

Branch — Land Enterprise

Introduction

Mandate: Land Services through the Land Enterprise area plays a critical role in helping to advance efforts to transform Edmonton through their involvement in visionary projects including Blatchford (City Centre Airport redevelopment) and Belvedere. This is achieved through their involvement in land development, marketing of developed land to the public, and the generation of revenue for the City of Edmonton. The activities of this branch are guided by Policy C511 Land Development Policy (2005), Policy C516B Land Enterprise Dividend Policy (2009), the Industrial Land Strategy (2002), the City Centre Redevelopment Master Plan Principles approved by Council (2010) and the Area Redevelopment Plan (2012).



Land Development operates on a continuous cycle with respect to its land development activities. Land for development is acquired, it is serviced and sold in a manner consistent with private sector land development processes and with the objectives outlined in “The Ways”. Retained profits fund ongoing servicing and acquisition of land for further development, when justified. When a new development project is considered, a strategy is developed which addresses, among other things, a staging plan and schedule, sustainability, servicing, financing requirements and marketability.

Activities within the Land Enterprise operation include reviews of all properties within the municipal operations portfolio which have been deemed surplus to Civic requirements in order to maximize value or benefit to the City through sale, long term lease or exchange.

Belvedere CRL (Station Pointe) is financed through borrowing Bylaw 14883 which was passed in 2008 that enabled the City to undertake \$34.25M infrastructure improvements and land development along Fort Road to promote Transit Oriented Development and to encourage private sector redevelopment in the area. In January 2012, Bylaw 15932 was passed to allow for the Belvedere Community Revitalization Levy to fund this project. The CRL enables the City to apply both the municipal and education tax levy increases related to the incremental increase in the assessed value over the baseline to pay for the debt servicing and other related infrastructure improvements. The assessment baseline for the CRL will be December 31, 2012. The CRL can remain in place for up to a maximum of 20 years from 2013 to 2032. In addition to the CRL funds, net proceeds from the sale of City owned property within the CRL zone will be used to fund the infrastructure improvements completed by the City.



Blatchford Development envisages a world-leading, family oriented, sustainable community of up to 30,000 citizens in the heart of Edmonton, on the City Centre Airport lands. This program will initiate the implementation of the ARP with the goal of starting construction in the first stages of 2014.

Land for Municipal Purposes acquisitions section acquires land for municipal capital projects and is supported by Land Services through planning and real estate appraisals. Land that is purchased for capital projects for other City departments is transferred at cost.

While the work of this branch addresses all six City goals, Land Enterprise services are integral to Ensuring Edmonton’s Financial Sustainability (The Way We Finance).

Branch — Land Enterprise

2013 Budget - Branch Summary (\$000)

Land Enterprise	2011 Actual	2012 Budget	2013 Budget	\$ Change '12-'13	% Change '12-'13
Revenue & Transfers					
Land Sales Residential	\$ 2,496	\$ 3,897	\$ 23,739	\$ 19,842	509.2
Land Sales Industrial	23,367	35,627	14,085	(21,542)	(60.5)
Belvedere CRL Tax Levy	-	-	168	168	-
Blatchford Revenue	4,137	4,000	2,876	(1,124)	(28.1)
Other Revenue	394	100	100	-	-
Total Revenue & Transfers	30,394	43,624	40,968	(2,656)	(6.1)
Expenditure & Transfers					
Cost of Land Sold - Residential	1,383	1,949	15,677	13,728	704.4
Cost of Land Sold - Industrial	5,958	17,764	8,251	(9,513)	(53.6)
Cost of Land Transferred - City Use	48,758	75,000	86,375	11,375	15.2
Personnel	1,615	2,149	2,341	192	8.9
Materials, Goods & Supplies	20	67	54	(13)	(19.4)
External Services	3,218	6,351	2,575	(3,776)	(59.5)
Intra-Municipal Services	1,929	2,219	2,251	32	1.4
Utilities & Other Charges	229	351	3,545	3,194	910.0
Blatchford - Capital Recovery	874	1,241	1,375	134	10.8
Subtotal	63,984	107,091	122,444	15,353	14.3
Intra-Municipal Recoveries - Land Transfer	(48,758)	(75,000)	(86,375)	(11,375)	15.2
Total Expenditure & Transfers	15,226	32,091	36,069	3,978	12.4
Net Income	\$ 15,168	\$ 11,533	\$ 4,899	\$ (6,634)	(57.5)
Full-time Equivalents	21.0	23.5	23.5	-	-
Dividends Payable to General Government	\$ 1,606	\$ 3,932	\$ 5,913	1,981	50.4

Consolidated Presentation

For 2013, consolidated presentation includes land acquisitions for municipal purposes. Comparative information has been restated accordingly.

