

# Advice for Local Government

# Ministry of Community Services

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## A Primer on Regional Districts in British Columbia

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### 1.0 Introduction

This paper provides background on the development of regional districts in British Columbia. Regional districts are a unique feature of the British Columbia local government system which date back to the early 1960's.

### 2.0 Background

#### 2.1 Why were they created?

In order to understand why regional districts were created, it is necessary to understand the several factors concerning the nature of the province in 1965.

In 1965, the province was undergoing rapid expansion, in particular because of resource development. Rural areas were growing but did not have a general purpose local government. Where land use planning and regulation existed, it was done directly by the Minister of Municipal

Affairs and provincial staff using the authority of the *Local Services Act*. Local services like fire protection, street lighting and water supply were provided by independently incorporated improvement districts or by municipalities under contract to the ministry with cost recovery managed through local service areas established using the authority of the *Local Services Act*. The absence of a general purpose rural government created serious problems in terms of rural communities having access to services, political accountability and efficiency.

At the same time, there was no efficient and effective means to manage issues beyond the boundaries of municipalities, in other words urban fringe issues. Specifically this meant:

- a lack of planning in rural areas adjacent to municipal boundaries;
- difficulties for rural residents in accessing basic services like fire protection and water supply; and
- "free rider" problems where residents of rural areas could use municipal facilities without paying a fair share of the costs, most evident, but not limited to the case of recreational facilities and services.

As well, there was an inability to gain economies of scale in service provision except through political amalgamation of municipal units, inter-municipal contracting or creation of special purpose regional service agencies through special statute for example the Greater Vancouver Water District, the Greater Vancouver Sewer and Drainage District and the Greater Victoria Water District. While there were means to achieve economies of scale they were not readily available, lacked political acceptability or lacked sufficient flexibility to deal with the wide range of issues around the province. In short, the local government system was characterized by incipient fragmentation. There was no overall enabling statute to facilitate municipalities and rural areas joining together to achieve the benefits of regional service delivery.

In addition, there were related issues that demanded provincial attention and regional districts provided a vehicle to assist in their resolution. First, was the problem of long term capital borrowing for municipalities. Until the creation of the Municipal Finance Authority in 1971, each municipality had to undertake its own capital borrowing. This meant most municipalities were placed at a disadvantage in the market place and did not have solid credit ratings and, consequently, did not receive good rates, substantially raising the costs of capital projects. The Municipal Finance Authority created an opportunity for municipalities, through their regional districts, to "pool" the assets of all municipalities and using that as security, collectively approach the market place for capital borrowing producing benefits in terms of a better credit rating and lower rates. The *Municipal Finance Authority Act* took advantage of the emergence of regional districts and mandated that all municipalities with the exception of the City of Vancouver and special boards, had to borrow through their regional districts.

The second major issue that commanded provincial attention was the issue of hospital finance. In 1965, the local share of hospital capital costs was raised by municipalities or in rural areas by improvement districts. This created serious inequities of various kinds. A large hospital in Prince George, which served large parts of Northern British Columbia, would have to be financed exclusively by the taxpayers of the City. Rural residents living just outside the City would escape financial responsibility. Smaller communities with weak tax bases would have difficulties raising the local share from a weak property tax base. In other cases improvement districts which had limited access to conventional finance tools were forced to raise the local share. This created serious

inequities in terms of fair sharing of costs and equitable distribution of health care facilities. In response, in 1967 the *Hospital Districts Act* was passed which created regional hospital districts which had boundaries and membership coterminous with municipal regional districts.

## 2.2 What Do Regional Districts do?

Regional districts have three basic roles. First, regional districts are regional governments for the region. They provide a political forum for representation of regional residents and communities and a vehicle for advancing the interests of the region as a whole. More practically, they provide a vehicle for the delivery of typical regional services like economic development, water supply, sewerage disposal, and solid waste management.

The regional district regional service role is one which can be misunderstood. In particular, the roles of the municipality and the region can be confused. Perhaps the best way of describing the respective roles is to say that the regional district is the *wholesaler* while the municipality is the *retailer*. The regional district's customers are the municipalities while the municipal customers are the general public. This can be illustrated with respect to water. The regional district 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.

Second, regional districts provide a political and administrative framework for inter-municipal or sub-regional service delivery on a partnership basis through the creation of "benefitting areas". Any combination of municipalities and electoral areas can jointly decide to provide services and recover the costs from the beneficiaries. Examples of services that are typically provided this way include:

- a large scale recreation center that benefits four municipalities and an electoral area;
- a fire protection service that enables a municipal fire department to provide fire protection to a rural area immediately adjacent to municipal boundaries; and
- a park service that enables parks in three rural electoral areas to be maintained.

