



AGENDA
CHARTER TOWNSHIP OF MERIDIAN
COMMUNICATIONS COMMISSION
SPECIAL BUDGET MEETING
MAY 3, 2017 6PM



1. CALL MEETING TO ORDER 6:00 PM
2. PUBLIC REMARKS
3. APPROVAL OF AGENDA
4. BUDGET DISCUSSION
 - A. Communications Budget Memo
 - B. Funding Future Projects – Additional Revenue Sources
5. PUBLIC REMARKS
6. ADJOURNMENT

Individuals with disabilities requiring auxiliary aids or services should contact the Meridian Township Board by contacting:
Township Manager Frank L. Walsh, 5151 Marsh Road, Okemos, MI 48864 or 517.853.4258 - Ten Day Notice is Required.
Meeting Location: 5151 Marsh Road, Okemos, MI 48864 Administrative Conference Room



To: Board Members

From: 
Deborah Guthrie, Communications Director

Date: April 24, 2017

Re: Communications Budget

The Communications Department is almost 100% supported by franchise fees and PEG fees beginning with the first cable franchise agreement in 1978. Since that time, the cable franchise revenue received has continued to increase; mostly due to subscription rate increases but also due to new households becoming subscribers. In 2016, Meridian Township received a total of \$882,605 in combined franchise fee and PEG fee revenue from Comcast and AT&T U-Verse.

Meridian Township receives 5% franchise fee from Comcast and AT&T U-Verse based off their annual gross revenue. Meridian Township also receives 1% PEG fee from Comcast and 3.36% PEG fee from AT&T U-Verse based off annual gross revenues.

A cable television franchise fee is an annual fee charged by a local government to a private cable television company as compensation for using public property it owns as right-of-way for its cable. PEG stands for Public, Educational and Government programming. PEG fees support PEG access programming.

Comcast historical reference:

In 1996, Meridian Township received \$225,531 in franchise fees from Comcast. They were the only cable video provider at that time. Franchise Fees are based off annual gross revenue and Meridian Township has always received 5% of Comcast's annual gross revenue. In the past 20 years, franchise fee payments from Comcast have doubled to \$562,970 received in 2016.

In 2015, Meridian Township began receiving PEG revenue from Comcast after a newly signed uniform agreement began. In 2016, Meridian Township received \$112,594 in PEG revenue from Comcast.

AT&T U-Verse historical reference:

Meridian Township signed a uniform agreement with AT&T U-Verse in 2009. We received \$26,953 in PEG revenue the first year and have seen increases in PEG revenue received each year to an amount of \$83,212 PEG fees received in 2016. In 2009 we received \$40,109 in franchise fees from AT&T, which has increased each year to a total of \$123,828 franchise fees received in 2016.

In 2015, AT&T completed its acquisition of DirecTV. At that same time, AT&T stopped investing in its U-Verse platform and began using a derivative of DirecTV's in-home equipment. In February,

Memo to Communications Commission
April 24, 2017
Re: Communications Budget
Page 2

2016, Bloomberg Technology reported that AT&T was phasing out its U-Verse customers and pushing new customers to DirecTV. In March, 2017, yahoo Finance reported that AT&T Inc. is planning to completely phase out its long-standing U-Verse brand by May 30 2017.

The Communications Department cannot confirm how entirely accurate the article is, however, staff should budget accordingly. It is logical that AT&T's attempt to migrate their U-Verse customers to satellite, could result in a significant portion of U-Verse customers migrating to Comcast instead. Staff continues to monitor Comcast and AT&T funding. This chart indicates the total combined franchise fee and peg fee quarterly payments received for the last 5 years.

