

THE CITY OF PRINCE ALBERT



LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2018

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December 31, 2018 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, in the past, one of the largest land developers but, in the past few 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 price of developing 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 demands from low, middle or high income developers.

Budgeted Revenue

Total budgeted revenue is \$430,000 for 2018 compared to \$1,685,200 in 2017. 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 2018, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are 40 lots available for sale and 4 of these lots are budgeted to be sold in 2018 for \$400,000.
 - b. For 2018, nothing has been budgeted for Commercial/industrial sales compared to \$975,000 in 2017, 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 2018.

Budgeted revenue for 2018 is lower than the amount budgeted for 2017 primarily due to the removal of the \$975,000 budgeted for Commercial Land sales in the prior year related to a 2017 sale. The 2017 Budget projected that 6 residential lots in Crescent Acres Stage IV, Phase 4A would be sold compared to 4 lots projected for 2018. In 2017, 11 lots in Crescent Acres Stage IV, Phase 4A have been sold compared to the 6 lots budgeted. The market for City lots is still slower than in prior years. Administration attributes the slowdown in demand to a number of factors such as higher prices per lot, new Provincial Sales Tax implications on housing costs, new regulations for mortgages, 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.

In addition, \$115,000 of grant revenue budgeted in the prior year has been removed as it related to one-time projects budgeted for 2017.

Budgeted Expenses

Total budgeted expenses are \$248,120 for 2018 compared to \$567,540 in 2017. The changes in budgeted expenses are primarily the result of:

- A decrease of \$331,000 to Contracted and General Services primarily related to the removal of one-time funding for projects budgeted in the prior year.
- A decrease of \$7,380 in Maintenance Materials and Supplies related to reduced fiscal need for 2018.
- An increase of \$17,030 in the interest amount payable on the long term loan for the West Hill Infrastructure Improvements related to its refinancing in 2018.

Capital and Interfund Transactions

- A decrease of \$27,300 in the Transfer to General Fund related to a decrease in the number of residential land sales budgeted for 2018.
- A decrease to Capital Revenues related to the removal of budgeted revenues related to 2017 Capital Projects.

Capital Budget Projects for 2018 are as follows:

- \$230,000 for detailed design related to Stage 1 of the West Hill Trunk Sewer Main Project (10th Avenue West to 2nd Avenue West) to be funded from the Development Levies Reserve.
- \$18,500 to prepare a parcel of land on the western edge of the Cooke Municipal Golf Course for sale to be funded from the Land Development Fund Balance.
- \$273,500 for a Long Term Loan Principal Payment to be funded from the Land Development Fund Balance.

**LAND FUND
OPERATING BUDGET**

For the Year Ending December 31, 2018

	2018 Budget	2017 Budget	(Favourable) Unfavourable Change
REVENUES			
Residential Land Sales	(\$400,000)	(\$560,500)	\$160,500
Commercial / Industrial Land Sales	-	(975,000)	975,000
Land Rentals / Leases	(30,000)	(34,700)	4,700
Operating Grants and Donations	-	(115,000)	115,000
Total Revenues	(430,000)	(1,685,200)	1,255,200
EXPENSES			
Salaries Wages and Benefits	93,320	91,390	1,930
Contracted and General Services	70,000	401,000	(331,000)
Interest on Long Term Debt	83,020	65,990	17,030
Maintenance Materials and Supplies	1,780	9,160	(7,380)
Total Expenses	248,120	567,540	(319,420)
Operating (Surplus) Deficit	(181,880)	(1,117,660)	935,780
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund	68,000	95,300	(27,300)
Capital Revenues	-	(390,000)	390,000
Capital and Interfund Transactions	68,000	(294,700)	362,700
TOTAL (SURPLUS) DEFICIT	(113,880)	(1,412,360)	1,298,480
To be allocated to Reserves as follows:			
Development Levies Reserve	(\$43,200)	(\$62,100)	
Future Land Purchases Reserve	(5,600)	(34,500)	
Planning and Marketing Reserve	(16,000)	(22,400)	
Community Services Land Reserve (General Fund)	(20,000)	(28,000)	
Affordable Housing Reserve (General Fund)	(16,000)	(22,400)	
Land Development Fund Balance	(13,080)	(1,242,960)	
	(113,880)	(1,412,360)	

