



**Subject: Economic Development Reserve Account**

**To: Council**

**From: Chief Administrative Office**

Report Number: 2021-81

Meeting Date: March 8, 2021

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**Recommendation:**

That Chief Administrative Office Report 2021-81 be received;

That Council approve the creation of a new Economic Development Reserve account to be used for land proceeds, acquisitions, development costs, and other strategic economic development initiatives;

That the net proceeds from Phase One (1) of the City Real Estate initiative be directed to the new Economic Development Reserve; and

That the cost of the comprehensive Community Improvement Plan (CIP) review be funded from this reserve.

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**Purpose:**

The purpose of this report is to request approval to have a separate reserve account created for sale of land proceeds, land acquisition, land development costs and other strategic economic development initiatives.

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**Background:**

In September 2020, staff created phase one (1) of a City Real Estate initiative designed to identify, market, and sell surplus City-owned land for infill development. Six properties were identified and have been sold. Proceeds from these land transactions are currently being directed to the Capital Reserve Account. Once all of these transactions close, the estimated net proceeds to the City will be \$525,000.

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**Discussion:**

Staff believe it would be financially prudent to have a new reserve account where land proceeds could be directed. This reserve account would also be used to fund property acquisitions and development costs such as Environmental Site Assessments (ESA), Environmental Impact Studies (EIS), geotechnical studies, land appraisals, legal costs, and surveys.

Having a reserve account solely for City real estate and development will provide a source of funding that does not draw from the current tax levy. It will also assist in the financial management of the City's reserve accounts by tracking land related transactions in a new reserve account instead of combining them with other proceeds and expenditures within the Capital Reserve Account. It is recommended that the net proceeds from the phase one (1) City Real Estate initiative, estimated to be \$525,000, be directed to the new Economic Development Reserve account.

It is also recommended that the comprehensive review of the City's six Community Improvement Plans (CIPs), expected to commence this spring, be funded from this new reserve. This is a strategic initiative that ultimately will help to stimulate business investment, create economic activity, enhance buildings, and revitalize properties. The cost of this project is estimated at \$125,000.

As per current practice and protocol, Council will continue to be informed of any proposed use of the reserve funds by way of a staff report requesting a Council motion to approve expenditures.

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**Internal Consultations:**

This has been discussed with and supported by the CAO, the Director of Corporate Services, and the Manager of Strategic Initiatives.

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**Financial Implications:**

This request to establish a new reserve fund comes forward in accordance with FIN – 04, Reserve and Reserve Fund Policy.

The creation of a reserve account for land proceeds, acquisitions, development costs, and strategic economic development initiatives would have no impact on the levy. Presently land proceeds are directed to the General TCA reserve.

As properties are sold, proceeds would be directed to this account and support future expenditures related to acquisitions and development.

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## **Conclusion:**

Staff are recommending the creation of a new reserve account that would be used for sale of land proceeds, acquisitions, land development costs and strategic economic development initiatives. This will support the strategic direction of the City to attract residential, commercial, and industrial development.

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Respectfully submitted,

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## **Report Approval:**

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final approval is by the Chief Administrative Officer.