



## STAFF REPORT

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**DATE:** February 20, 2017  
**TO:** Chair and Directors,  
Regional Board  
**FROM:** Dave Leitch  
Chief Administrative Officer

**FILE:** 0550-04

**RE:** ESTABLISHMENT OF WHARVES SERVICE

### PURPOSE/PROBLEM

To consider the process and timelines for establishing a wharves service for Owen Bay, Port Neville and Surge Narrows within Electoral Area C (Discovery Islands-Mainland Inlets).

### EXECUTIVE SUMMARY

At its January 26, 2017 meeting the Board considered the attached report and passed the following resolution:

Abram/Anderson: SRD 79/17

THAT a further report be prepared to outline the process and timelines for establishing a wharves service for Owen Bay, Port Neville and Surge Narrows.

The establishment of a service to manage wharf facilities would be consistent with the requirements of the *Local Government Act* and other statutes. By doing so the Regional District thereby ensures that financial and operational issues related to these facilities are managed independently of other corporate programs and that current challenges such as the Board's ability to meet the financial reporting requirements of the Province of B.C. are addressed.

Since the wharves service is not anticipated to result in additional costs to ratepayers in the short term it is suggested that an alternative approval process would be an appropriate mechanism for seeking approval of the electors. As a first step in the process it is recommended that a draft bylaw be prepared for the Board's consideration.

### RECOMMENDATIONS

1. THAT the report from the Chief Administrative Officer be received.
2. THAT a draft bylaw to establish a wharves service for Electoral Area C be prepared for consideration by the Board.

Respectfully:

A handwritten signature in black ink, appearing to be "Dave Leitch", written over a horizontal line.

Dave Leitch  
Chief Administrative Officer

**BACKGROUND/HISTORY**

For the past several years the Regional District has been operating wharves at various locations within Electoral Area C. In 2014 the Regional District acquired wharf facilities at Owen Bay, Port Neville and Surge Narrows and entered into an agreement with Transport Canada whereby the Regional District became responsible for operating and maintaining the facilities to appropriate standard. Since that time the aforementioned wharves have been operated as part of the general administration function of the Regional District and, more recently, as part of the electoral area administration service. This arrangement is problematic from a financial reporting and insurance perspective, aside from calling into question the Regional District's authority in relation to the statutory requirements for service operation.

**POLICY ANALYSIS**

The provision of services is a fundamental responsibility of regional districts and is regulated by the *Local Government Act* which requires that services be established by a bylaw that identifies the service participants, maximum requisition amounts and other particulars. While a service establishing bylaw must also describe the service to be provided, it need not identify specific locations where facilities are to be operated especially when a broad public benefit is to be realized as a result of the service. This is believed to be the case for wharf facilities in Electoral Area C which presumably support the tourism industry, facilitate inter-island commerce and generally form part of the local marine highway network. This would be very similar to the way in which park facilities are provided in Electoral Area C.

Alternatively, the Board could decide that each wharf facility provides benefit to a more limited neighborhood of constituents. This would therefore suggest that each facility would have its own service establishing bylaw. In most cases a service establishing bylaw must be approved prior to adoption by the electors within the area(s) that would benefit and pay for the service either through a vote or an alternate approval process. In some circumstances, approval on behalf of the electors may be given by the elected director(s) who represent the participating area(s). The timing and cost of obtaining elector approval will vary depending on whether the Regional District proceeds on the basis of several localized services or a single broad service.

**ALTERNATIVES**

In seeking approval of the electors to establish a wharves service the Regional District may consider a variety of different approaches as outlined below:

- assent voting – electors within Electoral Area C would be provided opportunities to vote and a simple majority of the ballots cast in all voting opportunities would determine the fate of the bylaw. Cost would likely be several thousand dollars depending on the number of voting locations used and the number of election workers required to conduct the voting process.
- alternative approval process - the Regional District would publicize its intention to proceed with the adoption of a service establishing bylaw unless at least 10% of the electors throughout the service area petition against adoption of the bylaw without first obtaining assent of the electors by voting. Cost would likely be in the range of \$800 - \$1,000.
- consent on behalf of the electors – this alternative would allow the director for Electoral Area C to provide written consent on behalf of the electors subject to the Regional District first receiving a petition signed by a majority of property owners within the service area, having among them a majority of the assessed property values. Given the size of the service area and the worldwide distribution of property owners this alternative could present significant logistical challenges.

Proceeding with an alternative approval process would likely be the most efficient and cost effective method for seeking the approval of the electors. In the event elector approval is not

able to be secured using this process (ie. at least 10% of the electors petition against establishing bylaw adoption) the Board is still able to consider any of the other approval options outlined above.

