CITY OF
VICTORIA

Committee of the Whole Report
For the Meeting of December 13, 2018

To:	Committee of the Whole	**Date:**	December 6, 2018
From:	Peter Rantucci, Head of Strategic Real Estate		
Subject:	Funding Options in Support of Land Acquisitions		

RECOMMENDATION

That Council:

- Authorize City staff to undertake discussions with the Capital Regional District, and BC Housing for the purposes of informing decisions on the City's desired level of property acquisition and related number of units to be built.
- Direct staff to use the information developed through the discussions with the Capital Regional District and BC Housing for the purpose of informing the Council's decisions on funding priorities
- Confirm that the City's approach to financing acquisitions consider all funding options to support the securement of lands in support of affordable housing including the potential disposition, exchange or use of City owned property considered underutilized or surplus to the City's needs.

EXECUTIVE SUMMARY

At the November 8, 2018 Committee of the Whole meeting, Council approved a multi-point motion endorsing in principle the acquisition of land on a priority basis to facilitate federal, provincial and regional investment in decommodified housing. In support of acquisitions, the motion also directed staff to report to Council by December 13, 2018 with recommendations on options for financing the acquisition of land to facilitate federal, provincial and regional investment in decommodified housing.

In order to be able to determine the right financing options, it is important to establish Council's goal in terms of the number of housing units to achieve annually or over a span of time. The goal on the number of units the City wishes to deliver, will directly drive the amount of land that needs to be secured either internally, externally or a combination of both; as well as, the related funding required. While the City can acquire land, affordable housing can only be built where there are matching capital grants, construction financing and housing operators in support. Developing the unit goal should involve consultation with BC Housing and the Capital Regional District to establish the expected supply sources, including where the City can focus itself to best support the overall effort and maximize the impact of the land provided.

The amount of new funding required by the City to prioritize land acquisitions will affect the availability of funding for other City reserves, projects or programs pursuant to the City's annual budgeting process. How much this reprioritization would affect funding for other programs will largely depend on the types of funding tools the City remains open to using. Acquiring new land externally within the current market will require significant financial resources given current land prices. For example, staff estimate if the City wished to fund and purchase sufficient new land to build 40-50 new units per year, these costs would be in the range of $2.5m to $3.5m annually that would have to be reallocated from other City projects or programs or funded through a tax increase or new tax revenue from new development. However, if the City is willing to consider a wider range of funding tools that includes recalibrating its existing land portfolio to release surplus land value not well suited for affordable housing, the need to divert existing capital or revenue from other projects or priorities can be reduced.

Municipal funding sources to acquire land can generally be broken down into three broad areas. Internal Funding (e.g. internal reserves, land sales and exchanges), External Funding (e.g. external borrowing) and in kind exchanges (co-location). Depending on the type of acquisition the City is considering, this can influence the appropriateness of the funding source tool. In some instances, the acquisition method itself also serves as a form of funding the acquisition (e.g. land swaps or co-location). Using the appropriate funding tool is important to ensure the best efficiency, effectiveness and value where the City is considering non-market uses for the lands acquired, as there will be no offsetting revenue generated to pay the carrying costs of the lands.

The most expedient way to acquire new lands would be using internal reserves for funding direct acquisitions from willing sellers. Access to reserves to fund acquisitions is most useful where speed and project flexibility are important or if targets of opportunity arise in the market and must be acted upon quickly (days versus weeks or months). However, the City's Tax Sale Lands Fund Reserve (TSLR) has limited funds available[1] to make any meaningfully acquisitions. If the City wishes to use reserves for acquisitions beginning in 2019, funding would have to be reassigned from other reserves, projects or program uses, or funded by property taxes. In order to fully understand the broader impacts of reassigning funding to the TSLR, staff recommend this priority setting decision should become part of the City's 2019 budgeting process.

The sale of underutilized or surplus properties sufficient in size to be developed is also a source of capital for a property acquisition reserve. Under this scenario, the sale is essentially a portfolio management recalibration of the existing land portfolio whereby lands, which are not being used to their full potential, are sold to acquire lands that better suited the City's priorities. Sale of surplus property is a widely used approach by municipalities to fund acquisitions, establish their initial capital land reserve and replenish the reserve over the long term. Once developed by private investment, these previously tax exempt properties can generate significant net new taxes for the City and provide a new source of ongoing revenue to help recharge the reserve in the future. As the tax revenue is newly created, it provides a source of ongoing reserve funding that does not need to be reallocated from other reserves, projects or programs.

