

Neighbourhood Land Development Fund Allocation of Profits

ISSUE

The Administration requires City Council approval to declare a \$3.9 million dividend from the Neighbourhood Land Development Fund (NLDF) for allocation to the Bus Rapid Transit Funding Plan.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That \$3.9 million in profits be declared from the Neighbourhood Land Development Fund; and
2. That \$3.9 million in profits from the Neighbourhood Land Development Fund be allocated to the Bus Rapid Transit Funding Plan.

BACKGROUND

To date, \$139.7 million has been allocated from the NLDF from the Hampton Village, Willowgrove, Evergreen, and Rosewood developments. These allocations have funded various capital projects and operating programs.

City Council at the 2020/2021 Multi-Year Preliminary and Corporate Business Plan and Budget received the [Neighbourhood Land Development Fund Update Report](#) that outlined the proposed the future use of Land Dividends. The report stated that approximately \$25.0 million would be required in the future with allocations of \$10.0 million to the Chief Mistawasis Bridge and North Commuter Parkway Project, \$5.0 million to the Game Plan Funding Plan, \$6.2 million to Property Realized Reserve for future land development acquisitions, and \$3.9 million to the Bus Rapid Transit Funding Plan. Dividends to these projects are based on cash flow projections and availability of funds.

DISCUSSION/ANALYSIS

Return on Investment and Allocation

Financial proformas are prepared for every Saskatoon Land development project and reviewed by the Standing Policy Committee on Finance. The proformas are prepared using current information, are based on present-day cost estimates and require certain professional judgments. Net investment returns between 15% - 30% are targeted for each development project with actual results dependent on overall market conditions experienced throughout the life of the project. Positive investment returns from the Evergreen project have resulted in most of the recent profit allocations.

In determining profit allocations, the Administration projects cash inflows and outflows to determine the overall NLDF cash position. This includes a review of accounts receivable, projecting the amounts due from customers in the current year, and the monies to be collected in future periods. When considering only revenues and expenses, a positive fund balance of \$33.38 million is anticipated for the NLDF at the end of 2023.

Bus Rapid Transit Funding Plan

The purpose of this funding plan is to fund the overall Bus Rapid Transit Project (BRT) which will help Saskatoon Transit accommodate the city's expected growth while making transit a more attractive option for all. BRT is a premium transportation system designed to improve capacity and reliability compared to conventional bus systems. It allows for more people to move more efficiently through optimized routes and dedicated travel lanes, while retaining the low-cost and flexibility of buses. The project plan also includes the acquisition of new buses, an Intelligent Transportation System, and station/stop upgrades.

FINANCIAL IMPLICATIONS

As previously mentioned, the NLDF balance is anticipated to be in a \$33.38 million surplus position at the end of 2023. However, it is important to note that this is largely dependent on the collection of outstanding receivables on land sales of approximately \$26.3 million, most of which is due by the end of 2023. Despite, the dependence on the collection of outstanding receivables to maintain the current projected surplus, the Administration is confident that these collections will occur as planned based current contract deadlines.

Administration will continue to monitor the overall fund balance and any potential impact from current outstanding receivables.

NEXT STEPS

There is currently \$10.0 million planned to be declared and allocated to the Chief Mistawasis Bridge and North Commuter Parkway Project in 2024 as part of the approved project funding plan. The Administration will bring forward a report in 2024 to declare this dividend pending the sufficiency of the NLDF.

REPORT APPROVAL

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