

Belvedere Community Revitalization Levy - Financial Projections

Program Overview

Belvedere CRL (Station Pointe) is financed through Borrowing Bylaw 14883, which was passed in 2008. This enabled the City to undertake up to \$34.25 million in 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 is December 31, 2012. The CRL can remain in place for up to a maximum of 20 years from 2013 to 2032, unless the Government of Alberta specifies an earlier date.

In addition to the CRL funds, net proceeds from the sale of City-owned property within the CRL area will be used to fund the infrastructure improvements completed by the City.

Financial Update:

This attachment includes three sections:

- 1) Current 20-year Revenue Projections **Page 2****
- Updated revenue projection, and how they compare to projections that were previously shared with Council.

- 2) Current Revenue Projections vs. Approved Expenditures **Page 3****
- A comparison of current revenue projection scenarios compared with expenditures related to approved CRL-funded projects. Includes a description of assumptions used in developing the different revenue scenarios.

- 3) Detailed Budget Projections **Page 4****
- Updated year-by-year budget projections for the Belvedere CRL, based on the Low Revenue Scenario.

Current 20-year Revenue Projections

The below chart compares the revenue projections for the Belvedere CRL at three points in time. As part of the approval process each of the CRL Plans was required to show low, medium, and high revenue scenarios. Subsequent projections for the Belvedere CRL have been based on low scenario assumptions.

Projected Revenue (\$millions)	Scenarios		
	High	Medium	Low
Current Projection			\$45.2
March 22, 2023 City Council Report UPE01583 Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere			\$45.5
Approved Belvedere CRL Plan (January 2012)*	\$106.5	\$76.4	\$53.2

*Includes Land Sales **and** CRL Revenue

Current Revenue Projections vs. Approved and Potential Expenditures

From 2013 to 2032 (entire life of Belvedere CRL)
(\$millions)

	Revenue Scenario LOW (Note 1)	Revenue Scenario STRESS TEST (Note 2)
Revenue		
CRL Revenue & Land Sales	\$45.2	\$43.2
Expenses (Note 3)		
<u>Funded Project Costs</u>		
2005-2015 Capital Budgets (Approved)	\$54.4	\$54.4
<u>Base CRL Operating Expenses/Other Costs</u>	\$3.7	\$3.7
Excess/(Deficient) CRL Revenue (Note 7)		
Only Funded Projects and Operating Expenses Included	\$(12.9)	\$(14.9)
<u>Unfunded Project Costs</u>		
Project is complete	\$-	\$-
Excess/(Deficient) CRL Revenue		
All Projects, CRL Revenue or Costs	\$(12.9)	\$(14.9)

Explanatory Notes:

- Low Scenario Assumptions:
 Market Value Change:
 2024-2026: -5 per cent cumulative to +3 per cent cumulative depending on property class
 2027-2032: 3 per cent per year
 New Development:
 Includes Treaty 8 Housing plus \$11 million of future residential development
- "Stress Test" Scenario Assumptions:
 Market Value Change:
 Same as Low Scenario
 New Development:
 Only buildings currently under construction are included
- Principal and Interest:
 Expenses for funded and unfunded project costs include all principal and interest charges currently forecast to retire Belvedere CRL debt used to finance Council-approved capital profiles, as well as any operating costs directly related to specific projects.

Belvedere CRL - Detailed Budget Projection

\$000	Project Total	Actual 2013 to 2023	2024	Projected			2028 to 2032
				2025	2026	2027	
Revenues							
Land Sales	\$13,343	\$9,243	4,100	0	0	0	0
Community Revitalization Levy	31,835	10,706	1,531	1,661	1,928	2,198	13,811
Total Revenues	\$45,178	19,949	5,631	1,661	1,928	2,198	13,811
Expenditures							
Cost of Land Sold	12,794	7,833	4,960	0	0	0	0
Debt Servicing	41,589	25,572	2,248	2,248	2,248	2,248	7,025
Other Costs	3,691	2,945	75	80	85	85	423
Total Expenditures	58,074	36,350	7,283	2,328	2,332	2,332	7,448
Net Income (Loss)	(12,896)	(16,401)	(1,652)	(667)	(404)	(134)	6,362
Cumulative Net Income (Deficit), Beginning	0	0	(16,401)	(18,053)	(18,720)	(19,124)	(19,258)
Cumulative Net Income (Deficit), Reserve Balance	(12,896)	(16,401)	(18,053)	(18,720)	(19,124)	(19,258)	(12,896)
Previous Cumulative Net Income (Deficit), Reserve Balance	(11,785)	(16,633)	(17,037)	(17,639)	(17,964)	(18,112)	(11,785)
Net Change	(1,111)	232	(1,016)	(1,081)	(1,160)	(1,146)	(1,111)

Explanatory Notes:

- Current Projection
The current projection for Belvedere has been revised to reflect current economic conditions and updated expenditure cash flows. Community Revitalization Levy Revenue has been decreased by \$0.3 million.
- Reserve Balance
The \$(12.9) million shown as the reserve balance at the end of the CRL in 2032 represents the projected reserve deficit at that time. There are no remaining debt payments beyond 2032.
- Previous Projection
The previous projection reflects the projection included in the March 22, 2023 Report UPE01583, adjusted for actual results for the year ended December 31, 2022.
- Net Change
From 2028 onwards (no change from previous projection) this program is projected to have an annual positive net position, which will be transferred to the CRL reserve if no further capital spending is approved.

However, the projections indicate revenues from the CRL and land sales will be insufficient to cover all outstanding principal and interest charges before the 2032 expiry of the Levy. Ongoing municipal tax revenues that continue beyond 2032 would mitigate the remaining reserve deficit by 2037 (a change from 2036 in previous projections).