers, particularly when changing director vote weighting. Mr. Smith believes that the *sheer possibility* that one or two of the RD members will not agree with a proposed customization is enough to scare the CAO away from pursuing that option. This fear lies in the possibility that the dissenting director(s) will never forgive the administrator for being “coerced” into a service whose details they never agreed upon. Even if the service is clearly a success because of the customization, given the opportunity the dissenting directors will seek revenge on the administrator, usually in the form of replacement or termination. Mr. Smith then goes on to compare the RD CAO with coaches of professional sports teams; in that they are fired the moment there is the slightest problem. As such, RD administrators “are very hesitant to do something that they probably do know how to do (addressing issues of financial and operational equity upfront).”

***Question 3:***

When told that s.800.2 is not being utilized to its full capability, and that RD boards continue to rely on default options when establishing complex shared services, Mr. Smith stated, “In some cases the politicians have no intention of ever agreeing with one another and the staff is leery of getting involved in something that’s just going to be a dog fight.” Mr. Smith then reiterated the point that there will always be winners and losers, and in many cases, the “losers” are vengeful and will be disruptive in later negotiations or seek to have the CAO fired. Therefore, instead of getting involved in what Mr. Smith refers to as a “a war”, the administrators are much more comfortable simply resorting to the default options. According to Mr. Smith, in this sense, the administrator is saying “listen, we’re not saying that this is the best way to do it...nobody is

saying that it is fair...this is the way that the Ministry sets it all out, so that's just what we do." In other words, the administrator is making the Province the scapegoat, as opposed to him/herself. In such cases, Mr. Smith argues that the default options are a shield used to protect the administrator from hazardous political fallout.

***Question 4:***

Regarding the RD survey responses that stated that adequacy of default methods was the most significant reason for not adopting a tool; Mr. Smith simply stated, "The most important thing is that everybody's happy...everything else is irrelevant." If the RDs and participating areas feel that the default methods are adequate, more power to them. Regarding the next most significant reason for not adopting a tool, that participating members were unable to reach consensus on new method, Mr. Smith believes that where s.800.2 tools are being adopted you will find an administrator who is a skilful negotiator. He then compares the tools in s.800.2 to a set of carpenter's tools, stating that the tools themselves are fine; it's the carpenter who must learn to properly use them.

"If the carpenter is very good, he'll build you a beautiful cabinet. If the carpenter is an apprentice and doesn't have the experience with the tools, or the wood, you're not going to get anything; it doesn't matter how good the tools are, he just can't use them."

In other words, tool adoption and effectiveness often come down to the skills and the mindset of the person facilitating the process, be it the CAO or some other high level RD administrator to whom the job has been delegated. When asked what percentage of RD administrators presently falls into the 'skilled carpenter' category, Mr. Smith replied, "I'm sure they would all class themselves as skilled...But, I would guess that only about thirty percent would be skilled and motivated enough to want to take on the tougher assignments. Even then, they would probably only be able to achieve the goal (CSAs) a third to a half of the time, due to political stubbornness on the part of some directors."

A follow up question asked Mr. Smith whether the picture that he was painting, one of an apprentice RD administrator purposefully avoiding the option of CSAs based on either fear or ineptitude, is common among his peers in other RDs. In response, Mr. Smith stated, “the people who would give you this perspective is all of the individuals who are talented enough to deal with the situation without fear.” However, Mr. Smith qualifies that tool adoption, or lack thereof, is not entirely reliant on weak administration. Historically dysfunctional RDs, of which “you might find 5”, are also to blame, and in these cases even the most skilled administration could not make a difference.

***Question 5:***

Regarding the apparent disconnect in data between tool adoption and RDs optimistic perspective on tool effectiveness, Mr. Smith simply stated:

“I think almost every one of the RDs will look at the tools and say, ‘this is very good, its concise and simple and everyone can understand it, especially the politicians. If we have some sort of political will, to get there from here, these tools are perfect...the down side is finding that political will to reach agreement.”

***Question 6:***

Mr. Smith addressed question six indirectly throughout the interview. His suggestions will be addressed in greater detail in the Policy Alternatives section of this study.

### **5.3.4 Interview Data Summary**

Provincial Perspective-Nicola Marotz:

- Province has a shared role to play with RD in helping facilitate shared services establishment. Namely, maintaining an arm’s length approach to intervention by providing RDs with the necessary tools, both legislative and educational.
- The tools in s.800.2 do not seem to be the problem (based on survey results). Lack of service detail customization at service establishment may have to do with RD

administrative and political capacity (time, finances, resources), and the lack of systemic and long-term thinking during the upfront stages of service establishment.

Academic Perspective-Robert Bish:

- Advocated provincial intervention should match provincial interest. As such Bish focused on soft intervention, assuming that provincial interest does not warrant hard intervention.
- Believes that RDs are not customizing service details upfront for two reasons: (1) RDs are generally blinded by the short term costs and benefits of entering into shared services, where the tools in s.800.2 are meant to address more long-term issues, such as financing and operational equity; and (2) the default methods of cost apportionment, voting rules and service review are perfectly adequate for addressing these short term concerns, therefore even in more complex shared services RD boards do not see the need to look past them.

Practitioner Perspective-John Smith:

- Focused primarily on the role that the administrator plays in shared service establishment, specifically in their dealings with board members. Believes that the problem is not with the tools themselves, but rather with a lack of political will among RD directors to adopt tools, and dysfunctional relationships among RD members. Lack of political will can be the effect of RD administration (CAOs and other high level administration)
- RD administrators fall into one of two categories: in the first category you find an administrator who does not have difficulty facilitating CSAs. This administrator has the interpersonal skills, negotiation skills and intellectual shrewdness required to convince RD directors to look past the short term political goals and accept tool adoption. In the second category, you find an administrator who has a great deal of difficulty facilitating CSAs. This administrator has difficulty because he/she is either fearful of the potential

backlash from dissenting RD directors, is unable to properly apply the tools based on a lack of education/information, or some combination of the two.

General Themes:

- There does not seem to be anything inherently wrong with the policy or design of the tools in s.800.2 of the LGA. The tools themselves are appropriate and effective if properly adopted.
- Problems reside in the implementation of the tools and vary on a RD to RD basis. Implementation problems can be a factor of dysfunctional relations among RD members, overall lack of political will among RD directors, and/or an overall lack of administrative capacity among RD CAOs.
- The Province should not apply hard solutions to encourage CSA adoption among RDs. Solutions must be soft and be provided at arm's length, examples include minor legislative amendments to pre-existing tools and educational campaigns on tool usage.

## **5.4 General Data Summary**

SEB analysis and survey data suggests that RDs are adopting the cost apportionment tool at a higher ratio than the vote weighting tool and the service review tool. Further, survey data suggests that the majority of RDs believe in the effectiveness of the cost apportionment tool in creating fair and equitable service financing. Though this is encouraging, equitable service financing is only one piece of the puzzle. The other main piece of the puzzle is having an equitable say in service operations, which can be effectively addressed by adoption of the vote weighting tool and the service review tool. However, the SEB analysis and survey data suggest that RDs are much less likely to incorporate the voting and service review tools into CSAs. Reasons for non-adoption seem to hinge on the board members themselves, and an overall lack of



political will to look past the short term costs and benefits. Survey results suggest that, for the voting tool specifically, tool adoption is often seen as disruptive and difficult to facilitate.