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total by Fiscal Yr	% Inc.
2012	\$155,509.58	\$162,553.65	\$162,500.18	\$169,881.01	\$637,277.67	0.04
2013	\$167,282.15	\$166,952.31	\$160,258.43	\$170,123.10	\$664,373.90	0.04
2014	\$169,636.82	\$174,993.74	\$175,220.09	\$181,389.23	\$689,973.75	0.04
2015	\$186,408.31	\$199,182.99	\$218,770.91	\$222,152.39	\$785,751.44	0.12
2016	\$221,938.22	\$222,804.33	\$215,710.19	\$223,995.35	\$882,605.13	0.11

Considering AT&T's migration plan and other cable industry factors such as cable cutters, satellite and set top box use increase, it is imperative that the Communications Commission discuss additional revenue sources. If staff begins to see a decline in revenue, staff recommends monitoring the situation and making any unnecessary equipment expense cuts (for the time being, as a first step). Staff also recommends looking into equipment fundraising opportunities and, programming sponsorships. The Township Board approved \$100,000 in equipment purchases for 2017.

CABLE TV FUND

Narrative: The highest priority of the Communications Department is to provide residents with an increased access to transparency in governance with relevant information and in a timely fashion. A diverse means of methods through the utilization of current and best communication practices is used to provide information to residents and neighboring municipalities. An advisory board, the Cable Communications Commission, approves operating policies and makes recommendations concerning fiscal matters to the Township Board. Operating funds are primarily generated from franchise fees and peg fees derived from cable service providers according to Public Act 480.

REVENUE SUMMARY				
<u>Account Classification</u>	<u>2015 Actual</u>	<u>2016 Original Budget</u>	<u>2016 Projected Total</u>	<u>2017 Budget</u>
Franchise Fees-Cable TV	\$680,960	\$680,000	\$680,000	\$680,000
PEG Fees	145,555	200,000	200,000	200,000
Miscellaneous Revenue	29,530	200	800	500
Donations/Agency Fees	0	0	0	0
Grant Revenue	0	0	0	0
	<u>\$856,045</u>	<u>\$880,200</u>	<u>\$880,800</u>	<u>\$880,500</u>

Franchise Fees - Cable TV: The revenues from Cable Franchise Fees are received from the 5% Franchise Fee that is charged on the annual gross revenues of Comcast Cable Services and AT&T Uverse Services for use of the public rights of way.

PEG Fees: Cable PEG Fee revenues are received from AT&T Uverse at 3.36% and Comcast at 1% of their annual gross revenues as support for the cost of public, education, and government access facilities and services.

Donations/Agency Fees: Includes the programming application fees, municipal shared services fees, and sponsor revenues for CAMTV.

STATEMENT OF FUND BALANCE		
	<u>Nons¹²endable</u>	<u>Restricted</u>
Fund Balance as of December 31, 2015 (per audit)	\$5,277	\$382,483
Anticipated Operating Surplus (Deficit) for 2016	<u>{5,277}</u>	<u>{73,052}</u>
Estimated Available Fund Balance as of December 31, 2016	0	309,431
Anticipated Operating Surplus (Deficit) for 2017	<u>0</u>	<u>5,768</u>
Estimated Available Fund Balance as of December 31, 2017	<u>\$0</u>	<u>\$315,199</u>

CABLE TV FUND

EXPENDITURE SUMMARY				
<u>Account Classification</u>	<u>2015 Actual</u>	<u>2016 Original Budget</u>	<u>2016 Projected Total</u>	<u>2017 Budget</u>
Personnel Costs	\$419,050	\$409,348	\$420,007	\$447,813
Operating Costs	156,262	164,784	170,272	203,500
Outside Services	90,087	81,574	70,000	86,569
Capital Items	98,701	297,150	298,850	136,850
	<u>\$764,100</u>	<u>\$952,856</u>	<u>\$959,129</u>	<u>\$874,732</u>

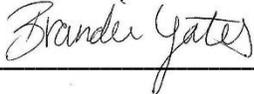
Personnel Costs: Includes a wage increase and 5 full-time employees and 1 part-time employee at 29 hours. Professional TV talent, paid interns, and freelancers are also utilized throughout the year. In addition, approximately 30 unpaid student interns are accepted into the internship program and trained each year for television production, reporting, promotions, and social media marketing.

