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**REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD  
MEETING OF WEDNESDAY, OCTOBER 9, 2019**

**OPEN**

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**SUBJECT**     **CAO Quarterly Progress Report No. 3, 2019**

**ISSUE**

To provide the Board with a 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 October 1, 2019.

**BACKGROUND**

The Board and Corporate Priorities Dashboard provides quarterly updates on progress related to Board and Corporate priority initiatives, actions, and advocacy as well as variances in financial performance and human resources trends. Following the approval of the Board Strategic Plan in March, 2019 staff prepared a Corporate Plan 2019-2022 to identify potential initiatives to advance Board and Corporate priorities. Service plans are prepared annually in alignment with Board and Corporate Priorities, service mandates and other approved plans, with corresponding KPIs and other service information that is approved by the Board. The CRD, CRHD and CRHC Financial Plans are also reviewed and approved annually. The quarterly variance report highlights differences between budget and actual expenditures on capital projects over \$500,000. The quarterly update on non-confidential human resources matters, including labour relations and workforce trends. This report will be the third 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. 3 - 2019 be received for information.

*Alternative 2:*

That the CAO Quarterly Progress Report No. 3 - 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.

Several members of the CRD Board and Executive Leadership Team toured Hartland landfill on Friday July 5. Tour highlights included the Hartland active face, landfill gas and leachate systems, rehabilitated landfill areas, public recycling / garbage drop off areas and a quick peak at the Residuals Treatment Facility construction at the north end of the site.

A celebration was held on July 23 to acknowledge the completion of phases one and two of the E&N Rail Trail-Humpback Connector. The bike and pedestrian trail is being constructed largely within the rail corridor in phases over a number of years and will be 17 kilometers in length when complete. The CRD received funding support from the Union of BC Municipalities, BC Ministry of Transportation, Western Economic Diversification Canada, and the BC Ministry of Municipal Affairs and Housing towards the development of this popular bike and pedestrian trail. The E&N Rail Trail received about 400,000 visits in 2018.

On August 6, the CRD hosted a federal government funding announcement at the Mount View Heights development with the CRD Chair as the Masters of Ceremony. Minister Jean-Yves Duclos announced \$75 million through the National Housing Strategy to support construction of 1,500 units of affordable housing across British Columbia.

On August 22, recipients of the CRD/CUPE Local 1978 Joint Bursary Awards were celebrated. For 38 years the CRD and CUPE Local 1978 have awarded Bursary Awards. This year they awarded eight Bursary Awards in the total amount of \$8,000 to CRD staff dependent's education.

On August 28 Minister Jean-Yves Duclos announced the development of West Park Lane funded through the Regional Housing First Program. The project will provide a minimum of 44 affordable homes, 74 near-market-price homes and 34 shelter-rate homes rented at the provincial income assistance rate of \$375 per month. Construction is expected to start in October 2019, with an anticipated opening date of September, 2021. The \$90 million Regional Housing First Program is an equal partnership agreement between the federal government through Canada Mortgage and Housing Corporation (CMHC), the B.C. government through BC Housing and the CRD.

On September 16 two important trestles in the capital region are getting significant improvements. The first is a comprehensive restoration of the Todd Creek Trestle along the Galloping Goose Regional Trail. On the Lochside Regional Trail, the Swan Lake Trestle wooden decking is being covered with fiber reinforced polymer panels to replace the ageing and uneven deck boards.

September 30 is Orange Shirt Day and an opportunity for First Nations, local governments, schools and communities to come together in the spirit of reconciliation and hope for generations of children to come. The annual Orange Shirt Day opens the door to global conversation on all aspects of Residential Schools.

### **Corporate Climate Change Initiatives**

Staff have successfully recruited and filled the newly funded Community Energy Specialist position. This position, jointly funded through a BC Hydro Community Energy Manager grant, will work with local governments and other key regional stakeholders to provide policy support and coordination related to electric vehicle charging, energy efficient new buildings, energy benchmarking and labelling, and regional initiatives that support energy and emission reductions in existing buildings and the transportation sector. This position will also support the development of an updated regional greenhouse gas inventory, as well as an update to the CRD's Regional Climate Action Strategy, scheduled to be presented to the Board in 2020.

Staff continue to work with the University of Victoria's Institute for Integrated Energy Systems on the CRD's Zero Emission Fleet Initiative. Recent work by a graduate student included analysis of the CRD vehicle fleet through telematics devices to recommend opportunities for electrifying the fleet. Work of the Climate Action staff also continues to support the organization to reduce energy consumption in CRD buildings and facilities, 'right-sizing' the corporate fleet, as well as developing the administrative policies necessary to meet the CRD's corporate commitments under the climate emergency declaration.

