



CITY OF PRINCE ALBERT  
**LAND FUND  
BUDGET**

APPROVED BY COUNCIL AT THE  
DECEMBER 12, 2022 CITY COUNCIL MEETING

FOR YEAR ENDING  
DECEMBER 31, 2023



City of  
**Prince  
Albert**

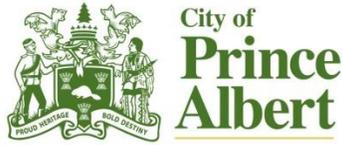
**2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET**

For the Year Ending December 31, 2023

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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 over the years private entities have also been participating in this venture.

The Land Fund contains the City's operations to develop land, which includes lot sales and subdivision development.

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.

Over the past few years, Administration has attributed the slowdown in demand, particularly residential, to a number of factors such as: higher lot prices, Provincial Sales Tax implications on housing/construction 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), inflation, and the general slump in the Canadian economy. Looking ahead, Administration is hopeful that lot sales will begin to pick up, though modestly at first, as some construction costs have started to increase due to inflation pressures. The City reduced the price of its residential lots, and as a result of the announcement and anticipation of two significant industrial businesses, a new entertainment district with aquatic and recreation facilities and construction of the new hospital, the City anticipates lot sales to increase in future years.

**2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET**

For the Year Ending December 31, 2023

**2023 LAND FUND BUDGET APPROVED**

	<b>2023 Budget</b>	2022 Budget	(Favourable) Unfavourable Change
<b>REVENUES</b>			
User Charges and Fees	<b>(\$35,000)</b>	(\$35,000)	\$0
Land Sales	<b>(450,000)</b>	(500,000)	50,000
<b>Total Revenues</b>	<b>(485,000)</b>	<b>(535,000)</b>	<b>50,000</b>
<b>EXPENSES</b>			
Salaries Wages and Benefits	<b>110,750</b>	163,050	(52,300)
Contracted and General Services	<b>24,000</b>	24,000	0
Interest on Long Term Debt	<b>149,230</b>	119,630	29,600
Fleet Expenses	<b>0</b>	760	(760)
Maintenance Materials and Supplies	<b>0</b>	2,600	(2,600)
<b>Total Expenses</b>	<b>283,980</b>	<b>310,040</b>	<b>(26,060)</b>
<b>Operating (Surplus) Deficit</b>	<b>(201,020)</b>	<b>(224,960)</b>	<b>23,940</b>
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Interfund Transfers	<b>76,500</b>	85,000	(8,500)
Capital and Interfund Transactions	<b>76,500</b>	85,000	(8,500)
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(124,520)</b>	<b>(139,960)</b>	<b>15,440</b>
<b>Capital &amp; Long Term Debt Payments:</b>			
Total (Surplus) Deficit	<b>(124,520)</b>	(139,960)	15,440
Transfer from Development Levies - Marquis Road	<b>(202,670)</b>	(153,300)	(49,370)
Principle Payment - Marquis Road West Extension	<b>87,900</b>	75,000	12,900
Principle Payment - West Hill Development	<b>205,200</b>	200,700	4,500
Total Adjusted (Surplus) Deficit	<b>(34,090)</b>	<b>(17,560)</b>	<b>(16,530)</b>
<b>Allocation to Reserves:</b>			
Development Levies Reserve	<b>50,000</b>	54,000	(4,000)
Future Land Purchases Reserve	<b>6,000</b>	7,000	(1,000)
Planning & Marketing Reserve	<b>18,000</b>	20,000	(2,000)
Community Services Land Fund Reserve	<b>22,500</b>	25,000	(2,500)
Affordable Housing Reserve	<b>18,000</b>	20,000	(2,000)
Total Allocation to Reserves	<b>114,500</b>	<b>126,000</b>	<b>(11,500)</b>
Total Long-Term Payments & Reserve Allocations	<b>80,410</b>	<b>108,440</b>	<b>(28,030)</b>
<b>Transfer from Land Development Fund</b>	<b>(80,410)</b>	<b>(108,440)</b>	<b>28,030</b>
	<b>0</b>	<b>0</b>	<b>0</b>

## 2023 LAND FUND REVENUES

There are three primary sources of revenue for the Land Fund:

1. Land Sales – which include both residential and commercial/industrial land sales.
  - For 2023, the budget is forecasting the sale of 5 lots in Crescent Acres at an average sale price of \$90,000.
  - For 2023, 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 transferred directly to the Development Levies Reserve, therefore, is not budgeted.
3. Rental/Lease Revenues – this revenue is generated from the lease of small tracts of land such as closed walkways, small City easements, signage locations.

