

CA

DOWNTOWN NANAIMO
PARTNERSHIP SOCIETY
REVIEW

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DOWNTOWN NANAIMO PARTNERSHIP SOCIETY REVIEW

1.0 INTRODUCTION AND BACKGROUND

The Downtown Nanaimo Partnership Society (DNPS) review was initiated following the 2009 renewal of the two downtown Nanaimo Business Improvement Area Bylaws. Over the course of the renewal process it became evident that there was broad support for review of the organizational structure of the DNPS as the governing body for the BIA's. The City of Nanaimo committed funds and retained independent professional assistance to facilitate this review.

Although this report focuses on a number of problems with the existing organizational structure in downtown Nanaimo, it is important to take time to point out the many strengths of the various organizations dedicated to building and strengthening the downtown. The Nanaimo City Centre Association (NCCA), incorporated in 1972, has work towards revitalization of Nanaimo's downtown for almost four decades. The Old City Quarter came into existence in 1993 and has worked diligently ever since to promote the Fitzwilliam Street area of the Downtown.

The revitalization of downtown Nanaimo has been the focus of much effort for almost forty years. Over this time much has been accomplished including significant public works projects that rebuilt much of the downtown public street and sidewalk infrastructure (1980's), construction of the Harbourside walkway and Swy-a-lana Lagoon (1980's), restoration and renovation of many buildings in the downtown, creation of the first BIA's in British Columbia (1988), development of the Port Theatre and Library (1998), improvements to the Old City Quarter Wesley streetscape (2000), opening of the CIBC Arts Centre (2001), construction of many new buildings and most recently the opening of the Vancouver Island Conference Centre. These are significant achievements and it is worth taking a moment to reflect on both the achievements and on the many volunteers, staff and elected officials who contributed time and energy to bring about their completion and success.

Throughout the interviews conducted for this review many comments were made regarding the strengths of the DNPS and downtown Nanaimo. Among those mentioned were the resources of the DNPS including BIA levies and City matching funds, the large area included in the two BIA's, the history of commitment to the Downtown, and the support of the City of Nanaimo. Further, mention was made of the strengths of the downtown in general including its absolutely incredible natural setting alongside the harbour, a charming street pattern, unique areas such as the Old City Quarter, an attractive adjacent residential area, and interest in residential construction in the downtown. Many downtowns don't have these tremendous advantages and at times perhaps, while focused on issues and conflict, it is easy to take these for granted.

The road to revitalization of Nanaimo's downtown has not been smooth yet in spite of the many challenges along the way truly great things have been accomplished. This review looks to build on the past successes of the revitalization efforts and to suggest a future path for the next phase of renewal of downtown Nanaimo.

2.0 REVIEW OBJECTIVE

The objective of the Downtown Nanaimo Partnership Society review was:

- 1) to examine the organizational structure of the Downtown Nanaimo Partnership including: roles & responsibilities; organizational mandates; accountability and transparency; general membership; board structure and membership; internal and external relationships, and
- 2) to propose options for organizational restructuring.

3.0 APPROACH

The Downtown Nanaimo Partnership Society review was a collaborative process involving key DNPS stakeholders.

The review consisted of a number of steps including:

- **Review of the existing DNPS structure** and relationships with founding partners;
- **Review of relevant documents** (DNPS Constitution, DNPS Contribution Agreement, BIA Bylaws 1 & 2, and *Downtown Nanaimo: An assessment of downtown Nanaimo's opportunities for revitalization.*)
- **Interviews** with City of Nanaimo Mayor, Councillors & staff, DNPS Chair & staff, NCCA leadership, OCQA leadership, others (Interviews were conducted on May 15, May 29 & June 3).
- **Identification of current organizational issues** and concerns;
- **Environmental scan** of downtown/BIA organizational structures and best practices in other BC communities;
- **Development of organizational structure options** with recommendations; and
- **Presentation of options** for restructuring of the DNPS.

4.0 REVIEW OF EXISTING DNPS STRUCTURE

The DNPS is constituted as a not for profit society and is structured as a partnership with the Nanaimo City Centre Association (NCCA), the Old City Quarter Association (OCQA) and the City of Nanaimo (City) as founding partners.

The DNPS brought together the common interests of the NCCA, OCQA and the City of Nanaimo and was formed to provide a single corporate entity to oversee the revitalization of downtown Nanaimo.

The DNPS is a registered society overseen by a board of directors. The board consists of eleven members including 3 directors appointed by the NCCA, 2 directors appointed by the OCQA, 3 directors appointed by the City of Nanaimo and 3 directors appointed jointly by the 8 directors from the NCCA, OCQA and the City of Nanaimo. All directors are full and equal voting members of the board.

