

CLEAN ENERGY IMPROVEMENT PROGRAM TAX AND BORROWING BYLAW

A BYLAW OF THE TOWN OF STETTTLER IN THE PROVINCE OF ALBERTA, TO AUTHORIZE THE CLEAN ENERGY IMPROVEMENT TAX AND BORROWING BYLAW

WHEREAS, a Clean Energy Improvement Program is a local property tax financing tool designed to fund clean energy improvements that will increase energy efficiency or use of renewable energy on eligible residential and non-residential properties within the Town of Stettler;

WHEREAS, the Town of Stettler has developed a Clean Energy Improvement program (CEIP) to support residential and non-residential Property Owner(s) in Stettler in financing clean energy improvements;

AND WHEREAS, Council, pursuant to section 390.3 of the Municipal Government Act, RSA 2000 c M-26 (the Act) considers it desirable to implement a Clean Energy Improvement Program Tax and Borrowing Bylaw to establish a Clean Energy Improvement Program;

AND WHEREAS, Alberta Municipal Services Corporation (AMSC) operating as 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;

WHEREAS, the Council of the Town of Stettler has decided to issue a bylaw pursuant to Section 252(2) of the Municipal Government Act to finance costs associated with Clean Energy Improvement Program (CEIP) as defined in Part 10, Division 6, Section 390(3);

WHEREAS, the total cost of the project(s) is projected to be \$2,500,000.00 and the Town of Stettler considers it appropriate that the total estimated cost will be applied to the project(s) over the life of the Clean Energy Improvement Program;

WHEREAS, to complete the project, it will be necessary for the Town of Stettler to borrow the sum of \$2,500,000.00, for a period not to exceed twenty-five (25) years, from Vision Credit Union Stettler or another authorized financial institution by the issuance of an operational line of credit (LOC) on the terms and conditions referred to in this Bylaw;

WHEREAS, the Town of Stettler will repay the indebtedness over a period of twenty-five (25) years in monthly instalments, with interest not to exceed ten percent (10%);

WHEREAS, the principal amount of the outstanding debt of the Town of Stettler on December 31, 2022, is \$4,016,317 and no part of the principal or interest is in arrears;

WHEREAS, all required approvals for the project have been obtained and the project follows all Acts and Regulations of the Province of Alberta;

AND WHEREAS, Council, pursuant to section 230,390.3(5) and 606 of the Act, shall give notice and hold a public hearing prior to giving second (2nd) reading to the Clean Energy Improvement Tax and Borrowing Bylaw;

NOW THEREFORE, the Council of the Town of Stettler in the Province of Alberta duly assembled, hereby enacts as follows:

PART I: BYLAW TITLE

1. This Bylaw shall be known as the "Clean Energy Improvement Tax and Borrowing Bylaw".

PART 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) impose a Clean Energy Improvement Tax in respect to a clean energy improvement made to eligible residential and non-residential properties within the Town of Stettler, to raise revenue to pay the amount required to recover the costs and financing of those clean energy improvements; and
- (b) make borrowing for the purpose of financing clean energy improvements, and to enable clean energy improvements to be made to eligible residential and non-residential properties within the Town of Stettler.

PART 3: DEFINITIONS

3.1. The following definitions apply under this Bylaw:

3.1.1 “Act” means the Municipal Government Act, R.S.A. 2000, Chapter M- 26, as amended;

3.1.2 “Administration Fee” means an administration fee as defined in section 8(2)(a) of the Regulation;

3.1.3 “Agreement” means, as drafted in accordance with section 390.4 of the Act, a Clean Energy Improvement Agreement executed between the Town of Stettler and the registered Owner(s) of the eligible residential and non-residential property whereby the registered Owner(s) of the eligible residential and non-residential property agrees to pay an amount required to cover the costs of financing each clean energy improvement approved by the Program Administrator;

3.1.4 “CEIP” or “Clean Energy Improvement Program” or “Program” means a Clean Energy Improvement Program as described in Part 10, Division 6.1 of the Act and in the Regulation;

3.1.5 “Chief Administrative Officer” or “CAO” means the Chief Administrative Officer as appointed by Council, including the CAO’s designate;

3.1.6 “Clean Energy Improvement Tax” means a tax levied against an eligible residential and non-residential property pursuant to an Agreement in accordance with Part 10, Division 6.1 of the Act;

3.1.7 “Council” means the Town of Stettler duly-elected municipal council;

