

2024

LAND FUND BUDGET

BUDGET
APPROVED BY
CITY COUNCIL

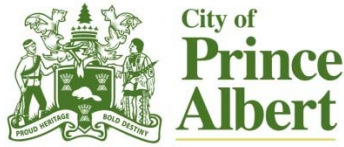


City of
**Prince
Albert**



2024 LAND FUND BUDGET	PAGE
Land Fund Budget Overview	1
Capital Committed	10
Land Development Fund Balance	11
Development Levies Reserve	12
Future Land Purchases Reserve	12
Planning and Marketing Reserve	13

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), and the general slump in the Canadian economy. This slowdown appears to remain the trend as inflation and high interest rates are making it challenging for residents and businesses to consider new construction. Looking ahead, Administration continues to be hopeful that lot sales will begin to pick up, though modestly at first, as a result of the City reducing 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.

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

2024 LAND FUND BUDGET APPROVED

	2024 Budget	2023 Budget	Variance
REVENUES			
User Charges and Fees	\$35,000	\$35,000	\$0
Land Sales	450,000	450,000	\$0
Total Revenues	485,000	485,000	\$0
EXPENSES			
Salaries Wages and Benefits	111,400	110,750	650
Contracted and General Services	24,000	24,000	0
Interest on Long Term Debt	139,207	149,230	(10,023)
Total Expenses	274,607	283,980	(9,373)
Operating Surplus	210,393	201,020	9,373
CAPITAL AND INTERFUND TRANSACTIONS			
Interfund Transfers	(76,500)	(76,500)	0
Capital and Interfund Transactions	(76,500)	(76,500)	0
TOTAL SURPLUS	133,893	124,520	9,373
Capital & Long Term Debt Payments:			
Total Surplus (Deficit)	133,893	124,520	9,373
Transfer from Development Levies - Marquis Road	202,555	202,670	(115)
Principle Payment - Marquis Road West Extension	(90,905)	(87,900)	(3,005)
Principle Payment - West Hill Development	(212,400)	(205,200)	(7,200)
Total Adjusted Surplus (Deficit)	33,143	34,090	(947)
Allocation to Reserves:			
Development Levies Reserve	(50,000)	(50,000)	0
Future Land Purchases Reserve	(6,000)	(6,000)	0
Planning & Marketing Reserve	(18,000)	(18,000)	0
Community Services Land Fund Reserve	(22,500)	(22,500)	0
Affordable Housing Reserve	(18,000)	(18,000)	0
Total Allocation to Reserves	(114,500)	(114,500)	0
Total Long-Term Payments & Reserve Allocations	(81,357)	(80,410)	(947)
Transfer from Land Development Fund	81,357	80,410	947
	0	0	0

2024 LAND FUND REVENUES

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.
 - For 2024, the 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.
 - For 2024, 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 relates to revenue is generated from the lease of small tracts of land such as closed walkways, small City easements, signage locations.

The revenues for the Land Fund remain unchanged at **\$535,000** for 2024 as follows:

Revenues	2024 Budget	2023 Budget	Increase (Decrease)
Land Rentals and Leases	\$35,000	\$35,000	\$0
Land Sales	\$450,000	\$450,000	\$0
Total Revenues	\$485,000	\$485,000	\$0

LAND LEASE RENTALS AND LEASES

\$35,000 for Land Rentals and Leases - This revenue relates to revenue 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 2024 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.