The DNPS has no membership beyond its board of directors.

Funding for the DNPS comes from two primary sources: the BIA levies and a matching grant from the City of Nanaimo. Prior to the 2009 renewal of the BIA's, the BIA levies flowed through the NCCA and the OCQA to the DNPS. With the 2009 renewal, the BIA levies flow directly to the DNPS.

5.0 IDENTIFICATION OF CURRENT ISSUES AND CONCERNS

There are a variety of interests amongst the founding members of the DNPS and therefore a range of issues and concerns regarding the existing organizational structure of the DNPS. A start up meeting attended by the DNPS founding partners was held April 30, 2009 and was an important first step in the DNPS review process. The concerns and issues raised at this meeting revealed a surprising level of agreement on the primary issues and challenges currently facing the DNPS.

Following the startup meeting interviews were conducted with key individuals and organization leaders involved in downtown. Meetings and/or discussions were held with the following individuals:

- o DNPS: Matt Hussman, DNPS Executive Director & DNPS Chair/Councillor Merv Unger
- o NCCA: Bruce Barnard, NCCA President & DNPS Director, Blake McGuffie, NCCA Director & DNPS Director, Kim Smythe
- o OCQA: Eric McLean, OCQA President & DNPS Secretary, Dee Klein & Kristo Zorkin
- o City of Nanaimo: Mayor John Ruttan, Councillor Merv Unger (also DNPS Chair), Jerry Berry & Andrew Tucker)
- o Others: Rick Hyne, Kevan Shaw, & George Leshchuk

The issues and concerns identified fall into three topic areas each of which is discussed in detail below:

DNPS Governance and structure

DNPS Accessibility, accountability and transparency

DNPS Role and mandate

5.1 Governance & Structure

The governance and structure of the DNPS were repeatedly identified as challenges. More specifically detailed concerns were raised regarding the board structure and the DNPS membership.

5.1.1 Board Structure: As detailed previously the DNPS Board is not directly elected but rather its members are appointed by other organizations: the NCCA, OCQA and the City of Nanaimo. There are also three at large directors appointed by the 8 appointees. This structure is seen as being convoluted and cumbersome resulting in multiple layers of decision making necessitated by the appointment of directors by organizations to which they are accountable.

Further, the dual role of elected officials is seen as on the one hand an advantage by having the expertise and knowledge of the city councillors at the DNPS table and on the other hand a source of role confusion and potential conflict when councillors are required to vote at both the DNPS Board table and the Council table.

***Observations:** The DNPS was structured to meet the needs of the community at the time it was formed. It seems to have served its purpose well. At present however, there is a general consensus that a simplified organizational structure would better meet the current circumstances of the downtown. Further, the indirect appointment of the board members has fostered criticism because of the lack of direct relationship between the BIA levy contributors and the Board. Although there is indirect representation through the OCQA and the NCCA the current board structure is in effect "taxation without representation." The Board structure issues are fundamental to the governance problems of the DNPS and therefore should be addressed as a priority.*

It should be noted that there is no other BIA in British Columbia that has its Board appointed rather than elected by its membership. Nor is there another BIA in BC that includes council members on the BIA Board. However, it should also be noted that there is no other BIA in B.C. that receives a BIA matching grant from its local government.

It is suggested here that the DNPS board directors should be directly elected and that the City be represented at the DNPS Board table in the form of an ex officio (non- voting) director.

5.1.2 DNPS membership: DNPS membership is currently limited to the members of the Board. This is viewed as problematic as the closed membership presents a barrier between BIA contributors and the Board that oversees the expenditure of BIA funds.

Observations: The limited membership presents a problem similar to those noted above regarding the DNPS Board structure. All other BIA's in BC have open membership. Further, across the province generally both property owners and business license holders within BIA areas are eligible for membership in the BIA. The closed membership issues are also fundamental to the governance problems of the DNPS and therefore should be addressed as a priority along with the board membership issues.

5.2 Accessibility, Accountability & Transparency

A number of issues related to accessibility, accountability and transparency of the DNPS were cited as concerns. The criticisms all relate to fundamental aspects of the DNPS structure and practices.

5.2.1 Accessibility: Concerns were heard that the DNPS Board and staff were not accessible to BIA members. Coupled with these concerns were questions regarding the quality and quantity of communication and reporting to the BIA membership. The organizational structure of the DNPS and its founding partners presents confusion around "who does what" with respect to communications. It

is unclear as to who has been responsible for communications to the BIA members, the DNPS or the NCCA and the OCQA?

In the end, it appears this structure resulted in insufficient communication to the BIA members and role confusion regarding the responsibilities of the various organizations.

