

2009 - 2013

LAND & PROPERTIES

OPERATING PLAN

and

TANGIBLE CAPITAL ASSETS

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| <p>Decision Item</p> <p>2009-2013 LAND AND PROPERTIES OPERATING AND CAPITAL BUDGET</p> <p>Municipal Services - March 11, 2009</p> |
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ISSUE:

Approval of the 2009 – 2011 City of Medicine Hat Land and Properties Operating and Capital Budget and the receipt of the 2012 to 2013 projections for information.

RECOMMENDATION:

Whereas:

- Section 245 of the *Municipal Government Act* requires City Council to adopt an operating budget and capital budget for each calendar year.
- In 2003, City Council approved the implementation of a multi-year (three year) Operating and Capital budget process.
- Council's key priority for 2008 to 2010 is an increased focus on more block sales.

Therefore:

It is recommended through the Administrative Committee that City Council approve the Land and Properties Operating and Capital budget for 2009, 2010 and 2011 as follows:

| Land & Properties (000's) | 2009 | 2010 | 2011 |
|------------------------------|----------|----------|----------|
| Revenues | \$14,556 | \$14,140 | \$14,808 |
| Expenditures | \$10,700 | \$10,342 | \$10,954 |
| Net | \$3,856 | \$3,798 | \$3,854 |
| Capital Improvement Plan | \$34,450 | \$10,000 | \$0 |

FINANCIAL IMPLICATIONS:

The 2009 – 2011 Operating Budget meets City Council's objective of achieving a financial return of 15% return on investment.

PUBLIC CONSIDERATIONS:

In addition to development and marketing functions, Land and Properties also represents the interest of the public as steward of the land. Any new planning initiatives undertaken by Land and Properties will include meaningful public consultation.

ENVIRONMENTAL CONSIDERATIONS:

Land and Properties complies with all environmental laws for its development activity. In addition, the department dedicates environmental reserves and develops parks through its subdivisions.

BACKGROUND/RATIONALE/ANALYSIS:

Land and Properties primary objective is to assist the City of Medicine Hat in achieving the vision of a "Community of Choice" through the adoption of the principles and goals as outlined in the Municipal Development Plan and Strategic Plan. This vision will be accomplished through subdivision and development of lots by maximizing the "Quality of Life" for the citizens by incorporating smart growth principles that enhance land use and create more vibrant and livable neighborhoods and communities. Land and Properties also incorporates sustainability in their communities through mixed land use, compact and well designed neighborhoods, variety of transportation choices, diverse housing opportunities, preservation of environmentally sensitive areas and to create unique neighborhood identities.

Income and expenditure forecasts have been completed on the assumption that market activity will be consistent with the recent market downturn. Given the uncertainty in the existing market, actual sales may vary.

OPTIONS CONSIDERED:

N/A

IMPLEMENTATION PLAN:

Upon City Council's approval, Land and Properties will implement the operating and capital plans.

PREPARED BY & DATE: Robin Levesque, Manager March 10, 2009
Land and Properties

APPROVED BY & DATE: Don Knutson March 10, 2009
Acting Corporate Services Commissioner

ATTACHMENTS: Separate Attachment:
Land & Properties 2009-2013 Operating Plan and Tangible Capital Assets