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

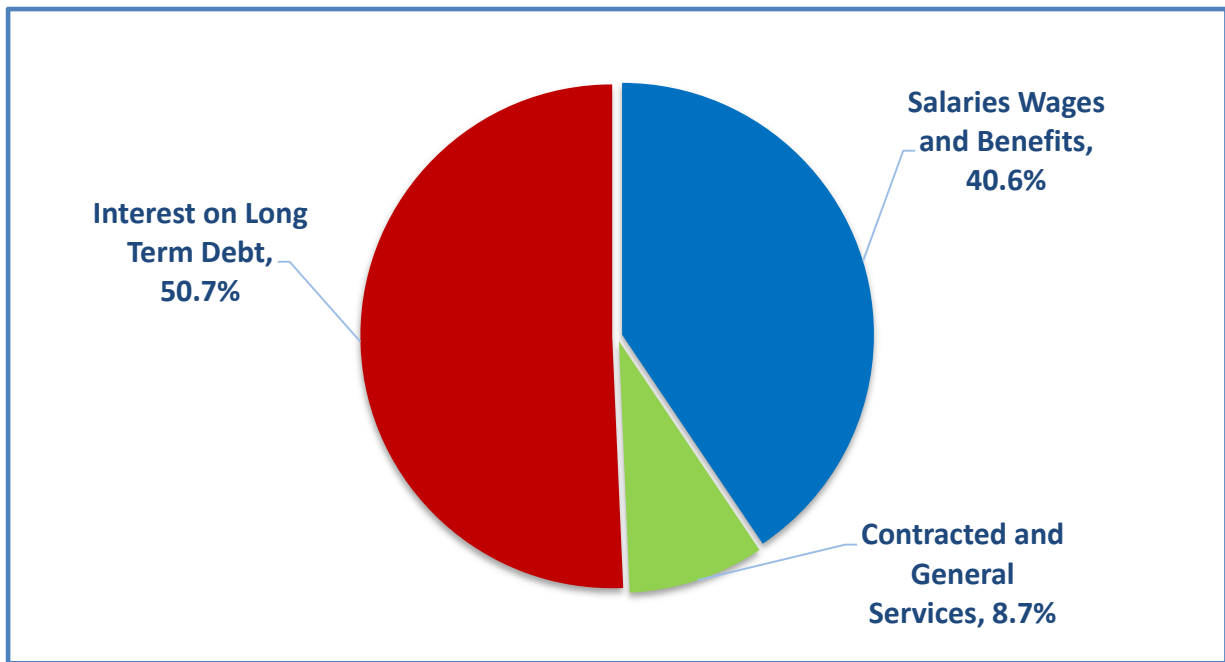
For the Year Ending December 31, 2024

2024 LAND FUND EXPENDITURES

The expenditures for the Land Fund have decreased by the amount of **\$9,373** as follows:

Expenditures	2024 Budget	2023 Budget	Increase (Decrease)	% Change	% of Total Expenses
Salaries Wages and Benefits	\$111,400	\$110,750	\$650	0.59%	40.57%
Contracted and General Services	\$24,000	\$24,000	\$0	0.00%	8.74%
Interest on Long Term Debt	\$139,207	\$149,230	(\$10,023)	-6.72%	50.69%
Total Expenditures	\$274,607	\$283,980	(\$9,373)	-8.41%	100.00%

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



2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

SALARY WAGES AND BENEFITS

\$650 increase to Salaries Wages and Benefits:

The base budget was determined after consideration of current contracts, step increases/decreases, and a review of actual costs incurred.

Salaries Wages Benefits	2024 Budget	2023 Budget	Increase (Decrease)
Salaries Regular	\$59,534	\$54,740	\$4,794
Wages Regular	\$30,305	\$34,610	(\$4,305)
Payroll Benefits	\$21,561	\$21,400	\$161
Total Salaries Wages Benefits	\$111,400	\$110,750	\$650

Salary 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.

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

INTEREST ON LONG TERM DEBT

\$10,023 decrease in Interest on Long Term Debt as follows:

- **\$6,903 decrease** for the West Hill Development Loan.
- **\$3,120 decrease** for the Marquis Road West Extension Road Loan.

Interest on Long Term Debt	2024 Budget	2023 Budget	Increase (Decrease)
West Hill Development Loan	\$27,557	\$34,460	(\$6,903)
Marquis Road West Extension Project	\$111,650	\$114,770	(\$3,120)
Total Interest on Long Term Debt	\$139,207	\$149,230	(\$10,023)

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 principle is being paid. Decrease of \$6,903.

Last payment is December of 2027. The budgeted amount of **\$27,557** represents 90% charged to the Land Fund for the Interest Payment. Interest rate is 3.40%.

The principle payment of \$212,400 is included in the Capital Committed.

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 **\$111,650** represents the interest payment for the loan borrowed for the Marquis Road West Extension Project.

The interest for the Marquis Road West Extension Project is reducing as more principle is being paid. Decrease of \$3,120.

The principle payment of \$90,905 is included in the Capital Committed.

Both the Interest and Principle payments for the Marquis Road Extension are funded from the Development Levies Reserve as approved by Council.

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

INTERFUND TRANSACTIONS

Interfund Transfers for Year 2024 are unchanged at **\$76,500** for the Transfer to General Fund.

The calculation of the Transfer to the General Fund is based on the forecasted number of residential properties to be sold in 2024. Based on the projected number of residential land sales, it is expected that the transfer to the General Fund will remain at \$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 2024	\$450,000
17% of Land Sales	\$76,500

Interfund Transfers	2024 Budget	2023 Budget	Increase (Decrease)
Transfer to General Fund	\$76,500	\$76,500	\$0
Total Interfund Transfers	\$76,500	\$76,500	\$0

2024 LAND FUND CAPITAL

Administration is requesting **\$303,305 in capital spending** for the Land Fund in 2024. A brief description of the projects and their funding source is provided below:

- \$212,400 for Long Term Loan Principal Payment related to the West Hill Infrastructure Development loan **to be funded from the Land Development Fund Balance**.
- \$90,905 for Long Term Loan Principal Payment related to the Marquis Road West Extension - Roadway Construction project **to be funded from the Development Levies Reserve**.

2024 LAND DEVELOPMENT FUND TRANSFERS

The Transfers to Reserve for 2024 are as follows.

