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REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, OCTOBER 11, 2023

SUBJECT **CAO Quarterly Progress Report No. 3, 2023**

ISSUE SUMMARY

To provide the Board with a quarterly update on Corporate Activities and Initiatives, progress made on the 2023-2026 Board and Corporate Priorities, Capital and Operating Budget Variances, and Human Resources and Corporate Safety statistics up to September 29, 2023.

BACKGROUND

In February 2023, the Board approved the *CRD Board Strategic Priorities 2023-2026* (the “*Board Priorities*”) that identifies five strategic priorities with 16 initiatives to be advanced over the four-year term. The Board Priorities Dashboard tracks progress on the Board and Corporate strategic priorities and will be presented quarterly to the Board. Core service priorities are prepared and reviewed annually in departmental Service Plans in alignment with Board and Corporate Priorities, with corresponding KPIs and other service information that is approved by the Board. The CRD, Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC) Financial Plans are reviewed and approved annually, and staff have developed a quarterly variance report to highlight differences between budget and actual expenditures on capital projects over \$500,000. An update on non-confidential human resources matters, including labour relations and workforce trends is also included in this report.

DISCUSSION

Corporate Activities and Initiatives

Appendix A highlights corporate activities and initiatives in the last quarter and a number of photographs have been included to present announcements and events that occurred in this quarter.

On June 20, the Salt Spring Island (SSI) Local Community Commission (LCC) held its inaugural meeting at the Salt Spring Island Multi Space (SIMS) Boardroom. The role of the SSI LCC is to oversee and advise on island-wide services, including economic development, liquid waste disposal, community parks and recreation, small craft harbour facilities, transit and transportation, street lighting, grants-in-aid, compensation for livestock injured by dogs, and the contribution service for arts, public library and search and rescue.

On August 16, Saanich South MLA and Minister of Tourism, Arts, Culture and Sport, Lana Popham was joined by the CRD Board Chair, Colin Plant and CRD Regional Parks Committee Chair, Cliff McNeil-Smith at Elk/Beaver Lake Regional Park to learn more about the progress on the Elk Lake Oxygenator System Capital Project.

On September 20, the CRD and its partners, the City of Victoria, District of Saanich and the District of Central Saanich, accepted the Community Energy Association’s 2023 Climate & Energy Action Award at the UBCM Convention for the Zero Carbon Step Code. The CRD’s role, through the Climate Action Service, in this initiative was undertaking all the engagement event planning and facilitation.

Joanie Grandy, CRD Safety Manager was recently chosen by Occupational Health & Safety Canada as one of the Top 25 under 40 Safety Professionals for 2023, which recognizes the next generation of safety leaders. We thank Joanie for her leadership and initiative to actively seek new opportunities for training and education. Congratulations Joanie!

On Saturday, September 2, 2023, a watermain leak was reported on McTavish Road west of East Saanich Road. Based on location and chlorine levels, the source of the leak was identified as Transmission Main #4, a 600mm Concrete Cylindrical Pipe which is the primary water supply for the Saanich Peninsula. Due to the size, material, and criticality of this watermain, the logistics of this repair were challenging and required extensive effort and coordination between the Integrated Water Services (IWS) operations and engineering teams along with support from various corporate departments to plan and implement the repair. As a result of the prior planning, knowledge, and skill of the IWS team, the repair work was successfully completed between Friday, September 8 and Monday, September 11, 2023, with no water service interruption to the communities.

For the second year in a row, the CRD has received the BC Municipal Safety Association's 2023 Organizational Safety Excellence Award. The Organizational Safety Excellence Award recognizes local governments for activities that improve their rating, and ultimately reduce injuries, illness, disease, and fatalities. It was observed that the CRD has demonstrated a notable example of leadership, dedication, and hard work in reducing the costs of claims by creating a safer and healthier workplace and helping injured workers recover and return to work.

CRHC Chair, Zac de Vries and CAO, Ted Robbins met with the Honourable Ravi Kahlon, Minister of Housing and the Honourable Mitzi Dean, Minister of Children and Family Development (MLA Esquimalt-Metchosin) at the Union of BC Municipalities (UBCM) Convention on September 19, 2023, to discuss potential opportunities to partner to develop additional affordable housing in the capital region.