**FINANCIAL IMPLICATIONS**

As noted previously, there would be no financial implications to the ratepayers of Electoral Area C associated with operating wharves within the structure of a separate service bylaw. This is due to the fact that the wharf facilities in question are currently maintained using divestiture funding provided by Transport Canada. Although there may be circumstances under which additional funding might be required, such as catastrophic storm damage or liability costs resulting from injury to users, the likelihood of such risks occurring is unknown at this time and cannot be quantified. Furthermore, it is assumed that the divestiture funding provided by Transport Canada under the operational agreement will not last forever and that, at some point, it will become necessary to cover costs using other funding sources. Provided the service encompasses all of the electoral area, any funds required to be raised through property taxation to cover wharf operation or maintenance in the future would simply form part of the overall requisition for Electoral Area C in the same manner as is currently the case for parks, grants in aid, economic development or other area-wide services.

**LEGAL IMPLICATIONS**

The statutory requirements for establishing a service include the development of a bylaw that describes the service, sets out the cost recovery mechanism(s) for the service, and determines the area that would benefit from having the service. When the bylaw has been approved by the Inspector of Municipalities and the electors the Board would be in a position to adopt the bylaw and commence operations in accordance with the terms of the bylaw.

***Prepared by:*** T. Yates, Corporate Services Manager

Attachments: January 17, 2017 report to the Regional Board

## APPENDIX 'A'

## Wharves Service Establishing Bylaw No. \_\_\_\_, 2017

### Alternative Approval Process Schedule<sup>1</sup>

Date	Action
Wednesday, March 8, 2017	Regional Board authorizes preparation of draft bylaw to establish a wharves service.
Thursday, March 23, 2017	Regional Board reviews draft bylaw and makes adjustments as necessary.
Wednesday, April 12, 2017	<ul style="list-style-type: none"> <li>(a) Regional Board gives first 3 readings to Wharves Service Establishing Bylaw No. ____, 2017.</li> <li>(b) Regional Board authorizes elector approval to be obtained by alternative approval process.</li> <li>(c) Regional Board approves eligible elector estimate.</li> </ul>
Tuesday, April 18, 2017	Bylaw No. ____ submitted to Inspector of Municipalities for approval.
Wednesday, May 31, 2017	Bylaw No. ____ approved by Inspector of Municipalities.
Wednesday, June 7, 2017	Regional Board approves elector response forms and submission deadline for AAP responses.
Wednesday, June 14, 2017	<u>First</u> public notice of AAP published in area newspapers. Response forms and proposed service information published on Regional District website.
Wednesday, June 21, 2017	<u>Final</u> public notice of AAP published in area newspapers.
Monday, July 24, 2017	<ul style="list-style-type: none"> <li>(a) Deadline for submission of completed elector response forms to Regional District.</li> <li>(b) Results of AAP determined and certified by corporate officer.</li> </ul>
Thursday, July 27, 2017	If elector approval received Regional Board adopts Bylaw No. ____.

Note: 1. Based on a single service applicable to all of Electoral Area C



## STAFF REPORT

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**DATE:** January 17, 2017

**FILE:** 0550-04

**TO:** Chair and Directors,  
Regional Board

**FROM:** Dave Leitch  
Chief Administrative Officer

**RE:** ESTABLISHMENT OF WHARVES SERVICE

### **PURPOSE/PROBLEM**

To consider the establishment of a service to operate the wharves and other port facilities divested by Transport Canada to the Regional District.

### **EXECUTIVE SUMMARY**

The matter of establishing a wharves service was considered by the Board at its April 28, 2016 meeting and again at its September 21, 2016 meeting. At that time the matter was referred to the Electoral Areas Services Committee which has considered this topic over the past several months. At its January 11, 2017 meeting the committee passed the following resolution:

Whalley/Leigh: EASC 25/17

THAT the Committee recommend that a further report be prepared to outline the process and timelines for establishing a wharves service for Owen Bay, Port Neville and Surge Narrows.

The establishment of a service to manage wharf facilities would be consistent with the requirements of the *Local Government Act* and would allow the Regional District to ensure that costs related to these facilities are managed independently of other services. A further report to investigate in more detail the process for establishing the service and the associated timelines would be appropriate.

### **RECOMMENDATIONS**

1. THAT the report from the Chief Administrative Officer be received.
2. THAT a further report be prepared to outline the process and timelines for establishing a wharves service for Owen Bay, Port Neville and Surge Narrows.

Respectfully:

A handwritten signature in black ink, appearing to read "Dave Leitch", is written over a horizontal line.

Dave Leitch  
Chief Administrative Officer

**Prepared by:** T. Yates, Corporate Services Manager

Attachments: December 16, 2016 report to Electoral Areas Services Committee



## STAFF REPORT

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**DATE:** December 16, 2016

**FILE:** 0550-04 EASC

**TO:** Chair and Directors  
Electoral Areas Services Committee

**FROM:** Dave Leitch  
Chief Administrative Officer

**RE:** ESTABLISHMENT OF WHARVES SERVICE

### PURPOSE/PROBLEM

To consider the establishment of a wharves service applicable to Electoral Area C.

