



## REQUEST FOR DECISION

**To:** Chair Samuel Schooner and Board of Directors

**From:** Courtney Kirk, Chief Administrative Officer

**Meeting Date:** December 10, 2020

**Subject:** Hagensborg Waterworks Conversion/Restructure

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**Recommendation:**

*That the Central Coast Regional District Board of Directors endorse the letter to the Honourable Josie Osborne, Minister of Municipal Affairs regarding the conversion restructure implementation grant request for funding to assist with costs of converting the Hagensborg Waterworks and Fire Protection Districts to CCRD services.*

**Issue/Background Summary:**

At the February 20, 2020 meeting of the board, it was resolved to pursue a conversion of the Hagensborg Waterworks (Improvement) District to a service area of the Central Coast Regional District. The Trustees of the Hagensborg Water District had previously made the resolution to dissolve and transfer to the Central Coast Regional District, largely based on the award of grant funding for the “Hagensborg Community Potable Water Distribution and Treatment Project No. IG0125” from the Investing in Canada Infrastructure Program (ICIP) in the amount of \$3,785,294. The shared cost agreement between the regional district and the province, signed in March 2020, stipulates that the improvement district must convert to a regional district service area as a condition of grant approval.

As reported to the board of directors at the September board meeting, staff have continued to participate in scheduled meetings with the improvement district and with the province since May 2020 in an effort to discuss issues and to develop a work plan for the conversion and for the project construction. Staff have also had meetings or conversations with engineers, regulators, the ministry and auditors.

The regional district is requesting \$30,000 from the province for a conversion implementation grant to address items as detailed in the attached letter and task list. The work plan is a work in progress and continues to be developed as issues arise. See attached letter to Marijke Edmondson, Director, Governance and Structure Branch.

The regional district is also requesting funding from the province to study the governance structure of the Hagensborg Water operations and the Hagensborg Fire Department. See second letter attached to Marijke Edmondson, Director, Governance and Structure Branch.

Board resolution is being sought on the letter to the Honourable Josie Osborne, Minister of Municipal Affairs to support the request for a restructure study grant and to follow up on earlier meetings with the previous Minister of Municipal Affairs.

**Policy, Bylaw or Legislation:**

N/A

**Board Priorities - Service Specific Progress of CCRD Strategic Plan 2019 – 2022:**

Goal 3 Improving Our Infrastructure – Investing in Safe and Sustainable Public Works and Construct Hagensborg Water System

**Financial/Budgetary Implications:**

Total Budget (Including Grants): N/A

Budget (User Fees and Requisition Only): N/A

Grant Funded Special Projects

Special Project: Water treatment	Total Project Cost: \$5.162m
	Total Grant Revenue: \$3.785m
	Percent total expended: 0%
	Received: March 2020 \$1,462,420

Applications dated December 2020:	Conversion assistance \$30,000
	Governance options \$25,000

**Apportioned Administration Reflecting Time Requirements – Staff and Elected Officials:**

As noted above, regional district staff has spent considerable time and effort over the last few months to get the “lay of the land”, to develop a joint work plan (task list), a communication strategy and to review legislative requirements related to the conversion of fire protection and water supply and distribution services.

**Options to Consider:**

None.

Submitted by: \_\_\_\_\_  
Courtney Kirk, Chief Administrative Officer



December 8, 2020

*SENT VIA EMAIL*

The Honourable Josie Osborne, MLA  
Minister of Municipal Affairs  
Parliament Buildings  
Victoria, BC V8V 1X4  
[MAH.Minister@gov.bc.ca](mailto:MAH.Minister@gov.bc.ca)

Dear Minister,

RE: HAGENSBORG WATERWORKS IMPROVEMENT DISTRICT CONVERSION: RESTRUCTURE  
IMPLEMENTATION GRANT REQUEST – CCRD

The Board of Directors of the Central Coast Regional District offers sincere congratulations on your recent election to the British Columbia legislature, as well as your appointment to Cabinet to serve as British Columbia's new Minister of Municipal Affairs.

