

**METRO VANCOUVER REGIONAL DISTRICT  
COUNCIL OF COUNCILS**

**MEETING**

**Saturday, April 25, 2026**

**9:00 am – 12:00 pm**

**Location: Zoom and Live Streamed at**

**<https://metrovancouver.org/boards/board-live-webcast>**

**REVISED AGENDA**

**Host:** Mike Hurley, Chair, Metro Vancouver Boards

**Moderator:** Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer

9:00 am **Introduction**

- Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer

9:10 am **Chair Welcome and Update**

- Mike Hurley, Chair, Metro Vancouver Boards

9:15 am **Board Governance Update and Engagement \***

- Mike Hurley, Chair, Metro Vancouver Boards
- Lisa Dominato, Chair, Governance Committee, Metro Vancouver
- Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

10:05 am **Q&A**

- Lisa Dominato, Chair, Governance Committee, Metro Vancouver
- Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

10:15 am **Board Budget Update \***

- Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer
- Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
- Linda Sabatini, Deputy Chief Financial Officer

*\* Presentation will be provided on table.*

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Membership:

Membership consists of Mayor and Council from the following Metro Vancouver Regional District member municipalities, Electoral Area representatives and treaty First Nation Executive Council: Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Electoral Area A, Langley City, Langley Township, Lions Bay, Maple Ridge, New Westminister, North Vancouver City, North Vancouver District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Tsawwassen First Nation, Vancouver, West Vancouver, White Rock.

- 10:30 am Q&A
- Jerry W. Dobrovlny, Commissioner/Chief Administrative Officer
  - Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
  - Linda Sabatini, Deputy Chief Financial Officer
- 10:45 am **Iona Island Wastewater Treatment Plant Update \***
- Malcolm Brodie, Chair, Liquid Waste Committee
  - Jerry W. Dobrovlny, Commissioner/Chief Administrative Officer
  - Cheryl Nelms, General Manager, Project Delivery
- 11:00 am Q&A
- Jerry W. Dobrovlny, Commissioner/Chief Administrative Officer
  - Cheryl Nelms, General Manager, Project Delivery
- 11:15 am **Closing Remarks**
- John McEwen, Vice Chair, Metro Vancouver Boards
  - Mike Hurley, Chair, Metro Vancouver Boards

*\* Presentation will be provided on table.*

**Added Reference Materials:**

1. Considering Changes to Size and Structure of Metro Vancouver's Boards - Factsheet
2. Board Size and Structure - Options Sheets
3. Board Size and Structure - Impact of Each Option on Number of Votes and Directors
4. MVRD and MVHC - Report dated March 12, 2026, titled "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors - Options Analysis"
5. GVWD and GVS&DD - Report dated April 9, 2026, titled "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors - Options Analysis"
6. Deloitte Report on Board Governance Review dated May 20, 2025



# Considering Changes to Size and Structure of Metro Vancouver’s Boards

Every day, over three million people — more than half of BC’s population — rely on Metro Vancouver for clean water, clean air, and other services that are the foundation of livability in our region. Residents expect strong, effective governance of an organization responsible for delivering essential services.

In 2025, Metro Vancouver received the results of the Metro Vancouver Board Governance Review undertaken by Deloitte Canada. Deloitte found that the regional district model has served the region well for decades and, recognizing the ability for continuous improvement, outlined 47 recommendations to strengthen governance as the region grows. A newly formed Governance Committee is advancing the recommendations and has already completed 20 of 47.

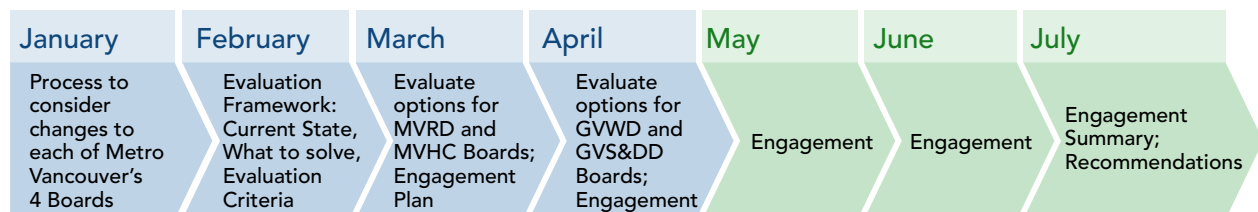
## Assessing Board Size and Structure

The Board Governance Review identified an opportunity to consider changes to the size and structure of each of the four boards that govern Metro Vancouver to improve effectiveness, oversight, and decision making.

Within ten years, the Metro Vancouver Regional District Board will grow to over 50 people. Deloitte Canada has recommended reducing Board size to enhance decision making, strategic focus, and overall improved governance. They provided a number of options in their final report that include changes to the number of directors, integration of external appointed directors, and other factors.

The Governance Committee and Boards are seeking input on the options through engagement. Any legislative changes required will involve the Province and related due process.

## Process for Considering Possible Changes to Each of Metro Vancouver’s Boards (2026)







## One Organization, Four Legal Entities

Though typically referred to as one organization (“Metro Vancouver”), Metro Vancouver is actually four separate legal entities: The Metro Vancouver Regional District, the Greater Vancouver Sewerage & Drainage District, the Greater Vancouver Water District, and the Metro Vancouver Housing Corporation. Each has its own board of directors. The four legal entities, their board composition, and their membership are outlined below.

## Current Board Composition

These boards provide strategic direction and oversight for all Metro Vancouver’s services. Membership on each of the four boards is slightly different.

<p><b>Metro Vancouver Regional District (MVRD)</b></p>  <p>Since: 1967 <i>Local Government Act</i></p> <p><b>Directors: 41</b> Member Jurisdictions: 23 Members: Per the <i>Local Government Act</i>, every local government in a region must be part of a regional district Services: Air Quality, Regional Parks, Regional Planning, Invest Vancouver, Electoral Area A, Regional Emergency Management, Regional Employers Services**</p>	<p><b>Greater Vancouver Water District (GVWD)</b></p>  <p>Since: 1924 <i>Greater Vancouver Water District Act</i></p> <p><b>Directors: 38*</b> Member Jurisdictions: 19 Members: All MVRD members except Bowen Island, Lions Bay, and White Rock Service: Drinking Water</p>
<p><b>Greater Vancouver Sewerage &amp; Drainage District (GVS&amp;DD)</b></p>  <p>Since: 1914 <i>Greater Vancouver Sewerage and Drainage District Act</i></p> <p><b>Directors: 37</b> Member Jurisdictions: 19 Members: All MVRD members except Belcarra, Bowen Island, Lions Bay, and scəwáθən məsteyəxʷ (Tsawwassen First Nation) Services: Sewerage and Drainage, Solid Waste</p>	<p><b>Metro Vancouver Housing Corporation (MVHC)</b></p>  <p>Since: 1974 <i>Business Corporations Act</i></p> <p><b>Directors: 41</b> Member Jurisdictions: 23 Members: All MVRD members Service: Non-profit Rental Housing</p>

\*Electoral Area A is not a member jurisdiction, but pursuant to the GVWD Act, the Director for Electoral Area A is a voting member of the Board

\*\*See Metro Vancouver website for complete list

## Current Regional Representation

Each member jurisdiction of Metro Vancouver is represented on the respective Board if they are a member of that particular service.

Residents directly elect their mayors and councillors through local elections (in the case of Tsawwassen First Nation, this is Chief and legislators. In the case of Electoral Area A, the public directly elects their representative to the MVRD Board). Elected councils select council members to sit on Metro Vancouver Boards as directors.

Each Board Director has votes based on the population of the member jurisdiction.

- 1 vote for every 20,000 residents in the community
- At least 1 director for every community
- An additional director for every 100,000 residents

## Many Voices Contribute to Big Decisions

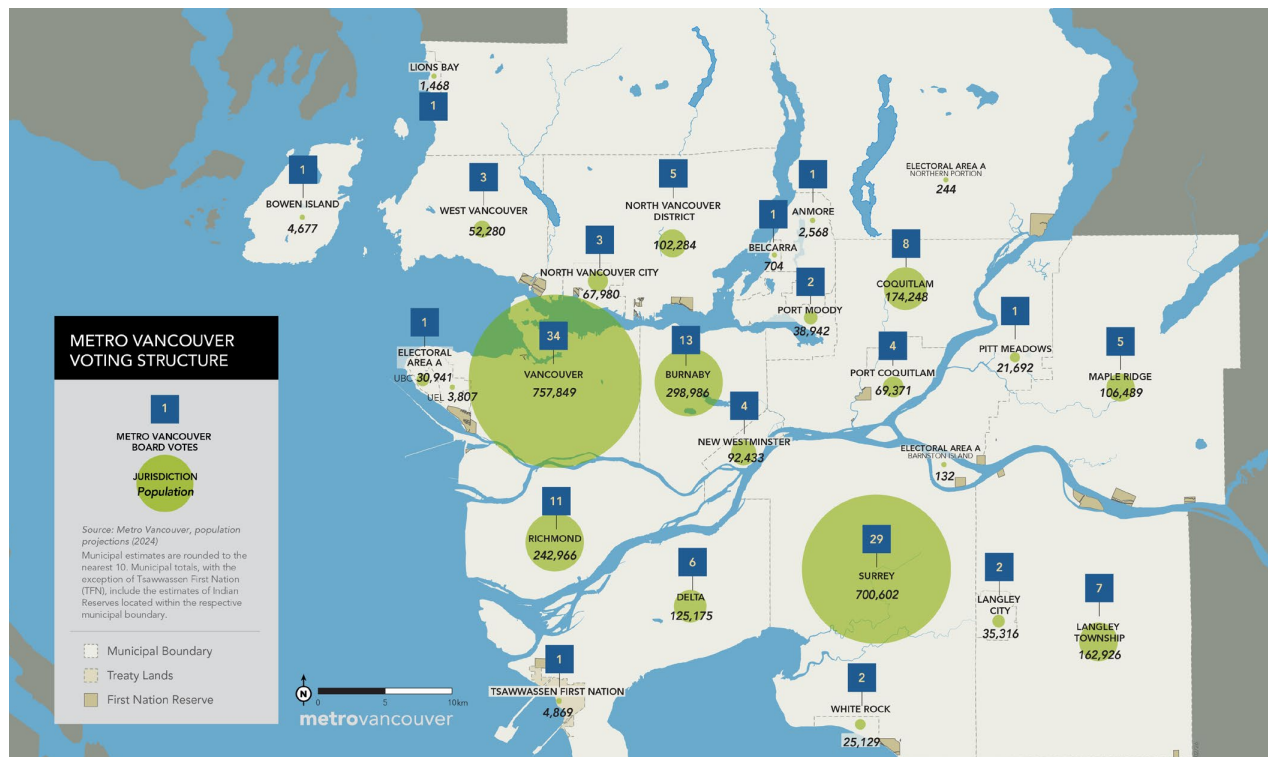
Board decisions are informed by many sources of information and expertise including: analysis from professional staff, advice from external consultants and expert or technical advisory panels, input from member jurisdictions, policy, management plans, legal and financial considerations, provincial and local government requirements, and input from the public, First Nations, and other interested parties.

### Did you know?

Board and Committee meetings are open to the public, livestreamed, and archived online.

Detailed public agendas, reports, and presentation decks are available at [metrovancover.org](http://metrovancover.org).

Metro Vancouver voting structure

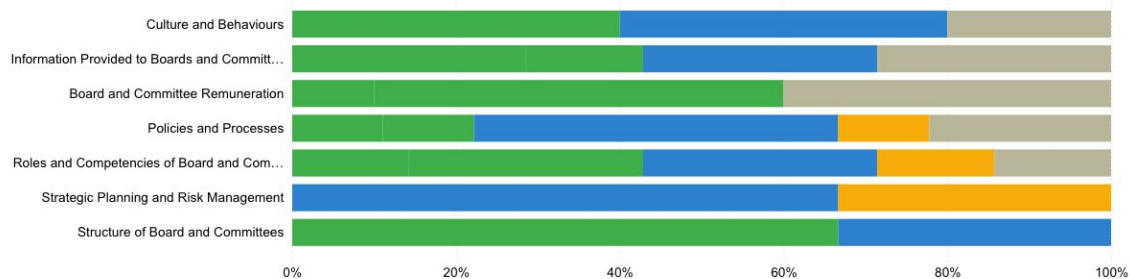


## Track Progress of the Board Governance Review Recommendations

Metro Vancouver is making steady progress toward strengthening governance and implementing recommendations from the Board Governance Review. View progress anytime at our Board Governance Review Tracker at [metrovancover.org/boards/board-governance-review-tracker](https://metrovancover.org/boards/board-governance-review-tracker).



### Progress by section



Board Governance Review Tracker, progress as of April 2026

## We Want To Hear From You

Metro Vancouver is gathering perspectives on potential changes to the size and structure of each of Metro Vancouver’s four Boards from May 6 to June 14, 2026. Visit [metrovancover.org](https://metrovancover.org) (search “governance”) to learn more and have your say.

A summary of the input heard will be provided to the Governance Committee and Boards for consideration as part of the deliberations in July 2026.

### Contact Us

Information Centre: 604-432-6200  
(Monday to Friday from 8:00 am to 4:30 pm)

Email: [icentre@metrovancover.org](mailto:icentre@metrovancover.org)  
(Include “governance” in the subject line)

Website: [metrovancover.org](https://metrovancover.org)  
(Search “governance” for more information)



*Metro Vancouver is a diverse organization that plans for and delivers regional utility services, including water, sewers and wastewater treatment, and solid waste management. It also monitors and regulates air quality, plans for urban growth, manages a regional parks system, provides affordable rental housing, and serves as a regional federation. The organization is a federation of 21 municipalities, one electoral area, and one treaty First Nation located in the region of the same name. The organization is made up of four separate legal entities, each governed by its own Board of Directors. Board directors are elected officials from member jurisdictions.*

# Metro Vancouver Regional District (MVRD)



The MVRD Board is responsible for guiding regional planning, air quality, regional parks, Invest Vancouver, electoral area services, E9-1-1 emergency telephone service, regional emergency management, Regional Employers Services, and regional global positioning system services.

**Evaluation Criteria:**

- Improvements in efficiency, decision making, oversight, and strategic alignment
- Municipal Representation / Stakeholder Impact
- Size / Scalability / Time and Ease to Implement

	Option	Board Size	Considerations
1.	Status Quo	41	<ul style="list-style-type: none"> <li>• One vote for every 20,000 residents / max 5 votes per director</li> <li>• Established accountability and strong jurisdictional representation, but can slow down decision making and make oversight harder as Board size grows</li> <li>• Growing to 49 Directors next year and to 52 in 2031</li> </ul>
2.	One Director per Member Jurisdiction	23	<ul style="list-style-type: none"> <li>• Could support faster decision making and strategic focus, but limit diversity of perspectives</li> <li>• Requires legislative change</li> <li>• Stays at 23 directors with current membership</li> </ul>
3.	Cap the number of Directors at 3 per member jurisdiction	34	<ul style="list-style-type: none"> <li>• Could improve decision speed and strategic focus, and support collaborative dialogue</li> <li>• More consistent number of directors for larger municipalities; smaller jurisdictions would not be impacted</li> <li>• Board will grow more slowly</li> <li>• Requires legislative change</li> </ul>
4.	Change threshold when each member gets additional votes (ie. every 25,000 residents)	36	<ul style="list-style-type: none"> <li>• One vote at the MVRD Board for every 25,000 residents instead of 20,000</li> <li>• Changes number of votes for communities close to the threshold / only option that does</li> <li>• Board will grow more slowly</li> <li>• Can be achieved through an Order in Council; no legislative change needed</li> </ul>
5.	Each director has up to 7 votes (instead of 5)	34	<ul style="list-style-type: none"> <li>• One director for every 140,000 residents instead of every 100,000</li> <li>• Efficiencies in decision making, strategic focus</li> <li>• Impacts communities close to the threshold; no impact on those smaller than 100,000 residents</li> <li>• Board will grow more slowly</li> <li>• Can be achieved through an Order in Council; no legislative change needed</li> </ul>

# Metro Vancouver Housing Corporation (MVHC)



The MVHC is the second largest non-profit housing operator in British Columbia, providing homes to close to 10,000 people with significant expansion underway to add over 2,000 new and redevelopment units in the next decade.

The organization is one of the top three housing providers in Canada. The MVHC Board provides guidance on operations, policies, budget, finances, and development plans for the organization.

**Evaluation Criteria:**

- Improvements in efficiency, decision making, oversight, and strategic alignment
- Municipal Representation / Stakeholder Impact
- Size / Scalability / Time and Ease to Implement

	Option	Board Size	Considerations
1.	Status Quo	41	<ul style="list-style-type: none"> <li>• Transparent and representative, but growing Board can slow decision making, effectiveness, and oversight</li> <li>• Growing to 49 directors next year and to 52 in 2031</li> </ul>
2.	Follow any change made for the MVRD Board	23-36	<ul style="list-style-type: none"> <li>• Simple to have same model at MVRD but not aligned with governance of most non-profits</li> <li>• Favoured by those who value having all member voices at the table</li> <li>• Same considerations as with MVRD options</li> </ul>
3.	Smaller 'Hybrid' Board with blend of elected and external appointed Directors	7-9	<ul style="list-style-type: none"> <li>• Adds professional and/or board expertise (housing development, finance, non-profit experience) to support oversight and decision making</li> <li>• Smaller, more nimble board aligns with non-profit housing providers and funding agency processes</li> <li>• Could retain some regional representation</li> <li>• Can be achieved via MVRD Board resolution and filing with BC Registry Services</li> </ul>
4.	Fully Appointed Non-Profit Board	7-9	<ul style="list-style-type: none"> <li>• Adds professional and /or board expertise (housing development, finance, non-profit experience) to support oversight and decision making</li> <li>• Smaller, more nimble board aligns with non-profit housing providers and funding agency processes</li> <li>• Board members would be selected by MVRD Board based on expertise</li> <li>• Members may feel disconnected from MVHC and decision making</li> <li>• Can be achieved via MVRD Board resolution and filing with BC Registry Services</li> </ul>

## Greater Vancouver Water District (GVWD)



Metro Vancouver provides high-quality drinking water to residents and businesses through the member jurisdictions of the GVWD. This includes acquiring and maintaining water supply, as well as treating, testing, and delivering drinking water through a system of water supply areas, dams, treatment facilities, reservoirs, pump stations, and water mains. The region's source water supply is stored in three main reservoirs and three supplemental alpine reservoirs. The water comes from rainfall and snowmelt within: Capilano, Seymour, and Coquitlam water supply areas. These cover about 60,000 hectares of protected land, which is closed to the public to safeguard the high quality of the source water.

The GVWD is governed by the *Greater Vancouver Water District Act* (established in 1926).

### **Metro Vancouver is responsible for:**

- Managing and protecting the water supply areas
- Storing, treating, and ensuring the quality of drinking water to meet provincial Drinking Water Protection Act and federal Guidelines for Canadian Drinking Water Quality requirements
- Transmission of drinking water directly to member jurisdictions
- Upgrading, maintaining, and expanding our system
- Planning for future supply and demand

## Greater Vancouver Sewerage and Drainage District (GVS&DD)



Metro Vancouver provides reliable, cost-effective wastewater treatment that protects public health and the environment. This includes planning for the long-term resilience and sustainability of regional liquid waste and drainage systems. Metro Vancouver receives wastewater from municipal systems and carries it to one of five wastewater treatment plants, where it is treated and tested before being released into the Fraser River, Burrard Inlet, or Georgia Strait. This combined regional and municipal infrastructure includes over 15,000km of sewers and processes over one billion litres of wastewater every day. In addition, Metro Vancouver is responsible for waste reduction and recycling planning for the region and operates a series of solid waste and recycling facilities serving residents and businesses across the region. The GVS&DD is governed by the *Greater Vancouver Sewerage and Drainage District Act* (established in 1914 and re-incorporated in 1956).

### **Metro Vancouver is responsible for:**

- Operating a system that collects and treats wastewater
- Testing and environmental monitoring
- Developing and enforcing regulations to protect the wastewater system and the environment
- Issuing permits to industry and collecting fees associated with bylaws
- Recovering resources within the regional wastewater system, including heat, energy, and biosolids
- Operating solid waste facilities in the region that focus on recycling and reuse
- Disposing of all remaining waste in landfill, after material recycling and energy recovery
- Implementing bylaws and regulations to better manage waste within our system, improve recycling, and protect public health and the environment

**Evaluation Criteria:**

- Improvements in efficiency, decision making, oversight, and strategic alignment
- Municipal Representation / Stakeholder Impact
- Size / Scalability / Time and Ease to Implement

## GVWD/ GVS&DD

	Option	Board Size	Considerations
1.	Status Quo	37/38	<ul style="list-style-type: none"> <li>• Transparent and representative, but growing Board can slow decision making, effectiveness, and oversight</li> <li>• 85% of Metro Vancouver’s budget and five-year financial plan lie within these two highly technical and complex utilities</li> <li>• Potential gaps in expertise, but strong project management tools in place: Stage Gate Process, Cost Estimating Framework, Expert Advisory Panels - to support Board decision making and oversight</li> <li>• Continues to grow with population</li> </ul>
2.	Follow any change made for the MVRD Board	23-36	<ul style="list-style-type: none"> <li>• Same considerations as with MVRD options</li> <li>• Potential gaps in expertise, but strong project management tools: Stage Gate Process, Cost Estimating Framework, Expert Advisory Panels - to support Board decision making and oversight</li> <li>• Will grow more slowly over time</li> <li>• • No legislative change required as GVWD and GVS&amp;DD depend on MVRD governance</li> </ul>
3.	‘Hybrid’ Board with blend of elected and external appointed Directors	9-11	<ul style="list-style-type: none"> <li>• Adds independent and professional expertise to support oversight, decision making, continuity, and clear regional perspective</li> <li>• Smaller, more nimble Board remains fixed into the future</li> <li>• Not aligned with proportional representation</li> <li>• Requires legislative change to GVWD and GVS&amp;DD Acts; provincial engagement</li> </ul>
*	Additional Option for any Board Structure: Add a Major Projects Committee	9-11	<ul style="list-style-type: none"> <li>• Best practice for large, complex infrastructure projects</li> <li>• Scalable – can report to existing Boards or be given some delegated authority</li> <li>• Smaller, more nimble decision making</li> <li>• Metro Vancouver retains significant authority</li> <li>• Enables technical project delivery skills to be added to governance; continuity in oversight, speed up decision making, attract project bidders and facilitate funding</li> <li>• Implementation through board decision; no legislative change needed</li> </ul>



## BOARD SIZE AND STRUCTURE: IMPACT OF EACH OPTION ON NUMBER OF VOTES AND DIRECTORS

	Option 1: Status Quo		Option 2: One Director Per Jurisdiction		Option 3: Cap of 3 Directors per Member Jurisdiction		Option 4: Increase population threshold per vote to 25,000		Option 5: Increase voting divisor to seven	
	Votes	Directors	Change in Votes	Change in Directors	Change in Votes	Change in Directors	Change in Votes	Change in Directors	Change in Votes	Change in Directors
Anmore	1	1	-	-	-	-	-	-	-	-
Belcarra	1	1	-	-	-	-	-	-	-	-
Bowen Island	1	1	-	-	-	-	-	-	-	-
Burnaby	13	3	-	-2	-	-	-3	-1	-	-1
Coquitlam	8	2	-	-1	-	-	-2	-	-	-
Delta	6	2	-	-1	-	-	-1	-1	-	-1
Electoral Area A	1	1	-	-	-	-	-	-	-	-
Langley, City	2	1	-	-	-	-	-	-	-	-
Langley, Township	7	2	-	-1	-	-	-1	-	-	-1
Lions Bay	1	1	-	-	-	-	-	-	-	-
Maple Ridge	5	1	-	-	-	-	-1	-	-	-
New Westminster	4	1	-	-	-	-	-	-	-	-
North Vancouver, City	3	1	-	-	-	-	-	-	-	-
North Vancouver, District	5	1	-	-	-	-	-1	-	-	-
Pitt Meadows	1	1	-	-	-	-	-	-	-	-
Port Coquitlam	4	1	-	-	-	-	-1	-	-	-
Port Moody	2	1	-	-	-	-	-	-	-	-
Richmond	11	3	-	-2	-	-	-2	-1	-	-1
Surrey	29	6	-	-5	-	-3	-6	-1	-	-1
Tsawwassen First Nation	1	1	-	-	-	-	-	-	-	-
Vancouver	34	7	-	-6	-	-4	-7	-1	-	-2
West Vancouver	3	1	-	-	-	-	-1	-	-	-
White Rock	2	1	-	-	-	-	-1	-	-	-
<b>Metro Vancouver</b>	<b>145</b>	<b>41</b>	-	-18	-	-7	<b>-27</b>	<b>-5</b>	-	<b>-7</b>



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To: MVRD Board of Directors

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: March 12, 2026 Meeting Date: March 27, 2026

Subject: **Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis**

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**RECOMMENDATION**

THAT the MVRD Board receive for information the report titled “Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis”, dated March 12, 2026.

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The 2025 independent Metro Vancouver Board Governance Review concluded that there is an opportunity to optimize the size and structure of Metro Vancouver’s four Boards to improve governance and oversight, and to enhance decision making and risk management. Consideration of such options is a major piece of work for the Governance Committee and Boards in 2026. To date, the MVRD Board has approved a process to consider potential changes and considered an evaluation framework.

At its March 12, 2026 meeting, the Governance Committee considered the report titled “Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis”, dated March 6, 2026 (**Attachment 1**). The Committee discussed options for amending the size and structure of both the MVRD and MVHC Boards with the aim of improving governance effectiveness, scalability of the option into the future, how member jurisdictions are represented, broader stakeholder impact, and how readily the options could be implemented.

For the MVRD Board, the Committee discussed the pros, cons, and implications of five options:

1. Status Quo (41 Directors)
2. One Director per member jurisdiction (23 Directors)
3. Cap the number of Directors at 3 per member jurisdiction (34 Directors)
4. Increase the population threshold per vote to 25,000 (36 Directors), and
5. Increase voting divisor to seven (one Director for every 140,000 residents) (34 Directors).

Several committee members expressed that the option of increasing the representation of each Director from 100,000 to 140,000 seemed a fair shorter term solution that reduces the Board size without changing the overall governance framework, is achievable more quickly, retains proportional representation and would result in some gains in decision making speed, and strategic focus. In addition, there was support for further exploration of a cap on the number of Directors per jurisdiction, but retaining number of votes, as a longer term objective. A couple of committee members expressed that the option of having one Director per jurisdiction, while retaining number of votes, also deserves further consideration, noting that 16 members have one Director, while 7 have more than one.

For the MVHC Board, the Committee discussed the pros, cons and implications of four options:

1. Status Quo (41 Directors)
2. Align with any changes to the structure of the MVRD Board (23-36 Directors)
3. Smaller Hybrid Non-Profit Board (7-9 Directors comprised of a majority MVRD Board Directors + additional appointees selected based on merit), and
4. Fully Appointed Non-Profit Board (7-9 Directors appointed by the MVRD Board based on merit).

Committee members expressed support for both options 2 and 3. Supporters of aligning with any changes to the MVRD Board noted that the MVHC Board is functioning well, and that it is important to have representation from all member jurisdictions working together on housing in the region. Supporters of a Smaller Hybrid Non-Profit Board noted the opportunity to optimize governance, align with other non-profit housing providers, benefit from external expertise in the housing sector, while retaining regional elected official / MVRD Board representation.

The Committee will focus on the GVS&DD and GVWD Boards in April, and feedback from the Committee and Boards will be incorporated into engagement into materials to support engagement with all Board Directors, representatives from the Province, member jurisdiction elected officials and staff, local First Nations, other agencies, and the public. A summary of engagement will be provided to the Boards to support deliberations on Board size and structure in July 2026.

This matter is now before the Board for information.

**ATTACHMENTS**

1. "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis", dated March 6, 2026.

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To: Governance Committee

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: March 6, 2026 Meeting Date: March 12, 2026

Subject: **Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis**

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## RECOMMENDATION

THAT the MVRD Board receive for information the report titled "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis", dated March 6, 2026.

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## EXECUTIVE SUMMARY

Metro Vancouver has four Boards of Directors, one for each of the legal entities that make up the organization - the Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), Metro Vancouver Regional District (MVRD), and Metro Vancouver Housing Corporation (MVHC). The Boards provide strategic direction and oversight for Metro Vancouver's critical regional services to over three million people. The 2025 Metro Vancouver Board Governance Review, completed in May 2025, provided 47 recommendations for continuous governance improvement. A new Governance Committee has been guiding the implementation of recommendations, and in less than a year, Metro Vancouver has addressed and completed 20 of the 47 recommendations.

The Board Governance Review concluded that there is an opportunity to optimize the size and structure of the four Boards to improve governance and oversight, and to enhance decision making and risk management. Consideration of such options is a major piece of work for the Governance Committee and Boards in 2026. To date, the MVRD Board has approved a process to consider potential changes and considered an evaluation framework. Over the next two months options for the GVWD, GVS&DD, MVRD, and MVHC Boards will be evaluated. In March, the Governance Committee and Boards will evaluate options for improvements to the MVRD and MVHC Boards' size and structure. In April, they will evaluate options for the GVWD and GVS&DD Boards.

All options will be evaluated against the following evaluation criteria:

- Governance effectiveness
- Size / scalability
- Member jurisdiction representation and impact
- Broader stakeholder impact
- Transition readiness

For the MVRD Board, five options are provided: Status Quo; One Director per member jurisdiction; Cap Directors at three per member jurisdiction; Increase population threshold per vote to 25,000; and Increase voting divisor to seven (one Director for every 140,000 residents).

For the MVHC Board, all the options for the MVRD Board are considered, and two additional options are provided: a Hybrid Non-Profit Board (7-9 Directors comprised of a majority MVRD Board Directors + additional appointees selected based on merit), and a Fully Appointed Non-Profit Board (7-9 Directors appointed by the MVRD Board based on merit).

**Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis**

Governance Committee Regular Meeting Date: March 12, 2026

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For the GVS&DD and GVWD Boards, all the options for the MVRD Board are considered, and two additional options are provided: Hybrid Board (9-11 Directors with majority member Elected Officials (ensure sub-regional representation) + External Appointed Directors) and Addition of a Major Projects Committee with delegated authority (Smaller Committee with majority GVS&DD / GVWD Board Directors + option of External Appointed Directors).

Engagement on options will take place throughout May and June, and in July 2026, the Governance Committee and Boards will have the opportunity to recommend and implement changes to the Board size and structure for one or more of the Metro Vancouver Boards. This would include subsequent provincial involvement if legislative change is required.

**PURPOSE**

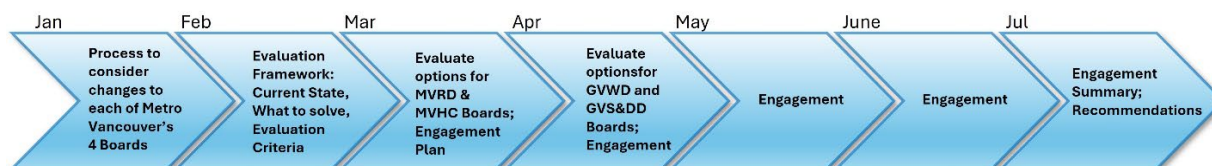
To provide information to support the Governance Committee and Boards in evaluating options to amend the size and structure of each of the four Metro Vancouver Boards. The focus for the March meeting will be on the MVRD and MVHC Boards.

**BACKGROUND**

At its May 23, 2025 meeting, the MVRD Board received Deloitte Canada’s Metro Vancouver Board Governance Review (Reference 1). The report, commissioned to assess and enhance the effectiveness of the Boards’ governance framework, included 47 recommendations for consideration, including initial recommendations on the size, structure, and composition of Metro Vancouver’s Boards.

At its January 30, 2026 meeting, as part of the implementation of the 2025 Board Governance Review, the MVRD Board endorsed the process to consider the size and structure of each of Metro Vancouver’s four Boards (Reference 1). At its February 27, 2026 meeting, the MVRD Board received a report from the Governance Committee establishing the evaluation framework for considering possible changes to the size and structure of each of Metro Vancouver’s four Boards. This included a current state analysis, problem statements to specify the challenges any changes are intended to address, and an evaluation framework with criteria and weighting.

**Figure 1.** Process for Considering Possible Changes to Each of Metro Vancouver’s Four Boards



During the March and April meetings, the Governance Committee will discuss size and structure options for each of the four Metro Vancouver Boards in relation to the evaluation framework. The Committee and Boards will consider options for the MVRD and MVHC Boards in March, and options for the GVS&DD and GVWD Boards in April. This work will be supported by staff, Deloitte Canada, and Dana Hayden, consultant on public, private and not for profit entities related to business and strategic planning, public policy and Board and infrastructure project governance.

Feedback from the March and April discussions will be incorporated into materials to support engagement with all Board Directors, representatives from the Province, member jurisdiction elected officials and staff, local First Nations, other agencies, and the public. A summary of engagement will be provided to the Boards to support deliberations on Board size and structure in July 2026.

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In addition, options that complement Board size and structure, such as ways to improve information flow or structure meetings, are identified in this report to support improved governance with any recommended changes to Board size and structure. Out of scope of this report is consideration of any of the services that Metro Vancouver provides. These were confirmed as part of the 2025 Cost and Services Efficiency Review.

As reminder, Deloitte provided a current state analysis of Metro Vancouver’s four Boards as a baseline for discussion. This is provided again to support discussion prior to consideration of each Board separately (Figure 2).