Budget Changes for 2013 (\$000)

Revenue & Transfers - Changes

Land Sales Residential \$19,842

The increase is due to a combination of residential lot inventory developed in Oxford during 2012 that becomes available for sale in 2013, and the expected sales of land for residential development in Belvedere CRL during 2013.

Land Sales Industrial (\$21,542)

The decrease is due to a reduction in available serviced lots for sale. During 2013, the planning for new industrial land developments in Maple Ridge, Ellerslie and Goodridge Corner will commence for planned market completion in 2014 and 2015.

Belvedere CRL Tax Levy \$168

The increase of \$168 is related to the approved Belvedere Community Revitalization Levy. 2013 will be the first year for CRL tax levy. The levy will be dedicated to funding of improvements within the Belvedere CRL zone.

Branch — Land Enterprise

Revenue & Transfers - Changes (continue)

Blatchford Revenue (\$1,124)

The decrease is primarily due to a reduction of \$850 in Edmonton Regional Airport Authority (ERAA) dues resulting from an expected decline in activity at the City Center Airport. The balance of the decrease is due to a decline in lease revenue from reduced occupancy as a result of expropriation of property rights.

Expenditures & Transfers - Changes

Cost of Land Sold Residential \$ 13,728

The increase is due to higher residential land sale projections for 2013.

Cost of Land Sold Industrial (\$9,513)

The decrease is due to lower industrial land sale projections for 2013.

Cost of Land Transferred - City Use \$11,375

The increase is due to planned land acquisitions for approved City projects including LRT and the finalization of expropriations related to transportation projects.

Personnel \$192

The increase is due to movements within salary ranges, changes in benefits, and settlements of union contracts.

Material, Goods & Supplies (\$13)

The decrease is primarily due to a \$9 savings in computer hardware and software costs as a result of realignment of budget with actual experience in expenditures. The remainder of the decrease is due to other minor cost savings.

External Services (\$3,776)

The decrease is primarily due to a \$3,300 reduction in consultant fees for the Blatchford area structure plan design which was substantially completed in 2012. An additional decrease of \$850 is related to a decrease in management fees due to ERAA. These reductions are partially offset by a \$400 increase in legal and advertising fees related development and communications for Blatchford and Belvedere CRL.

Intra-Municipal Services \$32

The increase is due to increases in building maintenance and custodial services provided by Infrastructure Services for properties located at Blatchford.

Utilities & Other Charges \$3,194

The increase is primarily made up of debt service charges of \$1,764 and other costs of \$790 related to the Belvedere CRL. The remainder of the increase is due to a historical adjustment for utility costs of \$640 for City owned and leased buildings at Blatchford.

Blatchford - Capital Recovery \$134

The increase is made up of lease revenue net of utility costs and operating costs related to the properties owned and leased at Blatchford. The net lease revenue is earmarked to fund initial property interests purchased at Blatchford.

Intra-Municipal Recoveries - Land Transfer (\$11,375)

The increase is due to planned land acquisitions for approved City projects including LRT and the finalization of expropriations related to transportation projects.

Dividend Payable to General Government - Change

Dividend Payable to General Government \$1,981

The dividend is based on 25% of the prior year net income from the land development activities. The increase is due to higher land development and sale activity in 2012. Annual operating results of the Belvedere CRL and Blatchford are excluded from dividend calculations as these projects are expected to be self-sustaining.

