



Making a difference...together

REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, OCTOBER 08, 2025

SUBJECT **CAO Quarterly Progress Report No. 3, 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 People, Safety & Culture statistics up to September 30, 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 people, safety and culture 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 the quarter.

CRD staff supported and worked together with SC'IA'NEW First Nation as they welcomed nearly 20 canoe families, support teams, and friends to the penultimate stop on the 2025 Tribal Canoe Journeys – Paddle to Elwha. On July 30, 2025, 18 traditional canoes landed on the beach at East Sooke Regional Park, having travelled that day from T'Sou-ke Nation to the west, where they were hosted by T'Sou-ke Nation, and Fort Rodd Hill to the east, where they were hosted by x^wsepsum (Kosapsum) Nation. This annual canoe journey is a gathering of canoe cultures from Indigenous Nations from the coasts of Alaska, British Columbia, Oregon, and Washington.

The CRD has received a one-time federal grant of \$345,000 to strengthen wildfire resiliency over the next three years. The Wildfire Table and Braided Knowledge Mobilization Initiative, funded through the federal Wildfire Resilient Futures Initiative will be used to increase coordination between governing bodies and combine Indigenous and Western wildfire landscape management approaches. This will involve the facilitation of workshops, place-based meetings, projects, and cross-jurisdictional training, which focus on landscape level wildfire mitigation approaches.

The Pender Island Parks and Recreation Commission is leading the Schooner Way Trail Project, an initiative to build a multi-use trail from Danny Martin Ballpark to the Pender School. This project is being funded by grants from the province of British Columbia's Active Transportation Infrastructure Program and Island Coastal Economic Trust's Capital and Innovation Program as well

as funds raised by the community. Construction of Phase 1 of the Schooner Way Trail began in early August and is expected to continue to the end of 2025.

CRD elected officials and senior staff joined the T'Sou-ke Nation for a day of immersive marine and land-based discussion designed to deepen the CRD's understanding of the Nation's territory, culture, initiatives, challenges, and successes. The visit grew out of discussions at the 2024 Land Altering Works meeting and ongoing conversations between T'Sou-ke Nation and CRD leadership. Guided by T'Sou-ke Nation leadership, Elders, and staff, participants learned about the Nation's history, land and water stewardship practices, and current priorities. The event provided an important opportunity to listen, learn, and explore opportunities for future Government-to-Government collaboration while continuing to build strong, respectful relationships between the CRD and the T'Sou-ke Nation.

The CRD acknowledge and honours September 30 as both Orange Shirt Day and the National Day for Truth and Reconciliation. This day serves as a reminder of the legacy of the residential school system, the lasting impacts that it had on over 150,000 children and their families, and how it continues to impact them to this day. The CRD proudly flew the Xe Xe Smun' Eem "Our Sacred Children" flag for truth and reconciliation. 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 Q3, 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 Q3, 2025 as Appendix E.

Operating Variance Financial Report – Q2, 2025

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 88% 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, depending on planned expenditures, seasonality, and the timing of the transactions. Budgeted revenue can also fluctuate by quarter, for example requisition funding is received in Q3, while utilities, landfill, and recreation services sales revenue is earned throughout the year and influenced by seasonal trends.

The quarterly Financial Operating Variance Report (Appendix F) highlights the percentage of the annual budget that has been expended to date, for both revenue and expenses, throughout 2025.

Capital Regional District

The quarterly and year-end forecasts indicate 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 variances at the second quarter include:

- Salary savings across various service areas due to challenges in hiring and temporary vacancies.
- Core Area Wastewater Operations experienced increased higher residuals and biosolids disposal costs, which will likely continue the rest of the year. A budget amendment was approved by Board in Q3 2025, where the additional cost will be funded by the operating reserve.
- Reduced operating and utility costs associated with the delayed completion and operation of the Renewable Natural Gas (RNG) facility at Hartland Landfill.
- Deferral of contract for services costs due to timing for the Home Energy Retrofit Program and Regional Public EV Network program in the Climate Action & Adaption service.

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.

Capital Region Housing Corporation

The actuals for CRHC are presented by portfolio and reflects the estimated cost savings and revenue variances forecasted at the end of Q2. Savings are anticipated primarily due to staff vacancies and the delayed timing of mortgage payments for Caledonia as now anticipated in Q4.

