

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

SUBJECT **CAO Quarterly Progress Report No. 3, 2021**

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, 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 on May 12, 2021 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 Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (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 2021, however the capital and operating variances and human resources trends are for the second quarter in 2021. The quarterly Capital Variance Report highlights differences between budget and actual expenditures on capital projects over \$500,000. The quarterly Operating Variance Report provides results and forecasts for services with an annual operating budget over \$1.5 million, which comprise approximately 85% of the combined CRD, CRHD and CRHC 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 - 2021 be received for information.

Alternative 2:

That the CAO Quarterly Progress Report No. 3 - 2021 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.

On July 30, the Minister responsible for the Canada Mortgage and Housing Corporation, Minister of Transportation and Infrastructure and the CRD announced \$11.3 million to create an estimated 46 new affordable homes for individuals and families in the CRD through the Cities Stream under expanded Rapid Housing Initiative. The Rapid Housing Initiative. These housing units will support Canadians who are in uncertain housing situations, experiencing or at risk of homelessness, or living in temporary shelters because of the pandemic.

As of July 30 the section of the E&N Rail Trail between the railway crossing on Atkins Avenue and Savory School in Langford is substantively complete and now open for public use. This newest section creates a continuous 13 kms of trail between Jacklin Road in Langford and Esquimalt Road in Victoria. The CRD received a \$1 million dollar grant, through the BC Active Transportation program (formerly BikeBC) towards its completion. The regional trail provides an important active transportation and recreation link between Victoria and the western communities.

The CRD in partnership with the Province of BC and the Capital Region Housing Corporation has started construction of 58 new affordable homes at 2782 Spencer Road in Langford. Located near Langford's urban centre, 2782 Spencer will be a 5-storey wood-framed building with a mix of unit sizes from studio to 2-bedroom, providing homes for low to moderate income seniors, individuals and families, including those with disabilities. BC Housing is providing \$5.9 million through the Community Housing Fund towards the \$19.9 million project. 2782 Spencer Rd is part of a larger redevelopment that includes the Tri-Way Mobile Home Park lands and a mixed-use commercial area along the Trans-Canada Highway. The CRHC will operate the building. Construction is anticipated to be complete in fall 2022.

On September 23, 2021, it was announced that the Estate of Francis Gordon Ainsworth bequeathed \$518,000 to the CRD Animal Shelter. Mr. Ainsworth and his partner, Mr. Carter who predeceased him learned about the work of the CRD at a community outreach event where the animal shelter was promoting its work. Inspired by staff's passion for animal welfare, they became annual donors.

September 30, 2021 marks the first federal statutory holiday called the National Day for Truth and Reconciliation. This day provides an opportunity to recognize and commemorate the legacy of residential schools.

The new Regional Water Supply disinfection facility upgrades were fully commissioned and operational in April. The \$9.5 million project replaced the aging chlorine and ammonia gas disinfection equipment with new liquid chlorine and ammonia disinfection equipment and post disaster buildings with modern monitoring and control systems. The project took several years to complete and was commissioned successfully without any water quality impacts or interruption to the water supply.

Employees working at the CRD recreation centres (Panorama Recreation Centre, Salt Spring Island PARC, and SEAPARC) have had to adapt to rapidly changing situations. They are now managing the new proof of vaccine policy and addressing concerns from members of our community on all ends of the spectrum. The steadfast efforts and professionalism that they continue to show while working with the public should be commended. Panorama and PARC have

all facilities fully operational with slightly reduced hours compared to fall 2019. Some activities such as fitness classes and arena activities continue to operate by reservation with drop-in if space is available. SEAPARC is operating at full capacity with the exception of reduced hours in the pool on the weekends due to staffing constraints. With the closing of the vaccination clinic, fitness classes will resume at SEAPARC this fall. Staff at all three recreation centres continue to implement marketing strategies to increase attendance and registration.

The COVID-19 provincial state of emergency declared under the Emergency Program Act ended July 1, 2021. On the same day, the Province moved to Step 3 of its four-step Restart Plan. During Step 3, as with other organizations, the CRD transitioned from a COVID-19 Safety and Exposure Control Plan to a new Communicable Disease Plan following guidelines released by WorkSafeBC. Vaccination rates on Vancouver Island have increased with 90% of people having received at least one vaccination and 87% having received both as of September 29, 2021.

Based on advice from emergency management and wildfire officials, the BC provincial state of emergency enacted to support provincial wildfire response ended on September 15. As of September 13, 1,585 fires burned 868,619 hectares in the province.