Figure 2. Deloitte Canada’s Current State Analysis for Metro Vancouver’s Four Boards

	Metro Vancouver Regional District (MVRD)	Greater Vancouver Water District (GVWD)	Greater Vancouver Sewerage & Drainage District (GVS&DD)	Metro Vancouver Housing Corporation (MVHC)
# of Directors	41	38	37	41
Elected	Y	Y	Y	Y
Member Jurisdictions	Full region (23)	Water-serving (20)	Wastewater/solid-waste (19)	Full region (23)
Operating Budget (\$)	\$133M	\$450M	\$926M	\$62M
Capital Cash Flow (\$)	\$48M (Parks)	\$488M	\$1,027M	\$207M
Information Flow	Board meeting freq: monthly Agenda load: high <b>Committees: 5*</b>	Board meeting freq: monthly Agenda load: mod-high <b>Committees: 1*</b>	Board meeting freq: monthly Agenda load: high <b>Committees: 2*</b>	Board meeting freq: monthly Agenda load: low-mod <b>Committees: 1*</b>
Decision-Making Complexity	<b>Moderate-High</b> — broad regional scope; multi-service decisions	<b>High</b> — deep technical requirements; large projects and budgets	<b>Very High</b> — deep technical requirements; largest budgets; four sewerage areas	<b>Low-Moderate</b> — focused mandate; smaller capital footprint
Transparency	Publicly available meeting agendas and minutes, and the public is allowed to attend meetings in person (except for legally closed sessions)			

\*Note: All committees are MVRD committees, but some serve the other legal entities; MVRD has **4 additional standing committees** that serve all legal entities: Performance and Audit, Mayors, Caucus of Committee Chairs and Governance

### METRO VANCOUVER REGIONAL DISTRICT

The Metro Vancouver Regional District (MVRD) is governed by the *Local Government Act*. There are 27 regional districts throughout British Columbia. The Province notes that the purpose of a regional district is to take care of the region’s public assets and to foster the current and future economic, social, and environmental well-being of the region. Collectively, the regional district Board is the governing body of the regional district. It has authority to make decisions through resolutions and bylaws, consistent with the purposes of the regional district. The Board is ultimately responsible for the services provided and actions taken by the regional district.

Each regional district in BC is governed by a Board consisting of a Chair and a varying number of Directors. Each electoral area has one elected Director while municipalities and Treaty First Nations’ members may have one or more appointed Directors depending on size of their population. The Chair of the Board is elected from among the Directors each November and has specific responsibilities outlined in the legislation.

The number of Directors appointed is based on a proportional representation model, laid out in the *Local Government Act*, and the specifics around how population translates into Board seats and votes are included in the Letters Patent for each regional district. For Metro Vancouver, every member jurisdiction has a Director on the Board with at least one vote. Each member jurisdiction gets one vote for every 20,000 people (or fewer) in the community (voting unit). In addition, once a Director has five votes (the community reaches 100,000 residents), a second Director is added (voting divisor). The

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current MVRD Board has 41 Directors from 23 member jurisdictions with a total of 145 votes. Over the next two Census periods, the size of the MVRD Board is expected to grow to over 50 Directors given the most recent population projections (49 Directors after 2026 Census and 52 after 2031 Census).

Figure 3. Current MVRD Board Voting Structure

Member Jurisdiction	Type	Population	# of Directors	Voting Strength	Voting %
Vancouver	City	662,248	7	34	23.4
Surrey	City	568,322	6	29	20.0
Burnaby	City	249,125	3	13	9.0
Richmond	City	209,937	3	11	7.6
Coquitlam	City	148,625	2	8	5.5
Township of Langley	District	132,603	2	7	4.8
Delta	City	108,455	2	6	4.1
Maple Ridge	City	90,990	1	5	3.4
District of North Vancouver	District	88,168	1	5	3.4
New Westminster	City	78,916	1	4	2.8
Port Coquitlam	City	61,498	1	4	2.8
City of North Vancouver	City	58,120	1	3	2.1
West Vancouver	District	44,122	1	3	2.1
Port Moody	City	33,535	1	2	1.4
City of Langley	City	28,963	1	2	1.4
White Rock	City	21,939	1	2	1.4
Pitt Meadows	City	19,146	1	1	0.7
Electoral Area A (incl UBC)	Electoral Area	18,612	1	1	0.7
Bowen Island	Island municipality	4,256	1	1	0.7
Anmore	Village	2,356	1	1	0.7
Tsawwassen First Nation	Treaty First Nation	2,256	1	1	0.7
Lions Bay	Village	1,390	1	1	0.7
Belcarra	Village	687	1	1	0.7
<b>Metro Vancouver</b>		<b>2,642,825</b>	<b>41</b>	<b>145</b>	<b>100.0</b>

*Director seats are allocated by population per the Local Government Act; in weighted votes, each Director gets 1 vote per 20,000 residents (max 5 votes); 2021 Census*

**PROBLEM STATEMENT**

As reminder, the Problem Statement for the MVRD Board identified by Deloitte Canada and input from the Governance Committee is as follows:

- Mixed response about whether current size of 41 is too large, but agreement that the growth trajectory is unsustainable
- Balancing the intent for all jurisdictions to have a voice at the table with differing expectations for collaboration for larger and smaller jurisdictions
- Public perception and reputational risk
- Board culture and decorum
- Decision making, such as the tendency to revisit controversial decisions (e.g. difference of opinion on Scope of Services or Financial Policies)
- Uneven trust that Committees have done the ‘heavy lifting’ to make an informed recommendation to the Boards.

**EVALUATION CRITERIA**

The Evaluation Criteria and associated weighting supported by the Governance Committee and received by the MVRD Board are as follows:

- Governance Effectiveness (30%)
- Size / Scalability (10%)
- Member Jurisdiction Representation and Impact (30%)
- Broader Stakeholder Impact (20%)
- Transition Readiness (10%).

**SIZE AND STRUCTURE OPTIONS FOR THE MVRD BOARD**

Five options for the MVRD Board are presented for discussion.

1. Status Quo (41 Board Directors)
2. One Director per member jurisdiction (23 Board Directors)
3. Cap the number of Directors at three per member jurisdiction (34 Board Directors)
4. Increase population threshold per vote to 25,000 (36 Board Directors)
5. Increase voting divisor to seven (one Director for every 140,000 residents) (34 Board Directors)

Each option will be assessed in turn below in relation to the evaluation criteria.

**OPTION 1. STATUS QUO**

Maintain current approach to Board size and structure where the size of the Board will increase with population growth as per a specified formula. There are currently 41 MVRD Board Directors and this will grow in proportion to population.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Retains established accountability between Metro Vancouver and member jurisdictions</li> <li>• Decision-making efficiency and oversight effectiveness may be increasingly strained by Board size</li> <li>• Larger Board can discourage active participation from all members</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Current size is 41</li> <li>• Board size will continue to grow with population (after each census), reducing scalability</li> <li>• Larger Board may dilute accountability and make oversight of complex risks harder (e.g., financial, operational, reputational risks)</li> </ul>
<b>Member Jurisdiction Representation and Impact</b>	<ul style="list-style-type: none"> <li>• Strong jurisdictional representation is maintained</li> <li>• Challenge to balance intent for all jurisdictions to have a voice at the table with differing expectations for collaboration from larger and smaller jurisdictions</li> <li>• Voting power is concentrated in larger cities according to population with 52% of votes allocated to 16 Directors representing the three largest jurisdictions</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Familiar accountability structure reflective of BC’s regional district model</li> <li>• High transparency and public legitimacy</li> <li>• Political nature of issues and discussion can impact timely decisions and public confidence</li> <li>• Some external stakeholders view the large Board as less effective</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• No transition required and aligned with legislation and Letters Patent</li> <li>• As with all options, there are ongoing opportunities within the current structure for process improvements to increase governance effectiveness</li> </ul>

**OPTION 2. ONE DIRECTOR PER MEMBER JURISDICTION**

This option would see one representative from each member jurisdiction, or their designate making up the MVRD Board. There would be no change in the process for choosing the Directors. This would remain up to each jurisdiction council.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Could improve decision speed, manageability, and strategic focus</li> <li>• Clearer “who is accountable” for decisions: one designated representative per jurisdiction</li> <li>• Lower governance overhead (fewer Directors), improving meeting efficiency and staff support demands</li> <li>• Concentrates influence in a single representative per jurisdiction; will reduce breadth of perspectives and experience at the table</li> <li>• Majority of votes held by three Directors (replacing 16 Directors under status quo)</li> <li>• Largest municipalities lose multiple voices at the table</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Smaller, fixed-size Board (23) would be unaffected by population growth and remain the same as long as membership remains the same</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Every jurisdiction maintains a seat</li> <li>• Weighted voting maintains proportional representation</li> <li>• Diversity of perspectives from within individual member jurisdictions will likely be removed, specifically impacting larger jurisdictions who currently have multiple Directors</li> <li>• Smaller member jurisdictions are unaffected in terms of the number of Directors</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Accountability for decisions may be clearer with one designated representative per jurisdiction</li> <li>• Could improve decision timeliness</li> <li>• Public perception of fairness / equal representation may be affected</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• Provincial legislative change required: Could amend the <i>Local Government Act</i> for Metro Vancouver only or add a provision under <i>Municipalities Enabling and Validating Act (MEVA)</i></li> <li>• May require amendments to the MVRD Letters Patent to create consistency</li> <li>• Will require provincial engagement with interested parties</li> <li>• Likely 12-18 months (to be confirmed with Province)</li> </ul>

**OPTION 3. CAP THE NUMBER OF DIRECTORS AT 3 PER MEMBER JURISDICTION**

This option would introduce a cap of three Board Directors from any one jurisdiction while maintaining the overall approach to Board composition. This would mean that jurisdictions with a population of over 300,000 residents would have a maximum of three Directors on the Board. The three Directors would retain the same proportional voting based on a vote for every 20,000 residents in the community. The impact would largely be that the cities of Vancouver and Surrey would see a reduction in the number of Directors, but no change in the number of votes.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Could improve decision speed, manageability, efficiency, and strategic focus with the reduced number of speakers at each Board meeting and potential for more time for discussion</li> <li>• Accountability remains diffused</li> <li>• Proportional representation maintained</li> <li>• Fewer Directors would modestly reduce governance overhead with more efficient meetings and reduced staff support needs</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Smaller Board (34)</li> <li>• Board will grow at a much slower rate with population growth compared to status quo</li> <li>• More consistent membership for larger member jurisdictions</li> <li>• Still a relatively large Board, but relatively resilient for the future</li> <li>• Size grows at a much slower rate with population growth compared to status quo</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Established accountability between Metro Vancouver and member jurisdictions is largely retained</li> <li>• Impacts largest cities (Vancouver and Surrey) which would see a reduction in the number of Directors, but no impact on the number of votes</li> <li>• Larger member jurisdictions would look more similar in terms of the number of representatives at the Board: Vancouver, Surrey, Burnaby, Richmond</li> <li>• Smaller jurisdictions would be unaffected in terms of number of Directors</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Public accountability would be maintained with political representation from each jurisdiction</li> <li>• Public perception of fairness or equal representation may be affected</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• Provincial legislative change required: could amend the <i>Local Government Act</i> for Metro Vancouver only or add a provision under <i>MEVA</i></li> <li>• May require amendments to the MVRD Letters Patent to create consistency</li> <li>• Will require provincial engagement with interested parties</li> <li>• Likely 12-18 months (to be confirmed with Province)</li> </ul>

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**OPTION 4. INCREASE POPULATION THRESHOLD PER VOTE TO 25,000**

In this option, the population threshold per vote would be increased from 20,000 to 25,000. All member jurisdictions under 25,000 would have one vote at the Board. Additional votes would be provided at 25,000 population intervals. The divisor of five per Director would remain the same, meaning that each Director would have a maximum of five votes for 125,000 residents (currently five votes for 100,000 residents). This option reduces the overall number of Board Directors.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>Board size would be reduced without changing the overall governance framework</li> <li>Decision speed, manageability, efficiency, and strategic focus could be modestly improved with the reduced number of speakers at each Board meeting and potential for more time for discussion</li> <li>Fewer Directors would modestly reduce governance overhead with more efficient meetings and reduced staff support needs</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>Smaller Board (36)</li> <li>Board will grow at a much slower rate with population growth compared to status quo</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>Weighted voting maintains proportional representation while ensuring every jurisdiction has a seat</li> <li>Concentrates accountability among fewer Directors, while maintaining proportional representation</li> <li>Most of impact to be felt by larger communities with reduced number of Directors and number of votes, and communities on the threshold of an additional vote (e.g., Township of Langley, Port Moody)</li> <li>Small communities that are not projected to grow rapidly are largely unaffected (e.g., Anmore, Belcarra, Bowen Island, Lions Bay, Tsawwassen First Nation)</li> <li>Five jurisdictions have one fewer Director (Vancouver, Surrey, Burnaby, Richmond, Delta)</li> <li>12 jurisdictions have at least one fewer vote</li> <li>Raises equity concerns</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>Public perception of fairness or equal representation may be affected</li> <li>May be viewed as prioritizing efficiency over regional representation for local voices</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>No legislative amendment required</li> <li>A revision to the MVRD Letters Patent via provincial Order in Council or Cabinet decision</li> <li>Consequential bylaw and process modifications within Metro Vancouver may be required</li> <li>Shorter timeline to implement</li> </ul>

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**OPTION 5. INCREASE VOTING DIVISOR TO 7 (ONE DIRECTOR PER 140,000 RESIDENTS)**

This option would decrease the number of Directors on the Board by increasing the voting divisor from five to seven, increasing the number of residents represented by each Director from 100,000 to 140,000. The number of Directors is reduced while voting across jurisdictions remains the same.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Reduces Board size without changing the overall governance framework</li> <li>• Marginal efficiency gains</li> <li>• Decision speed, manageability, and strategic focus could be modestly improved with the reduced number of speakers at each Board meeting and potential for more time for discussion</li> <li>• Fewer Directors would modestly reduce governance overhead with more efficient meetings and reduced staff support needs</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Smaller Board (34)</li> <li>• Still a relatively large Board, but relatively resilient for the future</li> <li>• Size grows at a slower rate with population growth compared to status quo</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Weighted voting maintains proportional representation while ensuring every jurisdiction has a seat</li> <li>• Number of Directors for larger member jurisdictions would be reduced while keeping the voting structure intact</li> <li>• Member jurisdictions with populations close to the current threshold for an additional Director would be most immediately impacted</li> <li>• Member jurisdictions currently under 100,000 residents would not be impacted</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Public perception of fairness or equal representation may be affected</li> <li>• May be viewed as prioritizing efficiency over regional representation for local voices</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• Could be achieved through a revision to the MVRD Letters Patent via a provincial Order in Council / Cabinet decision; no legislative amendment required</li> <li>• Consequential bylaw and process modifications within Metro Vancouver may be required</li> <li>• Shorter timeline to implement</li> </ul>

## **METRO VANCOUVER HOUSING CORPORATION**

The Metro Vancouver Housing Corporation (MVHC) is incorporated under the *British Columbia Business Corporations Act* as a non-profit entity wholly owned by the Metro Vancouver Regional District (MVRD). MVHC has operated since 1974. It has a portfolio of 50 sites and provides non-market rental housing to nearly 10,000 residents. The corporation operates at no direct cost to taxpayers and is funded almost entirely through rental revenues, which account for approximately ninety-five per cent of its annual operating budget. A small number of legacy sites receive operating subsidies from BC Housing (approximately three per cent of the operating budget), with the remaining revenues generated through parking, laundry, and related sources (approximately two per cent).

Metro Vancouver Housing is growing its portfolio. Expansion is funded through operating surpluses where sites no longer have mortgages (equity), through significant partnerships with other orders of government, and from a \$5/household tax levy. MVHC, as a non-profit, is eligible for grants and favourable loans from BC Housing and CMHC. MVHC is projected to grow by 50% over the next decade, with an increasingly large capital program (over \$1 billion) and operational complexity, making this an ideal time to review governance to ensure it is fit for purpose.

Since October 17, 2016, the MVHC Articles have required the MVHC Board to comprise the same membership as the MVRD Board, and the business of the Board to be conducted according to the procedures established in the MVRD procedural bylaw under the *Local Government Act*. This change was made as a result of a governance review of the corporation. MVHC's governance structure is unique amongst non-profit and public sector housing delivery agencies.

Prior to 2016, the MVHC Board was comprised of 13 Directors appointed annually by the MVRD Board. Additionally, the MVHC had five officers appointed annually to the following positions: Housing Committee Chair as President, Housing Committee Vice Chair as Vice President, MVRD Corporate Officer as Secretary, MVRD Chief Financial Officer as Treasurer, and MVRD Housing Director as Director, Housing. Of the 13 MVHC Directors, 10 were also MVRD Directors and three were member jurisdiction councillors. The 2016 changes were made to align the number and identity of MVHC Directors and voting rights to the MVRD Board (and consequently, to the GVWD and GVS&DD Boards as well).

## **PROBLEM STATEMENT**

As reminder, the Problem Statement for the MVHC Board identified by Deloitte Canada and input from the Governance Committee is as follows:

- Differing opinions about whether the current size of the Board is a problem, with some members noting that a much smaller Board may function better.
- Some expressed that broad membership from member jurisdictions is preferable.
- Some expressed that representation from all member jurisdictions is not required on a non-profit Board.
- There is an expectation of regional equity – having housing in every community.
- The mandate is that the non-profit delivers and operates affordable rental housing through partnerships in good, transit-oriented locations and is financially sustainable.
- MVHC is seen as functioning well and not requiring the same attention as other Boards.
- Strong support for MVHC's operations, growth and success.

**EVALUATION CRITERIA**

The Evaluation Criteria and associated weighting supported by the Governance Committee and received by the MVRD Board are as follows:

- Governance Effectiveness (30%)
- Size / Scalability (10%)
- Member Jurisdiction Representation and Impact (30%)
- Broader Stakeholder Impact (20%)
- Transition Readiness (10%).

**SIZE AND STRUCTURE OPTIONS FOR THE MVHC BOARD**

Four options for the MVHC Board are presented for discussion:

1. Status Quo (41 Board Directors)
2. Align with any Changes to Structure for MVRD Board (options 2 to 5 described above)
3. Smaller Hybrid Non-Profit Board (7-9 Directors comprised of a majority MVRD Board Directors + additional appointees selected on merit)
4. Fully Appointed Non-Profit Board (7-9 Directors appointed by the MVRD Board on merit).

Each of these options is assessed in turn below in relation to the evaluation criteria.

**OPTION 1. STATUS QUO**

This option maintains the current approach to Board size and structure where the size of the Board will increase with population growth as per a specified formula. There are currently 41 MVHC Board Directors.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Decision-making efficiency, timeliness, and oversight effectiveness may be increasingly strained by Board size</li> <li>• Changes to align with MVRD were made only ten years ago with the aim of consistent decision making and governance</li> <li>• Current governance model is an outlier in the non-profit and housing sector</li> <li>• Accountability to non-profit not necessarily linked to member jurisdictions.</li> <li>• Larger Board can discourage active participation from all members</li> <li>• 1:1 overlap with MVRD may result in less bandwidth available for MVHC oversight</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Board size = 41. Will continue to grow with population (after each census), reducing scalability</li> <li>• Larger Board can dilute clear accountability and make oversight of risks harder (e.g., financial, operational, and reputational risks)</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Strong jurisdictional representation and participation is maintained</li> <li>• Challenge to balancing intent for all jurisdictions to have a voice at the table with differing expectations for collaboration from larger and smaller jurisdictions</li> </ul>

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	<ul style="list-style-type: none"> <li>• Voting power is concentrated in larger cities according to population with 52% of votes allocated to 16 Directors representing the three largest jurisdictions</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• High transparency and public legitimacy</li> <li>• Political nature of issues and discussion can impact public confidence and timely decisions</li> <li>• External stakeholders may view a very large Board as less effective and efficient</li> <li>• Unique structure of a large MVHC Board and public meetings pose alignment issues with funders and programs designed for other non-profits</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• No transition required; aligned with existing legislation, MVHC Articles and internal Metro Vancouver processes and practices</li> <li>• As with all options, there are ongoing opportunities within the current structure for process improvements to increase governance effectiveness</li> </ul>

**OPTION 2. ALIGN WITH ANY CHANGES TO STRUCTURE OF MVRD BOARD**

With this option, MVHC follows the size and composition recommended for the MVRD Board, which may be any of the options considered in the previous section: status quo, one Director per member jurisdiction, cap the number of Directors at 3 per member jurisdiction, increase the population threshold per vote to 25,000, or increase the voting divisor to 7.

<b>Evaluation Criteria</b>	<b>Considerations</b>
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Governance effectiveness considerations reflected in the evaluation of each of the options for MVRD above would apply to the MVHC Board as well.</li> </ul> <p>Additional considerations specific to MVHC:</p> <ul style="list-style-type: none"> <li>• Simplicity from having same governance model as MVRD</li> <li>• Changes to align with MVRD were made only ten years ago with the aim of consistent decision making and governance</li> <li>• Not aligned with governance best practice for non-profits</li> <li>• Accountability to non-profit not necessarily linked to member jurisdictions</li> <li>• 1:1 overlap with MVRD may result in less bandwidth available for MVHC oversight</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Size and scalability considerations are reflected in the evaluation of each of the options above with no additional considerations specific to MVHC</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Member jurisdiction representation and impact considerations are reflected in the evaluation of each of the options above with no additional considerations specific to MVHC</li> </ul>

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<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Broader stakeholder impact considerations are reflected in the evaluation of each of the options above</li> </ul> <p>Additional considerations specific to MVHC:</p> <ul style="list-style-type: none"> <li>• Political and public nature of issues and discussion can impact public confidence and timely decisions</li> <li>• External stakeholders and funders primarily working with non-profit housing providers may view a large, political Board as less nimble and less effective</li> <li>• Unique structure of a large MVHC Board poses alignment issues with funders and programs designed for other non-profits</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• Since pursuant to MVHC Articles, MVHC Board composition and business are aligned with MVRD Board composition and MVRD procedural bylaw under the <i>Local Government Act</i>, revisions to MVRD Board and procedures will automatically apply to MVHC.</li> </ul>

**OPTION 3. SMALLER HYBRID NON-PROFIT BOARD**

This option would create a new Board structure with 7-9 Directors, the majority being chosen from among MVRD Board Directors (four to five) plus additional external housing sector Directors (three to four) appointed by the MVRD Board either annually or for a four-year term. The current Board Standing Committee (Housing Committee) would be eliminated.

<b>Evaluation Criteria</b>	<b>Considerations</b>
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Additional professional and/or Board expertise (housing, finance, non-profit, development) could be added to support decision-making and to advance MVHC mandate</li> <li>• Smaller and more nimble structure could speed up decision-making in time-sensitive scenarios, including accelerating development and property acquisitions and partnerships</li> <li>• Potential for greater direct involvement and oversight from the Board</li> <li>• With smaller Board, would eliminate the need for a Board Standing Committee, creating efficiencies and better information flow for decision making</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Board size = 7-9 Directors. Smaller and future changes to the Board size would be guided by the needs of MVHC’s mandate rather than population growth</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Some regional representation can be maintained as part of Board selection criteria</li> <li>• Maintains accountability and connection to MVRD, with political representation on the Board</li> </ul>

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Governance Committee Regular Meeting Date: March 12, 2026  
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	<ul style="list-style-type: none"> <li>Some member jurisdictions may feel more disconnected from decision making and Metro Vancouver Housing</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>External expertise can be added to support development and operational goals, in-line with other housing-sector organizations, potentially improving partnerships and tenant experience</li> <li>Potential perception of reduced transparency and accountability compared to other options with broad regional representation</li> <li>Consistent with many other publicly held non-profit housing corporations (such as Toronto Community Housing, Calgary Housing, and Ottawa Community Housing)</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>Revision to Board structure could be done quickly, via MVRD Board resolution and administrative filing with the BC Registry Services</li> <li>Development of associated new and modified MVHC processes and procedures, such as determining member participation, criteria for/ identifying suitable independent Directors, and MVHC-specific Board procedures, would require more time</li> </ul>

**OPTION 4. FULLY APPOINTED NON-PROFIT BOARD**

This option would create a new and much smaller Board structure with 7-9 Directors appointed by the MVRD Board for a set term (e.g. four years), with no political representation on the MVHC Board. It would be a return to the structure prior to 2016 to align with other non-profit housing providers. The change in 2016 was made to align with the other three Metro Vancouver Board structures.

<b>Evaluation Criteria</b>	<b>Considerations</b>
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>All MVHC Board members would be selected by MVRD Board based on expertise (which could include housing, finance, non-profit, development, governance, lived experience, etc.) to support decision-making and advance MVHC mandate</li> <li>Smaller and more nimble structure which could speed decision-making in time-sensitive scenarios, including accelerating development and property acquisitions and partnerships</li> <li>May add challenges for timing and streamlining of Board meetings</li> <li>Aligns with non-profit sector governance best practices</li> </ul>
<b>Size and Scalability</b>	<ul style="list-style-type: none"> <li>Board size = 7-9 Directors. Remains unaffected by population growth</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>Accountability to MVRD as shareholder would be maintained through annual general meeting and annual or quarterly reports to MVRD</li> <li>Shifts accountability and control from elected officials to appointed Directors, reducing member representation, control, and oversight</li> </ul>

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	<ul style="list-style-type: none"> <li>Member jurisdictions may feel disconnected from MVHC overall and is decision making in particular</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>Added external expertise could support development and operational goals</li> <li>Potential to accelerate partnerships for faster delivery of capital projects</li> <li>Potential perception of reduced transparency</li> <li>Aligns MVHC Board with other comparable organizations, structure aligns with funding program expectations</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>Revision to Board structure could be done relatively quickly, via MVRD Board resolution and administrative filing with the BC Registry Services</li> <li>Development of associated new and modified MVHC processes and procedures, such as determining criteria for identifying suitable independent Directors, and MVHC-specific Board procedures, would require more time</li> <li>Relationship to MVRD Centralized Services to be determined (e.g. legal, procurement, finance, etc.)</li> </ul>

**GREATER VANCOUVER WATER DISTRICT**

Metro Vancouver provides clean, safe drinking water to residents and businesses through the member jurisdictions of the Greater Vancouver Water District (GVWD). This includes acquiring and maintaining water supply, as well as treating, testing, and delivering drinking water through a system of water supply areas, dams, treatment facilities, reservoirs, pump stations, and water mains. Metro Vancouver’s source water supply is stored in three main reservoirs and three supplemental alpine reservoirs. The water comes from rainfall and snowmelt within three major water supply areas: Capilano, Seymour, and Coquitlam. These water supply areas cover about 60,000 hectares of protected land, which is closed to the public to safeguard the high quality of the source water.

Metro Vancouver is responsible for:

- Managing and protecting the water supply areas
- Storing, treating, and ensuring the quality of drinking water to meet provincial *Drinking Water Protection Act* and federal Guidelines for Canadian Drinking Water Quality regulatory requirements
- Transmission of drinking water directly to member jurisdictions
- Upgrading, maintaining, and expanding our system
- Planning for future supply and demand

The GVWD is governed by the *Greater Vancouver Water District Act* (established in 1926).

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT**

Metro Vancouver provides reliable, cost-effective wastewater treatment that protects public health and the environment. This includes planning for the long-term resilience and sustainability of regional liquid waste and drainage systems. Metro Vancouver receives wastewater from municipal systems and carries it to one of five wastewater treatment plants, where it is treated and tested before being released into the Fraser River, Burrard Inlet, or Georgia Strait. This combined regional and municipal infrastructure includes over 15,000 km of sewers and processes over one billion litres of wastewater every day.

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Metro Vancouver is responsible for:

- Operating a system that collects and treats wastewater
- Testing and environmental monitoring
- Developing and enforcing regulations to protect the wastewater system and the environment
- Issuing permits to industry and collecting fees associated with bylaws
- Recovering resources within the regional wastewater system, including heat, energy, and biosolids
- Planning for the future and building regional infrastructure

Under the GVS&DD, Metro Vancouver is also responsible for waste reduction and recycling planning for the region. Metro Vancouver also operates a series of solid waste facilities serving residents and businesses across the region. Metro Vancouver's solid waste and air quality regulatory frameworks support enterprises advancing zero waste and the circular economy and protecting the environment.

Metro Vancouver is responsible for:

- Operating solid waste facilities in the region that focus on recycling and reuse
- Disposing of all remaining waste in landfill, after material recycling and energy recovery
- Implementing bylaws and regulations to better manage waste within our system, improve recycling, and protect public health and the environment
- Protecting the receiving environment (air, land, and water)
- Seeking technologies that recover and recycle materials and recover energy

The GVS&DD is governed by the *Greater Vancouver Sewerage and Drainage District Act* (established in 1914 and re-incorporated in 1956).

**RECENT CHANGES TO IMPROVE GOVERNANCE AND OVERSIGHT OF LARGE CAPITAL PROJECTS**

Metro Vancouver has undertaken extensive continuous improvement measures to enhance the oversight of major capital projects. Several of these measures were informed by recommendations from KPMG following a review of Metro Vancouver's major capital project management in early 2020. This included the formation of the Project Delivery Department to be responsible for the delivery of the highest value, risk and consequence capital projects and act as a centre of project delivery expertise focusing on regulatory strategy, project and portfolio management, quality management, and project controls to ensure enhanced risk, schedule, and budget management.

The Project Delivery Department has led the development, implementation, and continuous improvement of a Corporate Stage Gate Framework and Project Management Framework including a suite of standards and templates, training and knowledge transfer programs, internal professional practice auditing, and advanced in-house digitalization and dashboarding for projects. The Department has also enhanced oversight of the organization's largest projects through formal stage gate reviews with Expert Advisory Panels, Committees and Boards, expanded use of Technical Review Boards, and increased progress and status reporting of the portfolio of highest value, risk and consequence projects to Regional Engineering Advisory Committee, Standing Committees, Boards, and the public.

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**PROBLEM STATEMENT**

As reminder, the Problem Statement for the GVS&DD and GVWD Boards identified by Deloitte Canada and input from the Governance Committee is as follows:

For both Utility Boards:

- Differing opinions about whether the current size of the Board is a problem, but general agreement that the trajectory of growth of the Boards is unsustainable
- Duplication of work between Committee and Board, as well as some members expressing that as they were not part of a Committee discussion, where 'all the heavy lifting' is done, they feel less equipped when making decisions at the Board.
- Need for more trust at the Board
- Bringing expertise to the Board is not about having a private Board but rather utilizing and trusting the tools available to support Board decision making including: strong professional staff and expertise; strong project management controls including the cost estimating framework (independent estimates); stage gate process; and independent expert panels on large projects.
- For the GVS&DD, four sewerage areas and resulting equity and funding issues are a source of conflict and challenge (cost allocation with Tiers for both non-growth- and growth-related projects)
- For the GVWD, it was acknowledged that the funding model supports good governance without the challenges faced by separate GVS&DD sewerage areas

**EVALUATION CRITERIA**

The Evaluation Criteria and associated weighting supported by the Governance Committee and received by the MVRD Board are as follows:

- Governance Effectiveness (30%)
- Size / Scalability (10%)
- Member Jurisdiction Representation and Impact (30%)
- Broader Stakeholder Impact (20%)
- Transition Readiness (10%)

**SIZE AND STRUCTURE OPTIONS FOR THE GVS&DD and GVWD BOARDS**

Four options for the GVS&DD and GVWD Boards are presented for discussion.

1. Status Quo (38 GVWD Board Directors and 37 GVS&DD Board Directors, growing in proportion to population increases).
2. Align with recommended structure for MVRD Board (options 2 to 5 described above)
3. Smaller Hybrid Board (9-11 Directors blend of utility member MVRD Board Directors plus external appointed Directors selected on merit)
4. Add Major Projects Committee (with or without delegated authority) to any Board Structure (smaller Committee with a blend of GVS&DD / GVWD Board Directors + external appointed Directors)

Each option will be assessed in turn below in relation to the evaluation criteria.

**Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis**  
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**OPTION 1. STATUS QUO**

Maintain current approach to Board size and structure where the size of the Board will increase with population growth as per a specified formula. There are currently 38 GVWD Board Directors and 37 GVS&DD Board Directors.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Decision-making efficiency and oversight effectiveness may be increasingly strained by Board size</li> <li>• Larger Board can discourage active participation from all members</li> <li>• 85% of Metro Vancouver’s Budget / Five Year Financial Plan lies with these two highly technical and complex utilities</li> <li>• Potential gaps in subject matter expertise for complex issues, such those related to major projects</li> <li>• Stage Gate Process, Project Management Framework, Expert Advisory Panels and Project Technical Review Boards in place for due diligence and to support Board decision making</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Board size = 37/38. Continues to grow with population, reducing scalability</li> <li>• Larger Board can dilute clear accountability and make oversight of risks harder (e.g., financial, operational, and reputational risks)</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Strong jurisdictional representation and participation is maintained</li> <li>• Increasingly disproportionate and unwieldy as population grows</li> <li>• Challenge to balancing intent for all jurisdictions to have a voice at the table with differing expectations for collaboration from larger and smaller jurisdictions</li> <li>• Voting power concentrated in larger cities according to population</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• High transparency and public legitimacy</li> <li>• Political nature of issues and discussion can impact public confidence and timely decisions</li> <li>• External stakeholders may view a very large Board as less effective</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• No transition required, aligned with existing legislation and practices</li> <li>• As with all options, there are ongoing opportunities for process improvements to increase governance effectiveness</li> </ul>

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**OPTION 2. ALIGN WITH STRUCTURE OF MVRD BOARD**

With this option, the GVWD and GVS&DD Boards align with the recommended structure for the MVRD Board – accounting for variation in representation by utility areas – which may be any of the options considered in the previous section: status quo, one Director per member jurisdiction, cap the number of Directors at 3 per member jurisdiction, increase the population threshold per vote to 25,000, or increase the voting divisor to 7.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Governance effectiveness considerations reflected in the evaluation of each of the options for MVRD above would apply to the utility Boards as well</li> <li>• Additional considerations specific to the utility Boards: <ul style="list-style-type: none"> <li>• Simplicity in having same governance model as MVRD</li> <li>• Not aligned with some other large utility governance models</li> <li>• 85% of Metro Vancouver’s Budget / Five Year Financial Plan lies with these two highly technical and complex utilities</li> <li>• Potential gaps in subject matter expertise for complex issues, such those related to major projects</li> <li>• Stage Gate Process, Project Management Framework, Expert Advisory Panels and Project Technical Review Boards in place for due diligence and to support Board decision making</li> </ul> </li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Size and scalability considerations reflected in the evaluation of each of the options above for MVRD above and would apply to the utility Boards as well with no additional considerations specific to the utility Boards</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Member jurisdiction representation and impact considerations are reflected in the evaluation of each of the options for MVRD above and would apply to the utility Boards as well with no additional considerations specific to the utility Boards</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Broader stakeholder impact considerations are reflected in the evaluation of each of the options for MVRD above and would apply to the utility Boards as well with no additional considerations specific to the utility Boards</li> <li>• External stakeholders may view a very large Board as less effective</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• <i>GVWD</i> and <i>GVS&amp;DD Acts</i> reflect and depend on the MVRD governance model under the <i>LGA</i> to determine the composition of the utility Boards</li> <li>• No legislative changes to the utility legislation would therefore be required to implement changes made to MVRD Board composition under the <i>Local Government Act</i></li> </ul>

**OPTION 3. HYBRID BOARD**

This option would see the creation of a new, smaller Board structure for both the GVS&DD and GVWD with 9-11 Directors on each Board. It would be a blend of MVRD Directors who are members of the utility in question (Sub-regional representation could be a requirement in selecting Directors) plus external Directors appointed by the MVRD Board (members of the utility in question) for a set term (e.g. four years).

