



2008 – 2009 Proposed Budget --- Budget Summary Telecommunications Fund

2008 – 2009 Telecommunications Fund Budget Highlights

- McMinnville Community Media (MCM), the non-profit organization formed to operate the local access channel, Channel 11, submitted to the City a 2008 – 2009 budget consistent with Comcast, cable revenue projections. The MCM proposed budget is included in its entirety in the City's 2008 – 2009 Telecommunications Fund Proposed Budget.



Programming runs an average of 98 hours per week.

Short- and Long-Term Issues

- **Short-Term Issues** --- Addressed by 2008 – 2009 Proposed Budget.

➤ Long-Term Issues

- Concern that Comcast and Verizon cable franchise fees and local access subscriber fees might soften due to City residents transferring to satellite systems away from cable television; although with the new “bundling” of telecommunication services this erosion of revenues will hopefully decrease.
- The AT&T “past sins” settlement money was expected to last approximately 10 years from 2001, the year of the settlement. At June 30, 2008, the settlement money remaining will be approximately \$120,000, thus approximately three years remaining of the \$44,000 yearly distributions to MCM.



Of the 5% cable franchise fee, 2.25% of the fee supports the local access channel with the remaining 2.75% allocated to the General Fund.

Core Services

The Telecommunications Fund serves primarily as an accounting entity that receives a 2.25 percent allocation of the Comcast and Verizon cable franchise fees. The remaining 2.75 percent of the Comcast and Verizon cable franchise fees are allocated to the General Fund. The Telecommunications Fund receives 100 percent of the local access channel subscriber fee, PEG. After receipt of these funds, the City passes the funds through to McMinnville Community Media (MCM) along with a MCM requested yearly portion of the AT&T “past sins” settlement money.

- MCM operates the local access channel for the community –

Comcast - Channel

11

Verizon - Channel

29



The City's local access channels.

- MCM provides equipment and instruction to any local individual that wishes to learn to operate the equipment and learn how to craft a video production.



Two new computerized editing suites have been added, which are available to community members for creating local access programs.



Telecommunications Fund --- Historical Highlights

- 1982** Original 15-year cable television franchise agreement passed by City Council action, Ordinance 4231. New 3% franchise fee revenue dedicated to General Fund.
- 1997** Original cable television franchise agreement expires and extended by City Council action extended five more times until June 30, 2001.
- 1999** Telecommunications Fund implemented in anticipation of successful completion of new franchise agreement and "past sins" negotiations with TCI Cablevision of Oregon dba AT&T Broadband.
- 2001** Public hearing held on re-negotiated franchise agreement with TCI Cablevision of Oregon dba AT&T Broadband.
- 2001** New franchise agreement with TCI Cablevision of Oregon dba AT&T Broadband signed and becomes effective July 1, 2001.

- 2001** New agreement raises franchise fee from 3% to 5%. City Council dedicates 2.25% of raised franchise fee to the Telecommunications Fund and 2.75% to the General Fund.
- 2001** New agreement also requires a \$1 per month per account PEG access support subscriber fee which must be spent on cable access channel capital equipment.
- 2001** City contracts with McMinnville Community Media (MCM), a non-profit corporation, newly formed to operate the local access channel.
- 2001** McMinnville Community Media (MCM) contracts with Multnomah County Television (MCTV) to operate the local access channel until MCM can lease space, construct technical connections to McMinnville Marketplace location, and open a new studio.

- 2001** City receives \$453,500 from TCI / AT&T a combination of \$352,500 of "past sins money", \$75,000 for MCM to begin operating the local access channel by July 1, 2001, and ~\$26,000 for move to McMinnville Marketplace.
- 2001** MCM hires Jerry Eichten as first MCM Director.
- 2002** April 1, 2002 MCM takes over operating McMinnville's local access Channel 11 from MCTV.
- 2003** January 2003, MCM expands on-screen community bulletin board for use by local groups and organizations.
- 2003** Fall 2003, MCM provides Saturday open house tours to introduce local citizens to Channel 11.
- 2005** MCM expands media literacy curriculum and creates digital learning lab for computer editing and production.



Telecommunications Fund --- Historical Highlights

2005 MCM studio control room equipment upgraded – teleprompter, video switcher, and graphics systems.

2006 January 2006, Major upgrade of mcm11.org website, allowing form submittal and easy access to program listings.



2006 February 2006, MCM Board votes to commission design and engineering of new studio and office facility.

2007 Estimated “past sins” balance remaining at July 1, 2008 is ~\$120,000.



2008 MCM purchases a government surplus cargo van transforming it into a multi-camera mobile production truck.



The MCM Studio is open for residents 32 hours per week for production use.



Each Comcast and Verizon subscriber pays \$1 per month designated for capital equipment.

