

Common Revenue

Description

Common Revenue sources include franchise fees, general revenue, investment income and financial charges, as well as taxation revenues, which account for a significant portion of The City's operating budget.

Customers

Citizens

Purposes

A funding source to provide municipal services.

Partners

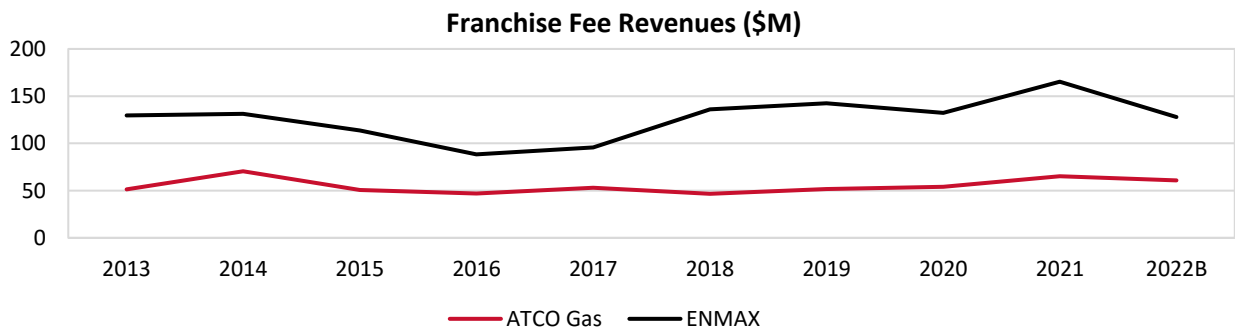
Provincial government, ENMAX, ATCO, Calgary Municipal Land Corporation, and Financial Institutions.

Dependencies

The City has little influence over some revenues such as Franchise Fees. Franchise Fees are determined by customer consumption, commodity prices and a fixed charge for distribution and transmission.



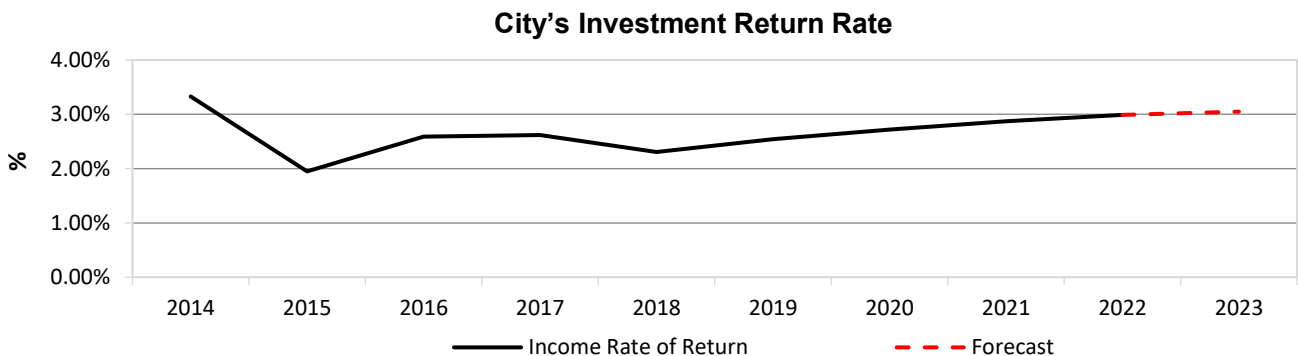
What we are watching



- Franchise Fee revenues are a function of the commodity price, the volume of utility sales, and the costs to deliver the commodity (utility transmission and distribution rates). Franchise Fee budget is set according to policy FCS2004-62 and any positive variance goes to Reserve for Future Capital.
- The economic recovery from COVID-19 lockdowns accompanied by higher oil prices, along with increased natural gas demand from power generation and liquid natural gas exports have increased natural gas and electricity commodity prices.