## LAND LEASE RENTALS AND LEASES

**\$35,000** for Land Rentals and Leases - This revenue is generated from the lease of small tracts of land such as closed walkways, small City easements, signage locations, etc.

## LAND SALES

**\$450,000** revenue for Land Sales. The 2023 budget is forecasting the sale of 5 lots in Crescent Acres at an average sale price of \$90,000 for total revenue of \$450,000. The 2023 Budget has been reduced by \$50,000 to reflect the sale of 5 lots.

## 2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

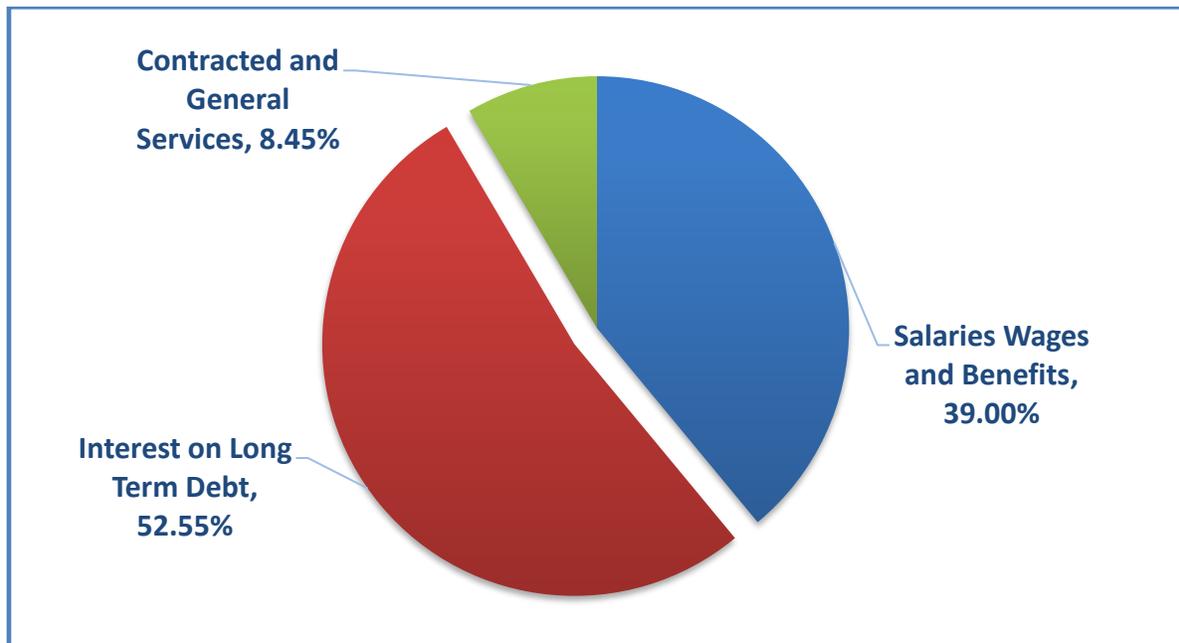
For the Year Ending December 31, 2023

### 2023 LAND FUND EXPENDITURES

The expenditures for the Land Fund have decreased by the amount of (\$26,060) as follows:

Expenditures	2022 Budget	2023 Budget	Increase (Decrease)	% Change	% of Total Expenses
Salaries Wages and Benefits	\$163,050	\$110,750	(\$52,300)	-32.08%	39.00%
Contracted and General Services	\$24,000	\$24,000	\$0	0.00%	8.45%
Interest on Long Term Debt	\$119,630	\$149,230	\$29,600	24.74%	52.55%
Fleet Expenses	\$760	\$0	(\$760)	-100.00%	0.00%
Maintenance Materials and Supplies	\$2,600	\$0	(\$2,600)	-100.00%	0.00%
<b>Total Expenditures</b>	<b>\$310,040</b>	<b>\$283,980</b>	<b>(\$26,060)</b>	<b>-8.41%</b>	<b>100.00%</b>

The major drivers for the Land Fund Expenditures are as follows:



## 2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2023

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### SALARY WAGES AND BENEFITS

#### DEPARTMENT RESTRUCTURE

The position of Property Coordinator II has been restructured to a GIS Technician position in the General Fund. This resulted in a \$50,700 reduction for Salaries Regular in the Land Fund as the Property Sales Coordinator position was previously 75% funded by the Land Fund. Those funds have been reallocated to fund a GIS Technician position in Planning & Development Services that is 100% funded by the General Fund.