LAND AND PROPERTIES

| ACTIVITY DESCRIPTION | 2008 | | 2009 / | 2009 | 2009 / | Note | 2010 / | 2010 | 2010 / | Note | 2011 / | 2011 | 2011 / | 2012 | 2013 |
|-------------------------------------|---------------|---------------|-----------------|---------------|---------------|------|-----------------|---------------|----------------|------|------------|---------------|-----------------|---------------|---------------|
| | EST. ACTUAL | BUDGET | 2008 B CHANGES | | BUDGET | | 2009 B % CHANGE | | 2009 B CHANGES | | BUDGET | | 2009 B % CHANGE | | |
| REVENUE | | | | | | | | | | | | | | | |
| Property Rentals | 147 | 131 | 93 | 224 | 71.0 | 1 | (24) | 200 | (10.7) | 10 | 1 | 201 | 0.5 | 168 | 169 |
| Miscellaneous | 439 | 79 | (39) | 40 | (49.4) | 2 | | 40 | | | | 40 | | 45 | 45 |
| Land Sales: | | | | | | | | | | | | | | | |
| Residential | 11,981 | 26,669 | (13,634) | 13,035 | (51.1) | 3 | 90 | 13,125 | 0.7 | | 1,442 | 14,567 | 11.0 | 14 | 15,536 |
| Commercial | 6,441 | 3,755 | (3,598) | 157 | (95.8) | 4 | 618 | 775 | 393.6 | 11 | (775) | | (100.0) | 15 | |
| Industrial | 982 | 400 | (400) | | (100.0) | 5 | | | | | | | | | |
| Raw Land | | | 1,100 | 1,100 | 100.0 | 6 | (1,100) | | (100.0) | 12 | | | | 500 | |
| TOTAL REVENUES | 19,990 | 31,034 | (16,478) | 14,556 | (53.1) | | (416) | 14,140 | (2.9) | | 668 | 14,808 | 4.7 | 16,249 | 19,385 |
| EXPENDITURES | | | | | | | | | | | | | | | |
| Administration | 1,070 | 1,025 | 395 | 1,420 | 38.5 | 7 | 2 | 1,422 | 0.1 | 13 | 59 | 1,481 | 4.1 | 16 | 1,547 |
| Property Maintenance | 45 | 46 | 13 | 59 | 28.3 | 8 | 4 | 63 | 6.8 | | (1) | 62 | (1.6) | 60 | 58 |
| Miscellaneous Sales Expenses | 295 | 116 | 16 | 132 | 13.8 | 9 | | 132 | | | 9 | 141 | 6.8 | 17 | 142 |
| Cost of Lots Sold: | | | | | | | | | | | | | | | |
| Residential | 8,530 | 22,707 | (14,620) | 8,087 | (64.4) | 3 | 134 | 8,221 | 1.7 | | 1,049 | 9,270 | 12.8 | 14 | 10,064 |
| Commercial | 1,259 | 2,536 | (2,434) | 102 | (96.0) | 4 | 402 | 504 | 394.1 | 11 | (504) | | (100.0) | 15 | |
| Industrial | 239 | 400 | (400) | | (100.0) | 5 | | | | | | | | | |
| Raw Land | | | 900 | 900 | 100.0 | 6 | (900) | | (100.0) | 12 | | | | 150 | |
| TOTAL OPERATING EXPENDITURES | 11,437 | 26,830 | (16,130) | 10,700 | (60.1) | | (358) | 10,342 | (3.3) | | 612 | 10,954 | 5.9 | 11,963 | 14,076 |
| NET REVENUES | 8,553 | 4,204 | (348) | 3,856 | (8.3) | | (58) | 3,798 | (1.5) | | 56 | 3,854 | 1.5 | 4,286 | 5,309 |



2009 - 2013 OPERATING PLAN
Summary of Personnel Changes and Notes
(Summary of Personnel Changes for 2009-2013 Operating Plan and Explanatory Notes to Activity Summary)

LAND AND PROPERTIES

SUMMARY OF PERSONNEL CHANGES FOR 2009 - 2013 OPERATING PLAN:

| | 2008 | RECOMMENDED CHANGES | | 2009 | Note | RECOMMENDED CHANGES | | 2010 | Note | RECOMMENDED CHANGES | | 2011 | 2012 | 2013 |
|--|----------|---------------------|-----------|------|------|---------------------|------------|------|------|---------------------|--------|------|------|------|
| | APPROVED | Reductions | Additions | | | BUDGET | Reductions | | | Additions | BUDGET | | | |
| Permanently Established Positions (PEPs) | 5 | | | 5 | | | | 5 | | | | 5 | 5 | 5 |
| Term Positions (TERM) | | | | | | | | | | | | | | |
| Full Time Equivalent Positions (FTEs) | 5.0 | | | 5.0 | | | | 5.0 | | | | 5.0 | 5.0 | 5.0 |

EXPLANATORY NOTES TO STATEMENT OF REVENUES AND OPERATING EXPENDITURES BY ACTIVITY:

NOTES: For Wages Explain Changes > 5% AND all Personnel Changes, otherwise Explain All Other Changes >3.5% and >\$10,000.

