

THE CITY OF PRINCE ALBERT



LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2017

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December 31, 2017 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 \$1,685,200 for 2017 compared to \$844,500 in 2016. 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 2017, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are 51 lots available for sale and 6 of these lots are budgeted to be sold in 2017 for \$560,500.
 - b. For 2017, \$975,000 has been budgeted for Commercial/industrial sales based on the sale of 60 – 15th Street North West in early 2017.
 - c. Budgeted sales for 2017 are based on actual sales to date as no further sales are expected.
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 \$34,700 for 2017.

Budgeted revenue for 2017 is higher than the amount budgeted for 2016 as a result of the sale of 60 – 15th Street North West. The 2016 Budget projected that 9 residential lots in Crescent Acres Stage IV, Phase 4A would be sold compared to 6 lots projected for 2017. In 2016, 8 of the 9 lots budgeted were sold. 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, 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.

For 2017, the Land Fund is also budgeting for \$115,000 in grant revenue for 2017. The City is budgeting for \$75,000 from the Federation of Canadian Municipalities (FCM) related to a Brownfield Initiatives Project and \$40,000 for a FCM grant related to a Downtown Master Plan.

Budgeted Expenses

Total budgeted expenses are \$567,540 for 2017 compared to \$251,350 in 2016. The changes in budgeted expenses are primarily the result of:

- A net decrease in Salaries Wages and Benefits of \$18,050 due to the transfer of budgeted funds between the Land Fund and General Fund to better reflect where individuals are utilized.
- An increase of \$345,500 to Contracted and General Services primarily related to:
 - \$150,000 for a Brownfields Initiative Project. This cost is offset by a \$75,000 matching FCM grant. The City's \$75,000 share of the cost is to be funded from the Land Fund's Planning and Marketing Reserve.
 - \$80,000 for a Downtown Master Plan. This cost is offset by a \$40,000 matching FCM grant. The City's share of the cost is to be funded from the Land Fund's Planning and Marketing Reserve.
 - \$50,000 for Environmental Monitoring costs for groundwater monitoring.
 - \$53,500 for a Testing and Corrective action plan to be developed for the 15th Street East (SIAST) property. This project is to be funded by the Land Fund's Planning and Marketing Reserve.
 - \$20,000 to update the Draft West Hill Master Plan to be funded from the Land Fund's Planning and Marketing Reserve.
 - \$2,500 increase related to the removal and re-budgeting of 2016's one-time funding for the purpose of engaging a qualified consultant to develop a Master Plan related to the lands between Saskatchewan Polytechnic and 15th Avenue (15th Street East). This project is to be funded by the Land Fund's Planning and Marketing Reserve.
- A decrease of \$10,340 in the interest amount payable on the long term loan related to West Hill Infrastructure Improvements.

Capital and Interfund Transactions

- A decrease of \$42,400 in the Transfer to General Fund related to a decrease in the number of residential land sales budgeted for 2017.
- An increase in Capital Revenues to be received by the Land Fund of \$390,000 related to the following:
 - \$255,000 in capital revenue to be received related to the 2017 Capital Project budgeted for the 38th Street West Development (2nd Avenue to 4th Avenue). The total project is budgeted at \$405,000.
 - \$135,000 in capital revenue to be received related to the 2017 Capital Project budgeted for the 38th Street West Development (4th Avenue to 5th Avenue). The project is budgeted at \$135,000 and the developer is responsible for 100 percent of the costs.

Capital Budget Projects for 2017 are as follows:

- \$875,000 for the Marquis Road West Extension (4th Avenue to 7th Avenue) to be funded from the Development Levies Reserve.
- \$405,000 for the 38th Street West Development (2nd Avenue to 4th Avenue) to be funded \$150,000 from the Development Levies Reserve and \$255,000 from Developer Contributions.
- \$135,000 for the 38th Street West Development (4th Avenue to 5th Avenue) to be funded 100 percent by Developer Contributions.
- \$375,000 for the 15th Street East Trunk Water Main (12th Avenue to 15th Avenue) to be funded by the Development Levies Reserve.
- \$100,000 for detailed preliminary designs for the West Hill Trunk Sewer Main (10th Avenue West to 6th Avenue East) to be funded from the Development Levies Reserve.
- Long Term Loan Principal Payment of \$371,100 to be funded from the Land Development Fund Balance.

