

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 2021 will total \$221,400, which is equal to the 2020 distribution we have already received.

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. 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 2021 operating budget is \$265,620. The production and mailing of six issues of the CityConnect, and two issues of the BizConnect newsletters are budgeted at \$83,500. Expenses for the operation/maintenance of the Legistar system are budgeted for \$29,700. Services including media monitoring and analytics, a survey platform, Zoom remote meeting, and other services account for \$34,800 in budgeted expenses. The administrative service charge has been increased by \$22,100 to \$115,500, and allocated facility charges total \$620.

The recently begun initiative to have North Metro Television staff produce and broadcast City Council meetings will continue into 2021, and is expected to result in roughly \$17,000 in savings to the budget. Personal service expenses of \$1,000 are budgeted in the event that city staff are needed to fill in on occasion.

Capital equipment expenses of \$40,000 are programmed in 2021 to install technology updates in two conference rooms. This work will be done in conjunction with the City Hall expansion project.

The full 2021 Communications Fund Budget totals \$305,600, which will result in a fund balance decrease of \$79,300. The fund is expected to end 2021 with a fund balance reserve of just over \$173,000.

Staff is developing a model for future budget years through 2025 based on the terms of the current franchise agreement. Since 2017, the commission has designated \$400,000 of franchise fees to be returned to the member cities. At the same time, Blaine's share of that has leveled off to roughly 55.3%. Staff is projecting modest increases in franchise fees through 2025, but, as always, will closely monitor revenue such that if budget adjustments are required, the City will be in the position to make the adjustments without affecting operations. Given the anticipated slow/no growth in revenue, the 5-year model indicates that the fund's reserves will be depleted by the end of 2025. For now, there

are sufficient reserves to allow for a strategic adjustment to future budgets if revenue models remain unchanged.

The proposed 2021 Communications Fund Budget is presented here for consideration.

CITY OF BLAINE, MINNESOTA									
2021 FUND SUMMARY									
COMMUNICATIONS FUND - 230	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Proposed	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
FUND RESERVE AT BEGINNING OF YEAR	\$ 293,682	\$ 322,795	\$ 254,410	\$ 254,410	\$ 252,720	\$ 173,400	\$ 131,950	\$ 89,270	\$ 45,460
<u>REVENUES AND OTHER SOURCES</u>									
Franchise taxes	\$ 219,587	\$ 221,353	\$ 223,400	\$ 221,380	\$ 221,400	\$ 223,600	\$ 225,800	\$ 228,100	\$ 230,400
Interest	6,535	9,706	4,500	7,600	4,900	3,300	2,500	1,700	-
Total revenues and other sources	226,122	231,059	227,900	228,980	226,300	226,900	228,300	229,800	230,400
<u>OPERATING EXPENDITURES</u>									
General government:									
Personal services	17,517	13,975	17,350	3,220	1,000	1,050	1,080	1,110	1,140
Supplies	299	468	350	350	500	500	500	500	500
Contractual services	97,982	108,435	124,000	119,100	148,000	150,600	153,200	155,800	158,400
Other services and charges	66,600	90,570	94,000	94,000	116,120	116,200	116,200	116,200	116,200
Total operating expenditures	182,398	213,448	235,700	216,670	265,620	268,350	270,980	273,610	276,240
Capital Program:									
Computers and Printers	4,126	1,496	15,000	14,000	-	-	-	-	-
Technology buildout (Conference Room)	10,485	84,500	20,000	-	40,000	-	-	-	-
Total Capital	14,611	85,996	35,000	14,000	40,000	-	-	-	-
Total expenditures and other uses	197,009	299,444	270,700	230,670	305,620	268,350	270,980	273,610	276,240
Increase (decrease) in fund balance	29,113	(68,385)	(42,800)	(1,690)	(79,320)	(41,450)	(42,680)	(43,810)	(45,840)
FUND RESERVE AT END OF YEAR	\$ 322,795	\$ 254,410	\$ 211,610	\$ 252,720	\$ 173,400	\$ 131,950	\$ 89,270	\$ 45,460	\$ (380)
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 Replacement	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	282,795	214,410	171,610	212,720	133,400	91,950	49,270	5,460	(40,380)