Observations: *Without belaboring the point, accessibility to staff and board members is fundamental to good governance. The decision makers and staff need to be accessible to the BIA contributors and further, communication and reporting to the BIA contributors is essential to the overall success of the BIA's and the downtown.*

5.2.2 Accountability: At present the DNPS Board is accountable to the founding partner organizations (OCQA, NCCA & the City of Nanaimo.) It is thus not directly accountable to the BIA property owners or businesses.

Observations: *The DNPS needs to be directly accountable to those who contribute the BIA levies. In order for this to be the case, Board members need to be directly elected by the BIA contributors.*

5.2.3 Transparency: Criticisms were heard from BIA members regarding difficulty in accessing DNPS meeting minutes and financial reports. There were also concerns expressed about meetings not being held in open.

Observations: *Accessibility to information and decision makers is fundamental to good governance. Other than exceptional circumstances e.g. personnel issues, all Board meetings should be held in open and all meeting minutes and financial reports should be readily available to BIA members and the City of Nanaimo. Failure to make this information readily available breeds criticism and discontent as recent events have demonstrated.*

5.3 DNPS Role and Mandate

The constitution of the DNPS details its purpose as follows:

"The purposes of the Society are:

- a) To move the downtown closer to the following vision described for Downtown Nanaimo in the report titled "Downtown Nanaimo: an assessment of downtown Nanaimo's opportunities for revitalization," by the National Trust for Historic Preservation's Main Street Centre, Washington, DC dated September 2000: *"Downtown Nanaimo is the heart of the City, a people friendly and unique place because of the harbour and the history evident in the heritage sites, events and physical design of downtown. Downtown attracts residents, businesses, government, professional services and tourists because of its beauty, spectacular waterfront, excellent transportation links, arts and culture events and facilities, culinary attractions, diverse shopping, and lifestyle opportunities, all within a positive and strong economic environment"* by:
 - i) promoting the revitalization of Downtown Nanaimo as the historic, economic and cultural centre of Nanaimo;
 - ii) promoting the economic vitality of Downtown Nanaimo;
 - iii) promoting the preservation of heritage buildings and structures and the addition of new people-friendly development that enhances Downtown Nanaimo; and
 - iv) promoting Downtown Nanaimo as a business, residential, shopping, festival and travel destination;

- b) To promote positive, respectful and dynamic relations between the Snuneymuxw First Nation and the general community in areas that contribute to the enhancement and revitalization of downtown Nanaimo; and
- c) To raise money for the furtherance of its purposes by contributions, donations, and grants.”

Further, the DNPS goals and objectives as outlined on the DNPS website are consistent with the DNPS Constitution. The 2009 DNPS goals fall under four general headings:

- Safety and security initiatives
- Parking initiatives
- Promotion, marketing, and special events:
- Other

Observations: *The mandate and purpose of the DNPS as outlined in its constitution and its website are consistent with the BIABC Handbook for BIA's. As the corporate body managing the BIA funds its focus is consistent with other BIA's across the province and with the intent of the BIA legislation in the Community Charter. Although the structure of the DNPS needs attention, the mandate of the organization is sound.*

6.0 ENVIRONMENTAL SCAN OF BIA ORGANIZATIONAL STRUCTURES AND BEST PRACTICES IN OTHER BC COMMUNITIES

There are more than two decades of experience with BIA's in B.C. and so the organizational structures and practices used in other communities provide a useful source of experience and expertise for Nanaimo to draw on. Patricia Barnes, BIABC President and Hastings North BIA Executive Director was consulted and various BIA websites were reviewed. Further, the BIA BC Handbook, an excellent resource for best practice information for BC BIA's, was used in this review.

BIABC confirmed there are no examples of BIA's similar to Nanaimo in the province; the situation of two BIA's in such close geographic proximity working together is unique. Typically, BIA's cover a single geographic area and work independently. Nanaimo's situation is unusual and presents unique organizational challenges.

With respect to **BIA membership and board structure**, all BIA's in BC have open membership and boards of directors directly elected by the BIA membership. No boards include elected officials from local government.

Membership in a BIA organization can be automatic or voluntary. For example, the Courtney BIA membership is automatic by virtue of a business or property being located in the BIA area. In the City of Victoria, you must apply to join the Downtown Victoria Business Association and pay a nominal \$5.00 membership fee. In Vancouver the membership is automatic but you must register to permit voting at an annual general meeting.

Proxy votes may or may not be allowed in a BIA bylaw. The BIABC Handbook offers detailed advice on how to provide for proxy voting.