The sale of remnant[2] surplus properties should not be considered a material source of funding for future land acquisitions nor additional tax revenue streams. There is a limited number of remnants

[1] Tax Sale Lands Fund Balance- $1.59 million

[2] Generally defined as lands less than 3,000 sqft that are not under City use or considered an asset in the Parks & Openspaces Master Plan

to sell to a limited market of buyers. In most cases, the only viable sale is to a neighboring property that will not necessarily pay the same amount as a property marketed to the public, unless acquiring the land is critical to a development. In some instances, the neighboring property is already making use of the remnant in limited ways and knows the City cannot dispose of the land to others so they will not pay more than a portion of market price. Given the lack of overall revenue to be generated, and the internal resources needed to support any land sale, the sale of remnants should be considered more of a clean up effort done when opportunities arise; versus a focussed project effort using dedicated staff resources.

Land exchanges can also be an expedient and efficient way to acquire the appropriate property, especially in the case where the parties have relatively similar lands in terms of value but each party can make better use of the other party's land. An example of this efficiency is demonstrated from the recent projects the City is involved in with School District 61 (SD 61) at Burnside School and Vic High School. Combined these two projects will generate an estimated 243 units with no property acquisition costs and the City has either retained the land provided once the lease expires or has a net increase in its land inventory elsewhere. If the City had acquired these lands on its own, to support 243 units the estimated costs to do so would be in the \$14m-\$17m range; or close to spending 50% of the City's Buildings & Infrastructure Reserve[3] (BIR) and TSLR combined.

Staff believe there are similar exchange opportunities to develop similar projects at other sites that could support an additional 140 to 190 units. Building on these underutilized sites would avoid the City having to find new acquisition funding for these units. Locating affordable family housing near schools also ensures long-term enrollment stability and existing school infrastructure remains well utilized to maximize the returns from the public investment in the schools. One very important social and economic benefit for families living in these housing projects is they can reduce both the time and costs of transporting their children to school, childcare services and green spaces. There are additional project benefits and advantages to using these kinds of sites, as they do not normally require time and costs related to demolition. Additionally these sites are less likely to require remediation, which is becoming increasingly more expensive to complete.

There are also potential projects lands available for colocation projects and potentially, colocation with subdivision potential. Various associations or community groups currently own the sites. These projects can have similar synergistic benefits as land exchanges but have more complexity in their structure, development and resources needed to carry them out. There are also long term site management considerations to take into account, as it will be more likely to have multiple owners permanently on a single site. These projects will generally take more time and resources and therefore would be best considered as longer-term deliverables (3-5 years) in an overall strategy to deliver affordable housing.

PURPOSE

The purpose of this report is to advise Council of the options for financing the acquisition of land to facilitate federal, provincial and regional investment in decommodified housing.

BACKGROUND

As part of the City's overall strategy to help address supply side affordable housing issues for low to moderate incomes, Council has endorsed, in principle, the City acquiring lands appropriate for affordable housing projects. The City is currently involved with three affordable housing projects that, if completed, would provide up to 373 new units within the next 3 years.

[3] Building & Infrastructure Reserve Fund estimated balance end of 2019 - \$27.9 million

ISSUES & ANALYSIS

Rather than considering one funding model as the preferred source of capital, it is advisable to consider all options in the City's tool kit ranging from capital reserves to land inventory portfolio readjustments as available options. This tool kit approach is especially important given the limited capital reserves currently available to fund acquisitions and the high opportunity cost of holding lands that are underutilized. Using a single funding model of relying on reserves only will require more decisions on the priority between competing goals (e.g. affordable housing versus parkland acquisition). By considering other funding approaches (e.g. land swaps or land sales) as well as using a reserve, the City could look at pursuing more goals as the sources of funding have been expanded. One source is net new funding being allocated and the second is releasing existing capital held in underutilized lands. A funding approach that includes the disposition of City lands would also be consistent with the direction provided for in the Victoria Housing Strategy 2016-2025 - to consider opportunities using existing City lands to support increased affordable housing supply.