Budget Document Report

10 - TELECOMMUNICATIONS FUND

2006 ACTUAL	2007 ACTUAL	2008 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2009 PROPOSED BUDGET	2009 APPROVED BUDGET	2009 ADOPTED BUDGET
RESOURCES						
<u>BEGINNING FUND BALANCE</u>						
229,313	193,667	155,000	4090 Beginning Fund Balance Estimated July 1, 2008 cash carryover from the 2007-2008 fiscal year.	120,000	120,000	120,000
229,313	193,667	155,000	<u>TOTAL BEGINNING FUND BALANCE</u>	120,000	120,000	120,000
<u>LICENSES AND PERMITS</u>						
0	0	0	4205 Franchise Fees City Council 2.25% allocation of cable franchise fees (5%) collected from Comcast and Verizon NW to support local access Channel 11 operations, "passed through" to McMinnville Community Media (MCM).	0	0	0
Budget Note: Of the 5% Comcast and Verizon cable franchise fees, 2.75% is allocated to General Fund revenue accounts, NonDepartmental: Franchise Fee-Comcast-Cable or Franchise Fee-Verizon NW-Cable.						
0	0	26	4205-11 Franchise Fees - Verizon NW-Cable	10,000	10,000	10,000
97,234	104,413	115,000	4205-15 Franchise Fees - Comcast Communications-Cable	110,000	110,000	110,000
0	0	0	4275 Subscriber Fees - PEG \$1 per month subscriber fee collected from Comcast and Verizon NW, restricted for public access channel capital expenditures, "passed through" to McMinnville Community Media.	0	0	0
0	0	8,513	4275-11 Subscriber Fees - PEG - Verizon NW-Cable	7,000	7,000	7,000
73,297	72,921	75,000	4275-15 Subscriber Fees - PEG - Comcast-Cable	68,000	68,000	68,000
170,532	177,334	198,539	<u>TOTAL LICENSES AND PERMITS</u>	195,000	195,000	195,000
<u>MISCELLANEOUS</u>						
8,354	9,444	7,700	6310 Interest	5,100	5,100	5,100
8,354	9,444	7,700	<u>TOTAL MISCELLANEOUS</u>	5,100	5,100	5,100
408,199	380,445	361,239	<u>TOTAL RESOURCES</u>	320,100	320,100	320,100

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2006 ACTUAL	2007 ACTUAL	2008 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2009 PROPOSED BUDGET	2009 APPROVED BUDGET	2009 ADOPTED BUDGET
REQUIREMENTS						
<u>MATERIALS AND SERVICES</u>						
0	0	0	8170 McMinnville Community Media City "pass-through" to McMinnville Community Media (MCM), non-profit organization formed to operate the local access Channel 11, of the 2.25% of cable franchise fee allocated to the Telecommunications Fund collected from Comcast and Verizon NW for cable franchise fees.	0	0	0
97,234	104,413	115,000	8170-05 McMinnville Community Media - Comcast Franchise Fees-Cable	110,000	110,000	110,000
0	0	2,026	8170-06 McMinnville Community Media - Verizon Franchise Fee-Cable	10,000	10,000	10,000
44,000	44,000	44,000	8170-10 McMinnville Community Media - AT&T Settlement City "pass-through" of AT&T Settlement for "past sins" to McMinnville Community Media (MCM), per MCM's 2008-2009 budget plan.	44,000	44,000	44,000
0	0	75,000	8170-15 McMinnville Community Media - PEG Access Support-Comcast City "pass through" to McMinnville Community Media of the Comcast collected \$1 per month subscriber fee required to be spent for cable access channel capital equipment.	68,000	68,000	68,000
0	0	9,513	8170-16 McMinnville Community Media - PEG Access Support-Verizon City "pass through" to McMinnville Community Media of the Verizon NW collected \$1 per month subscriber fee required to be spent for cable access channel capital equipment.	7,000	7,000	7,000
141,234	148,413	245,539	<u>TOTAL MATERIALS AND SERVICES</u>	239,000	239,000	239,000
<u>CAPITAL OUTLAY</u>						
73,297	72,921	0	8710-10 Equipment - MCM - PEG Access Support City's "pass-through" of PEG subscriber fees more correctly classified under Materials & Services category during Logos conversion.	0	0	0
73,297	72,921	0	<u>TOTAL CAPITAL OUTLAY</u>	0	0	0
<u>CONTINGENCIES</u>						
0	0	27,000	9800 Contingencies	30,000	30,000	30,000
0	0	27,000	<u>TOTAL CONTINGENCIES</u>	30,000	30,000	30,000
<u>ENDING FUND BALANCE</u>						
193,667	159,111	88,700	9999 Unappropriated Ending Fd Balance Budgeted undesignated cash carryover for July 1, 2009. Actual cash carryover will also include all remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2008-2009 operations.	51,100	51,100	51,100
193,667	159,111	88,700	<u>TOTAL ENDING FUND BALANCE</u>	51,100	51,100	51,100
408,199	380,445	361,239	<u>TOTAL REQUIREMENTS</u>	320,100	320,100	320,100

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408,199	380,445	361,239	<i>TOTAL RESOURCES</i>	320,100	320,100	320,100
408,199	380,445	361,239	<i>TOTAL REQUIREMENTS</i>	320,100	320,100	320,100