2009 Notes:

- Increases relate to including Health Unit rental income, additional parking revenue (downtown lots) and general lease rate increases.
- Budget decrease due to anticipated removal of commencement and completion of construction requirement.
- Decrease in R-1 sales from 300 to 105 in 2009 as well as decreases in R-2 & R-3 sales, costs of sales decrease proportionally as well.
- Due to the downturn in the economy, commercial lots sales are forecast to slow to one anticipated sale in 2009, this reduces the associated costs as well.
- The department does not have industrial lots in inventory for 2009, this relates to costs as well.
- Anticipate the sale of one 14 acre raw parcel in 2009 (SW Industrial Area), this is the only raw parcel in inventory, that requires additional servicing, which negatively affects costs as well.
- Change is due to an overall increase in internal department allocations (solicitor, legislative, wages for Engineer-in-Training for 6 months and various other minor increases).
- Increase related to the need to complete additional maintenance in two buildings (Health Unit, Post Office) and a new building allocation charge for the old Health Unit (\$5,000).
- Increase in due to the need to complete 3 environmental assessments and to cover additional unforeseen costs associated with hiring consultants to complete technical servicing reviews.

2010 Notes:

- Decrease is a result of the sale of one of the major parking lots downtown (loss of revenue Note 1 above).
- Due to the downturn in the economy, commercial lots sales are forecast to slow to one anticipated sale in 2010 (larger lot than in 2009). Cost of sales are affected accordingly.
- The reduction is as a result of there being no raw land parcels in inventory.
- Change is due to overall incremental increase in internal department allocations (solicitor, legislative, other) for 2010.

2011 Notes:

- Increase in R-1 lot pricing from 2010 as well as increases in R-2 & R-3 lot pricing, costs of sales increase as well.
- Projecting no sale of commercial land in 2011, therefore there are no cost associated.
- Change is due to overall incremental increase in internal department charges (solicitor, legislative, other allocations) for 2011.
- Increase over 2009 and 2010 is based on the perceived increase in completing unforeseen technical (engineering, environmental, planning) reviews/studies.



2009 - 2013 OPERATING PLAN

Object Summary

(Statement of Operating Revenues and Expenditures by Object) In thousands of dollars

| LAND AND PROPERTIES | | | | | | | | | | | | | |
|-------------------------------------|------------------------|----------------|-----------------------------|----------------|------------------------------|-----------------------------|----------------|------------------------------|-----------------------------|----------------|------------------------------|------------------|------------------|
| ACTIVITY DESCRIPTION | 2008 EST. ACTUAL | 2008 BUDGET | 2009 / 2008 B CHANGES | 2009 BUDGET | 2009 / 2008 B % CHANGE | 2010 / 2009 B CHANGES | 2010 BUDGET | 2010 / 2009 B % CHANGE | 2011 / 2010 B CHANGES | 2011 BUDGET | 2011 / 2010 B % CHANGE | 2012 FORECAST | 2013 FORECAST |
| REVENUE | | | | | | | | | | | | | |
| Property Rentals | 147 | 131 | 93 | 224 | 71.0 | (24) | 200 | (10.7) | 1 | 201 | 0.5 | 168 | 169 |
| Other Revenue | 439 | 79 | (39) | 40 | (49.4) | | 40 | | | 40 | | 45 | 45 |
| Lot Sales | 19,404 | 30,824 | (16,532) | 14,292 | (53.6) | (392) | 13,900 | (2.7) | 667 | 14,567 | 4.8 | 16,036 | 19,171 |
| TOTAL REVENUES | 19,990 | 31,034 | (16,478) | 14,556 | | (416) | 14,140 | | 668 | 14,808 | | 16,249 | 19,385 |
| EXPENDITURES | | | | | | | | | | | | | |
| Salaries, Wages & Benefits | 465 | 442 | 99 | 541 | 22.4 | 25 | 566 | 4.6 | 26 | 592 | 4.6 | 620 | 650 |
| Other Personnel Costs | 2 | 9 | 22 | 31 | 244.4 | | 31 | | | 31 | | 31 | 31 |
| Contracted Services | 327 | 84 | 14 | 98 | 16.7 | (6) | 92 | (6.1) | (2) | 90 | (2.2) | 89 | 86 |
| Materials and Supplies | 27 | 20 | 26 | 46 | 130.0 | (12) | 34 | (26.1) | 1 | 35 | 2.9 | 34 | 35 |
| Interdepartmental Charges | 589 | 574 | 262 | 836 | 45.6 | (12) | 824 | (1.4) | 32 | 856 | 3.9 | 893 | 925 |
| Cost of Lots Sold | 10,027 | 25,644 | (16,555) | 9,089 | (64.6) | (364) | 8,725 | (4.0) | 545 | 9,270 | 6.2 | 10,214 | 12,267 |
| Other | | 57 | 2 | 59 | 3.5 | 11 | 70 | 18.6 | 10 | 80 | 14.3 | 82 | 82 |
| TOTAL OPERATING EXPENDITURES | 11,437 | 26,830 | (16,130) | 10,700 | (60.1) | (358) | 10,342 | (3.3) | 612 | 10,954 | 5.9 | 11,963 | 14,076 |
| NET REVENUES | 8,553 | 4,204 | (348) | 3,856 | (8.3) | (58) | 3,798 | (1.5) | 56 | 3,854 | 1.5 | 4,286 | 5,309 |



