

2023 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

RECOMMENDATION

That Executive Committee recommend to City Council:

1. That the excess revenue of \$52,373 collected as part of the 2023 Alley Lighting Maintenance Special Tax be applied to the 2025 Alley Lighting Maintenance Rates.
2. That the 2025 Operating Budget be adjusted to reduce the revenue collected through 2025 Alley Lighting Maintenance Special Taxes by \$52,373, offset by an equivalent transfer from the Financial Stabilization Reserve.

Requested Council Action	Decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	N/A		
City Plan Values	N/A		
City Plan Big City Move(s)	N/A	Relationship to Council's Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • Bylaw 19974 - A Bylaw to authorize the City of Edmonton to impose a special tax for the repair and maintenance of the Alley Lighting 		
Related Council Discussions	<ul style="list-style-type: none"> • March 12, 2024, Financial and Corporate Services report FCS02317 - Bylaw 20767 - To authorize the City of Edmonton to impose a special tax for the repair and maintenance of Alley Lighting • 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 • March 14, 2023, Financial and Corporate Services report FCS01656, Operating Financial Update - December 31, 2022 • 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. 		

2023 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

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, actual costs in 2023 for alley lighting were \$1,119,713, compared with budgeted cost of \$1,172,086 approved in the 2023 operating budget, resulting in \$52,373 of excess revenue collected.
- Excess revenue raised in one year is used to reduce the requirement in future years so that revenue aligns with the intended use in the bylaw.
- Administration recommends the 2023 excess revenue of \$52,373 be applied to reduce the amount of special alley lighting taxation revenue required through 2025 Alley Lighting Maintenance Special Taxes.

REPORT

On an annual basis, Administration brings forward a bylaw to impose a special tax for areas that benefit from alley lighting to address lighting repair, maintenance and energy consumption. This special tax rate is calculated 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 2023, the rate established was \$1.37 per assessable metre, equating to a total special tax requirement of \$1,172,086. However, the actual costs incurred for the year to maintain and power the alley lights was \$1,119,713, resulting in excess revenue of \$52,373.

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 2023 excess revenue of \$52,373 be applied to the calculation of 2025 Alley Lighting Maintenance Special Tax.

The excess revenue was not used to reduce the 2024 Alley Lighting Maintenance Special Tax due to:

- timing of year-end financial results and confirmation of 2023 alley lighting maintenance costs;
- the requirement for advertising and waiting a 60-day petition period in accordance with legislative requirements; and

2023 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

- the timing of the taxation bylaw approval in March 2024 would have overlapped the petition period.

Excess revenue raised in one year is used to reduce the requirement in future years so that revenue aligns with the intended use in the bylaw.

Budget/Financial Implications

The excess revenue that was collected in 2023 of \$52,373 is within the Financial Stabilization Reserve and will be used 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. Administration recommends reducing the 2025 operating revenue budget (2025 Alley Lighting Maintenance Special Taxes) and increasing the transfer from the Financial Stabilization Reserve to offset this decreased revenue. This will offset the tax requirements that will be calculated as part of the 2025 Alley Lighting Maintenance Special Tax.

Legal Implications

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

The proposed use that this excess special tax revenue be applied to the 2025 Alley Lighting Maintenance Rates was advertised in the Edmonton Journal on Saturday, April 20, 2024 and Saturday, April 27, 2024. The municipality must allow for a 60 day petition period following the advertisement. No sufficient petition was received in accordance with section 223 of the *Municipal Government Act*, therefore this recommendation can be approved anytime after June 26, 2024. The advertisement identified that this matter would go to the August 28, 2024 Executive Committee meeting if property owners wanted to speak about this resolution, then onto the September 10, 2024 City Council meeting for approval.

Community Insight

Alley lighting maintenance costs are assessed annually only to 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 the identities of the property owners, including those who pay the special tax for the specific services.