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS

For the Year Ending December 31, 2018

	<u>2018</u>	<u>2017</u>
	<u>Budget</u>	<u>Budget</u>
LAND DEVELOPMENT FUND		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$13,080)	(\$1,242,960)
Funding for Capital: via Development Levies Reserve	(230,000)	(1,500,000)
Funding for Operations: via Planning and Marketing Reserve	(20,000)	(231,000)
Total Funding	(263,080)	(2,973,960)
Capital Expenditures:		
Marquis Road West Extension (4th Ave to 7th Ave)	-	875,000
38th St West Development (2nd Ave to 4th Ave)	-	405,000
38th St West Development (4th Ave to 5th Ave)	-	135,000
15th St East Trunk Water Main (12th Ave to 15th Ave)	-	375,000
West Hill Trunk Sewer Main (10th Ave West to 6th Ave East)	-	100,000
West Hill Trunk Sewer Main Stage #1 (10th Ave West to 2nd Ave West) - Detailed Design	230,000	-
Cooke Golf Course Land Development	18,500	-
Non-Developmental Expenditures		
Principal Portion of Long Term Debt	273,500	371,100
Total Expenditures	522,000	2,261,100
Budgeted (Increase) Decrease to Funded Balance	258,920	(712,860)
Fund Deficit Balance, beginning of year (estimated)	5,985,990	6,698,850
Fund Deficit Balance, end of year (estimated)	6,244,910	5,985,990

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)

For the Year Ending December 31, 2018

	2018 Budget	2017 Budget
DEVELOPMENT LEVIES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$43,200)	(\$62,100)
Expenditures:		
Marquis Road West Extension (4th Ave to 7th Ave)	-	875,000
38th St West Development (2nd Ave to 4th Ave)	-	150,000
15th St East Trunk Water Main (12th Ave to 15th Ave)	-	375,000
West Hill Trunk Sewer Main (10th Ave West to 6th Ave East)	-	100,000
West Hill Trunk Sewer Main Stage #1	230,000	-
(10th Ave West to 2nd Ave West) - Detailed Design		-
Total Expenditures	230,000	1,500,000
Budgeted (Increase) Decrease to Reserve	186,800	1,437,900
Reserve Deficit (Surplus), beginning of year (estimated)	4,721,175	3,283,275
Reserve Deficit (Surplus), end of year (estimated)	4,907,975	4,721,175

FUTURE LAND PURCHASES RESERVE

Budgeted Transactions

Funding:

Allocation from Operations	(\$5,600)	(\$34,500)
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Expenditures:

No Budgeted Expenditures	-	-
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Budgeted (Increase) Decrease to Reserve	(5,600)	(34,500)
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Reserve Deficit (Surplus), beginning of year (estimated)	(592,892)	(558,392)
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Reserve Deficit (Surplus), end of year (estimated)	(598,492)	(592,892)
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LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)

For the Year Ending December 31, 2018

PLANNING AND MARKETING RESERVE

Budgeted Transactions

Funding:

Allocation from Operations	<u>(\$16,000)</u>	<u>(\$22,400)</u>
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Expenditures:

Master Plan - Land between Sask Polytechnic and 15th Avenue (15th Street East)	-	42,500
Brownfields Initiative Project	-	75,000
Downtown Master Plan	-	40,000
15th Street East - Testing and Corrective Action Plan	-	53,500
West Hill Master Plan	<u>20,000</u>	<u>20,000</u>
Total Expenditures	<u>20,000</u>	<u>231,000</u>

Budgeted (Increase) Decrease to Reserve	4,000	208,600
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Reserve Deficit (Surplus), beginning of year (estimated)	<u>(252,940)</u>	<u>(461,540)</u>
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Reserve Deficit (Surplus), end of year (estimated)	<u>(248,940)</u>	<u>(252,940)</u>
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