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Inclusion of independent Directors may encourage regional perspective over member jurisdiction interests</li> <li>• Potential for improvements in decision-making efficiency with smaller, purpose-built Board, combining technical expertise with a political lens</li> <li>• Direct involvement of independent expertise to support decision making, including anticipation and mitigation of challenges and issues</li> <li>• Risks moving Board focus into operational vs governance matters</li> <li>• Loss of experience / expertise and risk of large directional shifts as member Directors change over time</li> <li>• Lower diversity of member jurisdiction voices</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Board size = 9-11 Directors. Smaller Board size remains fixed in the future and unaffected by population growth</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Some regional representation can be maintained as part of Board selection criteria</li> <li>• Some jurisdictions may feel more distant from decision-making and perceive a lack of representation</li> </ul>
<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• May receive support as better aligned with other large utilities</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• Legislative changes to the <i>GVWD</i> and <i>GVS&amp;DD Acts</i> would be required</li> <li>• Will require provincial engagement with interested parties /stakeholders</li> <li>• Additional consequential bylaw and process modifications within Metro Vancouver may be required, including the process for determining member participation over time.</li> <li>• Likely 18 to 24 months (to be confirmed by Province)</li> </ul>

**OPTION 4. ADD A MAJOR PROJECTS COMMITTEE (WITH OR WITHOUT DELEGATED AUTHORITY)**

This option is available *irrespective of the Board structure chosen*. It could be added to the current Board structure for both the GVS&DD and GVWD or be utilized with any option that aligns with any changes to the MVRD Board.

For clarity, in May 2021, this option was recommended as part of the Capital Project Governance Practices Review. Committee members have asked for a summary of that review. The Review was undertaken just after the establishment of the Project Delivery Department.

It included:

- Review of capital project delivery challenges and best practice response (KPMG)
- Addition of Capital Project Cost Estimating Framework
- Addition of external expert advisor panel for highest value, risk, and consequence projects
- Benchmarking review of six North American jurisdictions on how they governed and managed their capital projects (Hayden Consulting)
- Set of recommendations regarding clearly defined objectives, robust project oversight, clear roles, responsibilities and authorities, effective risk management and rigorous project reporting and communication (Hayden Consulting)
- Adoption of Stage Gate Framework and Capital Project Governance Framework

These project management best practices have largely been implemented by Metro Vancouver.

There are a variety of ways that the Boards could implement a Major Projects Committee. It could:

- a) Be a Standing Committee of the GVS&DD and GVWD Boards with regular reporting to those Boards for decision making;
- b) Have delegated authority to have oversight over some or all of the highest value, risk, and consequence projects; and/or
- c) Have a mix of GVS&DD / GVWD Board Directors and external, appointed Directors.

Evaluation Criteria	Considerations
<b>Governance Effectiveness</b>	<ul style="list-style-type: none"> <li>• Additional independent expertise aligned with scope, scale, and complexity of major projects could support decision making, including anticipation and mitigation of challenges and issues</li> <li>• Clear and concentrated scope of responsibility and efficient decision making with delegated authority for project oversight</li> </ul>
<b>Size / Scalability</b>	<ul style="list-style-type: none"> <li>• Smaller Committee of 9-11 members and no future growth impacts</li> </ul>
<b>Member Jurisdiction Representation &amp; Impact</b>	<ul style="list-style-type: none"> <li>• Reporting for information to the larger GVS&amp;DD Board would be required on a regular cadence to retain connection and accountability to all member jurisdictions</li> <li>• Some jurisdictions may feel more distant from decision making on major projects</li> </ul>

<b>Broader Stakeholder Impact</b>	<ul style="list-style-type: none"> <li>• Likely to improve public understanding and confidence in utility governance over major projects</li> <li>• Additional independent expertise may improve confidence in decisions by public and other external stakeholders</li> <li>• Delegated authority may create perceptions of lack of representation when significant or controversial decisions are made</li> </ul>
<b>Transition Readiness</b>	<ul style="list-style-type: none"> <li>• GVS&amp;DD and GVWD Boards are able to strike a Committee with delegated authority via a 2/3 weighted vote</li> <li>• Relatively short implementation timeline</li> <li>• Would require establishment of selection criteria, clear parameters for delegated authority, and means to remunerate External Committee members</li> </ul>

**ADDITIONAL CONSIDERATIONS COMPLEMENTARY TO BOARD SIZE AND STRUCTURE THAT COULD IMPROVE GOVERNANCE**

The current structure and timing of monthly Board meetings is to hold up to eight Board meetings on the last Friday of every month. The intent is to minimize the number of times Board Directors come to Board meetings, and to bring all Metro Vancouver business into one agenda package for comprehensiveness and transparency.

One option for consideration is to hold multiple Board meetings per month to support smaller agenda packages where more consideration and time can be given to issues on the agenda. For example, if two Board meetings were held per month, it could be structured so that utility Boards are held on the second Friday of the month and MVRD and MVHC Boards are held on the last Friday of the month. Standing committees could be scheduled accordingly, or other modifications could be made, like a Committee of the Whole for both Water and Liquid Waste to further improve information flow and decision making. Once the Governance Committee and Boards have addressed size and structure, staff can look at additional changes and streamlining to support improved governance.

**ALTERNATIVES**

This report is provided for information, and therefore no alternatives are presented.

However, to prepare for engagement on Board size and structure options over the months of May and June, staff will be capturing the Committee conversation and any preferences or feedback on options to inform both a cover report to the Boards, and to inform the development of engagement materials.

**FINANCIAL IMPLICATIONS**

There are no financial implications to reviewing the Boards’ size and structure options as all activities can be accomplished within the MVRD Board approved 2026 budget. Eventually, if changes are made to any of the Board’s size or structure, there may be associated financial implications.

**OTHER IMPLICATIONS**

A separate report on the agenda provides an overview of planned engagement on this issue. Feedback from Board Directors, the Province, member jurisdictions, local First Nations, other agencies, and the public will be reported out to the Governance Committee and Boards in July.

**Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis**

Governance Committee Regular Meeting Date: March 12, 2026

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## CONCLUSION

Following recommendations from the independent 2025 Metro Vancouver Board Governance Review, changes to the size and structure of Metro Vancouver's four Boards to improve governance and to enhance decision making and risk management are being evaluated. First, in March, options for improvements to the MVRD and MVHC Boards' size and structure will be considered, and then in April, for the GVWD and GVS&DD Boards. Feedback from these discussions will be incorporated into engagement materials. In May and June, there will be opportunities for engagement on the options by Board Directors, the Province, member jurisdictions, First Nations other agencies and the public, and a final summary of feedback will be presented to the Boards as part of their deliberations in July.

## ATTACHMENTS

1. ~~Presentation re: Considerations of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis.~~

## REFERENCES

1. Deloitte. (2026). "Considering Board Size and Structure for Metro Vancouver's Boards – Proposed Process", dated January 6, 2026. <https://metrovancover.org/boards/GVRD/RD-2026-01-30-AGE.pdf?page#524>
2. Deloitte. (2025). *Metro Vancouver Board Governance Review*. [MVRD Board report on 2025, May 23]. <https://metrovancover.org/boards/Documents/Deloitte-MV-Board-Governance-Review-2025-05-23.pdf>

83481271



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To: MVRD Board of Directors

From: Governance Committee

Date: April 9, 2026 Meeting Date: April 24, 2026

Subject: Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis

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### RECOMMENDATION

THAT the MVRD Board receive for information the report dated April 9, 2026, titled "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis."

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At its April 9, 2026 meeting, the Governance Committee considered the report titled "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis", dated April 9, 2026 (**Attachment 1**). The Committee discussed options for potentially amending the size and structure of the GVWD and GVS&DD Boards (the Committee considered options for the MVRD and MVHC Boards in March, 2026) with the aim of improving governance effectiveness, scalability of the option into the future, how member jurisdictions are represented, broader stakeholder impacts, and how readily the options could be implemented.

The Committee discussed the pros, cons, and implications of three options:

1. Status Quo
2. Align with any changes to the structure of the MVRD Board
3. A Smaller Hybrid Board

In addition, the Committee discussed the option of Adding a Major Projects Committee to any Board Structure chosen.

The Committee was largely aligned with Option 2 for the GVS&DD and GVWD Boards – to align the size and structure of the GVS&DD and GVWD Boards with any changes made to the MVRD Board.

And, after hearing a presentation from Dana Hayden, from Hayden Consulting on best governance practices in oversight and management of major projects (**Attachment 2**), the Committee expressed interest in advancing discussions about a Major Projects Committee that has some delegated authority from the GVS&DD and GVWD Boards to take on responsibility for the largest, highest risk, highest cost utility projects, along with interest in seeing a majority of external appointed Directors along with some elected official Directors.

As a result, the Committee directed staff to bring back additional information on the implications of this option (e.g. on procurement, operations, service delivery, relationship to the existing committee and Board structure) as well as how it could be implemented (e.g. sample selection criteria for appointed Directors from other major project committees).

This matter is now before the Board for its consideration.

**Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors – Options Analysis**

MVRD Board Regular Meeting Date: April 24, 2026

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**ATTACHMENTS**

1. "Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis," dated March 24, 2026.
2. Presentation re: "Capital Project Governance" Dana Hayden, Hayden Consulting.

84575928



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To: Governance Committee

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: March 24, 2026 Meeting Date: April 9, 2026

Subject: **Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis**

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The 2025 independent Metro Vancouver Board Governance Review concluded that there is an opportunity to optimize the size and structure of the four Metro Vancouver Boards to improve governance and oversight, and to enhance decision making and risk management. Considerations of such options is a major piece of work for the Governance Committee and Boards in 2026. Earlier this year, the MVRD Board approved a *process* to consider potential changes and approved an *evaluation framework*.

The March and April Governance Committee meetings have been dedicated to discussion and evaluation of the options presented for all four of Metro Vancouver’s Boards. During its March 12, 2026 meeting, the Governance Committee considered the report titled “Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options and Analysis”, dated March 6, 2026 (**Attachment 1**). The Committee discussed and deliberated the options for the Metro Vancouver Regional District (MVRD) and the Metro Vancouver Housing Corporation (MVHC) Boards.

The same report is being provided to the Committee for the April 9, 2026 meeting so that the Committee can continue its discussions focusing on the Greater Vancouver Water District (GVWD) and the Greater Vancouver Sewerage and Drainage District (GVS&DD) Boards (**Attachment 2**).

In addition to the information prepared for Committee consideration last month, the Committee will also receive a presentation by Dana Hayden of Hayden Consulting Services. Hayden completed work for the Board in 2021 subsequent to the Project Delivery Department being instituted. The resulting report titled, “Project Delivery Best Practice Response – Capital Project Governance & Stage Gate Framework” (**Attachment 3**) was one in a series of updates on implementation of best practices for capital projects at Metro Vancouver as requested by the Boards. Dana Hayden will present the earlier findings, and support the Committee’s discussion about potential governance models for the utility boards.

#### ATTACHMENTS

1. ~~“Consideration of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis”, dated March 6, 2026.~~
2. ~~Presentation re: Considerations of Changes to the Size and Structure of each of Metro Vancouver’s Four Boards of Directors: Options Analysis.~~
3. “Project Delivery Best Practice Response – Capital Project Governance & Stage Gate Framework”, dated May 3, 2021.

#### REFERENCES

1. Deloitte. (2026). “Considering Board Size and Structure for Metro Vancouver’s Boards – Proposed Process”, dated January 6, 2026. <https://metrovancover.org/boards/GVRD/RD-2026-01-30-AGE.pdf page#524>

**Consideration of Changes to the Size and Structure of each of Metro Vancouver's Four Boards of Directors: Options Analysis**

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2. Deloitte. (2025). *Metro Vancouver Board Governance Review*. [MVRD Board report on 2025, May 23]. <https://metrovancover.org/boards/Documents/Deloitte-MV-Board-Governance-Review-2025-05-23.pdf>

84197405



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To: Finance & Intergovernment Committee

From: Cheryl Nelms, General Manager, Project Delivery

Date: May 3, 2021 Meeting Date: May 12, 2021

Subject: **Project Delivery Best Practice Response – Capital Project Governance & Stage Gate Framework**

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**RECOMMENDATION**

That the MVRD Board receive for information the report dated May 3, 2021 titled “Project Delivery Best Practice Response – Capital Project Governance & Stage Gate Framework.”

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**EXECUTIVE SUMMARY**

Metro Vancouver is implementing best practices related to governance and oversight on capital projects. A key deliverable is to implement a formalized stage gate framework, with the goal of supporting the Metro Vancouver Board and Committees in achieving greater insight and clarity into highest value, risk and consequence projects, including more consistent information with which to make decisions over the lifecycle of a project. A stage gate is a point in time where the governing body makes go/no-go decisions at defined points throughout the project lifecycle. The implementation of stage gates as a key measure to improve project governance is based on a KPMG review of Metro Vancouver project delivery practices and a review of governance practices and stage gate frameworks used by other jurisdictions.

**PURPOSE**

This report is the fifth in a series of updates on implementation of best practices for capital projects at Metro Vancouver as requested by the Board. It is focused on improvement areas related to project oversight and governance following an interjurisdictional review of practices by organizations delivering large capital programs and the introduction of a stage gate process for key decision points over the lifecycle of capital projects.

**BACKGROUND**

In the fall of 2019, the Board expressed interest in undertaking a review of Metro Vancouver’s capital project delivery practices in order to ensure value for our residents. Since the formation of the Project Delivery Department in February 2020, Metro Vancouver has been conducting a high level review of practices related to project delivery. This work started with a review by an independent consultant (KPMG) and continues to progress with input from external advisors who bring expertise in reviewing, overseeing and constructing multibillion dollar projects.

These reviews are critical to responding to the complex challenges presented by the unprecedented scale of Metro Vancouver’s capital projects, the layers of complexity, and market influences. The reviews have identified opportunities for improvement within the areas of leadership, governance, commercial practices, stakeholder engagement, and technical knowledge.

Updates on best practice framework to the Metro Vancouver Board to date have included:

- April 15, 2020 – KPMG review of capital project delivery challenges and best practice response.

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- October 2, 2020 – Progress update on activities undertaken by the Project Delivery Department.
- November 18, 2020 – Capital project cost estimating best practices introduced.
- February 10, 2021 – Governance update and draft terms of reference for an external expert advisors panel for highest value, risk, consequence projects.

This fifth update to the Board provides information on project governance and oversight in other jurisdictions and the introduction to a stage gate process for Metro Vancouver. The annual budget and contract approval process is currently being used as a surrogate for a stage gate process in the organization and there are limited guidelines for staff to standardize information presented to the Board for decision making on highest value, risk, consequence projects. The intent of this work is to draw upon inter-jurisdictional best practices for the governance of highest value, risk, consequence projects to improve the processes and information provided for decision making by the Board using current approval mechanisms.

**KEY TAKEAWAYS FROM CAPITAL PROJECT GOVERNANCE PRACTICES REVIEW**

From December 2020 to February 2021, six North American jurisdictions were interviewed to learn how they governed and managed their capital projects. Jurisdictions were chosen by Metro Vancouver based on the size and complexity of their water and wastewater capital programs. The jurisdictions were: Toronto, Victoria Capital Regional District, San Francisco, Halifax, District of Columbia (Washington, DC), and Edmonton.

The comparator jurisdictions employ a broad range of governance frameworks to operate and manage water and wastewater (and in some cases other) utilities and related capital projects. At one end of the spectrum, Toronto manages and operates its utilities and capital projects internally. At the other end of the spectrum, Edmonton has privatized the ownership and operation of their water and wastewater utilities and the delivery of capital projects required to support it.

*Table 1: Capital Project Governance Practices*

Toronto	Capital Regional District	San Francisco	Halifax	DC	Edmonton
In-house city management	Project board for core area wastewater treatment project	Independent commission	Crown corporation	Multi-state independent authority	Privatized

**Elements of good capital project governance<sup>1</sup>**

A rigorous governance framework guides capital project owners in effective decision making and lays the groundwork for project success. Project owners who implement robust governance practices that are specifically designed to meet the demands of the capital project delivery process are the ones most likely to achieve their cost, schedule, performance, and quality goals. Good capital project governance generally has the following characteristics:

1. Clearly defined objectives
2. Robust project oversight

<sup>1</sup> Informed by: PWC: Successful capital project delivery: The art and science of effective governance

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3. Clear roles, responsibilities, and authorities
4. Effective risk management
5. Rigorous project reporting and communication

The five criteria above were used to evaluate the maturity of project governance for successful project delivery.

### **GOVERNANCE PRACTICE REVIEW RECOMMENDATIONS FOR MV**

The review of governance practices across these various jurisdictions has resulted in the following recommendations with respect to highest value, risk, consequence capital project governance at Metro Vancouver.

#### **Clearly Defined Objectives**

- Identify and recommend clear project objectives and associated performance targets for capital projects for endorsement by the Board. These objectives should include cost, scope, schedule, and potentially other objectives that the Board wants to achieve through its projects.
- Collect data to track and measure project progress against performance targets.

#### **Robust Project Oversight**

- Establish an expert project oversight group with the skills and experience required to effectively oversee projects.
- Consider using project outcomes to manage projects instead of relatively low value dollar approval limits and contract approvals.
- Formalize a process for the Board to review highest value, risk, consequence projects at stage gates with the benefit of input from an expert project oversight board.

#### **Clear Roles, Responsibilities, and Authorities**

- Continue with implementation of a centralized project management organization for highest value, risk, consequence capital projects. The core responsibilities of this group should be to:
  - Develop a clear project charter to define roles and responsibilities and authorities for efficient management and decision making;
  - Develop standardized processes, procedures, tools, and methodologies for managing and monitoring projects and for progress reporting;
  - Define KPIs and targets for projects;
  - Define project management oversight and support needs;
  - Recommend and assist with implementation of specific project management processes, procedures, and tools for individual projects;
  - Provide project management and contract administrative support through advice or through dedicated or shared staff; and,
  - Develop a database for key project information and lessons learned to improve future delivery practices.
- Operations and maintenance groups that identify the need for a project should work together with the capital construction group throughout the project lifecycle, including when seeking approvals where changes in requirements or performance metrics occur.

#### **Effective Risk Management**

- Focus attention early in the development of any capital project on assessing risks associated with construction and other project risks, and develop plans to continually assess, monitor and mitigate them should they arise.

- Evaluate a range of forms of construction contracts for projects to allocate risk and incentivize innovation and ensure the team has the skills and experience to manage the contract models being used.

**Rigorous Project Reporting and Communication**

- Ensure there are clear project success criteria in place that are reported against.
- Implement an external oversight group and have project managers present their results to them.
- Develop a consistent project and progress reporting structure that is reviewed at each level of oversight using the same data.

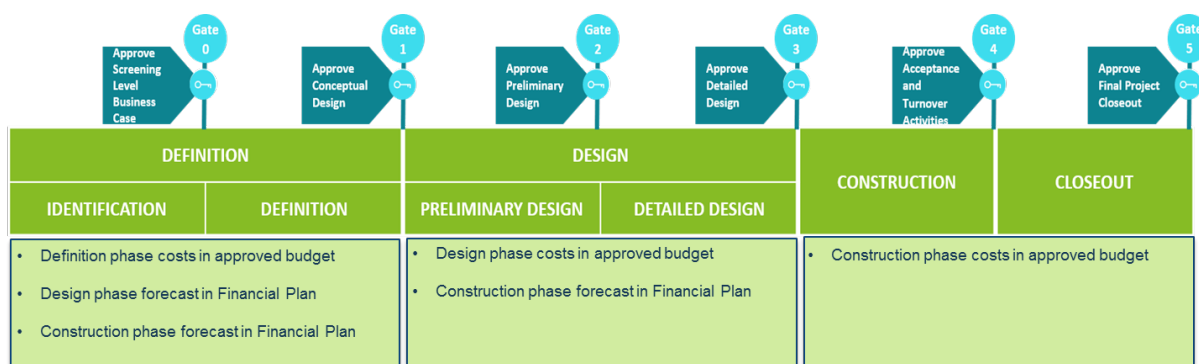
Each of these recommendations is now being planned for and/or implemented. Those recommendations that affect the way the MV Board oversees projects will be brought forward for the Board’s consideration. One of these is that the MV Board should review highest value, risk, consequence projects at stage gates with the benefit of input from an expert advisors panel.

**STAGE GATE FRAMEWORK AND CAPITAL PROJECT GOVERNANCE**

To continue to improve project delivery across Metro Vancouver’s portfolio of highest value, risk, consequence capital projects in line with the findings identified above, a project management framework will be developed that will provide the overarching foundation for the planning and delivery of highest value, risk, consequence capital projects. The project management framework will consist of processes, systems, and controls, anchored in project management best practices. A cornerstone element of this project management framework will be a formalized stage gate process for highest value, risk, consequence projects which can then be scaled for other projects across the organization.

As outlined in the attached white paper, a stage gate process provides decision makers with the opportunity to make informed decisions at key points through the entire project lifecycle.

Figure 1: Indicative Stage Gate Process



The stage gate process is used to determine whether a project is situated to meet objectives and therefore continues to warrant investment. When a decision is made to proceed to the next phase, the project team is authorized to spend the funds that were allotted for the next set of planned work activities. Stage gate reviews provide key communication opportunities as projects move through the project lifecycle. They also provide a formal means of controlling project risk, monitoring scope changes, and maintaining stakeholder interest. These reviews are also a means of ensuring implementation of standardized project management processes.

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Metro Vancouver's current approach uses the annual budget and contract approval processes as a surrogate for stage gating. This report introduces the implementation of a formalized stage gate process to improve consistency and provide guidance to staff for checks and balances across the life cycle of a project. In addition, the new process will ensure that communication and decision making for the highest value, risk, consequence projects are not limited to the annual budget and contract approval processes.

The following are the lenses that are used to assess the information provided during the stage gate reviews.

- Alignment with organizational strategic goals
- Structure of the project/program
- Value proposition
- Risk mitigation plan
- Organizational implementation capacity
- Impact/ outcome measurement

At stage gate reviews, the project will either be endorsed to proceed for budget approval of the next stage/phase, terminated, or required to reconsider/revise all or part of the current stage/phase.

A stage gate process can be applied to all projects regardless of their classification (scale, risk, and complexity). How it is applied, the level of documentation, and the composition of decision makers are all scalable. Many organizations assess projects based on risk and complexity in addition to the project budget (scale) to determine the level of project governance and oversight required. The Project Management Office will be developing a project classification approach to determine which projects are considered highest value, risk, consequence projects in the organization.

### **Next Steps for Implementing the Stage Gate Process**

The Project Delivery department is developing and implementing a stage gate process for highest value, risk, consequence capital projects that fall under the oversight of the Finance and Intergovernment Committee. An external expert advisors panel will provide input for the consideration of the Finance and Intergovernment Committee's at stage gates for highest value, risk, consequence capital projects. Upcoming projects that are coming to Finance and Intergovernment Committee for stage gate reviews include: Iona Wastewater Treatment Plant Project Definition; Coquitlam Water Supply Project Definition; and construction for Langley Wastewater Treatment Plant Project.

### **ALTERNATIVES**

No alternatives are provided. This is an information report.

### **FINANCIAL IMPLICATIONS**

There are no specific financial implications from this report.

### **CONCLUSION**

This report is the fifth in a series of updates on implementation of best practices for capital projects at Metro Vancouver as requested by the Board. In order to support the Metro Vancouver Board and Committees in achieving greater insight and clarity into highest value, risk, consequence projects, including more consistent information with which to make decisions over the lifecycle of the project. Formalizing a stage gate process for Metro Vancouver and implementing it across the organization

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will significantly improve the effectiveness of decision making and likelihood of success for capital projects for the organization. Processes under development will be consistent with best practices across other similar jurisdictions delivering large capital programs.

**Attachments**

1. “Capital Project Governance Practices in Selected Jurisdictions and Recommendations for Metro Vancouver”, dated February 2021 by Dana Hayden (*Doc# 44611172*)
2. White paper “How a stage gate process enables informed decision making”, dated March 2021 by Catherine Ella (*Doc# 44553865*)

44553967

## Attachment 1



February 2021

# Capital Project Governance Practices in Selected Jurisdictions and Recommendations for Metro Vancouver

## Background

The purpose of this report is to provide information about practices evident in a selection of other jurisdictions related to their project management of major capital projects and programs.

During December 2020 to February 2021, Cheryl Nelms and Dana Hayden interviewed 6 North American jurisdictions learn how they governed and managed their capital projects. Jurisdictions were chosen by Metro Vancouver (MV) based on the size and complexity of their water and wastewater capital programs. The jurisdictions were: Toronto, Victoria Capital Regional District, San Francisco, Halifax, District of Columbia and Edmonton.

Appendix A provides a summary of information obtained from each jurisdiction. Appendix B includes questions that were provided in advance to representatives of these jurisdictions to consider prior to zoom meetings with their executive representatives.

## Discussion

The jurisdictions examined employ a broad range of governance frameworks to operate and manage water and wastewater (and in some cases other) services and related capital projects. The jurisdictions interviewed and the models they utilize are:

- B.C.'s Capital Regional District – Project Board for core area wastewater treatment project
- Halifax – Crown corporation
- District of Columbia Water – Multi-state independent authority
- San Francisco - Independent Commission
- Edmonton – privatized
- Toronto – in-house city management

## Elements of good capital project governance<sup>1</sup>

A rigorous governance framework guides capital project owners in effective decision making and lays the groundwork for project success. Project owners who implement robust governance practices that are specifically designed to meet the demands of the capital project delivery process are the ones most likely to achieve their cost, schedule, performance and quality goals. Good capital project governance generally has the following characteristics:

### 1. **Clearly defined objectives**

Clear project definition through Key Performance Indicators (KPIs) and targets, including cost and schedule estimates and anticipated project scope but potentially also other performance measures such as employment, safety, carbon reduction, impacts on ratepayers, indigenous partnerships etc.

### 2. **Robust project oversight**

Clearly understanding the performance of projects against a range of measures such as cost, schedule, and quality at every stage in a project's life cycle is vital to project success. Independent and unbiased expert perspectives assist in anticipating and managing issues that arise during a project.

### 3. **Clear roles, responsibilities and authorities**

Having clear roles and authorities for those involved in the planning and development of projects leads to better project management. Planning and construction should be informed by end users so that transition to operations is smooth.

### 4. **Effective risk management**

Project owners need to account for the unique risks that each project presents and have plans in place to manage them. An important part of risk management is the implementation of a contract framework that is best suited to those risks and to have staff with the experience to manage them.

### 5. **Rigorous project reporting and communication**

To effectively communicate about and report on the status of projects, organizations need common sources of information and a standard set of key performance indicators that align with project and corporate goals.

*"In our experience advising on the planning and execution of capital projects across multiple industries, project owners who implement robust governance practices that are specifically designed to meet the demands of the capital project delivery process are the ones most likely to achieve their cost, schedule, and performance and quality goals."*<sup>2</sup>

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<sup>1</sup> Informed by: PWC: Successful capital project delivery: The art and science of effective governance

<sup>2</sup> Daryl Walcroft, US Capital Projects & Infrastructure Leader, PWC

The 5 governance practices noted above were considered in the context of the jurisdictions interviewed and are summarized in Appendix A.

## **Key Themes and Recommendations for MV**

### **Criterion 1: Clearly Defined Objectives**

The success of a project is as closely tied to thorough project definition as it is to execution quality. Clear project performance definition in terms of cost, scope and schedule but also other performance measures such as employment, safety, carbon reduction, impacts on ratepayers, indigenous partnerships etc. inform all stakeholders about what the owner considers important for success. Without sufficient definition, post-contract changes will likely proliferate, introducing further complexities into project delivery.

#### **Key Themes from our review**

- The more that governance is delegated to project or fiduciary Boards the greater the likelihood that clear project performance measures and targets are established.
- When the role of oversight is delegated to a project or fiduciary Board it requires & enables the establishment of clear project deliverables to provide clarity on what the board is expected to achieve.
- The more outsourced governance is the less likely that “social” objectives are established and tracked.
- In many jurisdictions, performance objectives are identified but no targets have been set for them so it’s very difficult to know if the objectives have or have not been met.
- In several jurisdictions the data to report on performance measures beyond scope, schedule and cost are not available or collected making consistent and meaningful tracking against them impossible.

#### **Recommendations for MV**

- MV staff should develop and recommend clear project objectives and associated performance targets for its capital projects for endorsement by the MV Board. These objectives should include cost, scope and schedule, and potentially other objectives that the MV Board wants to achieve through its projects.
- MV staff should collect data to track and measure project progress against performance targets.

### **Criterion 2: Robust Project Oversight**

Clearly understanding the performance of projects against a range of measures such as cost, schedule, and quality at every stage in a project’s life cycle is vital to project success. Having a

clear line of sight into project performance at each stage in a project's life cycle requires time and the application of appropriate skills and experience to provide oversight.

An important component of oversight is the anticipation of, and potential mitigation of challenges and issues. This may include construction issues such as geotechnical challenges, unforeseen soil contamination, regulatory approvals etc., and also issues that may not specifically be related to construction such as misalignment of objectives between contractors and the project owner, stakeholder challenges, and/or natural and uncontrollable challenges such as earthquakes and pandemics.

Independent and unbiased expert perspectives that address very complex and challenging issues faced over the life cycle of the project and that assist in anticipating and managing issues that arise during a project results in improved project outcomes.

### **Key themes from our review**

- In most jurisdictions elected officials with a broad range of accountabilities had neither the time or the subject matter expertise to provide effective oversight of complex capital projects or programs.
- Elected officials in most jurisdictions have delegated their oversight role to individuals that have skills and experience to understand the implications of construction project performance as they proceed. Different jurisdictions have delegated more or less of the elected officials' oversight role.
- The more independent the oversight is, the greater the use of subject matter experts.
- Where capital project oversight is performed by elected officials, controls based on dollar value of contracts or variance against approved budget are commonly used as a surrogate for project management oversight.
- Using cost and contract approvals as project management tools tends to lead to inefficient allocation of capital.
- All jurisdictions where cost and contract approvals were used as the oversight checkpoint were planning to change associated policies and processes due to its inefficiency.
- The greater the delegation of responsibilities the less likelihood that political interests and/or issues influence project decisions.
- Those jurisdictions implementing the greatest rigor all use a stage gate process to review the progress of projects.

### **Recommendations for MV**

- MV should put in place a project oversight board that has the expertise required to effectively oversee projects.
- MV should consider using project outcomes to manage projects instead of relatively low value dollar approval limits and contract approvals.

- MV should formalize a process for the MV Board to review major projects at stage gates with the benefit of input from an expert project oversight board.

### **Criterion 3: Clear Roles, Responsibilities and Authorities**

A good governance framework enables project owners to clearly articulate the roles and responsibilities for decision making and accountabilities (who is responsible for doing what) using tools such as project charters or governance authority matrices. Because large capital projects often have multiple stakeholders, it is crucial to assign, define, and communicate all players' roles and responsibilities. Clarity on this front helps to avoid redundant control functions or gaps in important management tasks among various groups within the organization. Involving end users (operations group) in the design and development of projects ensures that the end project meets operational needs.

#### **Key themes from our review**

- Clarity in roles and responsibilities (Project charter) benefits capital project development regardless of the governance model.
- Many jurisdictions did not have standard processes, procedures or tools to manage and report on progress.
- In jurisdictions where responsibility for capital construction is separate from operations the relationship between the two is often strained and results in complications related to project scope, cost, and schedule and relationships with project stakeholders.
- Operations groups that identify the need for a project need to participate throughout the project life cycle, working together with the capital construction group, including seeking approvals where changes in requirements or performance metrics occur.

#### **Recommendations for MV**

- MV should continue with its implementation of a centralized project management organization for its major capital projects. The core responsibilities of this group should be to:
  - Develop a clear project charter to define roles and responsibilities and authorities for efficient management and decision making;
  - Develop standardized processes, procedures, tools, and methodologies for managing and monitoring projects and for progress reporting;
  - Define KPIs and targets for projects;
  - Recommend and assist with implementation of specific project management processes, procedures, and tools for individual projects;
  - Provide project management and contract administrative support through advice or through dedicated or shared staff; and,
  - Develop a database for key project information and lessons learned to improve future delivery practices.

- MV's Operations groups that identify the need for a project should work together with the capital construction group throughout the project lifecycle, including when seeking approvals where changes in requirements or performance metrics occur.

#### **Criterion 4: Effective Risk Management**

Capital project owners typically appoint contractors to design and deliver their projects, and many contract out the project's day-to-day construction management. Many assume that once the contracts are in place the contractor will execute the project as planned. This assumption can be dangerous.

From the outset of project planning, project owners should take into account the level of in-house resources and their technical and commercial skill set to monitor and direct performance. They also need to account for the unique risks that each project presents, and ensure they implement a contract framework best suited to those risks and have staff with experience in the contract management approach selected.

When private sector firms bid on public construction contracts they effectively "price" those risks and include the cost of managing them into their bids. Effective contracting strategies allocate risk to the party that is most able to deal with it so that projects can be implemented at the best cost. Different contracting models (e.g. Design-Build, Design-Bid-Build, Construction Management, Design-Build-Finance, Design-Build-Finance-Operate, etc.) provide the opportunity to allocate risks to the party best able to manage them and to incent innovation.

Good governance helps ensure that incentives connect directly to valid corporate objectives and drives out any elements that do not. In addition, contract terms should carefully articulate the contractor's responsibilities to establish, maintain, and report on defined performance metrics and specify the owner's rights to access and audit the underlying project information.

#### **Key themes from our review**

- Most jurisdictions focus on construction related risks only.
- Construction risks are used to determine contingency funding levels, but it's unclear whether they are explicitly used to define the types of construction contracts used.
- Several jurisdictions utilize a variety of construction contracts.
- Where external construction and governance related expertise is employed there is a greater level of confidence in forecast budgets and contingency.
- Unless there is rigor in allocating costs to risks and "retiring" risks when the likelihood of them is over construction staff have a tendency to "hide" unused contingency funds to avoid having to request additional funding for their projects.

