

**REPORT TO THE CAPITAL REGIONAL DISTRICT BOARD  
MEETING OF WEDNESDAY, JANUARY 13, 2021**

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**SUBJECT**      **CAO Quarterly Progress Report No. 4, 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 January 1, 2021.

**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 fourth quarter of 2020, however the capital and operating variances and human resources trends are for the third 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. 4 - 2020 be received for information.

*Alternative 2:*

That the CAO Quarterly Progress Report No. 4 - 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.

The CRD has acquired a 41-hectare (103 acre) parcel of land known as Mount Parke Bluffs adjacent to Mount Parke Regional Park on Mayne Island. The parcel is largely undeveloped with some forested trails and features mature coastal Douglas fir forest and sensitive ecological areas along the ridge line. CRD Regional Parks received two donations to aid in the \$855,000 purchase: \$50,000 from the Mayne Island Conservancy and \$105,000 from the landowner, Randy Bishop.

2020 marked the 25<sup>th</sup> year that the CRD has participated in the United Way campaign. The CRD United Way Committee created a fun and safe workplace campaign despite some of the challenges presented due to COVID-19 and staff were very generous exceeding our fundraising goal of \$40,000. With their generosity, community spirit and enthusiasm CRD staff also crossed the \$1Million dollar giving milestone which is an incredible accomplishment.

Families and single people with mixed incomes will benefit from 282 new affordable housing units now renting in the communities of View Royal and Langford as part of the Regional Housing First Program (RHFP). West Park in View Royal has 152 units including 20 accessible units and 34 units renting at the current provincial income assistance shelter rate (\$375/month). Spencer Close in Langford has 130 units including 13 accessible units and 26 units renting at the current provincial income assistance shelter rate (\$375/month). On December 1, 2020 residents began moving into both buildings under the management of the Capital Region Housing Corporation.

The CRD Wastewater Treatment Project was approved in September, 2016 and construction began in 2017. The Project consists of three main components: the McLoughlin Point Wastewater Treatment Plant, which provides tertiary treatment to the core area's wastewater; the Residuals Treatment Facility, which turns residual solids into Class A biosolids; and a conveyance system, which carries wastewater from across the core area to the treatment plant and residual solids to the Residuals Treatment Facility. The Wastewater Treatment Project is the largest public infrastructure project in CRD's history and it has met and exceeded all regulatory requirements on schedule.

Public engagement is a key part of developing the region's Solid Waste Management Plan and the CRD is welcoming feedback from residents on the draft plan until January 15. On December 14, Gregor Craigie, host of CBC's On The Island, and CRD staff held a virtual information session about the draft plan via the CRD's [YouTube](#) channel. Questions were submitted by residents in advance and addressed during the broadcast.

The CRD has acquired a 12.1 hectare parcel of undeveloped land adjacent to Mount Work Regional Park. The parcel is mainly second growth Douglas fir forest, with intermittent patches of open rock bluffs. The property, located on Ross Durrance Road, connects to the western edge of the park and brings Mount Work Regional Park to 742.1 hectares. The property was purchased through the Land Acquisition Fund and helps preserve this area for future generations while providing important ecological connectivity and makes a wonderful addition to the park.

### **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 Q4, 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 Q4, 2020 as Appendix E.

### **Operating Variance Report –Q3, 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 third 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 third 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 fee 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 third quarter. This is outlined for both expenditures and revenue.

Spending to the end of third quarter, as a % of actual budget, is largely 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.

### **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 health guidelines in response to the pandemic. In the third quarter, budget amendments were made to the SEAPARC and Panorama Recreation Centre services, to revise expense and revenue budget impacts related to the COVID-19 event-related closures over March through May. A gradual return to some recreational programming started in June is expected to carry through the rest of 2020.

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

The annual forecast highlights expenses and revenues are forecasted lower than budget due to the deferral of the Nigel House redevelopment, deferring grant 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 –Q3, 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 third 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 \$36.8 million in the third quarter of 2020, 46% lower than a forecast of \$68.5 million. Of the \$31.7 million variance, \$26.2 million is related to timing of construction costs and savings on the Core Area Wastewater Treatment Project (CAWTP), while \$2.6 million is related to delays on the North West Trunk Sewer Rehabilitation. Notable projects in the balance of the variance include the construction of phases 3 & 4 of the E&N trail, and potential land acquisitions in Regional Parks.

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

With construction costs, in the second quarter were substantially complete on the Summit Project, the third quarter recognized a credit of \$(0.5) million against a forecast of \$(0.1) million for energy rebates and refundable deposits on the project. Remaining project billings and close-out costs will be complete by the end of 2020, and is expected to be on budget.

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

Capital expenditures, on projects >\$0.5 million totaled \$0.5 million in the third quarter of 2020, 64% lower than forecast of \$1.3 million. The variance is mainly due to timing of routine capital replacement, and timing delays on the Michigan and Caledonia properties. The construction project billings on the Westview property were completed in April, with remaining close-out costs forecasted for the fourth quarter 2020. This multi-year project is forecasted to be complete under

budget in 2020 by \$2.0 million, due in part to the construction management model employed 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 third 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 (19.8% lower for 2021) 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. 4 - 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. 4 - 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 Q4, 2020
- Appendix C: Board Priorities Dashboard – Summary of Completed Actions
- Appendix D: Corporate Climate Change Initiatives
- Appendix E: Advocacy Dashboard Progress Q4, 2020
- Appendix F: Operating Variance Report Q3, 2020
- Appendix G: Capital Variance Report Q3, 2020
- Appendix H: Human Resources Trends and Corporate Safety Q3, 2020