

Communications Fund

The City's Communications 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 2019 will total \$223,400, which represents a \$3,800 increase from 2018's projected final proceeds

Blaine's past 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.

In 2017 appropriations for the production and distribution of the City's bi-monthly newsletter were added to the Communications fund, utilizing the increasing franchise fee proceeds to support the expense. The City newsletter will continue to be funded from this fund, and a larger share of City digital (i.e. internet and social media) communications efforts will be funded through increased administrative service charges paid to the General Fund.

The proposed 2019 Communications Fund operating budget is \$187,440. An inflationary factor of 2% is built into the appropriations for the newsletter. Expenses for the operation/maintenance of the Legistar® system are based on the contract that was renewed in September 2017. Staffing costs to produce the meetings that the City shows live have been adjusted to more accurately reflect the true cost. The administrative service charge has been increased by \$8,300 to \$90,000.

Capital equipment purchases totaling \$11,000 are programmed in the 2019 budget. This will allow for the upgrade of the television monitors throughout the atrium, and will provide funding for personal computer equipment for Council members and Communications staff.

The 2019 Communications Fund Budget totals \$208,930, and will result in a fund balance increase of \$19,000. The fund is expected to end 2019 with a fund balance reserve of just under \$330,000.

Staff is developing a model for future budget years through 2023 based on the terms of the current franchise agreement. In that respect, Blaine's annual net franchise fee revenue will experience slight growth through 2023. A 3% growth rate is built into expenditure estimates. Long-term capital needs are being considered by the Communications team particularly with consideration paid to the pending City Hall expansion project, but for modeling purposes an annual allocation of \$25,000 has been programmed. The Finance staff anticipates that the five-year model will produce a healthy fund balance annually.

The proposed 2019 Communications Fund Budget is presented on the next page for Council's consideration.

CITY OF BLAINE, MINNESOTA

2019 FUND SUMMARY

	2016 Actual	2017 Actual	2018 Budget	2018 Projected	2019 Adopted	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
COMMUNICATIONS FUND - 230									
FUND RESERVE AT BEGINNING OF YEAR	\$ 368,040	\$ 415,420	\$ 293,682	\$ 293,682	\$ 309,162	\$ 328,132	\$ 329,092	\$ 327,522	\$ 325,032
<u>REVENUES AND OTHER SOURCES</u>									
Net Franchise Taxes	172,346	224,235	218,700	219,560	223,400	227,300	231,300	235,300	239,400
Interest	3,251	4,203	4,500	4,500	4,500	3,100	3,300	3,300	3,300
Total revenues and other sources	175,597	228,438	223,200	224,060	227,900	230,400	234,600	238,600	242,700
<u>OPERATING EXPENDITURES</u>									
General government:									
Personal services	12,739	14,708	14,340	16,340	16,830	17,340	17,870	18,390	18,950
Supplies	400	162	1,000	500	500	500	500	500	500
Contractual services	25,490	90,157	90,400	92,640	90,600	92,900	95,300	97,800	100,300
Other services and charges	84,300	65,300	81,700	81,700	90,000	92,700	95,500	98,400	101,400
Total operating expenditures	122,929	170,327	187,440	191,180	197,930	203,440	209,170	215,090	221,150
Capital Program:									
Computers and Printers	-	3,784	-	2,400	1,000	1,000	2,000	1,000	1,000
Council Chambers & Control Room	5,288	176,065	-	-	-	-	-	-	-
Sanctuary and Atrium Monitors	-	-	25,000	15,000	10,000	-	-	-	-
Third Floor AV Design	-	-	35,000	-	-	-	-	-	-
Other Audio/Video upgrades	-	-	-	-	-	25,000	25,000	25,000	25,000
Total Capital	5,288	179,849	60,000	17,400	11,000	26,000	27,000	26,000	26,000
Total expenditures and other uses	128,217	350,176	247,440	208,580	208,930	229,440	236,170	241,090	247,150
Increase (decrease) in fund balance	47,380	(121,738)	(24,240)	15,480	18,970	960	(1,570)	(2,490)	(4,450)
FUND RESERVE AT END OF YEAR	\$ 415,420	\$ 293,682	\$ 269,442	\$ 309,162	\$ 328,132	\$ 329,092	\$ 327,522	\$ 325,032	\$ 320,582
FUND RESERVE TARGET									
Cash Flow Reserve	25,000	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	15,000
	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Unrestricted Fund Balance	375,420	253,682	229,442	269,162	288,132	289,092	287,522	285,032	280,582