



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

File #: RES 21-210, Version: 1

ADMINISTRATION - *Joe Huss, Finance Director/Asst. City Manager*

Title

Adopt 2022 Communications Fund Budget

Executive Summary

Pursuant to requirements to adopt annual budgets for all operating funds, Staff is bringing forward the proposed 2022 Communications Fund Budget for Council consideration and adoption.

Background

Staff presented a proposed 2022 Communications Fund Budget for discussion at the September 13, 2021 Council Workshop. Council reviewed the proposed budget and indicated their conceptual approval of the budget presented. A summary of the budget is as follows:

The City's Communications Fund accounts for activity supported by revenue received from cable franchise fees paid by cable television customers. The current cable service provider is Comcast. Franchise and PEG fees collected from cable television subscribers are passed through to the North Metro Telecommunications Commission (NMTV), which is the regulatory body that oversees the cable franchise. The Commission uses these fees to provide to its member cities educational opportunities for kids, adults, and seniors; tape and film transfer services; coverage of high school sports, local news, and local elections; municipal programming, including city meetings, and other informative and interesting programming regarding their communities. A portion of the collected fees is distributed to Blaine and the other member cities and is used to support various communications initiatives within the city.

The cable television industry is undergoing a volatile transformation. Overall, it has experienced a decline in subscriber levels and a new court ruling will very likely negatively impact franchise fees. Additionally, NMTV is in the process of franchise negotiations, which if completed by 2022, could impact how cable providers are allowed to spend franchise fees. Per the NMTV Executive Director, recent FCC actions and subsequent court rulings will change the way franchise and PEG fees are assessed and collected and it is fairly certain that total fees to be distributed in 2022 will drop to \$225,000. Blaine's roughly 56% share of the fees would be just under \$125,000. This is a significant decrease from recent years, when fees distributed by the Commission totaled \$400,000, and Blaine received roughly \$222,000.

With the outlook for the cable industry beyond 2022 being unstable, staff feels the best strategy is to balance the 2022 Communications Budget with a draw from reserves and transition into a new operating model beginning in 2023. Council concurred with this approach when the 2022 Communications Budget was discussed at the September 13 Workshop.

Revenue

With the expected reduction of revenue, the proposed budget would require the use of \$175,000 of

reserves to fund operations in 2022. This would in turn reduce the balance of fund reserves to just under \$49,000. Once the cable franchise is renewed with Comcast, it is possible that franchise fees will no longer be available and PEG fees could be restricted to capital costs only. In such a case, an alternative funding source would be required to support Communications' operations.

Expenses

The proposed 2022 operating budget is \$297,670. The proposed budget supports the production and mailing of six issues of CityConnect, and two issues of BizConnect newsletters, with \$86,500 budgeted for those newsletters. Expenses for the operation/maintenance of the Legistar system are budgeted for \$32,000. Services including media monitoring and analytics, a survey platform, Zoom remote meeting, and other services account for \$28,000 in budgeted expenses. The service charge paid to the general fund for administrative support is increased by \$800 to \$116,300. As a result of Communications staff moving to a larger space on the third floor of city hall, allocated facility charges are increasing by \$5,150 to \$5,770. North Metro Television staff will continue to produce and broadcast City Council meetings at no cost into 2022, which results in roughly \$17,000 in savings to the budget.

Capital equipment expenses of \$7,800 are programmed in 2022 to cover general equipment replacement needs (\$5,000), and to purchase a wireless communications device to assist the hearing impaired (\$2,800).

Strategic Plan Relationship

Adoption of annual budgets contributes to the overall financial stability of the City.

Board/Commission Review

N/A

Financial Impact

The proposed budget, if adopted, appropriates \$306,270 in funding for the City's 2022 communications efforts.

Public Outreach/Input

N/A

Staff Recommendation

Approve the 2022 Communications Fund Budget through the adoption of the following resolution.

Attachment List

2022 Proposed Communications Fund Budget Summary

WHEREAS, the proposed Communications Fund Budget for the fiscal year commencing January 1, 2022 has been prepared by the City Manager; and

WHEREAS, the City Council has examined, studied and reviewed said proposed Communications Fund Budget; and

WHEREAS, the City Council has, after due consideration and deliberation, made such amendments and adjustments in the proposed Communications Fund Budget as they consider

necessary, desirable or expedient;

NOW, THEREFORE, BE IT RESOLVED, that the Blaine City Council of the City of Blaine as follows:

1. That the proposed Budget for the Communications Fund attached hereto is approved.
2. That the 2022 appropriations attached hereto are approved.
3. That the 2022 funding sources identified and attached hereto are approved.

That the City Manager is authorized and directed to implement and to administer, within the budgetary funding limits and within adopted City policy and relevant State and City laws and regulations, said approved Communications Fund Budget.

PASSED by the City Council of the City of Blaine this 1st day of November, 2021.