### **Recommendations for MV**

- MV should focus attention early in the development of any capital project on assessing risks associated with construction and other project risks and develop plans to address them should they arise.
- MV should evaluate a range of forms of construction contracts for its projects to allocate risk and incent innovation and ensure it has the skills and experience to manage the contract models it uses.

### **Criterion 5: Rigorous Project Reporting and Communication**

A lack of defined performance metrics, and untimely or infrequent communication between project owners, contractors and stakeholders can increase project costs and cause delays.

Contract documents should clearly define expectations regarding the nature, frequency, and level of detail to be included in progress reports to the owner. Real-time and complete information regarding the status of the project's performance allows good project management decisions and allows the owner to take actions to mitigate risks. Similarly, current and complete information on potential and pending changes to work allows the owner to make appropriate decisions regarding the scope of work and related commercial issues.

To effectively communicate about and report on the status of projects, organizations need common sources of information and a standard set of key performance indicators that align with project and corporate goals. Once reports are developed, members of the project team and leadership team need to discuss them and agree on next steps. In addition, project status reports across the company should report the same type of information in the same format and from the same databases.

### **Key themes from our review**

- Where the governance structure requires project managers to present project progress against defined criteria to experts not involved in their project there is more rigour in how those projects are managed (reinforces accountability), less instance of cost overruns and other contractual issues.
- Project progress reporting was identified by each jurisdiction as critical but most jurisdictions did not have systems or tools in place for 'smart' enterprise reporting.
- Project data management was identified as important for costing future projects.

### **Recommendations for MV**

- MV should ensure there are clear project success criteria in place that are reported against.
- MV should implement an external oversight group and have project managers present their results to them.

- MV should develop a consistent project and progress reporting structure that is reviewed at each level of oversight using the same data.

## **Conclusion**

The jurisdictions reviewed employ a range of governance models, practices and procedures to implement capital projects. To improve MV's governance model to better reflect good project governance criteria identified for successful capital project implementation, the following actions are recommended.

### **Summary of Recommendations to Strengthen MV Capital Project Governance**

#### **Clearly Defined Objectives**

- MV staff should develop and recommend clear project objectives and associated performance targets for its capital projects for endorsement by the MV Board. These objectives should include cost, scope and schedule, and potentially other objectives that the MV Board wants to achieve through its projects.
- MV staff should collect data to track and measure project progress against performance targets.

#### **Robust Project Oversight**

- MV should put in place a project oversight board that has the expertise required to effectively oversee projects
- MV should consider using project outcomes to manage projects instead of relatively low value dollar approval limits and contract approvals.
- MV should formalize a process for the MV Board to review major projects at stage gates with the benefit of input from an expert project oversight board.

#### **Clear Roles, Responsibilities and Authorities**

- MV should continue with its implementation of a centralized project management organization for its major capital projects. The core responsibilities of this group should be to:
  - Develop a clear project charter to define roles and responsibilities and authorities for efficient management and decision making;
  - Develop standardized processes, procedures, tools, and methodologies for managing and monitoring projects and for progress reporting;
  - Define KPIs and targets for projects;
  - Define project management oversight and support needs;
  - Recommend and assist with implementation of specific project management processes, procedures, and tools for individual projects;
  - Provide project management and contract administrative support through advice or through dedicated or shared staff; and,

- Develop a database for key project information and lessons learned to improve future delivery practices.
- MV's Operations groups that identify the need for a project should work together with the capital construction group throughout the project lifecycle, including when seeking approvals where changes in requirements or performance metrics occur.

#### **Effective Risk management**

- MV should focus attention early in the development of any capital project on assessing risks associated with construction and other project risks and develop plans to address them should they arise.
- MV should evaluate a range of forms of construction contracts for its projects to allocate risk and incent innovation and ensure it has the skills and experience to manage the contract models it uses.

#### **Rigorous Project Reporting and Communication**

- MV should ensure there are clear project success criteria in place that are reported against.
- MV should implement an external oversight group and have project managers present their results to them.
- MV should develop a consistent project and progress reporting structure that is reviewed at each level of oversight using the same data.

**Appendix A Summary of Information from Jurisdictions Interviewed<sup>3</sup>**

**Criterion 1: Clearly Defined Objectives**

A	B	C	D	E	F
<p>Cost, schedule and scope are tracked.</p> <p>Ad hoc Use of social procurement objectives e.g., at risk youth employment.</p> <p>Only a few projects have performance measures.</p>	<p>Performance measures and targets for cost, scope and schedule clearly defined by Utility B elected officials in project board terms of reference and mandate. Project Board instituted others.</p> <p>Any potential deviation from cost, scope and schedule performance metrics requires project board to seek Utility B approval.</p> <p>Data are tracked to report on all performance measures.</p>	<p>Utility C elected officials have delegated this role to the Commission.</p> <p>Commission has established performance measures for cost, scope and schedule, but also now sustainability and environment, flow rates and maintenance frequency. They are considering adding measures to respond to climate change, good neighbor objectives, air quality etc.</p> <p>Project metrics to measure project performance are generally lacking.</p>	<p>Clear performance objectives and targets defined by Utility D. These are reviewed each year by the municipality.</p> <p>Independent utilities commission reviews all projects and approves them only if they are consistent with rates/objectives.</p> <p>Data are tracked to measure against</p>	<p>Defined by Utility E. Customer rates are set by the Board and can't be exceeded. Board also approves schedules and requires reduced energy consumption over time. Metrics are collected for these measures.</p> <p>Have "go/no go" objectives to increase equity and diversity and employment of minority and women owned businesses. No targets for these are set but contractors are required to report on efforts.</p>	<p>Utility F contractor and management define performance measures and targets (both for projects and staff work) that include performance measures and targets established by Utility F elected officials that are in Utility F's contract with the contractor.</p> <p>Data are tracked to</p>

<sup>3</sup> Jurisdiction names removed for confidentiality.

			performance measures.		report on all KPIs.
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**Criterion 2: Robust Project Oversight**

A	B	C	D	E	F
<p>Staff at various levels have this. No independent oversight exists. Utility A elected officials use cost and contract approvals as a surrogate for oversight.</p> <p>No use of stage gate process but KPMG has recommended that they do this with council.</p>	<p>Project board performs this role on behalf of Utility B elected officials. Staff report to the project Board monthly, and more often if issues arise.</p> <p>All project stages are reviewed by the project board.</p> <p>The project board has full authority to implement studies, reviews etc. as it sees fit to oversee projects.</p>	<p>Commission established by elected officials to oversee water and wastewater. They oversee all aspects of operations, construction, public consultation, etc.</p> <p>The Commission is made up of 5 members appointed by the mayor. Each has a specific oversight role: workforce, environmental, financial, construction etc.</p> <p>They don't use a stage gate process to review projects.</p>	<p>Utility D corporation was established to provide oversight on behalf of elected officials. Utility D board has 4 (elected) councillors and 3 private sector representatives with expertise in capital construction.</p> <p>Utility D Board reviews projects at various stages and uses a stage-gate process.</p> <p>Utilities commission provides independent assessment of Utility D capital projects and must approve them before they proceed.</p>	<p>Utility E provides oversight on capital projects on behalf of elected officials from multiple states.</p> <p>Board of Directors is 11 representatives from districts (6) and jurisdictions (5). All appointed by the mayor. Board is composed of businesspeople, engineers, persons with utility and construction background, etc.</p> <p>Board has sub committees that do a thorough review of projects with staff.</p>	<p>The contractor's board uses internal project boards that receive regular reports. No elected officials are involved in governance but they have performance-based regulations in place that Utility F approves. Staff are incentivized to achieve desired performance outcomes for projects and for management.</p> <p>Use a formal stage gate process for internal approvals of projects (1. concept, 2.</p>

A	B	C	D	E	F
		<p>Even though they meet every 2 weeks, Commissioners are challenged to be able to spend the required time on any given project given the range of responsibilities assigned to them.</p> <p>A Board of Supervisors (elected) Capital Planning Committee receives reports from the Commissioners</p>		<p>Water and sewer issues are voted on by Districts only. Policy issues and governance is overseen by entire board.</p> <p>Board presents its plans to customers each year to present their plans and rate impacts. Wards (customer representatives) present to Board of Directors.</p>	<p>financial envelope approval, 3. budget request, 4. Release of funds, 5. change orders</p>

**Criterion 3: Clear Roles, Responsibilities and Authorities**

A	B	C	D	E	F
<p>Operating division does longer term planning and determines capital program and requests funding from Council.</p>	<p>Project board hires and directs staff working on project.</p> <p>Clear authority matrix and roles and</p>	<p>Robust authority matrix in place that is applied to every RFP, contract award and policy.</p>	<p>Good internal accountability. Cost of service modelling in place.</p> <p>Presentation of major projects to the</p>	<p>Board and its sub committees receive presentations from staff. Staff recommend capital projects required.</p>	<p>Every 5 years the Contractor prepares an application for revenue needs that includes an operations plan and a capital plan. This</p>

A	B	C	D	E	F
<p>Then capital division procures and manages on behalf of operating divisions.</p> <p>If inadequate funding operations staff return to council to request additional funds.</p> <p>Operations divisions do long term planning.</p> <p>Some tension between operating divisions and capital construction divisions.</p>	<p>responsibilities developed.</p> <p>Strong communication between project staff and operations staff in Utility B. Several project staff will continue to work for Utility B on the project in operations after its complete.</p>	<p>The Commission meets every 2 weeks to review progress.</p> <p>There is a lack of integration between operations division and capital division. This leads to a lack of accurate prioritization of projects.</p> <p>Fairly heavy level of bureaucracy and politics resulting in prolonged project decision making adversely impacting project outcomes.</p>	<p>utilities commission has created rigor in project planning.</p> <p>Good integrated resource plan (IRP) with a 25- year outlook to deal with water and wastewater. New IRP every 5 years</p> <p>Good relationship with municipal staff. Utilities commission lets them know if the relationship is too close.</p>	<p>Board presents to customers during the year to present plans and proposed rates.</p> <p>Approvals are based on implications to rates, not inputs – i.e., outcome focused and not controlled by inputs. Only issues brought forward once a budget is approved are legal.</p> <p>If politicians don't like what the rates look like (and therefore the budget for Utility E) they can change them (even though they have a 10-year budget).</p>	<p>must have an efficiency factor included. The Contractor approves or not.</p> <p>Clear project charter in place Project managers are required to present their performance metrics to the Contractor Board which approves them. These must include net income, safety etc.</p> <p>Decision authority is clear. Decisions are pushed down to the lowest level possible.</p>

**Criterion 4: Effective Risk Management**

A	B	C	D	E	F
<p>Risk registry exists for schedule, cost and scope but not otherwise.</p> <p>Traditional Design Bid Build delivery approach was outlined as a key contract approach.</p> <p>Larger projects (e.g. tunneling) attracts greater political oversight.</p>	<p>A well-developed risk register in place for the project that includes both construction and non-construction risks. Risks are assigned to managers to track.</p> <p>Portions reviewed by board at each meeting.</p> <p>Several different types of contracts used in the project.</p>	<p>Have a well-established suite of tools to manage risks but the risk management process is only well defined for construction projects.</p> <p>They have a limit on contingency depending on the type of project. Contingency estimates are regularly exceeded.</p> <p>Have done CM, DBB but no P3s.</p> <p>Every 2 years they “re-baseline” their project budgets.</p>	<p>Utility D Board has a separate committee dedicated to assessing risks.</p> <p>Utilities commission challenges project team, schedule, risk management framework, size of contingency etc. – very rigorous. Large project reviews are public.</p> <p>Outside experts challenge Utility D assumptions as part of utilities commission process.</p>	<p>Construction related risks are assessed and contingency established based on them. Don’t reduce contingency as project proceeds until milestones are reached. Tends to “hide” dollars from finance dept. resulting in poor relations.</p> <p>Board sub-committees meet with staff and do a thorough review of projects and determine when they are ready to go to the Board.</p> <p>Construction management, design build, and design bid build approaches applied.</p>	<p>Use standard construction related risk management assessment and allocation of contingency.</p> <p>Project managers present their performance against targets with metrics regularly.</p> <p>Have a “controllable capital” performance measure that requires them to be within +/- 5% of their forecast costs.</p>

**Criterion 5: Rigorous Project Reporting and Communication**

A	B	C	D	E	F
<p>Don't have good tools in place to measure how they have achieved objectives.</p> <p>Once a project is approved oversight beyond staff is minimal unless additional funds are required.</p>	<p>Monthly reporting to project board.</p> <p>Monthly reports include information on project status and pending challenges to allow for corrective and anticipatory actions.</p> <p>Project board meetings are open and closed, and stakeholders can make presentations or see information online.</p> <p>Staff meet regularly with citizen stakeholders.</p> <p>Quarterly reporting to Utility B wastewater committee of Utility B Council.</p>	<p>Board of Commissioners is responsible for reviewing and approving everything but doesn't have the time to question risk assessment or contract implementation.</p> <p>Have annual reports, financial reports.</p> <p>Also have a waste- water capital report where they report on all projects quarterly.</p>	<p>Utility D staff have good control on projects with external advisors (engineers, lawyers, accountants).</p> <p>Good relations between Utility D and municipalities.</p> <p>IRP in place and reviewed publicly at utilities commission</p> <p>Annual report back to commission on what was approved and what was spent</p>	<p>Committees of the Board meet with staff monthly and do a thorough review of progress.</p> <p>Monthly program reports on all projects.</p> <p>Board does presentations to customers a few times a year to get their input.</p> <p>The Board of Directors presents its plan to Utility E commission.</p>	<p>Contractor staff oversee all capital projects. Staff report to Board and its committees regularly against performance criteria established for their project.</p> <p>Contractor produces quarterly reports that are reviewed by the utilities committee of the city.</p> <p>Anything outside of plan that counsellors request is tracked and costed.</p> <p>There is little long-term objective setting beyond the 5-year plan.</p>

## **Appendix B: Public Sector Capital Infrastructure Projects Questions for Other Jurisdictions**

### **Introduction/Background:**

Metro Vancouver is a federation of 21 municipalities, one Electoral Area and one Treaty First Nation that collaboratively plans for and delivers regional-scale services. Its core services are drinking water, wastewater treatment and solid waste management. Metro Vancouver also regulates air quality, plans for urban growth, manages a regional parks system and provides affordable housing. The regional district is governed by a Board of Directors of elected officials from each local authority.

Metro Vancouver has a large capital infrastructure program in progress. It has recently established a capital project delivery unit, headed by General Manager Cheryl Nelms. Cheryl Nelms is leading a review of the way in which Metro Vancouver currently manages and oversees the implementation of its capital program and is seeking to learn more about what is working and what is not working with respect to the governance and oversight of capital projects in other jurisdictions. She is being assisted in this work by Dana Hayden. As part of this work, Cheryl Nelms and Dana Hayden would like to learn more about how your capital projects are governed, what works and potentially what challenges you are facing in implementing your capital projects.

We would greatly appreciate it if you would share your insights on capital infrastructure project governance. In particular, we are interested in learning about how you support project management and expenditure decision-making, accountability and transparency to:

- Monitor and control projects;
- Set performance measures and track them;
- Measure benefits and manage risks;
- Ensure a smooth transition to operations; and,
- Translate and incorporate “lessons learned”

The following questions are intended to guide our discussion.

### **Governance Structure/Model**

*Public infrastructure projects are often complicated and costly and as a result project oversight is particularly important. Some public sector organizations rely on in-house expertise to oversee projects, and some use fiduciary boards or advisory boards to utilize skills/expertise that may not be held by staff. We would like to understand what type of structure(s) you use.*

1. Please describe/explain the type of governance structure you have in place for your capital projects:
  - a. Do you have a Chief Project Officer for your capital project(s)? (i.e. even if you have a team of people working on capital projects, is there someone individually who is accountable for managing the project(s)?)

- b. Do you have a project board?
  - c. Do you have an oversight board?
  - d. Does your oversight board provide direction to staff managing capital projects (fiduciary board) or does it provide advice to those managing capital projects (advisory board)?
  - e. Do you have a single capital project or several, and does your project board or oversight board (if you have one) deal with more than one project?
2. What process did you undertake to establish the governance structure you have?
    - a. How did you determine that the governance structure you have was the best one for your jurisdiction?
    - b. Does the structure include elected individuals?
    - c. Was the structure endorsed by elected officials?
    - d. What are the skills/experience that you have at each (and different) levels of your governance/oversight?
    - e. Do you use internal staff to populate these structures or do you use expertise from outside your organization?
    - f. If you have a project board, who decided which persons would be on these boards and who selected them?
    - g. Did that process involve public disclosure of the delegation of any responsibilities of the elected officials?
  3. What are the advantages of the structure you have in place? What works well?
  4. What are the disadvantages of the structure you have in place? If you could change some things what would you change?

### **Public accountability and decision-making authority**

*Elected officials use different ways to “control” and provide oversight for public sector capital infrastructure projects, for example, through expenditure limits, or by putting in place oversight boards with elected and/or non-elected individuals. Where a non-staff fiduciary or advisory board is used, elected officials may be wary of delegating responsibility for high value/cost projects to individuals who are not staff. We would like to understand who is accountable for ensuring your projects are well implemented, what authorities are delegated to them, and what reports are produced. You may have this documented in a project charter, or it may be that the easiest way to explain this to us is with an organization chart.*

1. What kinds of decisions can be made by whom at what level in the governance/oversight structure that you have in place?
  - a. How are decision making authorities and accountabilities established?
  - b. Are there financial limits or other constraints that are important in your oversight model?
  - c. Do you have a project charter that lays out these decision rules?
    - i. If so can you share it?

2. Do you contract specific types of services or expertise? What types of services do you acquire through contract (e.g. legal, procurement advice, fairness advisor, etc.)?
3. What is the reporting system that you have in place?
  - a. How/how often do you report to senior management, elected officials, the public?
  - b. What types of information is included in reports?
  - c. Can you share an example of your reports?

## **Project Objectives**

*The public, and therefore elected officials, have high expectations for public sector capital infrastructure projects. In addition to key performance indicators such as cost, scope and schedule, there are often project objectives related to public amenities, safety, job creation, economic development, etc. We would like to understand what objectives (key performance indicators) are important for your project(s), and how you collect data to report on them.*

1. How do you define project objectives? Who approves/endorsees them?
2. Did you establish key performance indicators (KPIs) beyond cost, scope and schedule for your project(s) and if so what kind of KPIs do you track?
3. How do you measure/collect data to report on your KPIs?

## **Risk Management**

*Anticipating and managing risks is vital in large capital infrastructure projects. Some jurisdictions focus on risks associated with cost and schedule, and others use a more fulsome risk register that attempts to identify different types of risks, to quantify the likelihood of them occurring, and what actions will be taken by the organization to manage them. Often contingencies are established to manage risks. We would like to understand how you identify and manage risks, and whether you establish/allocate contingency funds to manage them.*

1. How do you manage risks?
2. Do you use a risk register?
3. Who establishes your risk register?
4. What types of risks do you consider?
5. Do you establish project contingency funds associated with identified risks?
6. Are risks assigned to/managed by particular individuals?
7. How often is your risk register reviewed/updated, and who reviews it?

## **Integration with Operations**

*In some cases those individuals who will be operating a capital infrastructure project when it is built are involved in its construction. Sometimes construction is overseen by others, and then the project is "handed off" to those operating it. We would like to understand how you manage, or plan to manage, the transition from construction to operations.*

1. How do you manage integration or hand-off between those responsible for construction of the capital project and those who will manage it?
  - a. Are “operators” part of the capital construction team (the same team?)
  - b. If these groups are separated, how is/will the handoff be managed?
  - c. If these groups are separated, what challenges do you believe you’ll have to manage.

## **Lessons Learned**

*Capital Infrastructure projects often take many years to plan, procure and implement. During that process, there are key learnings that ideally should be passed on so that the next projects can benefit from that knowledge. Often key staff or individuals will retire, be promoted or leave projects before they are completed. We would like to learn about how you manage the transfer of knowledge to take advantage of lessons learned.*

1. Do you have a process in place to manage the transfer of knowledge from person to person, or from project to project?
2. Is the process effective?
3. If you could do something differently with respect to knowledge transfer what would you do?

**Attachment 2**

# STAGE-GATE FRAMEWORK:

How a stage gate process enables informed decision making.

Date: 20 March 2021



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## 1 Background

Metro Vancouver is in the process of planning and implementing several significant capital infrastructure projects related to liquid waste and water services for the region. There is an understanding that the size, complexity, and volume of these projects requires a new approach.

One of the overall findings of the KPMG review completed in early 2020, was that Metro Vancouver needs to adapt how capital projects are delivered within the organization. The review also observed that there is no standardized or fully implemented stage gate process across the organization for approvals at key project milestones. Metro Vancouver has historically used the annual capital budget process and contract award approval process as surrogates for a formal stage gate process. Although staff in the Water and Liquid Waste utilities mapped out a Stage Gate Process for the utilities in 2018, only Stage Gate 1 (the very start of the project lifecycle) for minor capital (<\$250K) projects has been implemented.

This is not consistent with other similar capital-intensive public-sector organizations delivering complex and high-risk projects. Decision makers should be provided with the opportunity to make informed decisions through the following lenses for the entire project lifecycle. This allows them to be strategically positioned to allow for early, timely and effective oversight.

Alignment	Structure	Value	Risk	Implementation Capacity	Impact
Does the project align with the organization's strategic goals?	How is the project/program structured?	Does the project represent good value?	Are risk mitigation plans in place for the project?	Can the project be delivered within the department's existing capacity?	Will it achieve outcomes? How will these be measured?

The objective of this whitepaper is to describe what a Stage-Gate model is, including how leading practices have been implemented in other organizations. The paper concludes with next steps and the expected outcomes of implementing a Stage-Gate Framework across Metro Vancouver's portfolio of large capital projects.

This whitepaper is one of a series of improvement initiatives, consistent with the KPMG review, to enhance project delivery throughout Metro Vancouver.

## 2 What is Stage-Gating?

Developed in the 1940s for large-scale engineering projects, the stage-gate process is a linear project management concept punctuated by stages of development followed by benchmarks for assessment.

It is used to determine whether a project is situated for success and therefore continues to warrant investment. When a decision is made to proceed to the next phase, the project is authorized to spend the funds that were allotted for the next set of planned work activities.

To make a decision at a gate, a project review at the end of each phase, should include: a revalidation of the project; confirmation that the intended benefits are still relevant and attainable; and an overall determination of the ongoing viability of the project.

Project Gates and Project Gate Reviews are both concepts that provide key communication opportunities as projects move through the project lifecycle.

Gates and Gate Reviews also provide a formal means of controlling project risk, monitoring scope changes, and maintaining stakeholder interest. Within an organization, Gate Reviews are also a means of project management process deployment and change management.

## 2.1 Key Components

The key components of a Stage-Gate model are:

- 1) Stage Gates
- 2) Gate Review
- 3) Gate Committees
- 4) Gate Keepers

### 2.1.1 Stage Gates

Stage Gates are key points in a project where a formal review of the project's current state is performed. They appear at the phase transitions of projects and represent a point in the project where the sponsor and stakeholders will review risk, expense, and reward. When a Stage Gate is encountered, a Gate Review is held to determine if the project should proceed or not and under what conditions.

Stage Gates are governance check points that support informed business decisions during the selection and delivery of a project or program.

#### Defining Each Gate

Typically project gates follow transitions within a Project Lifecycle. The Project Lifecycle is the full set of activities from the beginning to the end in a project. The lifecycle is divided into phases, which can be sub-divided into stages.

The Project Management Institute (PMI) describes the life cycle of a project in five phases including: conception and initiation, planning, execution, performance/monitoring, and project close. The following Environmental Scan summarizes how several organizations describe their project phases:

Government of Canada	UK Government	BC Hydro	Seattle Public Utilities	PMI
Initiation	Policy	Initiation	Initiation	Conception and Initiation
Planning and Identification	<u>Feasibility</u> Appraise and Select	Identification	<u>Options Analysis</u>	Planning
Definition	Define	Definition	Design	
Implementation	Deliver	Implementation	Construction	Execution

Close-out	Operate, Embed and Close	Close-out	Project Close
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**Typical Project Stage-Gate Model:**

Gate approval points are positions at the end of key stages in the project life cycle to allow decision-makers to confirm that the proposed project solution remains in alignment with business needs and priorities. Each gate is a formal approval point, which presents key information to management, typically categorized in terms of cost, schedule, scope, procurement, and risk.

According to BC Hydro’s Project Lifecycle (see Figure 1), the project lifecycle is the full set of activities from the beginning to the end in a project. The lifecycle is divided into four phases, which are, in turn, sub-divided into stages. The stages are determined based on the major parts of project performance (e.g. Initiation; Identification – needs, conceptual design, feasibility; Definition – preliminary design, regulatory approval; Implementation – detailed design, procurement, construction, commissioning & acceptance, and completion) and the need for control by the organization’s management applying gates and checkpoints for go/no go decision making.

For each project that advances through to completion, the Initiation, Identification, Definition, and Implementation phases are always required, but the magnitude of the content and the rigour of review will vary depending on the individual project.

Procurement activities occur throughout all phases and are required to comply with procurement policy and practices.

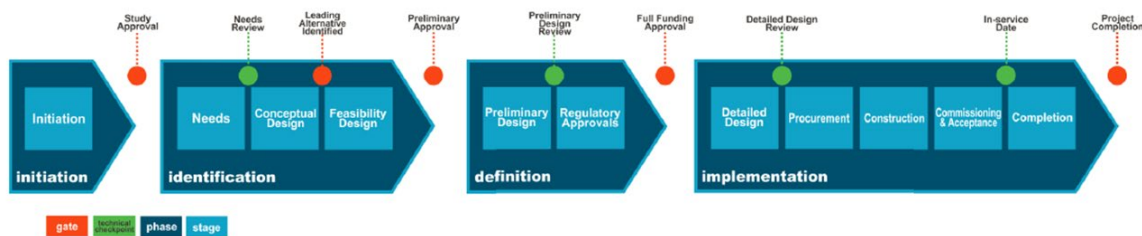


Figure 1 – BC Hydro’s Project Lifecycle with gates.

2.1.2 Gate Reviews

Gate Reviews should accomplish the following:

- A review of the project by decision makers (ie not the project team).
- Assessment of readiness for project to go forward.
- A revalidation of the project's purpose.

- A recap of recent project history.
- A look into the project's near-term plans.
- A re-commitment of resources.
- Expenditure authorization for the next phase and procurement contracts.

Defining the Gate Review Process

Gate reviews provide decision makers input at specific points in the project life cycle when further progress entails higher investment and commitment<sup>1</sup>. At the Gate Review the project manager advises on progress made to-date, changes since the last Gate Review, and the plan for the work between this Gate and the subsequent Gate. To be effective Gates should address the two key causes of project failure: scope changes and risk. Formal (change order) and informal scope changes (unknown complexity), and new risks and risk assessments should be Gate topics. Gate Reviews give decision makers visibility into the project's progress to-date, changes since the last Gate, and the project manager's plan for the near term. At this point decision makers may let the project proceed, delay, alter, or cancel the project before further work is performed.

A gating decision typically is known as a go/no-go decision. The decision may recommend any one of the following:

	<b>Decision</b>	<b>Meaning</b>
<b>GO</b>	Proceed	Continue to invest in the project.
<b>GO</b>	Proceed with conditions	Continue to invest in the project acknowledging that certain conditions must be met prior to the next gate
<b>NO GO</b>	Not ready to proceed	Finalize outstanding items to meet any necessary conditions and then return to the gate to confirm readiness to proceed
<b>NO GO</b>	Terminate the project	Cancel the project as it is not longer considered viable or is no longer aligned to organizational priorities

As a result of a successful Gate Review, the project manager has obtained the concurrence that the work to-date is satisfactory, risk is controlled, scope is being addressed, the plans are sound, and the organization remains committed to the project.

Gates and Gate Reviews are not periodic. Gates occur at phase transitions and thus are paced by the rate of progress and complexity of the project. Gate Reviews address progress to-date, scope, detail plans for the next phase, sponsor recommitment, and authorization to proceed into the next phase. Gates represent a point in time when the project manager may be told to execute the next phase per the plan, rework one or more of last phase's deliverables, or revise and resubmit the plans for the phase. A Gate Review can also cancel a project if the project's purpose and benefit are no longer consistent with the risk, required resources, or strategy of the organization.

<sup>1</sup> <https://www.pmi.org/learning/library/contemporary-gate-philosophy-implemented-outcome-7786>. Stratton, R. W. (2003). Project gates: "Chutes and Ladders®" for project managers. Paper presented at PMI® Global Congress 2003—EMEA, The Hague, South Holland, The Netherlands. Newtown Square, PA: Project Management Institute.

## 2.1.3 Project Management Framework & Project Governance, Gate Committees and Gate Reviews

### 2.1.3.1 *Project Management Framework & Project Governance*

A Project Management Framework includes a project governance structure that includes authority limits, decision making roles, quality assurance needs, reporting structure, accountabilities, and responsibilities.

The main participants in project governance are as follows:

- Project Sponsor
  - Accountable for enabling the successful planning, definition, implementation, transition, and close-out of the project.
  - Decides if a project is ready to proceed to a gate.
- Project Approval Authority (ie Gate Committee)
  - Provides clear, documented approval within the boundaries of scope, budget, risks, and benefits.
  - Conducts a due diligence review commensurate with the scale, complexity and risk of the project prior to granting of approval.
- Project Manager
  - Manages the project on behalf of the organization, including managing, within their authority level, the financial and human resources.
  - Prepares the Gate Review submissions after Initiation Gate Review
  - Authority is delegated by the Project Sponsor.
  - Accountable to the Project Sponsor for the successful delivery of the project, and for achieving the approved project outcomes within the approved cost and schedule.
- Gatekeeper (Corporate Project Management Office)
  - Manages the integrity and rigour of the stage-gate process on behalf of the organization.
  - Supports the stage-gate process by presenting submissions to the Gate Committee and provides integrated advice and administrative support.
  - Ensures that the Gate Committee's membership includes relevant Subject Matter Experts (SME).
  - Establishes the processes, templates, and tools, and training.
  - Provides guidance and advisory services for the Stage Gate process to Project Managers.
  - Performs a challenge function and advises Gate Committee members on submission readiness.
  - Executes the analysis on project health and provides a means of direct escalation of issues and risk to the Project Sponsor.
- Business Owner
  - Responsible for identifying the need/opportunity.
  - Prepares the Gate Review for the Initiation Gate Review.
  - Ensures that the project deliverables meet user requirements, business processes and overall operational service needs.
- Benefit Owner

- Responsible for accepting the identified benefits.
- Representative of the client stakeholder (e.g. O&M).
- External Project Steering Committee (Typically in place only for large complex and high risk projects)
  - Provides expert advice to augment skills and experience of organizations.
  - Provides expert advice related to project management, risk management, reporting, stakeholder engagement, design and construction, and delivery methods.

### 2.1.3.2 Role of the Gate Committees

The gate committee is an essential component of the project governance process. It provides oversight and endorsement at identified points along the project life cycle. At the gate meeting, the project will either be endorsed to proceed for budget approval of the next stage/phase, be terminated or will be required to repeat all or part of the current stage/phase. The gate committee will also review requests for other approvals such as increases to the project budget or change orders for procurements.

During the project life cycle, the gate committee may also receive mid-phase project briefings related to specific issues. The gate committee may provide advice or approve a recommended action, depending on the issue.

Typically, the composition of the gate committee is linked to the scale, risk and complexity of the projects under consideration. For example, the BC Hydro Board of Directors is the “Gate Committee” for projects greater than \$45 M. For Government of Canada projects, a dollar threshold is not the driver for projects approved at the cabinet committee “Treasury Board” responsible for Expenditure Management. All departments and agencies must submit projects that are determined to be high risk and complexity and that exceed the capacity of the department.

Regardless of the composition of the Gate Committee, or the size, risk, and complexity of the project under consideration, the following are the lenses that are used to assess the information provided during the gate reviews.

Decision Body Lenses					
Alignment	Structure	Value	Risk	Implementation Capacity	Impact
Does the project align with the organization’s strategic goals?	How is the program or project structured?	Does the proposal represent good value?	Are solid risk mitigation plans for the project?	Can the project be delivered within the department’s existing capacity?	Will it achieve outcomes? How will these be measured?

### 2.1.3.3 Gate Reviews

The following is a description of typical gates, key decisions, and considerations:

#### **GATE 1: Initiation: Approval to proceed to Planning Phase.**

The goal of the initiation phase is to determine whether a problem or opportunity is worthy of additional investment in the time and resources required to gather data, refine the understanding of the issue, and assess possible responses or solutions.

The key decision for the Gate Board is to authorize expenditures for the Planning Phase (ie seed funding and resource allocation).

Key Considerations for Gate Committee Members:

1. Is this a valid need/opportunity (problem statement) aligned with the organization's strategic objectives? Investment Plan?
2. Does this represent a priority for our resources?
3. Is the scope of the problem statement clearly defined? Is it related or aligned with any other need/opportunity?
4. Are the right alternatives being considered?

**GATE 2: End of Planning: Approval to proceed to Definition Phase.**

The goal of this phase is to study the benefits and costs, as well as other non-financial criteria of each option, including the option of no project – i.e. maintaining the status quo. This is typically summarized in a business case which includes a clear problem definition and documents the study and evaluation of several options through reasoned analysis and clear criteria. It reflects both quantitative and qualitative analyses. This analysis culminates in a recommended solution to the problem statement.

The recommended solution should include a project plan (e.g. scope statement, project budget, project schedule, procurement options analysis and strategy, risk management plan, communications plan, and human resourcing plan). The source of funds as well as consideration of ongoing life cycle costs and any decommissioning costs (if replacing an existing asset) should also be included. The objective is to present the information decision makers need to make an informed choice. For many organizations, the proposed solution sets the project baseline that is used to compare variances as the project is further developed.

At this gate, the Gate Committee makes the following key decisions:

- 1) Approves the project (or not).
- 2) Authorizes expenditures for the Definition Phase (for project definition and/or preliminary design, technical studies, advisory services if required).
- 3) Authorizes contracts for procurements within the Definition Phase.

Key Considerations for Gate Committee Members:

1. Does the recommended solution maximize the benefit to the organization?
2. Is the recommended solution timely?
3. Is the recommended solution scope clear enough to proceed to the Definition phase?
4. Does the project plan address all key aspects of project delivery in a complete and effective way? Is the project adequately resourced?
5. Are the risks to complete Definition phase as proposed adequately managed?

