

# THE CITY OF PRINCE ALBERT



## LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2020

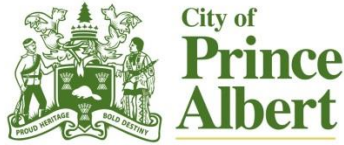
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December 31, 2020 Consolidated Budget Document

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## Budget Overview



The Land Fund was created via resolution of Council and set up as a combined capital-operating budget that would be run as a self-sustaining fund where all surpluses would be used for future land development. The City was one of the largest land developers but in recent years private entities have also been participating in this venture.

The Land Fund documents cash inflows from land sales and cash outflows for land development. Administration's mandate is to operate this fund on the basis that the selling price for developed land is sufficient to recover the costs incurred. In order to generate a profit, the City's prices are typically incremented above the break-even minimum value to ensure that reserves are created to fund future property development. Administration also tries to ensure that there is a balanced mix of properties priced to accommodate demand from low, middle or high income developers.

### Budgeted Revenue

Total budgeted revenue of \$430,000 for 2020 is unchanged compared to 2019. There are three primary sources of revenue for the Land Fund. They are:

1. Land Sales – which include both residential and commercial/industrial land sales.
  - a. For 2020, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are currently 38 lots available for sale and four of these lots are budgeted to be sold in 2020 for \$400,000. To date, no lots have been sold in 2019.
  - b. For 2020, nothing has been budgeted for Commercial/industrial sales as there are no commercial or industrial land sales currently pending.
2. Offsite Development Levies – collected on sales of land or from developers paying the levy to become part of the City services. This revenue is not easy to project and is not typically budgeted for.
3. Rental/Lease Revenues – this is revenue that is generated from the rental of vacant parcels of land and is budgeted at \$30,000 for 2020.

Budgeted revenue for 2020 is unchanged when compared to 2019. The City is budgeting for the sale of four residential lots in Crescent Acres Stage IV, Phase 4A in 2020. The 2019 Budget also budgeted for the sale of four residential lots but to date no lots in Crescent Acres Stage IV, Phase 4A have been sold in 2019. In 2018, 2 residential lots were sold and in 2017 11 lots were sold.

The current market for City lots remains slow. Administration attributes the slowdown in demand to a number of factors such as higher prices per lot, Provincial Sales Tax implications on housing costs, mortgage regulations, the variety of locations for developers to choose from when making lot purchases (i.e. Crescent Acres versus developing in the West Hill or Adanac Pointe), and the general slump in the Canadian economy which has led to a slowdown in the construction industry.

### **Budgeted Expenses**

Total budgeted expenses are \$296,810 for 2020 compared to \$225,180 in 2019. The changes in budgeted expenses are primarily the result of:

- An increase of \$94,650 in interest on long term debt related to primarily to new debt being proposed for stage one of the West Hill Trunk Sewer Main and Marquis Road Extension capital projects.
- A decrease of \$25,000 to Contracted and General Services primarily related to the removal of \$50,000 in one-time funding for a project budgeted in the prior year offset by the addition of a \$25,000 budget for the completion of a Crescent Acres Neighborhood Plan to be funded from the Planning and Marketing Reserve.

### **Capital and Interfund Transactions**

- A budgeted transfer to the General Fund of \$68,000 is based on the budgeted residential land sales for 2020.

### **2020 Capital Budget**

Administration is requesting \$6,520,700 in capital spending for the Land Fund in 2020. A brief description of the projects and their funding source is provided below:

- \$4,000,000 for construction of Stage #1 of the West Hill Trunk Sewer Main Project (10<sup>th</sup> Avenue West to 2<sup>nd</sup> Avenue West). The capital project would be funded from debt financing with principal and interest payments over the term of the loan to be funded from the Development Levies Reserve.
- \$2,250,000 for the Marquis Road West Extension which will serve as a new arterial for the West Hill area from 7<sup>th</sup> Avenue West to 10<sup>th</sup> Avenue West and 10<sup>th</sup> Avenue West from 28<sup>th</sup> Street West to Marquis Road. The budget for 2020 is for the construction of underground infrastructure. An additional \$2.8 million would be required for roadway construction in 2021. The capital project would be funded from debt financing with principal and interest payments over the term of the loan to be funded from the Development Levies Reserve.
- \$189,000 for a long term debt principal payment for the existing West Hill Infrastructure loan to be funded from the Land Development Fund Balance.

## LAND FUND BUDGET OVERVIEW

For the Year Ending December 31, 2020

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- \$52,300 for a long term debt principal payment for the new debt being proposed for the Stage #1 of the West Hill Trunk Sewer Main capital project. The budgeted principal payment assumes the debt would be issued on July 1, 2020. This payment would be funded from the Development Levies Reserve.
- \$29,400 for a long term debt principal payment for the new debt being proposed for the Marquis Road West Extension underground and grading project being proposed for 2020. The budgeted principal payment assumes the debt would be issued on July 1, 2020. This payment would be funded from the Development Levies Reserve.