A cross section of the tools available for funding the acquisition of lands in support of affordable housing is provided in Table 1 of Appendix 1.

Internal Funding - Existing Reserves

The easiest and most expedient way to acquire lands would be to use reserves for funding direct acquisitions with a willing seller. Access to reserves to fund acquisitions is most useful where speed and project flexibility are important; or where targets of opportunity arise and must be acted upon quickly. However, the City's TLSR has limited funds available in it to make any meaningfully acquisitions. If the City wishes to use reserves for acquisitions beginning in 2019, capital would have to be reassigned from other reserves, projects or program uses, or funded through property tax increases or new tax revenue from new development. In order to understand the broader impacts of reassigning capital to the TLSR, staff recommend this process becomes part of the City's 2019 budgeting process.

Internal Funding – Surplus Land

The sale of underutilized or surplus properties that are sufficient in size to be developed is also a source of capital for a property acquisition reserve. This is essentially a portfolio management recalibration of the existing land portfolio whereby lands, that are not being used to their full potential, are sold to acquire lands that better suited the City's needs. Sale of surplus property is a widely used approach by municipalities to fund acquisitions, establish their initial capital land reserve and replenish the reserve over the long term.

From a real estate portfolio management perspective, a higher-level strategic opportunity arises from these types of land sales because these sites will go on to generate significant net new tax revenues once developed through private investment. If directed by Council, the increase in tax revenue can be used as an ongoing and sustainable source of recharging a land acquisition reserve annually, long after the capital from the initial sale has been used to buy new properties. The sale and development of the land sold continues to provide years of ongoing annual seed money to the reserve, and potentially buy more land than was initial sold. The new tax revenue is an important source for establishing new reserve funding because it is net new revenue coming from previously tax-exempt land. As net new revenue, City budgets have not previously relied on this revenue to fund other reserves, projects or programs. Therefore, by assigning this new revenue to an acquisition reserve it reduces the need for increasing taxes or diverting revenue from other City projects or programs to fund a reserve.

Where City land is disposed for development under either the business use or residential strata development scenarios, the new property tax revenue can be made available to help finance new land acquisitions over the longer term. However, the business use tax stream will in most instances, provide significantly more revenue than a residential use due to its higher tax mill rate[4] . Given the higher tax revenue potential, business use should be a directional goal to consider whenever the City disposes of land in the market for uses other than affordable housing. While a business use only sale of land may not generate as high an initial sale price as selling for residential strata[5] , the tax revenue related to the mill rate differential can make up for this difference in a short period of time and provide a premium thereafter. From a tax revenue generating perspective, business use is in effect a highest and best use for the City given its taxation authority and relative mill rates. The City's perspective is different from the development market that would generally consider residential use as highest and best use in relation to how the industry places market value on the land.

While some of the public may be concerned with the sale of surplus or underutilized public lands, there can be a better acceptance and general support if they understand the sale is a means for the City to acquire new lands that meet the needs of the City and therefore can have greater value to the public than those sold.

Internal Funding – Land Exchanges

Land exchanges can also be an expedient and cost efficient way to acquire the appropriate property; especially in the case where the parties have relatively similar lands in terms of value, but each party can make better use of the other party's land. An example of this efficiency is demonstrated in the recent affordable housing projects the City is involved with SD 61 at Burnside School and Vic High School. Combined these two projects will generate an estimated 243 units with no property acquisition costs and the City has either retained the land provided once the lease expires or has a net increase in its land inventory elsewhere. If the City had acquired these lands on its own to support 243 units, the estimated costs to do so would be $14m-$17m; or close to spending 50% of the City's BIR and TSLR reserves combined.

Where the parties also have complimentary goals, or can gain some benefit from each others use of the exchanged property, there are also opportunities to create new value from additional social and economic benefits generated through synergies. Examples of this kind of generated value are also demonstrated at both the Burnside School and Vic High School projects. The City has provided land at both sites where new affordable housing will be created. In return, the City has received lands supporting other important social and environmental benefits, increased affordable childcare, community programming space and reduced SD 61's need to purchase portables. Very few of these benefits could have been achieved without the excellent working relationship, complimentary goals and cooperation between the City and SD 61.