RD directors are mainly concerned with ensuring the best interests of their constituencies. Therefore, when establishing a shared service, focus is on the benefits and costs to their respective area. Though this in itself is not a problem, s.800.2 tools intend to address problems that can affect all participating areas collectively and not necessarily at service establishment, they apply a more long-term outlook. Survey and interview data suggests that upfront CSA adoption for shared services could be increased if RD boards could see the benefits of CSAs in a more holistic way, which is something that they are not accustomed to doing. This is where the issue of administrative capacity comes into play. Survey results suggest that RD CAO's are not only familiar with the tools, they believe in their effectiveness. However, the adoption of voting and service review tools remains low. Interview data suggests that this disconnect may have to do with the capacity of RD administration in facilitating these arrangements; in other words, their capacity to negotiate through the costs and benefits of CSA adoption. If RD administrators have this capacity, then directors are more likely to see past their political biases and opt for a CSA. Thus, increasing CSA adoption upfront begins with increasing RD administrative capacity to effectively facilitate negotiations.

In sum, increasing upfront CSA adoption for RD shared services relies ensuring the RD administration has the necessary capacity to facilitate shared service negotiation. Ensuring that this capacity is met should have a noticeable effect on the participating areas' ability to clearly see the short and long-term benefits attached to service customization. The Province should have an interest in accommodating these objectives, as participating in shared services increase economies of scope and scale for local governments, which should help control property tax rates. However the Province must act within the mandate of promoting local government autonomy; and therefore must pursue objectives at arm's length.

## 6: Policy Alternatives

This section provides the Province with four possible alternatives that can address the issues of political will and administrative capacity related to the adoption of CSAs. The alternatives draw upon information from the data analyses as well as pertinent information gained from the literature review and supplementary consultation with the Ministry. Policy alternatives include: (1) maintaining the status quo, (2) providing a workshop on CSAs for RD directors and administration, (3) providing a professional facilitator for service establishment, and (4) providing a secondary default option for service establishment. Information garnered from the Key Informant Interviews suggests that provincial intervention in encouraging CSA adoption among RDs should be soft, and performed at arm’s length. Figure 6 illustrates the policy alternatives in relation to the level of provincial intervention required.

*Figure 6-Policy Alternatives in Relation to Level of Provincial Intervention*



## **6.1 Status Quo Alternative**

The Status Quo alternative suggests that the Province should not interfere with the present state of RD shared service provision. The Province, in partnership with the UBCM, has already commissioned a substantive report in 1999 that highlighted numerous RD concerns regarding shared service establishment, made the subsequent legislative changes, and provided local governments with numerous Best Practice guides, Tool Kits and other educational materials for guidance on how to properly use these tools. Further, the Province is presently working alongside the UBCM through the RDTF, highlighting and analyzing RD concerns. As such, the Province has fulfilled its role of providing local governments with the tools and information necessary to facilitate and enter shared services; therefore, the Province need not be involved any further.

## **6.2 Workshop Alternative**

The Workshop on Customized Service Arrangements, or “Workshop”, offers an alternative that builds on the provincially circulated educational materials that have focused on CSAs, and appropriate usage of s.800.2 of the LGA. Examples of such educational materials are the *Guide to Regional Service Arrangements and Service Reviews*, and the *Regional District Tool Kit*, which were provided through the Ministry and the UBCM, and advised RD boards and administrators on how to effectively utilize the (then) newly implemented legislative tools. The Workshop will be provided by the Province and open to all RD board members as well as senior level administrators. The primary focus of the Workshop will be to educate all attendees on when service detail customization is appropriate, and the real short and long-term benefits that upfront CSAs can provide. Though the workshop will be open to both RD boards and senior level administrators, it will have a specific focus for RD administration and RD directors.

Administrative components will focus on improving negotiation skills, director components will focus on being able to recognize the real benefits attached to tool adoption.

During his interview, Dr. Bish noted that RD board members tend to have blinders on when negotiating shared services, their primary focus being on the short-term costs and benefits of service implementation to their constituency rather than possible long-term issues regarding equitable financing and service operations that could be disruptive. Therefore, the workshop will articulate the importance of addressing potential future problems upfront. In other words, advocate the importance of using the tools proactively, as opposed to reactively. Emphasis will be put on how CSAs can improve relations among RD members, encourage entry into shared services, and reduce the likelihood of costly and complex service reviews.

Survey results revealed that tool complexity was not seen to be a problem among RD CAOs, whereas being unable to reach an agreement on an alternative option among participating areas was seen as a problem. These results suggest that complexities lie not within the tools themselves, but within the negotiation process. In his interview, Mr. Smith suggested that many senior level RD administrators might not be adequately trained negotiators. Follow up correspondence with the Ministry suggested that the Workshop alternative could focus on improving the CAOs “interest based negotiation” skills, which advocates focusing on the participants’ *interests* rather than their *positions* (Goodwin, 2010). Doing so could potentially bypass historic grievances among RD members.

The Workshop alternative could be a half or full-day. It could be tacked onto an event such as the yearly UBCM conference; doing so would improve attendance and reduce costs. Though provided by the Province, Workshop presentations would be led by RD administration and directors who have successfully engaged in CSAs. The Workshop would offer the opportunity for administrators and directors to engage in focus groups where ideas, grievances and solutions regarding shared service establishment could be freely exchanged. The Workshop

would also offer additional Best Practice materials for the RDs to take back to their regions to continue the educational process.

The goal of the Workshop alternative is to holistically address the barriers that are negatively affecting implementation of s.800.2 tools. This objective will be accomplished through offering a communal environment where all participating members can engage and learn together. In doing so RD directors will stop seeing the short-term costs attached to negotiating CSAs as a nuisance, and begin seeing them as an insurance policy that will stop future problems from arising. As such, administrators will be less likely to fear political backlash from proposing customized tool adoption; and through Workshop events will themselves learn more about effective ways to administer s.800.2 (services, formulas, etc.). Doing so will increase their own capacity to facilitate negotiations with RD board members.

### **6.3 Professional Facilitator Alternative**

The Professional Facilitator, or “Facilitator”, alternative provides the option for RD administrators to enlist the help of a professional facilitator during the service establishment stage of a shared service. Administrators would apply to the Ministry for such help if they felt that they were unable to effectively facilitate the service establishment process, specifically when attempting to negotiate CSAs into complex shared services. This alternative can address both the problems of administrative capacity and political will. The introduction of a professional facilitator into the negotiation process would supplement the CAOs capacity to generate an amicable agreement among participating areas. Further, with the support of a facilitator a CAO would not feel as vulnerable when advocating and negotiating a CSA. The role of the facilitator is to assist participants to develop their own consensual resolution of unresolved issues between them. At no time will a facilitator have a decision-making role.

This alternative is inspired by s.813.01 (1) of the LGA<sup>14</sup>, which provides RDs with the option to request a professional facilitator from the Ministry to help facilitate negotiations during formal service reviews. The only difference is that this alternative provides a facilitator to aid in negotiating shared service establishment upfront. The main benefit of upfront facilitation over service review facilitation is that upfront facilitation would be much less complex and costly to the RD and/or Province. Often during formal service reviews, frustrations have already reached a boiling point; avoiding this can be seen as an investment for both the RD and the Province.