**GATE 3: End of Definition: Approval to proceed to Implementation Phase.**

At the end of the Definition Phase, the cost estimate for the project should be available as well as the final business case, and project plan for the implementation process.

It is at this gate that the Gate Committee makes the following key decisions:

- 1) Approves proceeding to implementation (or not).
- 2) Authorizes expenditures for the Implementation phase.
- 3) Authorizes contracts for procurements (design, construction, equipment, etc.).
- 4) Authorizes real estate transactions (if required).

Key Considerations for Gate Committee Members:

1. Does the recommended solution maximize benefits to the organization and key stakeholders?
2. Is the project still affordable? Is funding available?
3. How does the project affect other projects within the overall capital portfolio?
4. How are costs going to be contained?
5. Are the risks to completing the Implementation phase as proposed adequately managed?

#### **Gate 4: End of Implementation: Approval to Close the Project**

In this phase, project outcomes are examined to ensure that the work is complete and has met all the project objectives. Understand if there are any material deficiencies or outstanding needs for expenditures and how they are going to be addressed.

Key considerations:

1. Did the project meet its objectives?
2. Is the project complete, including resolution of all outstanding deficiencies or defects?
3. Reviewing and accepting any ongoing Indigenous, environmental and/or stakeholder commitments.

#### 2.1.4 Gate Keeper

The Gate Keeper's role in the Gate Review is to make sure the project proceeds with an enterprise-wide re-commitment to the (current) scope, required resources, estimated risk, and other enterprise and project interests. The Gate Keeper should be neutral regarding the outcome of the Gate Review. The Gate Keeper should chair the Gate Review meeting, set the agenda, and invite the participants. The Gate Keeper should also know good project management principles and what should be expected of project managers considering their experience and their project.

Gate Keeper staff support the process by presenting cases to the Gate Committee and provide integrated advice and administrative support. They also perform a challenge function and advise Gate Committee members on the readiness of submissions. Gate Keepers also establish the processes, templates, and tools.

Gate Keeper staff manage the integrity and rigour of the Stage-Gate process for the organization. A key task is to review submissions for:

- clarity, completeness, and quality
- business case and value for money
- compliance with existing legal and policy requirements
- program operations and viability
- risk and mitigation
- design and implementation
- alignment
- regulatory quality and adherence to the organizational directives on social and economic priorities

### 2.1.5 Applicability

A Stage Gate process can be applied to all projects – regardless of their classification (scale, risk, and complexity). How it is applied, the level of documentation and who the decision makers are – is all scalable.

Many organizations assess projects based on risk and complexity, in addition to the project budget (scale) to determine the level of project governance and oversight required. The Government of Canada uses the following categories to assess project risk and complexity:

- Project Characteristics
  - The greater the complexity of a project, the greater the potential for risk and the greater the need for a high level of project management maturity or capacity.
  - This category is designed to build a profile of the project, its level of complexity and potential for risk and areas of concern.
- Strategic Management Risk
  - This category is intended to establish the project's alignment with the objectives and/or priorities of the organization and its commitment to the project.
- Procurement Risk
  - When a project includes significant procurement activities, the importance of clear scope, requirements, risks, and cost constraints is only increased. A sound understanding of the scope, requirements, risks and time and cost constraints for both the project and any and all related contracts is critical in order to support the selection of the best contractors (vendors) and the awarding of applicable contracts.
- Human Resources Risk
  - This category assesses the extent to which the project has the right skill sets in place to deliver the approved project scope. How a project is staffed will greatly influence a team's ability to manage the project's identified complexity and risk.
- Business Risk
  - This category is to determine the state of readiness of the business for adopting the services being provided by the project.
- Project Management Integration Risks
  - This category is to assess whether the right strategies, controls, and project management skills and supporting activities are in place to:

- Plan a project effectively through integrating the planning elements of scope, schedule, cost, and risk; and
- Keep the project on track through aggregating scope, schedule, cost, and risk progress information, taking corrective action where needed to remain in alignment with the plan.
- Project Requirements Risks
  - This category is to assess various aspects of the requirements of the project. This includes the actual nature of the requirements as well as some related issues such as how difficult requirements are to gather and how well they are documented. To what extent do the specific requirements of the project add risk and complexity?

In many organizations, even projects assessed as low risk/complexity, and dollar thresholds are subject to the gating process. What differs between those low risk/complexity and high risk/complexity projects is the depth and breadth of documentation, the composition of the Gate Committee and the authority to make the decision to proceed or not. These are concomitant with the delegated authorities within the organization.

With this approach, only projects that are high risk and high complexity are submitted to the highest level of authority or decision making. Decision makers are thus strategically positioned to allow for early and timely oversight.

### 3 Implementation of a Stage Gate Model – Leading Practices

Organizations that employ a Stage-Gate model in their capital investment decisions have the following commonality in its design and implementation.

#### Investment/Long-term Capital Planning Frameworks

Capital intensive organizations are generally guided by high level three-to-five-year investment plans (or long-range capital plans) that are informed by asset management plans and specific project plans. These high-level plans are supported by and reflect program/business plans that are updated annually or bi-annually.

These plans guide organizations and provide a basis for prioritizing specific problems, opportunities and infrastructure or other capital projects. Integrating these priorities across business lines also ensures that resources are allocated and re-allocated based on a set of criteria established through strategic planning processes.

Once this strategic investment planning and project management framework is set, organizations can then allocate resources to investigate specific issues, problems, or opportunities and to make recommendations. This may mean developing a business case for implementing a response to the issue, or it may mean no additional action is recommended.

These investment/long-term capital plans are typically approved at the highest level of governance in an organization. By presenting a multi-year, prioritized, integrated plan to decision makers, they are provided with a holistic picture of investments at the enterprise level and are strategically positioned to

allow for early and timely oversight. Once approved, the investment plan provides the spending envelope that the organization works within to undertake the stated priorities in the plan.

However, the inclusion of proposed projects in the investment/long-term capital plan does not automatically confer the approval of the project. The authority to advance the project is granted through the organizations' project approval process (typically a Stage-Gate model). Thus, the project is not a project until it is actively "approved" by the appropriate body delegated to approve projects and associated expenditures.

#### Challenge and Support Function

To actively manage a meaningful investment planning and project management framework, most organizations have dedicated resources that provide both a challenge function to the proposed investments and act as a gate keeper for the Stage Gate process. This function ensures that Gate Committee members are provided with accurate information and sound advice for making decisions. This is achieved through a rigorous scrutiny of project proposals. Through its challenge and oversight role, this function provides an enterprise perspective for Gate Committee members, strengthening how the organization is managed and ensuring value for money in spending and results for stakeholders.

This function also provides advice and guidance to departments/business lines who are preparing project submissions, and it provides recommendations to Gate Committee members on expenditure and management policies as well as developing standardized tools, templates, and processes.

#### Integration of Procurements and Property Decisions within Projects

Project-based procurements and real property (land) transactions are fully integrated into the governance, management, and oversight of projects. Procurement options analyses, procurement strategies are key elements of project approval documentation. Procurement contracts are approved within the context of the entire project/program.

#### Standardized Project Management Frameworks

Project Management Frameworks provide mandatory processes for project approvals - supported by tools, templates, and guidance documents. These include clear accountabilities and definitions re: key reviews and oversight, delegated authorities, and terms of reference for committees. One important element of standardized project management frameworks is cost estimating.

#### Application: All Projects + Full Project Life Cycle

Generally, Stage Gate processes apply to all projects regardless of scale, risk, and complexity. While projects with lower scale/risk/complexity and dollar thresholds are subject to the gating process, the nature of the documentation, the composition of the Gate Committee and the authority to make the decision to proceed or not, would be concomitant with the delegated authorities within organizations.

In addition, the Stage-Gate process applies to the full project life cycle (i.e. every phase/stage from Initiation through to Close-out).

## 4 Complementary Project Delivery Improvement Initiatives

Following the creation of the Project Delivery Department in Metro Vancouver in 2020 and the work completed by KPMG, best practice reviews have been undertaken including: Governance and Cost Estimation. Recommendations from these reviews also referenced stage gate processes as follows:

- Cost Estimation Framework identified a Best Practice: “Formalized cost and scope stage gate process.”
- The Interjurisdictional Governance Review recommended:
  - Put in place a project oversight committee that has the expertise required to effectively oversee projects.
  - Consider using project outcomes to manage projects instead of relatively low value dollar approval limits and contract approvals.
  - Formalize a process for the Committee to review major projects at stage gates with the benefit of input from an expert project oversight committee.

To continue to enhance project delivery across Metro Vancouver’s portfolio of large capital projects, and to complement the other targeted initiatives (Cost Estimating Framework, Interjurisdictional Governance Review) a Project Management Framework will be developed that will provide the overarching policy foundation for the planning and delivery of projects. The Project Management Framework will consist of processes, systems, and controls, anchored in project management best practices. Embedded within the project management framework will be an approach to project gating.

## 5 Implementing a Stage-Gate Framework at Metro Vancouver

These next steps focus on Stage Gate Framework, and it is expected that Metro Vancouver will also consider other initiatives in all areas of project delivery. It is understood that this work will be led by the corporate Project Management Office (PMO) who will work collaboratively across Metro Vancouver.

- Formalize stage-gate approach, scaled based on size and complexity/risk.
- Prepare a road map for implementing the Stage-Gate Framework across the entire organization.
- Develop guidelines for project classification considering project size, risk, complexity, and cost estimate.
- Assess competencies, identify gaps in project management expertise.
- Develop tools, templates, and guidelines to enable and support the Stage-Gate Framework.
- Develop and deliver training for the stage-gate process.
- Collaborate with other similar agencies to identify and apply best practices and lessons learned.

## 6 Conclusion

The benefits of a Stage-Gate process are clear, tried, and true and have been adopted by similar capital-intensive organizations to Metro Vancouver. To ensure that the management of programs and projects provide value for money and that they are delivered successfully, timely and cost effectively,

expectations for their direction must be set. There is a requirement to ensure that there are appropriate processes and controls in place to effectively manage projects, deliver expected results and limit risk to stakeholders.

Key benefits of a Stage Gate process:

- Defines what points where go/no go decisions will be made.
  - Describes what information and documentation will be provided for those decisions.
- Defines the project baseline:
  - Scope, schedule, cost, risk and other critical socio-economic objectives (e.g. Indigenous participation, equity, diversity, heritage, sustainability).
- Adopts a risk-based approach to the management of projects.

While Metro Vancouver has mapped out a credible Stage-Gate process, it has not been implemented past Stage-Gate 1 and only applies to projects less than \$250k – essentially minor capital projects.

Formalizing a Stage Gate process for Metro Vancouver and implementing it across the organization, starting with the major capital projects that are now under the responsibility of the Project Delivery Department, will significantly improve the consistency and effectiveness of decision-making and likelihood of success for capital projects for the organization.

## 7 References

1. Directive on the Management of Projects and Programmes, Government of Canada:  
<https://www.tbs-sct.qc.ca/pol/doc-eng.aspx?id=32594>

This directive ensures that government projects and programmes are effectively planned, implemented, monitored, controlled and closed, so that the expected benefits and results are realized for Canadians.

2. Project Delivery Standard 1.2, HM Government, Government Functional Standard GovS002: Project Delivery: <https://www.gov.uk/government/publications/project-delivery-functional-standard#:~:text=The%20Project%20Delivery%20Functional%20Standard,it%20contains%207%20main%20elements%3A&text=Governance%20and%20roles%20of%20portfolios,Portfolio%20management>

The standard sets expectations for the direction and management of portfolios, programmes, and projects in government.

3. *Chapter 1 SPU Design Process, Seattle Public Utilities:*  
<http://www.seattle.gov/Documents/Departments/SPU/Engineering/1DesignProcessFinalRedacted.pdf>

This chapter of the Design Standards and Guidelines (DSG) explains a typical design process from project initiation through commissioning for a Seattle Public Utilities (SPU) traditional design bid-build project. The primary audience for this chapter is SPU engineering staff. DSG standards are shown as underlined text.

# Capital Project Governance

Dana Hayden, C.Dir

Metro Vancouver Governance Committee  
April 9, 2026

## Implementing Capital Projects

Metro Vancouver's Project Development Department has sought and implemented many recommendations and is continuing to make project management improvements

[Project Management Framework](#)  
[Stage Gate Framework](#)  
[Project Information Systems Plan](#)  
[Regulatory Team](#)  
[Community of Practice](#)  
[Quality Management System](#)

What is still missing is a professional project governance framework

## What Should Metro Vancouver do about Project Governance?

- Deloitte has identified an option to add a Major Projects Committee to oversee some or all of the highest value, risk, and consequence projects
- This option is available irrespective of the Board structure chosen for the GVS&DD and GVWD
- Deloitte suggests 3 options to establish a Major Projects Committee:
  1. Standing committee of GVS&DD and GVWD
  2. A committee with delegated authority
  3. A mix of GVW&DD/GVWD Board directors and external, appointed directors
- A combination of options 2 & 3 could enable the establishment of a Project Board

## Project Boards are a Governance Standard for Managing Major Public Capital Projects

technical project delivery skills  
continuity in oversight  
protect elected officials  
ensure confidentiality  
speed of decision making  
clarify competing jurisdictional interests/impacts  
make decisions based on project need  
attract project bidders  
facilitate funding

## **Metro Vancouver Would Retain Significant Authority with a Project Board**

- Determine what citizens need and therefore what infrastructure should be built
- Choose members of a project board
- Establish clear project goals and objectives:
  - Set overall scope, cost and schedule
  - Define other KPIs that are important (e.g. stakeholder input, employment)
- Establish reporting timelines, and what information is required
  - Current and forecast achievement of project goals
- Make project go/no go decisions
- Decide interjurisdictional cost allocation
- Seek funding from senior levels of government
- Operate facilities

## **With Delegated Authority a Project Board could**

- Provide direction to project team (PDD) and assess performance
- Provide professional advice and counsel to staff
- Manage project expenditures
- Establish project controls and reporting procedures
- Procure construction contractors and 3rd party consultants
- Appoint a fairness advisor and conflict of interest adjudicator
- Recommend business priorities, strategic, and resource approvals
- Anticipate and manage issues, risks, and develop mitigation plans
- Oversee project communications, information, and consultation

## Capital Regional District Example

- \$775M upgrade to wastewater treatment system
- CRD delegated authority for management to a project board
  - Members chosen by CRD
  - CAO and 1 Director members of project board
- CRD established clear objectives and reporting requirements
  - Scope, schedule, budget and other KPIs
  - Monthly and quarterly updates to the CRD Board through the Core Area Liquid Waste management committee of CRD Board
  - Any material changes required CRD approval
- The project board managed cost pressures, contractor claims and scope modifications within its delegated authority
- All KPIs were met including cost, scope and schedule
- At the end of the project the Project Board was disbanded

## How is a Project Board Different than an Advisory Board?

- Advisory boards are not fiduciary boards with delegated authority and responsibility to oversee projects
- They provide advice using their professional skills/experience but primarily based on what is presented to them
- They may endure during changes associated with electoral cycles, but they can't provide the other advantages of a Project Board

## How is a Project Board Different than adding external, appointed directors to an MV Board?

- Adding external directors with capital project experience would provide additional skills
- If the board doesn't have fiduciary responsibility to make decisions, and if the majority of board members are elected officials MV likely won't overcome challenges with:
  - Continuity in oversight across elections
  - Perceived conflicts of interest
  - Confidentiality
  - Competing jurisdictional interests/impacts
  - Making decisions based on project need
  - Attracting project bidders
  - Attracting funding

## What Would Change if Metro Vancouver Created a Project Board?

### **Project Board could:**

- Have confidential, informed discussion on project claims and issues
- Provide counsel and oversight to project director and team
- Make informed technical project decisions
- Make timely contract decisions based on project need (within delegated authority)
- Anticipate issues based on experience with similar projects
- Endure over election cycles
- Streamline reporting
- Assist in attracting bidders and funders

## Summary

- MV's Project Development Department has implemented many practices to improve the delivery of capital projects
- Governance of capital projects has not been fully addressed
- Governance oversight requires unique skill sets and correct positioning
- Project boards, correctly established and implemented, are an effective way to manage challenges and complexities that arise in large public capital infrastructure projects
- Metro Vancouver can retain the authority to identify needed capital projects and operate them, while delegating governance of project design, development and construction to a Project Board



## Board Governance Review

Metro Vancouver

May 20, 2025



# 1. Executive Summary

## Background

The Metro Vancouver Board functions as the directing mind of the organization, providing strategic direction and oversight. Metro Vancouver is by far the largest Regional District in British Columbia, providing services to 2.6 million residents from the 21 municipalities, the Treaty First Nation and the unincorporated parts of the region (Electoral Area A). It is in fact four legal entities (a water district, a sewage and waste treatment district, a housing corporation, and the broader regional district), all governed by separate legislation. The Boards of these four entities are comprised of appointed Mayors and Councillors from the 23 member jurisdictions. Over the past century, these entities have been created and evolved into a very complex regional model. More recently, a \$2.8 billion cost increase on a significant infrastructure project (the North Shore Wastewater Treatment Plant Program) has accelerated media and public scrutiny on the governance of Metro Vancouver. This was a significant contributor in the Board deciding to engage Deloitte in February 2025 to complete a comprehensive independent Board Governance Review. The review responds to concerns regarding the Board governance structure and composition, roles and accountabilities, process, information flows, decision-making and remuneration. The independent review was completed in May 2025.

## Key Findings & Summary Recommendations

- The Board size over the four entities has become large and unwieldy, and will only continue to grow. A new Board and Committee structure is required to provide more effective governance and oversight, to introduce a balance of professional experience, and enhance decision-making and risk management.
- There are opportunities to continue to reduce the size, composition and meeting frequency of Board Standing Committees without negatively impacting the governance of the organization.
- The Board directors are challenged by their competing fiduciary duties to advocate for their local municipality and their regional accountability. In order to balance this dual accountability, Board members are going to require continued education, support from Metro Vancouver staff, and a personal investment in maintaining the high threshold required.
- There is a need for a Governance Committee of the Board to increase the integrity, oversight and ethical implementation of the Board's policies, procedures and agenda.
- The quadrennial municipal election cycle creates a high turnover of board members, resulting in the loss of institutional knowledge. This increases the need for better onboarding, education and practical ways of accelerating the knowledge and extending the tenure of Board members.
- The Board continues to require objective insights and assurance regarding the risks, project controls and internal financial controls in the organization. To this end stronger enterprise risk management and Internal Audit functions are required.
- Increasing tensions and political differences are creating a culture of heightened mistrust and frustration. The Board needs to find ways to improve the efficiency of Board meetings while improving the level of respect and trust within itself and between staff and other stakeholders.
- Litigation and confidentiality around closed information is restricting the free flow and transparency of this information, resulting in further frustrations. Finding mechanisms to balance the need for confidentiality and the need for transparency will be paramount.

- The overall remuneration of Board and Committee members is comparable with other similar organizations and minimal relative to the significant investment of time and experience the directors bring to the organization. However, there are several immediate opportunities to reduce the overall and per individual remuneration costs while streamlining the governance structures and processes.

## Conclusion

Metro Vancouver has outgrown its Board governance structure. The regional district model has served the organization well for several decades and in many instances has been recognized as a leader in sustainable regional planning and quality of infrastructure services. However, the past 40 years have seen a rapid acceleration of population growth and infrastructure investment in the region. Metro Vancouver and the municipalities that make up the organization should be commended on the extent of collaboration it has taken to drive their vision of attracting economic investment and creating a globally desirable livable region. However, this creates an inherent conflict. The more successful and effectively the Board and management govern and operate the organization, the more desirable the region will become – further increasing immigration, demand for services and infrastructure, growth outside of Vancouver, and the many challenges that will come with that. At the same time, the legacy infrastructure is aging and in need of upgrade and expansion. So, it is no surprise that the Board is beginning to struggle to govern the growing complexity of the organization.

The context in which the current Board is operating is also very relevant. Challenges with the North Shore Wastewater Treatment Plant program and the subsequent funding impacts have created an environment of extreme tension within the Board and with municipalities. This and other major infrastructure projects are only continuing to become larger, longer and carry significantly greater delivery, financial and reputational risk. The global economic climate has become volatile, further impacting the planning and management of costs relating to projects of this magnitude.

In this context, the challenges for Board directors to balance the interests of both their rapidly growing electorate as well as those of the broader Metro Vancouver region will only become more politically and legally challenging – creating an untenable conflict between their fiduciary duties at times.

Metro Vancouver staff are working harder to manage these risks and elevate the right discussions to a Board that is constantly changing, trying to absorb a significant volume of complex data, and is becoming increasingly more politically divided. Unfortunately, the actions of staff in trying to solve for these risks and challenges create an impression of flooding and filtering information and driving decisions faster than the Board can consume it. As the risks and tensions escalate, this effort to focus the Board has created a perception of mistrust and wariness of staff on their behalf.

The Board meeting-based stipend model is comparable with those in other similar public sector Boards, however there are opportunities to reduce remuneration costs. The solution, however, cannot be to reduce compensation to reflect public dissatisfaction with the governance of the Board, but to improve the governance to justify the remuneration.

From a governance and risk management perspective, there is a need to streamline the Board size and structure, adding professional support and acumen. There is a need to create visibility to risks and options, to strengthen the quality of information and discussion at the Board and Committee level, and in general rebuild a culture of trust within the Board and with staff and the member jurisdictions.

# 2. Introduction & Context

## 2.1. Purpose of this Document

The purpose of this document is to provide our findings regarding an independent governance review of the Board of Metro Vancouver (“the Board”). The objective of our review was to perform a comprehensive evaluation of the governance structures, decision-making framework, procedures and processes, and remuneration of the Metro Vancouver Board Directors, with the ultimate objective of delivering actionable recommendations to enhance the Board’s effectiveness to best govern the organization and serve the region. This review was initiated in response to public scrutiny regarding the current effectiveness of the Board and the appropriateness of its compensation, as well as concerns surrounding the composition and structure of the Board and its committees.

## 2.2. Governance Assessment Methodology

Governance refers to the systems, processes, and structures used to direct and manage an organization. It involves establishing decision-making authority, defining how decisions are made, and overseeing the implementation of policies and strategies, as well as risks to the strategies. Good governance aims to ensure an organization operates effectively, ethically, and in the best interests of its stakeholders. Our assessment of the effectiveness of the Board and governance framework of Metro Vancouver was based on a comprehensive analysis of six core principles or pillars of success in a strong governance framework, as illustrated below:



Figure 1: Deloitte Governance Assessment Methodology

## 2.3. Approach to the Review

The Board governance assessment was performed from February 2025 to May 2025. Our approach to this review followed four primary phases as follows:



We commenced with a detailed **documentation review**, including materials such as Board bylaws and procedures, Board agendas and materials, management Board briefings, Committee structures and mandates, and a significant number of other documents and information requests of management. Given the transparency of the operations of the Board and Metro Vancouver, it should be noted the vast majority of these documents are available on the Metro Vancouver, Province of BC, and other municipal websites.

Our review involved **confidential interviews** with a broad range of key stakeholders. These included the following:

- All Board directors (i.e. Mayors and Councillors from the 21 municipalities, the elected official from Electoral Area A, and the Chief of Tsawwassen First Nation)
- Metro Vancouver Commissioner & Chief Administration Officer, and the executive leadership team.
- A number of other Councillors, Chief Administrative Officers, Chief Financial Officers and staff from member jurisdictions within Metro Vancouver.
- Several former Metro Vancouver Board Chairs, Committee Chairs and Directors to understand their perspectives on what worked and didn't work well in past governance models
- Current neighbouring BC regional district Directors and mayors
- Leadership from the BC Ministry of Housing and Municipal Affairs.

We also **consulted** with industry subject matter expertise, both within Deloitte and the broader community for their perspectives and insights.

We performed a **jurisdictional scan** across Canada and into the US, identifying a number of similar regional districts and utility organizations, to understand their current organizational structure and

scope and associated Board governance framework, as well as Board remuneration and other practices.

The Metro Vancouver Board appointed an **Independent Advisory Panel** who volunteered to provide input into our review of the Board remuneration practices. This panel provided extremely valuable insights and, given the depth of experience and leadership in the Panel, we requested to expand our Terms of Reference with them to support us on our full governance review. We would like to acknowledge and extend our thanks to the Independent Advisory Panel members:

- Glen Clark – Chair of BC Hydro, former President and COO of Jim Pattison group, and former Premier
- Colin Hansen – former BC Minister of Finance and Deputy Premier
- Martin Thibodeau – Regional President of RBC
- Jennifer Podmore Russell – Chief Development Officer of Nch'kay Development Corporation
- Diana Vuong – former CFO and VP Finance at Vancouver Airport Authority

### *Limitations of our review*

It should be noted that the scope of our independent review is board governance review and is not intended to be an audit or legal assessment of Metro Vancouver's processes. Specifically, we did not perform an assessment of the North Shore Wastewater Treatment Plant project as a Special Independent Review of this project has been commissioned by the Board. We also did not perform an audit of Metro Vancouver project management, budget, and financial reporting processes and internal controls, processes supporting the confidentiality of information, or an audit of individual travel and other out-of-pocket expenses. Review of directors' municipal roles, salaries and governance effectiveness unrelated to their role as a board member of Metro Vancouver's Boards was also outside of the scope of this review.

### *Format of our Report*

The document has been designed to ensure clarity for all stakeholders by providing essential context and background information on the evolution of the Metro Vancouver governance structure to its current format. Our observations regarding the current state of governance challenges, synthesizing key insights gathered throughout the documentation review and interview discovery phase, have been categorized under the key governance themes described above. We have provided examples of the options considered where gaps in the governance framework were identified, assessing them against guiding principles tailored to the complex Metro Vancouver Board governance environment in a manner that is adaptable and future focused.

The recommendations presented in this report have been classified into two categories:

1. **Immediate recommendations** or "quick wins" that offer high-impact, low-effort solutions well within the scope and mandate of the Board, perhaps requiring some Board consultation and refinements to Board policy or procedural bylaws;
2. Short- to medium-term **strategic recommendations** that bring enhanced governance but require legislative change (e.g. the Local Government Act), more detailed analysis, or additional consultation with member jurisdictions.

The remainder of this report provides our observations, analysis, findings and recommendations.

# 3. Background

## 3.1. Mission and Vision

Metro Vancouver embraces collaboration and innovation in providing sustainable regional services that contribute to a livable and resilient region and a healthy natural environment for current and future generations.<sup>1</sup>

Metro Vancouver is a federation of 21 municipalities, one electoral area, and one Treaty First Nation (collectively the “member jurisdictions”) that collaboratively plan for and delivers regional-scale services to 2.6 million residents. Metro Vancouver is made up of four separate legal entities: the Greater Vancouver Water District (GVWD) that delivers drinking water to the region, the Greater Vancouver Sewerage and Drainage District (GVS&DD) that treats wastewater and addresses solid waste in the region, the Metro Vancouver Housing Corporation (MVHC) that provides affordable rental housing to nearly 10,000 tenants, and the Metro Vancouver Regional District (MVRD) that provides 13 services to member jurisdictions including regional parks, regional planning, economic development, E-911 call transfer service, air quality management and regulation, local government services for the unincorporated parts of the region (the “Electoral Area”), and others.

Metro Vancouver serves as the main political forum for discussion of significant community issues at the regional level. It is governed by four separate Boards of Directors comprised of elected officials from member jurisdictions. The regional district framework recognizes that some services can be provided more efficiently and cost effectively at the regional scale, benefiting from economies of scale and collaboration. Regional districts are by design, collaborative structures where the scope of their mandate is largely determined by the membership it serves. Metro Vancouver’s accountability to the residents of the regional district comes primarily from provincial legislation, the responsibilities of its governing board, and the municipal and public scrutiny and review of its budgets and financial performance.

## 3.2. Why Regional Districts?

The Greater Vancouver Water District and the Greater Vancouver Sewerage and Drainage District were established in 1924 and 1956 respectively to provide economies of scale in the delivery of water and wastewater management for the greater Vancouver area. By the 1960’s, the province was experiencing significant growth, with rural areas expanding rapidly but lacking general-purpose local government. This absence created serious issues regarding rural communities’ access to critical services, such as water and fire protection, and a lack of political accountability. This created planning, cost-sharing, and provision of service issues at the fringes of municipal boundaries. More importantly there was no simple means to achieve economies of scale in service provision beyond the amalgamation of municipalities, inter-municipal contracting, or the creation of special purpose regional service agencies. The Government of British Columbia incorporated a regional district for the western portion of the Lower Mainland named the Regional District of Fraser-Burrard in 1967. Just under a year later, the regional district was renamed as the Greater Vancouver Regional District.

An additional issue also drove the creation of regional districts - long-term capital borrowing for municipalities. Before the creation of the Municipal Finance Authority (MFA) in 1971, each municipality had to undertake its own capital borrowing. This situation disadvantaged most municipalities in the marketplace. Those without solid credit ratings faced higher interest rates or were unable to borrow

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<sup>1</sup> <https://metrovancover.org/about-us/Board-strategic-plan>

funds, which significantly increased the costs of capital projects. The MFA allows municipalities today, through their regional districts, to pool their assets and collectively approach the marketplace for capital borrowing. This collective approach of joint and several liability generally results in better credit ratings and lower rates, with the MFA maintaining a AAA+ credit rating and very favourable borrowing terms. The Municipal Finance Authority Act mandated that all municipalities, except the City of Vancouver and special Boards, borrow through their regional districts.

Regional districts in BC such as Metro Vancouver 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 defined by the *Local Government Act*, proceeds primarily through voluntary agreement, collaboration and a utilitarian mindset by the municipalities and First Nations that govern it today and likely well into the future.

### 3.3. Governance Framework

The four legal entities that make up Metro Vancouver are governed by separate legislation: The GVS&DD is governed by the *GVS&DD Act*, the GVWD is governed by the *GVWD Act*, the MVHC is governed by the *Corporations Act*, and the MVRD is governed by the *Local Government Act*.



Figure 3 – Metro Vancouver Map of Member Jurisdictions Boundaries and Population

The four Boards of Metro Vancouver are comprised of Mayors and Councillors from the 23 member jurisdictions, as illustrated above. The council of a member jurisdiction appoints a director(s) to the MVRD board. They also assign an alternate, and the alternate will attend meetings when the board director is unable to attend. The term of office aligns with the general local election cycle (i.e. every

four years, with the next being October 17, 2026) or if another director is appointed to take their place. In most instances, municipalities have tended to appoint the Mayor (and Councillors for additional seats) as their representative director(s).

The number of directors appointed is based on a representative population-based formula. This also provides a formula for voting representation by the directors. This model ensures the Board represents the citizens of the municipalities in a manner proportionate to the size of their community and therefore generally proportionate to the costs allocated to their taxpayers, while controlling the overall size of the board. Each electoral area in the regional district is entitled to a minimum of one directly appointed board member, regardless of population size.

The number of votes to which each member jurisdiction is entitled, for the purposes of weighted voting, is determined by dividing the population of the jurisdiction by the voting unit number specified in the Letters Patent of the regional district. As a rule, the voting unit is approximately equal to the smallest municipal population in the regional district. For Metro Vancouver, the voting unit is 20,000. That means that a municipality has a Board Director with one vote for every 20,000 residents in their municipality, and a Board Director for every 100,000 residents in their municipality<sup>2</sup>.

Metro Vancouver's other legal entities have separate Boards.

- The *GVS&DD Act* specifies that the GVS&DD Board is comprised of the individuals who are directors on the MVRD Board for those municipalities that are members of the GVS&DD, as well as the director for the Electoral Area on the MVRD Board.
- Similarly, the *GVWD Act* specifies that the GVWD Board is comprised of the individuals who are directors on the MVRD Board for those municipalities that are members of the GVWD, as well as the director for the Electoral Area on the MVRD Board.
- The MVHC is a subsidiary of the MVRD, and the MVRD Board has chosen to structure the MVHC Board the same way as the MVRD Board.

In this report, where we refer to the 'Metro Vancouver Board' we are referring to all four Boards of Directors. There is a public misperception that there is only one Board of Directors.

Aside from the *Local Government Act* and the other governing legislation, Metro Vancouver also operates in a complex framework of regulations and legislation governing its activities – covering areas such as air quality, environmental, building codes, zoning bylaws, island habitat preservation, etc. Importantly, it should be noted that although Metro Vancouver provides water and sewerage utility services, it is not directly governed by or accountable to a rate regulatory body, such as the BC Utilities Commission (which regulates the operation of energy and other utility services). Instead, the governance framework depends heavily on the oversight and accountability of Metro Vancouver staff to the Board and key stakeholders.

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<sup>2</sup> <https://metrovancouver.org/boards/board-members>

# 4. Governance Principles

The LGA Section 186 specifically defines the governance principles of the regional district with its key stakeholders as follows:

*The relationship between regional districts and the Provincial government in relation to this Act is based on the following principles:*

- a) *cooperative relations between the Provincial government and regional districts are to be fostered in order to efficiently and effectively meet the needs of the citizens of British Columbia;*
- b) *regional districts need the powers that allow them to draw on the resources required to fulfill their responsibilities;*
- c) *notice and consultation is needed for Provincial government actions that directly affect regional district interests;*
- d) *the Provincial government recognizes that different regional districts and their communities have different needs and circumstances and so may require different approaches;*
- e) *the independence of regional districts is balanced by the responsibility of the Provincial government to consider the interests of the citizens of British Columbia generally.*

However, while creating the overall goals and boundaries for a governance framework, there are challenges translating this into specific objectives. Through our stakeholder interviews, we identified specific guiding principles which directly represent feedback from Board directors and management on the values and governance ideals that should drive the organization and therefore could be used to objectively evaluate governance structures and options. These governance principles set a clear benchmark for defining “good governance” for Metro Vancouver. We have also used these standards to assess the current state governance framework and determine potential gaps or deficiencies.

Objective	Implications for Metro Vancouver’s Governance Framework:
<b>Accountable</b>	The Metro Vancouver Board is ultimately accountable for the execution of the strategy and managing risks to the strategy. The Board must be accountable to all of the communities it serves, as well as the provincial government. Similarly, the governance framework must ensure management is appropriately accountable to the Board.
<b>Collaborative</b>	The governance framework should support collaborative and efficient interactions between Board directors, with constituent jurisdictions, and with management.
<b>Efficient</b>	By its nature, Metro Vancouver is a large, complex organization accountable for significantly material and complex decisions. The governance framework supporting Metro Vancouver should be optimized and efficient in its design and operation, empowering Directors, Board Committees and management to make informed decisions at the appropriate levels within its structure.
<b>Equitable</b>	Decisions made within the governance framework should take into account the needs of all the communities Metro Vancouver serves and ensure such decisions are made in the best interests of the region as a whole. Although the governance framework must allow Metro Vancouver to treat all communities within the region equitably and respectfully, this may not necessarily mean equally – but decisions should not be overly punitive to any one community or minority of constituents.