2009 - 2013 OPERATING PLAN
Change in Financial Position
(Statement of Changes in Financial Position) In thousands of dollars

| LAND AND PROPERTIES | | | | | | | | | | |
|---------------------------------------|------------------------|----------------|----------------|------------------------------|----------------|------------------------------|-----------------|------------------------------|------------------|------------------|
| ACTIVITY DESCRIPTION | 2008 EST. ACTUAL | 2008 BUDGET | 2009 BUDGET | 2009 / 2008 B % CHANGE | 2010 BUDGET | 2010 / 2009 B % CHANGE | 2011 BUDGET | 2011 / 2010 B % CHANGE | 2012 FORECAST | 2013 FORECAST |
| OPERATING ACTIVITIES | | | | | | | | | | |
| Net Revenues (Expenditures) | 8,553 | 4,204 | 3,856 | (8.3) | 3,798 | (1.5) | 3,854 | 1.5 | 4,286 | 5,309 |
| Add: Depreciation Expenses | | | | - | | | | | | |
| Add: Cost of Lots Sold | 10,027 | 25,644 | 9,089 | (64.6) | 8,725 | (4.0) | 9,270 | 6.2 | 10,214 | 12,267 |
| Less: Dividend | 4,277 | 2,102 | 1,928 | (8.3) | 1,899 | (1.5) | 1,927 | 1.5 | 2,143 | 2,655 |
| TOTAL OPERATING ACTIVITIES | 14,303 | 27,746 | 11,017 | (60.3) | 10,624 | (3.6) | 11,197 | 5.4 | 12,357 | 14,922 |
| INVESTMENTS | | | | | | | | | | |
| Development of Land for Resale | | | | | | | | | | |
| - Current Year Budget | 14,263 | 22,327 | 9,428 | (57.8) | 2,818 | (70.1) | 2,680 | (4.9) | - | - |
| - Prior Year Budget | 5,023 | 434 | 4,811 | 1,008.5 | 9,490 | 97.3 | 14,281 | 50.5 | 21,404 | 8,453 |
| - Net Holding Costs | 180 | 72 | 153 | 112.4 | 157 | 2.4 | 166 | 5.8 | 170 | 174 |
| TOTAL INVESTING ACTIVITIES | 19,466 | 22,833 | 14,392 | (37.0) | 12,465 | (13.4) | 17,127 | 37.4 | 21,574 | 8,627 |
| INCR/(DECR) IN WORKING CAPITAL | (5,163) | 4,913 | (3,375) | | (1,841) | | (5,930) | | (9,217) | 6,295 |
| OPENING WORKING CAPITAL | 1,648 | 1,648 | (3,515) | | (6,890) | | (8,730) | | (8,730) | (14,660) |
| CLOSING WORKING CAPITAL | (3,515) | 6,561 | (6,890) | (205.0) | (8,730) | 26.7 | (14,660) | 67.9 | (17,947) | (8,365) |



2009 - 2013 TANGIBLE CAPITAL ASSET BUDGET

Summary of TCA Budget

(Summary of TCA Budget and Carry Forwards) In thousands of dollars

LAND & PROPERTIES

| PAGE | TCA DESCRIPTION | BUDGET REQUEST | | | BUDGET FORECAST | | 5 YEAR TOTAL | FUNDING SOURCE |
|---------------------------|--------------------------------------|----------------|---------------|----------|-----------------|----------|---------------|----------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | | |
| 1.2 | Budget Amendments: Costs to Complete | 11,450 | - | - | - | - | 11,450 | WC |
| 1.3 | RANCHLANDS 3C | 12,000 | - | - | - | - | 12,000 | WC |
| 1.4 | SAAMIS HEIGHTS 7 | - | 10,000 | - | - | - | 10,000 | WC |
| 1.5 | SOUTHLANDS 6C | 11,000 | - | - | - | - | 11,000 | WC |
| DEPARTMENTAL TOTAL | | 34,450 | 10,000 | - | - | - | 44,450 | |
| FINANCING SUMMARY | | | | | | | | |
| WC) Working Capital | | 34,450 | 10,000 | - | - | - | 44,450 | |
| FINANCING TOTAL | | 34,450 | 10,000 | - | - | - | 44,450 | |