Correspondence with the Ministry suggested that the Professional Facilitator alternative could be provided informally, through a Best Practices guide supplied to each RD (Goodwin, 2010). The facilitator would be supplied by the Ministry in one of three ways<sup>15</sup>:

1. Free of Charge—In this case the facilitator provided by the Province will be a provincial employee. These employees, who are also trained as professional facilitators, are provided as opposed to an “independent” private facilitator. This option has numerous benefits, obviously zero cost to the RD and Ministry is one; another is that along with being professional facilitators, provincial employees are very well versed in the subject matter. However, the RD may not be comfortable being directed by a provincial representative, assuming that provincial interests may be stitched into the fabric of their recommendations. Or the Ministry may not have the resources to allocate to such an endeavour. In these cases the RD could opt for the second option.
2. Cost Sharing—In this case the Ministry will provide an independent facilitator and the cost will be shared between the Province and the RD. In the cases of formal service

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<sup>14</sup> S.813.01(1) of the LGA provides that “the Minister may appoint facilitators...whose responsibilities are to monitor services and service withdrawals, and to assist the parties in reaching agreement in those processes, by (a) facilitating negotiations, (b) facilitating resolutions of issues, and (c) assisting in setting up and using mediation or other non-binding resolution processes”

<sup>15</sup> These three types of facilitator provision are based on how the Ministry has provided facilitators during formal service reviews over the past decade, as per s. 813.01 (1) of the LGA.

reviews, the costs have generally been split 50-50 (MCD, 2008). This option ensures neutrality from the facilitator, however costs more to the RD and Ministry. The Province may not always be able to allocate financial resources to such an endeavour. If this is the case the RD must resort to the final option.

3. Recommendation—In this case the Ministry will recommend an independent facilitator who is knowledgeable in the subject matter and has a sound track record in the field.

However, the Ministry will not cover any costs for this facilitator.

## 6.4 Default Option Alternative

The Secondary Default Option alternative, or SDO, addresses the lack of political will among RD board members to enter into CSAs. It does this by introducing an alternative method of service detail establishment into the default sections of the LGA. This alternative may also effectively improve administrative capacity by providing administrators a concrete second option to work with within the legislation. Both SEB analysis and Survey data suggest that the majority of RDs continue to rely on default methods when establishing shared services. Though this may be due to the default options being adequate in most cases, it may also be caused by other means. In his interview, Mr. Smith suggested that RD CAOs often use the default method as a scapegoat. As opposed to suggesting the adoption of a CSA, the CAO will simply claim that, “this is the way the Ministry sets it out and so that’s just what we do” (Smith, 2009). The SDO alternative addresses this possibility by including into legislation an alternative default method, aside from the one already established. Doing so provides the CAO with another option that “the Ministry has set out”. This alternative can most effectively be explained through an example:

Presently, the required default method for cost apportionment is outlined in s.800.4 (2) of the LGA, and states, “If the method of apportionment is not set by establishing bylaw, **the costs of providing a service must be apportioned on the basis of the converted value of land and**

**improvements in the service area.”** The SDO alternative would provide another possible route for the RD to take. For example, s.800.4 (2) would be worded the same as above but would include the amendment, “...the costs of providing a service must be apportioned on the basis of the converted value of land and improvements in the service area **or on the basis of the per capita populations in the service areas.**” In this case the RD would be forced to, at the very least, consider an alternative option of cost apportionment at the service establishment stage. Having to choose between two default options should, theoretically, instigate discussion about best practices; in the case of this example, which default option best suits the given service. Discussions may even lead to a rejection of both default options and the adoption another formula by way of the cost apportionment tool.

The Secondary Default Option alternative would be included in each of the three default options of the LGA: s.804(2)(a) cost apportionment, s.783(2)(a) voting rules, and s. 813.04(1)(a) service reviews. The alternative method that is included into each section is entirely up for negotiation, however, and should be based on consultation with the UBCM and other stakeholder groups. The example provided above for the second cost apportionment method, one of apportionment based on population, was inspired by the interview with Dr. Bish. He recommends applying an evolutionary economical perspective when determining what formula to include as the SDO. In other words, examine and consider historical and present day cases where alternative formulas have been implemented and proven successful over time.

This alternative would be administered through legislative amendments to the sections of the LGA mentioned above, as well as subsequent “tweaking” of other affected sections and sub-sections.



## 7: Analysis of Policy Alternatives

This section assesses each of the proposed policy alternatives based on a set of criteria and measures established for the purpose of this report. The purpose of this analysis is to guide the recommendations section.

### 7.1 Criteria and Measures

Each of the four policy alternatives will be evaluated separately based on a set of criteria and measures established for the purposes of this report. While the criteria are not an exhaustive list of all considerations, they are believed to be the most relevant considering the unique relationship between the Province and BC’s local governments. The criteria include cost, effectiveness, vertical and horizontal equity, stakeholder acceptability, and administrative ease. Each criterion is considered equally important for the purpose of this report, with the exception of “effectiveness”, which will be given double the weight, as effectiveness will measure how well the alternative addresses the problem of administrative capacity *and* political will. Table 6 describes each criterion as well as how it is measured.

*Table 6-Criteria and Measures*

Criterion	Definition	Measurement
Cost	Financial cost of alternative administration to the Province as compared to the status quo. Includes consideration of both short and long-term costs.	Low: Costs are higher than status-quo Moderate: Costs are equal to status-quo High: Costs are lower than status-quo

Criterion		Definition	Measurement
Effectiveness		Degree to which the alternative increases customized service adoption through addressing the problems of political will and administrative capacity. Includes consideration of effectiveness in both the short and long-term.	<p>Low: Alternative does little to address political will and/or administrative capacity.</p> <p>Moderate: Alternative adequately addresses <i>either</i> political will <i>or</i> administrative capacity, however not both.</p> <p>High: Alternative effectively addresses both political will and administrative capacity.</p>
Equity	Vertical	Degree to which benefits and costs of alternative are distributed evenly amongst RD members (EAs and municipalities).	<p>Low: Benefits and costs are unevenly distributed among RD members.</p> <p>Moderate: Benefits and costs are more comparable among RD members.</p> <p>High: Benefits and Costs are evenly distributed among RD members.</p>
	Horizontal	Degree to which benefits and costs from alternative are accessible to all RDs across BC.	<p>Low: Benefits and costs are unevenly distributed among RDs.</p> <p>Moderate: Benefits and costs are more comparable among RDs.</p> <p>High: Benefits and Costs are evenly distributed among RDs.</p>
Stakeholder Acceptability		<p>Degree to which stakeholders will accept the alternative.</p> <p>Stakeholder groups include: UBCM, local government associations, RD members.</p>	<p>Low: Stakeholders will not accept alternative.</p> <p>Moderate: Some stakeholders will accept alternative, some will not.</p> <p>High: All or almost all stakeholders will accept alternative.</p>
Administrative Ease		<p>Level of complexity associated with implementation and administration of alternative. Considers both short and long-term administration from a Provincial perspective.</p>	<p>Low: Both implementation and administration of alternative are very complex.</p> <p>Moderate: Either implementation is straightforward and administration is complex, or vice versa.</p> <p>High: Both implementation and administration of alternative are relatively straightforward.</p>

A numerical value will be attributed to each measure on a scale from one to five, one representing “low”, two representing “moderate-low”, three representing “moderate”, four representing “moderate-high” and five representing “high” ratings. Each policy alternative will then be rated based on its performance against each respective criterion. The individual ratings will then be tabulated to garner a final score for each alternative. The policy alternative with the highest final score will be deemed the most appropriate alternative for the Ministry to pursue.

