

REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, JULY 09, 2025

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

At the CRD, we believe our people are our greatest strength and that’s the foundation of our Employee Recognition and Service Program. Each year, employees celebrating 5, 10, and 15 years of service are acknowledged at the departmental level by their managers, in appreciation of the valuable contributions they’ve made over the years. Longer service milestones including 20, 25, 30, and 35+ years are honoured through a dedicated career service recognition event, which took place this year on April 29, 2025.

On May 15, 2025, the STÁUTW (Tsawout) First Nation signed a Memorandum of Understanding (MOU) with the CRD, formalizing their government-to-government relationship. By outlining priority topics for collaboration and principles for working together, this MOU will directly support the creation of new processes for respectful and reciprocal government-to-government decision-making.

The Hartland Renewable Natural Gas Facility opening took place on May 22, 2025. The CRD, working together with FortisBC and Waga Energy Canada, has started producing Renewable Natural Gas (RNG) from biogas gas captured at the Hartland Landfill. The RNG is injected into FortisBC’s gas system. The \$32 million Hartland Landfill RNG facility is Vancouver Island’s first RNG facility and is designed to produce 360,000 gigajoules of RNG annually, reducing the capital

region's greenhouse gas emissions by up to 475,000 tonnes of carbon dioxide over the next 25 years.

On June 12th, CRD exempt managers gathered for a full-day, in-person session that featured new manager introductions, project and initiative updates, and, for the first time, a CRD Managers Leadership Panel. The panel brought together six managers from across departments and at varying stages of their leadership journeys; from new managers to a general manager. This engaging session was a valuable addition to the day, offering participants the chance to hear a wide range of leadership experiences, insights, and practical advice.

On June 10, 2025, the Island Corridor Foundation (ICF) coordinated a Hirail Trip with CRD Directors in support of the shared vision project that the CRD is participating in and as an opportunity to view the corridor and the rail infrastructure between View Royal and Shawnigan Lake. ICF will be a participant in the upcoming regional transportation planning discussions. The presentation on the screen is a photo that was taken at the lunch stop with the Malahat "Tunnel Hill" tunnel in the background.

On June 20, 2025, Royal Roads University, in collaboration with partner organizations including the CRD, hosted a community celebration in honour of National Indigenous Peoples Day. This annual event invites community members to witness the traditional canoe landing protocol, enjoy performances by Indigenous artists and musicians, explore guided nature walks, and support local Indigenous vendors. As a proud partner, the CRD hosted a Regional Parks outreach booth featuring educational and culturally appropriate craft activities, while also highlighting our Indigenous Perspectives programming. In addition to event promotion and planning efforts, the CRD provided a monetary donation.

June is Pride Month, a vibrant celebration of love, inclusion, and community. On June 24, CRD employees came together to decorate this year's float in preparation for the Victoria Pride Parade happening on Sunday, July 6, 2025. The CRD is proud to take part in this meaningful event hosted by the Victoria Pride Society. On July 6, the CRD will be participating to celebrate and stand in solidarity with Gender, Sexuality, and Relationship Diverse members across the regional district.

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 Q2, 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 Q2, 2025 as Appendix E.

Operating Variance Financial Report – Q1, 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 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 include:

- 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 in Q2, where the additional cost will be funded by the operating reserve;
- Salary savings across various service areas due to challenges in hiring and temporary vacancies.

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 Q1. Minor savings are anticipated, primarily due to some salary savings and the timing of mortgage payment for Caledonia which is scheduled to open in August 2025. While the mortgage charges were originally budgeted to begin in Q3, actual payments will now commence in Q4.

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

Capital Variance Financial Report – Q1, 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 Q1 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 come under its Capital budget due to delays in Integrated Water Services projects and Parks, Recreation and Environmental Services. Capital expenditures on projects greater than \$0.5 million totaled \$11.8 million in Q1, 41% below Q1 budgeted costs of \$19.9 million. The \$8.1 million variance can be largely attributed to:

- Delay in construction due to design and contract approvals and building permit issuance on the Goldstream Field Office, accounting for \$2.2 million (Regional Water);
- Timing of Sooke Lake & Deception Water Supply Area dam upgrades and improvements, now expected to progress later in 2025, contributing \$0.9 million (Regional Water);
- Facility commissioning and final construction of the RNG Optimization project began in Q1, with completion deferred to later in 2025, contributing \$0.7 million (Environmental Resource Management);
- Delayed timing of the Mount Tolmie Tank Structural and Infiltration Improvements project, now expected for completion in 2026, contributing \$0.6 million (Regional Water); and
- Timing of the Cell 1, 2 & 3 Transition Liner at Hartland Landfill, projected to be completed late in 2025, contributing \$0.5 million (Environmental Resource Management).

Other variance contributors include construction delays for the Saanich Peninsula Water System Upgrade, 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 Aggregate Stockpile Cover for Hartland Landfill.

Capital Regional Hospital District

As of Q1, no capital spending has occurred.

Capital Region Housing Corporation

Capital expenditures on projects greater than \$0.5 million totaled \$6.4 million in Q1, in line with forecast. Projects are forecasted to remain on plan for the remainder of 2025, with the exception of the Caledonia redevelopment. A \$4.0 million budget amendment will be required to complete the redevelopment, addressing escalating material costs, increased borrowing costs and the unanticipated remediation of an isolated area of contaminated soils within the property.

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.

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, including comprehensive workforce planning and impactful talent acquisition and

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

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 and recruitment initiatives, and employee turnover is approximately three-quarters of 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 by upwards of 25,000 trips since program implementation (5,200 for 2025 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 47.6% 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 with a score of 95%. The CRD is currently conducting the 2025 BCMSA-approved internal audit which will be complete by September, 2025. The next external audit is in 2027, and in 2026 the CRD conducts another BCMSA-approved internal audit.

CONCLUSION

The CAO Quarterly Progress Report No. 2, 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 June 30, 2025.

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, 2025
Appendix C: Board Priorities Dashboard – Summary of Completed Actions
Appendix D: Capital Regional District Advocacy Strategy
Appendix E: Advocacy Dashboard Progress Q2, 2025
Appendix F: Operating Variance Financial Report Q1, 2025
Appendix G: Capital Variance Financial Report Q1, 2025
Appendix H: People, Safety & Culture Trends