

Cable Television Fund

The City's Cable Television Fund accounts for revenue received from cable franchise fees paid by cable television customers. The current cable service provider is Comcast. Cable fees are passed through to the North Metro Telecommunications Commission, which is the regulatory body that oversees the cable franchise in our area. The Commission is made up of elected officials from each of its seven member cities. The commission adopts an annual budget. Staff anticipates that net franchise fee revenue distributed to Blaine in 2017 will total \$185,180. This represents a nearly \$13,000 increase from 2016's projected final proceeds, and is a result of the NMTC's decision to increase the cities' revenue share by \$25,000.

Blaine's current practice has been to use its funding for municipal cable (Cable Channel 16) related expenses. In 2005, programming on the municipal cable channel began originating from the master control center at the new North Metro 15 facility on the corner of Polk Street and Main Street. This has allowed the City to offer more variety in its programming, and to generate more City-specific programming.

The proposed 2017 Cable Fund operating budget is \$175,630. New in the 2017 budget is a \$67,000 appropriation for the production and distribution of City's newsletter, which is a transfer of budget responsibility from the General Fund. This appropriation will allow for the addition of two "special" issues to the usual 6 bi-monthly editions. Other large budget items include \$65,300 in administrative charges to the general fund, \$16,330 in staffing costs to produce the meetings that the City shows live, and \$26,000 in contractual services to maintain website video-on-demand of Council meetings and other city programming, and for maintenance of the Legistar® System.

No capital expenses are proposed for 2017; the improvements associated with upgrades to enable more high-definition video production should be completed by the end of 2016 at a total cost not expected to exceed \$165,000.

The 2017 Cable Television Fund Budget totals \$175,630, and will result in a fund balance increase of \$14,750. The fund is expected to end 2017 with a fund balance reserve of just over \$273,000.

Staff is developing a model for future budget years through 2021 based on the terms of the current franchise agreement. In that respect, Blaine's annual net franchise fee revenue will experience slight growth through 2021. A growth rate of 2.5-3% is built into expenditure estimates. As it stands now, with little or no capital expenses, the model will produce a healthy fund balance each year.

The proposed 2017 Cable Television Fund Budget is presented on the next page for Council's approval.

CITY OF BLAINE, MINNESOTA

2017 FUND SUMMARY CABLE TELEVISION FUND

CABLE TELEVISION FUND - 230	2015 Actual	2016 Adopted	2016 Projected	2017 Proposed	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
FUND RESERVE AT BEGINNING OF YEAR	\$ 312,070	\$ 368,040	\$ 368,040	\$ 258,605	\$ 273,355	\$ 250,935	\$ 260,545	\$ 267,825
<u>REVENUES AND OTHER SOURCES</u>								
Franchise taxes - Gross	\$ 585,647	\$ 582,160	\$ 619,450	\$ 636,760	\$ 643,100	\$ 649,500	\$ 656,000	\$ 662,600
Retained by the Commission	(414,836)	(395,000)	(447,105)	(451,580)	(456,100)	(460,660)	(465,270)	(469,920)
Net Franchise Taxes	170,811	187,160	172,345	185,180	187,000	188,840	190,730	192,680
Interest	5,150	7,500	7,400	5,200	5,500	5,000	5,200	5,400
Total revenues and other sources	175,961	194,660	179,745	190,380	192,500	193,840	195,930	198,080
<u>OPERATING EXPENDITURES</u>								
General government:								
Personal services	13,109	14,700	13,580	16,330	16,820	17,330	17,850	18,380
Supplies	279	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Contractual services	25,290	29,000	25,300	93,000	94,800	96,600	98,400	100,300
Other services and charges	79,000	84,300	84,300	65,300	67,300	69,300	71,400	73,500
Total operating expenditures	117,678	129,000	124,180	175,630	179,920	184,230	188,650	193,180
Capital Program:								
Council, Cloverleaf Technology Updates		50,000	165,000	-	-			
AV upgrades to Cloverleaf A		-	-	-	-			
Council Chambers & Control Room	2,313	-	-	-	-			
Third Floor AV Design		-	-	-	35,000			
Total Capital	2,313	50,000	165,000	-	35,000	-	-	-
Other Financing Uses:								
Total expenditures and other uses	119,991	179,000	289,180	175,630	214,920	184,230	188,650	193,180
Increase (decrease) in fund balance	55,970	15,660	(109,435)	14,750	(22,420)	9,610	7,280	4,900
FUND RESERVE AT END OF YEAR	\$ 368,040	\$ 383,700	\$ 258,605	\$ 273,355	\$ 250,935	\$ 260,545	\$ 267,825	\$ 272,725
FUND RESERVE TARGET								
Cash Flow Reserve	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Major System Component Replacemen	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	40,000							
Unrestricted Fund Balance	328,040	343,700	218,605	233,355	210,935	220,545	227,825	232,725