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**REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, April 10, 2019**

OPEN

SUBJECT CAO Quarterly Progress Report No. 1, 2019

ISSUE

To provide the Board with an enhanced quarterly update on Corporate Activities and Initiatives and advise on progress made on the 2019 Board and Corporate Priorities Dashboard, Capital Project Variance, and Human Resource Trends up to April 1, 2019.

BACKGROUND

The Board completed the strategic planning process at the end of January and in February 2019, approved the *CRD Board Strategic Priorities 2019-2022* (the “*Board Priorities*”) included as Appendix A, that identifies four strategic priorities with 18 initiatives to be advanced over the four-year term. Appendix B, the *CRD Corporate Plan 2019-2022* (the “*Corporate Plan*”) was subsequently developed and introduced corporate strategies and actions that are aimed at achieving the Board Priorities. The Plan also identifies corporate and core service priorities to enable a capable and responsive work force, the continued implementation of professional best practices and policy development aligned with the organizations mission, vision and values. The Corporate Plan will provide the basis for strategically aligning resources within service planning and financial planning processes. It will also assist in the development of key performance indicators (KPIs) to be monitored and reported on a quarterly basis.

Staff have developed a Priorities Dashboard to track progress on the Board and Corporate strategic priorities and will present quarterly updates of the Dashboard going forward. 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 CRD, CRHD and CRHC Financial Plans are reviewed and approved annually, and consistent with staff’s commitment to enhanced quarterly reporting, staff have developed a quarterly variance report to highlight differences between budget and actual expenditures on capital projects over \$500,000. A quarterly update on non-confidential human resources matters, including labour relations and workforce trends is also included in this report. This report will be the first report on the Board and Corporate Priorities identified for 2019 – 2022 and for this Board.

ALTERNATIVES

Alternative 1:

That the CAO Quarterly Progress Report No. 1 - 2019 be received for information.

Alternative 2:

That the CAO Quarterly Progress Report No. 1 - 2019 be referred back to staff for additional information.

DISCUSSION

Corporate Activities and Initiatives

Appendix C 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.

Millstream Ridge, a partnership between the Government of Canada, Province of B.C. and the Capital Regional District, opened on February 11, 2019. Families and single people with low to moderate incomes will benefit from this new 132 unit affordable housing development which consists of two six-story rental buildings at 713 and 715 Treanor Avenue in Langford. Thirty of the 132 apartments are funded by the Regional Housing First Program. The CRD and CRHC are the owner and operator of the \$44.8M project.

The Brett Trestle was recently resurfaced by covering the wooden decking with fibre reinforced polymer (FRP) panels. The Brett Trestle is an important link on the Lochside Regional Trail and on the regional trails system.

The new South Island 9-1-1/Police Dispatch Centre officially opened on March 6, 2019 with the CRD Board Chair as the emcee and the B.C. Minister of Public Safety and Solicitor General Mike Farnworth in attendance. Construction of the \$13.1 million CRD facility began in October 2017 and was completed in late fall 2018 on time and under budget. ECOMM as the operator has entered into agreements with the CRD, local police departments and the RCMP to provide 911 call answer and police dispatch services. CRD Board members participated in the opportunity of an advanced viewing of the new 9-1-1 facility on March 1, 2019.

On April 5, the Board also toured The Summit at Quadra Village. The 320 unit complex designed and built by the CRHD on behalf of Island Health is a \$86M project to replace the Oak Bay Lodge and Mt. Tolmie Hospital Facilities. This residential and dementia care facility to be operated by Island Health will provide residents with 24 hour care and support and is scheduled to be complete at the end of the year.

The 2019 Career Service Celebration took place on February 28 honouring employees with 20, 25 and 30 years of service with the CRD as well as recognizing those employees who have retired in the last year. This year 27 employees were recognized for their service.

The Honourable Jean-Yves Duclos, Minister of Families, Children and Social Development and Minister Responsible for Canada Mortgage and Housing Corporation held a Housing Forum on March 21, 2019 at the Greater Victoria Public Library. CRD Chief Administrative Officer, Robert Lapham participated as the moderator at the event.

