

2022 Annual Financial Report – Saskatoon Land

ISSUE

This report and the 2022 Saskatoon Land Annual Report (Appendix 1) provides an update on Saskatoon Land's revenues and activities during 2022, including highlights of inventory levels, sales, financial performance and benefits of the City of Saskatoon's (City) Land Development Program. The Annual Report also highlights current infill project opportunities and key accomplishments of Saskatoon Land.

BACKGROUND

To maintain transparency in its operations, Saskatoon Land has been producing the Annual Report for several years. Starting in 2017, additional financial reporting has been included to increase transparency and measure performance.

CURRENT STATUS

Saskatoon Land continues to deliver financial returns for the City. Land sales totaled \$76.9 million in 2022, resulting in a gross margin of \$22.4 million, or 29.2%, and total net earnings of \$20.3 million on a consolidated basis. Operating revenue consisting of administration fees and lease revenue totaled \$9.0 million, resulting in net earnings of \$4.4 million.

Saskatoon Land is committed to supporting City Council and its' Administration in achieving many of the goals and priorities outlined in the Strategic Plan. Net revenues provide additional funding for the City to invest in what matters, reducing reliance on property taxes and supporting City Council priorities. In 2022, a further \$0.55 million in net proceeds was allocated to the Affordable Housing Program. To date, \$139.65 million in net proceeds from the sale of property in Hampton Village, Willowgrove, Evergreen, and Rosewood have been made available for City Council to allocate to various civic projects.

Several infill projects were advanced by Saskatoon Land in 2022 to support City Council priorities including:

- The north parking lot at Midtown, along with several other properties adjacent to the north parking lot, were acquired to further support and enhance the development of a Downtown Event and Entertainment District. Net interim lease revenues from the properties will be used to pay down the land acquisition costs, creating savings for the project.
- Through a competitive process Saskatoon Land selected a proponent to proceed with the redevelopment of the Saskatoon Transit Building in South Caswell a successful proponent was selected after the previous proponent withdrew due to the impacts of Covid-19. The proposed development is well-aligned with the goals of the South Caswell Concept Plan.

- Preliminary planning on several other surplus City-owned lands with development potential.

DISCUSSION/ANALYSIS

2022 Consolidated Statement of Earnings

The Consolidated Statement of Earnings (within Appendix 1) is an abstract of key Saskatoon Land revenues and activities during 2022.

Saskatoon Land's gross sales revenue was up in 2022 for a total of \$76.9 million, an increase over 2021 by \$11.9 million. Saskatoon Land released a total of 363 lots including: 63 lots in Kensington Phase 5, 10 lots in Aspen Ridge and 290 lots in Brighton Phase 1, which were handed over to purchasers in summer 2022. Saskatoon Land's single-unit inventory started at 258 lots at the beginning of 2022 and, after a year of drawing down existing inventory levels coupled with new inventory being released, year-end inventory closed at 257 lots available for sale. Of the remaining inventory, two lots were remaining in each Aspen Ridge and Brighton, 135 lots in Kensington and 118 lots in Parkridge.

The increase in gross sales was led by an increase of \$12.4 million in single-unit and multi-unit sales, offset by a slight decrease in industrial and commercial sales in the amount of \$500,000.

2022 Operating Earnings

The Operating Statement of Earnings (within Appendix 1) shows revenue from administration fees on land sales and leases totaling \$9.0 million, an increase of \$1.5 million from 2021. The increase is largely attributable to an increase in admin fees collected by Saskatoon Land on the sale of more land parcels.

Operating expenses totaled \$4.7 million in 2022. This was nearly identical to the 2021 amount with very slight increases in building costs, general operating, and marketing expenses, offset by slight decreases in salaries & benefits and maintenance.

Overall net earnings totaled \$4.4million, an increase of \$1.5 million from 2021. The operating surplus, per City Council Policy C03-003 Section 32.3, is allocated to Saskatoon Land's operating reserve to a maximum of 1.5x the subsequent years budgeted expenses with the remaining surplus being allocated to the Property Realized Reserve.

Additional details on the Operating Statement of Earnings are provided in the notes section within Appendix 1.

Further information on significant accomplishments throughout 2022 is provided in appendix 1.

OTHER IMPLICATIONS

There are no privacy, legal, social, financial, or environmental implications identified.

NEXT STEPS

No further action is required.

APPENDICES

1. 2022 Saskatoon Land Annual Report

REPORT APPROVAL

Written by: Matt Noordhof, Finance and Sales Manager
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