

## ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

### RECOMMENDATION

That Executive Committee recommend to City Council:

1. That the excess revenue of \$355,914 collected as part of the 2022 Alley Lighting Maintenance Special Tax be applied to the 2024 Alley Lighting Maintenance Rates.
2. That the 2024 Operating Budget be adjusted to reduce the revenue collected through 2024 Alley Lighting Maintenance Special Taxes by \$355,914, offset by an equivalent transfer from amounts currently appropriated in the Financial Stabilization Reserve.

<b>Requested Council Action</b>	Decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	N/A		
<b>City Plan Values</b>	N/A		
<b>City Plan Big City Move(s)</b>	N/A	<b>Relationship to Council's Strategic Priorities</b>	Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Bylaw 19974 - A Bylaw to authorize the City of Edmonton to impose a special tax for the repair and maintenance of the Alley Lighting</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• March 14, 2023, Financial and Corporate Services report FCS01645 - Bylaw 20389 to authorize the City of Edmonton to impose a special tax for the repair and maintenance of the Alley Lighting</li> <li>• March 14, 2023, Financial and Corporate Services report FCS01656, Operating Financial Update - December 31, 2022</li> <li>• February 22, 2022, Financial and Corporate Services report FCS01038, Bylaw 19974 to authorize the City of Edmonton to impose a special tax for the repair and maintenance of the Alley Lighting.</li> </ul>		

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### Executive Summary

- A special tax rate is applied annually to properties benefiting from alley lighting.
- The rate is intended to fairly reflect the cost to repair, maintain and power alley lights.
- Due to a higher conversion rate to LEDs and fewer calls for service, in 2022 actual costs for alley lighting were \$1,533,850, compared to budgeted cost estimates and offsetting special alley lighting taxation revenue approved as a part of the 2022 operating budget of \$1,889,764.
- Administration recommends the 2022 excess revenue of \$355,914 currently appropriated in the Financial Stabilization Reserve to offset required future special alley lighting taxation revenues, be applied to reduce the amount of revenue required through 2024 Alley Lighting Maintenance Special Taxes.

### REPORT

On an annual basis, Administration brings forward a Bylaw to impose a special tax for benefiting areas to address the repair, maintenance, and energy consumption of the alley lights. Administration calculates this special tax rate each year to fairly reflect the cost to repair, maintain and power alley lights across the city.

Factors used to determine the rate include:

- Review of past actuals and applying a weighted average of last two years;
- Timing of LED conversions on alley lighting; and
- EPCOR support costs for working near their overhead power lines, for which the City pays.

In 2022, the rate established was \$2.21 per assessable metre, equating to a total special tax requirement of \$1,889,764. However, the actuals incurred for the year to maintain and power the alley lights was \$1,533,850, resulting in excess revenue of \$355,914.

There were reduced costs for the program resulting from:

- Fewer service calls than originally anticipated; and
- Increased number of LED conversions completed, resulting in less maintenance costs.

As this is an annual ongoing process, adjustments are expected when actual expenditures incurred are different from the estimates made each year.

In accordance with section 386(2) of the *Municipal Government Act*, which speaks specifically to special taxes, if there is any excess revenue, the municipality must advertise the use to which it proposes to put the excess revenue. Administration recommends the 2022 excess revenue of \$355,914 be applied to the calculation of 2024 Alley Lighting Maintenance Special Tax.

The excess revenue was not used to reduce the 2023 Alley Lighting Maintenance Special Tax due to timing of year-end financial results and confirmation of 2022 alley lighting maintenance costs, plus the requirement for advertising and waiting a 60-day petition period in accordance with legislative requirements. These timelines would not allow for taxation bylaw approval in March 2023 in order for the rate to be added to the 2023 property tax accounts of property owners benefiting from alley lighting.

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A principle-based approach was used in determining the recommendation to apply the excess revenue to its original purpose as stated in the bylaw, and not be utilized for any other services or purposes.

### Budget/Financial Implications

The excess revenue that was collected in 2022 of \$355,914 was approved as part of the 2022 carryforward within the March 14, 2023 Financial and Corporate Services report FCS01656, Operating Financial Update - December 31, 2022 to be appropriated within the Financial Stabilization Reserve to offset required future special alley lighting taxation revenues. As these funds were originally collected through a special tax with an associated budget for revenue and related expenses, there is no tax-levy impact. The recommendation is to reduce the 2024 operating revenue budget (2024 Alley Lighting Maintenance Special Taxes) within the Parks and Roads Services Branch, and to offset this decreased revenue, with an increased transfer from the appropriate Financial Stabilization Reserve. This will offset the tax requirements that will be calculated as part of the 2024 Alley Lighting Maintenance Special Tax. Advertisement and a 60 day waiting period would be required for a revised recommendation.

### Legal Implications

In accordance with section 386 of the *Municipal Government Act* the special tax revenue must be applied to the purpose of the special tax bylaw. A municipality must advertise the use to which it proposes to make if there is any excess special tax revenue raised.

The proposed use that this excess special tax revenue be applied to the 2024 Alley Lighting Maintenance Rates was advertised in the Edmonton Journal on Saturday, April 22, 2023, and Saturday, April 29, 2023. The municipality must allow for a 60 day petition period following the advertisement. No sufficient petition has been received in accordance with section 223 of the *Municipal Government Act*, therefore this recommendation can be approved anytime after June 28, 2023. The advertisement had identified that this matter would go to the August 30, 2023 Executive Committee meeting if property owners wanted to speak about this resolution, then onto the September 12, 2023, City Council meeting for approval.

### Community Insight

Alley lighting maintenance costs are annually assessed to only property owners along alleys that have lighting. The change in rate is communicated to the affected property owners with the receipt of their annual tax assessments.

Advertising of the proposed resolution was done in accordance with the requirements of the *Municipal Government Act*, which includes waiting a 60 day petition period.

### GBA+

The special tax for Alley Lighting Maintenance is imposed on those who are within the benefiting areas. A GBA+ was not completed for this report as the City does not collect information about

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the identities of the property owners, including those who pay the special tax for the specific services.