Third, regional districts are, in the absence of municipalities, the "local" government for rural areas. At the very least, this means that the regional district provides community planning and land use regulation in rural areas. However, in addition, it typically means the region is providing the following services: building regulation and inspection; nuisance regulation; street lighting; and house numbering.

While, all regional districts perform each of these roles, the emphasis on each varies from region to region. For example, the Greater Vancouver Regional District primarily focuses on delivery of regional services. A regional district like Thompson-Nicola emphasizes the rural government role. The Capital Regional District has a strong presence in each of these areas but its presence in the rural government area has declined with the incorporation of new municipalities in the Western Communities.

In order to illustrate, Figure One below outlines the variety of services provided by the Capital Regional District.

## Figure One: Services of the Capital Regional District

### *Regional Services [supplied to the entire region]*

- general government
- regional parks
- regional planning
- water supply
- sewerage treatment and disposal
- solid waste management emergency 9-1-1 system

### *Inter-Municipal Services [supplied to two or more members within the region]*

- recreation
- parks

### *Local Services [provided to rural areas of the regional district]*

- community planning and land use regulation
- building inspection
- nuisance regulation
- community parks
- water distribution
- sewerage collection
- fire protection
- street lighting recreation

## 2.3 How were they created?

The process for creating regional districts has been described as the process of "gentle imposition". Regional districts have a 33 year history. Figure Two illustrates critical milestones in the development of a system of regional governance.

## Figure Two: Key Milestones in the Development of Regional Districts

- Amendments to *Municipal Act* provide for regional districts: 1965
- First regional district incorporated: 1965
- Hospital Districts Act adopted: 1967
- Last regional district incorporated 1968
- Municipal Finance Authority Act adopted: 1970
- Municipal Finance Authority established: 1971
- Farmer Commission review of regional districts: 1979
- Campbell Commission review of regional districts: 1983 to 1986
- Regional district legislation reformed: 1989
- Amendments to *Waste Management Act* mandate regional districts prepare solid waste management plans: 1989
- Regional Growth Strategies Act adopted: 1995 *Greater Vancouver Transportation Authority Act* adopted: 1998

Legislation enabling the creation of regional districts was introduced in 1965. Over the next five years, a total of 29 regional districts were incorporated. This did not happen all at once; the system was built up one regional district by one regional district over a five year period using both incentives and a bit of push from provincial legislation. The boundaries of the regional districts were, to a large extent, based on school district boundaries but with a number of compromises necessary to ensure that each had a reasonable tax base.

While the basic elements were in place by 1970, the regional district system has not been *static*-----it has had to adapt over time to a changing environment, in response to either provincial interests, local pressures or a mutual agreement. Adaptation was necessary and changes have been made to deal with new issues and challenges.

In 1967, through the adoption of the *Hospitals Districts Act*, regional districts were given responsibility for regional hospital capital financing, in large part, to introduce badly needed fairness in access to health services. For example, until that time, the City of Prince George paid for all of the capital costs of the Prince George Hospital which benefitted the Central Interior. Similarly, small rural hospitals or diagnostic and treatment centers had to be financed by local improvement districts which varied greatly in terms of their financial capacity.

In 1971, difficulties experienced by municipalities and regional districts in accessing capital resulted in the passage of the *Municipal Finance Authority Act*, which created the Municipal Finance Authority. This created an opportunity for local governments, through their regional districts, to pool their assets and borrowing requests and collectively approach the marketplace producing benefits in lower borrowing costs.

In 1978, Hugh Curtis, then Minister of Municipal Affairs and Housing initiated the Regional District Review Committee, which came to be known as the Farmer Committee. This was the first comprehensive review of regional district since their inception. The Committee recommended retention of regional districts and made a number of practical suggestions for change.

The Farmer Committee produced a useful report which, under the leadership of a different Minister, spawned an extensive and serendipitous process of discussion of changes including a planning act discussion paper, a proposal for a county system and a new *Municipal Act*. With Minister Van der Zalm unable to forge a consensus either with local government or the province, none of this resulted in legislation.

In 1983, with the province deep in an economic recession, the provincial government removed regional planning powers from regional districts and initiated a comprehensive review of regional districts led by the political "father of regional districts", Dan Campbell. This Commission was a very informal exercise but it produced some very practical recommendations which ultimately led to substantial legislative change.

