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## REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, APRIL 09, 2025

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**SUBJECT**    **CAO Quarterly Progress Report No. 1, 2025**

### **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 April 1, 2025.

### **BACKGROUND**

In February 2023, the Board approved the *CRD Board Strategic Priorities 2023-2026* (the “*Board Priorities*”) that identifies five strategic priorities with 17 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 Capital Regional District (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 operating budgets and 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 some corporate activities and initiatives in the last quarter and a few photographs have been included to represent announcements and events that occurred in this quarter; the highlights this quarter focus on progress with First Nations’ agreements.

On January 27, 2025, Sc’ianew First Nation and the CRD entered into a Bulk Water Service Agreement setting out the terms by which the CRD will provide drinking water to the Nation under the regional water supply service. The signing of this Agreement strengthens the government-to-government relationship and provides long-term water supply capacity and water rate certainty for the Nation.

On March 24, 2025, the Tsartlip and Tseycum First Nations, through the WSÁNEĆ Leadership Council, signed a Memorandum of Understanding (MOU) with the CRD, formalizing their government-to-government relationship. By outlining priority topics for collaboration and principles for working together, this MOU will directly support the creation of new processes for respectful and reciprocal government-to-government decision-making.

On March 31, 2025, Kosapsum First Nation and the CRD signed a Memorandum of Understanding (MOU) formalizing their government-to-government relationship. This MOU will facilitate the development of new processes for respectful and reciprocal government-to-government decision-making by defining priority collaboration topics and principles for working together.

## **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 Q1, 2025, 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**

The CRD Board approved Advocacy Strategy, attached as Appendix D, forms the basis for 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 Q1, 2025 as Appendix E.

## **Operating Variance Financial Report – Q4, 2024**

The Financial Operating Variance Report details the quarterly operating variance, providing actual results and annual forecasts for services with an annual budget greater than \$1.5 million. The report lags by one quarter to allow time for financial reconciliation prior to reporting. These services constitute approximately 87% of the consolidated financial plans for the CRD, CRHD, and CRHC.

The amount of budget expended through the quarter will vary from service to service based on planned expenditures, seasonality, and transaction timing. Budget revenue can also be variable by quarter. For example, requisition funding is received in Q3, but utility, landfill, and recreation services sales revenue is received throughout the year, influenced by seasonality.

The quarterly Financial Operating Variance Report (Appendix F) highlights how much of the annual budget has been expended, for both revenue and expenses throughout 2024, as a percentage of the annual budget.

## **Capital Regional District**

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

Notable variances include:

- Recreation Centres at Panorama, SEAPARC and Salt Spring Island are continuing to experience higher demand for their programs and facilities;
- Regional Parks revenues are above plan due to additional grants and fee income;
- Increased water consumption boosting the Juan de Fuca Water Distribution Service revenue;
- Regional Housing Trust Fund due to timing of grant disbursement which is planned for 2027-2028; and
- Salary savings across various service areas due to challenges in hiring and temporary vacancies.

All the 2024 year-end budget information was reported with the 2025 final budget package.

### **Capital Regional Hospital District**

The report highlights minor savings resulting from the deferral of feasibility studies, lower debt servicing costs, and lower maintenance costs forecasted on The Summit, 950 Kings and Oak Bay Lodge properties. Higher revenue is resulting from interest earnings on working capital and insurance cost recovery from Island Health.

### **Capital Region Housing Corporation**

The actuals for CRHC are presented by portfolio and reflects the realized cost savings and revenue variances for the 2024 year.

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

### **Capital Variance Financial Report – Q4, 2024**

The Capital Variance Financial Report (Appendix G) highlights variances on actual expenditures from the quarterly and annual capital budgets for all entities (CRD, CRHD and CRHC). The report 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. As quarters progress through the year and tenders complete, the expectation is that activities and accuracy will increase.

### **Capital Regional District**

Capital expenditures on projects greater than \$0.5 million totaled \$34.5 million in Q4, 27% below Q3 forecasted costs of \$47.0 million. The \$12.5 million variance can be largely attributed to:

- Delayed timing of building permit submissions of the Verdier/Brentwood and Mt. Tolmie project, accounting for \$5.3 million;
- Timing of completion for the Selkirk Trestle project as part of Regional Trestle Renewal project, now expected for the first quarter 2025, contributing \$0.8 million;
- A delay in the Ultraviolet (UV) equipment delivery for the replacement of UV system project in the Regional Water Supply service, contributing \$0.7 million;
- Delayed timing of renewable natural gas spare parts selection and procurement in parallel with the gas utilization project at the Hartland Landfill, amounting to \$0.7 million; and
- A delay in the Ministry of Environment and Parks approval for the Millstream Meadows Remediation project, now expected for 2025, contributing \$0.6 million.

