

CITY OF SPRUCE GROVE

BYLAW C-1254-23

CLEAN ENERGY IMPROVEMENT TAX BYLAW

WHEREAS, pursuant to the *Municipal Government Act*, R.S.A 2000 c M-26, a council may pass a Clean Energy Improvement Tax Bylaw to establish a Clean Energy Improvement Program;

AND WHEREAS, Council, pursuant to sections 216.4, 390.3(5), and 606 of the Act, shall give notice of and hold a public hearing prior to giving second reading to the Clean Energy Improvement Tax Bylaw;

AND WHEREAS, a Clean Energy Improvement Program is a tax financing tool designed to fund Clean Energy Improvements that will increase energy efficiency or use of renewable energy on eligible private properties;

AND WHEREAS, the Clean Energy Improvement Program uses municipal financing to facilitate the implementation of qualified Clean Energy Improvements to eligible properties, through the use of a local taxation mechanism, to provide security for repayment of the financing;

AND WHEREAS, it will be necessary to borrow up to a maximum of \$8,000,000 to fund the Program, which will be repaid by way of a Clean Energy Improvement Tax imposed against the benefitting properties to the maximum amounts established in the Clean Energy Improvement Agreements;

AND WHEREAS, Alberta Municipalities has developed a Clean Energy Improvement Program ("CEIP") to support municipalities in Alberta to finance Clean Energy Improvements and act as Program Administrator in accordance with the Clean Energy Improvements Regulation, Alta Reg 212/2018;

NOW THEREFORE, the Council for the City of Spruce Grove, duly assembled, hereby enacts as follows:

1. BYLAW TITLE

1.1 This bylaw is called the "Clean Energy Improvement Tax Bylaw".

2. **PURPOSE**

- 2.1 The purpose of this bylaw is to establish a Clean Energy Improvement Program in accordance with Part 10, Division 6.1 of the Act, authorizing Council to:
- (a) make borrowings for the purpose of financing Clean Energy Improvements, and to enable Clean Energy Improvements to be made to eligible properties; and
 - (b) impose a Clean Energy Improvement Tax in respect to a Clean Energy Improvement made to a property to raise revenue to pay the amount required to recover the costs of that Clean Energy Improvement.

3. **DEFINITIONS**

- 3.1 “Act” means the *Municipal Government Act*, R.S.A. 2000 c M-26, as amended.
- 3.2 “Administration Fee” means an administration fee as defined in section 1(a) of the Regulation.
- 3.3 “City” means the municipal corporation of the City of Spruce Grove in the Province of Alberta.
- 3.4 “City Manager” means the administrative head of the City of Spruce Grove.
- 3.5 “Clean Energy Improvement” or “Improvement” means a renewable energy or energy efficiency improvement that is fixed to the Property and deemed an eligible upgrade by the Program Administrator, and as defined in section 390.1 of the Act.
- 3.6 “Clean Energy Improvement Agreement” or “Agreement” means an agreement entered into between the City and an Owner in accordance with section 390.4 of the Act, 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 the Act.

- 3.7 “Clean Energy Improvement Program” or “CEIP” or “Program” means a Clean Energy Improvement Program as described in Part 10, Division 6.1 of the Act and in the Regulation.
- 3.8 “Clean Energy Improvement Tax” means a tax levied against an Eligible Property pursuant to an Agreement in accordance with Part 10, Division 6.1 of the Act.
- 3.9 “Council” means the Council of the City of Spruce Grove elected pursuant to the *Local Authorities Election Act*, R.S.A. 2000 c L-21, as amended.
- 3.10 “Designated Industrial Property” means designated industrial property as defined in section 284(1)(f.01) of the Act.
- 3.11 “Owner” means collectively the registered owner(s) of a Property.
- 3.12 “Program Administrator” means the Alberta Municipal Services Corporation, operating as Alberta Municipalities, or its successor as designated by order in accordance with the Regulation.
- 3.13 “Program Terms and Conditions” means the terms and conditions of the City’s Program, to be published on the Program Administrator’s website on or before the date the Program opens to applications.
- 3.14 “Project Value” means the sum of all costs related to a Clean Energy Improvement and eligible to be financed through the Program, as detailed in the Clean Energy Improvement Agreement.
- 3.15 “Property” means the property, located in Spruce Grove, on which an Owner is applying to affix a Clean Energy Improvement.
- 3.16 “Regulation” means the Clean Energy Improvements Regulation, Alta Reg 212/2018, as amended.
- 3.17 “Tax Arrears” means taxes that remain unpaid after December 31 of the year in which they are imposed pursuant to section 326(1)(c) of the Act.

4. IMPLEMENTATION OF THE PROGRAM

- 4.1 The City, through the City Manager, shall implement a Clean Energy Improvement Program on the terms and conditions outlined in this bylaw.

