

SACRAMENTO METROPOLITAN



Cable
GTC Television
 Commission

SUITE 2500, 700 'H' ST., SACRAMENTO, CA 95814 • (916) 440-6661

ROBERT E. SMITH
 EXECUTIVE DIRECTOR

April 24, 1984

Information Only: No Action

For Commission Meeting of:
 June 7, 1984, 2:30 p.m.

To: Sacramento Metropolitan Cable Television Commission

From: Bob Smith, Executive Director
 Sacramento Metropolitan Cable Television Commission

Subject: 1984/85 COMMISSION BUDGET

Past Year Update.

The 1983/84 budget totaled \$1,252,800 and consisted of \$652,065 for operating expenses, \$420,735 in loan payments to the City and County and \$180,000 cashflow reserve. The actual expenditures for that year are \$1,161,217, or approximately \$91,500, under the total Budget Authorization. Because the County Auditor/Controller does not close the fiscal year until mid-July, these figures are estimates based on actual figures available through mid-April. The savings were disbursed throughout the various line items with the majority of the savings coming from engineering consulting expenses which were \$30,000 lower than budgeted and from not having to use the Contingency funds of approximately \$20,000.

Proposed 1984/85 Budget.

The 1984/85 Proposed Budget is presented in May for your consideration and review prior to official consideration and adoption at the June meeting. No action is required at the May meeting. This early submission and recommendation for adoption (Ordinance requires adoption by September 1, 1984) is to provide you with adequate time to review the budget in detail and to facilitate budget planning for the Cities and County by informing them of revenues they may expect from the Cable Commission during the forthcoming Budget Year.

The Proposed 1984/85 Budget Authorization is recommended at \$1,120,000. This includes \$588,000 for direct operation of the Commission, \$382,000 for payment to the Cities and County and appropriation of a \$150,000 Permanent Reserve. All proposed loan payments, distributions and reserves are summarized on Attachment 1 with line item detail presented on Attachment 2. The Commission's direct operating expenses of \$588,000 are detailed below and represent a decrease of 10% over the \$652,065 appropriated in the 1983/84 year primarily because of lower than anticipated expenditures for financial and legal consultants.

Staffing.

There is no change in staffing, with funding included for continuation of the four authorized positions and the related personnel benefits. The approximate \$10,000 increase from the previous year is due to Social Security and merit salary adjustments, and the full year impact of the position upgrade approved in January. Also, temporary help and vacation relief for the Commission Clerk has been included at \$10,000. However, \$30,000 has been included in the Contingency Item of which \$20,000 is for an additional 0.5 personnel year of a cable coordinator for citizens/constituent complaint resolution and \$10,000 for contractual services of a Complaint Hearing Officer. Since we have no actual data upon which to estimate the number of construction complaints that may be filed, these funds will provide a reserve should existing staff and the increased temporary help support be unable to absorb the workload. While funding for these positions is reserved in the Budget, the positions will not be authorized until the need is justified and specific Commission approval is secured at a later date.

An amount equal to 4.5% of salaries has been included in Contingencies for any cost-of-living adjustments (COLA) which might be approved. In 1983/84, the Commission approved the same level of adjustment as the County, and it is recommended that the same policy be adopted for 1984/85.

Services & Supplies.

Significant items within the Services and Supplies Section of the Budget include conference and travel expenses totaling \$7,500. This includes funding for four proposed trips to Washington D. C. for lobbying on Federal legislation or for the FCC fee waiver. Engineering costs have been budgeted at \$150,000 to offset the continuing work of Hammett & Edison in the construction implementation phases of the cable build. A letter from Hammett & Edison describing the anticipated engineering services for 1984/85 is included as Attachment 3. A total of \$48,000 has been included for legal services of which \$36,000 is for our Commission Counsel, and \$12,000 is for additional legal services relative to preparing and filing a franchise fee waiver with the FCC. Amendments to extend these existing professional services agreements through September, 1985 are included for your approval as Attachments 4(a) and 4(b).

Other proposed Professional Services expenditures include amounts for the Executive Director and Commission Clerk who are County employees. Also \$2,500 is included in Memberships for support on Federal legislation through the Cities and Counties for Cable.