### EXECUTIVE SUMMARY

At its October 12, 2016 meeting the Committee considered the attached report and passed the following resolution:

Abram/Whalley: EASC 197/16

THAT the matter be deferred until staff has obtained clarification from Transport Canada regarding establishment of a wharves service.

The provisions outlined on the last page of this report, being a June 30, 2014 confirmation letter from Transport Canada to the Strathcona Regional District, clarify that Transport Canada is prepared to cancel the agreement with the Regional District and repatriate the wharves back to Federal control if the Regional District is unable to secure elector approval for the establishment of a wharves service. This provision was included in the Agreement at the request of the Regional District to ensure that it would not be burdened with assets for which there was no mechanism for funding once the financial contribution from Transport Canada had been spent.

For reasons outlined in this and previous reports it is recommended that the Regional District proceed with investigations for the establishment of a wharves service for Electoral Area C.

### RECOMMENDATIONS

1. THAT the report from the Chief Administrative Officer be received.
2. THAT the Committee recommend that a further report be prepared to outline the process and timelines for establishing a wharves service for Electoral Area C.

Respectfully:



A handwritten signature in black ink, appearing to read 'Dave Leitch', is written over a horizontal line.

Dave Leitch  
Chief Administrative Officer

**Prepared by:** *T. Yates, Corporate Services Manager*

Attachments: Copy of October 7, 2016 report to EASC

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## STAFF REPORT

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**DATE:** October 7, 2016

**FILE:** 0550-04 EASC

**TO:** Chair and Directors  
Electoral Areas Services Committee

**FROM:** Dave Leitch  
Chief Administrative Officer

**RE:** ESTABLISHMENT OF WHARVES SERVICE

### PURPOSE/PROBLEM

To consider the establishment of a service to operate the wharves and other port facilities divested by Transport Canada to the Regional District.

### EXECUTIVE SUMMARY

The attached report was considered by the Regional Board at its September 21, 2016 meeting at which time the Board referred the matter to the Electoral Areas Services Committee. Accordingly, this matter is now presented for consideration by the Committee.

### RECOMMENDATIONS:

1. THAT the report from the Chief Administrative Officer be received.
2. THAT the Committee recommend that a further report be prepared to outline the process and timelines for establishing a wharves service for Electoral Area C.

Respectfully:



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Dave Leitch  
Chief Administrative Officer

**Prepared by:** T. Yates, Corporate Ser

Attachments: September 15, 2016 report to the Regional Board



## STAFF REPORT

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**DATE:** September 15, 2016  
**TO:** Chair and Directors,  
Regional Board  
**FROM:** Dave Leitch  
Chief Administrative Officer

**FILE:** 0550-04

**RE:** ESTABLISHMENT OF WHARVES SERVICE

### **PURPOSE/PROBLEM**

To consider the establishment of a service to operate the wharves and other port facilities divested by Transport Canada to the Regional District.

### **EXECUTIVE SUMMARY**

At its April 28, 2016 meeting the Board considered the attached report and deferred the matter of establishing a wharves service until the September meeting.

In accordance with the Board decision the matter is now placed before the Board for further consideration at this time.

### **RECOMMENDATIONS**

1. THAT the report from the Chief Administrative Officer be received.
2. THAT a further report be prepared to outline the process and timelines for establishing a wharves service for Electoral Area C.

Respectfully:

A handwritten signature in black ink, appearing to read "Dave Leitch", is written over a horizontal line. The signature is stylized and cursive.

Dave Leitch  
Chief Administrative Officer

**Prepared by:** T. Yates, Corporate Services Manager

Attachments: Copy of April 19, 2016 report to the Board.



**STAFF REPORT**

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**DATE:** April 19, 2016

**FILE:** 0550-04

**TO:** Chair and Directors,  
Regional Board

**FROM:** Dave Leitch  
Chief Administrative Officer

**RE:** **ESTABLISHMENT OF WHARVES SERVICE**

**PURPOSE/PROBLEM**

To consider the establishment of a service to operate the wharves and other port facilities divested by Transport Canada to the Regional District.

**EXECUTIVE SUMMARY**

The Regional District has acquired a number of wharves and other port facilities over the last several years. These facilities are all located within Electoral Area C and currently operated either as park assets within the Area C parks service or as administrative assets under the Electoral Area administration service. Aside from the governance and legal issues, it is believed that this arrangement may not provide maximum value for the Regional District, particularly if it reduces the Regional District's ability to attract funding from external sources due to mischaracterization of these assets. It is also noted that the Regional District has indicated to Transport Canada that it would be seeking elector assent to establish a wharves service before accepting the Owen Bay, Port Neville and Surge Narrows wharf facilities on a permanent basis.