FOR INFORMATION: CARRY FORWARD OF AMOUNTS PREVIOUSLY APPROVED

| YR. | PROJECT DESCRIPTION | APPRV'D BUDGET | EST. TO 31/12/08 | EST. AMTS. TO BE SPENT IN: | | | | | 5 YEAR EST. TOTAL |
|-----------------------------|-------------------------------------|----------------|------------------|----------------------------|--------------|------------|----------|----------|-------------------|
| | | | | 2009 | 2010 | 2011 | 2012 | 2013 | |
| 2008 | Residential Subdivision Development | 17,925 | 13,686 | 4,239 | - | - | - | - | 17,925 |
| 2007 | Residential Subdivision Development | 2,219 | 1,137 | 1,082 | - | - | - | - | 2,219 |
| 2006 | Residential Subdivision Development | 21,534 | 20,268 | 939 | 60 | 267 | - | - | 21,534 |
| 2004 | Residential Subdivision Development | 15,985 | 13,573 | 428 | 1,360 | 624 | - | - | 15,985 |
| 2003 | Residential Subdivision Development | 3,389 | 3,315 | 74 | - | - | - | - | 3,389 |
| TOTAL CARRY FORWARDS | | 61,052 | 51,979 | 6,762 | 1,420 | 891 | - | - | 61,052 |

LAND & PROPERTIES

ASSET NAME: VARIOUS SUBDIVISIONS
DESCRIPTION: Budget Amendments: Costs to Complete
TCA LOCATION: n/a **EXPECTED LIFE:** n/a
IS THIS A NEW TCA? No

IF NO, INDICATE BETTERMENT TYPE:

For Betterment type, select either: 1. Enhances Service Potential; 2. Lowers Operating Costs; 3. Extends Asset's Useful Life; 4. Improves Output Quality

JUSTIFICATION:

Provision of sufficient budget to complete L&P contractual requirements in various subdivisions. Additional budget required for several reasons, including significant construction cost increases after budget development, modified scope of work to meet changing regulatory requirements and modifications to meet market driven demand.

RISK OF NOT PROCEEDING WITH REQUEST:

Projects will not be sufficiently funded. Risk of incomplete projects.

OPTIONS CONSIDERED: None

| TCA COSTS (in thousands of dollars): | 2009 BUDGET | 2010 BUDGET | 2011 BUDGET | 2012 FORECAST | 2013 FORECAST |
|---|---------------|-------------|-------------|---------------|---------------|
| Ranchlands 3A | 300 | - | - | - | - |
| Ranchlands Environmental Reserve | 150 | - | - | - | - |
| Saamis Heights 6 | 800 | - | - | - | - |
| Southlands 3A / Strachan Road | 300 | - | - | - | - |
| Southlands 3B | 3,500 | - | - | - | - |
| Southlands 4 | 900 | - | - | - | - |
| Southlands 5A | 2,400 | - | - | - | - |
| Southlands 5B | 100 | - | - | - | - |
| Southlands 6A | 1,000 | - | - | - | - |
| Southlands 6B | 2,000 | - | - | - | - |
| 2009 to 2011 Council Approved TCA: | 11,450 | - | - | - | - |
| FINANCING: | | | | | |
| L&P Working Capital | 11,450 | - | - | - | - |
| Total Financing | 11,450 | - | - | - | - |

LAND & PROPERTIES

ASSET NAME: RANCHLANDS 3C
DESCRIPTION: Subdivision Servicing
TCA LOCATION: n/a **EXPECTED LIFE:** n/a
IS THIS A NEW TCA? Yes

IF NO, INDICATE BETTERMENT TYPE:

For Betterment type, select either: **1.** Enhances Service Potential; **2.** Lowers Operating Costs; **3.** Extends Asset's Useful Life; **4.** Improves Output Quality

JUSTIFICATION:

L&P's aim is to supply the Medicine Hat market with a reliable and consistent supply of lots and to maintain a sustainable open market inventory. L&P has expectations and obligations to the public and internal agencies to complete the Ranchlands 6 subdivision. Phase 3C is the last phase of the subdivision. Planning for the subdivision will commence in 2009, utility servicing to commence in 2010 and MR development to commence in 2011.

RISK OF NOT PROCEEDING WITH REQUEST:

Failure to complete Phase 3C would result in Business Plan and financial objectives not being met. Reducing the open market inventory would have a negative impact on the affordability of residential lots within the City.