Contingencies of \$85,000 include \$25,000 for allocation or use by the Commission of revenues received from Cablevision for government programming, \$30,000 for complaint resolution staff as described above and a \$30,000 general reserve including any cost-of-living adjustment which might be approved. Other line item amounts are based on past year expenditure estimates and are adjusted by the County's annual price letter.

No fixed assets are anticipated or recommended for purchase at this time.

The budget includes \$382,000 for payment to the Cities and County, a detailed explanation of which is described below.

Finally, a permanent General Reserve of \$150,000 is recommended for appropriation to meet the Commission's cashflow needs for expenditures which occur before the time quarterly revenues are received from the Franchisee. This reduction of \$30,000 from the unappropriated \$180,000 1983/84 Reserve is based on more accurate cashflow data resulting from a full year of experience.

Means of Financing.

This budget requires financing in the amount \$1,120,000 of which \$795,000 is a loan from the Franchisee, \$290,000 is available from Fund Balance, \$25,000 in revenue from the Franchisee for Government Programming, and \$10,000 from Miscellaneous Revenues.

The Ordinance prescribes that the Franchisee loan be adjusted by the CPI for the preceding fiscal year. Based on data from the State Department of Finance estimates, the loan figures include an adjustment of 5.7%.

We estimate that the Fund Balance will total \$290,000 after all expenses for the current fiscal year are reported and consists of the \$180,000 Reserve, \$91,500 in expenditure savings and an \$18,500 upward adjustment of the estimated Franchisee loan revenues over those reported to you in January.

In addition, the budget includes a \$25,000 allocation from the Franchisee for use or for your reallocation depending upon your policy decision on government programming development. These issues will be presented for your consideration at the September Commission meeting.

Miscellaneous Revenues of \$10,000 are estimated in reimbursement from Cablevision for the annual Prevailing Wage Rate update.

City/County Payment and Distribution Plan.

A Three-Year Estimate of Revenue and of Payments and Distribution to the Cities and County is included as Attachments 5(a) and 5(b).

In keeping with the intent to repay the loans to the Commission first, in 1984/85 the Commission will be able to reduce the existing County loan balance of \$464,849 by \$188,500 leaving a new balance of \$276,349. Also, the City loan balance of \$133,694 will be reduced by \$125,700 in 1984/85 leaving a balance of \$7,994. All of the jurisdictions will receive their share of the 20% Revenue distribution according to the population percentages displayed at the bottom of Attachment 5(b).

In addition, in 1983/84 the jurisdictions have incurred an estimated \$200,000 of expenses for litigation. These amounts will be reimbursed beginning in 1986/87 from available revenues in the amount of approximately \$120,400, with the balance of the \$200,000 and any further litigation costs incurred being paid from revenues in the years after 1986/87.

The current estimates for franchise fee revenues are based on the Cablevision proformas and deducting for Commission operating expenses as well as repayment to the Franchisee for their loan advance. If these estimates are correct, it will be until at least 1987/88 before the entire County loan balance and the reimbursement for litigation expenses will have been repaid and significant cable TV franchise revenues will be available for allocation.

Therefore, it is recommended that you:

- (1) Adopt the attached Resolution for both the Preliminary and Final Budget which appropriates \$588,000 for direct operations, appropriates Loan Payments and Distributions to the Cities and County in the amount of \$382,000, appropriate a permanent Cashflow Reserve in the amount of \$150,000, and authorize compensation increases for management employees equivalent to whatever increases the County provides to employees in similar classes.
- (2) Approve the attached Resolutions authorizing the Chairman to execute the Engineering and Legal Services Agreement Amendments.



