

History of Local Access Fee Contributions to Operations and Capital

This document tracks how the Local Access Fee revenues enter The City's financial statements as revenue collected from utility rate payers, forwarded to The City by the utility providers and recorded as Local Access Fees Revenue. It then describes the portion of revenue used to support the operating budget (as calculated by policy CFO003) and any positive budget variance that is placed into the Reserve For Future Capital (among other reserve funding sources) and spent on capital projects in The City. Amounts are held in the Reserve for Future Capital and expended on capital projects as needed during the life of the capital project

Council Policy CFO003 (Franchise Fee/MCAF Revenue Budgets and Variances) provides a consistent budget methodology that aims to ensure base revenue continues to fund ongoing expenditures, while any temporary changes in base revenue would be applied to capital projects. When actual franchise fee revenue exceeds the budgeted figure, the excess will be contributed to the Reserve for Future Capital. While the policy uses a conservative methodology for establishing budgets, there are still a number of years where the franchise fee variance has been unfavourable.

The Reserve for Future Capital is used to fund various Council approved capital projects, hold Pay-As-You-Go funding as well as contingency funds for unforeseen projects or new emergency needs. Some of the capital investments that have been funded by the Reserve for Future Capital or have the Reserve for Future Capital as a budgeted funding source include: Mainstreets, LRV Purchases, Historic City Hall, Park Development, Park Upgrades, Urban Forestry Lifecycle, Affordable Housing Grant Matching, Public Realm Investments, 5A Network Development, Local Area Plan Amenities, Foothills Fieldhouse Redevelopment and Recreation Facility Lifecycle.

Table 1: Operating Franchise Fees budget compared with actual Franchise Fees Revenue collected 2008-2022

Amounts in millions															
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total ¹
Operating Budget:															
185	201	194	195	203	207	219	238	229	218	237	242	243	191	189	3,190
Actual Collections:															
245	206	193	220	231	227	252	218	194	210	244	253	249	230	317	3,486
Favorable (Unfavorable) Variance²:															

60	4	(1)	25	28	20	33	(20)	(35)	(8)	7	11	6	39	128	296
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Table 2: Favourable franchise fee variance contributed to the Reserve for Future Capital between 2008-2022³

Amounts in millions															
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total ¹
58	2	-	31	29	18	31	-	-	-	7	13	7	40	128	364

Table 3: Contributions to Capital Investments from the Reserve for Future Capital between 2008-2022⁴

Amounts in millions															
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total ¹
36	20	44	21	24	23	52	11	20	21	26	23	12	8	12	353

Notes:

1. Totals may not add due to rounding
2. Variance includes the impact from Utilities and other access fees which are not contributed to the Reserve for Future Capital. Subsequent to 2021, these items were moved from the franchise fee program to the general revenue program.
3. If the franchise fee variance was unfavourable the balance transferred to the Reserve for Future Capital was \$0
4. The contributions to capital investments are based on actual expenditures incurred. The capital budgets funded by the Reserve for Future Capital may span across multiple years.