The Art of Reconciliation Community Mosaic Project included two community workshops hosted by Panorama Recreation at the Greenglade Community Centre, two workshops hosted by the Victoria Native Friendship Centre, and one workshop hosted at Pauquachin First Nation. An unveiling event took place on September 26 at the Greenglade Community Centre. The mosaic was designed by Coast Salish artist Dahlila Charlie from Beecher Bay First Nation and inspired by Orange Shirt Day and National Day of Truth and Reconciliation. The mosaic is on display at Panorama Recreation from September 27 – October 31, 2023, and will be displayed at several other community spaces in the coming months as part of the Art in Reconciliation display.

On September 30, known as Orange Shirt Day and now observed as the National Day for Truth and Reconciliation, we paused to remember the profound and painful history of Canada's Indigenous residential schools. The CRD remains steadfast in our commitment to listening, learning, and forging a path toward stronger relationships with the First Nations on whose traditional territories we operate. October 4th also marks the National Day of Awareness for Missing and Murdered Indigenous Women, Girls and Two-Spirit People. The CRD proudly flew the Xe Xe Smun' Eem "Our Sacred Children" flag for truth and reconciliation from September 26 to October 4. We were deeply honoured to borrow this powerful symbol from Eddy Charlie and his friend Kristin Spray, co-organizers of Victoria Orange Shirt Day and Xe Xe Smun' Eem.

Board Priorities and Corporate Plan Initiatives

In April 2023, the CRD Board approved the CRD 2023 – 2026 Corporate Plan (the Corporate Plan) that identifies 134 initiatives to be advanced over the four-year term. Progress on the Board Priorities and Corporate Plan initiatives from January 2023 to date is reflected in Progress Report Q2, 2023, as Appendix B. The "Comments" section provides a summary of completed actions as

well as any issues or problems that have arisen that may impact progress on the priority. The “Next Steps” section identifies future planned actions and associated timing. Attached as Appendix C is the Board Priorities Dashboard Summary of Completed Actions.

Board Advocacy

On August 9, 2023, staff brought forward a report to the CRD Board with the updated CRD Advocacy Strategy, which was approved, attached as Appendix D, to form the basis for individual advocacy initiatives. An Advocacy Dashboard based on the Board’s Strategic Priorities for 2023 - 2026 has been prepared which tracks the ongoing advocacy work being done by the CRD Board, partners, and staff.

Progress on advocacy is reflected in the Advocacy Dashboard Progress Report Q3, 2023 as Appendix E.

Operating Variance Financial Report – Q2, 2023

The Financial Operating Variance Report details the quarterly operating variance, providing actual results and annual forecasts for services with annual budget exceeding \$1.5 million. Collectively, these services constitute approximately 86% of the consolidated financial plans for the CRD, CRHD, and CRHC.

Forecasts, compiled by staff, provide estimates for how services are expected to perform fiscally for the year by the end of the second quarter. These forecasts are informed by reviewing prior year results, planned and actual changes in activity, and an assessment of service level delivery and related funding impacts.

The amount of budget expended to the end of the second quarter will vary from service to service based on planned expenditures, seasonality, and transaction timing. For example, while services funded by requisition await their third quarter funding, utility and distribution services receive sales revenue spread more evenly throughout the year, subject to seasonality.

The quarterly Financial Operating Variance Report, attached as Appendix F, highlights how much of the annual budget has been expended in comparison to prior year, and what the annual forecast is expected to be based on information available to the end of the second quarter. This is outlined for both expenditures and revenue.

Actuals to the end of the second quarter, as a percentage of actual budget, are largely in line with the same period and timeframe as 2022 for both revenue and expenses.

Capital Regional District

The annual forecast highlights the majority of services are on track and aligned with the annual budget, funding essential community services such as water, wastewater management, and solid waste disposal.

Notable positive variances include:

- Prospects of increased grant funding for the Regional Housing Trust Fund;
- A rise in biosolids intake at the Hartland Landfill, benefiting the Environmental Resource Management service revenue;
- Increased water consumption boosting the Regional Water Supply service revenue; and
- Salary savings across various service areas due to delayed hiring and temporary vacancies.

However, the Core Area Wastewater Operations anticipate negative variances because of increased waste sludge disposal expenses at the Hartland Landfill. A budget amendment in Q3 was required for this service, to address these one-time additional costs using the operating reserve.

Capital Regional Hospital District (CRHD)

The annual forecast indicates minor savings resulting from the deferred hiring of the capital planner role. Apart from this, the CRHD operations are forecast to align with the plan.

Capital Region Housing Corporation (CRHC)

The annual forecast for CRHC is presented by portfolio and reflects the estimated cost savings and revenue variances forecast at the end of the second quarter.