**LAND FUND
OPERATING BUDGET**

For the Year Ending December 31, 2017

	2017 Budget	2016 Budget	(Favourable) Unfavourable Change
REVENUES			
Residential Land Sales	(\$560,500)	(\$810,000)	\$249,500
Commercial / Industrial Land Sales	(975,000)	-	(975,000)
Land Rentals / Leases	(34,700)	(34,500)	(200)
Operating Grants and Donations	(115,000)	-	(115,000)
Total Revenues	(1,685,200)	(844,500)	(840,700)
EXPENSES			
Salaries Wages and Benefits	91,390	109,440	(18,050)
Contracted and General Services	401,000	55,500	345,500
Interest on Long Term Debt	65,990	76,330	(10,340)
Maintenance Materials and Supplies	9,160	10,080	(920)
Total Expenses	567,540	251,350	316,190
Operating (Surplus) Deficit	(1,117,660)	(593,150)	(524,510)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund	95,300	137,700	(42,400)
Capital Revenues	(390,000)	-	(390,000)
Capital and Interfund Transactions	(294,700)	137,700	(432,400)
TOTAL (SURPLUS) DEFICIT	(1,412,360)	(455,450)	(956,910)
To be allocated to Reserves as follows:			
Development Levies Reserve	(\$62,100)	(\$80,300)	
Future Land Purchases Reserve	(34,500)	(10,100)	
Planning and Marketing Reserve	(22,400)	(32,400)	
Community Services Land Reserve (General Fund)	(28,000)	(40,500)	
Affordable Housing Reserve (General Fund)	(22,400)	(32,400)	
Land Development Fund Balance	(1,242,960)	(259,750)	
	(1,412,360)	(455,450)	

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS

For the Year Ending December 31, 2017

	2017 Budget	2016 Budget
LAND DEVELOPMENT FUND		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$1,242,960)	(\$259,750)
Funding for Capital: via Development Levies Reserve	(1,500,000)	(1,100,000)
Funding for Operations: via Planning and Marketing Reserve	(231,000)	(40,000)
Total Funding	(2,973,960)	(1,399,750)
Capital Expenditures:		
2016 West Hill Trunk Water Main	-	1,100,000
Crescent Acres Stage IV, Phase 3A - Finishing Work	-	100,000
Design of Lot - 28th Street West	-	50,000
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	-
Non-Developmental Expenditures		
Principal Portion of Long Term Debt	371,100	360,700
Total Expenditures	2,261,100	1,610,700
Budgeted (Increase) Decrease to Funded Balance	(712,860)	210,950

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)

For the Year Ending December 31, 2017

	2017 Budget	2016 Budget
DEVELOPMENT LEVIES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$62,100)	(\$80,300)
Expenditures:		
2016 West Hill Trunk Water Main	-	1,100,000
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	-
Total Expenditures	1,500,000	1,100,000
Budgeted (Increase) Decrease to Reserve	1,437,900	1,019,700
 FUTURE LAND PURCHASES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$34,500)	(\$10,100)
Expenditures:		
No Budgeted Expenditures	-	-
Budgeted (Increase) Decrease to Reserve	(34,500)	(10,100)
 PLANNING AND MARKETING RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$22,400)	(\$32,400)
Expenditures:		
Master Plan - Lands between Sask Polytechnic and 15th Avenue (15th Street East)	42,500	40,000
Brownfields Initiative Project	75,000	-
Downtown Master Plan	40,000	-
15th Street East - Testing and Corrective Action Plan	53,500	-
West Hill Master Plan	20,000	-
Total Expenditures	231,000	40,000
Budgeted (Increase) Decrease to Reserve	208,600	7,600