As was previously mentioned, the rating for the “Effectiveness” criterion is given double weighting due to its relative importance to this study, allowing a maximum rating of 10. The “Equity” criterion is split into two sub-categories, vertical and horizontal, and each will be measured separately, which will effectively double its weighting as well. This weighting is appropriate, as tool usage is intended to increase fairness and equity among RDs and their members collectively. Finally, it should be noted that the cost alternative is inverted; where the higher an alternative’s cost the lower the rating it will receive. Criterion and applicable scores are summarized in Table 7.

*Table 7-Criterion Values*

<b>Criterion</b>		<b>Possible Ratings</b>	
		<b>Min</b>	<b>Max</b>
Cost		1	5
Effectiveness		2	10
Equity	Horizontal	1	5
	Vertical	1	5
Stakeholder Acceptability		1	5
Administrative Ease		1	5

## 7.2 Analysis of Alternatives

The analyses of the proposed policy alternatives are based on both information garnered from the literature review, data gathered from the independent research performed for this report, and supplementary correspondence with the Ministry. Each policy alternatives addresses the problem of low RD political will and administrative capacity regarding upfront CSA adoption. Each policy alternative is given a rating based on how it stands up against the given criterion. The ratings are then accumulated to garner a final score. The policy alternative with the highest final score will be deemed the soundest alternative for the Province to pursue. Table 8 offers a summary of the policy alternative analysis.

*Table 8-Policy Alternative Evaluation Matrix*

	Cost	Effectiveness (x2)	Equity		Stakeholder Acceptability	Administrative Ease	Final Score
			Vertical	Horizontal			
<b>Status Quo</b>	Mod-High (4)	Mod-Low (4)	Mod-Low (2)	Mod (3)	Mod-Low (2)	High (5)	20
<b>Workshop</b>	Mod (3)	Mod-High (8)	High (5)	Mod (3)	Mod (3)	Mod-High (4)	26
<b>Professional Facilitator</b>	Mod (3)	Mod-High (8)	High (5)	Mod-High (4)	Mod-High (4)	Mod (3)	27
<b>Secondary Default Option</b>	Mod-High (4)	Mod (6)	Mod-High (4)	Mod-High (4)	Mod (3)	Mod (3)	24

### 7.2.1 Status Quo

Table 9-Status Quo Alternative Evaluation

	Cost	Effectiveness (x2)	Equity		Stakeholder Acceptability	Administrative Ease	Final Score
			Vertical	Horizontal			
<b>Status Quo</b>	Mod- High (4)	Mod-Low (4)	Mod- Low (2)	Mod (3)	Mod-Low (2)	High (5)	20

Upon analysis, the Status Quo alternative received a final score of 20. This alternative received a moderate-high rating of four against the cost criterion. This rating suggests that the present financial cost of the Status Quo to the Province is relatively low. This rating also provides a concrete foundation upon which to rate the other three alternatives. Regarding the effectiveness criterion, independent research undertaken in this study suggests that while the cost apportionment tool is being adopted at a relatively high ratio, barriers to the voting tool and service review tool remain prevalent. These barriers include lack of political will and administrative capacity. Also, while the RDTF has released its final report with recommendations, actual changes that arise from this report remain to be seen. Therefore the Status Quo alternative received a moderate-low rating of four against the Effectiveness criterion.

Considering vertical equity, literature suggests that inequities in shared services remain among RD members under the Status Quo, both in service financing and operations (RDTF, 2010). As such Status Quo received a moderate-low rating of two against vertical equity. Considering horizontal equity, independent research for this study suggests that all RDs across the province have the same access to the legislative tools and educational materials pertaining to facilitating shared services. However, research also suggested that there remain “problem RDs”

whose historical dysfunctions may transcend their ability to effectively utilize these tools. As such, Status Quo was given a moderate rating of three against the horizontal equity criterion.

Status Quo received a moderate-low rating of two against the stakeholder acceptability criterion. As was addressed in the vertical equity analysis, problems remain in RD shared service provision. The RDTF conducted over six months of consultation with stakeholder groups and determined that “participation in RD partnership services” was a key issue that needed to be addressed; this alone suggests that stakeholders are not content with the Status Quo. Finally, this alternative received a high rating of five against the administrative ease criterion. This rating was based on the fact that the Status Quo alternative does not recommend any future provincial action.

### 7.2.2 Workshop on Customized Service Arrangements

*Table 10-Workshop Alternative Evaluation*

	Cost	Effectiveness (x2)	Equity		Stakeholder Acceptability	Administrative Ease	Final Score
			Vertical	Horizontal			
<b>Workshop</b>	Mod (3)	Mod-High (8)	High (5)	Mod (3)	Mod (3)	Mod-High (4)	26

The Workshop alternative received a final score of 26. Through consultation with the Ministry it was suggested that the costs of this alternative could be quite low, depending on how it is administered (Goodwin, 2010). For example, the Ministry could attach the Workshop onto a larger event, such as the yearly UBCM conference. Doing so would considerably reduce accommodation costs, such as location rental and catering. This seems to be the most cost efficient method of delivering the Workshop alternative, without compromising its overall effectiveness. Though the Ministry could hold such a workshop on a bi-yearly basis, to educate newly elected and appointed directors, it is being proposed as a one off alternative. Therefore

there are no long-term costs attached to this alternative. However, complications could arise regarding Workshop format (addressed later in the analysis) that could increase short-term costs to the Province. As such, the Workshop alternative received a moderate rating of three against the cost criterion.

The Workshop alternative received a moderate-high rating of eight against the effectiveness criterion. The effectiveness of the Workshop alternative relies on bringing RDs together from across the province to share ideas on a peer-to peer basis, as opposed to being told what to do by the Province. The Ministry agrees that this is a positive and effective way to approach to enhancing RD administrative capacity and political will (Goodwin, 2010). However, past experiences must also be taken into consideration. Educational materials on CSAs have been available and distributed on a regular basis since s.800.2 was implemented over a decade ago, yet problems of political will and administrative capacity remain today. Though RD board members and administrators are brought together on a yearly basis for the UBCM convention, as well as other smaller gatherings, a workshop has never focused solely on the importance of CSAs and of s.800.2 tool usage. Having such a targeted focus being provided in a communal manner could have more prevalent and long lasting effects on RD directors and administrators alike, and therefore enhance the long-run effectiveness.

Regarding vertical equity, the Workshop alternative targets all RD board members, representing both incorporated and unincorporated areas, and all high-level administrators, representing the entire RD. Therefore, the Workshop alternative received a high rating of five against the vertical equity criterion. This alternative received a moderate rating of 3 against the horizontal equity criterion, however. Even though all RDs will be able to engage in the Workshop, benefits will be greater to the RDs that are having difficulty facilitating the establishment of shared services. Further, the workshop will be structured such that RDs that have successfully implemented numerous CSAs will be asked to lead focus groups and lectures,

explaining their circumstances and how they were resolved. As such, those RDs will be putting in more work and receiving less benefit.

