



June 21, 2021

TO: NMTTC OPERATIONS COMMITTEE

**RE: APPROVAL OF 2022 NORTH METRO TELECOMMUNICATIONS
COMMISSION BUDGET**

Enclosed, please find for the council's review and approval the 2022 North Metro Telecommunications Commission Budget and support materials.

The Commission's operating budget for 2022 is proposed at \$1,353,056. This number represents a \$14,617 increase over last year's operating budget. The increase is due entirely to an up to 2.75% COLA increase. Any actual increase will be determined later in 2021, and will be dependent upon whether income meets or exceeds expectations.

Budgeted capital costs for 2022 are \$727,496. Capital expenditures include video equipment for North Metro TV, office equipment, closed captioning equipment, \$228,480 for the HD Bond payment, and \$225,000 to be returned to cities for capital expenditures. Some NMTV video equipment expenditures and the introduction of closed captioning may be revisited later in 2021, if income estimates do not meet expectations.

Recommendation: That the Member Cities approve the 2022 Commission Budget as recommended by the Telecommunications Commission and the Operations Committee.

The Joint Powers Agreement states, "submitted budgets shall be deemed approved by a Member City unless, prior to October 15 preceding the effective date of the proposed budget, the Member City gives notice in writing to the Commission that it is withdrawing from the Commission."

I want to thank the Commission directors, staff, and the Operations Committee for their efforts in preparing these budgets. If you have any questions about either budget please consult with your Commission director or City Administrator.

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I look forward to working with all parties, throughout the remainder of 2021, toward reaching the full potential of North Metro TV and to increase both the quality and quantity of community programming and services in 2022.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Nelson". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Nelson".

Robert Nelson
Chair, North Metro Telecommunications Commission

Enc.

2022 North Metro Telecommunications Commission Budget Talking Points

Overall Organizational Goals

- Continue with organizational assessment and strategy.
- Better define income parameters with information from court decisions and franchise renewal.
- Introduce closed-captioning to the system.
- Grow commercial remote productions streaming service.
- Continue with franchise renewal negotiations.
- Continue to provide staff for meeting coverage.
- Continue to be responsive to cities communications needs.
- Maintain accessibility of all channels through live streaming, OTT channels, and video on demand services, 24-hours-a-day, on any device.
- Provide program playback, video transport, channel management services, video equipment maintenance and consulting services, internet streaming services for city channels, VOD libraries for meetings, meeting management software licenses and bookmarking services, program production and event coverage services, home-media transfer services, and public access to television production for our cities, schools and general public.

Estimated Fund Balance/Revenues/Expenses

- The beginning fund balances for 2022 are estimates based on previous allocations, planned spending for 2021, and estimated income.
- Estimated revenues include: Franchise fees, including the actual first quarter franchise fee payment, with anticipated reductions across quarters two through four. PEG fees based on estimated number of subscribers, throughout 2022, multiplied by the PEG fee, or by a percentage in a new franchise document. Other income includes dub fees, home movie transfers, drone, and production services. Interest income is estimated based on the first quarter interest earnings of this year.
- Estimated expenditures include the operating expenses and capital expenses including the bond payment, production and office equipment, and the fee payment to the cities.
- The year end fund balances include:
 - The **Operating reserve** traditionally at 25% of the operating budget. Temporarily includes additional allocations for possible 2022 budgetary support.
 - **Accrued vacation, sick and comp** time. The total value of owed vacation, sick, and comp time to employees.

- The **capital equipment fund** is intended for emergency replacement of unplanned equipment failures. Could also be used for closed captioning equipment.
- The **vehicle replacement fund** is to cover the cost of a new fleet vehicle.
- The **building repair fund** is to cover major costs related to the building such as windows, roof, furnace, parking lot, AC replacement and painting, carpet replacement etc.
- The **franchise renewal fund** is a reserve fund for the NMTC's franchise renewal process. Franchise renewal can be very expensive, with the informal negotiation process historically costing around \$200,000 across the renewal period. Moving to a formal negotiation process is more expensive. These costs include needs assessments, consulting, and legal fees.

