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REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, JULY 10, 2024

SUBJECT **CAO Quarterly Progress Report No. 2, 2024**

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 June 30, 2024.

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 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 number of photographs have been included to represent announcements and events that occurred in this quarter.

The Greater Victoria Harbour Authority (GVHA) organized an opportunity for the CRD Board to participate in an environmental tour of the Norwegian Bliss Cruise Ship and the waste management facilities at Ogden Point. A number of CRD Board Directors, Alternate Directors, and members of the CRD Executive Leadership Team participated in the tour on April 3, 2024.

The CRD has been recognized as one of Canada’s Greenest Employers for 2024. This award recognizes our commitment to environmental sustainability and innovation in our operations and services. We are proud to be a part of a community that values and protects our natural resources and biodiversity. This achievement is a testament to the dedication of our staff, who have implemented various initiatives to reduce the CRD’s environmental impact and enhance our social responsibility.

On April 29, 2024, the Drennan Street Housing Project opening took place in Sooke. Indigenous individuals and families living in Sooke now have access to 170 new affordable rental homes in their community. This development was made possible through the CRD Regional Housing First Program, a partnership between local, provincial, and federal governments, as well as grants from the Regional Housing Trust Fund, the Federal Affordable Housing Fund, BC Housing, and the M’akola Housing Society. M’akola Housing Society will own and operate the building.

In April this year, eighteen exempt CRD managers participated in the weeklong iLead program at Royal Roads University and two follow up days in June. The iLead program is an award-winning leadership program that was designed by leaders from the CRD and Royal Roads University in 2009. The program continues to develop CRD leaders and align our culture with organizational performance. The focus of this year's leadership challenge tasked the participants to apply their learnings from the week and present their recommended initiatives to the Executive Leadership Team that would enhance organizational culture at the CRD.

The Employee Recognition and Service Program is based on the principle that CRD employees are our greatest asset. Each year, employees who reach their 5, 10 and 15 year service milestone are recognized at the department level by the CAO, General Manager, and Division Manager. The focus of service recognition is acknowledging the contributions the employees have made during their years at the CRD. The career service recognition event which recognizes employees with 20, 25, 30, and 35 plus years of service was held earlier this year.

On May 24, 2024, the CRD hosted a Regional Transportation Governance Workshop supported by BC Transit, the Ministry of Transportation and Infrastructure and Island Health to seek input from mayors, councillors, electoral area directors, First Nations, and senior local government staff. Workshop participants gained clarity and discussed the benefits and concerns of potential new functions related to establishing a regional transportation service.

During the week of May 26 – June 1, 2024, the CRD celebrated National AccessAbility Week and Red Shirt Day. These annual celebrations are dedicated to promoting inclusion and accessibility for all individuals and to celebrating the valuable contributions and leadership of Canadians with disabilities, particularly those that are serving on the CRD Accessibility Advisory Committee.

Trail Care Day on June 21 is a multi-location event that happens in communities across Canada to get the Trans Canada Trail ready for spring and summer. CRD staff and the Trans Canada Trail Team came together to take care of a section of the Trans Canada Trail at the south end of the Selkirk Trestle in Victoria.

This year's Spring GoByBike Week from June 3 - 9, 2024 was an ideal time to start for those considering biking to work. This tri-annual free event (formerly Bike to Work Week) encourages anyone in the capital region to give cycling a try for one week. This year is extra special as 2024 marks the 30th annual GoByBike Week. CRD Regional Parks staff supported the GoByBike Celebration Station at the Selkirk Trestle during GoByBike week. During this week, British Columbians were encouraged to ride their bikes as much as possible by riding to work, to school or for fun.

On June 21, CRD employees and their families, together with some Board Directors and their families attended the CRD employee BBQ at Hamsterly Beach for a relaxing evening of activities, self-guided walks, food, and drinks. There was a great turn out with approximately 175 people participating in this enjoyable event.

On June 21, Royal Roads University, and partner organizations, including the CRD, hosted a National Indigenous Peoples Day event. This annual event offers community members the opportunity to watch the canoe landing protocol, experience Indigenous artists and musicians, take a guided nature walk, and shop at Indigenous vendors. As a partner organization, the CRD coordinated a Regional Parks outreach booth at the event, where staff led educational and culturally appropriate craft activities promoted the Indigenous Perspectives programming offered at Regional Parks and interacted with over 400 event participants. The CRD also contributed to the event promotion, participated in planning sessions, and provided a monetary donation.

June is Pride Month, a time of love, acceptance, and celebration. On June 27, 2024, CRD employees gathered to decorate a float for the upcoming Pride Parade scheduled to take place on Sunday, July 7, 2024. The CRD is honoured to be included in the Victoria Pride Society Pride Parade again this year. On July 7, we will be joining approximately 100 other colourfully decorated floats to celebrate and honour the Gender, Sexuality, and Relationship Diverse members of our community.

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, 2024, 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 Q2, 2024 as Appendix E.

