



APPROVED.  
BY THE CITY COUNCIL

MAY 6 1997

OFFICE OF THE  
CITY CLERK

430

DEPARTMENT OF  
FINANCE  
  
REVENUE DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

April 14, 1997  
RA97062:MF:ldm

CITY HALL  
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915 I STREET  
SACRAMENTO, CA  
95814-2696

REVENUE  
ADMINISTRATION  
- 916-264-5724

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: DESIGNATION OF SACRAMENTO METROPOLITAN CABLE  
TELEVISION COMMISSION FRANCHISE FEES**

**LOCATION AND COUNCIL DISTRICT:** City-wide

**STAFF RECOMMENDATION**

It is recommended that the City Council designate Cable Franchise Fees received by the City of Sacramento for FY 1996/97 to the current General Fund fund balance for the purpose of addressing future years' budget imbalances.

**CONTACT PERSONS**

Margaret L. Freeman, Revenue Manager, 264-5724

Betty Masuoka, Deputy City Manager, 264-5704

**FOR THE COUNCIL MEETING OF:** May 6, 1997

**SUMMARY**

The City of Sacramento will receive \$370,000 in Cable Franchise Fees for FY 1996/97. Actual receipt of funds should occur late May 1997. Funds to be received are estimated at \$185,000 for the annual distribution and \$185,000 for distribution of unallocated fund balance. These funds were not budgeted for receipt in FY 1996/97 and have not been budgeted for any specific expenditure. Given the City's current budget imbalance, it is recommended that these fees be used to increase the current General Fund fund balance for addressing future years' budget imbalances.

**COMMITTEE/COMMISSION ACTION**

None.

**BACKGROUND INFORMATION**

Cable Franchise Fees received by the Sacramento Metropolitan Cable Television Commission (SMCTC) are distributed to its "parental entities." The City of Sacramento's share of 35.5% of the total fees is based on population estimates. Distribution in previous years has been sporadic and the amounts distributed have varied greatly from year to year. Given the volatility of the franchise fee payments, it has been difficult to budget them annually. Because of this uncertainty, it is recommended that these funds not be appropriated for specific use for FY 1996/97.

Previous Cable Franchise Fees received by the City of Sacramento and their designations are as follows:

**FY 1995/96**

Funds received	\$710,000	distribution of "unallocated fund balance" annual distribution received June 1996
	180,196	
Total	\$890,256	

Funds expended	\$500,000	inception of START program grant to Sacramento Symphony by City Council grant to Sacramento Symphony by Council Committee on Community Group funding grant to Ballet by Council Committee grant to Library MLK Homework Project grant match "Community That Cares" Project funds to Sacramento Metropolitan Arts Commission - grants to small arts groups
	50,000	
	50,000	
	25,000	
	31,000	
	24,000	
	30,000	
Total	710,000	

**FY 1994/95**

Funds received	\$177,515	annual distribution received March 1995
Funds expended	-0-	funds accrued to Fund Balance

**FY 1993/94**

Funds received	\$121,001	annual distribution received May 1994
Funds expended	\$0	due to late distribution, funds accrued to Fund Balance

### FINANCIAL CONSIDERATIONS

The FY 1997/98 Proposed General Fund budget will include \$171,000 estimated for Cable Franchise Fees. The actual distribution amount will not be determined until SMCTC adopts its FY 1997/98 budget in June 1997.

The General Fund structural funding gap over the next five years is expected to range from \$11 million to \$14 million. The estimated General Fund fund balance at FY 1996//97 year end is currently estimated to be \$9.1 million. Addition of the Cable Franchise Fees would increase the fund balance to \$9.4 million.

Actual appropriation of the fund balance will be addressed during the Budget Addendum City Council workshops.

### ENVIRONMENTAL CONSIDERATIONS

Council action in adopting this recommendation is exempt from the California Environmental Quality Act (CEQA) because it will have no conceivable effect on the physical environment.

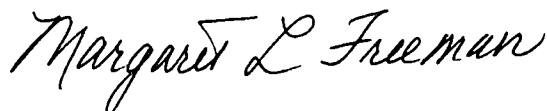
### POLICY CONSIDERATIONS

Due to the sporadic nature of Cable Franchise Fees, these funds have not been included in the annual revenue budget and have been used for one-time funding of projects or grants. The designation of current year Cable Franchise Fees to the General Fund fund balance will increase funding for future years' budget imbalances. This is consistent with City Council policy to minimize impacts to the public and to make every effort to minimize any employee layoffs that may be required by offsetting the deficit with one-time monies, allowing time for attrition and employee transition between departments.

### MBE/WBE EFFORTS


There is no requirement for purchase of goods or services associated with this item.

Respectfully submitted,



Margaret L. Freeman  
Revenue Manager

RECOMMENDATION APPROVED:

  
WILLIAM H. EDGAR, City Manager