



IN CAMERA COUNCIL REPORT

Report Date: November 23, 2023
Contact: Patrice Impey
Contact No.: 604.873.7610
RTS No.: 15953
VanRIMS No.: 08-2000-20
Meeting Date: December 12, 2023

TO: Vancouver City Council
FROM: General Manager of Finance, Risk and Supply Chain Management
SUBJECT: EasyPark Governance and Statement of Services and Responsibilities (SSR)

In Camera Rationale

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the Vancouver Charter:

(k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

Recommendations

- A. THAT Council endorse the use of a non-binding Statement of Services and Responsibilities to govern the client relationship among the City, the Park Board and EasyPark.
- B. THAT Council endorse the process, as outlined in Appendix A, for selecting independent directors to serve on the Vancouver Parking Corporation dba EasyPark ("EasyPark") Board of Directors.
- C. THAT Council delegate the City's authority as the majority Class A and sole Class B shareholder in the capital of EasyPark to the City's Director of Legal Services to take the actions and sign the documents that are necessary for EasyPark to conduct its annual corporate business, including annual shareholder resolutions appointing EasyPark's directors.
- D. THAT Council delegate the City's authority as the majority Class A and sole Class B shareholder in the capital of EasyPark to the City's Director of Legal Services to take the actions necessary, including signing EasyPark shareholder resolutions, to increase the maximum number of directors that may serve on the EasyPark Board of Directors from nine to eleven.

Purpose and Executive Summary

This report seeks Council direction to endorse the use of a new non-binding Statement of Services and Responsibilities (SSR), to govern the client relationship among the City, the Park Board and EasyPark, endorse a recommended process for selecting independent directors to serve on the EasyPark Board and increase the maximum EasyPark Board size from nine to eleven.

Following the City's February 2021 purchase of the Downtown Vancouver Association's EasyPark shares, this new SSR was developed to support an efficient and effective operational relationship between the City, the Park Board and EasyPark's Board of Directors, management, and staff.

The recommended process for selecting independent directors and proposed increase of the EasyPark Board size will further improve the effectiveness of the EasyPark Board and address skills, diversity, and succession planning requirements.

Council Authority/Previous Decisions

On November 18, 2020, Council directed Staff to negotiate and execute a share purchase agreement with the Downtown Vancouver Association ("DVA"). The objective of that transaction was to obtain City of Vancouver control over who is appointed to EasyPark's Board of Directors, to improve the transparency of EasyPark's operational and financial performance for the City of Vancouver, and to appropriately align the strategic direction and financial and operational objectives of EasyPark and the City of Vancouver.

On [June 8, 2021](#), Council approved a set of resolutions concerning EasyPark's governance and mandate in camera. This report addresses the outstanding resolutions D and F, the full text of which is contained below.

- Resolution D. THAT Council direct staff to report back on a recommended process for selecting directors other than the City of Vancouver and the Downtown Vancouver Association representatives to serve on the EasyPark Board of Directors.
- Resolution F. THAT Council direct staff to report back on an updated mandate for EasyPark and a proposed new management and operation agreement between the City and EasyPark.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

In 1948, a number of Vancouver businesspeople who were affiliated with the DVA incorporated the Downtown Parking Corporation Limited ("DPC") to attract shoppers to downtown Vancouver in response to suburban shopping mall developments. In the early years, the City typically leased lots owned by the City to DPC. In 1953, due to limited funds, tax considerations, and little development opportunity, the owners of the Class B shares in the capital of DPC, which generally receive DPC's dividends, transferred all of the Class B shares of DPC to the City.

In 1995, the Downtown Parking Corporation Limited ceased to be a British Columbia company and became a federal company known as the Parking Corporation of Vancouver. Today, the Parking Corporation of Vancouver, now known as EasyPark, provides off-street parking management and operations services, predominantly in Vancouver, to the City and the Park Board and to a few non-City clients.

EasyPark operates the City and the Park Board's leased and owned off-street parking facilities under a 1998 Master Agreement covering City parking facilities and a 2018 Operating Agreement covering Park Board parking facilities. In 2022 the net revenue generated from these City and Park Board parking facilities was approximately \$12.75m and \$7.4m, respectively. The 1998 Master Agreement is outdated, unclear, and incomplete, and the City identified the need for a new and modernized agreement for its off-street parking services. An opportunity was identified for City and Park Board parking facilities to be covered under one single agreement.

