
City of Kelowna

MEMORANDUM

DATE: January 17, 2007
FILE: 113-01

TO: Mayor & Council

FROM: City Manager

RE: Westside Governance Study – Potential Boundary Extension

RECOMMENDATION:

THAT Council advise the Minister of Community Services, Ida Chong, that the City of Kelowna is prepared to support an agreement with the Province on a boundary extension, to include areas as identified in the Westside Governance Study, subject to:

- Confirmation that the boundary extension will not result in a material financial burden on existing City of Kelowna taxpayers
- Results of a consultation process with the citizens of the City of Kelowna

AND THAT the City apply to the Province for a restructuring assistance grant to cover costs incurred in the City's review, up to a maximum of \$40,000.

AND THAT Council approve the Terms of Reference, attached as Appendix "A", to proceed with a detailed review in order to advise Council on all aspects of a boundary extension, the acceptability of the terms of the Provincial Offer of Restructure Assistance and to prepare for a public consultation process;

AND FURTHER THAT Council defer a decision on whether to proceed with a public referendum until more definitive information on the impacts of a boundary extension is presented in a staff report to be received by April 16, 2007.

BACKGROUND AND COMMENTS:

The Westside has been engaged in a multi year review of governance options including status quo, incorporation and amalgamation with Kelowna. The Westside Governance Committee is nearing completion of this review with anticipation of a referendum to seek direction from Westside residents as to which option they wish to proceed with.

The Province has provided both the Westside Governance Committee and the City of Kelowna with formal offers of municipal restructuring assistance which contemplate either an incorporated Westside or a City of Kelowna boundary extension. Along with Minister Chong's letter is an expectation that the City will respond, in principle, to its position on a boundary extension, should the Westside decide not to incorporate.

It is clear that there are many Kelowna stakeholders who must be consulted prior to Council finalizing such a critical decision. City staff has deferred committing our limited resources to enter into a detailed analysis pending the completion of work by the Westside Governance Committee's consultants. This work is now close to being finalized and will form the basis for extrapolating the financial impact of a boundary extension on the City of Kelowna and its citizens.

The City of Kelowna acknowledges that the decision on the future of Westside governance rests solely with the residents of the Westside. The City is committed to being a good neighbour. To date, out of respect for the right of Westside residents to decide their own future and so as not to impact that choice in any way, Kelowna City Council has refrained from advising the Province of its position on a boundary extension.

The City must first consult with Kelowna taxpayers and be assured that an agreement does not result in a material financial burden for the City before committing outright support to a boundary extension. If, however, Westside residents choose the option of amalgamation with the City of Kelowna, it is surely in the best interest of the City, the Westside and the Province to already know that the City does, in principle, support such an agreement with the Province subject to public consultation and the financial implications for the City.

In addition to the efficiencies of service and the lower cost of the bureaucracy and administrative support achieved through one municipality instead of two, the long term interest of the City of Kelowna and the Westside will be enhanced as the new City becomes a more influential local government, the Province's 5th largest City with a population of approximately 150,000. The combined City immediately attracts significantly greater attention as a stronger player on both the Provincial and Federal stage and, relative to the alternative of the 2 municipalities individually competing against each other, has appreciably superior advantage in securing senior government programs, projects and assistance of benefit to the City and region. Long term transportation planning and the sustainability of the region will also be enhanced under one jurisdiction.

The following Terms of Reference (TOR) are intended to outline the process for a detailed review. It is understood that the Province favours a December 1, 2007 date for either incorporation or boundary extension. Ministry staff have advised that they are amenable to working with the City in determining how best to proceed with a boundary extension relative to implementation support and transitional timing.

It should be noted that there is no provision at present for funding of potential referendum costs should Council wish to proceed with one at a later date.

R.L. (Ron) Mattiussi, ACP, MCIP

Cc: Director of Financial Services
Director of Works & Utilities

Director of Corporate Development
Communications Manager

TERMS OF REFERENCE

FOR CITY OF KELOWNA POTENTIAL BOUNDARY EXTENSION TO INCLUDE THE WESTSIDE GOVERNANCE STUDY AREA

OBJECTIVES

There are 5 major objectives for this terms of reference:

1. To prepare a budget that will be used to seek \$40,000 in funding assistance from the Province for costs associated with undertaking an assessment of impacts of a boundary extension.
2. To complete a due diligence review of the financial implications of a City of Kelowna boundary extension to include the Westside Governance Study Area relative to the Provincial Offer of Restructure Assistance, tax structure in a proposed Letters Patent agreement and any other pertinent information;
3. To assess the non-financial impacts that a boundary extension will have on the City of Kelowna;
4. To make recommendations to Council regarding any potential areas of negotiation with the Province regarding funding, land, resourcing and services in order to facilitate a successful transition;
5. To prepare and carry-out a public consultation strategy in leading to a boundary extension decision.

SCOPE OF WORK

The work may include, but not be limited to:

- Engagement of a financial consultant to review and compare the Provincial Offer with projected annual costs and revenues, current and future capital costs and other potential changes to funding that may be anticipated over the next 5 to 10 years. Will also coordinate data and costs prepared by staff from various departments that are pertinent to a boundary expansion.
- Engagement of a local government consultant to advise on the implications of a boundary expansion relative to planning, facilities, maintenance and performance standards, future opportunities, existing agreements and obligations, etc.
- Engagement of an information systems professional to advise on the capacity of the City's electronic systems and the implications of moving records and data from current systems to City of Kelowna systems.
- Discussions with consultants engaged by the Westside Governance Committee to clarify and complement the work completed on fact sheets.

Appendix “A”

- In consultation with the City's Communications division, engagement of a public relations or media firm to prepare and assist in carrying out a public consultation strategy. The consultation will include citizens and other key stakeholder groups.
- Determination of the physical state of major buildings that would come into the ownership of the City of Kelowna and identification of possible contingent liabilities for the repair or replacement of these facilities
- Review of all Westside restructure area in-stream capital projects, future capital plans and master plans to determine the financial and resource requirements as well as anticipated timing.
- Review of current agreements for the provision of services and other commitments or obligations to service the community, including RDCO and other agreements that the City may inherit as a result of a boundary expansion.
- Development of approaches to address any linkages and issues included in the 1973 boundary expansion and associated letters patent as they may impact a Westside boundary expansion.
- Review and comparison of fees and charges and recovery rates to assess financial implications.
- Determination of resource requirements, potential work force integration strategies and a high level phasing plan to provide a 'City of Kelowna' service level for operations and maintenance in all departments.
- Development of strategies and budgets for the future updating of plans related to the Official Community Plan, 20 Year Servicing Plan and Financing Strategy, 10 Year Capital Plan and other plans identified as significant under an expanded city model.

DELIVERABLES

- Confirmation from the Ministry of Community Services of funding of up to \$40,000 to review the implications of a City boundary extension. Should anticipated costs be in excess of this funding, a report will be brought to Council along with a funding source in advance of associated expenditures.
- A comprehensive document that will act as a guide to Council and staff in determining the fairness and equity of the Provincial Offer after comparing costs along with non-financial strengths and weaknesses. The document will be a consolidation of the work completed and may recommend areas for negotiation with the Province including financial deficiencies, services assistance needs, alternative phasing plans, legislative accommodation, etc.
- A citizen consultation strategy to be developed and implemented, subject to Council approval, on a timeline to be determined by mid-February. A major objective is to produce results that will assist Council in determining how to move forward, specifically relative to the cost/benefit of a referendum.