Branch — Land Enterprise

2013 Budget - Program Summary

Program Name - Land Development

Results to be Achieved

The Land Development program prepares and services City owned land for future development. These lands will be sold for private development or will be developed for City operations.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
2012 projects	Revenue & Transfers	\$ 26,257	\$ 28,639	\$ 39,624	\$ 29,084
- 4 road closures	Expenditure & Transfers	11,728	16,521	24,060	23,825
- 19 subdivisions	Net Income (Loss)	\$ 14,529	\$ 12,118	\$ 15,564	\$ 5,259
- 8 rezonings	Management		1.0	1.0	1.0
- 3 ASP/NSP/ARP amendments	Exempt		1.0	1.0	1.0
- 6 other major projects	Union		13.0	13.0	13.0
	Temporary		-	-	-
	Full - Time Equivalents		15.0	15.0	15.0

2012 Services

- Oxford Subdivision 80 lots developed
- Holler Canyon – 7 lots developed
- Rampart Industrial - 3 lots developed

Changes in Services for 2013

- Oxford - additional 100 lots will be developed
- Rampart Industrial - development will continue with 8-10 lots developed
- Maple Ridge Industrial - 8 -10 lots will be developed
- Place La Rue - 6.5 hectares of commercial land will be available

Program Name - Land for Municipal Purposes

Results to be Achieved

The Land for Municipal Purposes program provides a means to act in a timely manner on opportunity purchases for strategic civic land requirements where client departments have identified a need. This program allows the City to acquire lands for approved future projects at optimized land values.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
1) Flow through: on time, within budget, assuming sufficient lead time from client departments.	Recoveries - Internal	\$ 48,758	\$ 75,000	\$ 75,000	\$ 86,375
2) Opportunity Purchases: using Strategic Land Account (SLA) funding, usually result in quick purchases with overall reduced costs.	Expenditure - Internal	48,758	75,000	75,000	86,375
3) Other SLA Acquisitions: timely acquisition of land/properties where capital funding is not immediately available.	Net Income (Loss)	\$ -	\$ -	\$ -	\$ -
	Management		-	-	-
	Exempt		-	-	-
	Union		-	-	-
	Temporary		-	-	-
	Full - Time Equivalents		-	-	-

2012 Services

- Work with departments to obtain land for approved capital projects
- Monitor properties up for sale in areas impacted by major municipal projects, and act quickly on opportunity situations
- Prepare all agreements, documentation and reports required for administrative or Committee purchase and expropriation approval
- For SLA funded acquisitions, carry costs on an interim basis, reconcile accounts with client departments within 3-5 years

Changes in Services for 2013

- Workload volume depends on number of transactions required to meet client department needs for land and property
- Continue acquisition of lands for South and West LRT as property becomes available on an opportunity basis

Branch — Land Enterprise

2013 Budget - Program Summary

Program Name - Blatchford Community Development

Results to be Achieved

The Blatchford Community Development Plan (ARP) envisages a world-leading, family oriented, sustainable community of up to 30,000 in the heart of Edmonton. This program will initiate the implementation of the ARP with the goal of starting construction of the first stages in 2014.

Service Standards	Resources (\$000)	2011	2011	2012	2013
		Actual	Budget	Budget	Budget
Project scope:	Revenue & Transfers	\$ 4,137	\$ 3,600	\$ 4,000	\$ 2,876
- 217 ha	Expenditure & Transfers	3,498	5,268	8,031	5,692
- 12,000 housing units	Net Income (Loss)	\$ 639	\$ (1,668)	\$ (4,031)	\$ (2,816)
- 25,000 - 30,000 residents	Management		1.0	1.0	1.0
- 11,000 jobs	Exempt		2.0	4.5	4.5
	Union		3.0	3.0	3.0
	Temporary		-	-	-
	Full - Time Equivalents		6.0	8.5	8.5

2012 Services

- Facilitate, gather and process public involvement input through public workshops, consultations and website submissions
- Council updates, presentations and approvals to ensure timely progression
- ARP approved by Council in May, 2012

Changes in Services for 2013

- Initiate preliminary and detailed engineering design work and strive to prepare first stage construction in late Q4
- Budget forecasts do not include land servicing costs for redevelopment
- Rezone first stage lands, initiate site preparation
- Acquire property leasehold interests

Program Name - Belvedere Community Revitalization Levy (CRL)

Results to be Achieved

The City of Edmonton Belvedere Community Revitalization Levy Regulation (AR 57/2010) provides investment funding for the public infrastructure program needed to encourage private sector investment, redevelopment and revitalization of the Fort Road area.

