

THE CITY OF PRINCE ALBERT



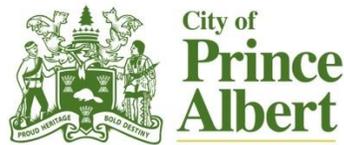
LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2021

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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 2021 is unchanged compared to 2020. 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 2021, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are currently 37 lots available for sale and four of these lots are budgeted to be sold in 2021 for \$400,000. To date, 3 lots have been sold in 2020.
 - b. For 2021, 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 2021.

Budgeted revenue for 2021 is unchanged when compared to 2020. The City is budgeting for the sale of four residential lots in Crescent Acres Stage IV, Phase 4A in 2021. The 2020 Budget also budgeted for the sale of four residential lots and in 2020 3 lots in Crescent Acres Stage IV, Phase 4A 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 \$198,350 for 2021 compared to \$296,810 in 2020. The changes in budgeted expenses are primarily the result of:

- A decrease of \$73,510 in interest on long term debt related primarily to the following:
 - \$101,000 decrease related to projects approved for debt financing in the 2020 Budget but were subsequently funded from external funding (Gas Tax and Municipal Economic Enhancement Program).
 - \$34,030 increase related to new debt being proposed for the Marquis Road West Extension - Roadway Construction capital project for 2021.
- A decrease of \$25,000 related to the removal of one-time funding for the Crescent Acres Neighborhood Plan budgeted in 2020.

Capital and Interfund Transactions

- A budgeted transfer to the General Fund of \$68,000 is based on the budgeted residential land sales for 2021.

2021 Capital Budget

Administration is requesting \$3,353,500 in capital spending for the Land Fund in 2021. A brief description of the projects and their funding source is provided below:

- \$260,000 for Crescent Acres Stage IV Phase 4A - Finishing Work related to the installation of the second lift of asphalt as well as concrete repairs and landscaping. The project will be funded from the Land Development Fund Balance.
- \$200,000 for the design of 21st Avenue East Roadway (Byars Street to Highway 302) to be funded from the Land Development Fund Balance.
- \$2,700,000 for the Marquis Road West Extension which will serve as a new arterial for the West Hill area from 7th Avenue West to 10th Avenue West and 10th Avenue West from 28th Street West to Marquis Road. The budget for 2021 is for roadway construction. 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.
- \$193,500 for Long Term Loan Principal Payment related to the West Hill Infrastructure Development loan to be funded from the Land Development Fund Balance.

**LAND FUND
OPERATING BUDGET**

For the Year Ending December 31, 2021

	2021 Budget	2020 Budget	(Favourable) Unfavourable Change
REVENUES			
Residential Land Sales	(\$400,000)	(\$400,000)	\$-
Commercial / Industrial Land Sales	-	-	-
Land Rentals / Leases	(30,000)	(30,000)	-
Operating Grants and Donations	-	-	-
Total Revenues	(430,000)	(430,000)	-
EXPENSES			
Salaries Wages and Benefits	99,880	99,870	10
Contracted and General Services	12,000	37,000	(25,000)
Interest on Long Term Debt	81,610	155,120	(73,510)
Fleet Expenses	760	720	40
Maintenance Materials and Supplies	4,100	4,100	-
Total Expenses	198,350	296,810	(98,460)
Operating (Surplus) Deficit	(231,650)	(133,190)	(98,460)
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund	68,000	68,000	-
Capital Revenues	-	-	-
Capital and Interfund Transactions	68,000	68,000	-
TOTAL (SURPLUS) DEFICIT	(163,650)	(65,190)	(98,460)
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	(62,850)	35,610	
	(163,650)	(65,190)	

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS

For the Year Ending December 31, 2021

	2021 Budget	2020 Budget
LAND DEVELOPMENT FUND		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$62,850)	\$35,610
Funding for Capital: via Development Levies Reserve	-	(81,700)
Funding for Capital: Debt Financing	(2,700,000)	(6,250,000)
Funding for Operations: via Development Levies Reserve	(34,030)	(101,000)
Funding for Operations: via Planning and Marketing Reserve	-	(25,000)
Total Funding	(2,796,880)	(6,422,090)
Capital Expenditures:		
Marquis Road West Extension - Roadway Construction	2,700,000	-
Crescent Acres Stage IV Phase 4A - Finishing Work	260,000	-
21st Avenue East Roadway (Byars Street to Highway 302)	200,000	-
West Hill Trunk Sewer Main - Stage 1 Construction	-	4,000,000
Marquis Road West Extension - Underground Construction	-	2,250,000
Non-Developmental Expenditures		
Long Term Debt Principal - West Hill Infrastructure	193,500	189,000
Long Term Debt Principal - West Hill Trunk Sewer Main	-	52,300
Long Term Debt Principal - Marquis Road West Extension	-	29,400
Total Expenditures	3,353,500	6,520,700
Budgeted (Increase) Decrease to Funded Balance	556,620	98,610
Fund Deficit Balance, beginning of year (estimated)	7,098,137	6,999,527
Fund Deficit Balance, end of year (estimated)	7,654,757	7,098,137

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)

For the Year Ending December 31, 2021

	2021	2020
	Budget	Budget
DEVELOPMENT LEVIES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	<u>(\$43,200)</u>	(\$43,200)
Expenditures:		
Marquis Road West Extension - Long Term Debt Interest	34,030	36,350
West Hill Trunk Sewer Main Stage 1 - Principal Repayment	-	52,300
West Hill Trunk Sewer Main Stage 1 - Long Term Debt Interest	-	64,650
Marquis Road West Extension - Principal Repayment	-	29,400
Total Expenditures	<u>34,030</u>	<u>146,350</u>
Budgeted (Increase) Decrease to Reserve	(9,170)	103,150
Reserve Deficit (Surplus), beginning of year (estimated)	<u>4,646,241</u>	4,543,091
Reserve Deficit (Surplus), end of year (estimated)	<u>4,637,071</u>	<u>4,646,241</u>
FUTURE LAND PURCHASES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	<u>(\$5,600)</u>	(\$5,600)
Expenditures:		
	-	-
Total Expenditures	-	-
Budgeted (Increase) Decrease to Reserve	(5,600)	(5,600)
Reserve Deficit (Surplus), beginning of year (estimated)	<u>(675,633)</u>	(670,033)
Reserve Deficit (Surplus), end of year (estimated)	<u>(681,233)</u>	<u>(675,633)</u>
PLANNING AND MARKETING RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	<u>(\$16,000)</u>	(\$16,000)
Expenditures:		
Crescent Acres Neighborhood Plan	-	25,000
Total Expenditures	-	25,000
Budgeted (Increase) Decrease to Reserve	(16,000)	9,000
Reserve Deficit (Surplus), beginning of year (estimated)	<u>(391,161)</u>	(400,161)
Reserve Deficit (Surplus), end of year (estimated)	<u>(407,161)</u>	<u>(391,161)</u>