Specific details on CRD, CRHD and CRHC expense and revenue forecasts are outlined in Appendix F.

Capital Variance Financial Report – Q2, 2023

The Capital Variance Financial Report, attached as Appendix G, highlights variances on actual expenditures from the quarterly and annual capital budgets for all entities (CRD, CRHD, and CRHC). The report is current to the end of the second quarter and covers all capital projects with a budget greater than \$0.5 million.

The Capital Plan is budgeted quarterly, reflecting the scope and schedule of initiatives. Forecasts are also updated quarterly, enhancing the accuracy and detail of project updates as the year progresses and tenders are finalized.

Capital Regional District

In the second quarter, capital expenditures for projects exceeding \$0.5 million amounted to \$30.2 million, an 18% shortfall from the \$36.8 million forecast. The \$6.6 million variance can be attributed to:

- A delay in the Cell 4 liner installation, accounting for \$2.0 million;
- The postponement of the 2023 phase of the Gas Utilization project at the Hartland Landfill, amounting to \$1.7 million; and
- Construction delays for the McCallum Pump Station and Tank 4 project in the Juan de Fuca Water Distribution service, now expected later in 2023, contributing \$1.0 million.

Other significant contributors include the Bowker Creek Rehabilitation project's construction delays and timing adjustments for vehicle acquisitions within both the Regional Water Supply and Juan de Fuca Water Distribution services.

Capital Regional Hospital District (CRHD)

No expenditures were recorded for hospital district projects surpassing \$0.5 million in the second quarter. The capital contribution to the Regional Housing First Program is forecast for the third quarter, in line with the plan.

Capital Region Housing Corporation (CRHC)

In the second quarter, capital expenditures on projects exceeding \$0.5 million amounted to \$23.0 million, a 9% shortfall from the \$25.3 million forecast. The primary reason for this variance was the construction draw timing for the Michigan redevelopment. Additionally, the second quarter saw the successful execution of the prepaid lease for the Prosser Place Regional Housing First Program property acquisition, as forecast.

Human Resource Trends and Corporate Safety

Appendix H provides an analysis of current and emerging trends in workforce composition, turnover, promotions, absenteeism and occupational health and safety. The CRD continuously monitors Human Resource organizational health, and proactively modifies and adapts Human Resource programs and systems where trends may show challenges arising.

For the past two years, and like many organizations, the CRD continues to experience increased pressures associated with economic conditions, a highly competitive labour market and a steady number of retirements. Local governments are becoming increasingly more complex as our role and responsibilities continue to evolve, and this continues to place more demand to secure more specialized labour. To this end, the CRD continues its significant efforts in engaging work strategies and organizational development initiatives, workforce planning, and impactful recruitment and outreach strategies including work to modernize the work environment. These activities, such as the implementation of hybrid work from home and flexible work schedules which complement our other workplace flexibility programs, ensure we not only remain competitive but are an employer of choice in the competitive market. By these strategies we aim to: support the retention of our employees and strive to be a competitive employer who takes into consideration employee circumstances including diversity, equity and inclusion, employee engagement, satisfaction, health, and wellness; to ensure organizational and business needs are being met and are effective; and to contribute to the CRD's climate action goals regarding sustainability and CO2 reduction.

The CRD's proactive and positive focus on workplace health and safety remains a top of priority, and the CRD's comprehensive occupational health and safety (OHS) strategy, which is aligned with OHS best practice standards, meets or exceeds requirements of the WorkSafeBC approved municipal Certificate of Recognition (CoR) program. The CRD continues to experience a positive (merit) situation with WorkSafeBC which, when combined with our CoR program is resulting in a 43% better-than-industry Employer Rating Assessment and 43% premium reduction over industry base rates.

CONCLUSION

The CAO Quarterly Progress Report No. 3 - 2023 provides the Board with a quarterly update on Corporate Activities and Initiatives, progress made on the 2023-2026 Board and Corporate Priorities, Capital and Operating Budget Variances, and Human Resources and Corporate Safety statistics up to September 29, 2023.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer
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ATTACHMENT(S)

- Appendix A: Photographs of Corporate Activities and Initiatives
- Appendix B: Board Priorities Dashboard Progress Q3, 2023
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Staff Report: Capital Regional District Advocacy Strategy
- Appendix E: Advocacy Dashboard Progress Q3, 2023
- Appendix F: Operating Variance Financial Report Q2, 2023
- Appendix G: Capital Variance Financial Report Q2, 2023
- Appendix H: Human Resources Trends and Corporate Safety