Over the period 1986 to 1989, building on the Campbell work, the ministry engaged in an extensive consultative process with the UBCM and local governments to totally re-write the regional district legislation. This solidified regional districts and eliminated innumerable cabinet approvals of regional district initiatives. More importantly, it pioneered collaborative approaches to legislative development between the province and local governments.

In 1989, the Minister of the Environment, John Reynolds, following recommendations of a consultative process led by Jim Rabbit, former Mayor of Merritt, introduced amendments to the *Waste Management Act* which mandated regional districts to develop solid waste management plans by the end of 1995. This was not well received by regional governments and there still are residual concerns about process in one or two areas. But for the most part there is a recognition that *planning* for environmental issues of this kind is best done at the regional scale.

In 1993 and 1994, former minister Darlene Marzari spearheaded a consultation process which led to the enactment of the *Growth Strategies Statutes Amendment Act* in 1995. This was the result of an exemplary process and a remarkable consensus by the province and local government on the need for more effective inter-jurisdictional co-ordination to manage growth. Today eight regional districts are engaged in this process voluntarily.

In 1998, the Legislature adopted the *Greater Vancouver Transportation Authority Act* which was the result of extensive negotiations between the province and the GVRD. This was significant in a number of respects: it gave the GVRD new powers in transit, major roads, air care and Transportation Demand Management (TDM); and provided revenue sources to match. Significantly, it removed hospital financing as a regional district responsibility as one of the swaps necessary to achieve a balanced and mutually acceptable package.

Not only has the legislative framework changed but there have been structural changes as well. In 1987, the Peace River-Liard Regional District was split to create the Fort Nelson-Liard and Peace River Regional Districts in response to concerns with the size and relative inaccessibility of the larger regional district. In 1994, the Fraser Valley Regional District was created through the amalgamation of the Central Fraser Valley, Dewdney-Alouette and Fraser-Cheam Regional Districts. The primary objective in this restructure was to create a stronger governance framework for effective regional growth management.

In conclusion, regional districts have been with us for over thirty years but the system has changed

dramatically both because of provincial interests and local needs. In some cases, this was the result of a provincial *fiat* but more often it was the result of inter-jurisdictional consensus and collaboration. Regional districts have evolved . There has been no overall plan for their development and this evolution has meant compromises amongst a range of principles which, for the most part, have worked.

## 2.4 What are the principles underlying Regional Districts?

The six basic principles which underlie the regional district system are summarized in Figure Three and discussed below.

FIGURE THREE	
KEY PRINCIPLES UNDERLYING THE REGIONAL DISTRICT SYSTEM	
PRINCIPLE	EXPLANATION
<ul style="list-style-type: none"> <li>• federal/confederal</li> </ul>	<ul style="list-style-type: none"> <li>• part of, not apart, from the municipal system</li> </ul>
<ul style="list-style-type: none"> <li>• voluntary</li> </ul>	<ul style="list-style-type: none"> <li>• write your own tickets</li> </ul>
<ul style="list-style-type: none"> <li>• consensual</li> </ul>	<ul style="list-style-type: none"> <li>• borrowed power</li> </ul>
<ul style="list-style-type: none"> <li>• flexible</li> </ul>	<ul style="list-style-type: none"> <li>• freedom to choose from the menu</li> </ul>
<ul style="list-style-type: none"> <li>• fiscal equivalence</li> </ul>	<ul style="list-style-type: none"> <li>• pay for what you get</li> </ul>
<ul style="list-style-type: none"> <li>• soft boundaries</li> </ul>	<ul style="list-style-type: none"> <li>• choose your geography</li> </ul>

*Federal/confederal:* *Federal* generally means two or more levels of government where citizens interact directly with each level in terms of voting and receiving services. Confederations are where citizens deal with the lower level government (ie provincial) and the lower level government deals with the higher level government ( eg. national).

Regional districts are a mixture of federal and confederal. Rural areas have a federal relation to the region: they vote for directors and they receive services directly from the regional district. For residents of municipal areas their relationship is confederal: citizens do not vote directly for regional board members and the services are not received directly from the region but from the municipality.

The federal character is the most important for understanding the unique character of regional districts. The region is a federation of municipalities and rural areas. Each constituent unit is in effect a shareholder and has a seat on the board of directors. As a consequence, regional districts are part of the municipal system not apart from it. The regional district does not sit over the municipalities with the municipal units serving the region. Rather it is the reverse: the regional district exists to further the interests of its members.

