

December 4, 2018

To: Members of Council

From: Todd Burge, Deputy City Manager and Chief Financial Officer  
Financial and Corporate Services

Subject: **Enterprise Land Development, Capital Profiles**

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This memorandum outlines a motion for partial funding (\$4.83M) of Capital Profile Number CM-16-2010, Industrial-Commercial-Investment Land Development, partial funding (\$11.1M) of Capital Profile Number CM-16-2020, Residential/Mixed Use Land Development. Administration is also requesting that the following requests for funding be postponed to February 27, 2018 to be discussed with the Land Governance Strategy Additional Information Report, CR\_6613:

- Capital Profile Number CM-16-2015, Industrial-Commercial-Investment Land Acquisition
- Capital Profile Number CM-16-2025, Residential/Mixed Use Land Development Acquisition
- the remainder of Capital Profile Number CM-16-2020, Residential/Mixed Use Land Development, and
- the remainder of Capital Profile Number CM-16-2010, Industrial-Commercial-Investment Land Development.

Administration does not recommend postponing all funding decisions to February 27, 2019 as Enterprise Land Development's (ELD) existing capital funding expires on December 31, 2018. If City Council does not approve minimal funding of the Capital Profiles, the Program will not have any approved capital funds as of January 1, 2019, and will not be able to:

- Complete the capital improvement work required to finish and sell residential lots in Laurel 22 and therefore will not meet its dividend target for 2019. If Laurel 22 residential lots are not sold in 2019, projected revenue of approximately \$12M will need to be removed from Land Enterprise's projected revenue in the 2019-2022 Operating Budget. As residential lot sales in Laurel 22 are projected to occur over the

next 4 years, revenue in subsequent years may also be reduced, depending on when capital funding is approved.

- Complete the final capital construction work of the business employment parcel in Goodridge
- Pay a court judgment related to a Builder's Lien in SE industrial
- Pay contractors under its existing contractual commitments and will need to seek legal opinions regarding the risk and possible damages associated with terminating these contracts

Decreased land development activities may also impact the Real Estate Branch Operating Budget as the Real Estate Branch recovers approximately \$3.1M annually in Personnel costs for employees engaged in Land Enterprise services.

Approval of the partial funding requested in the motion will enable ELD to reduce risks to financial outcomes, minimize impacts to branch operations and complete the following projects:

- Goodridge Stage 1 and 2, including the business employment lands currently being developed, the North East Edmonton Police Service Campus and the Co-located Dispatch and Emergency Operations Centre Site; this project is in the final phases of development
- Complete construction to bring residential lots to market in Laurel 22 (the Meadows in Laurel), start residential lots sales in 2019, and complete required ongoing warranty work on the capital improvements
- Required warranty work on capital improvements in Rampart Industrial
- Payment of costs related to outstanding litigation in SE industrial
- Required warranty work on the capital improvements in Laurel 10 (Laurel Green, which is already sold and built out)

Partially approving these Profiles would not fund all of ELD's outstanding contractual commitments, which total \$37M, but would enable the Program to maintain 2019 Operating Budget projections, finalize some projects near completion and meet contractual obligations pending the larger review in February 2019.

### **Draft Motion for Partial Funding**

That \$4.83M being a portion of Capital Profile Number CM-16-2010, Industrial-Commercial-Investment Land Development, as outlined in Attachment 1 of the October 23, 2018 Financial and Corporate Services report CR\_6388 be approved.

That \$11.1M being a portion of Capital Profile Number CM-16-2020, Residential/Mixed Use Land Development, as outlined in Attachment 1 of the October 23, 2018 Financial and Corporate Services report CR\_6388 be approved.

That approval of the following Capital Profiles as outlined in Attachment 1 of the October 23, 2018 Financial and Corporate Services report CR\_6388 be postponed to the February 27, 2019 Special City Council Meeting:

- Capital Profile Number CM-16-2015, Industrial-Commercial-Investment Land Acquisition
- Capital Profile Number CM-16-2025, Residential/Mixed Use Land Development Acquisition
- the remainder of Capital Profile Number CM-16-2020, Residential/Mixed Use Land Development, and
- the remainder of Capital Profile Number CM-16-2010, Industrial-Commercial-Investment Land Development.



TB/

c: Executive Leadership Team  
Linda Sahli, City Clerk  
Anne Jarman, City Solicitor