



# **TELECOMMUNICATIONS FUND**





# 2009 – 2010 Proposed Budget --- Budget Summary Telecommunications Fund

## 2009 – 2010 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 2009 - 2010 budget consistent with cable revenue projections.

## Short- and Long-Term Issues

- **Short-Term Issues** --- Addressed by 2009 - 2010 Proposed Budget.

### ➤ **Long-Term Issues**

- Concern that Comcast and Verizon cable franchise fees and local access subscriber fees might soften as more residents opt for satellite service instead of cable service; however, the “bundling” of telecommunication services may help offset this erosion of revenue.
- The AT&T “past sins” settlement money was expected to be paid out to MCM over approximately 10 years from 2001, the year of the settlement. During the 2009 – 2010 fiscal year, the \$32,200 remaining of the settlement money and \$11,800 of accrued interest will be paid to MCM. The remaining interest of approximately \$40,000 will be distributed in 2010-2011.



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.



Programming runs an average of 98 hours per week.

## Core Services

The Telecommunications Fund is used to account for the 2.25 percent of Comcast and Verizon cable franchise fees allocation. The remaining 2.75 percent of the cable franchise fees are allocated to the General Fund. The Telecommunications Fund receives 100 percent of the local access channel subscriber fee, PEG, collected by Verizon and Comcast and remitted to the City. The City passes these funds through to McMinnville Community Media (MCM) along with the portion of the AT&T “past sins” settlement money requested by MCM.

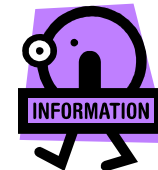
- MCM operates the local access channel for the community –

### **Comcast - Channel**

# 11

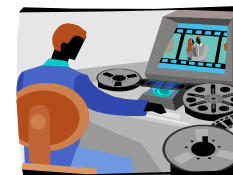
### **Verizon - Channel**

# 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](http://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, 2007 is ~\$120,000.



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

**2009** “Past sins” settlement remainder of \$32,200 and accrued interest of \$11,000 paid to MCM. Remaining accrued interest of about \$40,000 to be paid in fiscal year 2010-2011.



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



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

Budget Document Report

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2007 ACTUAL	2008 ACTUAL	2009 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2010 PROPOSED BUDGET	2010 APPROVED BUDGET	2010 ADOPTED BUDGET
<b>RESOURCES</b>						
<b>BEGINNING FUND BALANCE</b>						
193,667	159,111	120,000	<b>4090 Beginning Fund Balance</b> Estimated July 1, 2009 cash carryover from the 2008-2009 fiscal year.	80,500	80,500	80,000
<b>193,667</b>	<b>159,111</b>	<b>120,000</b>	<b>TOTAL BEGINNING FUND BALANCE</b>	<b>80,500</b>	<b>80,500</b>	<b>80,000</b>
<b>LICENSES AND PERMITS</b>						
0	0	0	<b>4205 Franchise Fees</b>	0	0	0
0	790	20,000	<b>4205-11 Franchise Fees - Verizon NW-Cable</b> 2.25% of the 5% cable franchise fees received from Verizon NW to support local access Channel 11 operations; passed through to McMinnville Community Media (MCM). Remaining 2.75% recorded as General Fund Non-Departmental revenue.	20,000	20,000	25,000
104,413	111,983	110,000	<b>4205-15 Franchise Fees - Comcast Communications-Cable</b> 2.25% of the 5% cable franchise fees received from Comcast to support local access Channel 11 operations; passed through to McMinnville Community Media (MCM). Remaining 2.75% recorded as General Fund Non-Departmental Revenue.	110,000	110,000	110,000
0	0	0	<b>4275 Subscriber Fees - PEG</b>	0	0	0
0	8,893	7,000	<b>4275-11 Subscriber Fees - PEG - Verizon NW-Cable</b> \$1 per month subscriber fee received from Verizon NW for public access channel capital expenditures; passed through to McMinnville Community Media (MCM).	10,000	10,000	15,000
72,921	70,805	68,000	<b>4275-15 Subscriber Fees - PEG - Comcast-Cable</b> \$1 per month subscriber fee received from Comcast for public access channel capital expenditures; passed through to McMinnville Community Media (MCM).	66,000	66,000	68,000
<b>177,334</b>	<b>192,471</b>	<b>205,000</b>	<b>TOTAL LICENSES AND PERMITS</b>	<b>206,000</b>	<b>206,000</b>	<b>218,000</b>
<b>MISCELLANEOUS</b>						
9,444	6,937	5,100	<b>6310 Interest</b>	1,700	1,700	1,700
<b>9,444</b>	<b>6,937</b>	<b>5,100</b>	<b>TOTAL MISCELLANEOUS</b>	<b>1,700</b>	<b>1,700</b>	<b>1,700</b>
<b>380,445</b>	<b>358,519</b>	<b>330,100</b>	<b>TOTAL RESOURCES</b>	<b>288,200</b>	<b>288,200</b>	<b>299,700</b>