Funding for BIA's across the province is primarily derived from BIA levies and there are no known examples similar to the Nanaimo model where a BIA receives matching grant funds from the local government.

Finally, with respect to **annual general meetings** and election of the board of directors it is standard practice in the 14 City of Vancouver BIA's for the City to provide a staff member to oversee the annual general meeting and election process.

For further detailed information the BIABC Handbook can be found at:
http://www.bia.bc.ca/index.php?page_id=1034

7.0 DNPS ORGANIZATIONAL STRUCTURE OPTIONS

If the DNPS is to continue to evolve and be a successful organization overseeing BIA funds and renewal of downtown Nanaimo, its basic structure needs to change. It needs to cease to be an arms length, multi-layered, byzantine organization and become an accessible, directly accountable, and transparent organization.

A number of principles were considered in developing the DNPS organizational structure options.

Principles:

- The primary purpose of a BIA is to create a mechanism through which businesses can work collectively for their common benefit.
- Because levies & public funds are involved, the BIA governing organization must be accountable, transparent, accessible, and responsive to its membership; these are fundamental to good governance.
- All contributors of BIA levies should have a say in the decision-making of the BIA governing organization. Taxation should have representation.
- The leadership of the BIA governing organization should be representative of its membership; this principle is fundamental to good governance.
- The BIA governing organization should be focused on its core work and services. This will help to ensure efforts and resources are appropriately allocated and targeted.

Let it be said that if Nanaimo was starting with a blank sheet of paper there would be a single BIA with a single governing body. There is however a long history that brought about the creation of the DNPS, the NCCA, the OCQA and the two current BIA Bylaws and it is accepted that the creation of a single governing body with a single BIA is not possible at this time.

The options outlined span a continuum from do nothing and maintain the status quo to a single organization overseeing the two BIA's in the Downtown.

In all options it is assumed that best practices will be adopted to address concerns related to accessibility and transparency. For certainty these include the following:

- With few exceptions, meetings of the DNPS should be open to BIA business and property owners, and staff and elected officials of the City of Nanaimo.
- Meeting agendas and minutes, and financial reports should be made readily available to BIA businesses and property owners, and staff and elected officials of the City of Nanaimo. Preferably these will be made available on the DNPS website in a timely fashion.
- Also, as suggested in the BIABC Handbook, the following will be made readily available to BIA businesses and property owners: mission and/or vision statement; list of Board of Directors and contact information (phone, fax, e-mail); list of members and contact information (phone, fax, e-mail); copies of marketing materials; copy of approved budget; maps illustrating BIA boundaries; and a welcome package for new members

In addition, all options propose an open membership to all businesses and property owners in the two BIA areas.

The following outlines four possible organizational structures for the DNPS.

Option 1 – Status Quo

The DNPS Society would be reconfigured as follows:

- Automatic membership of all BIA property and business owners;
- 11 member board (plus 1 ex officio member);
- 2 board directors appointed by the Old City Quarter;
- 3 board directors appointed by the Nanaimo City Centre Association;
- 6 board directors elected at large by the DNPS membership; and
- 1 ex officio (non-voting) board member appointed by the City of Nanaimo.

This option would move the DNPS marginally toward being an independent business organization serving its membership and the community as a whole. The DNPS would be a membership organization and the majority of the board members would be elected at large by the membership. The two BIA areas would be represented in much the same way as they are now. The City of Nanaimo interests would be represented by an ex officio member.

Option 2 – Modified Status Quo

The DNPS Society would be reconfigured as follows:

- Automatic membership of all BIA property and business owners;
- 11 member board (plus 1 ex officio member);
- 1 board director appointed by the Old City Quarter;
- 2 board directors appointed by the Nanaimo City Centre Association;
- 8 board directors elected at large by the DNPS membership; and
- 1 ex officio (non-voting) board member appointed by the City of Nanaimo.

This option increases the number of directors elected at large and reduces appointed board members. Arguably, this board make up would result in a better representation of the DNPS membership than the previous option.

Option 3 – The Ward System

The DNPS Society would be reconfigured as follows:

- Automatic membership of all BIA property and business owners;
- 11 member board (plus 1 ex officio member);
- 1 board director elected from the Old City Quarter;
- 2 board directors elected from BIA 1 area exclusive of the light industrial east of Nicol Street and Victoria Crescent areas;
- 1 board director elected from the light industrial area east of Nicol Street;
- 1 board director elected from the Victoria Crescent area;
- 6 board directors elected at large by the DNPS membership; and
- 1 ex officio (non-voting) board member appointed by the City of Nanaimo

This option provides for representation from the different geographic areas in the downtown. It may be logical to draw the “wards” based on the previous six BIA area boundaries. This option may help to address some of the concerns raised by the critics of the BIA renewal process but may also lead to galvanization of “silos” created by the “ward” representation.

