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**REPORT TO REGIONAL WATER SUPPLY COMMISSION  
MEETING OF WEDNESDAY, JUNE 15, 2022**

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**SUBJECT**     **Greater Victoria Water Supply Area Land Acquisition Reserve Fund Options**

**ISSUE SUMMARY**

To bring forward the June 16, 2021 *Greater Victoria Water Supply Area Land Acquisition Reserve Fund Options* staff report for further consideration as directed by the Regional Water Supply Commission.

**BACKGROUND**

The Regional Water Supply Commission (Commission) adopted the Greater Victoria Water Supply Area (GVWSA) Land Acquisition Priorities in 2020 and further directed staff to report on options and implications of developing a reserve fund to support the land acquisition goals.

A report on the matter of establishing a reserve fund was brought to the Commission June 16, 2021. The Commission decided not to establish a land acquisition reserve fund at that time, but with the resolution below, directed staff to report any implications of the decision and consider the creation of a land acquisition reserve fund a year later.

*“That the Regional Water Supply Commission direct staff to bring this report back in one year’s time to consider the creation of a land acquisition reserve fund.”*

The 2021 report “*Greater Victoria Water Supply Area Land Acquisition Reserve Fund Options*” is included as Appendix A. The background, implications, basic alternatives and staff recommendation remain the same now, as they did in 2021.

Since the report was considered a year ago, there have been no implications from the decision, nor do staff anticipate future barriers to acquiring land as a result of not carrying a land acquisition reserve fund. The Grant Lake property acquisition (58.7 hectares) for the GVWSA closed as planned in February 2021 using funds (\$652,729) allocated in the Regional Water Supply Capital Plan, without the need for capital plan amendments or additional borrowing. During the last 12 months there have been no further land acquisition opportunities.

**ALTERNATIVES**

*Alternative 1*

That the establishment of a reserve fund for Greater Victoria Water Supply Area Land Acquisition not be pursued at this time, and that any immediate land purchase opportunities be addressed through adjustments to the existing capital program and existing capital funding and/or debt financing be utilized to fund the acquisition.

*Alternative 2*

That staff be directed to pursue the establishment of a reserve fund for Greater Victoria Water Supply Area Land Acquisition, starting in the 2023 budget year, and contribute annually to the reserve through the wholesale water rate. The Regional Water Supply Commission will be able to review and approve the contribution amount each year.

**IMPLICATIONS**

Please refer to the Implications section of the 2021 report on the matter attached as Appendix A, assuming references to 2022 now refer to 2023.

**CONCLUSION**

In June of 2021 the Regional Water Supply Commission decided not to establish a Greater Victoria Water Supply Area Land Acquisition reserve fund; but to re-visit the decision in one year's time. During the last 12 months one land acquisition opportunity was realized (58.7 hectares for \$652,729) using allocated Regional Water Supply Capital funds. The lack of a reserve fund did not hamper efforts to pursue priority lands during the period; however, there were no other willing sellers that tested the need for readily available funds in a reserve. Given no changes to the financial implications or outlook for land acquisition, the conclusion from 2021 remains the same.

**RECOMMENDATION**

That the establishment of a reserve fund for Greater Victoria Water Supply Area Land Acquisition not be pursued at this time, and that any immediate land purchase opportunities be addressed through adjustments to the existing capital program and existing capital funding and/or debt financing be utilized to fund the acquisition.

Submitted by:	Annette Constabel, MSc., RPF, Senior Manager, Watershed Protection
Concurrence:	Ted Robbins, BSc., CTech., General Manager, Integrated Water Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
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**ATTACHMENT**

Appendix A: *RWSC 21-08 Options & Implications of Developing a Reserve Fund for Greater Victoria Water Supply Area Land Acquisition*