

**MINUTES**  
**GOVERNANCE REVIEW CITIZEN ADVISORY COMMITTEE**  
Held at the Police / Fire Building, Kirby Room, 760 Vernon Avenue  
**Wednesday, July 27, 2016 at 7:00 p.m.**

Chair: John Schmuck

Present: Julian Anderson; Art Beck; Joe Calenda; Matt Gauk; Zig Hancyk; Caleb Horn; Phil Lancaster; Mano Sandhu; Jim Schneider; Brian Wilkes

Regrets: Andrew Medd

Guests: Dr. Robert Bish, Professor Emeritus, School of Public Administration, University of Victoria; Mr. Brian Walisser, Ministry of Community, Sport and Cultural Development, Local Government Department; and Ms. Anna Becker, Capital City Purchasing Services Inc.

Staff: Penny Masse, Senior Committee Clerk, District of Saanich

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**1. APPROVAL OF AGENDA**

The Chair called the meeting to order at 7:00 p.m. and welcomed the Committee and guests.

**MOVED by M. Sandhu and Seconded J. Anderson by that the agenda be adopted as circulated.**

**CARRIED**

**2. ADOPTION OF MINUTES**

**MOVED by M. Sandhu and Seconded by Z. Hancyk: "That the minutes of the Governance Review Citizen Advisory Committee meeting held on June 29, 2016 be adopted as circulated."**

**CARRIED**

**3. REQUEST FOR PROPOSAL (RFP) – REPORT FROM VICE CHAIR**

A. Beck gave an update and status report on the RFP process and the following was noted:

- The draft, revised RFP from A. Becker of Capital City Purchasing Services Inc. was received by the GRCAC RFP Interview Sub-Committee on July 08, 2016 in order to review it prior to the July 12, 2016 Sub-Committee meeting.
- The July 12, 2016 Sub-Committee meeting agenda including discussing scoring protocols to be used by all evaluators, as well as making revisions to the RFP including changes to the evaluation and selection process for respondents to the RFP. Consensus for the amended RFP was achieved among the Sub-Committee and it was agreed upon that the RFP would be posted on July 15, 2016.
- The following timeline was noted:
  - August 11, 2016 – closing date for submissions, changes to the Evaluation Handbook due.
  - August 13-18, 2016 – individual review of proposals by the GRCAC.

- August 19, 2016 – consensus meeting on proponents by the GRCAC RFP Interview Sub-Committee.
- August 31, 2016 – Proponents notified of selection.
- September 12, 2016 – contract commences.

#### **4. CORRESPONDENCE**

- The Chair confirmed that correspondence dated July 15, 2016 from the GRCAC regarding the status of the Committee, its budget and the RFP process was received by Saanich staff, Mayor and Council.

A budget update regarding GRCAC expenses was distributed and the following was noted:

- As of June 30, 2016 the GRCAC remaining budget totalled \$57,035.
- Consulting services to date include Allison Habkirk, City Spaces, and Capital City.
- Allison Habkirk was hired to strike and create the committee structure, create the advertising required and develop draft Terms of Reference.
- A clause has been included in the RFP which allows for the request for additional budget funds if necessary.

#### **5. GUEST SPEAKERS – DR. ROBERT BISH AND MR. BRIAN WALLISER**

Dr. Bish and Mr. Walliser gave an overview of regional governance and local government organization and performance; speaking notes are attached as “Schedule A”.

#### **6. ADJOURNMENT**

**MOVED by J. Calenda and Seconded by M. Gauk that the regular meeting of the GRCAC be adjourned at 8:17 p.m.**

**CARRIED**

The next scheduled regular meeting date is Wednesday, August 24, 2016 at 7:00 p.m. and will be held in the Kirby Room, Fire and Police Building.