Due to its history, EasyPark has a complex governance structure. The City is EasyPark's majority shareholder and holds 91 percent of all of the issued and outstanding shares in the capital of EasyPark. The City also holds 6 of 10 Class A shares following a share purchase in June 2021 where the City purchased Class A shares in the capital of EasyPark from the Downtown Vancouver Association's (DVA).

That share purchase resulted in the City becoming the majority Class A shareholder in the capital of EasyPark which elects EasyPark's board of directors, and owner of 90 of 90 Class B non-voting shares, which has the right to EasyPark's assets if it were to be dissolved and receives all of EasyPark's dividends. The City now essentially controls board appointments other than the DVA representatives.

The remaining four Class A shares are assigned to four of the appointed external independent directors of EasyPark's board of directors in accordance with EasyPark's bylaws. The board of directors of EasyPark is comprised as follows:

- A member of City Council - appointed by the City,
- Two City Staff members - appointed by the City,
- Two DVA representatives - appointed by the DVA, and
- Four external independent directors - appointed by the City.

Per the EasyPark Bylaws, each Board Director is appointed for a two-year term, with a maximum of four terms per director. Appendix B contains the composition of the current EasyPark Board of Directors.

Discussion

A. Endorse the use of a new non-binding Statement of Services and Responsibilities

Staff are recommending Council endorse the use of a new non-binding Statement of Services and Responsibilities to govern the client relationship among the City, the Park Board, and EasyPark. The City, the Park Board, and EasyPark have worked together to develop a new non-binding SSR, which addresses the need for a modernized agreement and will replace the existing agreements in place for both the City and the Park Board. The SSR will state the services that EasyPark will provide at the parking facilities owned or leased by the City and the

Park Board and list the operational responsibilities that each Party will have at the various parking facilities.

The SSR is intended to simplify the operational relationship between the City, the Park Board, and EasyPark and provide clarity on each Party's responsibilities.

The City has an established internal governance process to oversee the relationship with EasyPark. The internal EasyPark Oversight Committee consists of the:

- Deputy City Manager,
- GM Real Estate, Environment and Facilities Management (or delegate),
- GM Finance, Risk, and Supply Chain Management (or delegate),
- GM of Engineering (or delegate), and
- GM of Park Board (or delegate).

The EasyPark CEO, the EasyPark Board and the City's EasyPark Oversight Committee have endorsed the SSR in advance of presenting to Council.

The summary of key changes from previous agreements in place are highlighted below.

THEME	KEY CHANGES
ENHANCE SCOPE	This SSR will cover both the COV and the Park Board under one single statement. Previously both the City and the Park Board had separate agreements in place.
SIMPLIFY	This SSR does not contain detailed operational data and schedules that are amended on an ongoing basis. Previous agreements included detailed operational data, which quickly became out of date such as rates and hours of operation. Operational data will now be contained online in a shared folder between EP and the City and periodically updated.
ALIGNMENT	This SSR supports the alignment of EasyPark with the City and the Park Board on priority strategies and policies. The previous Master agreement did not highlight the need to seek alignment between EasyPark, the City and the Park Board on priority strategies and policies.
FLEXIBILITY	EasyPark, the City and the Park Board are related entities. It is consequently not necessary to make the SSR legally binding or to include standard legal clauses such as termination rights, term, indemnity etc. The City essentially owns EasyPark and has the authority to appoint most of the Board and thus EasyPark's officers. Any issues between the parties can be addressed at the Board level. The SSR provides flexibility to address operational needs without Council approval.

CUSTOMER FOCUSED	Supports increased focus on the end customer in order to maximize revenue and enhance customer experience. Section included in the SSR focused on customer service management and customer focused service metrics.
------------------	---

B. Endorse a recommended process for selecting independent directors

At the In Camera meeting held June 8, 2021, Council directed Staff to report back on a recommended process for selecting and approving directors other than the City of Vancouver and the Downtown Vancouver Association representatives to serve on the EasyPark Board of Directors.

Staff have reviewed the EasyPark Board's independent director Identification and Selection process, which is attached in Appendix A. City staff recommend that Council approve EasyPark continuing to choose its independent board members through this process. The selection process has been used to this point and has produced high-functioning Boards.

