



OVERSIGHT COMMITTEE REPORT

Meeting Date: December 13, 2016

Subject: Proposed RRC Bylaw Amendments

APPROVALS:

David Leflar, Director
Kevin Scoble, Acting Chief Administrative Officer

Administrative Recommendation:

THAT Administration do a comprehensive review of the proposed changes to the Regional Recreation Corporation (“RRC”) corporate bylaw, focusing on the implications of the changes for how Administration and Council interact with the RRC;

AND THAT following completion of the review, Administration work collaboratively with the RRC to bring forward to Oversight Committee in the first quarter of 2017 a recommendation for amendments to the RRC corporate bylaw supported by information and analysis that takes into account both the practical realities of the RRC’s role and mandate, and the requirements of corporate law, municipal law, and best corporate governance practices.

Summary:

In November of this year the RRC proposed a number of amendments to the RRC Bylaw which have now undergone an initial review by Administration. Most of the proposed amendments are of a minor, housekeeping nature and/or intended to add clarity. However, some of the amendments are more problematic since they involve the interplay between corporate law and municipal law. Another category of the proposed amendments would alter the way in which the RMWB interacts with the RRC Board of Directors, and these require further analysis and explanation so that Committee members will have a full understanding of the implications of what is being proposed.

Background:

The RRC and its predecessor MacDonald Island Park Corporation have a long history of delivering high quality recreation services and operating recreational/cultural facilities – initially at MacDonald Island and more recently throughout the region. Although the RMWB appoints the RRC Directors, is the source of most of the RRC’s funding, and is the sole “member” of the RRC (roughly equivalent to a sole shareholder of a for-profit corporation) the RMWB has generally treated the RRC as a quasi-independent organization that sets its own corporate policies, establishes and promotes its own brand, and makes its own day-to-day operating decisions under the stewardship of a Chief Executive Officer chosen not by Council but by the RRC Directors. This relationship of independence is tempered by Council’s decision at the beginning of the current Council term that one or more Councilors will be appointed as RRC Directors, and by Council’s choice to exercise governance oversight over the RRC through the Oversight Committee.

The proposed amendments to the RRC Bylaw need to be considered in light of this history and practice, and will be appropriate either in their entirety or in varying degrees depending upon Council's views going forward on some fundamental questions, such as:

1. Does Council foresee the RMWB continuing to be the sole member of the RRC for the indefinite future, or is there a possible scenario under which one or more additional members are added?
2. If the RMWB is to be considered the sole member indefinitely, does Council wish to exercise directly all of the roles, responsibilities and powers of the member [all of which are "natural person powers" from a municipal law point of view] or does it make sense to assign some or all of the member's functions to the Chief Administrative Officer?
3. Does Council wish to continue past practice of giving a broad measure of independence to the RRC? If so, is there a rationale for appointing Council members as RRC Directors, and/or giving Oversight Committee governance oversight of the RRC?
4. Should the RRC have borrowing power independent of RMWB approval, at least for debt that is not secured and/or is not guaranteed by the RMWB?

Some of the proposed amendments, particularly those that affect the different types of "member meetings" and "member resolutions", are an attempt to mesh Council's normal practices with the requirements of a not-for-profit corporation under its governing statute. These changes are well-intentioned, but may not be necessary or alternatively may need further refinement, depending on Council's choices about how it wishes to interact with the RRC going forward, and in particular how the role of the sole Member will be fulfilled and by whom.

Other proposed amendments would remove the mandatory requirement of regional balance on the RRC Board, although Council could still choose to strive for such balance through its choices in Director appointments, independent of the RRC Bylaw. There is also a proposed amendment to give the RRC the authority to incur unsecured debt without seeking RMWB approval.

Budget/Financial Implications:

There are no budget implications.

Rationale for Recommendation:

Because some of the proposed amendments would impact the relationship between the RRC and the RMWB, it is best to have a clear understanding of that impact and a robust dialogue with the RRC before a recommendation is advanced to Council.

Strategic Plan Linkages:

Pillar 1 – Building Responsible Government

Pillar 2 – Building Balanced Regional Services

Attachments:

1. Draft RRC Amendments.