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John Schmuck, CHAIR  
Governance Review Citizen Advisory Committee (GRCAC)

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Penny Masse, Senior Committee Clerk  
District of Saanich

# Schedule A

## SAANICH GOV COMMITTEE NOTES FROM DR. BISH'S PRESENTATION JULY 27<sup>th</sup>.

1. The committee is engaged in a very interesting process: a bottom-up approach. Still common in the West but not at all common in central and eastern Canada where one-person commissions often determine the design of forced amalgamations.
2. The way the committee thinks about the issues will play a major role in what you conclude and what you recommend. It very difficult to prevent selective perception from reinforcing a prior belief whether or not it is actually supported by evidence. Systematic research is important because it replaces searching for random examples, or anecdotes, that reinforce prior opinions.
3. How researchers think about local government has changed dramatically since the 1950's when there was a consensus that each metropolitan area should have one government. The change has been generated by systematic research that began in the late 1950's. Not everyone has caught up.
4. The UCLA project in the early 1960's to amalgamate municipalities with Los Angeles County to create one government discovered that new municipalities that were buying and selling services among themselves and buying from the county and private companies were providing services to citizens at lower cost than the older traditional municipalities that produced most services in-house. Another finding was that city managers acted more like the purchaser for a consumer coop instead of a manager of a production bureaucracy. The study also found that municipalities selling services had better data on the costs of producing services and lower costs that benefitted their own citizens.
5. Findings from the UCLA study were published in the 1960's and stimulated a half-century of research to identify the relationship between local government organization and performance in the US, Canada and Europe. The development to seek empirical evidence to support or refute long held beliefs also took place in other social sciences. Important research approaches on local government included:
  - Similar system designs where costs and performance of local governments were compared between a neighbourhood within a big city with a comparable adjacent municipality. Smaller municipalities generally outperform organizations providing services in big cities;
  - Large-sample statistical analysis of alternative ways to produce the same service where it was discovered that private contracts often outperform in-house production – but the important determinant turned out to be competition versus monopoly, not public versus private;
  - Large-sample studies of the relation between the number of governments in a metropolitan area and per capita costs where it was discovered that the larger the number of local governments in a metropolitan area the lower the per capita costs; and
  - The public service industry approach where functions (policing, solid waste, etc.) were examined in terms of how and at what scale their different activities are produced and what patterns are most efficient. It has been discovered that small municipalities can be efficient performing services with no scale economies (e.g. police patrol, residential water delivery) as long as they get the services that do have economies of scale from larger organizations or jointly with other governments (e.g. crime labs,

training, water supply, etc.). Least efficient are small governments that do not share services where there are cost savings and large cities where the diseconomies of scale for many activities offset the economies of scale of other activities. The net effect of this research has been to recognize the complexity of providing responsive and efficient local government services within metropolitan areas and the replacement of the religious-like faith in large bureaucracy solutions with systematic empirical evidence that polycentric systems of metropolitan area governance generally perform best.

## 6. CONCLUSIONS:

- Local governments need to be able to adjust to different scales of production for activities (in policing, for example, there are a number of important activities, each of which has its own production characteristics and efficient scale within functions;

- Local governments need to be able to govern at different scales including the local community, sub-regional and regional levels;

- Such systems work best when income redistribution services like welfare are done at the provincial or state level and local governments can then be organized with Fiscal Equivalence, e.g. citizens receiving a service by paying for what they get and getting what they pay for;

- It is important to avoid monopolies in production; and

- Local government officials need to have comparative information for good decisions. Such information is often better when governments are buying and selling services than when generated by an in-house bureaucracy.

## 7. WHAT WAS (and is) HAPPENING IN BC

In the 1950's and 60's, local governments were entering into joint agreements and buying and selling services similar to what was discovered in Los Angeles County but on a smaller scale.

In 1965, the Regional District system was legislated. It was an added option and did not replace joint agreements and improvement districts (small, mostly rural, local governments). The Regional District system is unique – municipal councillors decide which activities to transfer to the Regional District, and at what scale, and then govern them through committees made up of officials from the participating areas. This allows different scales for governance and production of different activities within functions such as water, solid waste or recreation, and it also gives rural people alternatives to improvement districts. Because municipal councillors decide which activities to transfer to the regional district, and continue to govern them through regional district committees, the conflicts between lower and upper tier elected officials that resulted in the elimination of lower tier governments in Ontario has been avoided and the result has been greater sharing of services among municipalities than in anyplace elsewhere in Canada that has been studied.