The CRD received a \$705,000 National Disaster Mitigation Program grant to support a Capital Region Flood Inundation Mapping project. Working with an inter-municipal project team, this project aims to build upon past studies to provide additional regional information about coastal flood hazards related to tsunamis and future sea level rise. The project has begun and will be completed in mid-spring 2020.

A total of 40 elementary and middle schools have registered for the third annual CRD Walk and Wheel to School this October 7 – 11, 2019. This program, supported by Island Health and the CRD Traffic and Safety Commission, encourages students to kick-off the year with active, healthy, safe and low emission travel habits.

The CRD continues to support promotions of the CleanBC Efficiency Rebates to regional homeowners and together with Victoria and Saanich provide top up incentives to encourage residents to switch to electric heat pumps from fossil fuel heating systems. Staff have also been actively working with a number of municipalities and regional districts on Vancouver Island, City Green Solutions and the Home Performance Stakeholder Council to execute the FCM grant funded Transition 2050: Residential Retrofit Acceleration Project. This past summer focused on the building retrofit industry, through capacity building and consultation activities.

### **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. 3 – 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.

### **Board Advocacy**

An Advocacy Dashboard has been prepared which tracks the ongoing advocacy work being done by the CRD Board, municipalities, partners and staff. Progress on advocacy is reflected in the Advocacy Dashboard Progress Report No 1 2019 as Appendix "D".

### **Capital Variance Report – Q2, 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 E, 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 second 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 \$58 million for the second quarter of 2019, 18% lower than the \$71 million forecasted for the quarter. The \$12.9 million variance is primarily due to lower than expected expenditures for the Core Area Wastewater Treatment Project (CAWTP) of \$10.9 million due to timing and \$0.8 million due to delays in materials for the Lubbe Dam remediation. Notable projects in the balance of the variance include the expansion of the SEAPARC facility, construction of the South Galiano Fire Hall, and the East Sooke Water Main Interconnection.

Forecasts to year end reflect actual experience in the first and second quarters, and forecast for the last two quarters of the year. The 2019 forecast is lower than plan primarily due to projects 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 second quarter, \$7.2 million was spent on construction of the Summit Project by the CRHD. The quarterly variance from plan is 16% or \$1.3 million, due to timing differences on contractor and equipment billings. The project is on target for December 31, 2019 completion, and forecast to be within budget.

### **Capital Region Housing Corporation (CRHC)**

The CRHC capital expenditures, on projects >\$0.5 million, was \$2.9 million for the second quarter of 2019, 30% lower than the \$4.1 million forecasted for the quarter. The \$1.2 million variance is primarily due to delays due to tendering for the Westview apartment building. As a result, the completion date for this project has shifted slightly from March 2020 to May 2020.

## **Human Resource Trends**

Appendix F provides an analysis of current and emerging trends in workforce composition, turnover, promotions, absenteeism and occupational health and safety.

### **Trends**

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.

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 (3.3% in Victoria at July 2019 compared to 4.4% in the Province of BC and 5.7% 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.

### **Corporate Recognition**

On September 17, 2019, the CRD received two (2) safety awards from the BC Municipal Safety Association for best safety practices: the *2019 Safety Improvement Award*; and the *2019 City of Excellence (Gold Standard) Award* which recognizes our Integrated Water Services operations for our safe work practices, notably activities that improve ground disturbance, safe evacuation techniques, and best practices related to underground infrastructure.

The *2019 Safety Improvement Award* recognizes local governments for activities that reduce injuries, illness, disease and fatalities, and by this experience ratings, and which for 2019 recognized CRD for our significant reduction in claims experience of 27.8%.

The *2019 City of Excellence (Gold Standard) Award* recognizes local governments for activities that improve ground disturbance, safe evacuation techniques, and best practices related to underground infrastructure. This year the award was presented to the CRD for our exceptional work within our Integrated Water Services operations.

### **CONCLUSION**

As part of staff's commitment to enhanced quarterly reporting to the Board, the CAO Quarterly Progress Report No. 3 - 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. 3 - 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 3 – 2019  
Appendix C Board Priorities Dashboard – Summary of Completed Actions  
Appendix D Advocacy Dashboard Progress No 1 - 2019  
Appendix E Capital Variance Report Q2, 2019  
Appendix F Human Resources Trends Q2, 2019