Locating affordable family housing near schools also ensures long-term enrollment stability and existing school infrastructure remains well utilized to maximize the returns from the public investment in the schools. One important additional social and economic benefit for families living in these affordable housing projects is they can reduce both the time and costs of transporting their children to school, childcare services and green spaces.

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[4] 2018 business use mill rate $18.2099 (total tax)/$11.6261 (municipal share) versus residential use mill rate $5.2035 (total tax)/$3.2889 (municipal share) per $1,000 of assessed value

[5] Normally residential market value is higher per sqft than commercial

Internal Funding – Colocation and Subdivision

There are also potential projects lands available for colocation projects, and potentially colocation with subdivision potential, with associations or community groups who own their own lands. These projects can have some of the similar synergy benefits as land exchanges but have more complexity in their structure, development and resources needed to carry them out. Additionally, longer-term site management considerations need to be into account, as it will be more likely to have multiple owners permanently on the site. Colocation projects will generally take more time and resources to develop; therefore, they should be considered longer-term deliverables (3-5 years) in an overall strategy to deliver affordable housing.

OPTIONS & IMPLICATIONS

The following two strategy options have been developed for consideration. Under either option, it is recommended that the City work with BC Housing and the CRD before determining funding level decisions to help better inform decisions on unit targets. This information would be incorporated into the 2019 budget development process to provide Council with more information for determining funding allocation among competing priorities for 2019 and beyond. It should be noted that land values are based on early assumptions that will likely require future adjustments for location, project type and timing:

Option 1

Consider funding options that do not involve the potential disposition or use of existing City owned lands as part of the funding mechanism

Under this scenario, the City would be primarily reliant on its reserves or borrowing to acquire new property. Currently, the City's TSLR reserve has an insufficient balance to fund a land acquisition that could support a multifamily development on its own. In order to use this reserve, additional funding would have to come from another reserve, project or other revenue allocation.

For example, if the City determined an annual unit target of 40 units, the minimum (land only) acquisition costs to support 40-50 units is estimated at $2.5m to $3.5m[6] each year depending on the location acquired. In order to fund this acquisition, the reserve must have at least that amount to fund one land acquisition project. If a capital reserve is to be the main financial tool to acquire affordable housing lands supporting the assumed 40-50 units, staff recommend an initial investment of $8m with a plan to provide at least $3m annually in funding to help replenish the reserve.

The choice of 40-50 units, as an example, arises from discussions with BC Housing and non-profit organizations that indicate a minimum of 40-50 units per site is preferable for economies of scale during construction and ongoing operations.

While external borrowing can be a source of funding, staff do not recommend this as a primary source as the lands used for affordable housing projects will not generate revenue to help service the annual borrowing costs. Additionally, contrary to a reserve repayment, borrowing service costs are paid to external parties and would not be available for reprioritization if the City required them for other priorities.

[6] Assumes units average 600sqft and density of 1.5/2.5, 85% building efficiency

Option 2 (Recommended)

Consider all funding options to support the acquisition of lands in support of affordable housing including the potential disposition or use of City owned property considered underutilized or surplus to the City's needs

Under this approach, the financial tool chosen would be dependent on taking many factors into account, some of which are the following:

- speed required to provide lands for a project
- amount of affordable units the City wishes to deliver and over what period of time (later units may be delivered though project requiring more lead time (e.g. colocation)
- amount of funding the City is willing to reprioritize from other projects or uses to fund a capital reserve for acquiring affordable lands
- availability of City land to be sold or exchanged that is not otherwise serving a better use
- whether opportunities exist for land exchanges with other institutions that could add additional benefits to an affordable housing project
- state of the land market (e.g. land banking purchases in a down market is favourable for this non-economic use)
- whether other unique benefits can be achieved only acquiring a specific property (e.g. City owns a remnant property that needs additional land to be useful and has more value to supporting an affordable housing project than selling as remnant).
- Capacity and timing for housing providers to be able to participate

Under this approach, some of the land needed to build units would be secured without the need for matching capital being allocated into an acquisition reserve. However, this approach would still require acquisitions as part of the portfolio recalibration. Therefore, the City would still need to secure more capital in the TLSR than currently available but at a level lower than Option 1. While it is more difficult to forecast an initial reserve, using a similar 40-50 units annually as an example, staff would recommend an initial balance of $5m with a similar level of annual reserve contribution at $2.5m. However, this annual contribution could be suspended, if there are future land sales proceeds paid into the reserve in the year sold, if City requires this contribution for other priorities.

