

# THE CITY OF PRINCE ALBERT



## LAND FUND BUDGET FOR YEAR ENDING DECEMBER 31, 2022

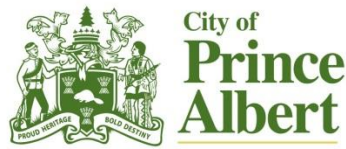
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December 31, 2022 Consolidated Budget Document

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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 is one of the largest land developers but private entities are also significant participants in this market.

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

Budgeted revenues for 2022 increased by \$105,000 from \$430,000 in 2021 to \$535,000 in 2022. 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 2022, it is projected that properties in Crescent Acres Stage IV, Phase 4A, will be sold. There are currently 31 lots available for sale and five of these lots are budgeted to be sold in 2022 for \$500,000. To date, 6 lots have been sold in 2021.
  - b. For 2022, nothing has been budgeted for commercial/industrial sales as there are no commercial or industrial land sales currently pending that are guaranteed to be finalized.
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 \$35,000 for 2022.

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), 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 decrease, 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.

### **Budgeted Expenses**

Budgeted expenses for 2022 increased by \$111,690 from \$198,350 in 2021 to \$310,040 in 2022. The changes in budgeted expenses are primarily the result of:

- An increase of \$63,170 in salaries, wages and benefits related to the reallocation of the cost of salaried positions between funds to better reflect where individual's time is spent.
- A \$12,000 increase in contracted and general services to adjust the budget to actual costs incurred for the spraying and discing of land available for sale owned by the City. This is required to maintain the properties and address the growth of weeds.
- An increase of \$38,020 for interest expense for related to the debt required for the Marquis Road West Extension capital project.

### **Capital and Interfund Transactions**

- A budgeted transfer to the General Fund of \$85,000 is based on the budgeted residential land sales for 2022. This is an increase of \$17,000 over the prior year.

## **2022 Capital Budget**

Administration is requesting \$975,700 in capital spending for the Land Fund in 2022. A brief description of the projects and their funding source is provided below:

- \$370,000 for Marquis Road West Extension Roadway Construction. The construction of the first lift of asphalt was completed in 2021 on Marquis Road West from 7th Avenue to 10th Avenue and 10th Avenue West from 28th Street to Marquis Road for a total length of 1320m. This roadway serves as a new Arterial for the West Hill area. 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.
- \$330,000 for Marquis Road West Extension Landscaping. In 2020, the underground infrastructure was installed on Marquis Road West and 10th Avenue. The first lift of pavement, concrete curb & gutters and pathways were installed in 2021. This project is for the installation of top soil, hydroseeding (grass) and tree planting. 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.
- \$200,700 for Long Term Loan Principal Payment related to the West Hill Infrastructure Development loan to be funded from the Land Development Fund Balance.
- \$75,000 for Long Term Loan Principal Payment. This budget is for principal payment for long-term debt required for the Marquis Road West Extension - Roadway Construction project.

**LAND FUND  
OPERATING BUDGET**

For the Year Ending December 31, 2022

	<b>2022</b>	<b>2021</b>	(Favourable) Unfavourable
	<b>Budget</b>	<b>Budget</b>	Change
<b>REVENUES</b>			
Residential Land Sales	(\$500,000)	(\$400,000)	(\$100,000)
Commercial / Industrial Land Sales	-	-	-
Land Rentals / Leases	(35,000)	(30,000)	(5,000)
Operating Grants and Donations	-	-	-
<b>Total Revenues</b>	<b>(535,000)</b>	<b>(430,000)</b>	<b>(105,000)</b>
<b>EXPENSES</b>			
Salaries Wages and Benefits	163,050	99,880	63,170
Contracted and General Services	24,000	12,000	12,000
Interest on Long Term Debt	119,630	81,610	38,020
Fleet Expenses	760	760	-
Maintenance Materials and Supplies	2,600	4,100	(1,500)
<b>Total Expenses</b>	<b>310,040</b>	<b>198,350</b>	<b>111,690</b>
<b>Operating (Surplus) Deficit</b>	<b>(224,960)</b>	<b>(231,650)</b>	<b>6,690</b>
<b>CAPITAL AND INTERFUND TRANSACTIONS</b>			
Transfer to General Fund	85,000	68,000	17,000
Capital Revenues	-	-	-
<b>Capital and Interfund Transactions</b>	<b>85,000</b>	<b>68,000</b>	<b>17,000</b>
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(139,960)</b>	<b>(163,650)</b>	<b>23,690</b>

