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7.1

Bylaw 8/2024 Amendment to Clean Energy Improvement Tax Bylaw 26/2021 (1st, 2nd, 3rd, Readings)
Presented by: Meghan Myers, Manager, Environment, Government/Indigenous Relations & Environment

RECOMMENDED MOTION(S)

1. That the Public Hearing on Bylaw 8/2024 be closed.
2. That Bylaw 8/2024, being an amendment to the Clean Energy Improvement Tax Bylaw 26/2021, be read a first time.
3. That Bylaw 8/2024 be read a second time.
4. That unanimous consent be given for consideration of third reading of Bylaw 8/2024.
5. That Bylaw 8/2024 be read a third and final time.

PURPOSE OF REPORT

The purpose of this report is to bring forward an amendment to the Clean Energy Improvement Tax Bylaw for Council's approval.

BACKGROUND AND DISCUSSION

The Clean Energy Improvement Program (CEIP) is a financing tool designed to make residential energy efficiency and renewable energy upgrades more accessible to residents. The program gives homeowners access to flexible, long-term financing and repayment is facilitated through the municipality by an added tax to the property tax bill. The City of St. Albert's CEIP is funded through a 4-year $1,672,000 grant and $3,345,400 loan from the Federation of Canadian Municipalities (FCM) Community Efficiency Financing program. Currently, the total allocated or approved financing is estimated at $1,770,000 of the $2,200,000 allocated for year 1 and year 2 of the program.

The Clean Energy Improvement Tax Bylaw 26/2021, approved May 17, 2021, establishes the City of St. Albert's CEIP. Section 11 of the bylaw states maximum allowable funding amounts to be allocated

to the CEIP annually for the four-year program. The proposed amending bylaw changes section 11, as outlined in the redlined version of the bylaw, to state the maximum amount of funding to be allocated to CEIP for the entire four-year program.

Since CEIP was launched in November 2022, once the maximum annual funding amount has been reached, the program is put on hold and interested participants are put on a wait list. When program funding becomes available through either participant application cancellation or unapproved prequalification applications, the program can open again.

Amending the bylaw in the proposed manner will allow the program to continue without disruption, leverage resident interest and program momentum, while providing a positive customer service experience for St. Albertans.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Alberta Municipalities, the provincial administrator of CEIP, now recommends to municipalities when developing CEIP, to include a total maximum amount of funding for the entire four-year program in their bylaw versus annually for each year of the program. This allows the program to continue and avoid administrative processes and staff time to stop and start the program.

Stakeholder communications for this CEIP Bylaw amendment will include a public hearing, scheduled for March 19, 2024. A public hearing notice has been posted on the City website, and full page CityLights advertisements appeared on March 7 and March 14. Corporate Communications also issued a news release for the Public Hearing.

IMPACTS OF RECOMMENDATION(S)

Financial:
None at this time.

Compliance & Legal:
Section 390.3(5) requires that a public hearing be held before giving second reading to a proposed Clean Energy Improvement Tax Bylaw.

The Public Hearing and first, second, and third readings of Bylaw 8/2024 are scheduled for the same day (March 19, 2024). The MGA provides that a proposed bylaw must not have more than two readings at a Council meeting unless the Council members present unanimously agree to consider third reading at the same meeting.

If unanimous consent for third reading of Bylaw 8/2024 is not granted on March 19, 2024, third reading of Bylaw 8/2024 will occur at the next regular Council meeting on April 2, 2024. During the time between March 9, 2024 and April 2, 2024, Council members will be unable to accept further written or verbal submissions germane to this matter, and will not be able to ask for new, substantive information on the subject matter prior to third reading (MGA, s. 187; Procedure Bylaw, Schedule E, s. 19).

Program or Service:
The amendment to the bylaw will improve customer satisfaction in the administrative processes of

CEIP. It will allow for the program to continue without disruption to maintain momentum.

Organizational:
None at this time.

Risks
With a 4-year maximum program funding allocation, there is a risk that the program administration (both City and Alberta Municipalities) will not be able to accommodate increased demand if applications are received at a higher rate than what was experienced over the first year of the program. Alberta Municipalities have implemented a series of mitigation strategies (i.e., opening a certain number of application spots in a predetermined timeframe) with other municipalities that could be applied to St. Albert if the program was experiencing higher than normal demand.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Adapting to a Changing Natural Environment: build resiliency that allows the City to prepare for and respond to climate change and ensure the vitality of our land, river, natural resources, and resilient infrastructure for future generations.