Accessibility Considerations

All units constructed would be built to today's building code requirements and any additional accessibility conditions that may be required pursuant to their funding requirements from BC Housing and Canada Mortgage and Housing Corp.

2015 – 2018 Strategic Plan

The proposal supports Objective 6 of the Strategic Plan: Make Victoria More Affordable, specific to an action to work with the public and private sectors on housing solutions and to pilot new ideas. The proposal also support the direction provided for in the Victoria Housing Strategy 2016-2025 to consider opportunities to use existing City lands to support increased affordable housing supply.

Impacts to Financial Plan

It is recommended that the City work with BC Housing and the CRD before determining funding level decisions to help better inform decisions on unit targets. This information would be incorporated into the 2019 and future financial planning processes to provide Council with the better information for determining Council's funding allocation among competing priorities for 2019 and beyond. Examples of potential funding levels, given assumptions on unit targets, were outlined in the Options and Impacts section above.

As noted, existing reserves established for land purchases are unlikely to be sufficient to achieve unit targets. Although the City has established a number of other reserves (shown in Appendix 2), the majority of those are restricted in some way (for example all utility reserve, Development Cost Charges Reserves and Gas Tax Reserve) or may not be desirable to re-allocate (for example the Victoria Housing Reserve).

Council could consider using un-restricted reserves such as the Buildings and Infrastructure Reserve. However, this will impact the ability to fund other projects such as facility upgrades (Facilities Condition Assessment contemplates required upgrades in the order of $50 million over the next 10 years), the refurbishment of the Gate of Harmonious Interest, fendering for the Johnson Street Bridge and Topaz Park Improvements, to name a few.

Under either option outlined above, the City's activities in the acquisition and furtherance of projects in support of affordable housing will greatly increase the work load on the Strategic Real Estate Office which is already at it maximum output. Staff believe that in order to meet these demands as well as other demands on their resources, a minimum two additional FTEs will be required.

Official Community Plan Consistency Statement

Any acquisitions of land and subsequent development would be subject to the City's rezoning process and would focus on lands that the OCP permits residential use. However, there may be instances where given the critical nature of building new affordable housing, the City should also consider acquiring land that would require an OCP amendment to allow that use.

CONCLUSIONS

The movement into acquiring new land in support of affordable housing can best be achieved by the City considering all opportunities, both internally and externally, to acquire lands. However, before undertaking decisions on funding, it is critical the City determine what the annual or overall unit goals are for the creation of new units in order to inform Council's decision on funding priorities in upcoming budgets.

Respectfully submitted,

P. Rantucci

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Head, Strategic Real Estate

Susanne Thompson

Susanne Thompson
Deputy City Manager

Report accepted and recommended by the City Manager: Jocelyn Jenkyns

Date: Dec 7, 2018

List of Attachments

Appendix 1: Funding Sources

Appendix 2: Reserves

Appendix 1: Funding Sources

Table 1: Funding Sources: The following reflects a scope of potential ways to finance the acquisition of land, along with observation of some of the benefits and challenges that can come from each:

Type of Funding	Transaction Suitability	Advantages	Considerations
Internal Funding (Existing Reserves)	All types but especially for Open Market Acquisitions (where commitment must be made quickly) or land banking for future use	• Speed – good for targets of opportunity where City must act quickly or City is attempting to quickly increase its inventory of lands • Flexibility – wide flexibility on project selection subject to affordability • Resource Efficiency- efficient in terms of internal resourcing necessary to carry out transaction	• Limited $ available currently • Not sustainable without significant other source of revenue for reserve replenishment and growth • Reduces funds available for other competing services or projects • Potential to be competing with other purchasers in market based purchases (influence market) • Transaction costs may be higher due to commissions for market based properties
External Funding (Borrowing)	Larger Scale Strategic Acquisition matched to specific project to initiate after purchase	• Existing borrowing capacity • Initial capital repayment can be spread over longer period	• Speed- requires longer approval process which can include referendum for borrowing • Flexibility - must be project specific as opposed to funds ready for acquisition opportunities and as such better suited to larger long term capital projects • Resource Efficiency- can require significant internal resourcing necessary to carry out transaction

