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

SUBJECT **CAO Quarterly Progress Report No. 4, 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 December 31, 2024.

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

The Mayne Island Regional Trail, a 2.3 km, two-way gravel surfaced trail that connects the Village Bay ferry terminal and Miners Bay village officially opened to the public on October 16, 2024. This new pedestrian and bike trail provides residents and visitors a safer, more enjoyable way to get around.

The CRD Parks Volunteer Recognition event took place on Saturday, November 9th at the Esquimalt Gorge Park Pavilion. This annual event provides an opportunity for CRD staff and elected representatives to show their appreciation and acknowledge the many contributions that volunteers make to Regional Parks.

This year’s CRD United Way Workplace Campaign took place the last two weeks of October with a variety of fundraising events and pledging. In 2024, the United Way of Southern Vancouver Island identified three areas of action: Seniors, Families and Mental Health and Addictions. CRD employees exceeded our fundraising goal raising over \$42,000.00 to help those in need in our communities.

Two FLO SmartTWO Level 2 EV Charging Stations have been installed in the Beaver Beach parking lot and are available for public use. Adding EV chargers in high-visitation regional parks is a priority identified within the CRD Regional Parks & Trails Strategic Plan 2022-32 and reducing greenhouse gas emissions in the region is also a CRD 2023-26 Board Priority.

The CRD partnered with Greater Victoria Public Library and other local libraries to launch new thermal imaging camera kits and an updated Climate Action To-Go Kit, designed to help residents understand and take action on climate change. These kits include practical tools and activities for reducing household greenhouse gas emissions, especially from sources like transportation, buildings, and waste, which are the region's largest contributors, and preparing our homes and communities for current and future climate impacts.

On November 30th, the CRD participated in the 42nd annual Peninsula Co-op Santa Claus Parade with the Integrated Water Services water tanker all dressed up as one of the float entries this year. The Mustard Seed Street Church and Food Bank gave out hot chocolate to parade-goers and collected donations from residents interested in helping the community and giving back. CRD staff and their families participated in a winter skate at Panorama Recreation Centre on December 22 where the arena was transformed into a wonderland with lights, trees, penguins, and polar bears.

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, 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

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 Q4, 2024 as Appendix E.

Operating Variance Financial Report – Q3, 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 third quarter.

Actuals to the end of the third 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 quarterly and year-end forecasts indicated 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 Regional Planning with the delay of the Island Corridor Planning & Consultation project, and salary variances across several services due to hiring delays and temporary vacancies.

The majority of the services are in a surplus situation. Those with forecast expenses over budget are already implementing corrective measures to come within overall budget for the year.

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 budget is on track as planned.

Capital Region Housing Corporation

The estimated actuals for the CRHC budget are presented by portfolio and reflects the estimated cost savings and revenue variances forecasted at the end of the third quarter.

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

Capital Variance Financial Report – Q3, 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 third 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 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

In 2024, the CRD is expecting to come under its Capital budget (\$82.8 million) due to delay in Integrated Water Services projects (\$68.2 million) and Parks, Recreation and Environmental Services (\$10.7 million). The Integrated Water Services (IWS) projects are attributed to:

- A deferral of large transmission main improvements occurring within the Regional Water Service and the Saanich Peninsula Water systems to optimize the delivery and gain the best value while still addressing the project objectives resulted in an \$17M variance in 2024. The work will begin in 2025.
- A delay of projects including the Marigold Building Upgrades, pumping station upgrades, and construction of the Watershed Field Operation Centre, as tenders came in over available budget, allowing time to rescope and ensure value for money which is resulting in a \$16M variance in 2024.

- Several projects in IWS's capital plans are providing funding to replace infrastructure as part of projects being undertaken by others. Examples include JDF #24-02 Hwy 14 Improvements (MOTI driven), JDF #21-13 Sooke Henlyn Supply & Distribution (developer driven) and other Asbestos-Cement (AC) watermain replacement projects. CRD does not have control over the schedules for this work but need to have funds available when the work proceeds; the estimated variance is \$8M in 2024.

The actual capital expenditures on projects greater than \$0.5 million totaled \$30.7 million in the third quarter, 11% below forecasted costs of \$34.5 million. The \$3.8 million variance can be largely attributed to:

- A delay in the construction of pump stations in the Juan de Fuca Water Distribution's Comprehensive Pump Station Upgrades project, accounting for \$0.9 million;
- A deferral of the construction of the Hartland Amenity Project at the Hartland Landfill due to timing of design work, accounting for \$0.9 million;
- Delayed construction of the Cell 5 Liner at the Hartland Landfill, now forecasted for the fourth quarter, accounting for \$0.8 million.

Other variance contributors include deferral of work to the fourth quarter for upgrades to the Magic Lake Sewer utility, forecasted underspending on the Seagirt watermain extension, and progress on the AC watermain replacement in the Juan de Fuca Water distribution service. These are partially offset by advanced work in the third quarter for replacement of the UV system within the Regional Water Supply and construction on the Diversion Transfer Station at the Hartland Landfill.

Capital Regional Hospital District

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

Capital Region Housing Corporation

In 2024, the CRHC is expected to come \$10.4 million below the budget, due to procurement delay associated with the redevelopment projects. Actual capital expenditures on projects greater than \$0.5 million totaled \$11.8 million in the third quarter, 28% under the \$16.4 million forecast. The primary reason for this variance was the construction draw timing for the Michigan Housing redevelopment. In the third quarter, a budget amendment was approved for the Michigan redevelopment, to address increased costs of construction financing. Additionally, timing of trades delayed work for the Caledonia redevelopment, pushing construction costs into future periods. Completion of the Caledonia redevelopment is forecast for 2025. While there were underspends compared to forecast for these projects, the Village on the Green redevelopment and routine capital replacements experienced costs higher than forecasted in the third quarter. These costs relate to the timing of construction documentation, and timing of replacements with tenant moveouts and contractor availability, respectively.

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 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 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. Thirty-seven (37) of the four-year Plan's 66 actions have been prioritized to commence in 2024 and are all on track as planned.

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, retention, and recruitment initiatives. Employee turnover is approximately two-thirds that of the year prior to the implementation of our program, and sick leave absenteeism rates overall are approximately 10% below those of the pre-implementation. 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 16,250 trips since program implementation (5,600 in the first six-month cycle ending 2023, and 10,650 for 2024 to date). 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.

The CRD's achievements in occupational health and safety continue to be recognized by our safety partners, and in October 2024 the CRD was recipient of the 2024 Organizational Safety Excellence Award by the BC Municipal Safety Association. This award recognizes local governments for activities that improve their experience rating, and ultimately reduce injuries, illness, and disease through demonstrated leadership, dedication, and hard work in creating a safer and healthier workplace.

On December 3, 2024, the BC Municipal Safety Association advised that the CRD had successfully completed the 2024 recertification audit of the Health and Safety Management System with a score of 95%. The Certificate of Recognition (CoR) Audit Report highlights best practices and areas for improvement to enhance processes. In addition, the Benchmarking Report demonstrated through key performance indicators the CRD's strengths relative to other industry peers participating in the CoR Program.

CONCLUSION

The CAO Quarterly Progress Report No. 4 - 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 December 31, 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 Q4, 2024
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Capital Regional District Advocacy Strategy
- Appendix E: Advocacy Dashboard Progress Q4, 2024
- Appendix F: Operating Variance Financial Report Q3, 2024
- Appendix G: Capital Variance Financial Report Q3, 2024
- Appendix H: Human Resources Trends and Corporate Safety