

BYLAW NO. 4708

A BYLAW OF THE CITY OF MEDICINE HAT to establish a Clean Energy Improvement Program.

WHEREAS, Council, pursuant to section 390.3 of the Act, wishes to pass a Clean Energy Improvement Tax Bylaw to establish a Clean Energy Improvement Program;

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

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

AND WHEREAS, it will be necessary for the City of Medicine Hat to borrow up to a maximum of \$6,000,000 to fund the Clean Energy Improvement Program, which will be repaid by way of a Clean Energy Improvement Tax imposed against the benefitting Property to the maximum amounts established in the Clean Energy Improvement Agreements;

AND WHEREAS the Alberta Municipal Services Corporation ("AMSC") has developed the Clean Energy Improvement Program to support municipalities in Alberta to finance Clean Energy Improvements and will act as the Program Administrator in accordance with the Regulation;

AND WHEREAS Council, pursuant to section 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 Bylaw.

NOW THEREFORE THE MUNICIPAL CORPORATION OF THE CITY OF MEDICINE HAT, IN COUNCIL ASSEMBLED, ENACTS AS FOLLOWS:

Bylaw Title

1. This Bylaw may be cited as the "Clean Energy Improvement Tax Bylaw".

Purpose

2. 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 a borrowing for the purpose of financing Clean Energy Improvements pursuant to section 251 of the Act, and to enable Clean Energy Improvements to be made to eligible Properties; and
 - (b) to 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 cover the costs of that Clean Energy Improvement.

Interpretation

3. In this Bylaw:

- (a) **"Act"** means the *Municipal Government Act*, RSA 2000, Ch M-26, as amended;
- (b) **"Administration Fee"** means an 'administration fee' as defined in section 1(a) of the Regulation;
- (c) **"Agreement"** or **"Clean Energy Improvement 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 and the Regulation;
- (d) **"Bylaw"** means Bylaw No. 4708, the Clean Energy Improvement Tax Bylaw, as amended;
- (e) **"City"** means the municipal corporation of the City of Medicine Hat, or the geographical area falling within the municipal boundaries of the City of Medicine Hat, as the context requires;
- (f) **"Clean Energy Improvement Tax"** means a tax levied against a Property, pursuant to an Agreement, in accordance with Part 10, Division 6.1 of the Act.
- (g) **"Clean Energy Improvement Program"** or **"Program"** means a Clean Energy Improvement Program as described in Part 10, Division 6.1 the Act and in the Regulation.
- (h) **"Council"** means the City's elected municipal council;
- (i) **"Clean Energy Improvement"** or **"Improvement"** means a 'clean energy improvement' as defined in section 390.1(1) of the Act, that the Program Administrator qualifies as eligible, pursuant to section 3 of the Regulation, and that complies with the requirements of the Regulation;
- (j) **"Owner"** means collectively, the registered owner(s) of a Property, as shown on a certificate of title maintained by the Registrar under the *Land Titles Act*, RSA 2000, c. L-4, as amended;
- (k) **"Program Administrator"** means the Alberta Municipal Services Corporation ("AMSC"), operating as Alberta Municipalities, or its successors or assigns, as designated by order in accordance with the Regulation;

- (l) **“Property”** means a property that is classified as ‘residential’, pursuant to section 297 and 390.2(b) of the Act, and that is situated within the City, on which an Owner is applying to affix a Clean Energy Improvement.
- (m) **“Regulation”** means the *Clean Energy Improvements Regulation*, AR 212/2018, as amended; and
- (n) **“Section”** means a section in this Bylaw.

Establishment of a Clean Energy Improvement Program

- 4. The Clean Energy Improvement Program is established under this Bylaw.
- 5. The City may enter into Agreements under the Act and Regulations respecting the Clean Energy Improvement Program.
- 6. The City shall enter into an agreement, pursuant to section 6 of the Regulation, with Alberta Municipal Services Corporation, to have them act as Program Administrator for the Program.

Program Application

- 7. Pursuant to the Program, an Owner of a Property may apply to the Program Administrator to finance a Clean Energy Improvement.
- 8. The Program Administrator may charge an Application Fee pursuant to section 8 of the Regulation.
- 9. The Program Administrator will review the Owner’s application and may approve it subject to the requirements of the Act, Regulation and this Bylaw.
- 10. An Owner may submit one Program application per year, per Property.
- 11. 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 Tax pursuant to an Agreement.

Clean Energy Improvement Agreement

Process

- 12. 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.
- 13. Before the Agreement is signed, the Owner 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, pursuant to section 10(8) of the Regulation.

14. 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.