Objective	Implications for Metro Vancouver’s Governance Framework:
<b>Informed</b>	Decisions within the Metro Vancouver governance framework should be made by knowledgeable and experienced individuals based on accurate factual data and information. The Board should be provided with adequate and sufficient information to support their oversight responsibilities and the risks associated with this.
<b>Sustainable</b>	The purpose of Metro Vancouver is to create a long-term sustainable, livable region, and therefore its governance framework should also be designed to support the same multi-generational vision.
<b>Transparent</b>	Metro Vancouver’s governance framework should ensure, as a public entity accountable to the communities it serves, it governs and communicates in a clear and transparent manner. Information should be provided to the Board in a clear format and the Board should ensure all information and decisions are communicated to key stakeholders in a similarly transparent manner.

# 5. Findings & Recommendations

This section provides the observations, findings and resulting recommendations from this Board governance review. Our conclusions have been grouped thematically against the six key components of a strong leading-practice governance framework, namely:

1. **Structures** – The effectiveness of the Metro Vancouver Board is influenced by the legal, organizational and political structures of the organization.
2. **Roles & Competencies** – Effective governance relies on clear accountabilities and the integrity, acumen and experience of the Metro Vancouver directors and executive.
3. **Strategy & Risk Management** – The Metro Vancouver Board and the executive must be aligned on the strategic direction and appetite for risk as they make key decisions.
4. **Policies & Processes** – The efficient operation of the governance and decision-making model depends on a sound principles-based policy, procedural framework and effective delegation of authority.
5. **Information** – The Board can only govern effectively when provided with the right information they need to provide effective oversight and insight into decisions.
6. **Culture & Behaviours** – A high performing Board operates collaboratively and discipline, executing their fiduciary duties with integrity while creating the space for healthy debate.



Each governance theme below includes a **current state assessment**, identifying the **key observations** and themes emerging from this review. In some cases, a **jurisdictional scan** is included to provide additional context through comparative research. Subsequently, an **options analysis** provides alternative strategies to remediate any deficiencies, informing the ultimate **recommendations**.

## 5.1. Structures

### 5.1.1. Current State Assessment

#### *Governance structures and complexity*

Under the *Local Government Act*, each regional district is a corporation. The governing body of the corporation is its Board. The Board may only exercise its powers and duties within the boundaries of the regional district (unless authorized by another Act). Metro Vancouver is comprised of four primary legally incorporated entities which are quite different in nature – a water distribution utility (GVWD), a sewerage and waste management infrastructure entity (GVS&DD), a non-profit housing corporation (MVHC), and the Metro Vancouver Regional District (MVRD), a regional federation with 13 service areas (such as Regional Parks, Regional Planning, Invest Vancouver, Air Quality management & regulation, etc.).

Each of these entities brings different layers of complexity, reporting, and governance decisions. It is fair to conclude that this complexity is significantly increasing, as is the financial size and risk associated with these governance decisions. The entire Board meets monthly with agendas produced

for each of these four entities. With regard to relative size and scale, the total approved 2025 operating expenditure budget of \$1.464B is allocated across each of these entities as follows:

Entity	Activity	2025 Budget (\$M)	%
MVRD	13 service areas	152.2	10.4
GVWD	Water	408.9	27.9
GVS&DD	Liquid Waste	681.9	46.6
	Solid Waste	160.1	10.9
MVHC	Affordable Housing	60.7	4.2
<b>Total</b>		<b>1,463.7</b>	<b>100.0</b>

*Table 1 –2025 Approved Metro Vancouver Operating Expenditure Budget by Entity*

The majority of Metro Vancouver’s operating and capital budgets are financed primarily through utility fees for drinking water supply, sewerage, and solid waste management. Property taxes form a smaller part of the budget (approximately 9%), while the Housing Corporation is a non-profit reliant on rental income and some provincial government funding. In the 2025 budget, Metro Vancouver residents will pay an average of \$875 annually (or \$73 per month) per household for all regional services.

In order to minimize the impact of rate increases, Metro Vancouver reviewed its capital plan in 2023 through a Financial Plan Task Force and subsequently postponed or eliminated a number of lower- and medium-priority projects (\$650 million cost reduction in the five-year plan), as well as increasing development cost charges (DCCs) for liquid waste and water services, and introducing new DCC fees for parks acquisition (as opposed to increasing the utility levies on residents).

#### Key Observations – Governance structures and complexity:

- The majority of expenditures are incurred by the GVS&DD (57.5%) and the GVWD (27.9%) – exceeding 85% of the organization’s total operating budget. However, the Board often spends a significant proportion of their time in MVRD-related discussion on matters that are less than 10% of the total expenditure, and although often strategic in nature, usually have much lower risk.
- A significant contributor to this review has been the \$2.8 billion cost overrun on the new North Shore Wastewater Treatment Plant<sup>3</sup>. Although not in the scope of our review (the Metro Vancouver Board has commissioned a separate review into this particular project), it is relevant to our governance review given the fact that it has generated a significant level of media scrutiny on the Board and staff and in part has created a wedge of mistrust between the member jurisdictions and Metro Vancouver. Metro Vancouver have since implemented new project management and financial monitoring and reporting structures related to significant capital projects (especially those under the oversight of the GVS&DD and GVWD Boards).
- Board directors indicated that the volume of information provided, complexity of decisions, and overall risk were greatest related to the GVS&DD and GVWD entities. Given the long-term nature, magnitude and specialized engineering aspects of the assets and related capital projects of these entities, this was not seen as surprising. The longer-tenured directors appeared to be more comfortable with this level of complexity and risk than newer directors. There is a high dependency on the Water, Liquid and Zero Waste Standing Committees of the Board to prioritize capital projects, assess the business cases for key decisions and assess the risks associated with them, ultimately bringing the summary reports and conclusions to the broader Board for ratification.

<sup>3</sup> <https://metrovancouver.org/services/liquid-waste/north-shore-wastewater-treatment-plant-project>

- The lowest level of complexity and concern by directors was attributed to the MVHC entity, which is consistent with the fact that it only comprises about 4% of overall capital expenditure and operates at no cost to the taxpayer.

### Board Size

Based on the voting formula described in *Section 3.2 Governance Framework*, there are currently **41** directors appointed to the Boards of MVRD and MVHC, 38 for GVWD, and 37 for GVS&DD. The relative number of directors for the MVRD and the voting strength of each can be illustrated as follows:

Member Jurisdiction	Type	Population <sup>4</sup>	# of Directors	Voting Strength	Voting %
Vancouver	City	662,248	7	34	23.4
Surrey	City	568,322	6	29	20.0
Burnaby	City	249,125	3	13	9.0
Richmond	City	209,937	3	11	7.6
Coquitlam	City	148,625	2	8	5.5
Township of Langley	District	132,603	2	7	4.8
Delta	City	108,455	2	6	4.1
Maple Ridge	City	90,990	1	5	3.4
District of North Vancouver	District	88,168	1	5	3.4
New Westminister	City	78,916	1	4	2.8
Port Coquitlam	City	61,498	1	4	2.8
City of North Vancouver	City	58,120	1	3	2.1
West Vancouver	District	44,122	1	3	2.1
Port Moody	City	33,535	1	2	1.4
City of Langley	City	28,963	1	2	1.4
White Rock	City	21,939	1	2	1.4
Pitt Meadows	City	19,146	1	1	0.7
Metro Vancouver A	Electoral Area	18,612	1	1	0.7
Bowen Island	Island municipality	4,256	1	1	0.7
Anmore	Village	2,356	1	1	0.7
Tsawwassen	First Nation	2,256	1	1	0.7
Lions Bay	Village	1,390	1	1	0.7
Belcarra	Village	687	1	1	0.7
<b>Metro Vancouver</b>		<b>2,642,825</b>	<b>41</b>	<b>145</b>	<b>100</b>

Table 2 – Metro Vancouver Member Jurisdiction Board representation

Board meetings for the four entities are generally held together on the same day on a monthly cadence, to minimize the impact on directors' time. Staff prepare Board materials for all the Boards concurrently.

<sup>4</sup> Based on 2021 Census data.

**Key Observations – Board Size:**

- Based on projected population growth, the MVRD Board size is expected to expand to more than 50 directors within 10 years and to continue to grow.
- Almost all directors indicated the Board size is too large and unwieldy. From a governance perspective, directors suggested that the high number of directors results in situations where the desire to contribute would result in too many individuals taking more time than necessary, leaving others feeling unable or unwilling to speak.
- Concerns around reducing the Board size primarily related to the risk of creating a situation where a reduced number of directors from a member jurisdiction would result in automatic ‘block voting’ (i.e. the total votes for a jurisdiction would be 100% assigned to one side of a motion), whereas the larger municipal directors indicated it was not unusual to have a split vote from one municipality.
- There was a secondary concern from some directors who felt it important to have representation beyond the mayor or single appointee on the Board to provide differing experiences and perspectives.

**Board & Staff Advisory Committees**

Metro Vancouver has historically utilized an extensive Standing Committee structure to optimize and delegate the overall Board workload, to mitigate the volume and complexity of Board decision-making, to provide a mechanism to engage and allocate roles to Board directors, and in some cases to bring other jurisdictional representatives or subject matter expertise into the Board decision evaluation processes.

Standing Committees are established as needed at the discretion of the Board Chair, as per Section 218 of the LGA. It is not unusual for a number of these committees to be sustained from the prior Board, and in some cases Task Forces are struck which may be temporary in nature depending on a particular Board issue or project at hand. The Chair and composition of each Committee is determined by the Metro Vancouver Board Chair. Similar to the Board Chair, Committee Chairs preside at committee meetings and act as spokesperson on matters within the scope of the committee. Section 218 of the LGA also requires that “at least one member must be a director” but also allows the Chair to appoint non-directors to a Committee as well. Metro Vancouver’s Procedure Bylaw requires that at least 50% of Committee members be Board Directors.

There are currently 13 Board Standing Committees, as follows:

<b>Committee</b>	<b>Primary Activity</b>	<b># members</b>	<b>Scheduled Meeting Frequency</b>
Water	Water District work program	13	10
Liquid Waste	Liquid Waste work program	14	10
Zero Waste	Solid Waste work program	11	10
Regional Planning	regional growth strategy and collaboration on regional planning issues	15	10
Air Quality & Climate	Air Quality monitoring, regulation and policy development, and flood resiliency	14	10
Indigenous Relations	Elevate and discuss indigenous opportunities	15	4
Invest Vancouver	Attract foreign direct investment and support a collaborative approach to economic development	32	4
Housing	Housing work program, capital development	11	10

Committee	Primary Activity	# members	Scheduled Meeting Frequency
Regional Parks	Policy, parks management	16	10
Finance	Financial policy, DCCs, budgeting & reporting	10	10
Mayors Committee	Forum for municipal issue resolution	23	6
Caucus of Committee Chairs	Caucus of Committee Chairs – coordination	13	6
Electoral A & Small Communities	Responsible as local government for Electoral Area and act as a forum to discuss issues affecting smaller communities	8	4

*Table 3 – Metro Vancouver Board Committees and Meeting Attendance*

Typically, the majority of the Board’s governance ‘heavy lifting’ relevant to a specific topic (e.g. liquid waste or regional planning) is performed at the Committee level. Staff attend the Committee meetings and work with the Committee Chair and Vice Chair to review agenda packages in advance. Staff provide presentations to the Committee to explain reports and to support Board decisions when reports come to the Board. The Board Committees are responsible for making recommendations to the broader Board that either support the staff recommendation or differ based on discussions at the Committee.

Staff Advisory Committees are also used to gather input and evaluation for key strategic initiatives, issues, and decisions. These Committees are comprised of municipal staff (e.g. city managers, financial officers, engineers, planners, human resource officers) as well as additional associate members (e.g. Agricultural Land Commission, Port, YVR, TransLink), that act as a forum for issues of common concern and provide input and feedback on Metro Vancouver issues in advance of the Standing Committees’ and Board consideration.

#### Key Observations – Board & Staff Advisory Committees:

- The Chair has made some moves to reduce the overall number of Standing Committees to reflect shifts in the focus of the Board as well as to seek efficiencies in the demands on Committee members (eliminating and merging the Flood Resiliency, Fraser River Crossing and Culture Committees into the existing Committee structure). There remain opportunities to further consolidate Committees, reduce the frequency of meetings, and change the composition and reduce the number of Committee members without negatively impacting the governance of the Board.
- There is currently no Standing Committee accountable for the governance of the Board and its activities. This role is partly left to the Chair and the overall Board and partly embedded in the terms of reference of the Finance and Caucus of Committee Chairs Terms of Reference.
- The allocation of Committee members is a subjective process, based around ensuring an equitable allocation of roles across the Board, ensuring regional representation, as well as trying to manage the engagement of members in the operations of the Board and Committees. This has created an impression of preferential allocation amongst Board directors.
- In many instances, directors indicated that the volume and complexity of the effort in the Committees often leads to detailed complicated reports coming to the Board for decision-making (as Committees have no decision-making authority). Those directors on the specific Standing Committees are far more comfortable with the nature of the subsequent motions than those not sitting on or familiar with the Committee’s discussions and presentations from staff. Directors not sitting on a Committee recognize the complexity of the decisions and indicated they have a strong need to trust the effort of the Committee.

- The staff advisory committees representing the member jurisdictions - Regional Administrators Advisory Committee (RAAC), Regional Finance Advisory Committee (RFAC), Regional Engineers Advisory Committee (REAC), Regional Planning Advisory Committee (RPAC), others - provide input to Metro Vancouver staff and sometimes Board reports. In some cases, directors indicated they would turn to staff from their member jurisdictions for advice or guidance rather than their Metro Vancouver staff. This can result in an inconsistent or biased perspective as municipal staff may not have the appropriate technical information or skills, or may not effectively consider broader regional interests.
- Municipal staff do not have access to closed Committee, Board or Board agenda materials as per the Local Government Act and/or for legal reasons. The inability of directors sharing materials with the municipal staff from their member jurisdiction is legally sound, but does create challenges in managing the efficient and effective flow of information for decision-making by the directors, both as elected officials and Metro Vancouver directors. Metro Vancouver staff have created a mechanism whereby they can meet with local member jurisdiction Board Directors in a confidential closed forum, but this is not consistently taken advantage of. These real and perceived information gaps have sometimes led to a break-down in the communication of information between municipal staff, Metro Vancouver staff, and the Board directors.

### 5.1.2. Jurisdictional Scan

Our review of other jurisdictions or similar organizations identified that the Board and Committee structure within Metro Vancouver is generally aligned with other Canadian regional districts. However, other utilities and non-profit housing providers do tend to have a crown corporation or private sector professional Board structure. Often other utilities have some form of regulatory oversight to compensate for the lack of budget oversight and scrutiny from elected officials, municipal staff, and others representing the interests of residents and taxpayers. It should also be noted that the Committees in some peer regional districts can also be quite substantial in number – often multiples of those in Metro Vancouver.

Although not necessarily endorsing the governance structure in place today, we did note that the Metro Vancouver regional district and utility model was identified as embodying many leading practices by other jurisdictions who have sought to emulate them in various ways.

### 5.1.3. Options Analysis

#### *Board Size & Structure*

Given our observations on the significant size of the Board, the volume of documentation and the complexity of the decisions facing the directors, we considered alternative Board structures to determine the relative advantages and disadvantages against the governance principles identified in *Section 4 – Governance Principles* of this report. Based on our analysis of alternative jurisdictions and industry models, we have identified the following Board options for consideration:

1. **Independent Board.** This would be a professional Board (similar to that of a crown corporation such as BC Hydro). It could be selected by the Board Governance/ Nominating Committee and the Provincial Government and could have approximately 10-14 directors. Given the lack of direct accountability to the taxpayer, it might require some form of regulatory oversight (e.g. BC Utilities Commission). As independent directors, the ability to discharge fiduciary responsibilities to the region would be somewhat easier. The remuneration for directors would likely have to approximate those in provincial Crown or private sector Boards.
2. **Single Representative Board.** This alternative Board model can be easily achieved by reducing the appointed members back to one per member jurisdiction, likely the mayor or Chief with an alternate. This would bring the number of directors to 23. All voting units would be

allocated to these regional representatives. However, without adjustment to voting procedures, it would introduce automatic 'block voting' as all votes for a jurisdiction would sit with that single appointee. The Committee structure and broader council participation in standing committees would need to be retained to support the leaner Board. Remuneration structures would not change, but total remuneration would be reduced.

3. **Capped Board.** If a primary goal is reducing the size of the Board without significantly impacting governance, this alternative Board structure would meet those objectives while also future proofing the Board size for projected regional population growth. This option would retain the current director and voting allocation but set a maximum of three directors for the larger cities (e.g. 200,000+). This would reduce the current Board to around 34 directors – still likely a challenging Board size from a governance perspective but provides higher representation than the Single Representative Board option. Voting units would be allocated to these regional representatives as in the current allocation with consolidation for the larger cities. The Committee structures would remain largely unchanged as would the remuneration model.
4. **Federated Assembly.** *This is largely the status quo model.* The current population-based model is still a valid structure from a governance perspective, but would need refinement to strengthen its ability to effectively govern and better meet the governance principles outlined in the prior Section. This could include revisiting Committee constructs and composition, accountabilities, and information flows. This may have some impact on remuneration and time commitment, but ultimately it is the model with the least inherent change. The Board size could be reduced by increasing the voting divisor for Metro Vancouver (e.g. from five to seven)<sup>5</sup>. This would reduce the number of seats from 41 to 35 and limit the growth over time.
5. **Hybrid Board Structure.** One of the challenges with the current Board structure is the uniform approach to governing the various legal entities that comprise Metro Vancouver. The governance needs of a complex water or waste utility are significantly different than those of a regional federation or non-profit housing corporation. The volume of information, program size and duration, decision complexity, and overall financial risk to the taxpayer are considerably different. A hybrid Board structure would involve retaining the current MVRD Board with its regionally appointed federation model as a form of parent Board, but then create separately resourced and accountable Boards for the GVWD and GVS&DD entities with appropriate specialty subcommittees such as a Crown or private sector utility Board structure (rather than the one large Committee today). The MVHC Board could be left intact or adapted to a leaner version of a Crown or non-profit sector Board. These subsidiary Boards should maintain an equilibrium of MVRD Board members as well as independent Board members in order to balance the objectives of the municipalities and taxpayers with those of a private sector utility. This may create some increase in remuneration costs, but this could be offset by the reduced size and improved governance and risk management.

The adoption of these different board governance structures would require legislative change, with potential implications for other regional districts in the province. We did consider one further model, which would be the corporatization or privatization of the utility entities, with appropriate oversight from a regulatory body such as the BC Utilities Commission to protect the taxpayer. There are a variety of case studies demonstrating mixed results (including Thames Water or Severn Trent Water in the United Kingdom; EPCOR owned utilities in Edmonton, for example). However, these privatized or semi-privatized models would require significantly more investigation, consultation and analysis, and

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<sup>5</sup> Under the LGA s. 41(4)(a), the HMA Minister can recommend to Cabinet to amend the MVRD Letters Patent by an Order-in-Council.

certainly would only be approached by Metro Vancouver and the provincial government as solutions to broader operational and financial opportunities than just strengthening Board governance.

The various Board structures and options can be illustrated as follows:

Attributes:	1 Independent	2 Representative	3 Capped	4 Federated	5 Hybrid
Board Size:	10-14	23	34	35-41	MVRD 34-41 Others 10-14
Independent Directors:	Yes	No	No	No	Some
Appointed by:	Governance Committee	Member jurisdictions (likely Mayors)	Member jurisdictions	Member jurisdictions	Member jurisdictions & Independent
Accountability to taxpayer:	Indirect or through regulator	Direct	Direct	Direct	Direct
Fiduciary conflicts:	Low	Moderate	High	High	Low
Fit to Governance principles (Sec 4)	Moderate	Moderate	Moderate	Moderate	Strong
Change to LGA:	Yes	Yes	Yes	No	Yes
Committees:	New	Unchanged	Unchanged	Unchanged	New
Average Individual Remuneration:	\$\$\$	\$	\$	\$	\$\$
Overall Board Remuneration:	\$\$\$	\$	\$\$	\$\$\$	\$\$\$

Table 4 – Potential Metro Vancouver Board Structures and Implications

### Elected or Appointed Directors

In considering the Board structure and composition, we considered the option of maintaining the current appointment model versus an elected official format. There is provision for an elected official approach (likely requiring some legislative change) - certainly the Electoral Area Board seat is elected in this manner. In fact, the elected model was implemented during the early 1970’s but abandoned after three years. Upon assessing the advantages and disadvantages of this approach, we concluded the appointment model is likely the stronger from a governance perspective. Although the current appointed directors are already elected in municipal elections, there are a number of political advantages to the elected official model, but also several concerns including:

- An elected official would carry the same fiduciary risks as an appointed director in the sense they would still be accountable for balancing their responsibilities to both the taxpayers who elected them and the broader longer-term interests of Metro Vancouver.
- The election of a director would also likely form part of the ballot in the municipal elections. There is a risk that the average voter will not understand the complexity and governance needs of Metro Vancouver and the intricate relationship between the municipalities. The intent of having the municipalities select their Board members is to ensure there is some logic behind the appointment.
- There is no guarantee that an individual elected by the public onto the Board of Metro Vancouver is able to bring better skills, municipal experience, or otherwise better govern the significant risk and complexity related to a multi-billion dollar utility, housing and regional service organization. It might be more advantageous to create a slate of independent, highly qualified directors if a change was being considered.

- One of the key expectations of a Metro Vancouver Board member is not only that they understand the implications of their decisions on the municipalities, but that they also can go back into the municipality and implement the decision in a collaborative effective manner over time. Metro Vancouver decisions often have multi-year implications on the financial and operational decisions of its members and how a municipality collaborates with its neighbouring jurisdictions.
- Both the elected and appointed official models have a common issue in that their term may only be four years. Given the steep learning curve, complexity of the organization, and risk and impacts of the multi-decade decisions, neither option creates the necessary advantages of institutional knowledge and tenure.
- There is no certainty that a slate of elected directors would work together more effectively than the current appointed officials. In some instances, the political leverage or the need for several municipalities to collaborate on other initiatives force the appointed officers to collaborate today.
- There are mechanisms in place in to remove or mitigate Board members who are not performing at the level of integrity, competency or mutual benefit required of a Board director. An elected official model could create scenarios where the Board becomes divided or driven towards a different strategic agenda at the expense of the municipalities.
- Any change to the format of appointing directors would require legislative change and potentially could have impacts on other regional districts administered under the LGA.

Ultimately the quality and effectiveness of the Board governance of Metro Vancouver is likely far more impacted by the knowledge and experience of the Board directors, as well as the Board behaviours, actions and processes. As such, we did not see any significant advantages from such an investment in changing to this source of candidates and in fact it may perpetuate or complicate current governance challenges. The desired advantages could simply be achieved by identifying and recruiting several external candidates with appropriate skills and experience to the Boards of GVWD and GVS&DD.

#### 5.1.4. Recommendations – Structures

1. The Board should consider the **Hybrid Board Structure**, as described above. This will require consultation and detailed design to better achieve the governance objectives outlined in this report. From a governance and efficiency perspective, this proposed model would likely involve the following key attributes:
  - a) Legislative change to support the appointment of non-elected directors for the GVWD and GVA&DD Boards (and MVHC, if desired). The 50% requirement for member jurisdiction appointed directors to Committees could also be applied to the Boards.
  - b) Development of a skills matrix to ensure an appropriate mix of requisite knowledge, competency and experience is recruited into the Boards.
  - c) Implementation of a governance structure (e.g. Governance Committee) to recruit and recommend appointment of non-elected directors, as well as to resource the remainder of the Boards with directors from the member jurisdictions. These would be smaller Boards to enable more effective collaboration and efficient governance (approximately 10-14 individuals).
  - d) Update the Terms of Reference for the Boards to reflect the shift in director composition and Board structure.
  - e) Consider four-year terms for the non-elected directors staggered against the current four-year cycle of elected officials appointed to these Boards (i.e. two-years after municipal elections). These terms could be extended at the discretion of the Chair and Governance Committee to further facilitate the retention of institutional knowledge.
  - f) Implement appropriate committees to support the operations of these Boards. These could include technical or specialty committees and smaller general-purpose committees (e.g. Finance, Governance) which might have cross-representation from the broader MVRD and other Board Committees.

2. The Board should consider **reducing the size** of the Boards regardless of the Board structure selected. In the Hybrid Board option whereby the utility Boards are reduced in size, this could be achieved for the MVRD Board by either adopting the Capped Model or increasing the voting divisor from five to seven, for example. The former would require legislative change, while changing the divisor can simply be achieved through an Order-in-Council under the LGA.
3. The Board should consider creating a **Governance Committee** of the Board. The purpose of this committee would be to oversee the governance, ethics and integrity of the Board's policies and conduct. Specific responsibilities could include but not be limited to:
  - a) Board policy and procedure review and recommendation
  - b) Objectively determining the membership of committees
  - c) Maintaining a Board skills matrix to support committee appointments
  - d) Receiving and addressing management and Board integrity issues/complaints
  - e) Board remuneration policies and concerns
  - f) Conflict of interest investigation and resolution
  - g) Board performance evaluation and effectiveness
  - h) Board and Committee succession planning

The Governance Committee would be a logical body to work with the Board to **review and implement the findings** of this independent governance assessment, as well as lead future Board performance evaluations or other governance related reviews. It could be supported by a Chief Governance Officer (perhaps an additional responsibility to Legal Counsel) to assist with the flow, adequacy and timeliness of information to support Board-related decisions.

4. The Board should continue to seek ways to reduce or **optimize the time investment in Committee meetings**. Ultimately the selected Board structure will influence the number and composition of Committees. In the interim, this could immediately be achieved by:
  - a) Continuing to reduce and amalgamate Committees. Amalgamation could include: Air Quality and Climate Regional Parks, and possibly Regional Planning,
  - b) Tightening the scope and terms of the current Committees,
  - c) Reducing the number of Committee members, and
  - d) Reducing the frequency and duration of the meetings.

Committees could still be scheduled for 10 meetings per year but nominate two meetings as optional for critical issues, for example or continue to cancel meetings if there are not time sensitive or substantive agendas. Committees that make less time-sensitive or high-risk decisions and are currently scheduled on regular (i.e. more than quarterly) basis include: Regional Planning, Regional Parks, and the Mayors Committee.

5. The Board should ensure that Staff reports going to the Committees and Board include feedback **from the Staff Advisory Committees** regarding the specific options, risks and direct impacts on the member jurisdictions. These Advisory Committees (RAAC, RFAC, REAC, and others) do already provide input into staff reports, but specific relevant risks or implications of Board decisions on member jurisdictions may not be fully considered in Board materials.
6. The Terms of Reference for all Board Committees should be revisited to ensure the scope and mandate of the Committee is appropriate for the new Board structures, the overall vision and direction of Metro Vancouver, and supports strong governance of the Board.

## 5.2. Roles & Competencies

### 5.2.1. Current State Assessment

#### *Board Leadership*

Pursuant to Section 216 of the LGA, the Chair is the head and Chief Executive Officer of the regional district. Within Metro Vancouver, all four legal entities are led by a single Chair and CEO. The Chair (and Vice Chair) are elected by the Board each November (with each director having a single vote). Therefore, the tenure of any given Chair may only be one year from the date of election, but in practice have usually extended for a full municipal election term.

The LGA extends the Board Chair's duties to the following:

*In addition to the chair's powers and duties as a Board member, the chair has the following duties:*

- a) to see that the law is carried out for the improvement and good government of the regional district;*
- b) to communicate information to the Board;*
- c) to preside at Board meetings when in attendance;*
- d) to recommend bylaws, resolutions and measures that, in the chair's opinion, may assist the peace, order and good government of the regional district in relation to the powers conferred on the Board by an enactment;*
- e) to direct the management of regional district business and affairs;*
- f) to direct the conduct of officers and employees in accordance with sections 239 [chair to direct and inspect officers and employees] and 240 [suspension of officers and employees].*

In the absence of the Board Chair, the Vice-Chair acts as Chair. Although this does not happen often, when the Chair is unable to attend or must leave early, the Vice-Chair does take leadership of the Board meeting. Besides chairing the occasional meeting, the Vice-Chair primarily supports the Chair with Board Director engagement, agenda review, and Board strategy.

#### Key Observations – Board Leadership:

- The Chair role is the single most important Board member, directly impacting the effectiveness of the governance of the Board and Metro Vancouver. The annual election cycle for the Chair (and Vice-Chair) can lead to challenges in Board continuity and potential for loss of institutional knowledge and control. Leading practices indicate that a Board Chair should help develop strategy with the Board and see it through to natural points of transition.
- The role of Chair and CEO is a significant time commitment. The Chair is a Mayor or Councillor of a member jurisdiction, so already has significant time and community commitments.
- The CAO is also a board member, reporting directly to the Chair and CEO and ultimately accountable for the operations of Metro Vancouver and bridging the relationship between the Board and staff. This balance between operating as a Board member and an 'employee' of the Board can create some frustration amongst directors as they see the role as a more traditional executive leadership role reporting to the Board versus the legislated dual role.

#### *Fiduciary Duty*

The role of a Metro Vancouver Board Director entails a complex interplay of responsibilities that extend beyond the typical duties of elected officials within member jurisdictions. One of the most commonly cited challenges and obligations faced by Metro Vancouver Board Directors is the dual nature of their governance role, and the implications for regional decision-making versus their role as an elected

official in their local jurisdiction. At the highest level, under common law in Canada each Director must meet certain fiduciary duties including the following:

- a) **Duty of Loyalty** - Board members must prioritize Metro Vancouver's long-term interests above their own and those of their member jurisdiction, avoiding any conflicts of interest. The fiduciary duty is owed to the corporation, not to any particular stakeholder – although individual stakeholders must be treated equitably and fairly.

Metro Vancouver is a separate legal entity, distinct from its member jurisdictions including the municipalities, electoral area, and Treaty First Nation. Directors serving on the Metro Vancouver Board are tasked with fulfilling obligations to both their respective member jurisdiction and to Metro Vancouver itself. This dual responsibility creates a unique governance dynamic, where directors must navigate the differing expectations and obligations associated with each entity. While elected officials have a fiduciary duty to their constituents and to the specific needs of their local areas, their responsibilities as directors of Metro Vancouver encompass fiduciary, confidentiality, and other legal obligations that demand adherence and integrity.

- b) **Duty of Care** - Board members have a responsibility to exercise reasonable care and diligence in their decision-making, ensuring they are well-informed and act prudently.

This standard of care can be achieved by any director who devotes reasonable time and attention to the affairs of the corporation and exercises informed business judgment. The standard of care is measured against the objective standard of what a reasonably prudent person would do in comparable circumstances. Failure to meet the standard often stems from passivity and a failure to inquire.

- c) **Duty of Obedience** - Board members must ensure the organization complies with all applicable laws and regulations.

Beyond the large infrastructure projects, the scope of legal and regulatory compliance requirements faced by Metro Vancouver extend well into areas such as long-term borrowing, housing projects, regional parks, air quality management and regulation, water quality, as well as traditional municipal related processes and risks. This complexity places additional pressure on the directors' duty of care in their decision-making.

#### Key Observations – Fiduciary Duty:

- One of the most significant challenges faced by Directors is the necessity to sometimes balance potential competing interests between regional priorities and local concerns. Decisions made at the regional level may not always align with the interests of individual municipalities or the preferences of constituents. Where stakeholders' interests conflict, there is no principle that one set of interests should prevail over another set of interests<sup>6</sup>. This implies that directors cannot simply focus on what is best for Metro Vancouver (or their home jurisdiction), but must critically assess the regional impact of issues and decisions, striving for what is best for both the broader community and any aligned or diverging local interests. In some extreme cases, Board directors referred to these competing interests as "nearly impossible".
- This conflict does create an interesting dichotomy when directors are required to vote on issues at their municipal or First Nation council, and then again at the Metro Vancouver Board. There are situations where they may need to vote in differing directions. Their obligation is to make a decision in the best interests of Metro Vancouver when voting as part of the Board, however, when voting as part of their municipal or First Nations Council, they must make decisions that

<sup>6</sup> *BCE Inc v 1976 Debentureholders*, 2008 SCC 69 (CanLII)

best serve the interests of that organization. These could be opposing decisions requiring them to find the right balance as they make these decisions. Additionally, decisions made in these Boardrooms are legally protected as long as they are made appropriately and are made in the best interests of the respective organization.

### *Time Commitment & Expectations*

From a Duty of Care perspective, the expectations of a Board or Committee member can be summarized into at least eight key roles or responsibilities:

1. To *sufficiently prepare* for Board and Committee meetings by reviewing Board and Committee materials prepared and distributed by management in the week prior to and the day of the meeting(s) in question;
2. To gather sufficient insights and information to ensure the Board or Committee member *understands the nature of motions and decisions* proposed, particularly on their community as well as the region as a whole;
3. To *seek and clarify information* from Metro Vancouver staff to support their understanding of key issues and decisions;
4. To *attend the entire meeting* regardless of actual duration, ensuring appropriate input, debate and discussion to support informed decisions, including travelling to and from the Board or Committee meetings (in their own time and at their own expense);
5. To *attend site visits* of Metro Vancouver (or other neighbouring regional district) facilities or projects to support their understanding of the nature, risks and complexity of the operations of the organization, as required;
6. To *travel to national or international events* to promote, inform and support the strategic initiatives of Metro Vancouver, when required;
7. To *communicate and collaborate* with other Metro Vancouver Board directors and their municipal management teams to understand issues and concerns, and to facilitate efficient and informed decisions; and importantly,
8. To *consult their community* and staff, and ensure the decisions and actions taken by the Board are *supported and implemented* during their tenure as an elected official and Metro Vancouver Board member.