Option 4 Single organization – two BIA's

The DNPS Society would be reconfigured as follows:

- Automatic membership of all BIA property and business owners;
- 11 member board (plus 1 ex officio member);
- All board directors elected at large by the DNPS membership; and
- 1 ex officio (non-voting) board member appointed by the City of Nanaimo

Option 4 would closely reflect the practices of most BIA's across the province. It is the simplest of the organization models. A single organization would provide not only a direct relationship between the BIA contributors and the DNPS Board it would also be simple and clear to understand. Further, this simple structure would eliminate the byzantine reporting and decision making paths of the existing organizational structure.

This option could include directors specially elected from the Old City Quarter and the Victoria Crescent areas if specific representation was deemed necessary. Alternatively, the DNPS could establish an OCO committee to focus specifically on the needs and aspirations of the OCO BIA area.

DOWNTOWN NANAIMO PARTNERSHIP REVIEW

Table 1 COMPARISON OF OPTIONS

	Number of Board Members	Board Members directly elected by membership	Ex Officio board member (City of Nanaimo)	Board Members appointed by the NCCA	Board Members Appointed by the OCQA	Board Members Elected from wards
Option 1 Status Quo	11	6	1	3	2	-
Option 2 Modified Status Quo	11	8	1	2	1	-
Option 3 Ward System	11	6	1	-	-	5
Option 4 Single Organization – 2 BIA's	11	11	1	-	-	-

8.0 RECOMMENDATIONS

With regard to accessibility and transparency, the recommendations noted in Section 7.0 of this report are repeated below.

Recommendation 1

With few exceptions, meetings of the DNPS should be open to BIA business and property owners, and staff and elected officials of the City of Nanaimo.

Recommendation 2

Meeting agendas and minutes, and financial reports should be made readily available to BIA businesses and property owners and staff and elected officials of the City of Nanaimo. Preferably these will be made available on the DNPS website in a timely fashion.

Recommendation 3

Also, as suggested in the BIABC Handbook, the following will be made readily available to BIA businesses and property owners: mission and/or vision statement; list of Board of Directors and contact information (phone, fax, e-mail); list of members and contact information (phone, fax, e-mail); copies of marketing materials; copy of approved budget; maps illustrating BIA boundaries; and a welcome package for new members

With regard to Board accountability the following recommendations are offered:

Recommendation 4

The DNPS should have an automatic open membership available to all businesses and property owners in the two BIA areas. All members should have to register to be eligible to vote at an annual general meeting. Only one vote per registered company or property owner should be permitted.

Recommendation 5

Proxy voting should be allowed subject to restrictions – the BIA Handbook should be used as the guide for policy in this area.

Recommendation 6

Option 4 Single organization – two BIA's is recommended for restructuring of the DNPS. This option closely reflects the practices of most BIA's across the province and is the simplest of the organization models. A single organization would provide not only a direct relationship between the BIA contributors and the DNPS Board; it would also be clear and simple to understand. Further, this simple structure would eliminate the byzantine reporting and decision making paths required by the existing DNPS organizational structure.

9.0 NEXT STEPS

A number of steps are recommended following submission of this report to the City of Nanaimo:

Report out to Founding Partners & Stakeholders

A meeting should be held of the founding partners in order to present the findings of the report. Further, the founding partners should be given time to review the report with their members and provide comment.

Report out to the BIA Membership

A public meeting should also be held to provide information to the BIA members.

DNPS Constitutional Renewal

If there is reasonable agreement on one of the options a number of technical steps will be required for DNPS constitutional renewal including:

- Consideration of the report options by the existing DNPS Board;
- Revision & adoption of the DNPS constitution; and
- Holding of a DNPS general meeting for election of new directors.

DNPS Board Training and Corporate Strategic Planning

In addition, with the renewal of the DNPS and a new board, a commitment should be made to board training and strategic corporate planning for the DNPS. Training and planning will help with the renewal of the DNPS. Board training is an essential component of orientation for new board members in particular to raise the Boards understanding of their roles and responsibilities. Corporate Strategic planning for the DNPS for the five year BIA term and beyond will help the Board to steer the direction of the work of the DNPS and most importantly the strategic planning process will help target and focus the resources of the DNPS on priority initiatives. The corporate strategic plan should be revisited, refined and renewed each year. This process should also help to prepare the DNPS for the next BIA renewal process.

APPENDICIES

DNPS Constitution

DNPS Contribution agreement

Nanaimo BIA Bylaw 1

Nanaimo BIA Bylaw 2