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REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, JULY 08, 2020

SUBJECT **CAO Quarterly Progress Report No. 2, 2020**

ISSUE SUMMARY

To provide the Board with a quarterly update on Corporate Activities and Initiatives, progress made on the 2019-2022 Board and Corporate Priorities, Corporate Climate Action Initiatives, Capital and Operating Variances, and Human Resources and Corporate Safety up to July 1, 2020.

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.

Progress on priorities, initiatives, actions and advocacy in this report is presented for the second quarter of 2020, however the capital and operating variances and human resources trends are for the first quarter in 2020. The Quarterly Capital Variance Report highlights differences between budget and actual expenditures on capital projects over \$500,000. The Quarterly Operating Variance Report highlights provides results and forecasts for services with an annual operating budget over \$1.5 million, which comprise approximately 77% of the CRD budgets for the year. The quarterly update on non-confidential human resources matters is provided to highlight workforce trends.

ALTERNATIVES

Alternative 1:

That the CAO Quarterly Progress Report No. 2 - 2020 be received for information.

Alternative 2:

That the CAO Quarterly Progress Report No. 2 - 2020 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.

For the third year in a row the CRD has been recognized as one of Canada's Greenest Employers. This award recognizes employers across the country that have interesting environmental programs and Earth-friendly policies. The CRD was also recognized again as one of BC Top Employers for 2020 and together, both of these application based awards are important to recognize the leading practices of the CRD and to existing and prospective employees who value being part of a progressive organization.

On May 20 the United Way announced that the CRD was the recipient of the Municipal Cup Challenge Spirit Award for our 2019 campaign. Thank you to those staff that participated and donated to the campaign where we raised over \$50,000 to help those in need in our community.

The CRD was proud to acknowledge National Indigenous History Month and Indigenous Peoples Day. As an organization, the CRD remains committed to the Board's priority of Reconciliation through establishing strong relationships with First Nations based on trust, mutual respect, partnerships and working together on shared goals.

On June 26, member of the CRD Board has an opportunity to tour the Residuals Treatment Facility (RTF). The RTF is part of the Wastewater Treatment Project which will be completed by the end of 2020 which consists of the McLoughlin Point Wastewater Treatment Plant and the conveyance system that will carry wastewater from across the core area to the treatment plant and residual solids to the RTF.

The Summit is a progressive new 320 bed care home for seniors which will replace Oak Bay lodge (238 beds) and Mt. Tolmie Hospital (70 beds) and also add 12 net new publicly funded beds and will be open for residents on July 10. The CRHD designed, constructed and owns the building and Island Health will lease it for 25 years. A celebratory opening of The Summit will be scheduled within the next couple of weeks.

Westview, a 73-unit, affordable housing community owned and operated by the Capital Region Housing Corporation (CRHC) on the Mount View Heights site in Saanich is now complete and occupancy of the building began on May 15. These low to moderate income units are for families, individuals, seniors and adults with disabilities thanks to a partnership between the Province, CRD and the CRHC.

Partners of the Regional Housing First Program (RHFP) reached agreement to extend the program by contributing additional matching grants of \$10 million each for a total of \$120 million, to ensure the program reaches its target number of homes for people experiencing chronic homelessness who are ready to live independently with supports. The RHFP is an equal partnership between the CRD, BC Housing and the Canada Mortgage and Housing Corporation.

Board Priorities and Corporate Plan Initiatives

Progress on the Board Priorities and Corporate Plan initiatives from January 2019 to date is reflected in Progress Report Q2, 2020, 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.

Corporate Climate Change Initiatives

A quarterly update on corporate climate change initiatives tracking progress on programs, projects, education, incentives, grants, measures, studies and monitoring work is included as Appendix D. This work is also compiled and reported as an annual report in conjunction with Climate Action Revenue Incentive Program (CARIP) reporting requirements related to our commitment to the Community Climate Action Charter.

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 Q2, 2020 as Appendix E.

Capital and Operating Variance Report – Q1, 2020

Financial plan variance analysis is the process of investigating deviations in financial performance from the limits defined in the budget. The value in monitoring the 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.

Operating Variance Report

The Operating Variance Report is being introduced this year as part of the CAO Quarterly Update. This report outlines the quarterly operating variance, providing actual results and annual forecasts for services with an annual operating budget over \$1.5 million. These services make up approximately 77% of the CRD budget for the year, and also includes the Capital Regional Hospital District (CRHD) budget.

The forecasts have been compiled by staff to determine estimates for how the services are expected to perform fiscally for the year, as at the end of the first quarter. Determining these forecasts includes looking at prior year results, planned and actual changes in activity, and considering service level delivery and associated funding impacts.

The amount of budget used at the first quarter will vary from service to service, based on the individual services' planned spending, seasonality, and timing of transactions. For example, services funded by requisition receive their funding in the third quarter, and water supply and distribution services receive more sales revenue over the summer months.