Budget

- The recommended operating budget for the organization totals \$1,353,056. This number is a \$14,617 increase over last year's operating budget. If income does not meet expectations, COLA increases will be reexamined.
- Budgeted capital purchases for 2022 are set at \$727,496. Budgeted capital items include channel server replacements, a tripod for the truck, several cameras, microphones, and closed captioning equipment. The capital budget also includes routine computer/software upgrades, and software licenses. The HD Bond payment of \$228,480 and \$225,000 in capital equipment support for cities are also included.
- Some reductions may be made in capital equipment expenditures. If necessary, fewer channel servers could be purchased and introduction of closed captioning could be delayed.

Closing Points

- We have worked together to create a thriving and dynamic service for our cities, schools, producers, and viewers. Through program playback and channel management, internet streaming of city meetings including an agenda bookmarking tool, channel live streaming, Roku and AppleTV channels, video equipment consulting, drone services, and video production services, our cities are seeing real benefits from their investment of franchise fees and PEG fees. Our cable subscribers are benefiting from this investment with educational opportunities, tape and film transfer services, and varied, informative and interesting programming regarding their communities.
- While financial circumstances may dictate modifications, North Metro TV will continue to serve as a vital, responsive, and economical local communication resource.
- 2022 will be a busy year for the Commission. Franchise renewal will move forward, questions regarding funding will be answered, and the new service of

closed captioning will be provided...all under a backdrop of self-examination and responsive change.

North Metro Telecommunications Commission
2022 FINANCIAL SUMMARY
Estimated Fund Balances/Revenues/Expenditures.

BEGINNING FUND BALANCES

Operating Reserve	\$395,656
Accrued Vac, Sick, Comp	\$120,000
Capital Equip. Fund	\$253,323
Vehicle Replacement Fund	\$45,000
Bldg Repair Reserve	\$200,000
Franchise Renewal Fund	\$200,000
Bond Reserve	\$0

TOTAL: \$1,213,979

ESTIMATED REVENUES

Franchise Fees	\$1,150,000
PEG Fees	\$700,000
Other Income	\$25,000
Interest Income	\$500
Income From Reserve Funds	\$205,052

TOTAL: \$2,080,552

ESTIMATED EXPENDITURES

Operating Expenses	\$1,353,056
Capital Expenses: Equipment	\$274,016
Capital Expenses: Bond Payment	\$228,480
Capital Expenses: PEG Fees to Cities	\$225,000

TOTAL: \$2,080,552

YEAR END FUND BALANCES

		Increase(Decrease)
Operating Reserve	\$338,264	-\$57,392
Accrued Vac, Sick, Comp	\$120,000	\$0
Capital Equip. Fund	\$155,663	-\$97,660
Truck Replacement Fund	\$45,000	\$0
Bldg Repair Reserve	\$200,000	\$0
Franchise Renewal Fund	\$150,000	-\$50,000
Bond Reserve	\$0	\$0

TOTAL: \$1,008,927 -\$205,052

North Metro Telecommunications Commission

Budget Line Item Supporting Information

Personnel

- As with last year, there is some uncertainty regarding income. The personnel line-item is our largest, and, usually, the only budget area that experiences any fluctuation from year to year. Last year I had planned to include no COLA increase because of income concerns. At that time, it was recommended that an up-to COLA increase be put in the budget as a separate line-item that could be revisited based on income. I have followed that same protocol this year. Based on information provided by the Operations Committee, I have budgeted an up-to 2.75% COLA increase as a separate line-item. The personnel total could increase by \$21,984. The possible increase would cover a step increase for one employee, and an up-to 2.75% COLA increase. Final salary determinations can be made when a clearer understanding of income for 2022 is known.
- Part-time staff is divided into two groups; freelancers and 20 hour-per-week staff. Employees in the freelancer group are contracted when needed for a sports shoot or to cover a city meeting and generally do not work enough to qualify for PERA. The second part-time designation is for two 20 hours per week positions that do qualify for PERA. Neither category is eligible for health benefits. Payroll taxes apply.