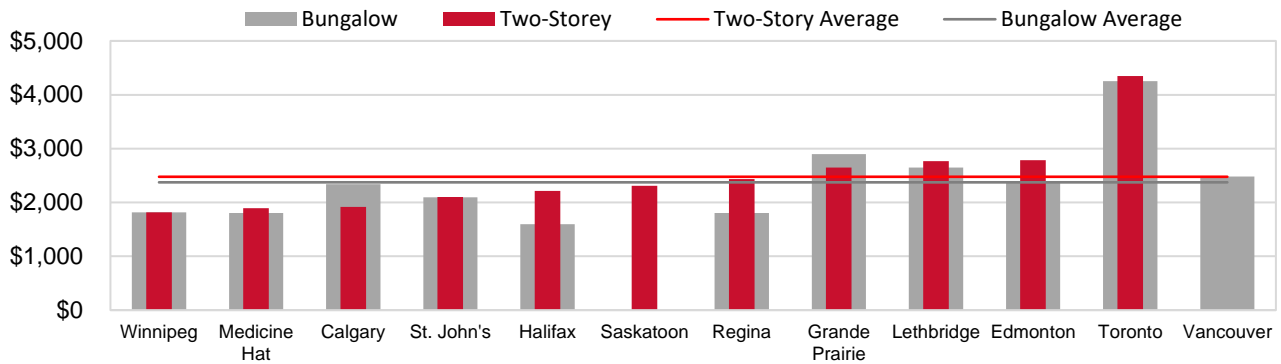


What we are watching



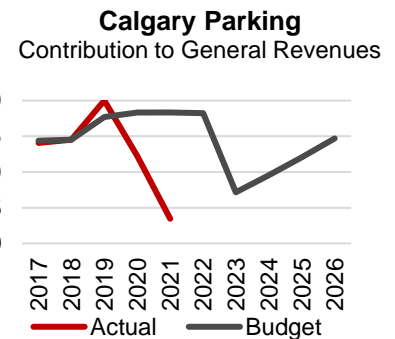
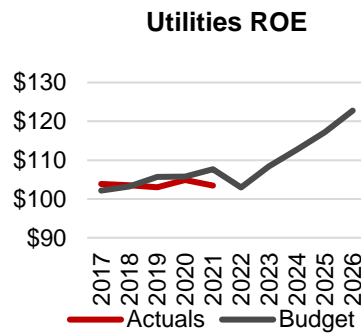
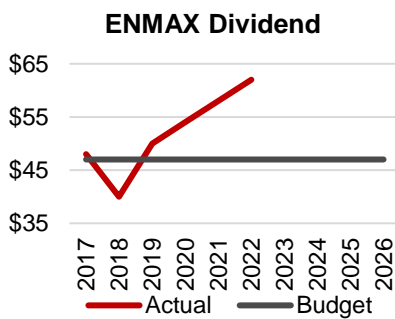
- Central banks have reversed their accommodative policies for the past couple of years by raising interest rates to bring inflation down to acceptable policy driven levels. Low yields over the last couple of years have depressed investment returns and as rates have risen this has had a negative effect on the market value of existing investments. The higher interest rates, will over time, earn more interest income as lower yielding investments mature. Also, the forthcoming changes to The City's asset mix should result in higher returns and lower risk through increased diversification into different markets and asset classes.

Municipal Property Tax for a Representative Two-Storey and Bungalow House in 2020 - Selected Canadian Cities



Two-Storey	1	2	3	4	5	6	7	8	9	10	11	N/A
Bungalow	4	3	6	5	1	N/A	2	10	9	7	11	8

- Calgary's municipal property taxes are slightly lower than the average municipal property taxes across the country.
- Two-storey and bungalow information not available for Vancouver and Saskatoon respectively.



- If electricity and natural gas prices remain at elevated levels, the ENMAX dividend may remain above budget and any excess is transferred to ENMAX Legacy Parks Fund.
- Starting 2021, both Utilities franchise fee and dividend were replaced with an annual payment in the form of a return on equity (ROE). Budget increase is a result of the increased net asset base due to the 2023-2026 capital spending plan of \$1.4 billion.
- Calgary Parking revenue is trending downwards due to the long-term impact of COVID-19.