The Workshop alternative also received a moderate rating of three against the stakeholder acceptability criterion. Many of the RDs struggling with shared services would accept this alternative and actively partake in the workshop. However, whether certain RDs would be willing to take time and resources to lead focus groups and conduct presentations for the benefit of other RDs remains in question. Having peers leading workshop activities is a crucial component to the effectiveness of this alternative; therefore the Province would likely have to create additional incentives to encourage it. Such incentives could increase the overall costs of this alternative. It is also possible that certain RDs would relish the opportunity to be recognized as ‘leaders’ amongst their peers and embrace the opportunity to lead workshop activities.

The Workshop alternative received a moderate-high rating of four against the administrative ease criterion. Alternative implementation could be complicated. It would take high levels of organization and coordination from both the Province and stakeholders to organize the all of the participants. However, once the initial organization is completed, the Ministry would be providing arms length guidance to the RDs designated as “Workshop Leaders”. This, along with the fact that the Workshop is a one off alternative, leads to relatively low administrative complexity.

### 7.2.3 Professional Facilitator

*Table 11-Professional Facilitator Evaluation*

	Cost	Effectiveness (x2)	Equity		Stakeholder Acceptability	Administrative Ease	Final Score
			Vertical	Horizontal			
<b>Professional Facilitator</b>	Mod (3)	Mod-High (8)	High (5)	Mod-High (4)	Mod-High (4)	Mod (3)	27



The Professional Facilitator alternative received a final score of 27. The Facilitator alternative received a moderate rating of three against the cost criterion. The financial costs for this alternative could be quite low or relatively high, depending on the facilitation option the RD chooses<sup>16</sup>. Consultation with the Ministry determined that independent facilitators can cost upwards of \$10,000, depending on complexity of arrangement. However, it was also discovered that the vast majority of instances where a professional facilitator was requested by a RD in a service review, the Ministry offered an employee, or team of employees, which was accepted by the RD in question (Goodwin, 2010). This suggests that the majority of RDs who request a professional facilitator during the service establishment stage would also be content with Ministerial employees acting as professional facilitators, which is the lowest cost option to the Province and the RD. This alternative is not a one-off solution; therefore the likelihood of RDs requesting the cost sharing option at some point remains a distinct possibility.

The Facilitator alternative received a moderate-high rating of eight against the effectiveness criterion. This rating is based primarily on an internal 2008 Ministerial document titled *Regional District Service Reviews Outcomes Report* (MCD, 2008). This report includes a table that summarizes twenty-one formal RD service reviews that have been undertaken. Of these twenty-one reviews, the Ministry provided assistance on fourteen separate occasions. In the instances where the Ministry provided a facilitation service, agreements among participating parties were reached in eight cases (with four cases ongoing). This represents a potential 85% success rate on reaching agreements among RD members when the Ministry provides a professional facilitator. There is no reason to believe that providing the same services upfront, at the service establishment stage, to negotiate the service details would not yield similar results.

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<sup>16</sup> Options include: provision of Ministerial employee as facilitator; cost sharing on independent facilitator; or recommendation of independent facilitator.

The Facilitator alternative received a high rating of five against the vertical equity criterion. Costs to the participating areas engaged in negotiations are either nil or shared, depending on the type of facilitation that is provided. The perceived benefits would also be evenly distributed amongst the participating areas involved in negotiations, assuming the dissenting groups are appeased. This alternative received a moderate-high rating of four against the horizontal equity criterion, as only RDs who apply for this alternative will receive its benefits. Though this alternative does not discriminate amongst RDs, only those who are encountering problems will apply for Ministerial help, which effectively excludes those that do not require help.

The Facilitator alternative received a moderate high rating of four against the stakeholder acceptability criterion. The interview with Mr. Smith suggested that the Ministry would have to cover the entire cost of a professional facilitator for this alternative to be accepted; therefore there might be slight stakeholder backlash against the shared cost option. However, literature suggests that stakeholder groups have accepted this option in the past (MCD, 2008). This alternative received a moderate rating of three against the administrative ease criterion. Consultation with the Ministry suggests that this alternative could be implemented through a Best Practices report distributed electronically to each RD, which is relatively simple and straightforward (Goodwin, 2010). However, administration of this alternative varies depending on the type of facilitation provided. If the facilitator is a Ministry employee, administration could be quite complex and time consuming. If, on the other hand, the RD opts for the cost sharing option, where an independent facilitator is brought in, administrative complexity is quite low. Once again based on the *Outcomes Report* referenced above, history suggests that RDs will accept a Ministry employee as facilitator; therefore one can assume that administrative complexity would be high.

## 7.2.4 Secondary Default Option

Table 12-Secondary Default Option Evaluation

	Cost	Effectiveness (x2)	Equity		Stakeholder Acceptability	Administrative Ease	Final Score
			Vertical	Horizontal			
<b>Secondary Default Option</b>	Mod- High (4)	Mod (6)	Mod- High (4)	Mod (4)	Mod (3)	Mod (3)	24

The Secondary Default Option (SDO) alternative received a final score of 24. The SDO alternative received a moderate-high rating of four based on its relatively low financial cost to the Province of implementation and administration. This alternative received a comparable rating to the Status Quo for cost as all policy work could be done internally and all consultation could be conducted over the phone. Once the corresponding amendments were made there would be no long-term financial costs attached to the SDO alternative as it is a one off solution.

The SDO alternative received a moderate rating of six against the effectiveness criterion. Evidence from the survey data suggests that many RDs are relying on the default options for service formulation, and as such they are comfortable with the default option and their corresponding sections. Also, as was previously mentioned, interview data suggests that CAOs may be relying on the default option as an excuse for not adopting CSAs, claiming to be ‘handcuffed’ by Provincial legislation. Therefore, there is value in providing a secondary default option in the same section as the primary default option. Dr. Bish supported this option, stating that the provision of a secondary option would “force them (boards) into a conscious discussion of a rule that did not exist before.” (Bish, 2010). However the degree to which directors will accept the secondary default option, or move on to other CSAs, remains speculative, as discussion does not mean adoption. Further, aside from offering the CAO with an alternative

option to point to, the SDO does not provide much more by way of increasing administrative capacity.

The SDO alternative received a moderate high rating of four against the vertical equity criterion. As this alternative requires a legislative amendment in the LGA, all RD members will have equal access to each of the secondary default options. This alternative received a moderate high rating of four against the horizontal equity criterion. Though there are no local government costs to this alternative, RDs that will benefit the most from it are those that are having the greatest difficulty with political will, and to a lesser extent administrative capacity.

Stakeholder acceptability is not obviously high or low for this alternative. Local government organizations, such as the UBCM, would have to be consulted to determine the most effective and appropriate secondary default options to include into the LGA, which would appease them to a certain degree. However, many RD representative groups (outside the UBCM) will likely maintain that additional legislation is not what is required, advocating instead the need of a RD Charter. As such the SDO alternative received a moderate rating of three against the stakeholder acceptability criterion. The SDO alternative received a moderate rating of three against the administrative ease criterion. Implementation of this alternative would require the subsequent policy and political work attached to amendments to local government legislation<sup>17</sup>, this consultation and negotiation could be quite complex, depending on the level of local government interest. However, once implemented into the LGA, the Province's role would be complete, making the administration of the SDO alternative relatively simple.

