



TELECOMMUNICATIONS FUND





2010 – 2011 Proposed Budget --- Budget Summary Telecommunications Fund

2010 – 2011 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 fiscal year 2010-11 budget consistent with cable revenue projections.

Short- and Long-Term Issues

- **Short-Term Issues** --- Addressed by 2010-11 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 2009-10 fiscal year, the \$32,200 remaining of the settlement principal and \$11,800 of accrued interest was paid to MCM. The remaining interest of approximately \$38,000 will be distributed in fiscal year 2010-11.



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 is used to account for the 2.25 % of Comcast and Verizon cable franchise fees allocation. The remaining 2.75 % of the cable franchise fees is allocated to the General Fund. The Telecommunications Fund receives 100% 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 remaining portion of the AT&T “past sins” settlement money

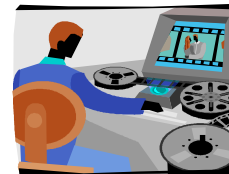
- MCM operates the local access channel for the community –



Programming runs an average of 98 hours per week.

Comcast – Channel 11
Verizon – Channel 29

- 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

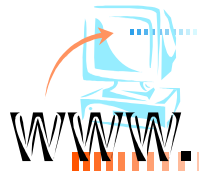
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| <p>1982 Original 15-year cable television franchise agreement passed by City Council action, Ordinance 4231. New 3% franchise fee revenue dedicated to General Fund.</p> <p>1997 Original cable television franchise agreement expires and extended by City Council action extended five more times until June 30, 2001.</p> <p>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.</p> <p>2001 Public hearing held on re-negotiated franchise agreement with TCI Cablevision of Oregon dba AT&T Broadband.</p> <p>2001 New franchise agreement with TCI Cablevision of Oregon dba AT&T Broadband signed and becomes effective July 1, 2001.</p> | <p>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.</p> <p>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.</p> <p>2001 City contracts with McMinnville Community Media (MCM), a non-profit corporation, newly formed to operate the local access channel.</p> <p>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.</p> | <p>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.</p> <p>2001 MCM hires Jerry Eichten as first MCM Director.</p> <p>2002 April 1, 2002 MCM takes over operating McMinnville’s local access Channel 11 from MCTV.</p> <p>2003 January 2003, MCM expands on-screen community bulletin board for use by local groups and organizations.</p> <p>2003 Fall 2003, MCM provides Saturday open house tours to introduce local citizens to Channel 11.</p> <p>2005 MCM expands media literacy curriculum and creates digital learning lab for computer editing and production.</p> |
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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, 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

10 - TELECOMMUNICATIONS FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
RESOURCES							
BEGINNING FUND BALANCE							
159,111	122,048	80,000	4090	Beginning Fund Balance Estimated July 1, 2010 cash carryover from the 2009-2010 fiscal year.	36,400	36,400	36,400
159,111	122,048	80,000	TOTAL BEGINNING FUND BALANCE		36,400	36,400	36,400
LICENSES AND PERMITS							
790	21,421	25,000	4205-11	Franchise Fees - Verizon NW-Cable 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.	41,000	41,000	41,000
111,983	108,744	110,000	4205-15	Franchise Fees - Comcast Communications-Cable 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
8,893	12,746	15,000	4275-11	Subscriber Fees - PEG - Verizon NW-Cable \$1 per month subscriber fee received from Verizon NW for public access channel capital expenditures; passed through to McMinnville Community Media (MCM).	30,000	30,000	30,000
70,805	65,225	68,000	4275-15	Subscriber Fees - PEG - Comcast-Cable \$1 per month subscriber fee received from Comcast for public access channel capital expenditures; passed through to McMinnville Community Media (MCM).	60,000	60,000	60,000
192,471	208,136	218,000	TOTAL LICENSES AND PERMITS		241,000	241,000	241,000
MISCELLANEOUS							
6,937	2,019	1,700	6310	Interest	300	300	300
6,937	2,019	1,700	TOTAL MISCELLANEOUS		300	300	300
358,519	332,202	299,700	TOTAL RESOURCES		277,700	277,700	277,700

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2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
REQUIREMENTS							
MATERIALS AND SERVICES							
111,983	108,744	110,000	8170-05	McMinnville Community Media - Comcast Franchise Fees-Cable	110,000	110,000	110,000
790	21,421	37,000	8170-06	McMinnville Community Media - Verizon Franchise Fee-Cable	41,000	41,000	41,000
44,000	44,000	32,200	8170-10	McMinnville Community Media - AT&T Settlement	0	0	0
0	0	11,800	8170-11	McMinnville Community Media - AT&T Settlement Interest Payment to McMinnville Community Media (MCM) of interest earned on AT&T "past sins" settlement. Originally estimated at \$38,700. Amount decreased due to low interest rates.	35,000	35,000	35,000
70,805	65,225	68,000	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.	60,000	60,000	60,000
8,893	12,746	23,000	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.	30,000	30,000	30,000
236,471	252,136	282,000	TOTAL MATERIALS AND SERVICES		276,000	276,000	276,000
CONTINGENCIES							
0	0	10,000	9800	Contingencies	1,200	1,200	1,200
0	0	10,000	TOTAL CONTINGENCIES		1,200	1,200	1,200
ENDING FUND BALANCE							
122,048	80,066	7,700	9999	Unappropriated Ending Fd Balance Budgeted undesignated cash carryover for July 1, 2011. Actual cash carryover will also include all remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2010-2011 operations.	500	500	500
122,048	80,066	7,700	TOTAL ENDING FUND BALANCE		500	500	500
358,519	332,202	299,700	TOTAL REQUIREMENTS		277,700	277,700	277,700

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2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
358,519	332,202	299,700	TOTAL RESOURCES	277,700	277,700	277,700
358,519	332,202	299,700	TOTAL REQUIREMENTS	277,700	277,700	277,700