Capital Items: Production equipment.

PERSONNEL SUMMARY			
<u>Position/Title</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Communications Director	1.0	1.0	1.0
Senior Production Manager	2.0	2.0	2.0
Production Manager	1.45	1.45	1.75
Administrative Assistant I	1.0	1.0	1.0
	<u>5.45</u>	<u>5.45</u>	<u>5.75</u>
Interns and Freelancers	40	40	40



To: Communications Commission

From: 

Brandie Yates, HOMTV Executive Producer/Internship Coordinator

Date: April 24, 2017

Re: Funding Future Project/Additional Revenue Sources

Communications Director, Deborah Guthrie and I met with Township Treasurer Julie Brixie on April 20, 2017 to discuss the ability of the Communications Department and Communications Commission to develop a HOMTV Alumni Giving Scholarship Program to financially assist new and returning HOMTV interns as introduced at the April 12, 2017 Communications Commission meeting. Creating an endowment fund to support the scholarship program was discussed by commissioners at the meeting. Treasurer Brixie confirmed that in order to move forward with a scholarship program or endowment fund, a foundation for HOMTV would have to be created to oversee this type of program and handle the financial responsibilities. She suggested we meet with the Harris Nature Center Foundation to investigate how their foundation was created, how it is funded and operated.

Creating a HOMTV Foundation would not only support the proposed HOMTV Alumni Giving Scholarship Program, but it could assist with finding additional revenue sources to financially support the operations of HOMTV in the forms of donations, sponsorships, fundraisers, grants, etc.

Proposed Projects for the HOMTV Foundation once established:

- Develop and initiate HOMTV Alumni Giving Scholarship Program - reach out to alumni members for financial donations and the creation of an endowment fund to financially support scholarships for new and returning interns.
- Develop and initiate Intern Scholarship requirements to distribute funds from the HOMTV Alumni Giving Scholarship Program to new and returning interns.
- Organize and implement fundraising campaigns and events to help financially support the operations of HOMTV - telethons, program sponsorships, alumni/community donations, naming of the HOMTV Control Room, charge fees for community workshops and summer camps for kids, etc.
- Search for grant opportunities and assist the Communications Department and Communications Commission with grant writing and applications. Additionally, if funds are awarded, the Foundation would assist with overseeing the criteria needed to be met for grant funding use.

Memo to Communications Commission

April 24, 2017

Re: Funding Future Project/Additional Revenue Sources

Page 2

Staff has found the following grant leads to pursue as additional revenue sources:

- America's Public Television Stations - Grant Center for Public Media
 - The Grant Center for Public Media is public broadcasting's premier source for grant seekers, providing a one-stop shop for funding opportunities tailored specifically for public broadcasting stations, along with related news, resources and tools to help you make your case.
 - <http://www.pts.org/grantcenter>
- Knight Foundation
 - Knight Foundation supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. We believe that democracy thrives when people and communities are informed and engaged.
 - <https://www.knightfoundation.org>
- FordFoundation – JustFilms Grant
 - We support artist-driven film and new media storytelling projects that explore aspects of inequality, as well as the organizations and networks that support these projects.
 - <http://www.fordfoundation.org/work/our-grants/justfilms>
- AT&T Foundation – Supporting science, technology, engineering and mathematics (STEM) education
 - AT&T and the AT&T Foundation have given nearly \$87 million to support STEM initiatives since 1995. Projects supported by AT&T contributions range from STEM scholarship programs and science/math focused summer camps for at-risk youth to hands-on technology labs and elite robotics competitions at the nation's leading universities.
 - <https://www.att.com/gen/corporate-citizenship?pid=17922>

Staff is requesting that the Commission further discuss and provide guidance regarding the creation of a HOMTV Foundation to support an Alumni Giving Scholarship Program and/or endowment fund, as well as assist with finding additional revenue sources for the station.