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

OPEN

SUBJECT CAO Quarterly Progress Report No. 2, 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 July 1, 2019.

BACKGROUND

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 second 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. 2 - 2019 be received for information.

Alternative 2:

That the CAO Quarterly Progress Report No. 2 - 2019 be referred back to staff for additional information.

DISCUSSION

Corporate Activities and Initiatives

Appendix A 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.

The Board was invited to participate in an E-bike Lunch & Learn on May 1st. After the safety orientation, Directors had the opportunity to take an E-bike for a ride and experience riding in the City of Victoria.

On May 10th, the Board toured the McLoughlin Point Wastewater Treatment Plant that is being built as part of the Core Area Wastewater Treatment Project. The Directors were provided a safety orientation, a high-level Project overview by Project Team staff and then toured around the active construction site lead by the contractor (Harbour Resource Partners) to see first-hand the construction progress of the facility. The Directors saw the primary, secondary, and tertiary treatment areas of the plant and the operations and maintenance building.

The SEAPARC Leisure Complex expansion will address the need for a fitness gym facility and additional multi-purpose space as current space is at capacity. The expansion will increase the 4,739 square metre (51,020 square foot) footprint of the complex by 10%, or approximately 478 square metres (5,150 square feet). The addition includes a 36 square metre (383 square foot) Child Minding Room, a 144 square metre (1,550 square foot) Movement Studio and Multi-Use Room and a 334 square metre (3,600 square foot) Fitness Gym. This project was made possible with the assistance of a \$1.24 million grant from the Strategic Priorities Federal Gas Tax Fund.

The CRD 14th Annual Golf Tournament was a tremendous success and enjoyed by staff, friends and family on June 1st at the Cedar Hill Golf course. The organizing committee will be providing a donation to the United Way and directing the funds towards Habitat for Humanity.

The 2019 CRD staff BBQ took place on June 13th at Hamsterly Beach at Elk/Beaver Lake. The event was a fun-filled evening of family games and activities including food. Staff from across the organization, several board members and over 60 children attended the event.

On June 14th, the Board toured part of the Regional Water Treatment Facilities Goldstream Ultraviolet Facility and the recently completed Ammoniation Facility on Niagara Main. The tour provided an overview of the drinking water disinfection process and systems, as well as the multiple barrier strategy used to protect and maintain the quality of our drinking water and to ensure our future water supply. IWS emergency water distribution vehicles were also on site including the new emergency water distribution trailer.

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. 2 – 2019, 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.

Capital Variance Report – Q1, 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 D, highlights variances on actual expenditures from the quarterly and annual capital budgets for all three entities CRD, Capital Regional Hospital

District and the Capital Region Housing Corporation. It also outlines the impact on the total project plan.

The Capital Variance Report is current to the end of the first quarter of 2019 and covers all capital projects with budgeted spending in 2019 greater than \$0.5 million.

For 2019, 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 and tenders complete, the expectation is that accuracy on estimates will be refined.

Capital Regional District

The CRD capital expenditures, on projects >\$0.5 million, was \$98 million for the first quarter of 2019, 13% lower than the \$112 million forecasted for the quarter. The \$14.1 million variance is primarily due to lower than expected expenditures for the Core Area Wastewater Treatment Project (CAWTP) of \$7.1 million due to timing and \$2.2 million estimate variance on the purchase of Millstream Ridge property (Regional Housing First Program). Notable projects in the balance of the variance include the acquisition of housing units through the Regional Housing First Program, expansion of the SEAPARC facility, Ganges Sewer rehabilitation, and phases 3 & 4 of the E&N Rail Trail.

Forecasts to year end reflect actual experience in the first quarters and forecast for the last three quarters of the year. The 2019 forecast is lower than plan primarily due to projects that being delayed to future years because of market pricing pressures where re-design and re-scoping may be required to proceed to tender and construction. Financial plan amendments for changes to the approved capital plan are reflected in the summary table.

Capital Regional Hospital District (CRHD)

In the first quarter, \$8.7 million was spent on construction of the Summit Project by the CRHD. The quarterly variance from plan is 1% or \$0.05 million and the forecasted annual variance is 1% or \$0.42M. Capital expenditures at the end of the first quarter were 70% complete and the project is on target for December 31, 2019 completion.

Capital Region Housing Corporation (CRHC)

The CRHC capital expenditures, on projects >\$0.5 million, was \$37.3 million for the first quarter of 2019, 22% lower than the \$47.7 million forecasted for the quarter. The \$10.4 million variance is primarily due to the capital budget for the Millstream Ridge property purchase also including the CMHC \$9 million equity share of the purchase. However, as lessee, the CRHC commitment on this property is limited to the value of the prepaid lease and related closing costs of \$35 million. The forecasted year-end variance, is 22% or \$11.5 million and is due to the Millstream Ridge variance as well as a forecasted delay in securing funding for the \$2.4 million Carey Lane Building Envelope project.

Human Resource Trends

Appendix E 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.

While employing more than 60,000 people in the Province of BC, local governments are becoming increasingly more complex as these organizations and their roles and responsibilities continue to evolve, and this continues to place more demand to secure more specialized labour. 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), and a high number of pending retirements, put significant pressure on the CRD's ability to attract and retain staff. To this end, the CRD continues 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. 2 - 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. 2 - 2019 be received for information.

Submitted by:	Robert Lapham, MCIP, RPP, Chief Administrative Officer
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Attachments: Appendix A Photographs of Corporate Activities and Initiatives
Appendix B Board Priorities Dashboard Progress No 2 – 2019
Appendix C Board Priorities Dashboard – Summary of Completed Actions
Appendix D Capital Variance Report Q1, 2019
Appendix E Human Resources Trends Q1, 2019