

## **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 2020 will total \$223,000, which represents a \$1,600 increase from 2019'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 TV 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 2020 Communications Fund operating budget is \$235,700. Budgeted expenses for the production of the newsletter have been increased by \$17,000 to allow for layout adjustments and other presentation improvements. Expenses for the operation/maintenance of the Legistar® system are based on the contract that was renewed in September 2017. Meltwater, a media monitoring software system, is budgeted at \$11,000. 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 \$3,400 to \$93,400, and allocated facility charges total \$600.

Capital equipment purchases totaling \$35,000 are programmed in the 2020 budget. This includes \$15,000 for the acquisition of the 'CivicRec' module for Parks and Recreation information and programming application. Additional technology improvements in the Cloverleaf meeting room are planned at a cost of \$20,000.

The 2020 Communications Fund Budget totals \$270,700, and will result in a fund balance decrease of \$43,200. The fund is expected to end 2020 with a fund balance reserve of just over \$190,000.

Staff is developing a model for future budget years through 2024 based on the terms of the current franchise agreement. In that respect, Blaine's annual net franchise fee revenue will experience slight growth through 2024. A two percent 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. Finance staff anticipates that the five-year model will produce a healthy fund balance annually.

The proposed 2020 Communications Fund Budget is presented here for council's consideration.

## CITY OF BLAINE, MINNESOTA

### 2020 FUND SUMMARY

COMMUNICATIONS FUND - 230	2017 Actual	2018 Actual	2019 Budget	2019 Projected	2020 Adopted	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
<b>FUND RESERVE AT BEGINNING OF YEAR</b>	\$ 415,420	\$ 293,682	\$ 322,795	\$ 322,795	\$ 233,468	\$ 190,268	\$ 154,638	\$ 116,088	\$ 76,478
<b><u>REVENUES AND OTHER SOURCES</u></b>									
Franchise taxes	\$ 224,235	\$ 219,587	\$ 223,400	\$ 221,353	\$ 223,000	\$ 227,500	\$ 232,100	\$ 236,700	\$ 241,400
Interest	4,203	6,535	4,500	4,500	4,500	3,600	2,900	2,200	1,500
<b>Total revenues and other sources</b>	<b>228,438</b>	<b>226,122</b>	<b>227,900</b>	<b>225,853</b>	<b>227,500</b>	<b>231,100</b>	<b>235,000</b>	<b>238,900</b>	<b>242,900</b>
<b><u>OPERATING EXPENDITURES</u></b>									
General government:									
Personal services	14,708	17,517	16,830	15,760	17,350	17,880	18,400	18,960	19,520
Supplies	162	299	500	350	350	350	350	350	350
Contractual services	90,157	97,982	90,600	122,270	124,000	127,200	130,600	134,100	137,700
Other services and charges	65,300	66,600	90,000	90,000	94,000	95,300	97,200	99,100	101,100
<b>Total operating expenditures</b>	<b>170,327</b>	<b>182,398</b>	<b>197,930</b>	<b>228,380</b>	<b>235,700</b>	<b>240,730</b>	<b>246,550</b>	<b>252,510</b>	<b>258,670</b>
<b>Capital Program:</b>									
Computers and Printers	3,784	4,126	1,000	1,800	15,000	1,000	2,000	1,000	1,000
Council Chambers & Control Room	176,065	-	-	-	-	-	-	-	-
Sanctuary and Atrium Monitors	-	-	10,000	-	-	-	-	-	-
Technology buildout (conf rooms)	-	-	-	-	20,000	25,000	25,000	25,000	25,000
Other Audio/Video upgrades	-	10,485	-	85,000	-	-	-	-	-
<b>Total Capital</b>	<b>179,849</b>	<b>14,611</b>	<b>11,000</b>	<b>86,800</b>	<b>35,000</b>	<b>26,000</b>	<b>27,000</b>	<b>26,000</b>	<b>26,000</b>
<b>Total expenditures and other uses</b>	<b>350,176</b>	<b>197,009</b>	<b>208,930</b>	<b>315,180</b>	<b>270,700</b>	<b>266,730</b>	<b>273,550</b>	<b>278,510</b>	<b>284,670</b>
<b>Increase (decrease) in fund balance</b>	<b>(121,738)</b>	<b>29,113</b>	<b>18,970</b>	<b>(89,327)</b>	<b>(43,200)</b>	<b>(35,630)</b>	<b>(38,550)</b>	<b>(39,610)</b>	<b>(41,770)</b>
<b>FUND RESERVE AT END OF YEAR</b>	<b>\$ 293,682</b>	<b>\$ 322,795</b>	<b>\$ 341,765</b>	<b>\$ 233,468</b>	<b>\$ 190,268</b>	<b>\$ 154,638</b>	<b>\$ 116,088</b>	<b>\$ 76,478</b>	<b>\$ 34,708</b>
<b>FUND RESERVE TARGET</b>									
Cash Flow Reserve	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Major System Component Replacement	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Unrestricted Fund Balance</b>	<b>253,682</b>	<b>282,795</b>	<b>301,765</b>	<b>193,468</b>	<b>150,268</b>	<b>114,638</b>	<b>76,088</b>	<b>36,478</b>	<b>(5,292)</b>