



***RPT 21-38***

**TITLE:** 2021 Land Fund Operating and Capital Budget

**DATE:** **January 25, 2021**

**TO:** City Council - Special

**PUBLIC:** X

**INCAMERA:**

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**RECOMMENDATION:**

1. That the 2021 Land Fund operating budget be approved as follows:
  - a) Operating revenues of \$430,000;
  - b) Operating expenses of \$198,350;
  - c) Capital and interfund transactions of \$68,000; and
  - d) An operating surplus of \$163,650 to fund capital projects, loan principal payments, and reserve transfers;
2. That the 2021 Land Fund capital expenditures of \$3,160,000 and loan principal payments of \$193,500, be approved;
3. That the motions from the 2021 Land Fund Budget Committee deliberations be ratified and that Administration proceed as authorized; and,
4. That the approved 2021 Land Fund Budgeted expenditures be approved for disbursement effective January 1, 2021.

**TOPIC & PURPOSE:**

For City Council to approve the 2021 Land Fund Operating and Capital Budget along with the resolutions of the Budget Committee.

**BACKGROUND:**

On January 21, 2021 the Budget Committee considered the 2021 Land Fund Operating and Capital Budgets and recommended that the 2021 Land Fund Operating and Capital Budget, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

**PROPOSED APPROACH AND RATIONALE:**

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.

The Director of Financial Services presented the budget package to the Budget Committee that included a format that provided budgeted 2021 revenues and expenditures along with the changes relative to the previous years approved budget. For 2021 there are budgetary adjustments to the revenues and expenditures of this fund which include the items highlighted below.

**Budgeted Revenue**

Total budgeted revenue of \$430,000 for 2021 is unchanged compared to 2019.

**Budgeted Expenses**

Total budgeted expenses are \$198,350 for 2021 compared to \$296,810 in 2020. The decrease of \$98,460 is primarily related to a reduction in interest expense as projects approved for debt financing in the 2020 Budget were subsequently funded from external funding (Gas Tax and Municipal Economic Enhancement Program).

### Capital Budget

For 2021, Administration is recommending a Capital Budget of \$3,353,500 for the following items:

- \$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.
- \$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.
- \$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.

### **CONSULTATIONS:**

A media release notified the public that the Budget Committee meetings for the 2021 Water Utility, Sanitation, Airport, and Land Fund Budget were scheduled for January 20 and January 21, 2021.

In addition, the budget submissions to the Budget Committee were available on [eagenda.citypa.ca](http://eagenda.citypa.ca), the City's website for the public's review.

### **COMMUNICATION AND/OR ANNOUNCEMENT PLAN:**

Once the 2021 Land Fund Budget is approved by Council it will be posted on the City of Prince Albert website.

**FINANCIAL IMPLICATIONS:**

The 2021 budget reflects no change revenue. Overall budgeted operating expenses have decreased by \$98,460.

A summary of the 2021 budget impacts 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 2021 is \$62,850.
- A transfer in of \$2,700,000 for capital projects funded from debt financing.
- A transfer in from the Development Levies Reserve of \$34,030 for 2021 interest expenses.
- \$3,353,500 is required for 2021 capital expenditures.
- This results in an estimated decrease to the Land Development Fund Balance of \$556,620 bringing the estimated 2021 year end deficit to \$7,654,757.

**OTHER CONSIDERATIONS/IMPLICATIONS:**

There are no options to the recommendation, official community plan, policy, or privacy implications or considerations.

**STRATEGIC PLAN:**

Fiscal Management & Accountability: Administration's recommendation is based on cost effectiveness and the belief that the City's current level of service will be maintained or improved as a result of the submitted budget.

**PUBLIC NOTICE:**

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

**ATTACHMENTS:**

1. 2021 Land Fund Budget
2. January 21, 2021 Budget Committee Meeting Minutes – Land Fund Budget (Unofficial)

Written by: Cheryl Tkachuk, Director of Financial Services

Approved by: City Manager