Within the Greater Victoria we have also had:

- 6 new municipalities have been created after a vote to form a single large municipality for the western communities was rejected by voters;

- More distinctly different residential choices for residents in different municipalities;

- Easier sharing of services through the RD compared to doing a separate agreement for each service;

- Some service changes including the switch from the Vancouver Island Regional Library to the Greater Victoria Library for several municipalities and the creation of the West Shore Parks and Recreation Commission to take over recreation from the CRD;

- A continuation of separate municipal contracts – with Saanich being an important seller to smaller municipalities;

- Saanich policing bid for View Royal forced RCMP responsiveness;

- Esquimalt's approach to RCMP forced Victoria police to be more responsive.

**This system has the characteristics of those metropolitan areas that provide the most satisfactory kinds and levels of local government services to their citizens efficiently.** This does not guarantee that it actually does these things in Greater Victoria – we would need empirical research and then compare the findings with other metropolitan areas. What we do know, however, is that the adaptations of activities at appropriate scales and the residential choice options make it very likely that such research will indicate good performance. Gathering information on specific services and their costs among the 13 municipalities and CRD within the region would be a good place to start since this information would permit comparisons.

## 5. WICKED PROBLEMS, ADAPTABILITY AND RESILIENCE

Technologies change, problems change, and large bureaucracies do not adapt well. It appears easier to build up from the bottom than decentralize from the top. There is no one best way or formula but the best results seem to come from local knowledge and local information with flexible institutional arrangements – as are characteristic of the west coast of both the US and Canada (including Alberta).

The British Columbia regional district system is a bottom-up process that is consistent with West Coast Culture and would be out of place in a top-down culture but it also places a lot of responsibility on individuals. Such a system must be able to deal with problems from the neighbourhood to the regional level. Not surprisingly, research indicates that a bottom-up system can be most responsive to citizen preferences and most cost effective relative to large bureaucratic systems, but this requires being able to undertake different activities at different scales and some will be local and some will be regional. To apply this philosophy to wicked problems (problems that are complex, open-ended and usually create win/lose situations among communities or even parts of communities) is the greatest challenge.

The RD system designed for mutual consent and 95% of its activities work fine. Wicked problems emerge, however, when benefits or costs of a solution to a regional issue are not widely spread but bear disproportionately on one or two governments, especially when they bear the costs. This can lead to stalemates. In *Governing Greater Victoria* we recommended trying to address regional issues by having a regional spokesperson – an elected CRD executive that would be like an executive mayor in a large city but leaving the board (legislature) unchanged. This would lend political legitimacy to the CRD and give it a true regional spokesperson that did not need to be re-elected in a single municipality. An elected executive could also take the lead in resolving wicked problems where deal making and trade-offs are often necessary as part of the process to reconcile different interests and come to solutions as an

alternative to having winners and losers decided upon by the provincial government. Having an elected executive would also free up the CAO to focus on production efficiency.

The role of the provincial government also needs to be considered but we have no specific suggestions as to how the intervention should work to address wicked problems – other than to note that provincial interventions elsewhere have not worked well.

## 6. CONCLUSIONS

Thinking about local government organization and performance has changed dramatically since the 1950's and 60's when there was a consensus that each metropolitan area should have one government, even though no metropolitan areas had such a government. During the past half-century, systematic research in the US, Europe and Canada has provided insights as to how the governance of metropolitan areas has evolved in bottom-up systems where the result is to have different activities governed and produced on different scales. British Columbia's regional district system was designed specifically to facilitate these adjustments. It remains unique in North America but the organizational arrangement that have evolved fit what systematic research indicates is the structure that is associated with the most responsive and efficient local government systems elsewhere. Such a system has the flexibility and resiliency to continue to evolve in the future as technologies change and new problems arise.

## REFERENCE

Readers seriously interested in how thinking about institutional arrangements has changed in the last half century are referred to a new book that is a combination intellectual biography and description as to how the new work, called the new institutional economics, relates to earlier and other social science work. This work goes beyond local governance but local governance issues have been present since the beginning stimulated by the UCLA study in the late 1950's and is now world-wide.

<https://www.amazon.com/Elinor-Ostrom-Intellectual-Vlad-Tarko/dp/1783485892>

Elinor Ostrom, who received the Nobel prize in the Economic Sciences in 2010 was also Jim McDavid's dissertation advisor at Indiana University and a colleague and co-author of *Local Government in the United States* with Professor Bish.