Energy Efficiency Community Based Programs: deliver programs that provide incentives to encourage residential property owners to implement energy efficiency and renewable energy upgrades.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

- B.7.1 Environmental Awareness - provision of public education campaigns to support conservation of environment.
    - B.7.1.a Environmental Activities and Programs - annual activities and programs designed to encourage community involvement in environmental protection and conservation.

- G.8.2 Tax Account Management - administration of the annual and supplementary tax levy, pre-authorized payment system, school support declarations, property tax collection process and land title changes.
    - G.8.2.b. Annual Property Tax Levy - prepare tax rates for the review and approval by Council. Property tax bylaw is maintained as per the Municipal Government Act requirement (MGA 353-354). The municipal property tax rates are set by Council annually through the Property Tax Bylaw.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

On May 17, 2021, Council passed the following motions:

(PH-21-010)
That the public hearing on Bylaw 26/2021 be closed.
That Bylaw 26/2021 be read for the second time.
That Bylaw 26/2021 be read a third and final time.

IMPACTS OF ALTERNATIVES CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

Alternative 1. Do nothing.

Financial:
None at this time.

Compliance & Legal:
None at this time.

Program or Service:
The program will continue to stop and start as the annual funding thresholds outlined in the bylaw are reached. This is an administrative burden for the program administrator and City staff creating program inefficiencies and customer dissatisfaction.

Organizational:
None at this time.

Risks
If the bylaw is not amended, there is a risk of delaying the four-year program and not meeting the FCM CEF agreement obligations. The annual funding thresholds listed in the bylaw create inefficiencies for the administration of the program and discontinue program interest and momentum.

Report Date: March 19, 2024
Author(s): Meghan Myers
Department: Government/Indigenous Relations and Environment
Department Director: Trevor Duley
Chief Administrative Officer: Bill Fletcher

CITY OF ST. ALBERT

BYLAW 8/2024

CLEAN ENERGY IMPROVEMENT TAX BYLAW AMENDMENT

Being Amendment 1 to the Clean Energy Improvement Tax Bylaw 26/2021

The Council of the City of St. Albert ENACTS AS FOLLOWS:

1. Bylaw 26/2021, the Clean Energy Improvement Tax Bylaw, is hereby amended by this Bylaw.

2. Section 11 be deleted in its entirety and replaced with a new section 11 as follows:

   11. The maximum amount of funding to be allocated to the Program for the entire four-year period is $5,000,000, which funding can be utilized in any given year of the Program.

3. The Chief Administrative Officer is authorized to issue a consolidated version of Bylaw 26/2021 that incorporates the amendments made by this amending bylaw and otherwise conforms with the requirements of section 69 of the *Municipal Government Act.*

READ a First time this ___ day of _____ 20___.

READ a Second time this ___ day of _____ 20___.

READ a Third time this ___ day of _____ 20___.

SIGNED AND PASSED this ____ day of _____ 20___.

_____
MAYOR

_____
CHIEF LEGISLATIVE OFFICER

CITY OF ST. ALBERT

BYLAW 26/2021

CLEAN ENERGY IMPROVEMENT TAX BYLAW

A Bylaw to establish the Clean Energy Improvement Program

WHEREAS, pursuant to the *Municipal Government Act,* R.S.A, 2000, c.M-26, and amendments thereto, a municipality may pass a clean energy improvement tax bylaw to establish a clean energy improvement program;

AND WHEREAS a clean energy improvement program is a financing program that facilitates the construction and installation of qualified clean energy improvements to eligible properties;

AND WHEREAS a clean energy improvement tax bylaw authorizes a municipality to make a borrowing for the purpose of financing clean energy improvements and authorizes Council to impose, in respect of each qualified clean energy improvement, a clean energy improvement tax to raise revenue to pay the amount required to recover the costs of those improvements;

AND WHEREAS the Minister of Municipal Affairs has designated a Program Administrator to support municipalities' efforts to establish clean energy improvement programs;

AND WHEREAS, the City of St. Albert wishes to enable clean energy improvements to be made to eligible properties;

NOW THEREFORE, the Council of the City of St. Albert, duly assembled, hereby ENACTS AS FOLLOWS:

TITLE

1. This Bylaw may be referred to as the "Clean Energy Improvement Tax Bylaw".

DEFINITIONS

2. In this Bylaw:

    a. "Act" means the *Municipal Government Act,* R.S.A., 2000, c.M-26 and amendments thereto;

b. “Agreement” means a Clean Energy Improvement Agreement executed between the City and the Owner of an Eligible Property whereby the Owner agrees to pay an amount required to cover the costs of financing each Eligible Clean Energy Improvement approved by the Program Administrator, as drafted in accordance with section 390.4 of the Act;

c. “City” means the municipal corporation of the City of St. Albert, or where the context so requires, the area contained within the boundaries of the City of St. Albert;

d. “Chief Administrative Officer” or “CAO” means the individual appointed by Council to the position of Chief Administrative Officer under section 205 of the Act;

e.