Total Operating Budget (\$000s) for Approval

For Council Approval

Program / Service Lines	Program No.	2022-04-30	2023			2024			2025			2026		
		Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget
Common Revenues														
Franchise Fees	857	(189,000)	(175,239)	0	(175,239)	(178,744)	0	(178,744)	(178,744)	0	(178,744)	(178,744)	0	(178,744)
General Revenue	860	(332,676)	(176,355)	(226,630)	(402,985)	(184,413)	(56,517)	(240,930)	(191,182)	(57,727)	(248,908)	(198,653)	(41,158)	(239,811)
Investment Income & Financial Charges	858	(47,000)	(47,000)	0	(47,000)	(47,000)	0	(47,000)	(47,000)	0	(47,000)	(47,000)	0	(47,000)
Taxation	856	(2,031,779)	(2,152,124)	0	(2,152,124)	(2,254,943)	0	(2,254,943)	(2,367,950)	0	(2,367,950)	(2,473,799)	0	(2,473,799)
Total Common Revenues		(2,600,455)	(2,550,719)	(226,630)	(2,777,349)	(2,665,100)	(56,517)	(2,721,616)	(2,784,876)	(57,727)	(2,842,602)	(2,898,196)	(41,158)	(2,939,354)

Corporate Costs & Debt Servicing

Description

Corporate Costs & Debt Servicing are based on legislated requirements and/or Council policies including corporate requirements for capital financing; civic and intergovernmental affairs; corporate costs; employee benefits; regulatory affairs; and scholarships.

Partners

Related Authorities, Provincial Government, Alberta Urban Municipalities Association, Federation of Canadian Municipalities, City of Calgary employees and Educational institutions in Calgary.

Customers

Citizens

Purposes

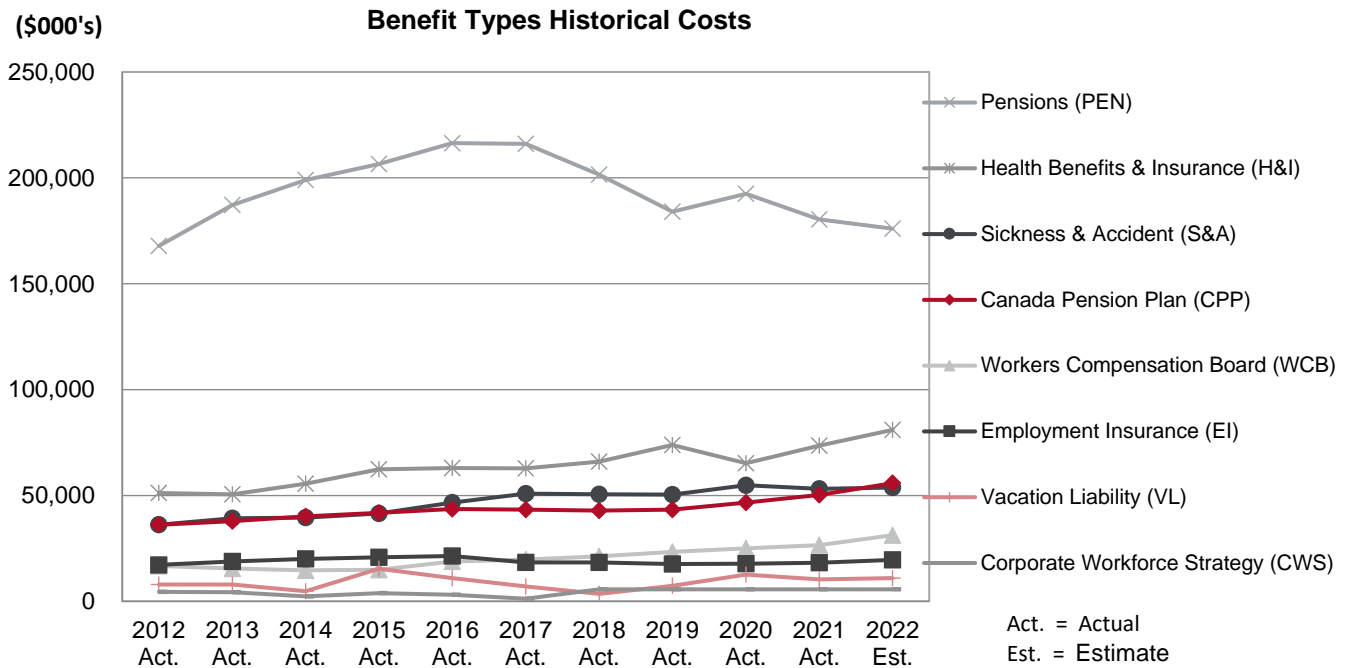
Management of common costs is required to operate a well-run city.

