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REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, JULY 13, 2022

SUBJECT **CAO Quarterly Progress Report No. 2, 2022**

ISSUE SUMMARY

To provide the Board with a quarterly update on Corporate Activities and Initiatives, progress made on the 2019-2022 Board and Corporate Priorities, Corporate Climate Action Initiatives, Capital and Operating Variances, and Human Resources and Corporate Safety up to July 1, 2022.

BACKGROUND

The Board and Corporate Priorities Dashboard provides quarterly updates on progress related to Board and Corporate priority initiatives, actions, and advocacy as well as variances in financial performance and human resources trends. Following the approval of the Board Strategic Plan in March, 2019 staff prepared a Corporate Plan 2019-2022 to identify potential initiatives to advance Board and Corporate priorities. The Board completed an annual check-in on priorities on May 11, 2022 and the priorities were confirmed and staff was directed to continue to progress the initiatives and actions as developed in the Corporate Plan.

This report presents quarterly progress on priorities, initiatives, actions and advocacy for the second quarter of 2022, however the capital and operating variances and human resources trends are for the first quarter in 2022. The quarterly Capital Variance Report highlights differences between budget and actual expenditures on capital projects over \$500,000. The quarterly Operating Variance Report provides results and forecasts for services with an annual operating budget over \$1.5 million, which comprise approximately 85% of the combined CRD, CRHD and CRHC budgets for the year. The quarterly update on non-confidential human resources matters is provided to highlight workforce trends.

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 April 25, 2022, Chair Plant presented a \$15,000 cheque on behalf of the CRD Board to the Ukrainian Canadian Cultural Society of Vancouver Island.

A \$12.8 million emergency department expansion project at Lady Minto Hospital has been launched with an official ground breaking ceremony. Capital costs are being shared by the Lady Minto Hospital Foundation, which has pledged \$9.8 million, and the Capital Regional Hospital District (CRHD), which will contribute \$3 million.

CRD Regional Parks recently had the opportunity to take the prime minister on a guided interpretive walk at Francis/King Regional Park. A legacy park, Francis/King is home to some of the tallest old-growth Douglas fir trees in the region!

CRD Regional Parks staff provided a tour of the beautiful Mountain Road Forest property to Colin Plant, CRD Board Chair, Rebecca Mersereau, Regional Parks Committee Chair, and Geoff Young, Regional Parks Committee Vice Chair. This nearly 50 acre property was acquired by the CRD last November with help from community partners such as the Habitat Acquisition Trust. Before that it was privately owned and contains mature, second growth Coastal Douglas-Firs as well as a Garry Oak meadow and will be protected for generations to come.

Every year, starting on the last Sunday in May, Canadians celebrate National AccessAbility Week (NAAW). It is an opportunity to celebrate Canadians with disabilities and raise awareness of the critical need for accessibility and inclusion for everyone in our communities and workplaces. CRD has installed a Mobi-Mat at the main beach at Thetis Lake Regional Park to provide a safe water-access walkway over the soft sand.

On May 30, 2022, Construction started on the Michigan Square housing project that will replace three aging apartment buildings with 97 affordable rental homes for families, seniors and people with low to moderate incomes. The project is receiving \$4.5 million through the Regional Housing First Program, an innovative partnership between the Capital Region Housing Corporation (CRHC), the B.C. government and the Government of Canada.

On May 11, 2022, The Capital Regional District (CRD) released its 2021 annual report, providing an overview how the CRD is supporting and responding to community needs and highlighting the progress made on strategic priorities to support a growing region. It also features key activities of the CRD's other corporate entities, the Capital Regional Hospital District (CRHD) and the Capital Region Housing Corporation (CRHC), as well as many CRD-appointed commissions.

The Capital Regional District (CRD) announced the first annual Nils Jensen Memorial Bursary of \$2,500 to Tahlia Cook, a student from Saanich School District No. 63. This newly established bursary will be awarded to the local school districts on a rotating basis. The participating secondary school principals will recommend a student to receive the award on the basis of financial need and an interest in environmental protection or water security.

On June 9, 2022, despite *very* rainy conditions the CRD Staff and Family BBQ was a fun-filled evening of games and activities. The grills were hot and the food was good. Panorama staff brought lots of games and activities and Parks set up two self-guided interpretive walks – one on living life from a bear's perspective and another on exploring Indigenous Perspectives.

People of all ages and abilities have a new recreation space where they can meet, play and compete in Sooke. June 26, 2022, marked the official opening of the sport box at 2430 Phillips Road. The box has been built to lacrosse box specifications and will serve a variety of community activities including lacrosse, ball hockey, basketball and community events. SEAPARC will operate the facility and the District of Sooke will maintain the surrounding trails and park.

Board Priorities and Corporate Plan Initiatives

Progress on the Board Priorities and Corporate Plan initiatives from January 2019 to date is reflected in Progress Report Q2, 2022, 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.

Corporate Climate Change Initiatives

A quarterly update on corporate climate change initiatives tracking progress on programs, projects, education, incentives, grants, measures, studies and monitoring work is included as Appendix D. This work is also compiled and reported as an annual report in conjunction with Climate Action Revenue Incentive Program (CARIP) reporting requirements related to our commitment to the Community Climate Action Charter.

Board Advocacy

An Advocacy Dashboard has been prepared which tracks the ongoing advocacy work being done by the CRD Board, municipalities, partners and staff. Progress on advocacy is reflected in the Advocacy Dashboard Progress Report Q2, 2022 as Appendix E.