BOB SMITH, Executive Director
Sacramento Metropolitan Cable
Television Commission

RES:ab

Attachments:

1. Expenditure Summary
2. Expenditure Detail
3. Hammett & Edison Letter
- 4(a) Amendment to Agreement with Hammett & Edison
- 4(b) Amendment to Agreement with de la Vergne & McMurtry
- 5(a) Cities & County Payments & Distribution Summary
- 5(b) Three-Year Estimate of Revenue

RESOLUTION NO. _____

BEFORE THE GOVERNING BOARD OF

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

County of Sacramento, State of California

RESOLUTION ADOPTING PROPOSED/FINAL BUDGET

WHEREAS, hearings have been terminated during which time all additions and deletions to the proposed budget for 1984-85 were made, and

THEREFORE, IT IS HEREBY RESOLVED in accordance with Section 29089 of the Government Code, the Preliminary/Final budget for the fiscal year 1984-85 be and is hereby adopted in accordance with the following:

(1) Salaries and employee benefits	\$ 128,500
(2) Services and supplies	374,500
(3) Other charges	_____
(4) Fixed assets:	_____
(A) Land	_____
(B) Structures and improvements	_____
(C) Equipment	_____
(5) Expenditure transfer and reimbursements	_____
(6) Contingencies	85,000
(7) Provision for reserve increases	150,000
(8) Provisions for transfers	382,000
TOTAL BUDGET REQUIREMENTS	<u>\$1,120,000</u>

BE IT FURTHER RESOLVED that the means of financing the expenditure program will be by monies derived from Revenue to Accrue and Fund Balance - Available.

BE IT FURTHER RESOLVED that the Preliminary/Final budget be and are hereby adopted in accordance with the listed attachments which show in detail the approved appropriations, revenues and methods of financing, attached hereto and by reference made a part hereof.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Cable Television Commission this _____ day of _____, 1984, by the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSENT: Directors,

Chairman, Sacramento Metropolitan
Cable Television Commission

ATTEST: _____
Clerk of the Commission

SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION

Proposed 1984-85 Expenditure Summary

	Estimated Expenditures <u>1983-84</u>	Expenditures Requested <u>1984-85</u>
Salaries & Employee Benefits	117,475	128,500
Services & Supplies	442,807	374,500
Contingencies	0	85,000
County and Cities Payment	420,735	382,000
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Net Appropriation	\$981,017	\$970,000
General Reserve	180,000	150,000
<hr/>		
Total Budget Requirement	\$1,161,017	\$1,120,000
Permanent Positions	4	4
<hr/>		
MEANS OF FINANCING		
Available Funds, July 1	\$263,033	\$290,000
County/ City Loans	373,285	0
Franchise Filing Fees	180,000	0
Franchise Award Fee	250,000	0
Franchisee Loans	178,384	795,000
Gov't. Programming Allocation	0	25,000
Miscellaneous Revenues	27,000	10,000
TOTAL FINANCING	<u>\$1,271,702</u>	<u>\$1,120,000</u>

SACRAMENTO METROPOLITAN
CABLE TELEVISION COMMISSION

Proposed 1984-85 Expenditure Detail

	Estimated Expenditures <u>1983-84</u>	Expenditures Requested <u>1984-85</u>
<u>Salaries & Employee Benefits:</u>		
Salaries & Wages	\$82,200	\$94,900
Employee Benefits	19,075	22,800
Commission Meeting Expenses	16,200	10,800
Total Salaries & Employee Benefits	<u>\$117,475</u>	<u>\$128,500</u>
<u>Services & Supplies:</u>		
Advertising Notices	948	400
Memberships	2,600	2,600
Books/Periodicals	350	700
Business Conference	5,581	5,000
Business Travel	2,370	2,500
Insurance-Liability	16,500	16,500
Office Supplies	1,000	1,000
Telephone	4,500	6,000
Financial Services	0	9,000
Engineering	170,000	150,000
Legal Services	105,000	48,000
Other Professional Services	107,400	103,000
Data Processing Services	9,000	12,000
Department of General Services-		
Printing Services	6,000	4,500
Postage/ Mail	4,000	4,000
Purchasing Services	50	0
Facility Use	7,508	7,900
County Service Indirect Costs	0	1,400
Total Services & Supplies	<u>\$442,807</u>	<u>\$374,500</u>
<u>Contingencies:</u>		
Total Contingencies	<u>0</u>	<u>85,000</u>
	\$0	\$85,000