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<sup>17</sup> Part 1, section 3 under *Principles for Governmental Relations* of the LGA provides that “notice and consultation is needed for Provincial government actions that directly affect regional district interests”. This includes any and all legislative changes to local government legislation

### 7.3 Summary and Recommendations

The policy alternatives were aimed at addressing the problems of low RD political will and administrative capacity; specifically, how these problems can have a negative impact on the adoption of CSAs at the service establishment stage. The policy alternative evaluation provided a cumulative final score for each policy alternative based on ratings received against a set of criteria. The Professional Facilitator alternative garnered the highest overall score of 27, followed closely by the Workshop alternative with a score of 26, then the Secondary Default Option alternative with a score of 24, and finally the Status Quo alternative with a score of 20. Therefore, based on the pre-determined set of criteria, the Province could most adequately increase upfront CSA adoption among RDs by providing a professional facilitator, upon request, to assist RD administration in the negotiation process of shared service establishment.

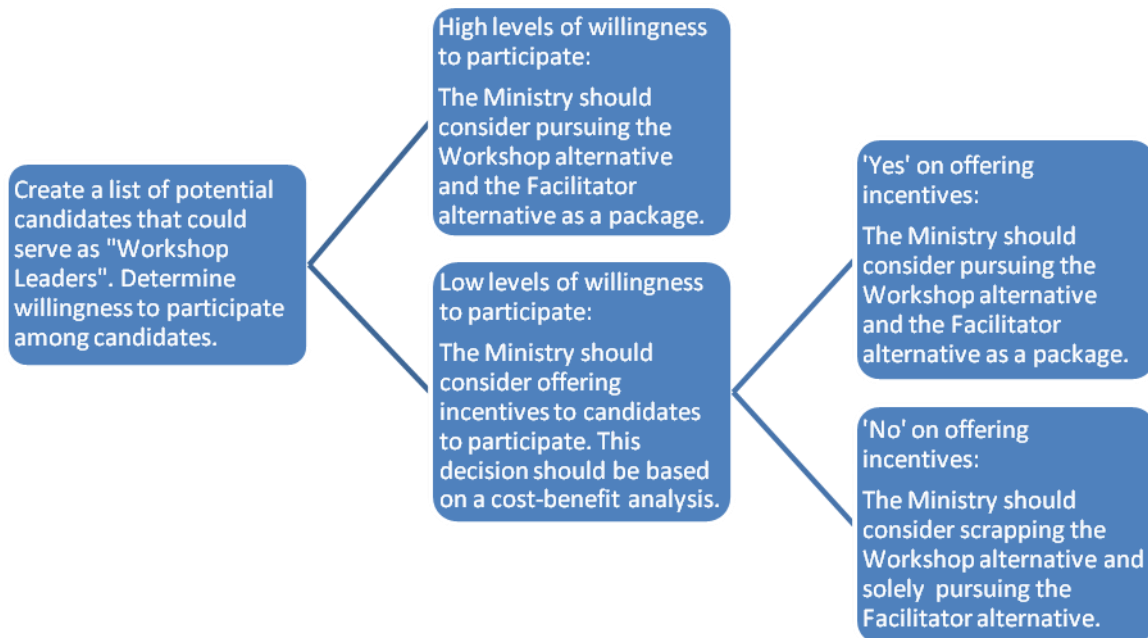
This does not discount the value of the other alternatives. The SDO alternative has merit, but relies heavily on how RD boards might interpret the secondary default option, and whether they would opt for change. Unfortunately, the actual effectiveness of this alternative is highly speculative. This fact, coupled with complex implementation, makes it a less palatable alternative. The Workshop alternative fell short due to perceived complications regarding stakeholder acceptability, which negatively impacted cost and vertical equity. The perceived complications are in the Ministry's ability to recruit RD board members and administrators to act as 'Workshop Leaders'. However, this complication is *perceived*, and not confirmed. If this complication is deemed unfounded by the Ministry, or if the Ministry is willing to work around the issue by offering incentives for participation, then the Workshop alternative is also recommended.

If the Ministry chooses to pursue the Workshop alternative, there is no reason why they could not adopt the Facilitator alternative as well, and include it into the workshop framework. The Ministry could simply tack a session onto the workshop that presents the Facilitator

alternative to RDs. This presentation could be supplemented by the provision of the Best Practices guide, which explains the option in greater detail. It is not anticipated that including the Facilitator alternative as a part of the Workshop alternative would have a drastic impact on the original criteria ratings received by the two alternatives.

In summary, the Ministry should consider Figure 7 when pursuing policy alternatives:

*Figure 7-Recommended Steps in Pursuing Policy Alternatives*



## 8: Conclusion

Facilitating the establishment of shared services among its members is a core function of the regional district in British Columbia. It is the role of the Province to ensure that regional districts have the capacity to perform this task. Often, this facilitation process involves attempting to accommodate specific concerns and requests from the participating areas. Concerns tend to revolve around providing the service at the most logical scale, in other words, the scale at which the geographic area of those who benefit from the service most closely matches the geographic area in which the service is provided (and paid for).

In most cases shared services are established using default methods to determine cost apportionment, director vote weighting and service review triggers, which in most cases are adequate. However, at times these default methods can cause a service to be provided at an illogical scale. Unfortunately, it is often the case that this illogical scale is not recognized until the service has already been established, at which point it is too late to adapt the service details. To limit the likelihood of this occurrence, in 2000 regional districts were provided with a set of legislative tools found in s.800.2 of the *Local Government Act*. These tools provide greater flexibility (outside of the default methods) when determining service details such as cost apportionment, director vote weighting and service review triggers. When adopted upfront, during the service establishment stage, these tools can effectively address many of the problems that have historically beset regional district shared services. By incorporating one or more of these tools into a shared service, the regional district is customizing their service to meet the unique circumstances of the service(s) and/or the participating areas involved. However, recent research by the Regional District Task Force suggests that RDs continue to face challenges when

attempting to establish shared services at a logical scale, and that regional district boards are not typically utilizing the legislative tools available to customize service arrangements.

This report examined the extent to which regional districts are customizing specific shared service details upfront, through the adoption of legislative tools in s.800.2 of the LGA, and why this is the case. This information was acquired through a three-step research plan: (1) a Service Establishment Bylaw Analysis; (2) a survey of regional district Chief Administrative Officers; and (3) key informant interviews. Results suggest that barriers remain that discourage regional district members from entering into shared services, the most impactful barrier being a perceived loss of autonomy over service operation functions. Results go on to suggest that upfront service detail customization is happening within BC's regional districts. Where service cost apportionment is being customized at a higher rate, customization of director vote weighting and service review triggers remain very low. This difference in customization rates seems to lie in the participating area's ability to clearly recognize the benefits and the costs attached to the detail customization. In other words, RD members seem to recognize the benefits attached to customizing cost apportionment details, however not director vote weighting and/or service review triggers. Research suggested that low administrative capacity in their ability to facilitate a complex negotiation process may be a root cause.

Four policy alternatives were presented to address the issue administrative capacity, with the objective of increasing the customization of service details at service establishment, specifically details regarding service operations. After being evaluated through a set of criteria and measures, two alternatives stood out. It was determined that the Province could adequately address these issues through the provision of a professional facilitator, upon request, to assist RD administrators through the negotiation process during shared service establishment. Further, if deemed cost efficient, the Province could provide an educational workshop to RD administration



and elected officials on shared service establishment and service customization, where participants interact through presentations and focus groups on a peer-to-peer basis.