3.1.8 “Eligible Clean Energy Improvement” or “improvement” means a renewable energy or energy efficiency improvement renovation, adaption on an eligible property and deemed to be an approved upgrade by the Program Administrator, and as defined in section 390.1 of the Act;

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

3.1.9 “Owner” means, collectively, the registered Owner(s) of a residential and non-residential property;

3.1.10 “Program Administrator” means the Alberta Municipal Services Corporation (AMSC) operating as Alberta Municipalities, or its successors as designated by order in accordance with the Regulation;

3.1.11 “Property” means the eligible residential and non-residential property, located within the Town of Stettler boundaries, on which an Owner(s) is applying to affix a clean energy improvement;

3.1.12 “Regulation” means the Clean Energy Improvement Regulation, Alta Reg 212/2018 and amendments thereto;

3.1.13 "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. A property Owner(s) of an eligible property within the Town of Stettler can apply to the Program Administrator to seek financing for a clean energy improvement of their property.

(a) The Program Administrator may charge an application fee, pursuant to section 8 of the Regulation;

(b) The Program Administrator will review the Owner's application and may approve it subject to the requirements of the Act, Regulation and this Bylaw;

5. Participation in the Program is limited to eligible residential and non-residential properties;

(a) To be eligible for the Program, the property must be located within the municipal boundaries of the Town of Stettler and pursuant to section 297 and section 390.2(b) of the Act, be classified as:

i. Residential

ii. Non-residential

6. The Chief Administrative Officer, or designate, of the Town of Stettler is hereby authorized to impose a clean Energy Improvement Tax, in respect of each clean energy improvement made to a property, where the Town of Stettler has entered into a Clean Energy Improvement Agreement with the Owner(s) of that property.

7. The Clean Energy Improvement Tax will be levied against a property when there is a Clean Energy Improvement Agreement, to raise revenue to pay the amount required to recover the costs of those clean energy improvements, including principal and interest, to do so between the Town of Stettler and the property Owner(s).

8. The property Owner(s) must meet the criteria defined by the Program Administrator and Town of Stettler to be eligible to participate in the Clean Energy Improvement Program.

9. For a clean energy improvement to be eligible, it must be an installation that is permanently affixed to the eligible Property which:

(a) will increase energy efficiency or the use of renewable energy on that property;

(b) 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 section 3(1) of the Regulation: (shall include but not limited to: interior and exterior lighting and lighting controls, HVAC (high efficiency furnace), water heating, building envelope improvements (i.e., Insulation), and renewable energy upgrades (i.e., photovoltaic solar system)

(c) is not less than three thousand (\$3000) dollars in capital costs for the Project;

(d) does not exceed \$50,000 in total project cost (including capital, incidental and professional services costs).

10. The most recent amount of the tax authorized by a bylaw under Section 353 (property tax) of the Municipal Government Act and imposed on the property must be greater than, or equal to, the annual Clean Energy improvement Program annual payment, calculated in accordance with the following formula:

A+B+C / D

Where A is the capital cost of undertaking the clean energy improvement;

B is the total cost of professional services needed for the clean energy improvement;

C is the total of all incidental costs and financing costs;

D is the lesser probable lifetime, calculated in years, of the improvement or the maximum financing term established by the Town of Stettler.

11. The Clean Energy Improvement Agreement will be as set out as under Section 390.4 of the Municipal Government Act, and as amended.

12. The period over which the cost of each eligible clean energy improvement will be spread may vary from improvement to improvement but shall not exceed the probable lifetime of the improvement.

13. A property Owner(s) may submit one application per year.

14. The property Owner(s) can apply for the program:

(a) By submitting an application to the Program Administrator for the Clean Energy Improvement Program including any required supporting documentation, and following all program requirements as outlined by the Program Administrator;

(b) By paying any required application fees.

15. That for the purpose of the Clean Energy Improvement Program, the sum of project amounts, as they are approved, will be borrowed through a financial institution or other sources.

16. That for the purpose of financing the Clean Energy Improvement Program (CEIP) upgrading the sum of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00) be borrowed from the Vision Credit Union Stettler or any other authorized financial institution by way of Line of Credit and security of the Town of Stettler, of which amount the full sum of \$2,500,000.00 plus interest is to be paid by the participants of the CEIP.

17. The proper officers of the Town of Stettler are hereby authorized to issue debenture(s), or appropriate debt instruments on behalf of the Town of Stettler for the amount and purpose as authorized by this bylaw, namely the Clean Energy Improvement Program.