During the minister meetings aligned with UBCM 2020, we had the opportunity to meet with Minister Selina Robinson while she was still serving as Minister of Municipal Affairs and Housing. During our discussion we outlined some concerns regarding the threshold of provincial grant support available to regional districts who have agreed to service conversion of existing improvement district services to regional district services.

While expressing gratitude for the provincial award of significant infrastructure grant funding that will greatly assist our local community to address the ongoing boil water advisory that has been in place for Hagensborg for over 20 years, we noted for the Minister the impact of the unmet additional costs CCRD is incurring as a result of the conversion.

As you may recall from our work together while you served as Tofino's Mayor and as part of the ACRD Board, the Central Coast Regional District is the smallest in the province by a factor of 9 compared to the next smallest (Mount Waddington Regional District) when comparing converted assessed value for taxation purposes. With our tiny tax base, and significant service load creating an ongoing (and generally unresolvable in the current fiscal framework) strain on the administrative capacity of our local government, we simply cannot afford the incremental costs associated with the conversion - costs unmet by the infrastructure grant itself - without additional financial support from the province.

We noted for Minister Robinson that the current allocation formula (which on its face would provide a funding award of \$15,000 to CCRD to offset conversion costs), is insufficient to meet the actual incremental costs we are incurring, and that further the formula and amounts have apparently not been reconsidered by the province as a policy matter for decades, even to address matters like CPI increases.

Our Board offered to provide further insight to the Minister on the current burdens and barriers associated with conversion from a (small) regional district perspective and extend the same invitation for a follow up meeting to you.

I attach for your consideration a letter from our Chief Administrative Officer to your Ministry's Director of the Governance and Structure Branch, Marike Edmondson, requesting \$30,000 as a restructure grant to offset the additional costs we are incurring as part of the Hagensborg Waterworks Improvement District conversion. We recognize this amount is significantly higher than what the documentation on its face suggests CCRD would be entitled to in offsetting the administrative costs associated with the conversion.

We would like to again take the opportunity to acknowledge (as we did with Minister Robinson) the incredible in-kind support through the mechanics of this conversion provided by your Governance and Structure Branch, particularly Senior Planning Analyst Karen Lynch. We would not be so far along in the work of the conversion were it not for Karen's steady support and facilitation and the broader support provided by the Branch.

Thank you for any attention you can provide on this matter and we would welcome a discussion if you are interested in learning more about our experience with the conversion toward improving outcomes for other communities in British Columbia. I can be reached at 250-799-5291 or [sschooner@ccrd.ca](mailto:sschooner@ccrd.ca).

Sincerely,  
CENTRAL COAST REGIONAL DISTRICT

Samuel Schooner  
Area E, Chair



December 8, 2020

*SENT VIA EMAIL*

Marijke Edmondson  
Director, Governance and Structure Branch  
Local Government Division  
Ministry of Municipal Affairs and Housing  
Marijke.Edmondson@gov.bc.ca

Dear Ms. Edmondson,

RE: HAGENSBORG WATERWORKS IMPROVEMENT DISTRICT CONVERSION: RESTRCUTRE  
IMPLEMENTATION GRANT REQUEST – CCRD

Please accept this letter as our request for your consideration of a funding award to the Central Coast Regional District (the “CCRD”) in the matter of the conversion of the Hagensborg Waterworks (Improvement) District to a CCRD service.

As you are aware, this initiative has been in the planning stages for some time and significant effort has been expended on developing readiness for the transfer of responsibilities and we now await the Order of the Lieutenant Governor in Council that will make it official.

We are aware that the Improvement District Conversion Guide notes that “the ministry may provide a Restructure Implementation Grant to assist the regional district with the administrative costs associated with the conversion” and that the costs can include the integration of accounting and billing processes as well as the transfer of files, licences, easements, contracts and equipment. The Guide goes on to show that the CCRD is eligible to receive \$15,000 for this purpose which is based on the number of water connections and population.

