

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 2016 will total \$170,800, virtually the same amount that was collected in 2015.

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 2016 Cable Fund operating budget is \$129,000. The largest budget items include \$84,300 in administrative charges to the general fund, \$14,700 in staffing costs to produce the meetings that the City shows live, and \$29,870 in contractual services to maintain website video-on-demand of Council meetings and other city programming, and for maintenance of the Legistar® System.

Staff is requesting Council to appropriate \$50,000 in 2016 to fund capital improvements associated with upgrades to enable more high-definition video production and to potentially fund AV design and improvements to the vacant third floor of City Hall.

The 2016 Cable Television Fund Budget, including the capital expenditures listed above, totals \$179,000, and will necessitate a reserve draw of \$1,800. The fund is expected to end 2016 with a still healthy fund balance reserve of just over \$255,000.

Staff is developing a model for future budget years through 2020 based on the assumption that the current franchise agreement will be renewed in essentially its current form. In that respect, Blaine's annual net franchise fee revenue will remain consistent at around \$170,000. 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 2016 Cable Television Fund Budget is presented on the next page for Council's review.

CITY OF BLAINE, MINNESOTA

2016 FUND SUMMARY CABLE TELEVISION FUND

	2014	2015	2015	2016	2017	2018	2019	2020
CABLE TELEVISION FUND - 230	Actual	Budget	Projected	Proposed	Estimate	Estimate	Estimate	Estimate
FUND RESERVE AT BEGINNING OF YEAR	\$ 281,320	\$ 312,070	\$ 312,070	\$ 257,241	\$ 255,441	\$ 265,451	\$ 307,161	\$ 345,751
<u>REVENUES AND OTHER SOURCES</u>								
Franchise taxes - Gross	\$ 567,390	\$ 538,610	\$ 585,647	\$ 565,800	\$ 575,700	\$ 585,770	\$ 596,020	\$ 606,450
Retained by the Commission	(396,875)	(412,300)	(414,836)	(395,000)	(404,880)	(415,000)	(425,380)	(436,010)
Net Franchise Taxes	170,515	126,310	170,811	170,800	170,820	170,770	170,640	170,440
Interest	10,379	8,100	7,800	6,400	6,600	6,900	8,000	9,000
Total revenues and other sources	180,894	134,410	178,611	177,200	177,420	177,670	178,640	179,440
<u>OPERATING EXPENDITURES</u>								
General government:								
Personal services	13,605	14,290	14,290	14,700	15,140	15,590	16,060	16,540
Supplies	1,801	1,000	900	1,000	1,000	1,000	1,000	1,000
Contractual services	28,102	29,000	31,750	29,000	29,870	30,770	31,690	32,640
Other services and charges	78,200	79,000	79,000	84,300	86,400	88,600	91,300	94,000
Total operating expenditures	121,708	123,290	125,940	129,000	132,410	135,960	140,050	144,180
Capital Program:								
Council, Cloverleaf Technology Updates		-	-	50,000	-			
AV upgrades to Cloverleaf A	28,436			-	-			
AV projection installation in Sanctuary		7,500	7,500	-	-			
Council Chambers & Control Room		100,000	100,000	-	-			
Third Floor AV Design		-	-	-	35,000			
Total Capital	28,436	107,500	107,500	50,000	35,000	-	-	-
Other Financing Uses:								
Total expenditures and other uses	150,144	230,790	233,440	179,000	167,410	135,960	140,050	144,180
Increase (decrease) in fund balance	30,750	(96,380)	(54,829)	(1,800)	10,010	41,710	38,590	35,260
FUND RESERVE AT END OF YEAR	\$ 312,070	\$ 215,690	\$ 257,241	\$ 255,441	\$ 265,451	\$ 307,161	\$ 345,751	\$ 381,011
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	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Unrestricted Fund Balance	272,070	175,690	217,241	215,441	225,451	267,161	305,751	341,011