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, 2021, 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, 2021 as Appendix E.

Operating Variance Report – Q2, 2021

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 which comprise approximately 85% of the combined CRD, CRHD and CRHC budgets for the year. The report also includes the CRHD budget, and starting this quarter, includes the CRHC budget.

The forecasts have been compiled by staff to determine estimates for how 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 to the end of 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.

Spending to the end of the first quarter, as a percentage of actual budget, is largely in line with the same period and timeframe as 2020 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. Forecasts for the recreation services incorporate estimated impact on business activities as a result of current health guidelines in response to the pandemic. The forecasts for SEAPARC and Panorama Recreation Centre services are not materially different from budget in the second quarter, as budget for these services reflected a gradual return to some recreational programming. Furthermore, Panorama Recreation also recognizes in the forecast the addition of new child care services, to be added in the third quarter.

Capital Regional Hospital District (CRHD)

The annual forecast highlights some minor savings expected due to temporary staff vacancy, but otherwise the CRHD operations are forecasted to continue as planned.

Capital Region Housing Corporation (CRHC)

CRHC variance reporting has now been incorporated into this this quarter's report. Previously, CRHC variance reporting was provided in the annual financial planning process and in the annual audited financial statements. The variances for CRHC is provided by portfolio, reflecting forecasted performance by agreement/division. The variance report reflects the forecasted cost savings and revenue shortfalls forecasted for the various CRHC portfolios at the end of the second quarter. These variances have since been incorporated into a budget amendment as approved by the CRHC Board on July 14, 2021.

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

Capital Variance Report – Q2, 2021

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, CRHD, and CRHC) including impact on the total project. The Capital Variance Report is current to the end of the second quarter and covers all capital projects with budgeted spending in 2021 greater than \$0.5 million.

The capital plan is budgeted quarterly based on scope and schedule of projects. In addition, forecasts are updated quarterly to provide periodic revisions and oversight on outcomes. As

quarters progress through the year and tenders complete, the expectation is that accuracy will improve.

Capital Regional District

Capital expenditures on projects greater than \$0.5 million totaled \$95.0 million in the second quarter of 2021, 12% lower than a forecast of \$108.1 million. Of the \$13.1 million variance, \$10.9 million is related to timing of potential closeout costs of the residual treatment facility being deferred to the third and fourth quarter. Other notable projects include timing differences on the Juan de Fuca AC Pipe Replacement, Magic Lake Sewer Wastewater Improvements, and delays in beginning the NW Trunk Sewer Rehabilitation.

Capital Regional Hospital District (CRHD)

Capital expenditures on projects greater than \$0.5 million totaled \$0.7 million in the second quarter of 2021, 52% lower than a forecast of \$1.4 million. The variance is mainly due to a minor delay in the hazardous waste removal of Oak Bay Lodge. Project completion has been revised to early 2022, with the overall project forecasted to be under budget due to a favourable RFP result.

Capital Region Housing Corporation (CRHC)

Capital expenditures on projects greater than \$0.5 million totaled \$1.1 million in the second quarter of 2021, 14% lower than a forecast of \$1.3 million. The variance is mainly due to timing on consultant and contractor tendering for the Michigan Redevelopment project. These costs will be deferred with demolition proceeding through the fourth quarter.

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.

As with 2020 metrics, the 2021 Quarter 2 metrics information 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-19 on service delivery and our people, and is taking appropriate measures as needed to ensure the essential operations are maintained and staff receive supports as may be needed.

The CRD continues to experience increased pressures associated with a highly competitive labour market and a steady number of retirements. Local governments, and especially those delivering highly essential services, 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, and the CRD's comprehensive occupational health and safety (OHS) strategy, which is aligned with OHS best practice standards, meets or exceeds requirements of the WorkSafeBC approved municipal Certificate of Recognition (CoR) program. The CRD continues to experience a positive (merit) situation with WorkSafeBC resulting in a 20.2% better-than-industry-average Employer Rating Assessment and an 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 - 2021 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 - 2021 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, 2021
Appendix C: Board Priorities Dashboard – Summary of Completed Actions
Appendix D: Corporate Climate Change Initiatives
Appendix E: Advocacy Dashboard Progress Q3, 2021
Appendix F: Operating Variance Report Q2, 2021
Appendix G: Capital Variance Report Q2, 2021
Appendix H: Human Resources Trends and Corporate Safety Q2, 2021