There are options on what role City staff and Council play in approving the directors identified through the EasyPark Identification and Selection process.

- Option 1: Council Approval of Selected Candidates: Candidates are identified and selected through the above mentioned process and brought to Council for approval. The City's Director of Legal Services would then sign all of the necessary documents to appoint those directors approved by Council.
- Option 2: Approval of Selected Candidates delegated to staff: Candidates are identified and selected through the above mentioned process. The City's Director of Legal Services would sign all of the necessary documents to appoint those directors.

Staff are recommending Option 2. EasyPark are experienced with and qualified to appoint an independent professional board. Two City Staff and one City Councillor sit on the EasyPark Board and are part of the independent director vetting process. If Council or staff is unhappy with EasyPark performance or specific EasyPark directors, they can replace any director at any time, change the selection process or require Council approval. Option 2 makes best use of Council and staff time.

C. Increase the EasyPark Board Size

The EasyPark Board Chair and Vice Board Chair recommend that the number of external independent directors be increased from a maximum of four to a maximum of six, increasing the total Board size from a maximum of nine to a maximum of eleven. Staff recommend this change based on the following rationale.

DVA and the City appoint five directors between them. Consequently, with a maximum of nine directors, there are currently only four external independent directors. Increasing this number to six will ensure the EasyPark Board is meeting all skills requirements and equity considerations, and improving opportunities for succession planning. There will be more flexibility to bring on candidates who can gain experience to then move into the various EasyPark Board and Committee Chair roles. A maximum Board size of eleven maintains an odd number.

Financial Implications

There are no financial implications associated with this report's recommendations.

Legal Implications

There are no legal implications associated with this report's recommendations.

APPENDIX A

EASYPARK BOARDS INDEPENDANT DIRECTOR APPOINTMENT PROCESS

Board Appointment Process – Independent Directors

(1) The GHR&N Committee establish a Nominating Committee. Normally consisting of the following:

Board Chair, Governance, Human Resources and Nominating (GHR&N) Committee Chair, and one or two other board /committee members.

(2) Identify skill sets required - based on the Board Skills Matrix and skills of current/remaining board members to identify gaps. This refers to the Board in its entirety.

The Board is allowed to recruit to fill vacancies with interim Directors at any time during the term. The interim Director's terms would officially commence at the next Annual General Meeting.

Appointment Process – Identification & Selection

- Public Posting – Appropriate for Corporate Boards eg Institute of Corporate Directors
- Current/past Board's networks.
- No job posting on EasyPark Website (Due to competitor concerns).

Criteria:

- Candidates must live and/ or work in Vancouver area.
- Previous corporate board experience.

Diversity:

- While ensuring required skill sets across the Board are met, the Board will strive to achieve at least 50% of members who identify as women and 50% of members from otherwise equity-denied communities. In selecting the Independent Board members, the Board will strive to achieve this diversity across the Board in its entirety.

2024-2025 Skills/Expertise required:

- Financial

General skills

- Governance
- Legal background
- Technology Strategy
- Financial
- Human Resources
- Business Development and Customer Relations
- Transportation – EG Parking

Vetting Process

- GHR&N Committee review applications and identify a short list of candidates.
- In person interview with the GHR&N Nominating Committee.
- Review final Candidate(s) selected with GHRN Committee.
- Recommendation for approval to the Board.
- City of Vancouver approval process.

**APPENDIX B.
CURRENT EASYPARK BOARD OF DIRECTORS COMPOSITION**

DIRECTOR	APPOINTING ENTITY	CURRENT TERM EXPIRY	CURRENT TERM NUMBER
1. Councillor Peter Meiszner	City Council	2025 AGM	First
2. Sheryl Lee (<i>Board chair</i>)	City Council	2024 AGM	Fourth
3. Patrice Impey (<i>Vice Board chair</i>)	City Council	2025 AGM	Second
4. Margaret Wittgens	City Council	2025 AGM	Second
5. Annette O'Shea	Downtown Vancouver Association	2025 AGM	First
6. Neil Wyles	Downtown Vancouver Association	2025 AGM	First
7. Margaret Vandenberg	City Council	2024 AGM	Third
8. Thomas Wong	City Council	2025 AGM	Second
9. Barry Macdonald	City Council	2024 AGM	Fourth