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DEPARTMENT OF  
ADMINISTRATIVE SERVICES

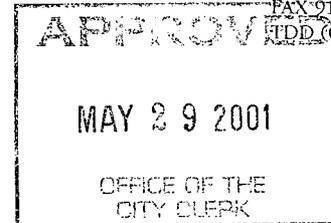
BUDGET AND POLICY REVIEW

CITY OF SACRAMENTO  
CALIFORNIA

May 10, 2001

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City Council  
Sacramento, California



Honorable Members in Session:

SUBJECT: UPDATE ON THE SACRAMENTO METROPOLITAN  
CABLE COMMISSION REVENUES

LOCATION AND COUNCIL DISTRICT: Citywide

STAFF RECOMMENDATION:

This report recommends that the City Council

- 1) adopt the attached resolution supporting the Sacramento Cable Commission policy of funding to grantees and distribution of revenues to the parent entities and
- 2) reaffirm the City Council's intent motion, adopted during the midyear hearings, that directs any new revenues received from the Cable Commission distribution to support youth oriented and cultural programs.

CONTACT PERSONS

Betty Masuoka, Assistant City Manager, 264-5704  
Gustavo Vina, Financial Services Manager, 264-5845

FOR THE COUNCIL MEETING OF: May 29, 2001

SUMMARY

This report provides an update on the status of new revenue distribution from the Sacramento Cable Commission and recommends that the City Council adopt a resolution supporting the current policy for allocation of cable revenues.

**BACKGROUND:**

The Sacramento Metropolitan Cable Television Commission is a joint-powers authority whose members are the County of Sacramento and the cities of Citrus Heights, Folsom, Galt, Sacramento and Elk Grove. The Commission's governing board is a 10 member Board of Directors consisting of elected officials representing each of the member jurisdictions.

Cable fees are collected from local cable television providers at a rate of 2.65% of gross revenues. These cable fees are received by the Sacramento Metropolitan Cable Television Commission and distributed to its 'parent entities'. The City of Sacramento's distribution rate of 33.3% of total fees is based on population estimates. ATT has acquired the largest local cable provider, COMCAST. As part of the transference requirements, ATT agreed to add 2.35% to the current franchise fee rate. This increase is anticipated to result in approximately \$3.5 million in new revenue to the Cable Commission. While the increase takes affect in March, 2001 the budgeting of the new revenues will be considered by the Board of Directors as part of the FY02 budget. Below is a history of most recent years and anticipated revenues to the City from this source which are deposited into the General Fund:

<b>Fiscal Year</b>	<b>Revenue to City</b>
2001-02 (estimated)	\$1,830,909
2000-01	\$689,291
1999-00	\$623,593
1998-99	\$577,901

Among other duties, the Commission provides broad oversight, cable television channels and funding to independent, non-profit entities responsible for providing community programming on the local cable system(s). These entities or grantees, known by the designation of PEG (Public, Education and Government) programming, receive annual funding from Cable Commission during its budget process.

The amount of cable revenues remaining for distribution to parent entities is arrived at during the Cable Commission budget process. In March, the Cable Commission advises the PEG groups how much it intends to allocate for that purpose. Usually, this amount, the administrative/regulatory budget and program budget for Metro Cable, are deducted from funds available and the remainder is distributed to the parent entities.

This last March, the Commission increased the base annual allocation to the PEG grantee groups by 5% to a total of \$1,195,806, committed to review additional funding requests based upon an adopted funding criteria and directed staff to develop a funding criteria that would be approved by the Commission in April and used to analyze grantee proposals in June. In April, the Commission approved priority categories for additional grantee funding requests, approved criteria for evaluating these requests and established a cap of \$200,000 for funding additional requests. The PEG groups have met with the Cable Commission Executive Director and have agreed not to request additional funds beyond the \$200,000 allocated by the Commission.

This report recommends that City Council support the action taken by the Cable Commission thus far in increasing the annual base for PEG grantees, establishing a cap for additional funding requests from these groups and establishing priorities and criteria for evaluating the additional funding requests. This report also recommends that City Council adopt a resolution supporting the Cable Commission policy of distribution of revenues to parent entities. This policy and the other Cable Commission action provides a balance of support to the education, information and entertainment programming provided by the grantee groups while returning the majority of revenues to the parent jurisdictions to determine funding priorities for their communities.

This report also requests that City Council reaffirm the intent motion taken at midyear that directs that new revenues received from the Cable Commission be used to support youth oriented and cultural programs. Following this action, staff will report back, following Council summer break, with a recommendation on a process to determine allocation of these funds.

#### FINANCIAL CONSIDERATIONS

Cable Franchise Fees are considered a general fund revenue and are deposited into the City's General Fund. While these revenues have increased over recent years, they are also potentially volatile in their link to changing technology and should be allocated as a one-time funding source.

#### POLICY CONSIDERATIONS

The recommendations in this report are consistent with past Council action in desiring jurisdictional control of funding decisions and use of cable revenues to support youth oriented and cultural programs.

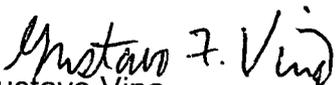
#### ENVIRONMENTAL CONSIDERATIONS

Not applicable.

ESBD EFFORTS

No goods or services are being purchased under this report.

Respectfully submitted,

  
Gustavo Vina  
Financial Services Manager

APPROVED:



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ROBERT P. THOMAS  
City Manager



**RESOLUTION NO. 2001-778**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION SUPPORTING THE SACRAMENTO CABLE COMMISSION  
POLICY OF FUNDING TO GRANTEEES AND DISTRIBUTION OF  
REVENUES TO PARENT ENTITIES**

WHEREAS, the City Council of the City of Sacramento supports the current policy of the Sacramento Cable Commission to return revenues to the parent entities, and

WHEREAS, the City Council also supports the Sacramento Cable Commission in providing an annual base of funding for education, information and entertainment programming that is evaluated based on priorities and criteria, and

WHEREAS, the City of Sacramento has many needs that remain unfunded in serving its residents, and

WHEREAS, the City Council has determined that new revenues received from the Sacramento Cable Commission would be directed to support youth oriented and cultural programs,

Now, therefore, be it resolved by the City Council of the City of Sacramento:

The City Council supports the Sacramento Cable Commission action of:

- 1) Establishing a base annual funding to PEG grantees of \$1,195,806
- 2) Establishing a cap of \$200,000 in funding for consideration of additional funding requests from grantees
- 3) Distribution of remaining revenues (less the Administrative/Regulatory budget and MetroCable budget) to parent entities.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
City Clerk

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_