To be allocated to Reserves as follows:

Development Levies Reserve	(\$54,000)	(\$43,200)
Future Land Purchases Reserve	(7,000)	(5,600)
Planning and Marketing Reserve	(20,000)	(16,000)
Community Services Land Reserve (General Fund)	(25,000)	(20,000)
Affordable Housing Reserve (General Fund)	(20,000)	(16,000)
Land Development Fund Balance	(13,960)	(62,850)
	<b>(139,960)</b>	<b>(163,650)</b>

**LAND FUND**  
**CAPITAL EXPENDITURES AND RESERVE PROJECTIONS**

For the Year Ending December 31, 2022

	<b>2022</b>	<b>2021</b>
	<b>Budget</b>	<b>Budget</b>
<b>LAND DEVELOPMENT FUND</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	(\$13,960)	(\$62,850)
Funding for Capital: via Development Levies Reserve	(75,000)	-
Funding for Capital: Debt Financing	(700,000)	(2,700,000)
Funding for Operations: via Development Levies Reserve	(78,300)	(34,030)
Total Funding	<u>(867,260)</u>	<u>(2,796,880)</u>
<b>Capital Expenditures:</b>		
Marquis Road West Extension - Roadway Construction	370,000	2,700,000
Marquis Road West Extension - Landscaping	330,000	-
Crescent Acres Stage IV Phase 4A - Finishing Work	-	260,000
21st Avenue East Roadway (Byars Street to Highway 302)	-	200,000
<b>Non-Developmental Expenditures</b>		
Long Term Debt Principal - West Hill Infrastructure	200,700	193,500
Long Term Debt Principal - Marquis Road West Extension	75,000	-
Total Expenditures	<u>975,700</u>	<u>3,353,500</u>
<b>Budgeted (Increase) Decrease to Funded Balance</b>	<b>108,440</b>	<b>556,620</b>
<b>Fund Deficit Balance, beginning of year (estimated)</b>	<b>8,062,930</b>	<b>7,506,310</b>
<b>Fund Deficit Balance, end of year (estimated)</b>	<b><u>8,171,370</u></b>	<b><u>8,062,930</u></b>

**LAND FUND**  
**CAPITAL EXPENDITURES AND RESERVE PROJECTIONS (Continued)**

For the Year Ending December 31, 2022

	<b>2022</b>	<b>2021</b>
	<b>Budget</b>	<b>Budget</b>
<b>DEVELOPMENT LEVIES RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<u>(\$54,000)</u>	(\$43,200)
<b>Expenditures:</b>		
Marquis Road West Extension - Long Term Debt Interest	<b>78,300</b>	34,030
Funding for Capital: via Development Levies Reserve	<b>75,000</b>	-
Total Expenditures	<u>153,300</u>	34,030
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>99,300</b>	(9,170)
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<u>4,508,703</u>	4,517,873
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<u>4,608,003</u>	<u>4,508,703</u>
<b>FUTURE LAND PURCHASES RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<u>(\$7,000)</u>	(\$5,600)
<b>Expenditures:</b>		
	-	-
<b>Total Expenditures</b>	-	-
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>(7,000)</b>	(5,600)
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<u>(21,565)</u>	(15,965)
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<u>(28,565)</u>	<u>(21,565)</u>
<b>PLANNING AND MARKETING RESERVE</b>		
<b>Budgeted Transactions</b>		
<b>Funding:</b>		
Allocation from Operations	<u>(\$20,000)</u>	(\$16,000)
<b>Expenditures:</b>		
	-	-
<b>Total Expenditures</b>	-	-
<b>Budgeted (Increase) Decrease to Reserve</b>	<b>(20,000)</b>	(16,000)
<b>Reserve Deficit (Surplus), beginning of year (estimated)</b>	<u>(420,457)</u>	(404,457)
<b>Reserve Deficit (Surplus), end of year (estimated)</b>	<u>(440,457)</u>	<u>(420,457)</u>