Other variance contributors include procurement process delays for the Heat Recovery Plant of the Panorama Recreation, contractor progress delays for the Diversion Transfer Station at the Hartland Landfill, equipment delivery delay for the Maliview Wastewater Treatment Plant upgrade, and timing adjustments for Sooke Lake Dam Instrumentation System Improvements within the Juan de Fuca Water Distribution services.

## **Capital Regional Hospital District**

The purchase of Mt. Tolmie in Q4 satisfied the CRHD obligation under the Regional Housing First Program.

## **Capital Region Housing Corporation**

Capital expenditures on projects greater than \$0.5 million totaled \$9.9 million in Q4, a 32% shortfall from the \$14.6 million forecast. The primary reason for this variance was due to the slower progress on building permits and construction procurement for the Village on the Green redevelopment. Additionally, completion for the Caledonia redevelopment is now expected for Q2 2025.

## **Human Resources 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 its Human Resource and Corporate Safety programs and systems where trends may show challenges arising.

The CRD continues to experience increased pressures associated with economic conditions, a highly competitive labour market, and a steady number of retirements, especially in areas requiring specialized labour. The CRD has implemented significant employment engagement and work strategies, including comprehensive workforce planning and impactful talent acquisition and outreach strategies, as part of our comprehensive People, Safety and Culture Strategic Plan to aid in ensuring we attract and retain a high caliber workforce. We also continue to modernize the work environment through the Alternative Work Options (AWO) program (earned time off and/or compressed work week alternatives), hybrid work from home, and workplace flexibility initiatives.

Aligned with the Corporate Plan and Board Strategic Priorities, a comprehensive People, Safety and Culture Strategic Plan has been developed and implemented for 2024-2027. This Plan includes significant efforts and actions on enhancing efforts around our people and culture. Included in the Plan are robust strategies and outcomes around: Equity, Diversity, Inclusion and Accessibility; Organizational Capacity; Talent Excellence; Employee Experience and Recognition; Talent Acquisition; and People, Safety and Culture Excellence. These activities ensure the organization is supported in this key service area, and the CRD remains competitive and is an employer of choice in the competitive market.

Since implementation in mid-2023, approximately 80% of eligible CRD employees have elected to participate in the AWO, hybrid work from home, and/or workplace flexibility programs. These programs build upon our flexibility initiatives of:

- providing employees with greater flexibility and work life balance, which in turn supports the retention of our employees and ensures the CRD is a competitive employer who takes into consideration employee circumstances including diversity, equity and inclusion, employee engagement, satisfaction, health, and wellness;
- ensuring organizational and business needs are being met and are effective and efficient; and
- contributing to the CRD's climate action goals regarding sustainability including the reduction of CO2 emissions by decreasing work related travel.

The AWO and workplace flexibility initiatives have had a positive impact in our employee engagement and recruitment initiatives, and employee turnover is approximately three-quarters of that of years prior to the implementation of our program. In addition, and based on regional census journey calculations, the hybrid work from home arrangements have had a direct and positive impact on the CRD regional transportation goal of reducing congestion in the morning and afternoon peak periods by upwards of 19,600 trips since program implementation (11,200 for 2024). We will continue to monitor the program on a regular basis to ensure the core targets are being met and maintained.

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 47% better-than-industry Employer Rating Assessment and 47% premium reduction over industry base rates.

In 2024, the CRD successfully completed its 2024 Certificate of Recognition (CoR) recertification audit with a score of 95%.

### **CONCLUSION**

The CAO Quarterly Progress Report No. 1 - 2025 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 April 1, 2025.

### **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 Q1, 2025
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Capital Regional District Advocacy Strategy
- Appendix E: Advocacy Dashboard Progress Q1, 2025
- Appendix F: Operating Variance Financial Report Q4, 2024
- Appendix G: Capital Variance Financial Report Q4, 2024
- Appendix H: Human Resources Trends and Corporate Safety