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

Capital Variance Financial Report – Q2, 2025

The Capital Variance Financial Report (Appendix G) highlights variances between actual expenditures and both the quarterly and annual capital budgets for all entities (CRD, CRHD and CRHC). The report is current to the end of Q2 and includes all capital projects with a budget greater than \$0.5 million.

The Capital Plan is budgeted on a quarterly basis, reflecting the scope and schedule of each initiative. Forecasts are also updated each quarter to improve accuracy and provide more detailed updates as projects progress and tenders are finalized. As the year advances and tenders are awarded, capital activity and forecast precision are expected to increase.

Capital Regional District

In 2025, the CRD is forecasting to spend less on the consolidated Capital Plan than budgeted, primarily, due to delays in Integrated Water Services projects and Parks, Recreation and Environmental Services. Capital expenditures on projects greater than \$0.5 million totaled \$26.9 million in Q2, 25% below forecasted costs of \$35.9 million. The \$9.0 million variance can be largely attributed to:

- Completion and milestone payments of \$1.7 million associated with the RNG Optimization and \$0.6m for Landfill Gas Utilization project at the Hartland Landfill are slightly delayed to Q3 and Q4. Functional completion of the facility was achieved in Q2 (Environmental Resource Management);
- Construction delays for the Harling Pump Station replacement project, now forecast for 2026, contributed \$0.9 million (Core Area Wastewater);
- Instrumentation portion of the Sooke Lake Dam upgrades is delayed, with contractor negotiations underway, contributing \$0.9 million (Regional Water Supply);
- Timing of the completion and occupation of the Centennial Park Multi Sport Box was September 2025, contributing \$1.1 million to the positive variance (Panorama Recreation);
- Timing of the SAP migration pushes \$0.8m to future quarters, as system configuration is implemented in a phased approach.

Other variance contributors include construction delays for the Marigold Electrical and Building upgrades for the Core Area Wastewater service and Coppermine Pump Station in the Juan de Fuca Water Distribution service, delay in procurement of supplies for the Schooner Way Trail on Pender Island, equipment delivery delay and grant funding agreement for the Regional electric vehicle charging infrastructure, and timing adjustments for the expansion of the Aylard Farm Parking project at East Sooke Park.

Capital Regional Hospital District

As of Q2, no capital spending has occurred.

Capital Region Housing Corporation

Capital expenditures on projects greater than \$0.5 million totaled \$7.7 million in Q2, 31% less than forecast. The Caledonia redevelopment accounted for \$1.9m of this variance, with remediation and completion costs delayed into Q3. Other variances are largely due to the timing and availability of trades and contractors.

People, Safety & Culture

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 People, Safety & Culture programs and systems where trends may show challenges arising.

While improving, 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 as part of our comprehensive People, Safety & Culture Strategic Plan to aid in ensuring we attract and retain a high caliber workforce.

The People, Safety & Culture Strategic Plan (2024-2027) includes significant efforts and actions on enhancing efforts around our people and culture and aligns with the Corporate Plan and Board Strategic Priorities. This Plan includes 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.

The CRD has also worked 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, and continues to evaluate the effectiveness of these programs. Since implementation in 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 remains approximately one-third less than 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. 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 47.6% better-than-industry Employer Rating Assessment and 47.6% premium reduction over industry base rates.

In 2024, the CRD successfully completed its external 2024 Certificate of Recognition (CoR) recertification audit and have been highly successful in our 2025 BCMSA-approved internal audit. Our next internal audit is in 2026, and our next external audit is in 2027.

CONCLUSION

The CAO Quarterly Progress Report No. 3, 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 People, Safety & Culture statistics up to September 30, 2025.

RECOMMENDATION

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

Submitted by:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer
---------------	---

ATTACHMENT(S)

Appendix A: Photographs of Corporate Activities and Initiatives
Appendix B: Board Priorities Dashboard Progress Q3, 2025
Appendix C: Board Priorities Dashboard – Summary of Completed Actions
Appendix D: Capital Regional District Advocacy Strategy
Appendix E: Advocacy Dashboard Progress Q3, 2025
Appendix F: Operating Variance Financial Report Q2, 2025
Appendix G: Capital Variance Financial Report Q2, 2025
Appendix H: People, Safety & Culture Trends