			• Transaction costs may be higher due to borrowing costs which will also require future revenues to be reassigned to service debt carrying costs • Creates an ongoing fixed liability that must be repaid (unlike a reserve repayment) with limited ability to reprioritize repayment if new and competing priorities arise or incoming taxation revenue becomes limited
Internal Funding (Land Exchange pursuant to Portfolio Management Goals)[7]	Strategic Acquisitions where acquired lands have greater use or value given City's priorities than those transferred	• Portfolio Management - release value of underutilized lands in exchange for land with higher usage value - does not require new capital for acquisition of appropriate property • Speed - can be expedient or involve multiple properties acquired at once • Value-potential exchange synergies resulting in greater value and reduced land acquisition cost • Expand Supply-potential for lands to become available that vendor would otherwise not sell due to their own needs	• Limited number of City surplus lands that can support an exchange • Flexibility -less project flexibility as participants must find suitable exchange match for both parties • Involves existing City surplus land as part of transaction • Resource Efficiency-can potentially require more internal resources for deal structure than direct acquisitions

[7] Staff believe there are additional properties that could support land exchanges in furtherance of affordable housing as part of school land consolidation efforts

		• Better control over timing of transaction	
Internal Funding (Subdivision)	All Types	• Expand Supply- Potential to turn density (upzone) in excess of project needs into a source of capital funding though the sale of excess density for market projects • Expand Supply- some existing properties well suited for longer term opportunities from vertical subdivision (e.g. parkades) as part of replacement schedule • Can result in lower net land acquisition costs	• Resource Efficiency- greater time and internal resources investment necessary to develop deal structure • Requires larger parcels or strata/air space • Not a source for initial acquisition funds unless existing lands are used • Flexibility- must be more project specific because it may be only suitable or worthwhile on some properties • Speed-requires more time to carry out work to subdivide and rezone
External Funding (Co-location)	Strategic Acquisitions where City's proposed use can coexist with other users over the long term	• Value- potential co-usage synergies resulting in greater value received • Better control over the timing of the transaction • Expand Supply - potential for lands to become available that vendor would otherwise not sell due to their own needs • Can result in lower land acquisition costs in some instances	• Flexibility- less project flexibility as City must find an exchange match • Resource Efficiency- much greater time and internal resources investment necessary to develop deal structure • Likely the most complex method as co-location has a wide range of legal and operational issues needing to be addressed likely requires some form of ongoing co-management (e.g.

			strata or air space) of site • Lands must be used for the project negotiated
Internal Funding - Surplus Land (Disposition pursuant to Portfolio Management Goals)	All	• Portfolio Management – immediately release value of underutilized lands to provide source of funding for land with higher value considering City needs • Value- potential to leverage location premiums into more land being acquired through sale proceeds than is sold • Speed -can be expedient or involve multiple properties • Common method used by municipalities to establish and grow acquisition reserves • Value- increases tax revenues as previously tax exempt lands now generating taxes • Increased taxation (of previously exempt land) from sale and development can be used as a sustainable funding source for replenishing reserves and acquiring new lands without redirecting funds from other City uses	• Involves existing City surplus land being disposed of either permanently or long term (lease) as part of transaction • Resource Efficiency- depending on disposition method, can result in significant internal resources to complete • Remnants do not create significant value on their own as they have a limited market • Public Acceptance can be an issue in some instances especially if goals of sale are not properly communicated and sales are not tied to funding future purchases of land the public values

