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## REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, OCTOBER 09, 2024

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**SUBJECT**     **CAO Quarterly Progress Report No. 3, 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 September 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 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 CRD has received the GFOA US & Canada Distinguished Budget Presentation Award for 2024. The Distinguished Budget Presentation Award recognizes local government budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting. This is the most difficult of the three awards we apply for to win. Additionally, the CRD was awarded “Special Recognition” for our work on alignment with Strategic Goals & Strategies. Special Recognition is given when all reviewers (3) on the evaluation panel give the highest possible score in a category.

This year, the CRD Arts & Culture Support Service has awarded 101 grants totalling \$2.7M to support local not-for-profit arts programming. The number of grants awarded, and the funding total were record highs with 15 grants awarded to first-time recipients. The Arts Service delivers funding via five granting programs: Equity, IDEA, Incubator, Project, and Operating grants. The approved grants advance the mission of the Arts Service to support, champion, and develop arts and culture in the region.

On July 22, 2024, a wildfire broke out near Sooke Potholes which spread into the Sea to Sea Regional Park. As a result of the Old Man Lake Wildfire, the CRD closed several regional parks and trails in the area which remained closed until August 15. The northern part of Sooke Potholes Regional Park and the Galloping Goose remain closed beyond parking lot 2. Emergency crews, including the BC Wildfire Service (BCWS), local fire crews, and CRD staff actively responded to

the incident. As a result of the quick action of the responders, the wildfire was contained and did not pose a risk to the Greater Victoria watershed lands. The fire is currently listed as under control on the BCWS website and CRD Park staff continue to patrol the area and consult with BCWS on fire status. CRD Park staff are also working with engineers on slope stability and danger trees in the closure area.

The official opening of the Michigan Square development in James Bay which offers 97 new rental homes for people with low to moderate incomes took place on September 13, 2024. Collaboration between all levels of government contributed to the development of more affordable housing in Victoria. The Capital Region Housing Corporation will own and operate Michigan Square. Participants included Grace Lore (Victoria-Beacon Hill MLA), Brittany Higginson (Greater Victoria Housing Society (GVHS), Virginia Holden (GVHS Exec Director), Marianne Alto (Victoria Mayor), James Munro (GVHS), Ravi Kahlon (BC Minister of Housing), Luke Biles (GVHS), Kent Verge (GVHS), and Zac de Vries (CRHC chair).

The CRD has received the BC Municipal Safety Association's 2024 Organizational Safety Excellence Award. The Organizational Safety Excellence Award recognizes local governments for activities that improve their rating, and ultimately reduce injuries, illness, disease, and fatalities. It was observed that the CRD has demonstrated a notable example of leadership, dedication, and hard work in reducing the costs of claims by creating a safer and healthier workplace and helping injured workers recover and return to work.

On September 18, the CRD and its partners, the City of Langford, District of Oak Bay, District of Saanich, Town of Sidney, and the City of Victoria accepted the Community Energy Association's (CEA) 2024 Climate & Energy Action Award at the UBCM Convention for the Capital Region Extreme Heat Information Portal. The Extreme Heat Information Portal Project was a collaborative effort between the CRD, municipal partners, Island Health, and the Province to understand vulnerability to heat across the capital region and produced a public interactive mapping dashboard to communicate regional impacts and support extreme heat disaster risk reduction and climate adaptation planning. The award was presented to the CRD Environmental Services Committee Chair, Barb Desjardins at the UBCM Convention by Megan Lohmann, the CEO of the CEA, Rik Logtenberg, Chair of CEA's Board of Directors, and MLA Brittny Anderson on behalf of the BC Ministry of Environment and Climate Change Strategy.

On September 30, known as Orange Shirt Day and now observed as the National Day for Truth and Reconciliation, we remember the profound and painful history of Canada's Indigenous residential schools. This important day serves as a time for reflection, learning, and action to support the healing of Indigenous communities across Canada. The CRD is committed to fostering a community that respects and upholds the rights and cultures of Indigenous Peoples. The CRD proudly flew the Xe Xe Smun' Eem "Our Sacred Children" flag for truth and reconciliation from September 27 to October 4. 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, 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 Q3, 2024 as Appendix E.

## **Operating Variance Financial Report – Q2, 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 second quarter.

Actuals to the end of the second 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.

Staff have noted that there will be a budget exceedance in 2024 for Core Area Wastewater Operations due to higher sludge and biosolids disposal and legal expenses. The operating reserve fund will be used to fund the variance; this will be reflected in the Core Area Wastewater 2025 provisional budget that will be presented to the committee in October. The biosolids disposal budget is expected to experience on-going pressure in 2025 while other disposal options are being explored.

## **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 second quarter.

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

## **Capital Variance Financial Report – Q2, 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 second 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, CRD is expecting to come under its Capital budget (\$70.17 million) due to delay in Integrated Water Services projects (\$60.78 million) and Parks and Environmental Services (\$6.54 million). The Integrated Water Services 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 \$18M variance in 2024. The work will begin in 2025.
- A delay of projects including the 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 \$15M 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 AC water main 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 \$7M in 2024.
- Critical water treatment upgrades must occur within the low demand season between October and April. These requirements are reflected within the contract and funds must be available within the 2024 budget period to allow the contract to expedite delivery should they be able to complete within 2024.

The actual capital expenditures on projects greater than \$0.5 million totaled \$16.6 million in the second quarter, 20% below forecasted costs of \$20.7 million. The \$4.1 million variance can be largely attributed to:

- A delay in the construction of the Diversion Transfer Station at the Hartland Landfill, accounting for \$2.0 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 land acquisition for future development in Land Banking & Housing, now forecasted for the fourth quarter, accounting for \$0.7 million.

Other variance contributors include supply chain delays in receiving vehicle replacements in the Juan de Fuca Water distribution service, and delays in contractor's work schedule for the CRD Public EV Network. These are partially offset by advanced work in the second quarter for Cell 1, 2 & 3 Transition liner and Cell 4 liner installation at the Hartland Landfill.

### **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 fourth quarter of 2024.

### **Capital Region Housing Corporation**

In 2024 CRHC is expected to come \$5.6 million below the budget, due to procurement delay associated with the redevelopment projects. Actual capital expenditures on projects greater than \$0.5 million totaled \$13.2 million in the second quarter, 28% under the \$18.2 million forecast. The primary reason for this variance was the construction draw timing for the Michigan Housing redevelopment. In the second quarter, a budget amendment was identified for the Michigan redevelopment, to address increased costs of construction financing. This budget was subsequently amended in the third quarter. 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 two projects, the Carey Lane Building Envelope Remediation and routine capital replacements experienced costs higher than forecasted in the second quarter. These costs relate to increased scope for attic and truss repairs, 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 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. 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 our 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.

Our 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, 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 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 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.

The CRD's achievements in occupational health and safety continue to be recognized by our safety partners, and in October 2024 and for the third consecutive year 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.

## **CONCLUSION**

The CAO Quarterly Progress Report No. 3 - 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 September 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 Q3, 2024
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Capital Regional District Advocacy Strategy
- Appendix E: Advocacy Dashboard Progress Q3, 2024
- Appendix F: Operating Variance Financial Report Q2, 2024
- Appendix G: Capital Variance Financial Report Q2, 2024
- Appendix H: Human Resources Trends and Corporate Safety