Total Operating Budget	\$560,282	\$588,000
<u>County & Cities:</u>		
Payment	420,735	382,000
Total County & Cities Loan Payment	<u>\$420,735</u>	<u>\$382,000</u>

Net Appropriation	\$981,017	\$970,000
General Reserve	\$180,000	\$150,000
=====		
Total Budget Requirement	\$1,161,017	\$1,120,000

Permanent Positions	4	4

HAMMETT & EDISON, INC.
CONSULTING ENGINEERS
RADIO AND TELEVISION

APR 2 1984

BOX 68, INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

AREA CODE 415
342-5208

1400 ROLLINS ROAD
BURLINGAME, CALIFORNIA 94010

ROBERT L. HAMMETT, P. E.
EDWARD EDISON, P. E.
ROBERT P. SMITH
F. PAUL MONACO
DAVID J. PINION, P. E.

RALPH G. GROVER
DANE E. ERICKSEN

April 11, 1984

Mr. Robert E. Smith
Executive Director
Sacramento Metropolitan Cable TV
Commission
700 H Street, Room 2500
Sacramento, California 95814-1280

Dear Bob:

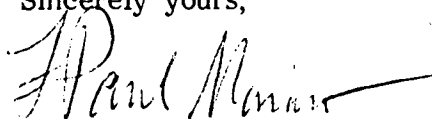
At Rich Esposito's request, we are providing an updated estimate for the services of Hammett & Edison on the Sacramento cable project. The figures in this letter apply to the same list of tasks as in my letter to you of December 13, 1983. The figures for the period January 1 through June 30, 1984, have been revised downward due to delays in Cablevision's overall construction schedule from that initially anticipated. Our estimate for the five categories previously discussed, for the first six months of 1984, are now:

1. Authorizations, including FCC waiver	\$10,000
2. Participation in preliminary tests	7,000
3. Reviews of proposed and modified facilities	10,000
4. Initial quality control work	12,000
5. Assistance in other issues	<u>8,000</u>
Total	\$47,000

Our estimate of approximately \$150,000 per year during the construction period still holds, and we assume that the construction period will effectively begin by July 1, 1984.

As you are aware, it is impossible to know in advance the exact level of effort which will be required on the project; these are our best estimates. Our fees will be based on the hours actually worked and out-of-pocket expenses and will be billed on a monthly basis. These estimates are in 1984 dollars and we anticipate that our fee schedule will be modified periodically over the life of the project.

Sincerely yours,


F. Paul Monaco

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. _____

BE IT RESOLVED AND ORDERED that the Chairman of the Board of Directors be and he is hereby authorized and directed to execute an Amendment to the Agreement dated January 5, 1984 in the form hereto attached, on behalf of the SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION, a Joint Powers Agency of the State of California, with Hammett and Edison

and to do and perform everything necessary to carry out the purpose of this Resolution.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Cable Television Commission this _____ day of _____, 1984, by the following vote, to wit:

- AYES: Directors,
- NOES: Directors,
- ABSENT: Directors,

Chairman, Sacramento Metropolitan
Cable Television Commission

ATTEST: _____
Clerk of the Commission

THIS AMENDMENT to the Agreement dated January 5, 1984 between the Sacramento Metropolitan Cable Television Commission and Hammett and Edison, Inc. is made and entered into on this _____ day of _____, 1984.

1. In Paragraph 2, line 3, change the date "January 1, 1984" to "July 1, 1984" and the date "September 30, 1984" to "September 30, 1985."
2. In Paragraph 5, line 3, change "SEVENTY FIVE THOUSAND DOLLARS (\$75,000)" to "ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000)."
3. In Paragraph 8, line 1, change "September 30, 1984" to "September 30, 1985."
4. All the terms and conditions are to remain in effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and month and year as set forth below.

HAMMETT & EDISON, INC.