f. “Clean Energy Improvement Tax” means a tax levied against an Eligible Property pursuant to an Agreement;

g. “Council” means the municipal Council of the City of St. Albert;

h. “Eligible Clean Energy Improvement” is a renovation, adaptation, or installation on Eligible Property:

    i. that will increase energy efficiency or the use of renewable energy on that property;
    ii. for which an Agreement may be made; and
    iii. which is published on a list by the Program Administrator in accordance with the Regulation;

i. “Eligible Property” means a property, situated within the City, that qualifies as eligible under section 390.2 of the Act and is:

    i. classified as a low-rise residential property, such as a detached or semi-detached home, row housing or town house, or multi-unit residential building having four stories or fewer; and
    ii. lawfully occupied as a residence at the time of Program application, and through the review and approval process;

j. “Owner” means, collectively, the registered owners of a property;

k. “Program” means a clean energy improvement program as described in the Act and Regulation;

l. “Program Administrator” means the Alberta Municipal Services Corporation, or its successors or assigns as designated by order in accordance with the Regulation; and

m. “Regulation” means the *Clean Energy Improvements Regulation*, A.R. 212/2018 and amendments thereto.

PROGRAM APPLICATION

3. Pursuant to the Program, an Owner of an Eligible Property may apply to the Program Administrator for an Eligible Clean Energy Improvement. The Program Administrator may charge a fee in relation to any such application, pursuant to the Regulation.

4. An Owner may submit one Program application per year. A property’s tax-exempt status shall have no effect on eligibility to participate in the Program or any obligation under an Agreement to make required principal and interest payments through tax recovery or otherwise.

CLEAN ENERGY IMPROVEMENT AGREEMENT

5. The City may enter into an Agreement with an Owner on a discretionary basis but subject at all times to the requirements, conditions and limitations set out in sections 10(1) of the Regulation including, but not limited to, the Program Administrator’s approval of the application referenced in section 3.

6. Where the City has entered into an Agreement with an Owner, and at any time following the signing of that Agreement, a Clean Energy Improvement Tax will be imposed on the applicable property pursuant to that Agreement.

CLEAN ENERGY IMPROVEMENT TAX

7. For the purposes of imposing a Clean Energy Improvement Tax, the period over which the cost of each Eligible Clean Energy Improvement will be spread may vary, but in no case will such period exceed the probable lifetime of the applicable improvement. In the case of multiple improvements to a single Eligible Property, a weighted average of the probable lifetimes of each upgrade will be utilized.

8. Over the course of a four year period, and in the form of a line of credit or other loan instrument, the City may borrow funds totaling up to $5,000,000 from a financial institution or other lending organization in order to finance approved Eligible Clean Energy Improvements.

9. The borrowed amount will have a maximum rate of interest of 6%, a maximum term of 25 years, and repayment terms including principal and interest, plus other fees or charges applicable to the borrowing.

10. The principal and interest owing under the borrowing will be paid using the proceeds from the Clean Energy Improvement Tax and other payments that may

be made by the Owners with respect to the applicable Eligible Clean Energy Improvements.

11. The maximum amount of funding to be allocated to the Program for the entire four year period is $5,000,000, which funding can be utilized in any given year of the Program.

~~11. The annual maximum funding amounts to be allocated to the Program, subject to the CAO's sole discretion to allocate less in any year of the Program, are as follows:~~

~~a. $1,000,000 in the first year of the Program;~~
~~b. $1,200,000 in the second year, plus unallocated amounts from the first year of the Program;~~
~~c. $1,300,000 in the third year, plus cumulative unallocated amounts from the first and second years of the Program; and~~
~~d. $1,500,000 in the fourth year, plus cumulative unallocated amounts from the first, second and third years of the Program.~~

12. If an Owner wishes to make early, full repayment of an amount financed by a Clean Energy Improvement Tax, the amount owing will be calculated at the time of the request, based on the principal and interest remaining and the terms of the financing.

13. Any projects that have been approved under the Program must be completed within the time limit as set out under the Agreement.

SEVERABILITY

14. Should any provision of this bylaw be invalid, then the invalid provision shall be severed, and the remainder of this bylaw shall be maintained.

EFFECTIVE DATE

15. This bylaw comes into effect when it is passed.

READ a First time this 19 day of April 2021.

READ a Second time this 17 day of May 2021.

READ a Third time this 17 day of May 2021.

SIGNED AND PASSED this 19th day of May 2021.

_____
MAYOR

CHIEF LEGISLATIVE OFFICER