



TO: Elizabeth Pauli, City Manager
FROM: Kathryn Johnston, Budget Officer
Debra Casparian, Deputy City Attorney
COPY: City Council and City Clerk
SUBJECT: Ordinance to Redirect Franchise Fee Revenues – November 17, 2020
DATE: October 30, 2020

SUMMARY AND PURPOSE:

An ordinance amending **Ordinance 20367** to redirect franchise fee revenues to the General Fund from special revenue fund 1431, previously the Municipal Cable Television Program Fund. This action will allow more flexibility in the use of private cable franchise fees.

BACKGROUND:

Private cable franchise fees are currently deposited in to special revenue fund 1431 per section 1. a. of Ordinance 20367 for the purposes of “implementing and operating the a Municipal Cable Televisions System and Program”. Since the original adoption, these revenues have grown and now exceed the cost of operating the Municipal Cable Television System. The City uses these revenues to support the communications costs related to the Media and Communications Office (MCO) that support the Cable TV System and the rest of the City’s operations. Staff recommends that the Media and Communications Office be moved to an internal service charge similar to other internal support services of the City and that the Franchise Fee Revenues be redirected to the City's General Fund (\$6M) along with the associated costs of the TV Tacoma system to the General Fund (\$3.4M). This change allows for more general use of the remaining \$2.6M in revenues to support other emergent needs aside from the current stricter definition.

Starting in 2021, the Media and Communications Office functions that support internal and external communication at General Government will be funded through internal charges to General Government departments (in the same manner as the other functions of the City Manager’s Office and internal services that support City operations).

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

This is a purely administrative move and will allow the City more flexibility in utilizing franchise fee revenues that are not otherwise restricted by another level of government.

2025 STRATEGIC PRIORITIES:

Civic Engagement:

Representation at public meetings will reflect the diversity of the Tacoma community
Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Explain how your legislation will affect the selected indicator(s).

Action will allow the City more flexibility in the use in private cable franchise fees and help the City address emergent issues in the community.



ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Status quo	Cable franchise fees stay in special revenue fund and fund all of MCO	MCO's services are not paid for by the Departments that use and benefit from them.

EVALUATION AND FOLLOW UP:

Please include what performance measures and/or benchmarks you have identified that indicate success. Explain how you will follow up with staff and/or Council to report success or changes.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends the Council approve this action in order to allow for more flexibility in the use of franchise fee revenues that are not otherwise restricted by another level of government.



FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 1431 – IT Municipal Cable TV	638100, 638110, 638120, 638130, 638140	Various	-\$6,056,017
2. 10 – General Fund	20930	Various	\$6,056,017
TOTAL			

What Funding is being used to support the expense?

Cable franchise fee revenues will go from fund 1431 to the General Fund.

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

YES

These changes are planned for in the 2021-2022 Proposed Biennial Budget.

Are there financial costs or other impacts of not implementing the legislation?

Yes

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City’s FTE/personnel counts?

NO

This is an administrative move of revenues, there will be no change in FTE’s.

ATTACHMENTS:

List attachments using bullet points.