## **Appendices**

## Appendix A: Common Regional District Functions

<b>General services</b>		
<p><b>Administration:</b> general, electoral area, local community commissions, feasibility studies, grants, and assistance.</p> <p><b>Management of Development:</b> official community planning, land use regulation, board of variance, heritage planning, sign regulation, subdivision control, and social planning.</p> <p><b>Regional Planning Services:</b> regional growth strategy, coordination, research, and analysis.</p>		
<b>Common shared services provided to local areas or an entire region</b>		
Airports and ports Animal control Arenas Art galleries Building inspection Building numbering Cemetery operations Community (local) parks Economic development Emergency programs Emergency telephone Fire alarm regulation	Fire protection Garbage collection Garbage disposal Library participation Museums Noise regulation Nuisance regulation Pest control Pollution control Public transit Recreation Recycling	Regional parks Security alarm regulation Sewage and septic disposal Sewage collection Sewage treatment Sports complexes Street lighting Television rebroadcasting Theatres Unsightly premises regulation Water supply Water control

Table acquired from *Local Government in British Columbia-Fourth edition*, 2008

## Appendix B: List of British Columbia's Regional Districts, Descriptive Statistics and Map

<b>Regional District Name</b>	<b>Total Population</b>	<b># of Municipalities &amp; Total Municipal Population</b>	<b># of EAs &amp; Total EA Population</b>
Alberni-Clayoquot	28601	3/20690	6/7911
Bulkley-Nechako	35126	8/18678	7/16448
Capital	343772	13/324547	3/19225
Cariboo	58920	4/22191	12/36729
Central Coast	1250	0	5/1250
Central Kootenay	55759	9/25957	11/29802
Central Okanagan	154146	4/121196	2/32950
Columbia Shuswap	49385	4/29729	6/19656
Comox Valley	99709	3/68668	3/31041
Cowichan Valley	73338	4/43029	9/30309
East Kootenay	54932	8/39141	6/15791
Fraser Valley	250732	6/240082	7/10650
Fraser-Fort George	92063	4/77198	7/14865
Greater Vancouver	2109031	22/2097981	1/11050
Kitimat-Stikine	30307	5/21723	6/8584
Kootenay Boundary	30742	8/20490	5/10252
Mount Waddington	10063	4/7822	4/2241
Nanaimo	137796	4/101848	6/35948
North Okanagan	74098	6/59078	5/15020
Okanagan-Similkameen	77177	6/55825	8/21352
Peace River	57286	7/36618	4/20668
Powell River	18900	1/12957	5/5943
Skeena-Queen Charlotte	16818	5/15720	4/1098
Strathcona	41157	5/31832	4/9325
Squamish-Lillooet	32221	4/28713	4/3508
Sunshine Coast	26912	3/12636	5/14276
Thompson-Nicola	95459	10/74284	10/21175

Data from Stats Canada: 2006 Census

British Columbia Regional District Boundaries:



- |                      |                            |                        |
|----------------------|----------------------------|------------------------|
| 1. Alberni-Clayoquot | 12. Greater Vancouver      | 23. Squamish-Lillooet  |
| 2. Bulkley-Nechako   | 13. Kitimat-Stikine        | 24. Sunshine Coast     |
| 3. Capital           | 14. Kootenay Boundary      | 25. Thompson-Nicola    |
| 4. Cariboo           | 15. Mount Waddington       | 26. Fraser-Fort George |
| 5. Central Coast     | 16. Nanaimo                | 27. Columbia Shuswap   |
| 6. Central Kootenay  | 17. North Okanagan         |                        |
| 7. Central Okanagan  | 18. Okanagan-Similkameen   |                        |
| 8. Comox Valley      | 19. Peace River            |                        |
| 9. Cowichan Valley   | 20. Powell River           |                        |
| 10. East Kootenay    | 21. Skeena-Queen Charlotte |                        |
| 11. Fraser Valley    | 22. Strathcona             |                        |

\* The two most northerly areas without numbers are the Stikine Region on the left, and the Northern Rockies Regional Municipality on the right. Neither is officially considered a RD, are considered quasi-municipal organizations, bound by both the LGA and the CC.

## **Appendix C: Copy of Survey Instrument**

### **CONSENT FORM:**

My name is Burke van Drimmelen and I am the principle investigator (PI) of this study. I am a graduate student participating in the Masters of Public Policy program offered at Simon Fraser University. As principle investigator I will be conducting this study under the auspices of Simon Fraser University. The goal and purpose of this study is to gain information on how regional districts (RDs) approach the formulation and establishment of shared service provision and the knowledge and usage of tools available in Section 800.2 of the Local Government Act. From this information I hope to be able to offer the Province different options on how to aid in facilitating more effective and efficient shared services throughout BC's RDs. This survey consists of 22 questions and should take no longer than 45 minutes. As you are volunteering to participate you may withdraw at anytime without prejudice. You may skip any questions that you are uncomfortable with and can stop the survey at any time. For some participants a follow up interview may be requested. The PI will make a direct request to that participant when the time comes. The information gained from this survey will be used to guide the options section in the final report as well as formulate the questions for the follow up interview. Participating in this survey is beneficial as it offers the opportunity to provide your opinion regarding an important component of a RDs mandate. The information provided will have a direct impact on the final report. Regarding confidentiality, no proper names, regional district names, or community names (municipalities or electoral areas) will be identified in the final report. All data obtained from this survey will be stored on a USB key file and safely stored separate from all other information. The final report will be available to the public via the SFU library as well as the CivicInfo Library. All direct concerns and/or complaints can be addressed to Dr Hal Weinberg, Director, Office of Research at hal\_weinberg@sfu.ca or 778-782-6593.

### **SECTION 1: SHARED SERVICE FORMULATION**

A major purpose of regional districts is to establish shared service provision on a regional or sub-regional level among municipal and electoral area (EA) members; this can be achieved through facilitating cooperation amongst participating areas. These types of services, that include more than one participating area, are commonly known as "shared services" or "partnership services". Examples of shared services could be three EAs receiving the same liquid waste disposal service, or two municipalities and two EAs sharing a recreation facility. The intention of Section 1 is to gain insight into the role a RD plays during the formulation stage of shared service establishment. For the purpose of this survey the "formulation stage" will refer to the entire negotiation process among the RD and the participating areas that will lead to the creation of a Service Establishment Bylaw.

1. What percentage of services presently provided by your RD are shared services (services that include more than one participating area)?
2. Presently, what types of partnership services have successfully been implemented in your RD?
3. Regarding the formulation stage of shared service provision, which factors do you believe are the most significant in encouraging successful implementation? Please rank each of the provided options based on their significance in encouraging shared service establishment (1 being the least significant, 5 being the most significant).
4. If you feel any crucial factors were missed in question 3, please indicate them here.
5. Regarding the formulation stage of shared service provision, what are the most significant barriers that can discourage potential areas from partaking?
6. If you feel any barriers that have an impact on discouraging the adoption of shared services were missed in question 5, please indicate them here.

## SECTION 2: CUSTOM ARRANGEMENTS WITH SHARED SERVICES

The regional district board decides how a shared service will be established. In an attempt to facilitate the establishment process, the Local Government Act (LGA) was amended in the year 2000. The amendments offered RD boards access to "Special Options" or 'tools' to encourage custom arrangements in establishing shared services (section 800.2). The intention of Section 2 of this survey is to determine the frequency and degree regional district have used these tools, and the reasons for why or why not the tools have been adopted.