#### STAFF ALLOCATIONS TO LAND FUND BUDGET

Staff costs are allocated to the Land Fund in the following percentages to reflect the salaries and payroll benefit costs:

Director of Public Works	10%
Engineering Services Manager	15%
Utilities Manager	10%
Senior CAD Technologist	10%

### CONTRACTED AND GENERAL SERVICES

**\$24,000** total Contracted and General Services for spraying and discing undeveloped land owned by the City to address the growth of weeds.

### LONG TERM DEBT

#### WEST HILL DEVELOPMENT LOAN

The development of the West Hill area is paid by property taxes (10%) and by land sales (90%).

The interest for the West Hill Development Loan is reducing as more principal is being paid. Decrease of (\$6,870).

Last payment is December of 2027. The budgeted amount of **\$34,460** represents 90% charged to the Land Fund for the Interest Payment. Interest rate is 3.40%.

The principal payment of \$205,200 is included as part of the 2023 Capital Budget related to long term debt principal repayments.

## 2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

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### MARQUIS EAST WEST EXTENSION LOAN

City Council, on February 15, 2022, approved Capital Financing in the amount of \$3,400,000 for roadway construction for the Marquis Road West Extension to be payable over a period of 25 years.

The loan was borrowed on March 1, 2022, with a Maturity Date of March 1, 2047. Interest rate of 3.45% for 25 years.

The budgeted amount of **\$114,770** represents the interest payment for the loan borrowed for the Marquis Road West Extension Project.

There is an increase of \$36,470 for interest as the loan was borrowed March 2022, and a full year interest will be charged for 2023.

The principal payment of \$87,900 is included in the Capital Committed.

**Both the Interest and Principal payments are funded from the Development Levies Reserve as approved by Council.**

Interest on Long Term Debt	2022 Budget	2023 Budget	Increase (Decrease)
West Hill Development Loan	\$41,330	<b>\$34,460</b>	<b>(\$6,870)</b>
Marquis Road East Extension	\$78,300	<b>\$114,770</b>	<b>\$36,470</b>
<b>Total Interest on Long Term Debt</b>	<b>\$119,630</b>	<b>\$149,230</b>	<b>\$29,600</b>

## 2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2023

### INTERFUND TRANSACTIONS

Interfund Transfers for Year 2023 is a reduction of (\$8,500) related to the Transfer to the General Fund.

The calculation of the Transfer to the General Fund is based on the forecasted number of residential properties to be sold in 2023. Based on the projected number of residential land sales, it is expected that the transfer to the General Fund will be \$76,500.

Transfer to General Fund is based on the number of residential properties sold. Transfer is 17% of the land sales.

Budgeted Land Sale Revenue for 2023	\$450,000
<b>17% of Land Sales</b>	<b>\$76,500</b>

Interfund Transfers	2022 Budget	2023 Budget	Increase (Decrease)
Transfer to General Fund	\$85,000	\$76,500	(\$8,500)
<b>Total Interfund Transfers</b>	<b>\$85,000</b>	<b>\$76,500</b>	<b>(\$8,500)</b>

### 2023 LAND FUND CAPITAL

**\$293,100** in capital spending for the Land Fund in 2023. A brief description of the projects and their funding source is provided below:

- \$205,200 for Long Term Loan Principal Payment related to the West Hill Infrastructure Development loan **to be funded from the Land Development Fund Balance.**
- \$87,900 for Long Term Loan Principal Payment related to the Marquis Road West Extension - Roadway Construction project **to be funded from the Development Levies Reserve.**

## 2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2023

### 2023 LAND DEVELOPMENT FUND TRANSFERS

The Transfer to Reserves for 2023 is as follows. There is a reduction of (\$11,500) in transfers to Land Fund and General Fund Reserves as follow:

Transfer to Reserves:	2022 Budget	2023 Budget	Increase (Decrease)
Development Levies Reserve	\$54,000	\$50,000	(\$4,000)
Future Land Purchases Reserve	\$7,000	\$6,000	(\$1,000)
Planning & Marketing Reserve	\$20,000	\$18,000	(\$2,000)
Community Services Land Fund Reserve	\$25,000	\$22,500	(\$2,500)
Affordable Housing Reserve	\$20,000	\$18,000	(\$2,000)
<b>Total Transfers to Reserves</b>	<b>\$126,000</b>	<b>\$114,500</b>	<b>(\$11,500)</b>

### LAND DEVELOPMENT FUND

A summary of the 2023 budget's impact on the Land Development Fund balance is as follows:

- The budgeted Land Fund surplus from operations to be allocated to the Land Development Fund Balance for 2023 is \$124,520.
- A transfer in from the Development Levies Reserve of \$202,670 for principal and interest expenses related to debt financing for capital projects.
- A decrease to Land Development Fund Balance of \$293,100 for loan principal payments.
- A transfer out related to an allocation to Land Fund and General Fund reserves of \$114,500.