- 4.2 The City Manager shall have the authority to approve and enter into a Clean Energy Improvement Agreement with an Owner on behalf of the City.
- 4.3 The City may delegate any authority under this bylaw to the City Manager.

5. PROGRAM ADMINISTRATION

- 5.1 The City shall enter into an Agreement, pursuant to section 6 of the Regulation, to have the Program Administrator act as the administrator of the Program for the City.
- 5.2 The City Manager shall have the authority to approve and enter into the Agreement with the Program Administrator on behalf of the City.
- 5.3 When exercising duties under the Program, the Program Administrator shall not act as an agent of the City.

6. ELIGIBILITY REQUIREMENTS

- 6.1 Eligible Property
 - (a) To be eligible for the Program, the Property must be located within the City of Spruce Grove and, pursuant to section 297 and section 390.2(b) of the Act, be classified as:
 - (i) Residential; or
 - (ii) Non-Residential.
 - (b) Notwithstanding section 6.1.(a) of this bylaw, Designated Industrial Property is not eligible for the Program.
- 6.2 Eligible Clean Energy Improvements
 - (a) Clean Energy Improvements eligible to be financed through a Clean Energy Improvement Tax shall be as indicated on the list established by the Program Administrator in accordance with the section 3(1) of the Regulation.

7. PROGRAM APPLICATION

- 7.1 Pursuant to the Program, an Owner of a Property may apply to the Program Administrator to finance the cost of a Clean Energy Improvement.
- 7.2 The Program Administrator may charge an Application Fee, pursuant to section 8 of the Regulation, as may be set in the City's Fees and Charges Bylaw.
- 7.3 The Program Administrator will review the Owner's application and may approve it subject to the requirements of the Act, Regulation, this bylaw, and the Program Terms and Conditions.
- 7.4 An Owner may submit one Program application per year, per eligible Property.
- 7.5 A Property's tax-exempt status shall have no effect on its eligibility for the Program, or on the Owner's liability to pay the Clean Energy Improvement Tax pursuant to an Agreement.

8. CLEAN ENERGY IMPROVEMENT AGREEMENT

- 8.1 Agreement Process
 - (a) Following the Program Administrator's approval of the Owner's application, the Owner may request that the City enter into a Clean Energy Improvement Agreement for the Property.
 - (b) Before the Agreement is signed, the Owner(s) must review the terms and conditions of the Agreement with the Program Administrator and provide a signed acknowledgement that they understand the terms and conditions of the Agreement.
 - (c) Where the City has entered into an Agreement with an Owner, a Clean Energy Improvement Tax will be charged based on that Agreement.
 - (d) For greater certainty, the approval of an Owner's application by the Program Administrator does not require the City to enter into an Agreement with that Owner. The City may, in its sole discretion, in

accordance with section 10(3) of the Regulation, refuse to enter into an Agreement for any reason.

8.2 Agreement Project Value Restrictions

- (a) Pursuant to section 10(1)(b) of the Regulation, the City of Spruce Grove shall not enter into a Clean Energy Improvement Agreement when the Project Value of undertaking all Clean Energy Improvements to the Property is:
- (i) less than \$3,000;
 - (ii) greater than \$50,000 for properties classified as residential; or
 - (iii) greater than \$1,000,000 for properties classified as non-residential.

8.3 Prohibited Agreements

- (a) The City shall not enter into a Clean Energy Improvement Agreement when:
- (i) Tax Arrears have been owing on the Property, or on any other property within the Spruce Grove owned wholly or jointly by the Owner, at any time within the last five (5) years;
 - (ii) the Owner is in bankruptcy or in receivership;
 - (iii) the Property is going through foreclosure;
 - (iv) it is prohibited from doing so pursuant to sections 10(1)(c) and 10(2) of the Regulation;
 - (v) there appears to be limited equity in the Property;
 - (vi) the Property has unresolved development compliance or safety code issues;
 - (vii) the costs under a proposed Clean Energy Improvement Agreement shall cause the City to exceed the amount of borrowing authorized under this bylaw;

- (viii) the Owner does not intend to permanently affix the Clean Energy Improvement to the Property;
- (ix) the Program Administrator has not approved the Owner's application for a Clean Energy Improvement; or
- (x) the Owner, or the Property, does not otherwise meet the eligibility requirements of the Act, the Regulation, this bylaw, or the Program Terms and Conditions.

