

Changes to MCAF

September 1, 2026

Background

On September 1, 2026, Council approved changes to the Municipal Consent and Access Fee (MCAF), a fee collected through utility bills that helps compensate The City for the use of municipal land and infrastructure by utility systems.

1. What is the Municipal Consent and Access Fee (MCAF)?

The Municipal Consent and Access Fee (MCAF) is a fee collected through utility bills that compensates The City for the use of municipal land, rights-of-way and infrastructure by utility systems. Fees of this nature are commonly charged by municipalities and apply to utility infrastructure operating within the community, regardless of whether the utility provider is owned by the municipality or another organization. In Red Deer, MCAF applies to water, wastewater, electric and waste management services and appears as a separate charge on utility bills.

2. Why does The City charge MCAF?

Utility providers use municipal land, rights-of-way and infrastructure to deliver services to customers. MCAF helps compensate The City for that use. Similar fees are charged by municipalities across Alberta and can apply to both municipally owned and non-municipally owned utility providers operating within a community.

3. Why was a change to MCAF made?

Administration identified a need for additional funding to support municipal infrastructure and future capital investments. The recommendation would also direct 25% of all MCAF revenue to the Capital Projects Reserve to support long-term infrastructure renewal.

4. Which utilities are affected?

The proposed increase applies to water, wastewater and electric utilities. MCAF rates for waste management services would remain unchanged.

5. How will the additional revenue be used?

The additional revenue will support municipal infrastructure and service needs. Under the approved approach, 25% of all MCAF revenue would be transferred annually to the Capital Projects Reserve to help fund infrastructure renewal and replacement projects.

6. Will this affect my utility bill?

The MCAF increase would be reflected in future utility rates. Utility rates will be finalized through the Utility Budget and Utility Rate Bylaw process later this fall.

7. Is my utility bill increasing by 33%?

No. The proposed change is an increase to the Municipal Consent and Access Fee (MCAF) from 15% to 20% for water, wastewater and electric utilities. Based on draft 2027 utility rates, Administration estimates the recommended option would increase the average in-city residential utility bill by approximately \$10.25 per month. Actual impacts will depend on the final utility rates approved by Council.

8. How much additional revenue would the increase generate?

Administration estimates increasing the MCAF from 15% to 20% for water, wastewater and electric utilities would generate approximately \$6.3 million in additional annual revenue compared with maintaining current rates.

9. Why is 25% of MCAF revenue being directed to the Capital Projects Reserve?

The dedicated contribution creates a direct connection between MCAF revenue and infrastructure investment. It will provide ongoing funding to support future infrastructure renewal and replacement needs.

10. Why isn't The City simply reducing spending instead of increasing MCAF?

Council reviews both expenditures and revenues as part of the annual budget process. Administration continuously looks for opportunities to manage costs while maintaining infrastructure and delivering services to residents. MCAF is one of several funding tools Council may consider when addressing infrastructure and service needs.