18. The line of Credit to be issued under this bylaw shall not exceed the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) and may be in any denomination not exceeding the amount by this bylaw and shall be dated having regard to the date of the borrowing.

19. The Town of Stettler shall repay the indebtedness according to the repayment structure in effect, namely monthly instalments not to exceed Twenty-five (25) years calculated at Prime plus a negotiated rate suitable to the Town from Vision Credit Union Stettler and not to exceed ten percent (10%).

20. The principal and interest owing under the borrowing will be paid using the proceeds from the Clean Energy Improvement Tax and payment made by the approved project recipients through to the Town of Stettler on the annual Clean Energy Improvement Tax, and collected and enforced in a like manner to property taxes under the MGA.

21. There shall be levied and raised in each year of the currency of the Line of Credit on all the benefiting properties in the Town of Stettler, collectible at the same time and in the same manner as municipal taxes, in an amount sufficient to pay the principal and interest falling due in such year on such indebtedness and in addition thereto the amount required to pay any of such Indebtedness which falls due in each year thereafter.

22. In the event of a shortfall, the Town of Stettler shall levy and raise in each year municipal taxes sufficient to pay the indebtedness.

23. The indebtedness shall be contracted on the credit and security of the Town of Stettler.

24. A Clean Energy Improvement Tax will be imposed on the property that is subject to a Clean Energy Improvement Agreement at any time following the signing of the Clean Energy Improvement Agreement, and shall remain with the property upon any subsequent changes in ownership until fully repaid.

25. In the event that an Owner(s) wishes to repay the Clean Energy Improvement Program financing early, the amount owing will be calculated at the time of the request, based on principal and interest remaining and the terms of the financing being used for the project(s).

26. Any project(s) approved under the Clean Energy Improvement Program must be completed within the time limit as set out under the Agreement.

27. The CAO shall have the authority to approve and enter into a Clean Energy Improvement Agreement with the registered Owner(s) of an eligible residential and non-residential property.

28. The CAO may delegate any authority under the Bylaw to any employee in the Town of Stettler.

29. The Town of Stettler shall enter into an agreement, pursuant to section 6 of the Regulation, to have the Program Administrator act as the program administrator of the program for the Town of Stettler.

30. The CAO shall have the authority to approve and enter into the agreement with the Program Administrator on behalf of the Town of Stettler.

31. Following the Program Administrator's approval of the Owner's application, the Owner(s) may request that the Town of Stettler enter into a Clean Energy Improvement Agreement for the property;

32. 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 acknowledgment that they understand the terms and conditions of the Agreement;

33. Where the Town of Stettler has entered into an Agreement with the Owner(s), a Clean Energy Improvement Tax will be charged based on that Agreement;

34. For greater certainty, the approval of an Owner(s) application by the Program Administrator does not require the Town of Stettler to enter into an agreement with that Owner(s). The Town of Stettler may, in its sole discretion, in accordance with section 10(3) of the Regulation, refuse to enter into an agreement for any reason.

(a) The Town of Stettler 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 municipal boundaries of the Town of Stettler owned wholly or jointly by the Owner(s), at any time with the last five (5) years;
- ii. the Owner(s) 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) of the Regulation;
- vi. there appears to be limited equity in the property;
- vii. the property has unresolved development compliance or safety codes issues;

viii. the costs under a proposed Clean Energy Improvement Agreement shall cause the Town of Stettler to exceed the amount of borrowing authorized under this Bylaw;

ix. the Owner(s) does not intend to permanently affix the clean energy improvement to the property;

x. the Program Administrator has not approved the Owner(s) application for a clean energy improvement; or

xi. the Owner(s), or the property does not otherwise meet the eligibility requirements of the Act, the Regulation, or this Bylaw.

35. The Clean Energy Improvement Tax shall be shown as a separate line item on the Property's tax roll and on any tax notice. If there are multiple improvements as part of a project with multiple terms, over multiple years, each improvement will be listed as one line item on the tax notice.

36. The Town of Stettler may impose the Clean Energy Improvement Tax on the property at any time following the signing of the Agreement.

37. Should any provision of this Bylaw be invalid, then the invalid provision shall be severed, and the remainder of this Bylaw shall remain in effect.

38. This Bylaw shall come into force and take effect upon being passed

READ A FIRST TIME IN COUNCIL THIS _____ DAY OF _____, 2023.

READ A SECOND TIME IN COUNCIL THIS _____ DAY OF _____, 2023.

READ A THIRD TIME IN COUNCIL THIS THIS _____ DAY OF _____, 2023.

Mayor

Assistant CAO