

**REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD  
MEETING OF WEDNESDAY, OCTOBER 14, 2020**

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**SUBJECT**      **CAO Quarterly Progress Report No. 3, 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 October 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. The Board completed an annual check-in on priorities in May 2020 and the priorities were confirmed and staff was directed to continue to progress the initiatives and actions as developed in the Corporate Plan.

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 2021 service and financial planning process is currently underway, and staff are providing recommendations on service levels, timing and the funding of core services and new initiatives for 2021 by way of Commission, Committee and Board review. The service planning work is now presented as a summary of Community Needs and includes information on the strategic context, core service levels, proposed initiatives, funding and reporting as well as key performance indicators and annual progress that was made on initiatives approved in the prior year. The CRD, CRHD and CRHC Financial Plans are reviewed and approved annually by the respective Boards' of these corporations.

This report presents quarterly progress on priorities, initiatives, actions and advocacy for the third quarter of 2020, however the capital and operating variances and human resources trends are for the second 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. 3 - 2020 be received for information.

*Alternative 2:*

That the CAO Quarterly Progress Report No. 3 - 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.

Additional measures and work to manage the organization, provide for a safe work place and ensure the delivery of critical and essential services continues through the COVID 19 pandemic and state of emergency. Work site risk assessments have been completed and safety equipment and signage has been installed and additional efforts are underway to manage meetings, engage with the public and address concerns and issues to enable continued operations.

A fire broke out in Mill Hill Regional Park on July 21 and fire crews from Langford other supporting fire departments as well as CRD staff responded to quickly contain the fire with support from the BC Wildfire Service. A unified command was established and all those responders and staff are thanked for their efforts and the significant work to manage all of the impacts.

The ceremonial opening of SEAPARC's new weight room and fitness studio expansion at the Leisure Complex in Sooke took place on July 27. This project was made possible with the assistance of a \$1.24 million grant from the Federal Gas Tax Fund.

On August 13 the Traffic Safety Commission awarded Cassandra Olson from Belmont Secondary School the \$2,000 Cst. Sarah Beckett Memorial Scholarship. This is the fourth year the CRD Traffic Safety Commission has awarded the scholarship to a post-secondary student living in the capital region who demonstrates academic achievement, financial need, community service and an expressed interest in pursuing a career in law enforcement.

A lightning storm passed through the Greater Victoria Water Supply Area (GVWSA) and southern Vancouver Island on the night of Sunday, August 16, 2020. Nineteen lightning strikes were recorded in the GVWSA of which two caused fires within the watershed catchments of Sooke Lake Reservoir and Deception Reservoir. The Chair of the Regional Water Supply Commission and Board Chair acknowledged support from the BC Wildfire Service and all of those staff supporting the response are commended for their work.

A recognition ceremony was held on September 18 at CRD Fisgard to recognize a donation made by Mr. John Money of 30 hectares of land near Money Lake on Saturna Island worth just over \$500,000. Ten hectares of the property will be managed by the CRD's Lyall Harbour/Boot Cove Water Service and the remaining 20 hectares will be used for a community park managed by the Saturna Island Parks and Recreation Commission.

Members of the First Nations Committee met on September 30 dressed for #OrangeShirtDay to honour residential school survivors and Indigenous communities. Orange Shirt Day is an annual national movement in Canada recognized every September 30 when Indigenous and non-Indigenous people come together in the spirit of hope and reconciliation to honour former residential school survivors, their families, communities and those that did not make it.

The CRD is rehabilitating the Todd Creek Trestle along the Galloping Goose Regional Trail near Sooke Potholes Regional Park. The cost of the project is an estimated \$1,500,000. It is anticipated to open mid-October. This 4-story wooden trestle is 100 years-old. It is considered a valuable asset to the regional trails system and to the visitors' experience. Rehabilitation work will add an additional 35-50 year life span to the structure.

### **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 Q3, 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 Q3, 2020 as Appendix E.

### **Operating Variance Report –Q2, 2020**

The Operating Variance 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 second 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 to the end of the second 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 second quarter. This is outlined for both expenditures and revenue.

Spending to the end of second quarter, as a % 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 has been limited to specific services, primarily recreation and some demand driven services such as landfill and water supply.

### **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, lasting through May. A gradual return to some recreational programming started in June, and is forecasted to incrementally return programming through the rest of 2020.

### **Capital Regional Hospital District (CRHD)**

The annual forecast highlights revenue and expenses are forecasted lower than budget due to the deferral of the Nigel House redevelopment, deferring granting costs to 2021.

### **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 –Q2, 2020**

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 \$40 million in the second quarter of 2020, 29% lower than a forecast of \$56 million. Of the \$16 million variance, \$15 million is related to timing of construction costs on the Core Area Wastewater Treatment Project (CAWTP), while \$0.5 million is related to delays on construction of phases 3 & 4 of the E&N trail. Notable projects in the balance of the variance include the South Galiano Fire Hall, and the North Ganges Transportation Plan.

### **Capital Regional Hospital District (CRHD)**

With construction complete on the Summit Project in the first quarter, \$0.6 million in expenditures were incurred in the second quarter for close-out costs, against a forecast of \$0.7 million. Remaining project billings and close-out costs will be complete in 2020, and is expected to be on budget.

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

Capital expenditures, on projects >\$0.5 million totaled \$1.6 million in the second quarter of 2020, 48% lower than forecast of \$3.1 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 with project billings incurred in second and third 2020. This project is forecasted to be complete under budget due in part to the construction management model cost efficiencies and efficacy.

### **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 through the second 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 a defined essential service, and as such 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. 3 - 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. 3 - 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 Q3, 2020  
Appendix C: Board Priorities Dashboard – Summary of Completed Actions  
Appendix D: Corporate Climate Change Initiatives  
Appendix E: Advocacy Dashboard Progress Q3, 2020  
Appendix F: Operating Variance Report Q2, 2020  
Appendix G: Capital Variance Report Q2, 2020  
Appendix H: Human Resources Trends and Corporate Safety Q2, 2020