Attached for your information is a conversion task list which we have generated internally, and which is updated regularly. Except for the “ballpark” cost of an external auditor to audit the transfer balances (\$8,000) the specific items have not been given a cost estimate. It is also anticipated that the work will not be completed for a period of approximately one year. It is clear to us that this project cannot be completed for \$15,000 and that additional financial consideration is required. Indeed, we have already expended significant cost as noted above, in preparing for this transfer.

The regional district respectfully requests your consideration of an implementation grant in the amount of \$30,000.

Yours truly,  
CENTRAL COAST REGIONAL DISTRICT

Courtney Kirk,  
Chief Administrative Officer

CENTRAL COAST REGIONAL DISTRICT  
Hagensborg Waterworks District Conversion Task List

<b>Task/Event</b>	<b>Timing</b>	<b>Lead</b>	<b>Other (cost)</b>
Arrange audit schedule with KPMG	Dec 01, 2020	CCRD	Done
Examine files and records for capital plans, budgets, bylaws and policies. Amend or repeal.	Dec 2020		
Review asset listing – do they exist? Require write-off?	Dec 14/20 1pm	CCRD/HWD (KM, DM)	
Determine if a third party assessment should be done on the values of assets	Dec	CCRD (PWM, CAO)	
Determine existing contracts, commitments, contingencies	Dec/Jan	CCRD	
Determine all information that may exist relative to ARO standards		CCRD (YB)	
Apply for feasibility funds re Local Community Commission governance	Dec/Jan	CCRD	
Apply for conversion grant	Dec/Jan	CCRD	
Confirm Sage used for HWD books – purchase software? “Borrow”? Does HWD own?	Jan 01, 2021	CCRD	
Obtain access keys for files and/or buildings and passwords for email, website	Jan 01, 2021	CCRD	
WLDCU safety deposit box? Destroy HWD seal.	Jan 01, 2021	CCRD	
December 2020 bank reconciliation	Jan 2021	HWD	
January 2021 bank reconciliation	Feb 2021	CCRD	
Post & pay December payables/expenses	Jan 2021	HWD	
Prepare/send info to auditors, including electronic books, completed	Feb 2021	HWD	
Grant applications/accounting/reporting/follow up		CCRD	
Prepare HWD budget for inclusion in the CCRD budget – note that the capital project has not been included in the HWD budget since the funds are allocated to the CCRD. Repeal HWD budget bylaw at the March meeting when the CCRD budget is adopted.	Dec-Mar	CCRD	
Reconcile GST and payroll liabilities	Dec/Jan	HWD	
Post & pay 2021 payables/expenses	Jan 01, 2021	CCRD	
Notifications to vendors re name change and billing/processing policies – as paid (incl Telus, Hydro, insurance, leases, vehicle registrations)	Jan 01, 2021	CCRD	
Review vendors and A/P balances*	Jan 01, 2021	CCRD	
Insurance – review coverages on assets and on liabilities – ensure sufficiency – cyber security? (2 policies renewed Oct 2020 – 2021 by HWD. The other is due for renewal in Jan 2021. We can renew it or roll it over into ours?)	Dec 01, 2020	CCRD (MIA assistance?) KM, CK, YB	
Review A/R balances	Jan 01, 2021	CCRD	
Notify post office to re-direct mail Notify Vancouver Coastal Health Authority Notify Canada Revenue Agency	TBD	CCRD	
Request BC Land Title and Survey to transfer ownership of lands, easements and rights of way	TBD	CCRD	