This results in an estimated decrease to the Land Development Fund Balance of \$80,410 bringing the estimated 2023 year end deficit to \$4,915,096.

**Please note that the beginning balance is from the 2021 Audited Financial Statements, and as such, does not factor the approval Capital Financing of \$1.73 remaining for the Marquis Road West Extension, with the allocation of the approved Canada Community Building Fund.**

**2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET**

For the Year Ending December 31, 2023

**CAPITAL COMMITTED**

<b>CAPITAL COMMITTED RESERVE</b>	<b>2023 Budget</b>	2022 Budget
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Funding for Capital - via transfer from Land Development Fund Balance	<b>(\$205,200)</b>	(\$200,700)
Development Levies Reserve	<b>(87,900)</b>	(75,000)
Debt Financing	-	(700,000)
<b>Total Funding</b>	<b>(293,100)</b>	(975,700)
<b>Expenditures:</b>		
Marquis Road West Extension - Roadway Construction	-	370,000
Marquis Road West Extension - Landscaping	-	330,000
Long Term Debt Principal - West Hill Infrastructure	<b>205,200</b>	200,700
Long Term Debt Principal - Marquis Road West Extension	<b>87,900</b>	75,000
<b>Total Expenditures</b>	<b>293,100</b>	975,700

<b><u>Funding Source</u></b>	<b><u>2023</u></b>
Land Development Fund	\$ 205,200
Development Levies Reserve	87,900
	<b><u>293,100</u></b>

**2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET**

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**LAND DEVELOPMENT FUND BALANCE**

	<b>2023 Budget</b>	<b>2022 Budget</b>
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Total (Surplus) Deficit	<b>(\$124,520)</b>	(\$139,960)
Transfer from Development Levies Reserve - Interest	(114,770)	(78,300)
Transfer from Development Levies Reserve - Principal	(87,900)	(75,000)
<b>Total Funding</b>	<b>(327,190)</b>	(293,260)
<b>Expenditures:</b>		
Long Term Debt Principal - West Hill Infrastructure	205,200	200,700
Principle Payment - Marquis Road West Extension	87,900	75,000
<b>Total Expenditures</b>	<b>293,100</b>	275,700
Add: Allocation to Reserves	<b>114,500</b>	126,000
<b>Budgeted (Increase) Decrease to Funded Balance</b>	<b>80,410</b>	108,440
<b>Fund Deficit Balance, beginning of year (estimated)</b>	<b>4,834,686</b>	4,726,246
<b>Fund Deficit Balance, end of year (estimated)</b>	<b>4,915,096</b>	4,834,686

**Please note that the beginning balance is from the 2021 Audited Financial Statements, and as such, does not factor the approval Capital Financing of \$1.73 remaining for the Marquis Road West Extension, with the allocation of the approved Canada Community Building Fund.**

**2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET**

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**DEVELOPMENT LEVIES RESERVE**

<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<b>(\$50,000)</b>	(\$54,000)
<b>Expenditures:</b>		
Marquis Road West Extension - Long Term Debt Interest	<b>114,770</b>	78,300
Marquis Road West Extension - Long Term Debt Principle	<b>87,900</b>	75,000
<b>Total Expenditures</b>	<b>202,670</b>	153,300
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>152,670</b>	99,300
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<b>4,554,905</b>	4,455,605
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<b>4,707,575</b>	4,554,905

**FUTURE LAND FUND PURCHASES**

<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<b>(\$6,000)</b>	(\$7,000)
<b>Expenditures:</b>		
	-	-
<b>Total Expenditures</b>	-	-
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>(6,000)</b>	(7,000)
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<b>(29,665)</b>	(22,665)
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<b>(35,665)</b>	(29,665)

2023 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

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**PLANNING & MARKETING RESERVE**

<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<b>(\$18,000)</b>	<b>(\$20,000)</b>
<b>Expenditures:</b>		
Total Expenditures	-	-
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>(18,000)</b>	<b>(20,000)</b>
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<b>(445,494)</b>	<b>(425,494)</b>
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<b>(463,494)</b>	<b>(445,494)</b>



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