Dependencies

The Employee Benefits program under Corporate Programs is reported as zero because benefit costs are fully recovered from City business units using fringe benefit rates applied to salary and wage expenses. Costs are affected by inflation, changes in the eligible employee population and demographics, and benefit and pension industry trends and legislated requirements.



What we are watching

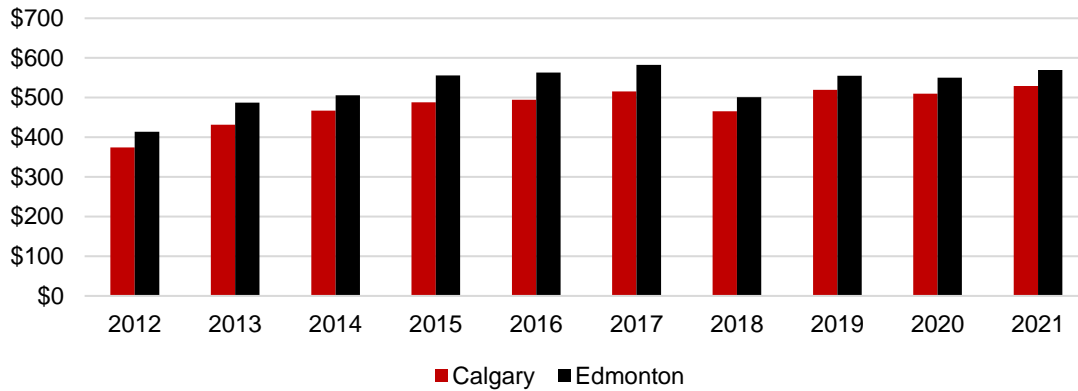


- Costs are driven by plan agreements, work force changes and are all subject to inflation.
- Inflation is often higher than CPI due to the nature of the products and services such as prescription drugs.



What we are watching

**Average Annual Natural Gas Distribution Costs per Household
2012-2021**



- The City intervenes in certain regulatory proceedings in order to protect its interests as a ratepayer.
- Calgarians currently pay about 10% less than Edmontonians for their natural gas service due, in part, to Calgary's regulatory interventions. Calgary's interventions have been successful in keeping natural gas distribution costs relatively flat in recent years.

Total Operating Budget for Approval

For Council Approval

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		Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget	Base	One-time	Total Budget
Corporate Costs & Debt Servicing														
Capital Financing Costs	840	366,459	342,028	0	342,028	348,702	0	348,702	357,640	0	357,640	364,392	0	364,392
Civic & Intergovernmental Affairs	863	544	570	0	570	590	0	590	612	0	612	632	0	632
Corporate Costs	861	126,551	169,397	9,256	178,653	228,381	5,000	233,381	288,920	5,000	293,920	353,854	0	353,854
Employee Benefits	787	0	0	0	0	0	0	0	0	0	0	0	0	0
Gas, Power & Telecommunications Regulations	621	890	890	0	890	890	0	890	890	0	890	890	0	890
Scholarships	464	73	73	0	73	73	0	73	73	0	73	73	0	73
Total Corporate Costs & Debt Servicing		494,517	512,958	9,256	522,214	578,636	5,000	583,636	648,135	5,000	653,135	719,841	0	719,841