### Key Observations – Duty of Care:

- It is often the last responsibility described above that can be the most onerous given the complexities of competing local community needs and interests versus regional needs as well as the financial implications of decisions on the electorate. In general, however, the time commitment for a Board member can average several days per month, and significantly more for Board Chair, Vice Chair and Committee Chairs. Many of those interviewed consistently described it as a 'second full time job' after their mayoral or council role.
- From a compensation perspective, Board and Committee members are only compensated for actual meeting attendances, but not: meeting preparation, Board/Committee meeting travel time or expenses, working with management to understand issues, or the implementation of decisions. The Board Chair and Vice Chair do receive an annual retainer, but are capped in their meeting attendance stipends at 18 meetings. Remuneration is discussed in further detail in *Section 6 – Remuneration* of this report.
- The competencies required of a Metro Vancouver Board director tend to extend beyond that of a normal public or private sector Board given their need to balance two perspectives on very large long-term decisions impacting their jurisdictional constituency as well as those of Metro Vancouver residents. There is a significant volume of technical information being provided to the

Board for review. The nature of the capital utility projects are financially material, long-term and bring unique risks not always encountered in municipal utilities. Many Board members reflected that their first year of Board membership was quite overwhelming, indicating it took a while before they felt more comfortable with the information being provided. This feedback was more pronounced for directors who were also newly elected to their municipal council.

- Many Board members reflected challenges in reading and absorbing all of the Board and Committee reports, with some choosing to focus on executive summaries or specific areas of interest or focus for their municipality. Others expressed frustration when they felt other directors had not read the materials sufficiently or were hindering Board proceedings as they struggled to understand the implications of the issue at hand.
- For some Board members, there is a tendency to consult local municipal staff and a correlating reluctance to seek out information from Metro Vancouver staff. Board members are required to make decisions based on the assumption that accurate, timely information is being presented to them, but they also have a responsibility to seek out additional information or answers to questions if that information is not deemed to be complete enough.
- A number of Board members expressed concerns that they struggled to understand or track key decisions and motions in meetings. Often this was the result of the nature and complexity of the issue being discussed, their lack of specific knowledge of the implications of the alternative options, or simply because the Board discussion had resulted in complicated or opposing language in the motion itself.

### *Roles and Responsibilities*

The roles and responsibilities of the Board Chair, Vice-Chair and Committee Chairs are generally understood. There was some frustration expressed at the lack of clarity around specific roles, and their decision rights and accountabilities. This may stem from a lack of familiarity with the various procedural bylaws and Delegations of Authority, and in part from shifting perspectives on what the Directors are able or not able to decide in their specific circumstances. There were also questions raised about the specific delegations to, and responsibilities of, the CAO.

### *Director Knowledge and Experience*

The Board experiences turnover every four years after every municipal election when municipal councils appoint their Board members. Beyond this natural turnover cycle, there are instances where councils may replace their Board directors or send alternates. This can bring new insights and strength but can also create loss of institutional knowledge.

Board Standing Committees are resourced by both Directors and municipal Councillors. The selection of Committee members is at the discretion of the Chair. Staff also play an active role in supporting the Committees to ensure that the members have access to the information they require.

Upon appointment to the Board, Directors participate in an orientation program. The orientation occurs over a 3-month period coinciding with their inaugural orientation and efforts as a new Councillor or Mayor in their home municipality.

Board education is relatively sparse but does include some governance training and Metro Vancouver site visits or other regional activities and events. In some cases, directors may attend national or international conferences, summits or other events, at the discretion of the Board Chair.

### Key Observations – Director Knowledge and Experience:

- Sustaining good governance depends heavily on institutional knowledge across the Board. Currently there are 29 Board directors (of the total 41) who have joined the Metro Vancouver Board after the last election.

- The selection of Committee members is at the discretion of the Chair. Experience and knowledge factor into the decision of who should Chair and sit on the Committees, but there is no formal skills matrix utilized to inform these decisions and even so, there is a widely varying set of knowledge and experience in the director cohort as well as other political considerations, challenging a traditional skills-based selection approach.

### 5.2.2. Recommendations – Roles & Competencies

7. The Board should consider appointing an **independent Chair** for the Boards, particularly the utility Boards under a Hybrid Board structure. The role of the Chair is critical to the success of the governance of the Board. As Metro Vancouver continues to grow in size and complexity, the time commitment for the Board Chair will also increase potentially creating the need for a full-time Chair. Ideally this individual would have senior municipal and/or utility experience.
8. The Board should consider seeking legislative change to set the term of the Chair to a **four-year** period, beyond the current annual term. It is unlikely that a Chair will have sufficient time to develop their Board and begin to implement the strategy within a one-year timeframe. The magnitude and importance of the role to good governance would suggest a longer term. In addition, if the Chair is an independent non-elected official, the Board should consider offsetting their term with the traditional four-year municipal election cycle and associated high turnover of Board members.
9. The Board should consider enhancing the **education plan** including Board orientation, professional Board development, education on the operations of Metro Vancouver and its projects (including site visits), and other subject matters relevant to Board decisions (e.g. regulations pertinent to a Committee, historical decisions and implications, etc.). This could include building stronger personal connections with management and staff through this program.
10. The Chair should allow sufficient time and question Board directors in the meeting to ensure the directors **understand the motion**, has the opportunity to safely ask questions relating to it, and ultimately ensure everyone can make the right informed decision.
11. The Board should consider regularly and clearly defining and communicating the **roles and responsibilities** of Board members and the CAO with regard to decision rights, delegations and other responsibilities to ensure clear accountability and effective decision-making.
12. The Board and staff should continue to explore ways to **bring municipal interests and perspectives** into the discussion at the Board and Committee meetings in order to help directors achieve a balance in discharging their dual fiduciary duties and reducing the likelihood of polarizing viewpoints dominating the meetings. Directors should also endeavour to manage the risk of polarizing discussions and seek to leverage Metro Vancouver staff to bring the right balance of information to reports and discussions. Training provided to Directors should also specifically address the inherent duality in fiduciary duties they face and provide guidance on how to seek the right balance (versus simply requiring them to take a Metro Vancouver regional perspective only).
13. The Board should consider developing a **formal skills matrix** to assist in the allocation of Committee roles and Board duties to directors, particularly if the resulting Board structures include non-elected officials. The maintenance and monitoring of this could be the responsibility of the Governance Committee.

## 5.3. Strategy & Risk Management

### 5.3.1. Current State Assessment

#### *Strategic Alignment*

Section 185 of the LGA provides that:

*Recognizing that regional districts are an independent, responsible and accountable order of government within their jurisdiction, the purposes of a regional district include:*

- a) providing good government for its community,*
- b) providing the services and other things that the Board considers are necessary or desirable for all or part of its community,*
- c) providing for stewardship of the public assets of its community, and*
- d) fostering the current and future economic, social and environmental well-being of its community.*

Metro Vancouver has a 2022-2026 Board Strategic Plan. The Plan is built around five strategic priorities:

- Financial Sustainability and Regional Affordability
- Resilient Services and Infrastructure
- Reconciliation
- Climate Action
- Housing

The plan was developed early in the term of the new Board members and was built upon the prior strategic plan. The Plan was due to be refreshed this spring, but this regular two-year update has been postponed due to the various reviews underway.

#### *Risk Management*

One of the key responsibilities of the Board is to establish strategic priorities for the organization and to understand and support staff in mitigating the risks to the strategy. The Board should be aware of all material and strategic risks, and be confident staff are in control of them. Currently there is no overarching program to assess the strategic risks facing Metro Vancouver and its strategic priorities.

From an operational and project management perspective, however, a strong risk management program was established in 2019 when the current CAO was hired. This includes the creation of the Project Delivery department, providing standardized project delivery tools, enhanced project oversight, independent project expert advisory, structured project stage gating, and other project risk management mechanisms.

#### *Internal Audit*

Metro Vancouver does have one Internal Auditor reporting into the Finance Department. A strong internal audit function is critical to the integrity and governance of any large organization. For an organization with multi-billion-dollar operating plus significant capital budgets, an Internal Audit function is imperative. Internal Audit is both a strategic advisor on risks and controls, as well as the last line of defense in ensuring management is following key policies and procedures with integrity.

#### Key Observations – Strategy and Risk Management:

- Since the development of the Board Strategic Plan, the organization has continued to evolve and there no longer appears to be consistent alignment and commitment across the Board to the Strategic Plan and its scope and direction. Directors also indicated that the strategic direction and

investment strategies are not universally defined or agreed upon. This fosters an environment where directors prepare for meetings and vote on critical motions without broader strategic alignment.

- A strong project risk management framework exists, as does some of the necessary operational risk management activities – but Metro Vancouver is lacking an enterprise-wide strategic risk management program providing the Board assurance that staff are aware of and in control of their key risks, and the Board and staff are aligned in their perspectives on risk and risk mitigation. Identifying and assessing these strategic risks is critical to inform the strategy as well as to develop pragmatic risk mitigation as part of the key strategic initiatives
- Metro Vancouver lacks a comprehensive independent Internal Audit function providing the necessary assurances to the Board around the internal control environment within Metro Vancouver. The Internal Audit function works with the CAO and CFO, but does not report directly to the Board or any of its Committees.

### 5.3.2. Recommendations – Strategy & Risk Management

14. The Board should lead a refresh of the **strategic plan**, seeking alignment around a common set of goals and initiatives. The exercise should consider the purpose of the organization, and the values, roles and responsibilities of the Board in executing it. There also needs to be a focus on strategies to continue to build trust and confidence with key stakeholders and the public.
15. The Board should consider introducing a program to assess the enterprise-wide **strategic risks** facing Metro Vancouver and its strategic priorities. This effort should inform the Board and management as to the key risks facing the organization, and the strategy to mitigate and increase resilience to these risks.
16. The Board should consider strengthening the **Internal Audit** function, focused on assessing and reporting to management and the Board (Finance Committee) on the design and effectiveness of internal controls and other specific operational risks. Initial internal audits should focus on the areas of most concern to the Board (e.g. strategic risks, project management oversight, financial controls, etc.).

## 5.4. Policies & Processes

### 5.4.1. Current State Assessment

#### *Board Policies and Procedures*

Board policies and procedures are well defined in a series of bylaws, policy and standards documents. Each Standing Committee has clearly defined terms of reference. Board materials and communications adhere to strict protocols on content, timing and confidentiality. All policies, procedures and board materials are publicly available, except for materials deemed confidential for legal or other confidential (e.g. competitive pricing) purposes. Any closed information received by a Board member in their capacity as Metro Vancouver Director is required to be kept confidential. All open materials are posted publicly and shared with staff advisory committees.

#### Key Observations – Board Policies and Procedures:

- One of the strengths of the Metro Vancouver Board governance framework is the detailed procedural bylaws that provide direction around key Board processes and decisions. However, there is a lack of understanding of them, as well as roles and responsibilities relating to them. Although the policies are comprehensive and grounded in appropriate legal due diligence, they are not the easiest to understand or apply without guidance.
- Board directors indicated that they are dependent on staff to provide clarity on policy and process. Some indicated the framework of policies and procedures require comprehensive review and refresh.

#### *Board Decision Making*

The Board has a well-documented decision making and voting process. A formal Delegation of Authority exists (within the Officers and Delegation Bylaw), clarifying the key Board delegations to management and the authorities granted with them.

#### Key Observations – Board Decision Making:

- Recent increases in the delegation of authority around procurement decisions has created an executive approval threshold (\$10 million). Some Board members expressed concern that this could result in limited Board visibility regarding projects / initiatives under the threshold, by encountering a series of significant change orders without visibility or Board approval for the total amount. All contracts are posted monthly on the Metro Vancouver website, and the Board receives two reports a year report on financial performance with all contracts listed and one audited year-end financial statement, followed by an annual statement on vendor and employee remuneration known as the SOFI report.
- Reports containing recommendations are elevated to the Board from Committees for a decision. In some cases, however, directors may not support the Committee's recommendations. This tends to happen when certain directors have a significant personal investment in an issue, but are not effectively represented on the underlying Committee; or less frequently, the issue was debated at the Committee level without a clear consensus, resulting in conflicting opinions at the Board level. In some instances, the Committee recommendations may also differ from the staff recommendation (which may include advice from the member jurisdiction staff advisory committees as well).
- There is no formal dispute resolution process to address significant differences in opinion between the Board and the member jurisdictions. Where possible the Chair, CAO and Metro Vancouver staff will try to address these concerns proactively with member jurisdiction staff.

### *Board and Committee Meetings*

Meeting attendance is highly encouraged to be in-person, to facilitate meetings more easily and encourage relationship building among Board directors. However, electronic meeting attendance via Zoom is permitted and under the Local Government Act and is regarded equally as attendance in person.

Board and Committee meetings are run by the respective Chair following strict procedural rules. Active discussion and debate are encouraged, but procedural rules exist to support time management.

#### Key Observations – Board and Committee Meetings:

- Committees are the Board’s mechanism for information aggregation. Formal reports and resolutions are elevated to the Board by the Committees for formal ratification. However, many directors (particularly those not on particular Committees) struggle to understand the information provided and the implications of key decisions.
- We observed a number of instances where Board members were not familiar with specific Board procedures relating to motions or other procedural rules and bylaws. In some instances, they were able to identify this and seek clarification, but during our interviews Directors expressed some frustration with the general lack of knowledge of or adherence to the Board’s procedural rules.
- Despite the formality of strict procedures, as is the case in any large Boardroom, a minority of Board or Committee members will consistently dominate the floor on topics regardless of expertise or relevance; add onto existing statements rather than letting opposing views be presented; shift conversations off topic to personal agendas; or otherwise consume an inequitable amount of Board discussion time. Some directors indicated they often remain silent in certain discussions as they did not feel adequate time or a safe space was available to them, nor did they want to perpetuate a conversation they felt was not moving in an appropriate direction. The Chair is accountable for managing the meeting, but in the spirit of fair governance the Board is allowing democratic debate and all directors to voice an opinion.
- Weighted voting is employed by regional district Boards for financial decisions and for decisions regarding the administration and operation of services. The Board uses a consensus agenda to good effect, however a roll call is used to individually record voting decisions for contentious decisions when the Chair or a Board member calls for a recorded vote. This roll call can be a manual, time consuming effort, often leading to some confusion surrounding the motion at hand.
- Metro Vancouver has had video-recorded Board meetings for over a decade. During the pandemic, there was a decision to leverage the video-enabled Board room for committee meetings. Post pandemic, the Board has continued with video-recorded Board and Committee meetings. We gathered mixed feedback on this format, with directors citing the transparency and accountability benefits, but sharing their frustrations with the directors speaking to the media rather than engaging in meaningful conversations with the Board. Some Board directors indicated they prefer to remain silent rather than perpetuating an off-topic discussion or demonstrating their lack of understanding of a specific issue.
- All Board members typically remain in the boardroom for all board meetings of the four legal entities, despite the fact that they may not be eligible to participate in the discussion on certain topics.

### 5.4.2. Recommendations – Policies & Processes

17. The Board should consider a comprehensive **review of bylaws, policies and procedures**, to ensure they are current and appropriate, but also to identify ways to simplify them for ease of use, understanding and adoption. In some instances, they may require enhancement to provide further clarification and direction for those utilizing them.
18. The Board should consider **enhancing Board training** to ensure there is a stronger understanding of key policies and Board procedures.
19. The Board and Committee Chairs should **strictly enforce** speaking time limits, repeating speakers, keeping discussion to the confines of the motion at hand, restricting additive commentary while allowing opposing commentary, and otherwise ensuring directors respect each other, staff and the Board's time. In some situations, this may also be encouraging silent voices to speak. Where possible, Board members should ensure they are present for the duration of Board meetings. A mechanism for identifying those Board members not eligible to participate in specific discussions should also be implemented.
20. The Board should investigate **electronic voting solutions** in the Board room to preserve the integrity of voting and avoid unnecessary prolonged roll call voting.
21. The Board should seek to be apprised of **cumulative expenditures**, such as those with change orders aggregating to total balances over the Board approval threshold.
22. The Board should define and document **decision-making processes** with the intent of improving decision-making efficiency and managing conflict.
23. The Board should investigate creating an effective **dispute resolution mechanism** between Board and member jurisdiction councils and management.
24. The Board should consider making Board meeting attendance in person mandatory. While Committee meetings may take advantage of video-based meeting technologies (e.g. Zoom, Teams, etc.), where possible Board meetings should be **in-person** to facilitate more transparent dialogue and stronger networking and relationship building opportunities.
25. The Board should work with staff to find ways to close the **information and knowledge gap** between the Committees and the Board. Also, where possible, decisions should not be elevated to the Board until the appropriate directors (i.e. those with concerns or vested interests but not present on the Committee) can be consulted or their concerns be incorporated into the decision-making process. Similarly, directors should encourage their member jurisdiction management to participate and elevate key recommendations, facts or opinions into the staff advisory committees.

## 5.5. Information

### 5.5.1. Current State Assessment

#### *Board & Committee Materials*

Almost every Board director shared the challenge of reviewing 800-1400 pages (on average) of Board agenda materials. Directors with a longer tenure on the Board indicated that, over time, they had become more knowledgeable and efficient in their preparation. The materials are designed with a consent agenda, executive summaries, brief reports, and are accompanied by significant appendices to support the reports. Decision making reports received by the Board have already been discussed in Committee meetings, but are included in Board materials for all directors to allow equal access to the information and to support the Board's decision making.

The executive summary and recommendation are written to encapsulate what is required for any Board director to be appropriately well-informed in the meetings. Arguably, a director could read no more than those sections and still exercise good governance. However, the significant volume of information included in the Board package is described as overwhelming by most Board members and creates an assumption that members of the Board should make the time read all of the materials. This can lead to reduced attention to detail and may inadvertently result in directors not sufficiently reviewing the information.

Despite the large volume of Board materials, it is in alignment with Board packages for comparable organizations. This is the case when one considers the Board package for Metro Vancouver meetings is supporting four separate Board meetings. In addition, the supporting information and reporting for water utility and liquid waste-related decisions at the Board level require more supporting data due to the magnitude and impact of the capital projects in these entities.

#### Key Observations – Board & Committee Materials

- The significant volume of Board materials can be overwhelming and impede the review and processing of relevant information. However, there is an opportunity to streamline and re-organize the materials to make it more accessible and less detailed in some cases to uphold good governance with lean fit-for-purpose reporting.
- Staff provide presentations to the Committees, but in the interests of time and efficiency, Metro Vancouver has moved away from staff presentations at the Board level. There is an opportunity to utilize staff presentations to create stronger awareness and education on key issues, as well as to build increased trust in staff, if used appropriately and sparingly. Committee meetings do routinely include this format of knowledge transfer and education as they prepare key decisions. Task Forces have been struck to focus on particularly complex capital projects.
- Some directors expressed concerns that they perceived materials coming to the Board for decision as being overly influenced by Metro Vancouver staff objectives. The source of their concerns related to a lack of understanding regarding which alternate options were considered and why they might have been dismissed, differences in opinions on the proposals or treatment of options, or general mistrust of staff's intentions (fuelled in part by recent issues such as the North Shore Wastewater Treatment Plant project).

#### *Confidentiality*

Directors are bound by a Metro Vancouver Oath of Office that emphasizes confidentiality and ethical conduct. The oath requires Directors to maintain confidentiality of records and information discussed in closed meetings until they are lawfully released to the public. This commitment to confidentiality is essential for maintaining the integrity and trust necessary for effective governance.

Many Directors presented various challenges to the current confidentiality requirements regarding Board and Committee materials. For example, the LGA may require entire reports to be deemed confidential which prevents the director from sharing minor items of relevant information or alternatively trying to share materials with their member jurisdictional staff to better understand the implications on their municipality.

#### Key Observations – Confidentiality

- The investigations, reviews and litigation surrounding the North Shore Wastewater Treatment Plant project cost issues have created a complex environment that has exacerbated tensions regarding information sharing and transparency between Board members, member jurisdictions, and Metro Vancouver staff.
- The confidentiality of closed Board materials poses challenges for some Board directors who wish to educate or leverage resources in their member jurisdiction. Although Metro Vancouver staff strictly follow legislative requirements, they have made attempts to find ways to share information with municipal staff as permitted. In most cases, directors will find ways to meet their respective fiduciary accountabilities without compromising confidentiality requirements.
- There is a concern amongst Board members and municipal staff that key information and reports are being withheld. Much of this perception relates to information that is deemed confidential or restricted by legal privilege given legal actions underway. In addition, Board directors are frustrated by their inability to easily execute on their other (member jurisdictional) fiduciary duty as they must abide by confidentiality rules. In general, there is a need to better educate the Board regarding communication and information sharing protocols and continue to find ways to improve transparency regarding relevant information.

#### *Capital Project Reporting*

The typical large, complex capital projects commissioned by Metro Vancouver (generally water treatment and distribution or wastewater treatment and collection) can cost billions of dollars, span over a decade and include state-of-the-art technology. These projects require a unique skillset in project management, project delivery and engineering backgrounds that are not always available in the region. It is not uncommon for many of these projects to be delivered by global engineering and construction organizations.

#### Key Observations – Capital Project Reporting

- Most Board members expressed concern over the governance of mega projects led by Metro Vancouver. They were concerned about the Board and staff's ability to effectively oversee the significant complexity of these multi-billion-dollar projects, as well as ensuring the financial implications and risks are managed.
- Staff reporting and business case presentations to the Board often focus on a single, logical solution and leave limited room for analysis or discussion of other options for the largest capital projects.
- The Board is seeking more transparent and timely financial reporting regarding actual expenditure on capital projects relative to the original budgeted amounts. Similarly, directors are seeking more clarity on the accuracy of forecasted project expenditures and the implications and possible extent of forecast adjustments. Some frustration was expressed regarding staff's timeliness in providing the level of detail and accuracy sought (both due to limitations of corporate systems and the summarization of data from projects). This, in the context of the North Shore Wastewater Treatment Plant has created a mistrust of staff and is seen as impacting the effectiveness of fiscal controls and governance overall. It should be noted that a number of these concerns relating to large capital projects have been directly addressed with

the enhancement of the project management oversight processes and other project governance improvements.

### 5.5.2. Recommendations - Information

26. The Board should continue **reviewing the Board materials** with the objective of seeking ways to streamline or organize the information in a way that enhances the ability of the directors to better read, understand and govern. This may include revisiting which informational reports are elevated to the Board and how they are presented.
27. The Board should consider supporting more complex or controversial decisions with brief **staff presentations** oriented toward educating the Board regarding the decision at hand, options considered, and the implications and risks.
28. The Board should work with member jurisdictions to ensure robust analysis, especially in the **identification of risk and financial implications** for key stakeholders, is present in Board reporting. Although there is a substantial amount of reporting to the Board, it can lack these key elements critical for Board decision making.
29. The Board should consider staff presentations or Board reports **include multiple options for the Board** to consider, where practical. Committees and staff do consider different treatment options for significant expenditures, but are encouraged to provide the preferred option and the supporting rationale for the Board's decision. However, the broader Board may need to understand alternative options, the risks relating to each and the rationale for dismissing them.
30. Board members should seek to leverage Metro Vancouver staff as the key source of information. Pragmatic and legally acceptable protocols should be utilized regarding **information communication** in order to better facilitate the sharing of information with Committee members and other key stakeholders. These mechanisms should be highlighted in Board orientation and ongoing education.
31. The Board should ensure, for large complex and capital-intensive projects, management continue to **provide regular updates** to the Board as the project progresses. Directors are seeking transparency regarding actual expenditure on capital projects relative to the original budgeted amounts. Similarly, they are seeking clarity on the accuracy of forecasted project expenditures and the implications and possible extent of forecast adjustments on their member jurisdictions.
32. The Board should work with Metro Vancouver staff and municipal staff to find more efficient methods of **integrating municipal planning with Metro Vancouver strategies and projects**. Investments in housing, transportation, growth, etc. are both regional and local, therefore should be included in more cohesive planning integration between Metro Vancouver and its member jurisdictions.

## 5.6. Culture & Behaviours

### 5.6.1. Current State Assessment

#### *Board Collaboration*

As is the case in other public and private sector Boards, the Chair is accountable for the overall discipline, performance, health and well-being of the Board. Meetings are generally held in person at the Metro Vancouver offices with side rooms to facilitate offline discussion and knowledge sharing. Many directors indicated this was a critical mechanism to promote more effective and empathetic collaboration. The infrequent parochial nature of Board interactions (whether based on differences in philosophical values or regional interests) was cited however, as a challenge that can impair cordial and effective collaboration and communication between Board members.

The Board does periodically meet off-site for annual strategic planning or similar events, and these were identified as key mechanisms in strengthening Board collaboration and chemistry.

#### Key Observations – Board Collaboration

- In-person meetings at the Metro Vancouver Boardroom have facilitated positive experiences for Board members by creating a space for collaboration informally before and after meetings.
- Many Board directors do not feel they get enough time to connect with their peers in informal settings. This was identified as critical to forming strong foundational relationships among Board members.
- The current Board has more disparate beliefs and values than previous Boards, leading to more split voting. While there has historically been around 90-95% unanimous voting, in recent years this has shifted to more split or divided voting.
- Many Board directors indicated they struggle to help sustain a culture of regional collaboration when members of the Board advocate exclusively for their member jurisdiction. This can often create the appearance of a breakdown in fiduciary responsibilities.
- Certain Board members have a personal style that is considered dominating in meetings while causing others to remain silent. With 41 Board members it is difficult for the Chair to manage these individuals while seeking out silent participants to voice their opinions.
- A number of concerns were raised over the shift in the culture of the Board away from values of respect and accountability to a more politically divisive and hostile culture at times. This is a systemic issue arising in politics globally, let alone in federal, provincial or municipal politics. It can also be exacerbated by alignment and facilitation activities that are taking open, transparent debate out of the Boardroom. In some instances, the Board or Committee Chair was not seen as effectively controlling the room.

#### *Board-Management Relationship*

The relationship between the Board and staff is critical. They are a reflection of each other, and their relationship and collaboration have the greatest impact on efficiency and governance. Staff should provide the best possible information and options for the Board through formal reporting, as well as building relationships with the Board and engaging in dialogue on an as-needed basis. Staff currently aim to make themselves available to Board and Committee members whenever called upon, but there still appears to be a strain on the relationship preventing some Board members reaching out with questions or seeking information.

#### Key Observations – Board-Management Relationship

- Some Board members reported feeling as though they were being “controlled” by staff. In some cases, this perception may be generated as staff seek to determine which information needs to

be communicated, providing targeted education and in general moving projects and operational activities forward (given the significant cost implications of delays).

- The relationship between staff and some Board members has been strained in the last couple of years, in particular due to the North Shore Wastewater Treatment Plant project and other tensions relating to investment decision choices. This culture could benefit from more meaningful engagement outside the Boardroom. Sometimes the Board can be overly critical of staff, and in some instances indicated a sense of mistrust of staff. The key drivers are perceptions of: staff filtering messaging or reporting, overloading and volume of information, tailoring information towards a specific outcome or conclusion, a lack of perceived transparency in reporting to the Board, a sense of being controlled versus being the oversight body, and the misuse of secrecy/confidentiality to restrict access to information. These perceptions need to be addressed, and the culture of trust rebuilt.

### *Director Performance*

One attribute of a healthy Board is an opportunity for self-reflection and personal performance assessment. Given the size of the Board, there are a wide variety of personalities. This also makes it challenging for the Chair to spend an appropriate amount of time with each Board member providing feedback or seeking opportunities to enhance the Board proceedings.

In some instances, certain Board members demonstrate behaviours that challenge the efficient governance of the Board (e.g. dominating speaking time in meetings, not exhibiting respectful behaviours, not taking a regional view, etc.)

### Key Observations – Director Performance

- The Board has recently approved a Code of Conduct regarding the expected performance and behaviour of Board and Committee members. Although, relatively high level, this is a positive move toward improving mutual respect and the efficiency and effectiveness of governance in the boardroom.
- There are no formal opportunities for Board members to receive feedback and improve their individual Board governance capabilities, or that of the Board as a whole.

### **5.6.2. Recommendations – Culture & Behaviours**

33. The Board should consider revisiting its **code of conduct** to ensure it does directly address respectful and productive behaviours in the Board and Committee meetings. The communication of this code of conduct should include a specific workshop or similar training to allow open discussion around expected and desired behaviours.
34. The Board should **explore new avenues for communication** between the Board and staff. This includes both within and outside of the Boardroom. Forums for enhanced informal dialogue between Board directors and management could provide additional clarity and foster a stronger environment of trust. Similarly, Board directors should seek to take advantage of and encourage the hosting of these conversations in their member jurisdictions.
35. The Chair should continue to reinforce the need for all directors to **take a regional perspective** at the outset of meetings. Opportunities to reinforce the ability to effectively balance the regional and local perspectives should be explored.
36. We recommend the Board consider implementing some form of **Board performance assessment** to solicit and identify opportunities to enhance group and individual behaviour. If possible, the Chair should meet with Board members as necessary to reinforce key messages.
37. The **role of Board Chair** is a critical one. They are the conductor of the Board. The Board should consider investing in specific Board management training and education for future Board Chairs.

## 6. Remuneration

Remuneration of Metro Vancouver Board directors has received substantial media coverage recently, particularly given public frustration with increased infrastructure project costs (particularly the North Shore Wastewater Treatment Plant) and concerns by Board members and the media regarding Board governance in general. This section of the report focuses exclusively on the Board remuneration model, including an assessment of the reasonableness of the existing model, grounded in a cross-country industry scan of peer organizations, as well as recommendations to address our findings. The remuneration model is inextricably linked with the governance model, and as such it should be noted that changes to the governance structures could have significant changes to total and individual remuneration expenses.

### 6.1. Current State Assessment

#### 6.1.1. Core Compensation Analysis

There are three primary means of compensating Board members: annual retainer, monthly retainer, or per meeting stipends. The current remuneration model is detailed in the Metro Vancouver Remuneration Bylaw<sup>7</sup>. The Board Chair, the Vice Chair, and Electoral Area A Director receive annual stipends as detailed in Table 5 below. Committee Chairs receive a monthly stipend for agenda review and committee oversight. Otherwise, all directors receive a per meeting stipend of \$547. For meetings that run over 4 hours, albeit seldom occurring, a double meeting stipend of \$1,094 is paid.

Position	Amount (\$)
Board Chair	\$109,337/annum
Board Vice Chair	\$54,668/annum
Electoral Area Director	\$32,801/annum
Committee Chair	\$547/month
Board and Committee Members	\$547 for meeting up to 4 hours \$1,094 for meeting more than 4 hours Daily remuneration is capped at \$1,094

Table 5 – 2025 Metro Vancouver Board Remuneration

The meeting stipend is provided as a form of allowance in exchange for the expertise of the Board Directors and to recognize any sacrifice of time or cost to govern the organization. It is not designed to mirror an equivalent hourly wage rate for services provided, and were this the case, it would likely result in a low amount given the responsibilities of a director (see Section 5.2, specifically subsection *Time Commitments and Expectations*). The Board Directors commit varied hours to meeting preparation (4-12 hours per meeting on average), travel to and from the Metro Vancouver Board offices (which is not a reimbursable expense), and the time in the meetings.

<sup>7</sup> Greater Vancouver Regional District Regional Board and Committee Remuneration Bylaw Number 1057 (2007)

Under the current model, the total cost of Board remuneration over the years has remained relatively consistent. The total cost of remuneration between 2020 and 2023 is detailed in Figure 4. The decline in 2021 and 2022 is a result of the COVID-19 pandemic. With around a \$1.5 billion operating budget at Metro Vancouver, the Board remuneration is roughly \$1.5 million, which is 0.1% of total operating costs, a relatively immaterial amount in perspective.

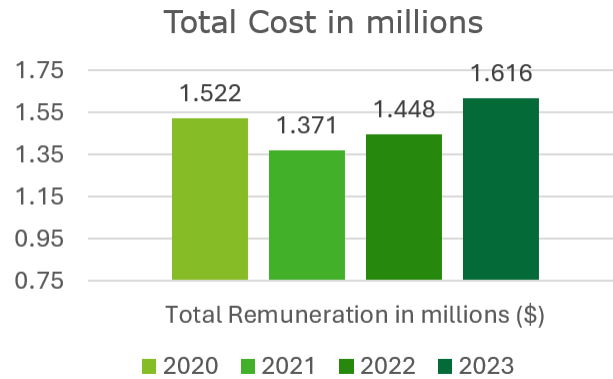


Figure 4 – Total Cost of Remuneration in Millions

The Board Chair receives the highest remuneration, and as such much of the focus has been on the annual Chair stipend. This has increased by 36% in the past five years, reflecting increases in the regional mayoral salaries. The Chair, Vice-Chair, and Board Committee Chair stipends are all based on a formula derived from a percentage of the median Metro Vancouver regional mayoral gross salaries (as per the UBCM Remuneration Guideline<sup>8</sup>) – with the Chair receiving 75% of the median of the gross mayoral salaries, the Vice-Chair receiving 50% of the Chair’s stipend, Electoral Area A director receiving 30%, and the director meeting stipend set at 0.05% per meeting. Given the range of mayoral salaries (less than \$20,000 to \$210,000) using this number as an anchor creates a somewhat equitable formula that is neither punitive nor excessive relative to a typical mayoral salary, particularly given the size and scale of Metro Vancouver.

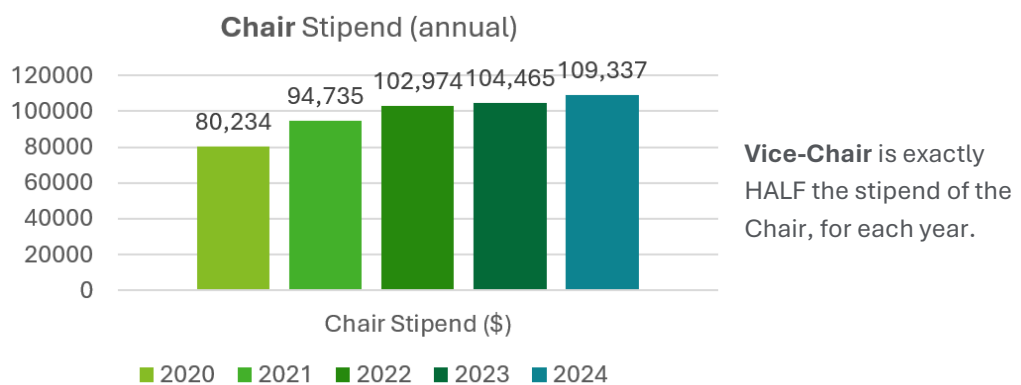


Figure 5 – Chair Stipend

As identified in Figure 6 below, approximately 50% of total Board remuneration was paid to 14 of the 147 total individuals that received Board remuneration in 2023.