Operating Variance Report – Q1, 2022

The Operating Variance Report outlines the quarterly operating variance, providing actual results and annual forecasts for services with an annual operating budget over \$1.5 million. These services comprise approximately 89% of the combined three entities CRD, Capital Regional Hospital District and Capital Regional Housing Corporation budgets for the year.

The forecasts have been compiled by staff to determine estimates for how services are expected to perform fiscally for the year, as at the end of the first quarter. Determining these forecast includes looking at prior year results, planned and actual changes in activity, and considering service level delivery and associated funding impacts.

The amount of budget used to the end of the first quarter will vary from service to service, based on the individual services' planned spending, seasonality, and timing of transactions. For example, services funded by requisition receive their funding in the third quarter, and water supply and distribution services receive more sales revenue over the summer months.

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

Spending to the end of the first quarter, as a percentage of actual budget, is largely in line with the same period and timeframe as 2021 for both revenue and expenses. Effects of the current COVID-19 pandemic event on operations has been limited to specific services, primarily recreation.

Capital Regional District

The annual forecast highlights that the majority of services will still track in line with the annual budget. Many of these services are providing essential services to our communities, such as delivery of water, wastewater management, and solid waste. Forecasts for the recreation services incorporate estimated impact on business activities as a result of current health guidelines in response to the pandemic. The forecasts for SEAPARC and Panorama Recreation Centre services are not materially different from budget in the first quarter, as budget for these services reflect a further recovering of service levels and recreational programming.

Favourable variances are forecast for the Regional Housing Trust Fund due to estimated grant funding opportunities, for the Saanich Peninsula Wastewater Service due to operational delays of the OMS receiving facility, and salary variances across a number of services due to some delay in hiring and temporary vacancies.

Capital Regional Hospital District (CRHD)

The annual forecast highlights some minor savings expected due to deferred hiring of term role and property management costs, but otherwise the CRHD operations continued as planned.

Capital Region Housing Corporation (CRHC)

The annual forecast for CRHC is presented by portfolio, and reflect the estimated cost savings and revenue variances forecasted at the end of the first quarter.

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

Capital Variance Report – Q1, 2022

The Capital Variance Report, attached in Appendix G, highlights variances on actual expenditures from the quarterly and annual capital budgets for all three entities (CRD, CRHD, and CRHC) including impact on the total project. The Capital Variance Report is current to the end of the first quarter of 2022 and covers all capital projects with budgeted spending in 2022 greater than \$0.5 million.

The capital plan is budgeted quarterly based on scope and schedule of projects. In addition, forecasts are updated quarterly to provide periodic revisions and oversight on the projects. As quarters progress through the year and tenders complete, the expectation is that activities will increase.

Capital Regional District

Capital expenditures on projects greater than \$0.5 million totaled \$7.7 million in the first quarter of 2022, 54% lower than a forecast of \$16.7 million. Of the \$9.0 million variance, \$3.1 million is related to timing of contract closeout costs on the Core Area Wastewater Treatment Project (CAWTP), \$1.5 million is related to timing of design and construction of the McCallum Pump Station and Tank 4 Project, , and \$1.2 million arising from deferral of the Goldstream AC Pipe Replacement project to 2023. Other notable projects include timing differences on the Rocky Point water infrastructure upgrades, weather delays for the multi-purpose sports field at Panorama Recreation, and timing differences on the Salt Spring Island recreation centre expansion.

Capital Regional Hospital District (CRHD)

Capital expenditures on projects greater than \$0.5 million totaled \$0.8 million in the first quarter of 2022, 67% higher than a forecast of \$0.58 million. The variance is due to delays in the demolition work on Oak Bay Lodge, and discovery of additional contaminated materials to be addressed. A budget amendment was approved by CRHD Board in May 2022 to update the 2022 budget and scope, with project completion forecast for the third quarter of 2022.

Capital Region Housing Corporation (CRHC)

Capital expenditures on projects greater than \$0.5 million totaled \$5.4 million in the first quarter of 2022, 2% lower than a forecast of \$5.5 million. Variances within the CRHC portfolio are mainly due to timing on construction draws for the for the Michigan Redevelopment and Triway Redevelopment projects.

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.

As with 2021 metrics, the 2022 Quarter 1 metrics information is reflective of the impact from the COVID-19 pandemic and related economic pressures. The CRD is a defined essential service and, as such, is closely monitoring the impact of the pandemic and its resulting economics on service delivery and our people, and is taking appropriate measures as needed to ensure the essential operations are maintained and staff receive supports as may be needed.

The CRD continues to experience increased pressures associated with a highly competitive labour market and a steady number of retirements. Local governments and especially those delivering highly essential services, 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 workforce planning, organizational development initiatives, and impactful recruitment and outreach strategies.

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 resulting in a 29.8% better-than-industry-average Employer Rating Assessment and an equally reflected reduction in premiums. With the CRD now receiving CoR Certification, premiums will be further reduced another 10% in 2022.

CONCLUSION

The CAO Quarterly Progress Report No. 2 - 2022 provides a status update of Progress on Board and Corporate Priorities, Activities and Initiatives, Capital Project Variances, and Human Resource Trends across the organization.

RECOMMENDATION

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

Submitted by:	Robert Lapham, MCIP, RPP, Chief Administrative Officer
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ATTACHMENT(S)

- Appendix A: Photographs of Corporate Activities and Initiatives
- Appendix B: Board Priorities Dashboard Progress Q2, 2022
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Corporate Climate Change Initiatives
- Appendix E: Advocacy Dashboard Progress Q2, 2022
- Appendix F: Operating Variance Report Q1, 2022
- Appendix G: Capital Variance Report Q1, 2022
- Appendix H: Human Resources Trends and Corporate Safety Q1, 2022