7. Tool #1: Cost Apportionment- Section 800.2(a)\*  
RD boards can choose to apply a method of cost apportionment other than the default method. Cost apportionment refers to how the tax burden from a given service will be broken down and allocated to the areas participating in the service. The default method is based on property class and is commonly referred to as "converted assessed values" [s. 804(2)(a)]. The cost apportionment tool can be used to better serve the unique conditions found within participating areas. Examples of other methods of cost apportionment are allocating the tax burden according to quantity (amount of service used or provided) or population (total or demographic). Has your RD board incorporated alternative methods of cost apportionment, other than the default method, when establishing a shared service?
8. If the answer to question 7 is 'YES', please identify the type of service(s) engaged as well as the participating areas.
9. If the answer to question 7 is 'NO', please rank which of the following reasons best describes why your RD has not incorporated the cost apportionment tool. Rankings are based on significance; 1 having little to no significance, 5 having a great deal of significance.
10. If the answer to question 7 is 'NO', please briefly describe if there are circumstances where your RD would implement an alternative cost apportionment method. If there are none, please briefly explain why.

11. Tool #2: Alternate Voting Rules- Section 800.2(b)\*  
RD boards can choose to apply a method of determining voting rules on operational and administrative decisions for services other than the default method. The default method of voting rules is weighted on the population of a participating area, the population directly reflects how many votes the director of the respective area receives [s.783(2)]. Applying alternative voting rules have been used in cases where participating areas feel weighting by population is inappropriate. Examples of other methods could be total equality (one vote per director) or partial equality (one vote per director however a specified number of directors from each jurisdiction). Has your regional district board incorporated alternative voting rules when establishing a shared service?
12. If the answer to question 11 is 'YES', please identify the type of service(s) engaged as well as the participating areas.
13. If the answer to question 11 is 'NO', please rank which of the following reasons best describes why your RD has not incorporated the alternative voting rule tool. Rankings are based on significance; 1 having little to no significance, 5 having a great deal of significance.
14. If the answer to question 11 is 'NO', please briefly describe if there are circumstances where your RD would implement the alternative voting rules tool. If there are none, please briefly explain why.
15. Tool #3: Service Review Provisions- section 800.2(d)\*  
RD boards can choose to apply alternative service review provisions other than the default method. Service review generally happens when one or more participating area is not satisfied with the service provision in some way. The provisions in the default method are available in section 813.04 (1). The default provision that is most commonly changed is the 5 year minimum of service participation before a participating area can submit for a service review. Has your regional district board included alternative service review provisions in a service area establishment bylaw?
16. If the answer to question 15 is 'YES', please identify the type of service(s) engaged as well as the participating areas.
17. If the answer to question 15 is 'NO', please rank which of the following reasons best describes why your RD has not incorporated the service review provision tool. Rankings are based on significance; 1 having little to no significance, 5 having a great deal of significance.
18. If the answer to question 15 is 'NO', please briefly describe if there are circumstances where your RD would implement alternative service review provisions. If there are none, please briefly explain why.
19. Customization Tools:\*
- The LGA amendments in 2000 were anticipated to encourage shared service provision among regional members. These tools, or "Special Options", were intended to offer RD administration and boards greater flexibility during the negotiation and formulation stages of shared services, and thus encourage shared service establishment. From your overall experience in working with these tools, do you feel that these tools are effective instruments in encouraging shared service establishment among regional members?



20. If the answer to question 19 is 'NO', please briefly explain why and what you believe can be changed within the "Special Options" section that would help encourage shared service establishment among regional members.
21. Which regional district do you work for? All RD names will be kept confidential as stipulated in the consent form, this question is for additional demographic information only.
22. If you have any additional comments or concerns regarding the role of regional districts in the formulation and establishment of shared services that have not yet been addressed please feel free to include them here:

## **Appendix D: Key Informant Biographies**

Nicola Marotz:

Nicola Marotz is Acting Executive Director, Local Government Policy and Research Branch, Ministry of Community and Rural Development. The Branch is responsible for leading complex and innovative policy and legislative development/implementation projects on virtually any topic related to local government, as well as managing the legislative approval process for the Ministry.

Nicola has been with the Branch since 1992, having completed university degrees in Political Science (SFU) and Law (UVIC). She joined as a Senior Policy Analyst, and then became Manager, Policy and Legislation and later, Director of Legislation. Nicola has been heavily involved in the reform process for BC's local government legislative framework (the transformation of the Municipal Act to the Local Government Act and the Community Charter), as well as other key policy and legislative developments on local government matters.

Robert Bish:

Dr. Robert L. Bish is Professor Emeritus, University of Victoria, where he was Professor of Public Administration and Economics from 1981 through 1998. He was also Co-director of the Local Government Institute from its establishment in 1995 through 2002. Prior to joining the University of Victoria in 1981, Dr. Bish received his A.B. Magna Cum Laude from the University of Southern California (1964) and M.A. (1966) and PhD (1968) in Economics from Indiana University and served departments or schools of economics, public Affairs, public administration and urban studies at the universities of Washington (1968-72), Southern California (1972-76) and Maryland (1976-1981).

John Smith:

John Smith was employed by the Thompson-Nicola Regional District for sixteen years. At the TNRD he spent eight years as the Treasurer and Deputy Administrator and eight years as the Chief Administrative Officer. A member of the Tool Development Task Force, Mr. Smith was actively involved in the policy development that led to s.800.2 of the LGA. While the CAO, Mr. Smith led the establishment and/or modification of a number of shared services that incorporated some form of customized service arrangement. Mr. Smith has a foundational knowledge of the tools as well as a practical understanding of how CSAs can be effectively incorporated into shared services.

## Appendix E: Interview Instrument Questions

1. In your opinion, why is it important to facilitate, and thereby encourage, shared service adoption amongst RD members?
2. On a whole, survey respondents rated “Autonomy: A concern of losing control over decision-making power regarding service operations” as the most significant barrier that discourages shared service adoption and “History: A historically negative working relationship among RD members” as the next most significant. Given this information, can these barriers be addressed by the Province and/or the RD? If so where does primary responsibility lie?
3. It has been determined that RD boards are not utilizing the tools found in s.800.2 of the Local Government Act to their full extent. This notion was qualified through a Service Establishment Bylaw analysis as well as Survey results (numbers available upon request). Instead of tool adoption, RDs continue to rely on the default legislative options required for service establishment. Meanwhile RDs continue to have difficulty establishing complex services. Why do you think this is happening?
4. For each tool in section 800.2(cost apportionment, voting rules and service review and withdrawal) two reasons for *not* adopting the tools prevailed as the most significant among survey respondents, those being “Not possible to get agreement on an alternative voting rule scheme” and “All parties involved believe default method to be adequate for shared service establishment”. What does this information suggest to you? From an academic perspective, how do you feel that this issue could be addressed?
5. Studies have indicated that the tools in section 800.2 are not being utilized to their full extent; however, 79% of survey respondents stated that, theoretically, the tools are effective instruments in encouraging shared service establishment among regional members. There seems a stark contrast between RD optimism of the tools and RD usage of the tools, why do you believe that this is the case? How can this be addressed?
6. Beyond revision of section 800.2 and the tools within it, do you feel that there are any other means by which the Province can encourage shared service establishment among RD member.

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