



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, OCTOBER 18, 2023**

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

ISSUE SUMMARY

To bring forward the June 15, 2022 Greater Victoria Water Supply Area Land Acquisition Reserve Fund Options staff report for further consideration as directed by the Regional Water Supply Commission.

BACKGROUND

In 2020, the Regional Water Supply Commission (Commission) adopted the Greater Victoria Water Supply Area (GVWSA) Land Acquisition Priorities 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 in June 2021 (Appendix A) and in June 2022 (Appendix B). At both meetings, the Commission resolved not to establish a land acquisition reserve fund at that time, but to re-visit the matter in a year's time.

The background, implications, basic alternatives and staff recommendation remain the same in 2023 as they did in 2021 and 2022.

There have been no implications from the decision to not establish a reserve fund, 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 24 months no further land acquisition opportunities have developed to the point of requiring funding.

ALTERNATIVES

Alternative 1

1. That a reserve fund for Greater Victoria Water Supply Area land acquisition be included when considering of a reserve fund for Regional Water Supply System Master Plan projects, and that, until reserves are established, land purchase opportunities continue to be addressed through adjustments to the existing capital program and/or debt financing;
2. That the decision whether to establish a Greater Victoria Water Supply Area land acquisition reserve fund be brought back either, when recommendation 1. above occurs, or when a specific need arises; and,
3. That a report on land acquisition opportunities and progress be provided, in closed meeting, only when Commission decision is required or significant progress is made.

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 2025 budget year, and contribute annually to the reserve through the wholesale water rate, with the Regional Water Supply Commission reviewing and approving the contribution amount each year.

IMPLICATIONS

Please refer to the Implications section of the 2021 staff report on the matter attached as Appendix A, assuming references to 2022 now refer to 2025.

CONCLUSION

In June of 2021 and 2022 the Regional Water Supply Commission resolved not to establish a Greater Victoria Water Supply Area Land Acquisition reserve fund; but to re-visit the decision in one years' time. In the last two years, one land acquisition opportunity was realized (58.7 hectares for \$652,729) using allocated Regional Water Supply Capital funds. The lack of a reserve funds did not hamper efforts to pursue priority acquisition 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

1. That a reserve fund for Greater Victoria Water Supply Area land acquisition be included when considering of a reserve fund for Regional Water Supply System Master Plan projects, and that, until reserves are established, land purchase opportunities continue to be addressed through adjustments to the existing capital program and/or debt financing;
2. That the decision whether to establish a Greater Victoria Water Supply Area land acquisition reserve fund be brought back either, when recommendation 1. above occurs, or when a specific need arises; and,
3. That a report on land acquisition opportunities and progress be provided, in closed meeting, only when Commission decision is required or significant progress is made.

Submitted by:	Annette Constabel, M.Sc., RPF., Senior Manager, Watershed Protection
Concurrence:	Alicia Fraser, P. Eng., General Manager, Integrated Water Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

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

Appendix B: RWSC 22-07 Greater Victoria Water Supply Area Land Acquisition Reserve Fund Options