Transfers to Reserves:	2024 Budget	2023 Budget	Increase (Decrease)
Development Levies Reserve	\$50,000	\$50,000	\$0
Future Land Purchases Reserve	\$6,000	\$6,000	\$0
Planning & Marketing Reserve	\$18,000	\$18,000	\$0
Community Services Land Fund Reserve	\$22,500	\$22,500	\$0
Affordable Housing Reserve	\$18,000	\$18,000	\$0
Total Transfers to Reserves	\$114,500	\$114,500	\$0

Transfers to Reserves are based on residential land sales.

2024 LAND DEVELOPMENT FUND BALANCE

A summary of the 2024 budget's impact on the Land Development Fund balance is as follows:

- A surplus from operations of \$133,893 to be transferred to the Land Development Fund.
- The capital expenditure for the Long Term Debt Principle Payment for the West Hill Infrastructure is \$212,400 to be funded from the Land Development Fund.
- The capital expenditure for the Long Term Debt Principle Payment for the Marquis Road West Extension is \$90,905. This payment is originally charged to the Land Development Fund but is then reimbursed by a transfer from the Development Levies Reserve as discussed below.
- The interest and principle payments for the Long Term Debt for the Marquis Road West Extension is being funded by the Development Levies Reserve, as such, \$202,555 is transferred from the Development Levies Reserve to the Land Development Fund.
- A transfer of \$114,500 from the Land Development Fund to General Fund and Land Fund Reserves.
- This results in an estimated net increase to the deficit in the Land Development Fund in 2024 of **\$81,357**, resulting in a **closing deficit balance to \$2,073,959.**

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

CAPITAL COMMITTED

CAPITAL COMMITTED RESERVE	2024 Budget	2023 Budget
Budgeted Transactions		
Funding:		
Funding for Capital - via transfer from Land Development Fund Balance	\$212,400	\$205,200
Development Levies Reserve	90,905	87,900
Total Funding	303,305	293,100
Expenditures:		
Long Term Debt Principal - West Hill Infrastructure	212,400	205,200
Long Term Debt Principal - Marquis Road West Extension	90,905	87,900
Total Expenditures	303,305	293,100

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

LAND DEVELOPMENT FUND BALANCE

LAND DEVELOPMENT FUND BALANCE	2024	2023
	Budget	Budget
Budgeted Transactions		
Funding:		
Total Surplus	\$133,893	\$124,520
Transfer from Development Levies Reserve - Interest	111,650	114,770
Transfer from Development Levies Reserve - Principal	90,905	87,900
Total Funding	336,448	327,190
Expenditures:		
Long Term Debt Principal - West Hill Infrastructure	212,400	205,200
Principle Payment - Marquis Road West Extension	90,905	87,900
Total Expenditures	303,305	293,100
Add: Allocation to Reserves	114,500	114,500
Budgeted Increase (Decrease) to Funded Balance	(81,357)	(80,410)
Fund Deficit Balance, beginning of year (estimated)	(1,992,602)	(1,912,192)
Fund Deficit Balance, end of year (estimated)	(2,073,959)	(1,992,602)

Note that the beginning balance is obtained from the 2022 Audited Financial Statements. As such, it includes \$3.4 million in debt financing received for the Marquis Road West Extension, however approximately \$3.1M of these funds had either been re-allocated to a different project or were unspent at the end of 2022. This results in approximately \$3.1M included in the Land Development Fund's opening balance that is not available to offset the Land Development Fund's deficit.

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

DEVELOPMENT LEVIES RESERVE

	2024	2023
	Budget	Budget
DEVELOPMENT LEVIES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	\$50,000	\$50,000
Expenditures:		
Marquis Road West Extension - Long Term Debt Interest	111,650	114,770
Marquis Road West Extension - Long Term Debt Principle	90,905	87,900
Total Expenditures	202,555	202,670
Budgeted Increase (Decrease) to Reserve	(152,555)	(152,670)
Reserve Deficit, beginning of year (estimated)	(4,592,109)	(4,439,439)
Reserve Deficit, end of year (estimated)	(4,744,664)	(4,592,109)

FUTURE LAND FUND PURCHASES

	2024	2023
	Budget	Budget
FUTURE LAND PURCHASES RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	\$6,000	\$6,000
Expenditures:		
Total Expenditures	-	-
Budgeted Increase (Decrease) to Reserve	6,000	6,000
Reserve Surplus, beginning of year (estimated)	27,763	21,763
Reserve Surplus, end of year (estimated)	33,763	27,763

2024 APPROVED LAND FUND OPERATING AND CAPITAL BUDGET

For the Year Ending December 31, 2024

PLANNING & MARKETING RESERVE

	2024	2023
	Budget	Budget
PLANNING AND MARKETING RESERVE		
Budgeted Transactions		
Funding:		
Allocation from Operations	\$18,000	\$18,000
Expenditures:		
Total Expenditures	-	-
Budgeted Increase (Decrease) to Reserve	18,000	18,000
Reserve Surplus, beginning of year (estimated)	439,657	421,657
Reserve Surplus, end of year (estimated)	457,657	439,657



**PREPARED BY
FINANCIAL SERVICES**



City of
**Prince
Albert**