*Voluntary.* Regional districts are for the most part voluntary organizations that are self-organizing, in effect "writing their own tickets". That is, they only provide the services that their members or their residents agree they should provide. In the early years, the only functions mandated in provincial statute were the following:

- general government for the region as a whole and especially for rural areas;
- regional planning, subsequently removed in 1983;
- long term capital financing for municipal members and for the regional district itself through the Municipal Finance Authority pursuant to the *Municipal Finance Authority Act*;
- hospital capital financing pursuant to the *Hospital Districts Act*; and
- land use planning in rural areas although the level of planning effort varied considerably between regional districts.

However, the benefits of the regional district framework have been increasingly recognized and other responsibilities have been added through provincial statute:

- solid waste management planning pursuant to the *Waste Management Act*; and
- liquid waste management planning pursuant to the *Waste Management Act*.

The voluntary aspect of regional districts can be challenging in terms of so called "free-rider" problems: people being able to consume services without paying the full costs. However, the primary means of inducing people who are not paying the full costs is to have a system of differential user fees: those areas which are not contributing to the service in terms of property taxes pay higher user fees.

*Consensual.* Regional districts are for the most part consensual organizations. They rely on "borrowed power", that is they only do what their municipal members and the public agree they should do. This is quite different than relying on "statutory authority" or "direct power". It means getting things done by forging agreements and partnerships. Accordingly, extensive procedures are set out in the *Municipal Act* for obtaining consent of the member municipalities and, in the case of rural areas, elector assent, whether in the form of referendum, petition or counter-petition. Regional districts that bristle at the lack of direct power in comparison to municipalities are missing the point that regional districts are consensual creatures *by design*.

*Flexible.* Regional districts have a high degree of flexibility to choose which services they wish to provide and at what scale. As a consequence, every regional district has a different menu of services. The same legislation governs the Central Coast Regional District with 3,900 people and the Greater Vancouver Regional District which has 1.8 million people. Each regional district provides services appropriate to its circumstances. The Central Coast Regional District is essentially a rural government providing local services like planning, fire protection and water supply and distribution. In

contrast, the Greater Vancouver Regional District is a regional government which provides regional services like water supply, sewerage disposal and air quality management.

As well, services are delivered at a variety of scales within the boundaries of the regional district. The service area can be a single municipality or electoral area, a grouping of municipalities and electoral areas or a part of a municipality or electoral area.

Services are even provided across regional districts. For example, the Greater Vancouver Regional District provides regional parks services to part of the neighboring Fraser Valley Regional District. Similarly, the Fraser Valley Regional District provides sewerage treatment services for the City of Sumas in Washington State.

*Fiscal equivalence.* The legislation for regional districts requires a close matching between the benefits and costs of services. The intent is that residents "pay for what they get". In practice, this can mean that each service that is delivered by the regional district has a cost recovery formula. To this end, the legislation provides a wide range of cost recovery tools including taxes, charges and fees and the flexibility to vary these. As well, it requires that each service be separately accounted for in the budget and accounts of the regional district.

*Soft Boundaries.* Closely related to the principles of flexibility and fiscal equivalence is soft boundaries or custom geography. Every service provided by regional districts has a defined service area, or a custom boundary which, to the maximum extent possible, attempts to match the cost recovery with the beneficiaries of the service. Whereas "hard boundaries" are boundaries that dominate the delivery of a jurisdiction's service portfolio, in a "soft boundary" system it is the natural scope of the service delivery that dominates boundary setting.

For example, in the case of the Greater Vancouver Regional District, most services are provided to the entire regional district. However, in the case of water supply and sewerage disposal services, the costs are recovered only from the members receiving the service.

In fact, regional district boundaries are so soft that, indeed, there are many examples of services that extend beyond the boundary of the regional district encompassing other regional districts, other provinces and even other countries.

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## A Primer on Regional Districts in British Columbia - Continued

### 2.5 How are Regional Districts structured?

Regional districts are federations of municipalities and electoral areas. The regional district legislation provides that:

- representation for municipal areas comes from directors appointed from and by municipal councils; and
- representation for electoral areas comes from directly elected directors.

Representation on the regional district board balances the need for representation by population and representation by community. This is accomplished by a combination of the number of directors and number of votes. The procedure is as follows:

- a *voting unit* is established for the regional district, for example, one vote per 1,000 population, usually set to match, approximately, the size of the smallest municipality;
- the number of *votes* a municipality or electoral area is entitled to is determined by dividing the population of the political unit by the voting unit with the result raised to the next whole number; and
- the number of *directors* for each political unit is determined by dividing the number of votes by the number five (note cabinet may provide in the Letters Patent for a regional district that it will have a divisor other than five).