Request FLNRD to transfer all water licences	TBD		
Review accounting policies, amortization policies for alignment – amend or repeal.		CCRD	
Board Meeting – bank signatories HWD account (remove HWD signatories; add CCRD)	Feb 11, 2021	CCRD	
Post auditors 2020 adjusting journal entries	Mar 2021	HWD	
Board Meeting - Approval of HWD 2020 audited financial statements	Apr 08, 2021	CCRD	
Receive updated asset schedule from HWD auditors	Apr 01, 2021	CCRD	
Close HWD account at WLDCU and transfer balances to CCRD. Ensure restricted/non-restricted accounts are kept separate.	TBD	CCRD	
2020 completed HWD books transferred to laptop & USB after HWD audit. Trial balance before & after.	Apr 01, 2021	HWD	
December 31, 2020 balances transferred to QB	Apr 01, 2021	CCRD	
A/R – set up annual billings for water tolls and charges – ugh.	May 2021	CCRD	
Audit of transfer balances (KPMG quote)	Sept/Oct 21	CCRD	\$8,000
Determine governance – fire protection and waterworks – LCC? Committee? Internal coordination/facilitation and consultant/contractor. (Application for funding)	2021	CCRD	\$20,000-\$25,000
Update CCRD website – decommission HWD site? Transfer information from one site to the other?	Jan/Feb 21	CCRD (Des?)	
Records management and retention (FOIPPA) – transfer to Filehold – minutes, financial statements		CCRD (w MW)	
Communications – Hosting virtual town hall – logistical coordination (contractor/specialist), arrange travel for “expert”/agency representation (VCH, MAH, Engineers, HWD, other)- and determine platform (special platform required?)	TBD	CCRD	
Communications Strategy (local contractor/specialist) internal coordination/oversight-develop <b>and</b> implement strategy – will create add'l tasks	ASAP		



December 8, 2020

*SENT VIA EMAIL*

Marijke Edmondson  
Director, Governance and Structure Branch  
Local Government Division  
Ministry of Municipal Affairs and Housing  
Marijke.Edmondson@gov.bc.ca

Dear Ms. Edmondson,

RE: HAGENSBORG WATERWORKS IMPROVEMENT DISTRICT CONVERSION: GOVERNANCE  
STUDY GRANT REQUEST – CCRD

In February 2020, the Board of Directors of the Central Coast Regional District (CCRD), passed a resolution supporting the conversion of the Hagensborg Waterworks District (HWD) to services of the CCRD. This is an important step in the history of the regional district as it signals a commitment to continue providing services to the residents of the community of Hagensborg.

As part of the conversion of the HWD, the CCRD is interested in studying how a local community commission could help with transitional matters and participation of residents in the provision of services. Our intent is to retain a consultant to study this matter. We anticipate the study to summarize:

- Purpose of local community commissions
  - E.g., Where they exist in the province, what the legislation provides for?
- Scope of matters that a local community commission could take on
  - E.g., All or selected services of the HWD?
- Governance structure
  - E.g., Who participates, and how?
- Cost of a local community commission
  - E.g., Cost of running a commission including staff support from CCRD
- Community support for a local community commission
  - E.g., Engagement of residents to see their interest in forming a commission
- Alternative governance options
  - E.g. Options such as advisory committee, standing committee, and regular commission
- Community support for governance alternatives
  - E.g. Presentation of alternative governance options to constituents to seek their input



- Impact benefit analysis of governance options after community consultation with recommendations to CCRD
  - E.g. Impact on other regional district services, such as the Hagensborg Fire Protection Service, should a local community commission be pursued
- Recommendations, including next steps to effect recommended governance option
  - E.g. summary of all information, research and feedback gathered with analysis formulating a clear governance recommendation

To this end, we are requesting that the Ministry support our endeavors through the provision of a governance study grant. The study should take three to six months to be completed and can start once a consultant is retained. At this time, we do not have a cost estimate for the completion of the study but anticipate that the study should cost no more than \$25,000. Therefore, we are asking the Province to provide a one-time governance study grant of \$25,000.

The study of a potential local community commission for Hagensborg is an important step forward in this project, as it underpins the importance of listening to local voices while matching local needs to a functional governance structure. The CCRD cannot do this on its own – we need to have the financial assistance to hire a consultant to undertake this important work for us and the residents of Hagensborg.

If you have any questions, I can be reached at 250-799-5291 or [cao@ccrd.ca](mailto:cao@ccrd.ca). Thanks for your consideration on this matter

Sincerely,  
CENTRAL COAST REGIONAL DISTRICT

Courtney Kirk  
Chief Administrative Officer