OPTIONS CONSIDERED:

None.

| TCA COSTS (in thousands of dollars): | 2009 BUDGET | 2010 BUDGET | 2011 BUDGET | 2012 FORECAST | 2013 FORECAST |
|--|--------------------|--------------------|--------------------|----------------------|----------------------|
| Ranchlands 3C - 130 lots (includes planning, engineering, servicing, storm trunk extension, storm ditch reclamation and MR development) | 12,000 | - | - | - | - |
| 2009 to 2011 Council Approved TCA: | 12,000 | - | - | - | - |
| FINANCING: | | | | | |
| L&P Working Capital | 12,000 | - | - | - | - |
| Total Financing | 12,000 | - | - | - | - |

LAND & PROPERTIES

ASSET NAME: SAAMIS HEIGHTS 7
DESCRIPTION: Subdivision Servicing
TCA LOCATION: n/a **EXPECTED LIFE:** n/a
IS THIS A NEW TCA? Yes

IF NO, INDICATE BETTERMENT TYPE:

For Betterment type, select either: **1.** Enhances Service Potential; **2.** Lowers Operating Costs; **3.** Extends Asset's Useful Life; **4.** Improves Output Quality

JUSTIFICATION:

L&P's aim is to supply the Medicine Hat market with a reliable and consistent supply of lots and to maintain a sustainable open market inventory. L&P has expectations and obligations to the public and internal agencies to complete the Saamis Heights 7 subdivision. Phase 7 is the last phase of the subdivision. Planning for the subdivision will commence in 2010, utility servicing to commence in 2012 and MR development to commence in 2013. NOTE: Development of Phase 7 fully dependent upon relocation of Weiss Dairy Farm.

RISK OF NOT PROCEEDING WITH REQUEST:

Failure to complete Phase 7 would result in Business Plan and financial objectives not being met. Reducing the open market inventory would have a negative impact on the affordability of residential lots within the City.

OPTIONS CONSIDERED:

None.

| TCA COSTS (in thousands of dollars): | 2009 BUDGET | 2010 BUDGET | 2011 BUDGET | 2012 FORECAST | 2013 FORECAST |
|--|-------------|---------------|-------------|---------------|---------------|
| Saamis Heights Phase 7 - 120 (includes planning, engineering, servicing and MR costs) SUBJECT TO DAIRY FARM RELOCATION | - | 10,000 | - | - | - |
| 2009 to 2011 Council Approved TCA: | - | 10,000 | - | - | - |
| FINANCING: | | | | | |
| L&P Working Capital | - | 10,000 | - | - | - |
| Total Financing | - | 10,000 | - | - | - |

LAND & PROPERTIES

ASSET NAME: SOUTHLANDS 6C
DESCRIPTION: Subdivision Servicing
TCA LOCATION: n/a **EXPECTED LIFE:** n/a
IS THIS A NEW TCA? Yes

IF NO, INDICATE BETTERMENT TYPE:

For Betterment type, select either: **1.** Enhances Service Potential; **2.** Lowers Operating Costs; **3.** Extends Asset's Useful Life; **4.** Improves Output Quality

JUSTIFICATION:

L&P's aim is to supply the Medicine Hat market with a reliable and consistent supply of lots and to maintain a sustainable open market inventory. L&P has expectations and obligations to the public and internal agencies to complete the Southlands 6 subdivision. Phase 6C is the last phase of the subdivision. Planning for the subdivision will commence in 2009, utility servicing to commence in 2011 and MR development to commence in 2012.

RISK OF NOT PROCEEDING WITH REQUEST:

Failure to complete Phase 6C would result in Business Plan and financial objectives not being met. Reducing the open market inventory would have a negative impact on the affordability of residential lots within the City.

OPTIONS CONSIDERED:

None.

| TCA COSTS (in thousands of dollars): | 2009 BUDGET | 2010 BUDGET | 2011 BUDGET | 2012 FORECAST | 2013 FORECAST |
|--|---------------|-------------|-------------|---------------|---------------|
| Southlands 6C - 130 lots (includes planning, engineering, servicing and MR costs) | 11,000 | - | - | - | - |
| 2009 to 2011 Council Approved TCA: | 11,000 | - | - | - | - |
| FINANCING: | | | | | |
| L&P Working Capital | 11,000 | - | - | - | - |
| Total Financing | 11,000 | - | - | - | - |