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2007 ACTUAL	2008 ACTUAL	2009 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2010 PROPOSED BUDGET	2010 APPROVED BUDGET	2010 ADOPTED BUDGET
<b>REQUIREMENTS</b>						
<b><u>MATERIALS AND SERVICES</u></b>						
0	0	0	<b>8170 McMinnville Community Media</b>	0	0	0
104,413	111,983	110,000	<b>8170-05 McMinnville Community Media - Comcast Franchise Fees-Cable</b>	110,000	110,000	110,000
0	790	21,500	<b>8170-06 McMinnville Community Media - Verizon Franchise Fee-Cable</b>	20,000	20,000	25,000
44,000	44,000	44,000	<b>8170-10 McMinnville Community Media - AT&amp;T Settlement</b> City "pass-through" of remainder of AT&T Settlement for "past sins" to McMinnville Community Media (MCM) per agreement with MCM.	32,200	32,200	32,200
0	0	0	<b>8170-11 McMinnville Community Media - AT&amp;T Settlement Interest</b> Payment to McMinnville Community Media (MCM) of interest earned on AT&T "past sins" settlement.	11,800	11,800	11,800
0	70,805	68,000	<b>8170-15 McMinnville Community Media - PEG Access Support-Comcast</b> 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.	66,000	66,000	68,000
0	8,893	13,000	<b>8170-16 McMinnville Community Media - PEG Access Support-Verizon</b> 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.	10,000	10,000	15,000
<b>148,413</b>	<b>236,471</b>	<b>256,500</b>	<b><u>TOTAL MATERIALS AND SERVICES</u></b>	<b>250,000</b>	<b>250,000</b>	<b>262,000</b>
<b><u>CAPITAL OUTLAY</u></b>						
72,921	0	0	<b>8710-10 Equipment - MCM - PEG Access Support</b>	0	0	0
<b>72,921</b>	<b>0</b>	<b>0</b>	<b><u>TOTAL CAPITAL OUTLAY</u></b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>CONTINGENCIES</u></b>						
0	0	22,500	<b>9800 Contingencies</b>	30,000	30,000	30,000
<b>0</b>	<b>0</b>	<b>22,500</b>	<b><u>TOTAL CONTINGENCIES</u></b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b><u>ENDING FUND BALANCE</u></b>						
159,111	122,048	51,100	<b>9999 Unappropriated Ending Fd Balance</b> Budgeted undesignated cash carryover for July 1, 2010. Actual cash carryover will also include all remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2009-2010 operations.	8,200	8,200	7,700
<b>159,111</b>	<b>122,048</b>	<b>51,100</b>	<b><u>TOTAL ENDING FUND BALANCE</u></b>	<b>8,200</b>	<b>8,200</b>	<b>7,700</b>
<b>380,445</b>	<b>358,519</b>	<b>330,100</b>	<b><u>TOTAL REQUIREMENTS</u></b>	<b>288,200</b>	<b>288,200</b>	<b>299,700</b>

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380,445	358,519	330,100	<i>TOTAL RESOURCES</i>	288,200	288,200	299,700
380,445	358,519	330,100	<i>TOTAL REQUIREMENTS</i>	288,200	288,200	299,700