Dated: _____

By: _____
DANE ERICKSEN

SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION

Dated: _____

By: _____
CHAIRMAN

84-015

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. _____

BE IT RESOLVED AND ORDERED that the Chairman of the Board of Directors be and he is hereby authorized and directed to execute an Amendment to the Agreement dated January 5, 1984 in the form hereto attached, on behalf of the SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION, a Joint Powers Agency of the State of California, with David W. McMurtry of de la Vergne and McMurtry

and to do and perform everything necessary to carry out the purpose of this Resolution.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Cable Television Commission this _____ day of _____, 1984, by the following vote, to wit:

- AYES: Directors,
- NOES: Directors,
- ABSENT: Directors,

Chairman, Sacramento Metropolitan
Cable Television Commission

ATTEST: _____
Clerk of the Commission

THIS AMENDMENT to the Agreement dated January 5, 1984 between the Sacramento Metropolitan Cable Television Commission and David W. McMurtry is made and entered into this _____ day of _____, 1984.

1. Change the last line of the "Recitals" from "1984" to "1985."
2. Add Paragraph 9 as follows:

The total of the compensation and expense reimbursement paid under this Agreement shall not exceed THIRTY SIX THOUSAND DOLLARS (\$36,000).

3. All other terms and conditions of the Agreement are to remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and month and year as set forth below.

Law Offices of
de la VERGNE & McMURTRY
A PROFESSIONAL CORPORATION

Dated: _____

By _____
DAVID W. McMURTRY

SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION

Dated: _____

By _____
CHAIRMAN

84-016

Cities and County Payment and Distribution Summary
(In Thousands)

	Closing 1983/84		1984/85					
	<u>Balance</u>		<u>Loan Payment</u>	<u>20% Prior Year Revenue</u>	<u>Litigation Payments</u>	<u>Total Payments</u>	<u>Balance</u>	
	<u>Loan</u>	<u>Litigation</u>					<u>Loan</u>	<u>Litigation</u>
County	464.8	125.0	188.5	42.5	0	231.0	276.3	125.0
Sacramento	133.7	70.0	125.7	23.9	0	149.6	8.0	70.0
Galt	0	2.5	0	0.9	0	0.9	0	2.5
Folsom	0	2.5	0	0.5	0	0.5	0	2.5
Total	<u>598.5</u>	<u>200.0</u>	<u>314.2</u>	<u>67.8</u>	<u>0</u>	<u>382.0</u>	<u>284.3</u>	<u>200.0</u>
1985/86								
County			188.0	99.6	0	287.6	88.3	125.0
Sacramento			8.0	56.1	0	64.1	0	70.0
Galt			0	2.2	0	2.2	0	2.5
Folsom			0	1.1	0	1.1	0	2.5
Total			<u>196.0</u>	<u>159.0</u>	<u>0</u>	<u>355.0</u>	<u>88.3</u>	<u>200.0</u>
1986/87								
County			88.3	143.8	74.7	306.8	0	50.3
Sacramento			0	80.8	42.1	122.9	0	27.9
Galt			0	3.2	1.8	5.0	0	0.7
Folsom			0	1.6	1.8	3.4	0	0.7
Total			<u>88.3</u>	<u>229.4</u>	<u>120.4</u>	<u>438.1</u>	<u>0</u>	<u>79.6</u>

SACRAMENTO METROPOLITAN
CABLE TELEVISION COMMISSION

Three Year Estimate of Revenue
(In Thousands)

	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
5% Franchise Fee	\$173	\$1,147	\$2,315
<hr/>			
Franchise Fee Revenue	\$0	\$1,147	\$2,315
Franchisee Loan	795	0	0
Franchisee Loan Payment (20% credit)	<u>0</u>	<u>(229)</u>	<u>(463)</u>
Net Franchise Revenue	\$795	\$918	\$1,852
Other Revenues	35	10	10
Fund Balance	<u>290</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS AVAILABLE	<u>\$1,120</u>	<u>\$928</u>	<u>\$1,862</u>

1980 Census Data for Distribution Percentage

	<u>POPULATION</u>	<u>PERCENTAGE</u>
County of Sacramento	490,209	62.649%
City of Sacramento	275,741	35.240%
City of Galt	11,003	1.406%
City of Folsom	<u>5,514</u>	<u>0.705%</u>
TOTAL	782,467	100.000%