Service Standards	Resources (\$000)	2011	2011	2012	2013
		Actual	Budget	Budget	Budget
Majority of capital works will be completed in 2012, street scaping and landscaping to be finalized in 2013.	Revenue & Transfers	\$ -	\$ -	\$ -	\$ 9,008
	Expenditure & Transfers	-	-	-	6,552
	Net Income (Loss)	\$ -	\$ -	\$ -	\$ 2,456
	Management		-	-	-
	Exempt		-	-	-
	Union		-	-	-
	Temporary		-	-	-
	Full - Time Equivalents		-	-	-

2012 Services

- Manage the Belvedere CRL
- Construction completed

Changes in Services for 2013

- Streetscaping and landscaping will be completed in 2013
- Expected sale of two land holdings

Branch — Land Enterprise

Pro-Forma Income Statement - Consolidated Land Enterprise (\$000)

	2013	2014	2015	2016	2017
	Projection	Projection	Projection	Projection	Projection
Revenues					
Land Sales	\$ 37,824	\$ 35,990	\$ 113,447	\$ 130,692	\$ 120,184
Cost of Land Sold	23,928	22,167	47,654	56,607	41,109
Gross Margin	13,896	13,823	65,793	74,085	79,075
1 Gross Margin %	37%	38%	58%	57%	66%
2 Belvedere CRL Tax Levy	168	351	530	710	891
3 Blatchford Revenue	2,876	2,682	4,828	4,902	4,978
Other Revenue	100	100	100	100	100
Net Revenues	17,040	16,956	71,251	79,797	85,044
Expenditures					
4 Cost Of Land Transferred - City Use	86,375	79,797	33,095	29,036	7,878
Personnel	2,341	2,381	2,424	2,473	2,522
Materials, Goods & Supplies	54	55	55	54	56
External Services	2,575	2,282	2,604	2,639	2,675
Intra-municipal Services	2,251	2,371	2,410	2,471	2,520
Utilities & Other Charges	3,545	2,828	4,005	4,042	3,875
Blatchford - Transfer for Capital	1,375	1,254	2,211	2,249	2,289
Subtotal	98,516	90,968	46,804	42,964	21,815
4 Intra-Municipal Recoveries - Land Transfer	(86,375)	(79,797)	(33,095)	(29,036)	(7,878)
Net Expenditures	12,141	11,171	13,709	13,928	13,937
Net Income	4,899	5,785	57,542	65,869	71,107
Retained Earnings, Beginning of Year	139,042	139,403	145,128	202,951	255,720
Blatchford - Transfer to Capital	1,375	1,254	2,211	2,249	2,289
5 Dividends Payable to General Government	(5,913)	(1,314)	(1,930)	(15,349)	(17,201)
Retained Earnings, End of Year	\$ 139,403	\$ 145,128	\$ 202,951	\$ 255,720	\$ 311,915

Explanatory Notes

- Gross margin for external land sales is expected to increase. Land currently being developed was purchased at low land acquisition cost is now projected for sale at the current higher serviced land value. The cost of land sold excludes carrying charges and opportunity cost of investment.
- The baseline for the Belvedere CRL was established in December 31, 2012. The first year of revenue is expected to incur in 2013. These revenues are expected to increase as redevelopment is completed, generating new tax revenues to pay the City's initial investment made in the area to encourage further redevelopment.
- In July 2010, the City of Edmonton signed an agreement with Edmonton Regional Airports Authority for a partial surrender of the airport lease. As a result of this agreement, the City of Edmonton has assumed some of the lease agreements and will be responsible for the City Centre Airport operating revenues and expenses. The anticipated lease revenues and user fees and the operating expenses are included in the budget figures. In October 2012, City Council has approved the commencement of the expropriation process to acquire the remaining property rights within Blatchford development area. The projected revenues and expenditures are anticipated to change once the strategies and development plans are finalized.
- Land acquisition and transfer of land for City use is based on current information for approved capital projects in the Capital Budget System, expected settlement of expropriations, and repayment of strategic land acquisition for other City departments.
- Dividend payable to the City of Edmonton is based on 25% of the net income of land development activities of the preceding year excluding any net income or net loss from Belvedere CRL, Blatchford and municipal land transfers.