The Quarterly Operating Variance Report, attached in Appendix F, highlights how much of the annual budget has been used in comparison to prior year, and what the annual forecast is expected to be based on information available to the end of the first quarter. This is outlined for both expenditures and revenue.

First quarter spending % of actual budget is in line with the same period and timeframe as 2019 for both revenue and expenses. Effects of the current COVID-19 pandemic event on operations is not evident in the results up to March 31, but known information has been incorporated into and is reflected in the annual forecast in Appendix F.

Capital Regional District

The annual forecast highlights that the majority of services will still track in line with the annual budget. Many of these services are providing essential services to our communities, such as delivery of water, wastewater management, and solid waste. The notable exception to this is recreation services where forecasts incorporate a current and estimated impact on business activities as a result of current economic climate arising from the pandemic. The COVID-19 event-related closures were implemented in March, and were projected to last through to the end of August 2020.

Capital Regional Hospital District (CRHD)

The annual forecast highlights the debt servicing, grants and lease payments are all tracking to be on plan for the year. Island Health has taken possession of the Summit facility as of February 1, 2020 and relocation of residents from Oak Bay Lodge and Mount Tolmie Hospital that was initially planned for April 2020 and is now proceeding in July 2020.

Capital Region Housing Corporation (CRHC)

CRHC variance reporting is included in the annual financial planning process and in the annual audited financial statements. The variances are also monitored internally by building, by agreement and by division.

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

Capital Variance Report

The Capital Variance Report, attached in Appendix G, 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 2020 and covers all capital projects with budgeted spending in 2020 greater than \$0.5 million.

For 2020, 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

Capital expenditures on projects >\$0.5 million totaled \$39 million in the first quarter of 2020, 40% lower than a forecast of \$64 million. Of the \$25 million variance, \$23 million is related to timing of construction costs on the Core Area Wastewater Treatment Project (CAWTP), while \$0.4 million is related to delays waiting for regulatory approval on Millstream Site Remediation. Notable projects in the balance of the variance include phases 3 and 4 of the E&N trail, the South Galiano Fire Hall and Construction of the Anson Road Facility.

Capital Regional Hospital District (CRHD)

With construction complete on the Summit Project, \$4.6 million in expenditures were incurred in the first quarter against a budget of \$5.3 million. The \$0.7M or 13% variance is due to timing differences on furniture, fixtures and equipment billings. The project billings will be complete in the second quarter of 2020, and is expected to be on budget.

Capital Region Housing Corporation (CRHC)

Capital expenditures, on projects >\$0.5 million totaled \$2.5 million in the first quarter of 2020, 35% lower than budget of \$3.8 million. The variance is mainly due to timing of routine capital replacement, and timing differences on trades scheduling for the Westview property. The project was completed in April and project billings will be completed in the second quarter of 2020, and will be under budget.

Human Resource 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 Human Resource programs and systems where trends may show challenges arising.

The metrics information for the first quarter of 2020 is reflective of the impact from the COVID-19 Pandemic, most particularly with regard to illness duration and Occupational Health and Safety resourcing, policies, and programs. The CRD is closely monitoring the impact of COVID, and taking appropriate measures as needed to ensure the essential operations are maintained.

In addition, the CRD continues to experience increased pressures associated with a highly competitive labour market and a steady number of retirements. Local governments are becoming increasingly more complex as our role and responsibilities continue to evolve, and this continues to place more demand to secure more specialized labour. To this end, the CRD continues its significant efforts in workforce planning, organizational development initiatives, and impactful recruitment and outreach strategies.

The CRD's proactive and positive focuses on workplace health and safety remain top of priority. The CRD's fifteen (15) element OHS strategy aligned with OHS best practice standards, which meets or exceeds requirements of the municipal Certificate of Recognition (CoR) program, has been implemented and continue to ensure overall safe work and management practices. The CRD continues to experience a positive (merit) situation with WorkSafeBC resulting in an 11% lower-than-industry Employer Rating Assessment and equally reflected reduction in premiums.

CONCLUSION

As part of staff's commitment to enhanced quarterly reporting to the Board, the CAO Quarterly Progress Report No. 2 - 2020 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 - 2020 be received for information.

Submitted by:	Robert Lapham, MCIP, RPP, Chief Administrative Officer
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ATTACHMENT(S)

- Appendix A: Photographs of Corporate Activities and Initiatives
- Appendix B: Board Priorities Dashboard Progress Q2, 2020
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Corporate Climate Change Initiatives
- Appendix E: Advocacy Dashboard Progress Q2, 2020
- Appendix F: Operating Variance Report Q1, 2020
- Appendix G: Capital Variance Report Q1, 2020
- Appendix H: Human Resources Trends and Corporate Safety Q1, 2020