Appendix 2: Reserves

Fund Description	Primary Purpose	Basis for Target Balance	Approximate Minimum Target Balance	Projected Balance December 31, 2019	Restrictions
Financial Stability					
City Financial Stability			$18 million	$6.8 million	Can be reallocated by motion
Insurance	Risk mitigation	60 days (16.67%) of General Operating expenses		$3.9 million	Can be reallocated by motion
Debt Reduction				$40.6 million	Commitment under a signed agreement ($35.9 million)
Police Financial Stability	Risk mitigation	Per agreement (2% of operating expenses)	$1 million	$415,000	Restricted under terms of Framework Agreement between City, Township of Esquimalt and Victoria Police Board
Water Utility Financial Stability	Risk mitigation	60 days (16.67%) of operating expenses	$800,000	$800,000	Restricted for water utility for which fees were collected
Sewer Utility Financial Stability	Risk mitigation	60 days (16.67%) of operating expenses	$500,000	$797,000	Restricted for sewer utility for which fees were collected
Stormwater Utility Financial Stability	Risk mitigation	45 days (12.5%) of operating expenses	$400,000	$420,000	Restricted for stormwater utility for which fees were collected
Equipment and Infrastructure					
Police Vehicles, Equipment and Infrastructure	Planned capital funding	Minimum of 0.3% of replacement cost, plus funding of replacement schedule, subject to agreement	To be determined	$425,000	Restricted under terms of Framework Agreement between City, Township of Esquimalt and Victoria Police Board
Emergency Response Team Vehicles/Equipment	Dedicated revenue source	No target balance		$121,000	Restricted under terms of Framework Agreement between City, Township of Esquimalt and Victoria Police Board
City Equipment	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of replacement schedule	To be determined	$9 million	Restricted to capital - can be reallocated by motion to another capital reserve
Archives Equipment	Dedicated revenue source			$37,000	
City Vehicles and Heavy Equipment	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of replacement schedule	$100,000	$3.6 million	Restricted to capital - can be reallocated by motion to another capital reserve
VCC Equipment and Infrastructure	Planned capital funding	Minimum 0.5% of replacement cost, plus funding of capital program	Part of Buildings and Infrastructure balance	0	Restricted to capital - can be reallocated by motion to another capital reserve
City Buildings and Infrastructure	Planned capital funding	Minimum 0.7% of replacement cost, plus funding of capital program	$8 million	$27.9 million	Restricted to capital - can be reallocated by motion to another capital reserve
Accessibility				$947,000	Restricted to capital - can be reallocated by motion to another capital reserve
Parking Services Equipment and Infrastructure	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of capital program	$300,000	$8.3 million	Restricted to capital - can be reallocated by motion to another capital reserve
Multipurpose Equipment and Infrastructure	Planned capital funding	Minimum 0.5% of replacement cost, plus funding of capital program	Part of Buildings and Infrastructure balance	$716,000	Restricted as per the terms of the Operating Agreement for the operation of the Arena
Recreation Facilities Equipment and Infrastructure	Planned capital funding/Dedicated funding source	Minimum 0.5% of replacement cost, plus funding of capital program	Part of Buildings and Infrastructure balance	$1.13 million	Restricted to capital - can be reallocated by motion to another capital reserve
Artificial Turf Field (Topaz Park)		No target balance		$1.2 million	Restricted for the replacement of the artificial turf field at Topas Park for which fees were collected
Gas Tax	Dedicated funding source	No target balance		$3.6 million	Restricted as per terms of Federal Gas Tax Agreement
Water Utility Equipment and Infrastructure	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of capital program	$1.5 million	$20.7 million	Restricted for water utility for which fees were collected
Sewer Utility Equipment and Infrastructure	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of capital program	$1.2 million	$25.1 million	Restricted for sewer utility for which fees were collected
Stormwater Utility Equipment and Infrastructure	Planned capital funding	Minimum 0.3% of replacement cost, plus funding of capital program	$1.3 million	$2 million	Restricted for stormwater utility for which fees were collected
Development Cost Charges	Dedicated revenue source	No target balance		$9.8 million	
Tax Sale Lands	Planned capital funding	Based on acquisition strategy		$1.6 million	Restricted to land purchases and capital improvements
Parks and Greenways Acquisition	Planned capital funding	Based on acquisition strategy		$2.1 million	Restricted to park land purchases and capital improvements
Local Amenities	Dedicated revenue source	No target balance		$464,000	Varying restrictions as per any agreements at time of collection
Victoria Housing	Dedicated revenue source	No target balance		$2.5 million	Can be reallocatted by Council motion
Climate Action	Dedicated revenue source	No target balance		$918,000	Can be reallocatted by Council motion
Art in Public Places	Dedicated revenue source	No target balance		$223,000	Can be reallocatted by Council motion
Downtown Core Area Public Realm Improvements	Dedicated revenue source	No target balance		$154,000	Varying restrictions as per any agreements at time of collection
Heritage Buildings Seismic Upgrades	Dedicated revenue source	No target balance		$89,000	Varying restrictions as per any agreements at time of collection