These procedures ensure that each political unit has at least one director with larger jurisdictions having more than one director and more votes.

An example of the structure of a regional district is illustrated in Figure Four. The Capital Regional District is comprised of 16 political units: thirteen municipalities and three electoral areas. With a voting unit of 5,000 having been established in its Letters Patent, it has a board of 22 directors having in total 72 votes. All municipalities have at least one director with Saanich and Victoria, the two largest municipalities, having 5 and 3 respectively.

### Capital Regional District

(incorporated February 1, 1966)

Figure 4: Voting Unit: 5,000 population

	Population 2001 Census		Number of Directors	Voting Strength
			(voting strength/5)	(population/ voting unit)
<b>Cities:</b>				
Colwood	13,745		1	3
Victoria	74,125		3	15
<b>Districts:</b>				
Central Saanich	17,363	1	1	4
Esquimalt	16,127		1	4
Highlands	1,674		1	1
Langford	18,840		1	4
Metchosin	4,857		1	1
North Saanich	10,436		1	3
Oak Bay	17,798		1	4
Saanich	103,654		5	21
Sooke	8,735		1	2
<b>Towns:</b>				
Sidney	10,929		1	3
View Royal	7,271		1	2

<b>Electoral Areas:</b>				
F. Saltspring Island	9,279		1	2
G. Outer Gulf Islands	4,664	1	1	1
H. Juan de Fuca	6,257	1	1	2
<b>Totals:</b>	<b>325,754</b>		<b>22</b>	<b>72</b>

## 2.6 How do they make decisions?

The legislation provides for two different kinds of votes at a regional board:

- corporate vote: In a corporate voting situation all board directors are entitled to vote on the basis of "one director one vote". The corporate vote is used respecting significant issues where the collective wisdom of the whole board is required. Corporate votes are used to make decisions on establishing a new service, contracting for a debt, or adopting the annual budget or dealing with matters of corporate procedure or staffing decisions.
- stakeholder vote: In a stakeholder voting situation only those directors participating in a service are entitled to vote and in accordance with the principle of "representation by population" the weighted vote is used. The stakeholder vote is used for decisions relating to the management and operation of an existing service.

This can result in a complex set of voting rules to govern a board meeting and its agenda. However, in practice, most boards operate informally on a consensus basis. Note the Greater Vancouver Regional District is an anomaly in that all votes are weighted votes.

## 2.7 How do they maintain accountability?

Regional districts are federations of municipalities and rural areas. As such, they represent a balancing of two contending needs for accountability: accountability to the municipal members and accountability to the public.

Accountability to municipal members concerns municipal influence over who represents the municipality on the regional board. As well, it relates to on-going opportunities for councillors to be informed of board activities and the opportunities to influence decisions. Finally, it concerns co-ordination of decision-making between municipalities and regional districts. Some typical methods for achieving accountability are the following:

- development of a regional growth strategy which requires collaboration with municipalities;
- development of a corporate strategic plan in a process which involves the municipal members;
- holding regular "council-of-council" meetings which bring all elected official together to discuss

- board priorities and directions; and
- regular reports on regional district board business placed on municipal council agendas.

Accountability to the electorate concerns providing the public with the opportunity not just to choose who represents them on the regional board but also the opportunity to influence the business of the regional board on an on-going basis. Citizen accountability can be achieved through elections but also through on-going opportunities for the public to be involved. Some of the methods regional districts use for achieving accountability to the public on an on-going basis are the following:

- public consultation plans for regional growth strategies and liquid and solid waste management planning exercises;
- public hearings;
- public meetings;
- newsletters;
- televised board proceedings; and
- advisory committees and commissions.

It should be noted that from time to time proposals are advanced that Regional Board members should be directly elected. This, however, would violate the principles that the board is a forum for inter-municipal cooperation and not a separate government and thus direct elections have not been adopted.

### **3.0 Conclusions**

Regional districts provide a government for unincorporated areas, a forum for inter-municipal cooperation and an organization upon which provincial mandates can be imposed such as for regional waste management planning. This forum, while set up through the *Municipal Act*, proceeds through voluntary agreement with extreme flexibility, especially in relation to the ability of each Regional District to develop its own approaches to the delivery of services for different areas within it. While still evolving after 30 years, it appears that this unique form of regional government has served and will continue to serve the diversity of British Columbia in the future.