Prohibited Agreements

15. The City shall not enter into a Clean Energy Improvement Agreement where:
- (a) Tax arrears have been owing on the Property, or on any other property within the City owned wholly or jointly by the Owner, at any time within the last five (5) years;
 - (b) the Owner is in bankruptcy or in receivership;
 - (c) the Property is going through foreclosure;
 - (d) the value of the capital costs of undertaking all Clean Energy Improvements to the Property is:
 - (i) less than \$3,000; or
 - (ii) greater than \$50,000 for properties classified as residential.
 - (e) there appears to be limited equity in the Property;
 - (f) the Property has unresolved development and compliance or safety code issues;
 - (g) the costs under a proposed Clean Energy Improvement Agreement shall cause the City to exceed the amount of borrowing authorized under this Bylaw;
 - (h) the Owner does not intend to permanently affix the Clean Energy Improvement to the Property;
 - (i) the Program Administrator has not approved the Owner's application for a Clean Energy Improvement; or
 - (j) the Owner, or the Property, does not otherwise meet the eligibility requirements of the Act, the Regulation, or this Bylaw.

Agreement Contents

16. Pursuant to the Act and the Regulation, a Clean Energy Improvement Agreement shall be signed by the Owner and shall include, but not be limited to, the following:
- (a) a description of the Clean Energy Improvement;

- (b) the estimated date of completion of the Clean Energy Improvement;
- (c) the estimated cost of the Clean Energy Improvement;
- (d) the Administration Fee;
- (e) a description of the Property in respect of which the Clean Energy Improvement Tax will be imposed;
- (f) a statement that the Owner of the Property will be liable to pay the Clean Energy Improvement Tax;
- (g) the amount required to recover the costs of the Improvement and the method of calculation used to determine that amount;
- (h) the period over which the amount in Section 16(g) 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, to a maximum term of twenty-five (25) years;
- (i) the portions of the amount in Section 16(g) that will be paid by the City, from the revenue raised from the Clean Energy Improvement Tax, and from other sources of revenue;
- (j) a description of how the Clean Energy Improvement Tax will be revised in the event of a subdivision of the Property or the consolidation of the Property with any other property;
- (k) 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;
- (l) 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;
- (m) a statement that the Clean Energy Improvement Tax may be imposed at any time following the signing of the Clean Energy Improvement Agreement;
- (n) a statement that the amount that may be expended on incidental costs must not exceed 15% of the total capital costs of undertaking the Clean Energy Improvement;
- (o) a statement that the Agreement may be rescinded during the period of ten (10) days following the date when the Agreement is signed; and
- (p) a requirement that the Owner must:

- i) 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;
 - ii) 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;
 - iii) if the Property is sold, append the Agreement to any contract of sale for the Property; and
 - iv) if the Property is transferred other than by sale, ensure that the Agreement is provided to the person to whom the Property is transferred.
17. A Clean Energy Improvement must be completed within the time limit set out in the Agreement.

Clean Energy Improvement Tax

18. A Clean Energy Improvement Tax shall be imposed in respect of an Improvement made to a Property, in order to raise revenue to pay the amount required to recover the cost of the Improvement, as outlined in the Agreement.
19. 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 undertaking the Improvement;
 - (b) the cost of professional services needed for the Improvement;
 - (c) the Administration Fee;
 - (d) the cost of financing the Improvement; and
 - (e) any other expenses incidental to the undertaking of the Clean Energy Improvement and the raising of revenue to pay for it.
20. The Clean Energy Improvement Tax shall be shown as a separate line item on the Property's tax roll and on any notices.
21. The City may impose the Clean Energy Improvement Tax on the Property at any time following the signing of an Agreement.
22. 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.

Authorized Borrowing for the Program

23. For the purposes of the Program, the City may borrow up to 6 million dollars (\$6,000,000) from a financial institution or other lending organization in order to finance approved Clean Energy Improvements that meet the eligibility requirements of the Act, Regulation and this Bylaw.
24. The annual borrowed amount will have a maximum rate of interest of nine percent (9%), maximum term of twenty-five (25) years, and repayment terms including principal and interest, plus other fees or charges applicable to the borrowing.
25. 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 Owners with respect to the terms of their individual Agreements.

Enactment/Transition

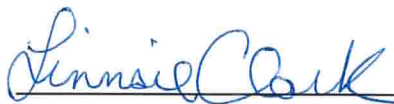
26. If any clause in this Bylaw is found to be invalid, it shall be deemed severed from the remainder of this Bylaw and shall not invalidate the remainder.
27. This Bylaw will come into force at the beginning of the day that it is passed.

READ A FIRST TIME in open Council on April 3, 2023.

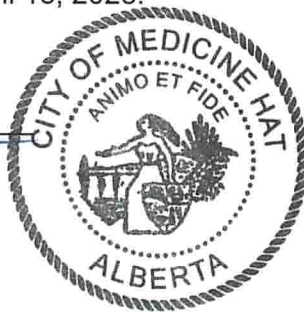
READ A SECOND TIME in open Council on April 17, 2023.

READ A THIRD TIME in open Council on April 17, 2023.

SIGNED AND PASSED on April 18, 2023.



MAYOR: Linnsie Clark





CITY CLERK: Arlene Karbashewski