Benefits

- The NMTC employee benefits package budget is based on the values of the benefits packages offered by the Member Cities to their employees. It is budgeted at \$1,225.00 per person/per month. This is \$30 more than was budgeted for 2020 and for 2021. This amount is less than the average of Member City package values for 2022 (average = \$1,285) The benefits package was not increased last year, so currently remains at the 2020 level.
- All indications are that the NMTC's contribution to PERA will remain at 7.5% in 2022.
- If no COLA increases are given the benefits line-item would decrease by \$3,331.

Administrative Expenses

- Budgeted administrative expenses are \$20,000 less than 2021. The difference is that \$20,000 was budgeted for a consultant in 2021 to analyze the needs of the organization going forward. That amount was removed from the 2022 budget. It is anticipated that there will be no need to conduct a technical audit or additional franchise or PEG fee audits of Comcast in 2022.

Production Expenses

- Budgeted production expenses are \$1,000 more than 2021. The DVD/Flash Drive/Cases line-item was increased to reflect actual 2020 costs.
- All other production expenses remain near the 2021 level.

Office Expenses

- Office expenses are budgeted \$1,900 more than the 2021 level.
- The building maintenance line-item remains at \$30,000. Building maintenance includes the furnace/AC maintenance contract, lawn care, snow removal, carpet and window cleaning, fire inspection, and landscaping and building mechanical services. While expenses have been high in 2020 and so far in 2021, it includes some COVID related costs.
- The building utilities line item remains at \$30,000. Building utilities include sewer, water, gas, and electric.
- Insurance includes all property, liability, crime, volunteer, vehicle, and monument sign coverage.
- Office supply line-item includes all office supplies, and maintenance contracts on printers and copiers. It was reduced by \$3,500.
- The Telephone/Internet/Web Hosting line-item was increased by \$5,000 over the 2021 budget. The increase will cover probable cost increases for bandwidth. Bandwidth is required to transport signals from city hall. NMTV continues to pay a fee to house video-on-demand and streaming content on a remote server. This allows for unlimited simultaneous viewing, without a reduction in speed, or an inordinate amount of bandwidth for that purpose. The line-item also covers the wireless live transmission of sporting events and other field productions. The website maintenance contract, web hosting, telephone costs, license fees for our Roku and AppleTV apps, and the annual phone software upgrade are also included.
- Postage covers the cost of mailing dubs and equipment for contract maintenance, and other postage for the NMTC.
- Property tax is for the recycling assessment. It went up by \$1,000 in 2021, so the line-item was increased to reflect that charge.
- Building cleaning, trash, recycling, and hazardous material disposal/recycling.

Capital Expenditures

- The 2022 capital budget currently includes \$186,016 for production equipment, \$60,000 for the introduction of closed captioning, \$28,000 for office systems, \$228,480 for the HD bond payment, and \$225,000 for city capital expenses. The only capital item set in stone for the 2022 budget is the HD bond payment. The majority of the equipment budget is dedicated to master control server upgrades. The current 9 channel servers will outlive their hardware support lives as of May 22, 2022. Having hardware support means that if a channel server goes down we will have a replacement server within 24 hours. Without the contract we would have to wait until the failing server is repaired or until we could replace the server with a new one. That means a channel would be down for that period of time. We can't pick which channel is down. It would be whichever channel is housed on that server. Money was also budgeted to introduce one closed captioning unit to the system. Other capital items for 2022 have been kept to a bare minimum and include a tripod system for the production truck, microphone replacements, two camcorders and the annual maintenance/support/insurance contracts for city and NMTV Tightrope, Ross, Haivision and Carousel equipment.
- Office equipment includes routine computer and software upgrades, and software licenses for office and editing computers

- Fees back to Cities are included as a capital cost. Once the franchise is renewed with Comcast PEG fees could be restricted to capital costs. In such a case, any PEG fees used for operating costs would result in lower franchise fees. As such, PEG fees will be returned to cities for equipment upgrades and reserves.

Summary

- Depending on COLA and benefits decisions, operating expenses could be \$10,329 less than in 2021, or up to \$14,617 more than was budgeted in 2021.
- Capital equipment expenditures are budgeted at \$186,016. It is possible to reduce this expenditure to \$153,216. The majority of the equipment expenditures are for master control servers.
- Delaying the introduction of closed captioning would decrease the capital budget by \$60,000
- It is recommended that fees returned to cities be included in capital expenditures in order to maximize fee payments in the future. This budget includes \$225,000 in fees for city capital expenditures and capital reserves.