Branch — Land Enterprise

Pro-Forma Balance Sheets - Consolidated Land Enterprise (\$000)

	2013	2014	2015	2016	2017
	Projection	Projection	Projection	Projection	Projection
Assets					
Financial Assets					
Accounts Receivable	\$ 3,060	\$ 3,095	\$ 7,028	\$ 7,627	\$ 6,955
1 Land for Resale	201,751	251,410	266,833	244,084	232,886
2 Due from (to) the City of Edmonton	(226,553)	(254,926)	(202,954)	(112,861)	(40,318)
	(21,742)	(421)	70,907	138,850	199,523
Tangible Assets					
	240,962	209,784	186,456	164,202	155,915
Total Assets	\$ 219,220	\$ 209,363	\$257,363	\$ 303,052	\$ 355,438
Liabilities					
3 Accounts Payable and Accrued Liabilities	\$ 51,128	\$ 36,749	\$ 28,175	\$ 22,389	\$ 19,921
4 Long Term Debt - Belvedere CRL	28,689	27,486	26,237	24,943	23,602
	79,817	64,235	54,412	47,332	43,523
Equity					
5 Retained Earnings - Unrestricted	144,123	150,527	209,993	263,447	320,121
6 Retained Earnings - Blatchford Deficit	(4,016)	(5,411)	(5,687)	(5,967)	(6,061)
7 Retained Earnings - Belvedere CRL Deficit	(704)	12	(1,355)	(1,760)	(2,145)
	139,403	145,128	202,951	255,720	311,915
Total Liabilities and Equity	\$ 219,220	\$ 209,363	\$257,363	\$ 303,052	\$ 355,438

Explanatory Notes

- Land for resale includes the original acquisition cost of undeveloped land plus any servicing costs that are incurred. Through the capital budget, City Council approves funding for servicing of residential and industrial land. These costs are captured as part of the cost of land when it is subsequently sold. When sold, total costs incurred to bring the land to market are included in the Cost of Land Sold on the Income Statement.
- Due from (to) the City Edmonton reflects a cash surplus or shortfall position. Land Enterprise is expected to remain in a cash shortfall position for the near future. The balance is comprised of strategic land purchases for City departments where capital funding is not in place to pay for land, expropriations for property rights as approved by council and cash required for the investment and land servicing cycle related to industrial and residential land development. Administration has undertaken a review and is developing strategies to reduce the amount due to the City, which is reflected in the projections.
- The reduction in Accounts Payable and Accrued Liabilities is due to the payout of expropriation liabilities.
- Long term debt related to the Belvedere CRL is based upon the projected debt borrowing amount under Borrowing Bylaw #14833. The entire projected borrowing amount is expected to be drawn by 2013. Depending on the net proceeds from land sales, the actual amount borrowed may change.
- Unrestricted retained earnings represent the accumulated profits from the operations of Land Enterprise. The majority of retained earnings is invested in land inventory.
- Retained earnings restricted for Blatchford represent the cumulative net position related to the Project office. The cumulative shortfall will be funded by Land Enterprise's retained earnings.
- Retained earnings restricted for Belvedere CRL represent the cumulative projected net position of the redevelopment and revitalization of the Fort Road area. The projected cumulative shortfall is temporary and is expected to reverse itself once the redeveloped areas are generating higher land values for land sales and tax assessment.

