

2024 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

RECOMMENDATION

That Executive Committee recommend to the September 16, 2025, City Council:

1. That the excess revenue of \$344,270 collected as part of the 2024 Alley Lighting Maintenance Special Tax be applied to the 2026 Alley Lighting Maintenance Rates.
2. That the 2026 Operating Budget be adjusted to reduce the revenue collected through 2026 Alley Lighting Maintenance Special Taxes by \$344,270, 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 20767 - 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 18, 2025, Financial and Corporate Services report FCS02841 - Operating Financial Update - December 31, 2024 • March 18, 2025, Financial and Corporate Services report FCS02879 - Bylaw 21059 to authorize the City of Edmonton to impose a special tax for the repair and maintenance of the Alley Lighting 		

2024 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 2024 for alley lighting were \$895,263, compared with the budgeted cost of \$1,239,533 approved in the 2024 operating budget, resulting in \$344,270 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 2024 excess revenue of \$344,270 be applied to reduce the amount of special alley lighting taxation revenue required through 2026 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 2024, the rate established was \$1.03 per assessable metre, equating to a total special tax requirement of \$1,239,533. However, the actual costs incurred for the year to maintain and power the alley lights was \$895,263, resulting in excess revenue of \$344,270. At year-end, these excess revenues were held within the appropriated Financial Stabilization Reserve (FSR) to offset future years special tax requirements.

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 the *Municipal Government Act* if there is any excess revenue, the municipality must advertise the use to which it proposes to put the excess revenue. Administration recommends the 2024 excess revenue of \$344,270, currently held within the appropriated FSR, be applied to the calculation of 2026 Alley Lighting Maintenance Special Tax.

2024 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

The excess revenue was not used to reduce the 2025 Alley Lighting Maintenance Special Tax due to:

- timing of year-end financial results and confirmation of 2024 alley lighting maintenance costs;
- the requirement for advertising and waiting a 60-day petition period in accordance with legislative requirements; and
- the timing of the taxation bylaw approval in March 2025 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 2024 of \$344,270 is within the appropriated FSR and will be used to offset required future special alley lighting taxation revenues in 2026. 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 2026 operating revenue budget (2026 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 next year as part of the 2026 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 2026 Alley Lighting Maintenance Rates was advertised in the Edmonton Journal on Saturday, April 26, 2025 and Saturday, May 3, 2025. 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 July 2, 2025. The advertisement identified that this matter would go to the August 13, 2025, Executive Committee meeting if property owners wanted to speak about this resolution, then onto the September 16, 2025, 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.

2024 ALLEY LIGHTING MAINTENANCE TAX EXCESS REVENUE

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.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.