**LAND FUND  
OPERATING BUDGET**

For the Year Ending December 31, 2020

	<b>2020 Budget</b>	2019 Budget	(Favourable) Unfavourable Change
<b>REVENUES</b>			
Residential Land Sales	(\$400,000)	(\$400,000)	\$-
Commercial / Industrial Land Sales	-	-	-
Land Rentals / Leases	(30,000)	(30,000)	-
Operating Grants and Donations	-	-	-
<b>Total Revenues</b>	<b>(430,000)</b>	(430,000)	-
<b>EXPENSES</b>			
Salaries Wages and Benefits	99,870	97,930	1,940
Contracted and General Services	37,000	62,000	(25,000)
Interest on Long Term Debt	155,120	60,470	94,650
Fleet Expenses	720	680	40
Maintenance Materials and Supplies	4,100	4,100	-
<b>Total Expenses</b>	<b>296,810</b>	225,180	71,630
<b>Operating (Surplus) Deficit</b>	<b>(133,190)</b>	(204,820)	71,630
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Transfer to General Fund	68,000	68,000	-
Capital Revenues	-	-	-
<b>Capital and Interfund Transactions</b>	<b>68,000</b>	68,000	-
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(65,190)</b>	(136,820)	71,630
To be allocated to Reserves as follows:			
Development Levies Reserve	(\$43,200)	(\$43,200)	
Future Land Purchases Reserve	(5,600)	(5,600)	
Planning and Marketing Reserve	(16,000)	(16,000)	
Community Services Land Reserve (General Fund)	(20,000)	(20,000)	
Affordable Housing Reserve (General Fund)	(16,000)	(16,000)	
Land Development Fund Balance	35,610	(36,020)	
	<b>(65,190)</b>	<b>(136,820)</b>	

**LAND FUND**  
**CAPITAL EXPENDITURES AND RESERVE PROJECTIONS**

For the Year Ending December 31, 2020

	2020 Budget	2019 Budget
<b>LAND DEVELOPMENT FUND</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	\$35,610	(\$36,020)
Funding for Capital: via Development Levies Reserve	(81,700)	(200,000)
Funding for Capital: Debt Financing	(6,250,000)	-
Funding for Capital: via Future Land Purchases Reserve	-	(650,000)
Funding for Operations: via Development Levies Reserve	(101,000)	
Funding for Operations: via Planning and Marketing Reserve	(25,000)	(3,000)
Total Funding	(6,422,090)	(889,020)
<b>Capital Expenditures:</b>		
West Hill Trunk Sewer Main - Stage 1 Construction	4,000,000	-
Marquis Road West Extension - Underground Construction and Grading	2,250,000	-
Marquis Road West Extension - Land Procurement	-	450,000
21st Avenue East Roadway (Byars Street to Highway 302)	-	200,000
Marquis Road West Extension - Engineering Design and Tender	-	200,000
38st West Development - Second Lift of Asphalt	-	80,000
<b>Non-Developmental Expenditures</b>		
Long Term Debt Principal - West Hill Infrastructure	189,000	183,600
Long Term Debt Principal - West Hill Trunk Sewer Main	52,300	-
Long Term Debt Principal - Marquis Road West Extension	29,400	-
Total Expenditures	6,520,700	1,113,600
<b>Budgeted (Increase) Decrease to Funded Balance</b>	98,610	224,580
<b>Fund Deficit Balance, beginning of year (estimated)</b>	6,730,849	6,506,269
<b>Fund Deficit Balance, end of year (estimated)</b>	6,829,459	6,730,849

**LAND FUND**  
**CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)**

For the Year Ending December 31, 2020

	2020 Budget	2019 Budget
<b>DEVELOPMENT LEVIES RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	(\$43,200)	(\$43,200)
<b>Expenditures:</b>		
West Hill Trunk Sewer Main Stage 1 - Principal Repayment	52,300	200,000
West Hill Trunk Sewer Main Stage 1 - Long Term Debt Interest	64,650	-
Marquis Road West Extension - Principal Repayment	29,400	-
Marquis Road West Extension - Long Term Debt Interest	36,350	-
Total Expenditures	182,700	200,000
<b>Budgeted (Increase) Decrease to Reserve</b>	139,500	156,800
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	4,583,342	4,426,542
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	4,722,842	4,583,342
<b>FUTURE LAND PURCHASES RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	(\$5,600)	(\$5,600)
<b>Expenditures:</b>		
Marquis Road West Extension - Land Procurement	-	450,000
Marquis Road West Extension - Land Procurement	-	200,000
Total Expenditures	-	650,000
<b>Budgeted (Increase) Decrease to Reserve</b>	(5,600)	644,400
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	42,622	(601,778)
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	37,022	42,622
<b>PLANNING AND MARKETING RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	(\$16,000)	(\$16,000)
<b>Expenditures:</b>		
Crescent Acres Neighborhood Plan	25,000	-
Signs and Posts for Advertising City Property	-	3,000
Total Expenditures	25,000	3,000
<b>Budgeted (Increase) Decrease to Reserve</b>	9,000	(13,000)
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	(413,843)	(400,843)
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	(404,843)	(413,843)