Operating Variance Financial Report – Q1, 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 financial variance 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, while services funded by requisition await their third quarter funding, utility, landfill, and recreation services receive sales revenue throughout the year, influenced by seasonality.

The quarterly Financial Operating Variance Report (Appendix F) highlights how much of the annual budget has been expended in comparison to the prior year, and what the annual forecast is expected to be based on information available to the end of the first quarter.

Actuals to the end of the first quarter, as a percentage of actual budget, are largely in line with the same period and timeframe as 2023 for both revenue and expenses.

Capital Regional District

The annual forecast highlights most services are on track and in line with the annual budget. Many of these services provide essential services to our communities such as delivery of water, wastewater management and solid waste.

Favourable variances are forecasted for the Regional Housing Trust Fund due to timing of grant funding requests, for Environmental Resource Management due to increased quantity of biosolids being received at Hartland Landfill earlier in the year, and salary variances across several services due to hiring delays and temporary vacancies.

Staff have identified a potential budget overspend in 2024 for Core Area Wastewater Operations due to higher sludge and biosolids disposal costs, however, this could be mitigated by increased operational reliability and usage of the Lafarge facility in Richmond. This expenditure could be further mitigated by lower than budgeted Q1 costs for chemicals and utilities.

Capital Regional Hospital District

The report highlights minor savings resulting from the deferral of feasibility studies, and lower maintenance costs forecasted on The Summit, 950 Kings and Oak Bay Lodge properties. Otherwise, the CRHD operations continues as planned.

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 the first quarter.

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

Capital Variance Financial Report – Q1, 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 is current to the end of the first 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. 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 \$11.2 million in the first quarter, 47% below planned costs of \$21.0 million. The \$9.8 million variance can be largely attributed to:

- A delay in the construction of the Diversion Transfer Station at the Hartland Landfill, accounting for \$3.0 million;
- A delay in the construction of the Goldstream Watershed Field Operations Centre due change in design work, accounting for \$2.1 million;
- Delayed tendering of the Centennial Park Multi-Sport Box, shifting timing of construction at Panorama Recreation of \$1.2 million;

Other variance contributors include design delays for the Heat Recovery Plant at Panorama Recreation, schedule adjustments for the SAP Business Suite Migration to S4, supporting the CRD's Enterprise Resource Planning (ERP) System, and delayed construction from 2023 to 2024 for the Magic Lake Sewer Utility. The latter two project variances will result in a budget amendment in 2024.

Capital Regional Hospital District

No expenditures were recorded for hospital district projects surpassing \$0.5 million in the first quarter. The capital contribution to the Regional Housing First Program is forecasted to occur in the second quarter of 2024.

Capital Region Housing Corporation

Capital expenditures on projects greater than \$0.5 million totaled \$11.5 million in the first quarter, a 23% shortfall from the \$15.0 million forecast. The primary reason for this variance was the construction draw timing for the Michigan Housing redevelopment. Additionally, delayed foundation work for the Caledonia redevelopment has pushed construction costs into future periods. Completion of the Caledonia redevelopment is forecast for 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.

As with the past post-pandemic years, in 2024 the CRD continues to experience increased pressures associated with economic conditions, a highly competitive labour market, and a steady number of retirements. In addition, and as local governments are becoming increasingly more complex as our role and responsibilities continue to evolve, this too continues to place more demand to secure more specialized labour. The CRD continues its significant efforts in engaging work strategies and organizational development initiatives, workforce planning, and impactful talent acquisition and outreach strategies, all of which form significant actions of our comprehensive People, Safety and Culture Strategic Plan, and we continue to modernize the work environment through our 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. Actions of the Plan are well underway, and the Board will be provided with regular updates on progress.

The AWO and hybrid work from home 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. Since implementation approximately 79% of eligible CRD employees have elected to participate in our AWO, hybrid work from home, and/or workplace flexibility programs.

Our AWO and workplace flexibility initiatives have had a positive impact in our employee engagement, retention, and recruitment initiatives. In 2023, the CRD experienced a 34% reduction in sick leave usage and a 37% reduction in employee turnover over the previous 2022 calendar year, and we will be able to report on the 2024 impacts as the year progresses. In addition, our hybrid work from home arrangements have had a direct and positive impact on our CRD Regional transportation goal of reducing congestion in the morning and afternoon peak periods by upwards of 12,700 trips since program implementation (5,600 in the first six-month cycle, and 7,100 in the second six-month cycle ending in June 2024), based on regional census journey calculations. We will continue to monitor our program on a regular basis to ensure our 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.

CONCLUSION

The CAO Quarterly Progress Report No. 2 - 2024 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 June 30, 2024.

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 Q2, 2024
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Capital Regional District Advocacy Strategy
- Appendix E: Advocacy Dashboard Progress Q2, 2024
- Appendix F: Operating Variance Financial Report Q1, 2024
- Appendix G: Capital Variance Financial Report Q1, 2024
- Appendix H: Human Resources Trends and Corporate Safety