

THE CITY OF PRINCE ALBERT



LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2016

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December 31, 2016 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 \$844,500 for 2016 compared to \$2,981,900 in 2015. 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 2016, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are 59 lots available for sale and 9 of these lots are budgeted to be sold in 2016 for \$810,000. Based on Administration's evaluation of the market for potential sales, no budget has been included for commercial/industrial sales. Budgeted sales for 2016 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.
3. Rental/Lease Revenues – this is revenue that is generated from the rental of vacant parcels of land.

Budgeted revenue for 2016 is less than the amount budgeted for 2015 as the market for City lots is slower than in the past. In 2015, the revenue budget was primarily based on an estimate that 25 lots from Crescent Acres would be sold. Due to a slowdown in the market only 2 residential lots were sold in 2015. 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.

Budgeted Expenses

Total budgeted expenses are \$251,350 for 2016 compared to \$246,080 in 2015. The changes in budgeted expenses are primarily the result of:

- A net decrease in Salaries Wages and Benefits of \$25,180 as a result of the removal of budgeted funds for regular wages offset by annual increases for base adjustments and step increases.
- An increase of \$40,000 to Contracted and General Services related to a Master Plan for the lands between Saskatchewan Polytechnic and 15th Avenue (15th Street East).

LAND FUND BUDGET OVERVIEW

For the Year Ending December 31, 2016

- A decrease of \$10,050 in the interest amount payable on the long term loan related to West Hill Infrastructure Improvements.

Capital Budget Projects for 2016 are as follows:

- \$100,000 for Crescent Acres Stage IV, Phase 3A Finishing Work to be funded from the Land Development Fund balance.
- \$50,000 for design / grading of the lot on 28th Street West to ensure that as the City removes fill from this site it does not prejudice any future development on the Lot. This project is to be funded from the Land Development Fund balance.
- \$1,100,000 for the construction of a distribution main from the Marquis Road Reservoir to the West Hill to support future development. This project is to be funded from the Development Levies Reserve.
- Long Term Loan Principal Payment of \$360,700 to be funded from the Land Development Fund balance.

**LAND FUND
OPERATING BUDGET**

For the Year Ending December 31, 2016

	2016 Budget	2015 Budget	(Favourable) Unfavourable Change
REVENUES			
User Charges and Fees	(\$34,500)	(\$75,900)	\$41,400
Land Sales	(810,000)	(2,906,000)	2,096,000
Total Revenues	(844,500)	(2,981,900)	2,137,400
EXPENSES			
Salaries Wages and Benefits	109,440	134,620	(25,180)
Contracted and General Services	55,500	15,500	40,000
Interest on Long Term Debt	76,330	86,380	(10,050)
Maintenance Materials and Supplies	10,080	9,580	500
Total Expenses	251,350	246,080	5,270
Operating (Surplus) Deficit	(593,150)	(2,735,820)	2,142,670
CAPITAL AND INTERFUND TRANSACTIONS			
Transfer to General Fund	137,700	480,400	(342,700)
Capital and Interfund Transactions	137,700	480,400	(342,700)
TOTAL (SURPLUS) DEFICIT	(455,450)	(2,255,420)	1,799,970

To be allocated to Reserves as follows:

Development Levies Reserve	(\$80,300)	(\$232,600)
Future Land Purchases Reserve	(10,100)	(29,200)
Planning and Marketing Reserve	(32,400)	(116,200)
Community Services Land Reserve (General Fund)	(40,500)	(141,300)
Affordable Housing Reserve (General Fund)	(32,400)	(113,000)
Land Development Fund Balance	(259,750)	(1,623,120)
	(455,450)	(2,255,420)

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS

For the Year Ending December 31, 2016

	2016 Budget	2015 Budget
DEVELOPMENT LEVIES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$80,300)	(\$232,600)
Expenditures:		
2016 West Hill Trunk Water Main	1,100,000	-
Budgeted (Increase) Decrease to Reserve	1,019,700	(232,600)
 FUTURE LAND PURCHASES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$10,100)	(\$29,200)
Expenditures:		
No Budgeted Expenditures	-	-
Budgeted (Increase) Decrease to Reserve	(10,100)	(29,200)
 PLANNING AND MARKETING RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	(\$32,400)	(\$116,200)
Expenditures:		
Master Plan - Lands between Sask Polytechnic and 15th Avenue (15th Street East)	40,000	-
Budgeted (Increase) Decrease to Reserve	7,600	(116,200)

LAND FUND
CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)

For the Year Ending December 31, 2016

	2016	2015
	Budget	Budget
LAND DEVELOPMENT FUND		
Budgeted Transactions		
Funding:		
Allocation from Operations	<u>(\$259,750)</u>	<u>(\$1,623,120)</u>
Expenditures:		
Construction of Fence	-	10,000
Delorme Bay - 2nd Lift of Asphalt/Boulevard/Park	-	87,400
Industrial Land Development between - 40th and 42nd Street East, and 4th and 5th Avenue East	-	700,000
Crescent Acres Stage IV, Phase 3A - Finishing Work	100,000	-
Design of Lot - 28th Street West	50,000	-
Non-Developmental Expenditures		
Principal Portion of Long Term Debt	<u>360,700</u>	<u>350,700</u>
	<u>510,700</u>	<u>1,148,100</u>
Budgeted (Increase) Decrease to Funded Balance	<u>250,950</u>	<u>(475,020)</u>