Branch — Land Enterprise

Financial Information - Belvedere CRL (\$000)

	Project Total	2005 to 2012	2013	2014	Projected			2018 to 2032
					2015	2016	2017	
Revenues								
1 Land Sales	\$ 17,720	\$ -	\$ 8,840	\$ 3,849	\$ -	\$ 2,516	\$ 2,515	\$ -
Tax Levy CRL Revenue	40,404	-	168	351	530	710	891	\$ 37,754
Total Revenues	58,124	-	9,008	4,200	530	3,226	3,406	37,754
Expenditures								
Cost Of Land Sold	9,265	-	3,998	1,574	-	1,760	1,933	-
2 Debt Servicing	35,334	2,871	1,764	1,889	1,876	1,863	1,850	23,221
Other Costs	1,277	289	790	21	21	8	8	140
Total Expenditures	45,876	3,160	6,552	3,484	1,897	3,631	3,791	23,361
Net Income	12,248	(3,160)	2,456	716	(1,367)	(405)	(385)	14,393
Cumulative Net Income (Deficit), Beginning	-	-	(3,160)	(704)	12	(1,355)	(1,760)	(2,145)
3 Cumulative Net Income (Deficit), End of Year	\$ 12,248	\$ (3,160)	\$ (704)	\$ 12	\$ (1,355)	\$ (1,760)	\$ (2,145)	\$ 12,248

	Project Total	2005 to 2012	2013
Project Costs - Capital Profile 04-16-2100			
Infrastructure Improvements	\$ 24,138	\$ 17,215	\$ 6,923
Land Developed	9,265	9,262	3
4 Non Capital Items	847	162	685
	34,250	26,639	7,611
Funding			
Debt	31,365	26,484	4,881
Land Enterprise Retained Earnings	2,885	155	2,730
	34,250	26,639	7,611

Explanatory Notes

- 1 Sales proceeds are expected to be paid over a period of time for each sale negotiated. This would be recorded by an account receivable.
- 2 The CRL is projected to end by 2030 as there will be sufficient cumulative net income to service the remaining debt payments and other CRL associated costs.
- 3 The development costs including debt servicing charges are anticipated to exceed the projected revenue in the early years. This shortfall will be bridge-financed by Land Enterprise's retained earnings, and is projected to be repaid by future years CRL revenues. In 2024, Belvedere CRL is expected to be in a positive cash position.
- 4 Includes project management and incentive program.

Branch — Land Enterprise

Financial Information - Land Development (\$000)

	2013 Projection	2014 Projection	2015 Projection	2016 Projection	2017 Projection
Revenues					
Land Sales - Residential	\$ 14,899	\$ 12,882	\$ 15,352	\$ 44,837	\$ 24,682
Land Sales - Industrial	14,085	19,259	98,095	83,339	92,987
Other Revenue	100	100	100	100	100
Total Revenues	29,084	32,241	113,547	128,276	117,769
Expenditures					
Cost of Land Sold - Residential	11,679	11,729	9,908	24,395	13,532
Cost of Land Sold - Industrial	8,251	8,864	37,746	30,452	25,644
Other Expenditures	3,895	3,931	4,497	4,626	4,718
Total Expenditures	23,825	24,524	52,151	59,473	43,894
Net Income	\$ 5,259	\$ 7,717	\$ 61,396	\$ 68,803	\$ 73,875

Financial Information - Land for Municipal Purposes (\$000)

	2013 Projection	2014 Projection	2015 Projection	2016 Projection	2017 Projection
Expenditures					
Cost Of Land Transferred - City Use	\$ 86,375	\$ 79,797	\$ 33,095	\$ 29,036	\$ 7,878
Intra-Municipal Recoveries - Land Transfer	(86,375)	(79,797)	(33,095)	(29,036)	(7,878)
Net Income	\$ -	\$ -	\$ -	\$ -	\$ -

Financial Information - Blatchford Community Development (\$000)

	2013 Projection	2014 Projection	2015 Projection	2016 Projection	2017 Projection
Revenues & Expenditures					
Total Revenues	\$ 2,876	\$ 2,682	\$ 4,828	\$ 4,902	\$ 4,978
Total Expenditures	5,692	5,331	7,315	7,431	7,361
Net Deficit	\$ (2,816)	\$ (2,649)	\$ (2,487)	\$ (2,529)	\$ (2,383)

In October 2012, City Council has approved the commencement of the expropriation process to acquire the remaining property rights within Blatchford development area. The projected revenues and expenditures do not reflect any land development costs and are anticipated to change once the strategies and development plans are finalized.