8.4 Agreement Contents

- (a) Pursuant to section 390.4 of the Act and sections 10(4), (5), (6), and (7) of the Regulation, a Clean Energy Improvement Agreement shall be signed by all Property Owners and shall include but not be limited to:
 - (i) a description of the Improvement;
 - (ii) the estimated date of completion of the Improvement;
 - (iii) the estimated cost of the Improvement;
 - (iv) the Administration Fee;
 - (v) a description of the Property in respect of which the Clean Energy Improvement Tax will be imposed;
 - (vi) a statement that the Owner of the Property will be liable to pay the Clean Energy Improvement Tax;
 - (vii) the amount required to recover the costs of the Improvement and the method of calculation used to determine that amount;
 - (viii) the period over which the amount in section 8.4(a)(vii) will be repaid, which shall be based on the expected useful lifetime of the Improvement as determined by the Program Administrator under section 3(2)(a) of the Regulation or the maximum repayment term set out in the Program Terms and Conditions, to a maximum term of 25 years;

- (ix) the portions of the amount in section 8.4(a)(vii) that will be paid by the City, from the revenue raised by the Clean Energy Improvement Tax, and from other sources of revenue;
- (x) a description of how the Clean Energy Improvement Tax will be revised in the event of a subdivision of the Property or a consolidation of the Property with any other property;
- (xi) the manner in which a cost overrun or underrun is to be dealt with if the actual cost of the Improvement differs from the estimated cost;
- (xii) a statement that the costs of the Improvement may be revised if Council refinances the debt created to pay for the Improvement at an interest rate other than the rate estimated when the Agreement was made, together with a description of the manner by which the costs would be revised;
- (xiii) a statement that the Clean Energy Improvement Tax may be imposed at any time following the signing of the Clean Energy Improvement Agreement;
- (xiv) a statement that the amount that may be expended on incidental costs must not exceed 15 per cent of the total capital cost of undertaking the Clean Energy Improvement;
- (xv) a statement that the Agreement may be rescinded during the period of ten (10) days following the date when the Agreement is signed; and
- (xvi) a requirement that the Owner must:
 - (A) allow the Program Administrator, at a reasonable time and after giving reasonable notice, access to the Property in order to monitor the progress of the Improvement or to verify that the Improvement has been completed;
 - (B) if the Property is offered for sale, disclose the existence and contents of the Agreement to prospective buyers of the Property and to any realtor engaged by the Owner;
 - (C) if the Property is sold, append the Agreement to any contract of sale for the Property; and

- (D) if the Property is transferred other than by sale, ensure that the Agreement is provided to the person to whom the Property is transferred.

9. CLEAN ENERGY IMPROVEMENT TAX

- 9.1 A Clean Energy Improvement Tax shall be imposed in respect of a Clean Energy Improvement made to a Property, in order to raise revenue to pay the amount required to recover the cost of the Clean Energy Improvement, as outlined in the Clean Energy Improvement Agreement.
- 9.2 A Clean Energy Improvement Tax shall be paid in accordance with the Clean Energy Improvement Agreement and be inclusive of:
 - (a) the capital cost of the undertaking the Clean Energy Improvement;
 - (b) the cost of professional services needed for the Clean Energy Improvement;
 - (c) the Administration Fee;
 - (d) the cost of financing the Clean Energy Improvement; and
 - (e) any other expenses incidental to the undertaking of the Clean Energy Improvement and the raising of revenue to pay for it.
- 9.3 The Clean Energy Improvement Tax shall be shown as a separate line item on the Property's tax roll and on any notices.
- 9.4 The City may impose the Clean Energy Improvement Tax on the Property at any time following the signing of the Agreement.
- 9.5 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 terms of the Clean Energy Improvement Agreement.

10. AUTHORIZED BORROWING

- 10.1 For the purposes of the Program, the City may borrow funds totaling up to \$8,000,000 from a financial institution or other lending organization in

order to finance Clean Energy Improvements meeting the eligibility requirements of the Act, Regulation, this bylaw, and the Program Terms and Conditions.

- 10.2 The borrowed funds, in the form of a line of credit or other loan, shall have an interest rate not exceeding seven per cent (7%) per annum, a maximum term of 25 years, and repayment terms including principal and interest, plus other fees or charges applicable to the borrowing.
- 10.3 The principal and interest owing under the borrowing will be paid using the Clean Energy Improvement Taxes collected from Owners, and other payments that may be made by the Owners with respect to the terms of their individual Agreements.
- 10.4 The funds borrowed under this bylaw shall be applied only for the purposes specified in this bylaw and for no other purpose.

11. **SEVERABILITY**

- 11.1 Every provision of this bylaw is independent of all other provisions and if any provision is declared invalid by a Court, then the invalid provisions shall be severed and the remainder provisions shall remain valid and enforceable.

12. **EFFECTIVE DATE**

- 12.1 This bylaw shall come into force and effect when it receives third reading and is duly signed.

First Reading Carried	26 June 2023
Public Hearing Held	11 September 2023
Second Reading Carried	11 September 2023
Third Reading Carried	11 September 2023
Date Signed	12 September 2023

Mayor

City Clerk

UNCERTIFIED COPY