The Federal Budget *Investing in the Middle Class* was tabled in the House of Commons and published on March 19, 2019 by the Government of Canada, Appendix D. While Federation of Canadian Municipalities (FCM) and other organizations have provided an analysis, and perspectives on the Budget, Appendix E, Nelson Chan, CFO will provide a verbal overview of implications for the CRD.

Board Priorities and Corporate Plan Initiatives

An updated Board Priorities Dashboard has been prepared reflecting the new Board Priorities. Progress on the Board Priorities and Corporate Plan initiatives from January 2019 to date is reflected in Progress Report No. 1 – 2019, at Appendix F. 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.

Capital Variance Report – Q4, 2019

Financial plan variance analysis is the process of investigating deviations in financial performance from the limits defined in the budget. The value in monitoring variance analysis reporting is two-fold: it affords the Board a medium to exercise appropriate financial oversight but also provides the Board, staff, and community critical insight into the performance of the organization and how to adjust going forward.

The Capital Variance Report, attached in Appendix G, highlights variances on actual expenditures from the quarterly and annual capital budgets. It also outlines the impact on the total project plan. The Capital Variance Report is current to the end of the fourth quarter of 2018 (December 31) and covers all capital projects greater than \$500,000.

For 2018, the capital plan was budgeted quarterly and based on the expected delivery of the projects in the plan. In addition, the process includes quarterly forecasting to provide periodic updates and oversight on the projects. As quarters progress through the year, the expectation is for accuracy to improve. Quarterly variances and annual forecasts for the 2018 significant capital projects are included in Appendix G.

The CRD capital expenditures on projects >\$500K was \$45.4M for the fourth quarter of 2018, 11% lower than quarterly forecasted estimates of \$51.1M. The \$5.7M variance is primarily due to lower than expected expenditures for the Core Area Wastewater Treatment Project (CAWTP) of \$5.1M. Notable projects in the balance of the variance include upgrades to the Japan Gulch Chlorination System, integrated Water vehicle replacement program, Ganges Sewer rehabilitation and phases 3 & 4 of the E&N Rail Trail.

Forecasts to year end reflect actual experience in the first three quarters. The 2018 forecast is lower than plan primarily due delays on projects experiencing market pricing pressures where re-design and re-scoping is required to proceed to tender and construction within available project funding. Financial plan amendments for changes to the approved capital plan are reflected in the summary table.

Human Resource Trends

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. While there continues to be no significantly concerning organizational health trends based on metrics information, the CRD is experiencing increased pressures associated with a highly

competitive labour market, low unemployment, and the increased number of retirements which are expected to continue in 2019 and beyond.

There are more than 60,000 people employed by local governments in the Province of BC, and across these organizations as local governments evolve and roles and responsibilities of these organizations increase, the demand for more specialized labour is expected to rise (reference: Local Government Management Association of British Columbia). This, coupled with some of the lowest unemployment in the country (3.2% in Victoria compared to 4.5% in the Province and 5.8% in the country; reference: Province of BC and WorkBC), and an aging workforce leading to increased retirements, the CRD continues to face increased pressures in the attraction and retention of staff in the highly competitive labour market. To this end, the CRD will continue its significant efforts in workforce planning, organizational development initiatives, and impactful recruitment and outreach strategies.

CONCLUSION

As part of staff's commitment to enhanced quarterly reporting to the Board, the CAO Quarterly Progress Report No. 1 - 2019 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

That the CAO Quarterly Progress Report No. 1 - 2019 be received for information.

Submitted by:	Robert Lapham, MCIP, RPP, Chief Administrative Officer
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Attachments: Appendix A CRD Board Strategic Priorities 2019 - 2022
Appendix B CRD Corporate Plan 2019 - 2022
Appendix C Photographs of Corporate Activities and Initiatives
Appendix D 2019 Federal Budget
Appendix E FCM Analysis of Federal Budget
Appendix F Priorities Dashboard Progress No 1 - 2019
Appendix G Capital Variance Report Q4, 2018
Appendix H Human Resource Trends Q4, 2018