The establishment of a new service to manage the wharf facilities is anticipated to be cost neutral for the Regional District. There will be some minor corporate overhead costs to be borne by the service as a result of the transition away from parks and administration but these will be offset by reductions in support cost allocations against those services. Since the annual service costs will be raised throughout Electoral Area C they will continue to form part of the general Area C tax levy currently displayed on Provincial property tax notices.

**RECOMMENDATIONS**

1. THAT the report from the Chief Administrative Officer be received.
2. THAT a further report be prepared to outline the process and timelines for establishing a wharves service for Electoral Area C.

Respectfully:

Dave Leitch  
Chief Administrative Officer

**HISTORY/BACKGROUND FACTORS:**

The Regional District has been the recipient of a number of wharf facilities over the last several years as follows:

Location	Date Acquired	Comments
Evans Bay	March 23, 2010	Operated as a park asset
Granite Bay	unknown	Operated as a park asset
Heriot Bay	unknown	Operation unknown
Hoskyn Landing	unknown	Operated as a park asset
Owens Bay	November 14, 2014	Operated as an administration asset
Port Neville	November 14, 2014	Operated as an administration asset
Surge Narrows	November 14, 2014	Operated as an administration asset

All of the above facilities are located within Electoral Area C (Discovery Islands-Mainland Inlets). At the present time some of them are managed as parks while others, by default, are operated under the Electoral Area administration service which is deemed to include any electoral area activity that is not included in another service establishing bylaw.

**POLICY ANALYSIS:**

Aside from the principles of transparency and accountability to which the Regional District aspires, the continued characterization of port facilities as something different than their actual use presents ongoing complications from a corporate and financial management perspective. As an example, the ability to attract grant funding in respect of these facilities as part of the region's transportation infrastructure may be challenging so long as they are considered park or administrative assets. Further, the Regional District has indicated to Transport Canada that it will attempt to obtain electoral assent for the establishment of a wharves service prior to permanent acceptance of the Owen Bay, Port Neville and Surge Narrows port facilities divested in 2014.

**FINANCIAL IMPLICATIONS:**

Aside from the costs of establishing a wharves service, it is not anticipated that the placement of the wharf facilities within their own service portfolio would result in any new costs over the short term. However, there would be some relatively minor realignment of costs as follows:

- support service costs (as well as any other unfunded liabilities) for the wharf facilities currently operated under the Electoral Area administration service would become a responsibility of the new wharves service. This means that taxpayers within the new service area (Electoral Area C) would bear responsibility for those costs rather than taxpayers throughout all four electoral areas.
- costs associated with the wharf facilities currently managed as part of the Area C parks service would also migrate to the new wharves service. Since the parks service is currently

funded throughout Electoral Area C there would be no difference in costs for electoral area ratepayers.

Over the longer term the Regional District should expect the funds that accompanied the Transport Canada divestiture to be depleted and service beneficiaries will be asked to provide for ongoing operation and maintenance of the wharf facilities.

**LEGAL IMPLICATIONS:**

Before it may operate a service the Regional District is required to adopt a service establishing bylaw that includes a description of the service, the area(s) that would benefit from the service, the maximum annual requisition requirements and the method by which costs will be recovered. The agreements with Transport Canada provide that the Regional District will operate the divested wharves in accordance with all applicable legislation.

**Prepared by:** *T. Yates, Corporate Services Manager*

Attachments: June 30, 2014 letter agreement with Transport Canada.

**Strathcona**  
REGIONAL DISTRICT



**CERTIFIED COPY OF BOARD RESOLUTION**

N. Anderson/C. Anderson: THAT Transport Canada be advised of the Strathcona Regional District's interest in acceptance of port facilities at Owen Bay, Surge Narrows and Port Neville, subject to a minimum of a ten year term for funding and a minimum contribution of \$2,874,500, and

THAT the Chair and Corporate Officer be authorized to execute the associated divestiture documents pending confirmation of authority for the Strathcona Regional District to terminate should efforts to adopt a service establishing bylaw not be successful or legal tenure not be obtained.

CARRIED

I hereby certify the foregoing to be a true and correct copy of Resolution # SRD 457/14 passed by the Board of the Strathcona Regional District at its closed session meeting on June 11, 2014.

T. Yates  
Corporate Officer

Dated at Campbell River, BC this  
12<sup>th</sup> of January, 2015.

*NB: Until such time as they are adopted, minutes of the meetings of the Board of the Strathcona Regional District remain tentative. Although the wording of resolutions is confirmed to be correct at the time of certification, they are subject to amendment up until the minutes are adopted by the Board.*