<sup>8</sup> Union of BC Municipalities, Board & Council Remuneration Guideline, September 2019

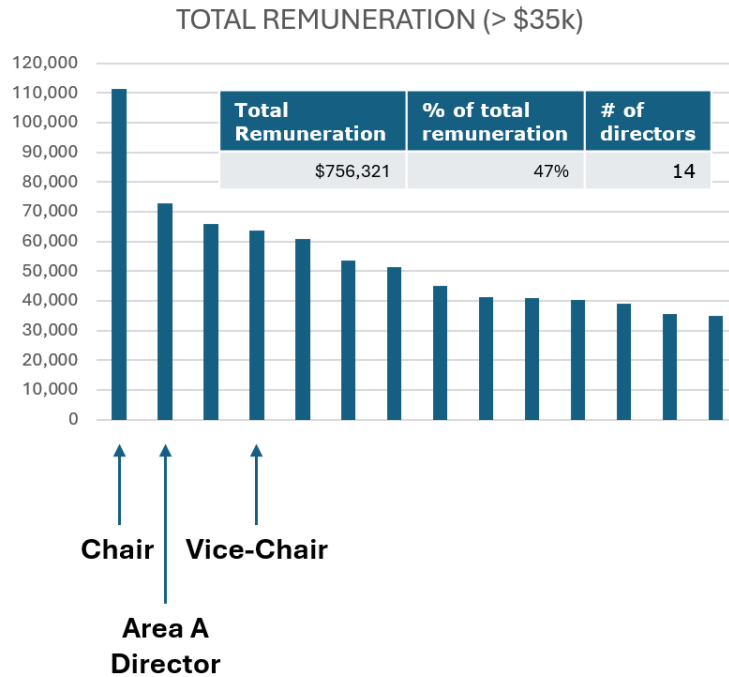


Figure 6 – Total Board Remuneration Over \$35k (2023)

Key Observations – Core Remuneration

- Board remuneration at Metro Vancouver is only 0.1% of total operating expenses, but there appears to be a significant amount of Board time spent discussing this topic as a result of recent media challenges, largely occurring post the increase to the NSWWTP program budget.
- The Chair, Vice-Chair, and Committee Chair stipends are all based on a formula derived from 75% of the median mayoral salary. Given the similarity of the role and subject matter to a municipal council, this seems a reasonable baseline. Similarly, given the range of mayoral salaries (\$20k to \$210k) using this number to anchor the formula also creates an equitable result that is not punitive for a mayor of a smaller or lesser compensated municipality.
- A drawback of using the UBCM mayoral salary guideline is that it does draw a comparison to the mayoral salary, and therefore creates an incorrect perception that a Board Chair or director role at Metro Vancouver is an extension of municipal duties, and raises the question as to whether it should be covered by the mayoral salary. Metro Vancouver is a separate organization / legal entity with a regional focus and significant decisions and risks outside of the scope of the director’s municipal role.
- The Chair and Vice-Chair receive their stipend allowance for the first 18 meetings. Beyond that they do not receive any remuneration for attending meetings. They tend to achieve this maximum threshold about one-third of the way through a typical year, leaving them unpaid for the remainder of the year (other than their annual retainer).
- The Electoral Area A Board Director salary is also the mayoral salary for the region served, so this should not be considered as Metro Vancouver Board remuneration alone, and as such has been excluded from our review.
- There is no cap or maximum remuneration provision for any Director. Some Directors are asked to chair or attend a significant number of Committees given their experience and expertise, resulting in their remuneration being relatively higher than other Board members.

- Metro Vancouver Board Directors are not entitled to pensions, nor are they provided pensions in their role as elected officials in their member jurisdictions, or on other public sector Boards. This should be a factor in the total remuneration conversation relative to other public officials. Directors do not receive benefits either, nor travel expenses to meetings.
- The total remuneration costs are most heavily influenced by the number of Board, Committee and related meetings, and the number of attendees at these meetings. In 2024 this accounted for a total of 2407 meeting attendances (an increase of xx over 2023), as illustrated below:

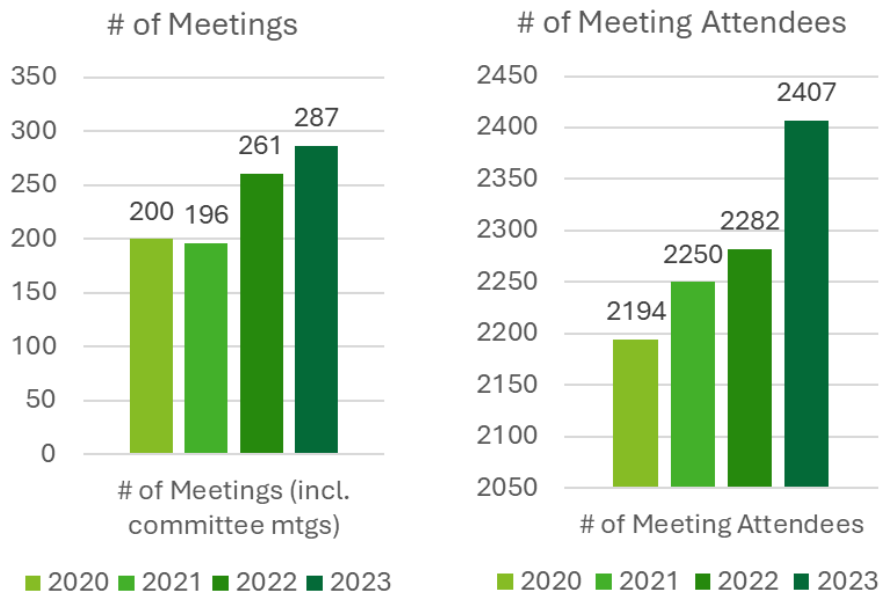


Figure 7: Total number of meetings      Figure 8: Total number of meeting attendances

### 6.1.2. Additional Meeting Expenses

There have been additional concerns raised around the concept informally referred to as “double dipping”. Many of the directors sit on various Boards and are often remunerated for their expertise and efforts. Some of these external Board roles are appointments from their municipal council, and some are representing Metro Vancouver. These include significant Boards such as TransLink, E-Comm 9-1-1, the Union of BC Municipalities, the Municipal Finance Authority, etc.

Although we did note concerns regarding the ability of individuals to effectively govern multiple Boards, including Metro Vancouver, a review of cumulative individual mayoral and council salaries is well outside the scope of this review. We did however, note the directors of Metro Vancouver are remunerated to sit on a number of Boards (at the discretion of the Chair). In total there were 31 (plus alternate) appointees attending 54 meetings in 2024, as follows:

<b>Entity</b>	<b># of Directors</b>
Fraser Basin Council Board of Directors	1 + Alternate
Municipal Finance Authority of BC	11 + Alternates
Agricultural Advisory Committee	1
E-Comm Board of Directors	1
Fraser Valley Regional Library Board	1 + Alternate
Katzie Treaty Negotiations	1
Lower Mainland Local Government Association	1
Union of British Columbia Municipalities	3
Union of British Columbia Municipalities Indigenous Relations Committee	1
Western Transportation Advisory Council	1 + Alternate
Zero Emission Innovation Centre Board of Directors	1
Metro Vancouver Regional Parks Foundation	1 + Alternate
Ocean Watch Action Committee	1
National Zero Waste Council	2
Solid Waste and Recycling Industry Advisory Committee	1
Sasamat Volunteer Fire Department	1
Delta Heritage Airpark Management Committee	1
Delta Heritage Airpark Management Committee	1
<b>Total number of Board appointments</b>	<b>31</b>

*Table 2 – Current Metro Vancouver External Appointments*

### 6.1.3. Travel Expenses

Included in the total individual director remuneration amounts are meeting stipends for days of travel to national and international conferences. A double meeting stipend (\$1,094) is paid because the expectation is that travel and attendance will occupy the director for more than four hours each day. Out-of-pocket travel, accommodation and per diem expenses are also paid by Metro Vancouver.

Travel to summits, conferences and other events is seen to be of value to Metro Vancouver directors where it provides marketing visibility for the region and knowledge sharing regarding leading practices in Metro Vancouver's operational activities. The opportunity to attend these conferences is a privilege and therefore provides intrinsic non-monetary benefit to the directors travelling on behalf of Metro Vancouver.

#### Key Observations – Travel Expenses

- All travel is currently approved by the Chair. This is a relatively subjective approval process, but travel policies have been instituted to provide additional guidance around what can be expensed. Currently all travel has been paused.
- There is some level of opacity in the public disclosure of Board and Committee remuneration, meeting fees, travel, etc. as they are grouped in a single line-item disclosure as per the BC government's Statement of Financial Information (SOFI).

### 6.1.4. Comparator Organizations

Over 15 other jurisdictions and comparable organizations were researched as part of this governance review. The most relevant organizations have been included to provide insights as to the reasonableness of the current remuneration framework at Metro Vancouver. It is important to note

that none of these organizations are an exact comparison to Metro Vancouver, but they do serve populations of similar scale with a complex scope of services and infrastructure investment.

### *Comparator Crowns and Utilities*

<b>Position</b>	<b>MVRD</b>	<b>TransLink</b>	<b>BC Hydro</b>	<b>BC Ferries</b>	<b>YVRAA</b>
Chair (total)	\$109,337	\$100,000	\$34,500	\$100,000	\$195,000
Vice Chair (total)	\$54,668	n/a	n/a	\$33,000	n/a
Board director retainer	-	\$25,000	\$17,250	\$25,000	\$65,000
Board meeting stipend	\$547/mtg	\$1,200/mtg	\$865/mtg	\$1,200/mtg	-
Committee Chair retainer (total)	\$6,564	\$5,000 – \$8,000	\$3,450 – \$5,750	\$5,000 – \$8,000	\$15,000- \$19,500
Committee Member retainer	-	\$3,000	-	\$3,000	\$6,000
Committee meeting stipend	\$547/mtg	\$1,200/mtg	\$865/mtg	\$1,200/mtg	-

*Table 6 – Summary of Remuneration Data from Other Organizations*

It is evident that Metro Vancouver is paying a stipend in line with other comparative organizations. The Metro Vancouver Board Chair is capped at 18 meeting fee payments, while the BC Hydro Board Chair is capped at 60. Nuances such as this create a layer of complexity when comparing the overall remuneration for Board Chairs.

Committee chairs at Metro Vancouver are remunerated monthly with a \$547 meeting stipend to allow for preparation and staff meeting time – a total of \$6,564 per year. This is paid regardless of whether the meeting occurs, but as a total is in line with other comparative organizations.

The Board member remuneration across the Board varies based on the remuneration model for each entity. Metro Vancouver is the only organization to not pay an annual stipend. Unless Directors take on multiple committee roles, their remuneration for being on the Board is on average less than other comparators.

The meeting stipend is common in the industry for Board and Committee meetings. Metro Vancouver has a lower meeting stipend relative to other organizations, but doubles for meetings over four hours. This is not common to other organizations. As a direct comparison to another Regional District, the CRD has a very low per meeting fee but pays higher annual stipend amounts.

### Comparator Regional Districts/Councils

Position	MVRD	Mean (BC <sup>9</sup> )	Mean (Outside BC <sup>10</sup> )	Median (BC)	Median (Outside BC)
Chair (total)	\$109,337	\$38,622	\$247,193	\$39,481	\$253,132
Vice Chair (total)	\$54,668	\$20,836	n/a	\$20,679	n/a
Board director retainer	\$0	\$11,165	\$70,179	\$14,335	\$63,085
Board meeting stipend	\$547 mtg	\$73	n/a	\$73	n/a
Committee Chair retainer (total)	\$6,564	\$2,402	n/a	\$2,351	n/a
Committee Member retainer	\$0	\$13,330		\$15,980	
Committee meeting stipend	\$547/mtg			\$1,084	

Table 7 – Summary of Mean and Median Remuneration for Regional Districts and Regional Councils

The Chair remuneration in Metro Vancouver is significantly higher than other regional districts in British Columbia. Metro Vancouver represents over 50% of the province's population, has more than \$1B operating budget, and is considerably more complex, so comparing directly to these other regions was not seen as insightful. However, when comparing to other regional councils of comparative populations in Ontario and the United States, it was clear their Council/Board Chairs are remunerated significantly more – consistent with more of a private sector scale. These regions of comparable size, scope and complexity do provide better benchmarks for the remuneration based on expectations of the job. For example, Board Chairs in Ontario were remunerated over \$200,000 and receive benefits – often twice the total compensation of the Metro Vancouver Chair.

Board directors, or Regional Council Members, in other jurisdictions receive annual stipends that compensate for their time and experience. There is an expectation that these directors will attend committee meetings and all Board meetings. Therefore, no additional compensation is paid for committee membership. In general, there are far fewer Board members in other regions - more akin to a professional Board structure, and as such they are all compensated at a higher level.

Most regions do not have the Vice-Chair role, therefore there are no easy comparators outside of BC. Within BC, other regional district Vice-Chairs are paid approximately half of the Metro Vancouver Vice-Chair retainer, but again the complexity of population is greatly reduced.

Some jurisdictions, such as Ontario's Broader Public Sector Executive Compensation Framework, *Public Sector Executive Compensation Act* and the *Public Sector Salary Disclosure Act* provide for restrictions on compensation, as well as public disclosure requirements.

<sup>9</sup> BC: three Regional Districts were deemed most comparable to Metro Vancouver for the purposes of this review

<sup>10</sup> Outside BC: three regional Districts from Ontario were deemed most comparable

## 6.2. Recommendations

38. The Board should consider **maintaining the current \$547/meeting stipend** as it appears reasonable and allows flexibility in managing meeting attendance and frequency, but revisit it on an annual basis to ensure it remains appropriate. We have identified opportunities throughout this report to create efficiencies and reduce the total individual remuneration expenses.
39. The Board should consider eliminating the **double meeting stipend** for meetings over 4 hours and seek to create efficiencies in the meeting agenda and schedule to manage within this timeframe.
40. The Board should consider replacing the monthly retainer for **Committee Chairs with a double meeting fee** for any committee meetings held. This would eliminate payment for Committee meetings that do not occur, but still provide Chairs with a preparation and attendance meeting stipend for meetings held.
41. The Board should consider removing the payment of a double meeting stipend for **travel days** and **conference attendance**.
42. The **Chair, Vice-Chair and Committee Chair total remuneration** appear reasonable relative to other comparatives (such as municipal mayoral/council salaries, BC public sector Crown and agency Board remuneration, and other similarly complex regional governance bodies and utilities across Canada). No change is recommended in this formula, however it should continue to be assessed on a periodic basis to ensure alignment with other similar public sector entities. The exception to this would be a shift to a new Board structure (e.g. Hybrid Structure), in which case the Board and Chair remuneration may need to be reconsidered to accommodate the recruiting of qualified non-elected officials.
43. The Board should consider a review of Board **travel policies** to ensure equitable access to learning or representation opportunities, in a manner that respects the financial costs of this travel.
44. The Board should consider a threshold for **non-payment of the meeting stipend** – perhaps for those attending Zoom meetings of less than 30 minutes hour in duration, or some other similar minimum threshold. This could incentivize the deferral or consolidation of these meetings.
45. Review and reduce the **number of external Board appointments** that are not explicitly required under agreement or otherwise seen as beneficial to Metro Vancouver. Directors may be willing to attend as an unpaid Board member, but the primary governance objective is to not overload Board directors with ancillary or unrelated activity, and to reduce the remuneration costs associated with these attendances.
46. Introduce **maximums for the number of meetings attended** per year to ensure directors are not overloaded from a governance perspective, and to prevent the perception of excessive remuneration. For example, 50 meeting stipends (i.e. weekly) per year are approximately \$27,000.
47. Given the consolidated disclosure in the BC government SOFI, the Board could consider proactively publishing a simple **more transparent disclosure** of Board remuneration and travel expenses to promote comparability and transparency.

During our review, we identified two other recommendations for the consideration of the Provincial Government that would address and perhaps reduce some of the concerns levied at Metro Vancouver regarding Board remuneration.

1. Providing detailed **Crown, agency and local government-related income data** in a simple, publicly accessible format may alleviate some remuneration pressure on the regional

mayors and Metro Vancouver directors, as it would create greater visibility and more transparency regarding the equity of compensation across the BC public sector.

2. Consider introducing a **cap or maximum remuneration threshold** for total income from all local-government-related appointments (such as Metro Vancouver, TransLink, E-Comm 9-1-1, etc.). For example, this amount might not exceed that of a BC Provincial Cabinet Member (currently \$183,085). Other than managing the risk of role accumulation, it would serve as a mechanism for ensuring roles are appropriately allocated and therefore governance risks relating to Board responsibility overload are minimized.

# 7. Conclusion

Metro Vancouver has outgrown its Board governance structure. The regional district model has served the organization well for several decades and in many instances has been recognized as a leader in sustainable regional planning and quality of infrastructure services. However, the past 40 years have seen a rapid acceleration of population growth and infrastructure investment in the region. The combined operating and capital budget has grown significantly to \$3.2 billion in the last five years alone and is only going to continue to grow with complexity, population, and demands on the infrastructure and services. Metro Vancouver and the regional municipalities that make up the organization should be commended on the extent of collaboration it has taken to drive their vision of attracting economic investment and creating a globally desirable livable region.

This creates an inherent conflict. The more successful and effectively the Board and management govern and operate the organization, the more desirable the region will become – further increasing immigration, demand for services and infrastructure, growth outside of Vancouver, and the many challenges that will come with that (climate impact, air quality issues, affordable housing, the preservation of parks and recreational areas, and other concerns). At the same time, the legacy infrastructure is aging and in need of upgrade and expansion. So, it is no surprise that the Board is beginning to struggle to govern the growing complexity of the organization.

The context in which the current Board is operating is also very relevant. Challenges with the North Shore Wastewater Treatment Plant project and the subsequent funding impacts have created an environment of extreme tension within the Board and with municipalities. This and other major infrastructure projects are only continuing to become larger, longer and carry significantly greater delivery, financial and reputational risk. The global economic climate has become volatile, further impacting the planning and management of costs relating to projects of this magnitude.

In this context, the challenges for Board directors to balance the interests of both their rapidly growing electorate as well as those of the broader Metro Vancouver region will only become more politically and legally challenging. The personal and reputational risk for Metro Vancouver directors is increasing with the challenge of governing this complex set of Boards and the broader organization as well as their own municipality – creating an untenable conflict between their fiduciary duties at times.

Metro Vancouver staff are working harder to manage these risks and elevate the right discussions to a Board that is constantly changing, trying to absorb a significant volume of complex data, and is becoming increasingly more politically divided. Unfortunately, the actions of staff in trying to solve for these risks and challenges create an impression of flooding and filtering information and driving decisions faster than the Board can consume it. As the risks and tensions escalate, this effort to focus the Board has created a perception of mistrust and wariness of staff on their behalf.

The Board meeting-based stipend model is comparable with those in other similar public sector Boards, however there are opportunities to not only improve governance and the workload on directors, but also to reduce the costs through reductions in the composition, frequency and number of meetings. The solution, however, cannot be to reduce compensation to reflect public dissatisfaction with the governance of the Board, but to improve the governance to justify the remuneration.

From a governance and risk management perspective, there is a need to streamline the Board size and structure, adding professional support and acumen. There is a need to create visibility to risks and options, to strengthen the quality of information and discussion at the Board and Committee level, and in general rebuild a culture of trust within the Board and with staff and the member jurisdictions.

# Appendix – Summary of Recommendations

Throughout the report, numerous recommendations have been made. The recommendations presented can be classified into two categories:

1. **Immediate recommendations** or "quick wins" that offer high-impact, low-effort solutions well within the scope and mandate of the Board, perhaps requiring some Board consultation and refinements to Board policy or procedural bylaws;
2. Short- to medium-term **strategic recommendations** that bring enhanced governance but likely require legislative change (e.g. the Local Government Act), more detailed analysis, or additional consultation with member jurisdictions.

## *Structures:*

1. The Board should consider the Hybrid Board Structure, as described above. This will require consultation and detailed design to better achieve the governance objectives outlined in this report. From a governance and efficiency perspective, this proposed model would likely involve the following key attributes:
  - a) Legislative change to support the appointment of non-elected directors for the GVWD and GVA&DD Boards (and MVHC, if desired). The 50% requirement for member jurisdiction appointed directors could remain in place .
  - b) Development of a skills matrix to ensure an appropriate mix of requisite knowledge, competency and experience is recruited into the Boards.
  - c) Implementation of a governance structure (e.g. Governance Committee) to recruit and recommend appointment of non-elected directors, as well as to resource the remainder of the Boards with directors from the member jurisdictions. These would be smaller Boards to enable more effective collaboration and efficient governance (approximately 10-14 individuals).
  - d) Update the Terms of Reference for the Boards to reflect the shift in director composition and Board structure.
  - e) Consider four-year terms for the non-elected directors staggered against the current four-year cycle of elected officials appointed to these Boards (i.e. two-years after municipal elections). These terms could be extended at the discretion of the Chair and Governance Committee to further facilitate the retention of institutional knowledge.
  - f) Implement appropriate committees to support the operations of these Boards. These could include technical or specialty committees and smaller general-purpose committees (e.g. Finance, Governance) which might have cross-representation from the broader MVRD and other Board Committees.
2. The Board should consider reducing the size of the Boards regardless of the Board structure selected. In the Hybrid Board option whereby the utility Boards are reduced in size, this could be achieved for the MVRD Board by either adopting the Capped Model or increasing the voting divisor from five to seven, for example. Both would require legislative change.
3. The Board should consider creating a Governance Committee of the Board. The purpose of this committee would be to oversee the governance, ethics and integrity of the Board's policies and conduct. Specific responsibilities could include but not be limited to:
  - a) Board policy and procedure review and recommendation
  - b) Objectively determining the membership of committees
  - c) Maintaining a Board skills matrix to support committee appointments

- d) Receiving and addressing management and Board integrity issues/complaints
- e) Board remuneration policies and concerns
- f) Conflict of interest investigation and resolution
- g) Board performance evaluation and effectiveness
- h) Board and Committee succession planning

The Governance Committee would be a logical body to work with the Board to review and implement the findings of this independent governance assessment, as well as lead future Board performance evaluations or other governance related reviews. It could be supported by a Chief Governance Officer (perhaps an additional responsibility to Legal Counsel) to assist with the flow, adequacy and timeliness of information to support Board-related decisions..

- 4. The Board should continue to seek ways to reduce or optimize the time investment in Committee meetings. Ultimately the selected Board structure will influence the number and composition of Committees. In the interim, this could immediately be achieved by:
  - a) Continuing to reduce and amalgamate Committees. Amalgamation could include: Air Quality and Climate Regional Parks, and possibly Regional Planning,
  - b) Tightening the scope and terms of the current Committees,
  - c) Reducing the number of Committee members, and
  - d) Reducing the frequency and duration of the meetings.

Committees could still be scheduled for 10 meetings per year but nominate two meetings as optional for critical issues, for example or continue to cancel meetings if there are not time sensitive or substantive agendas. Committees that make less time-sensitive or high-risk decisions and are currently scheduled on regular (i.e. more than quarterly) basis include: Regional Planning, Regional Parks, and the Mayors Committee.

- 5. The Board should ensure that Staff reports going to the Committees and Board include feedback from the Staff Advisory Committees regarding the specific options, risks and direct impacts on the member jurisdictions. These Advisory Committees (RAAC, RFAC, REAC, and others) do already provide input into staff reports, but specific relevant risks or implications of Board decisions on member jurisdictions may not be fully considered in Board materials.
- 6. The Terms of Reference for all Board Committees should be revisited to ensure the scope and mandate of the Committee is appropriate for the new Board structures, the overall vision and direction of Metro Vancouver, and supports strong governance of the Board.

### *Roles & Competencies:*

- 7. The Board should consider appointing an independent Chair for the Boards, particularly the utility Boards under a Hybrid Board structure. The role of the Chair is critical to the success of the governance of the Board. As Metro Vancouver continues to grow in size and complexity, the time commitment for the Board Chair will also increase potentially creating the need for a full-time Chair. Ideally this individual would have senior municipal and/or utility experience.
- 8. The Board should consider seeking legislative change to set the term of the Chair to a four-year period, beyond the current annual term. It is unlikely that a Chair will have sufficient time to develop their Board and begin to implement the strategy within a one-year timeframe. The magnitude and importance of the role to good governance would suggest a longer term. In addition, if the Chair is an independent non-elected official, the Board should consider offsetting their term with the traditional four-year municipal election cycle and associated high turnover of Board members.

- 9. The Board should consider enhancing the education plan including Board orientation, professional Board development, education on the operations of Metro Vancouver and its projects (including site visits), and other subject matters relevant to Board decisions (e.g. regulations pertinent to a Committee, historical decisions and implications, etc.). This could include building stronger personal connections with management and staff through this program.
- 10. The Chair should allow sufficient time and question Board directors in the meeting to ensure the directors understand the motion, has the opportunity to safely ask questions relating to it, and ultimately ensure everyone can make the right informed decision.
- 11. The Board should consider regularly and clearly defining and communicating the roles and responsibilities of Board members and the CAO with regard to decision rights, delegations and other responsibilities to ensure clear accountability and effective decision-making.
- 12. The Board and staff should continue to explore ways to bring municipal interests and perspectives into the discussion at the Board and Committee meetings in order to help directors achieve a balance in discharging their dual fiduciary duties and reducing the likelihood of polarizing viewpoints dominating the meetings. Directors should also endeavour to manage the risk of polarizing discussions and seek to leverage Metro Vancouver staff to bring the right balance of information to reports and discussions. Training provided to Directors should also specifically address the inherent duality in fiduciary duties they face and provide guidance on how to seek the right balance (versus simply requiring them to take a Metro Vancouver regional perspective only).
- 13. The Board should consider developing a formal skills matrix to assist in the allocation of Committee roles and Board duties to directors, particularly if the resulting Board structures include non-elected officials. The maintenance and monitoring of this could be the responsibility of the Governance Committee.

#### *Strategy & Risk Management:*

- 14. The Board should lead a refresh of the strategic plan, seeking alignment around a common set of goals and initiatives. The exercise should consider the purpose of the organization, and the values, roles and responsibilities of the Board in executing it. There also needs to be a focus on strategies to continue to build trust and confidence with key stakeholders and the public.
- 15. The Board should consider introducing a program to assess the enterprise-wide strategic risks facing Metro Vancouver and its strategic priorities. This effort should inform the Board and management as to the key risks facing the organization, and the strategy to mitigate and increase resilience to these risks.
- 16. The Board should consider strengthening the Internal Audit function, focused on assessing and reporting to management and the Board (Finance Committee) on the design and effectiveness of internal controls and other specific operational risks. Initial internal audits should focus on the areas of most concern to the Board (e.g. strategic risks, project management oversight, financial controls, etc.).

#### *Policies & Process:*

- 17. The Board should consider a comprehensive review of bylaws, policies and procedures, to ensure they are current and appropriate, but also to identify ways to simplify them for ease of use, understanding and adoption. In some instances, they may require enhancement to provide further clarification and direction for those utilizing them.

- 18. The Board should consider enhancing Board training to ensure there is a stronger understanding of key policies and Board procedures.
- 19. The Board and Committee Chairs should strictly enforce speaking time limits, repeating speakers, keeping discussion to the confines of the motion at hand, restricting additive commentary while allowing opposing commentary, and otherwise ensuring directors respect each other, staff and the Board's time. In some situations, this may also be encouraging silent voices to speak. Where possible, Board members should ensure they are present for the duration of Board meetings. A mechanism for identifying those Board members not eligible to participate in specific discussions should also be implemented.
- 20. The Board should investigate electronic voting solutions in the Board room to preserve the integrity of voting and avoid unnecessary prolonged roll call voting.
- 21. The Board should seek to be apprised of cumulative expenditures, such as those with change orders aggregating to total balances over the Board approval threshold.
- 22. The Board should define and document decision-making processes with the intent of improving decision-making efficiency and managing conflict.
- 23. The Board should investigate creating an effective dispute resolution mechanism between Board and member jurisdiction councils and management.
- 24. The Board should consider making Board meeting attendance in person mandatory. While Committee meetings may take advantage of video-based meeting technologies (e.g. Zoom, Teams, etc.), where possible Board meetings should be in-person to facilitate more transparent dialogue and stronger networking and relationship building opportunities.
- 25. The Board should work with staff to find ways to close the information and knowledge gap between the Committees and the Board. Also, where possible, decisions should not be elevated to the Board until the appropriate directors (i.e. those with concerns or vested interests but not present on the Committee) can be consulted or their concerns be incorporated into the decision-making process. Similarly, directors should encourage their member jurisdiction management to participate and elevate key recommendations, facts or opinions into the staff advisory committees.

*Information:*

- 26. The Board should continue reviewing the Board materials with the objective of seeking ways to streamline or organize the information in a way that enhances the ability of the directors to better read, understand and govern. This may include revisiting which informational reports are elevated to the Board and how they are presented.
- 27. The Board should consider supporting more complex or controversial decisions with brief staff presentations oriented toward educating the Board regarding the decision at hand, options considered, and the implications and risks.
- 28. The Board should work with member jurisdictions to ensure robust analysis, especially in the identification of risk and financial implications for key stakeholders, is present in Board reporting. Although there is a substantial amount of reporting to the Board, it can lack these key elements critical for Board decision making.
- 29. The Board should consider staff presentations or Board reports include multiple options for the Board to consider, where practical. Committees and staff do consider different treatment options for significant expenditures, but are encouraged to provide the preferred option and the supporting rationale for the Board's decision. However, the broader Board may need to

understand alternative options, the risks relating to each and the rationale for dismissing them.

- 30. Board members should seek to leverage Metro Vancouver staff as the key source of information. Pragmatic and legally acceptable protocols should be utilized regarding information communication in order to better facilitate the sharing of information with Committee members and other key stakeholders. These mechanisms should be highlighted in Board orientation and ongoing education.
- 31. The Board should ensure, for large complex and capital-intensive projects, management continue to provide regular updates to the Board as the project progresses. Directors are seeking transparency regarding actual expenditure on capital projects relative to the original budgeted amounts. Similarly, they are seeking clarity on the accuracy of forecasted project expenditures and the implications and possible extent of forecast adjustments on their member jurisdictions.
- 32. The Board should work with Metro Vancouver staff and municipal staff to find more efficient methods of integrating municipal planning with Metro Vancouver strategies and projects. Investments in housing, transportation, growth, etc. are both regional and local, therefore should be included in more cohesive planning integration between Metro Vancouver and its member jurisdictions.

#### *Culture & Behaviours:*

- 33. The Board should consider revisiting its code of conduct to ensure it does directly address respectful and productive behaviours in the Board and Committee meetings. The communication of this code of conduct should include a specific workshop or similar training to allow open discussion around expected and desired behaviours.
- 34. The Board should explore new avenues for communication between the Board and staff. This includes both within and outside of the Boardroom. Forums for enhanced informal dialogue between Board directors and management could provide additional clarity and foster a stronger environment of trust. Similarly, Board directors should seek to take advantage of and encourage the hosting of these conversations in their member jurisdictions.
- 35. The Chair should continue to reinforce the need for all directors to take a regional perspective at the outset of meetings. Opportunities to reinforce the ability to effectively balance the regional and local perspectives should be explored.
- 36. We recommend the Board consider implementing some form of Board performance assessment to solicit and identify opportunities to enhance group and individual behaviour. If possible, the Chair should meet with Board members as necessary to reinforce key messages.
- 37. The role of Board Chair is a critical one. They are the conductor of the Board. The Board should consider investing in specific Board management training and education for future Board Chairs.

#### *Remuneration:*

- 38. The Board should consider maintaining the current \$547/meeting stipend as it appears reasonable and allows flexibility in managing meeting attendance and frequency, but revisit it on an annual basis to ensure it remains appropriate. We have identified opportunities throughout this report to create efficiencies and reduce the total individual remuneration expenses.

- 39. The Board should consider eliminating the double meeting stipend for meetings over 4 hours and seek to create efficiencies in the meeting agenda and schedule to manage within this timeframe.
- 40. The Board should consider replacing the monthly retainer for Committee Chairs with a double meeting fee for any committee meetings held. This would eliminate payment for Committee meetings that do not occur, but still provide Chairs with a preparation and attendance meeting stipend for meetings held.
- 41. The Board should consider removing the payment of a double meeting stipend for travel days and conference attendance.
- 42. The Chair, Vice-Chair and Committee Chair total remuneration appear reasonable relative to other comparatives (such as municipal mayoral/council salaries, BC public sector Crown and agency Board remuneration, and other similarly complex regional governance bodies and utilities across Canada). No change is recommended in this formula, however it should continue to be assessed on a periodic basis to ensure alignment with other similar public sector entities. The exception to this would be a shift to a new Board structure (e.g. Hybrid Structure), in which case the Board and Chair remuneration may need to be reconsidered to accommodate the recruiting of qualified non-elected officials.
- 43. The Board should consider a review of Board travel policies to ensure equitable access to learning or representation opportunities, in a manner that respects the financial costs of this travel.
- 44. The Board should consider a threshold for non-payment of the meeting stipend – perhaps for those attending Zoom meetings of less than 30 minutes hour in duration, or some other similar minimum threshold. This could incentivize the deferral or consolidation of these meetings.
- 45. Review and reduce the number of external Board appointments that are not explicitly required under agreement or otherwise seen as beneficial to Metro Vancouver. Directors may be willing to attend as an unpaid Board member, but the primary governance objective is to not overload Board directors with ancillary or unrelated activity, and to reduce the remuneration costs associated with these attendances.
- 46. Introduce maximums for the number of meetings attended per year to ensure directors are not overloaded from a governance perspective, and to prevent the perception of excessive remuneration. For example, 50 meeting stipends (i.e. weekly) per year are approximately \$27,000.
- 47. Given the consolidated disclosure in the BC government SOFI, the Board could consider proactively publishing a simple more transparent disclosure of Board remuneration and travel expenses to promote comparability and transparency.

#### *Provincial Consideration:*

- 48. Providing detailed Crown, agency and local government-related income data in a simple, publicly accessible format may alleviate some remuneration pressure on the regional mayors and Metro Vancouver directors, as it would create greater visibility and more transparency regarding the equity of compensation across the BC public sector.
- 49. Consider introducing a cap or maximum remuneration threshold for total income from all local-government-related appointments (such as Metro Vancouver, TransLink, E-Comm 9-1-1, etc.). For example, this amount might not exceed that of a BC Provincial Cabinet Member (currently \$183,085). Other than managing the risk of role accumulation, it would serve as a mechanism for ensuring roles are appropriately allocated and therefore governance risks relating to Board responsibility overload are minimized



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