2022
North Metro Telecommunications Commission Budget

	2020 ACTUAL	2021 BUDGET		2022 BUDGET	NOTES
		Budget	April Act.		
PERSONNEL					
Director Meeting Per Diem	3,780	0	0	0	7 per month @ \$45
Executive Director (1) FT	95,666	94,886	29,197	94,886	Heidi Arnson
IT Engineer/ Administrative Asst.	71,561	70,967	21,837	70,967	Rose Valez
Video Engineer (1) FT	71,561	70,967	21,837	70,967	Matt Waldron
Sports Director (1) FT	64,325	63,799	19,629	63,799	Kenton Kipp
News Director (1) FT	64,325	63,799	19,629	63,799	Danika Peterson
Programming Coord. (1) FT	58,774	58,305	17,939	58,305	Michele Silvester
Ed./Special Projects Coord. (1) FT	58,774	58,305	17,939	58,305	T.J. Tronson
Municipal Producer (1) FT	48,573	51,214	15,197	51,214	Trevor Scholl
Sports Producer (1) FT	48,486	51,214	15,008	51,214	Jeremy Millington
News Producer (1) FT	45,165	48,772	14,291	51,214	Rusty Ray
Studio Manager (1) FT	58,774	58,305	17,939	58,305	Eric Houston
Freelancers/Sports/Meetings	62,921	74,473	33,462	74,473	Freelancers Sports/City Mtgs
20 Hour per Week Assistants (2)	12,150	34,384	0	34,384	News/City Mtgs/Sports
Contingency Up to 2.75% COLA	0		0	21,984	
PERSONNEL TOTAL:	764,835	799,390	243,904	823,816	Up to 2.75 % COLA increase 1 staff w/ step increase
BENEFITS					
FICA	56,190	49,562	17,786	49,562	6.2% of gross wages
Medicare		11,592		11,592	1.45% of gross wages
PERA	53,680	59,955	16,747	59,955	7.50% of FT gross wages
Benefits Package	154,757	157,740	66,207	161,700	Health/Dental/STD, LTD, ADD
Workers Compensation	8,708	2,000	1,016	2,000	
Electronic Filing Charges	1,456	2,000	444	2,000	
Contingency COLA Tax Increase				3,331	Dependent on any COLA increase
BENEFITS TOTAL:	274,791	282,849	102,200	290,140	
*Benefits package = based on cities \$1,225 per employee/per month \$30 increase over 2020					
\$1,241 = 2020 average					
\$1,285 = 2022 average					

2022 North Metro Telecommunications Commission Budget

	2020 ACTUAL	2021		2022	NOTES
		Budget	April Act.		
ADMINISTRATIVE EXPENSES					
Audit: Commission	16,925	16,500	0	17,000	Annual audit of Commission finances
Audit: Company	0	0	0		
Conferences	0	500	0		
Consultants	800	20,000	0		
General/Special Meeting Expenses	477	1,000	0	1,000	
Government/Legislative Affairs	0	0	0		
Legal Fees	38,168	50,000	8,355	50,000	Franchise renewal/FCC Issues
Membership Dues	5,221	5,500	5,281	5,500	NATOA, MACTA, Arts Alliance, Cof C
Mileage Reimbursement	1,828	1,500	198	1,500	
Personnel Recruitment	0	0	0		
Tuition and Training	0	0	0		
Contingency Expenses	0	0	0		
ADMINISTRATIVE EX. TOTAL:	63,419	95,000	13,834	75,000	
PRODUCTION EXPENSES					
Advertising/Marketing/Entry Fees	433	1,500	54	1,000	Printed materials, entry fees
Awards Ceremony/ Entry Fees	170	0	225	0	
Bulbs/Batteries/Other Prod. Costs	2,428	4,000	842	4,000	Bulbs, Camera Batt. Duct tape
Interns	2,375	5,500	875	5,500	Stipends for internships
Truck/Fleet Vehicle Gas/Oil	1,937	2,500	471	2,500	Prod. Van & fleet vehicles
Truck/Fleet Vehicle Maint/Lic.	4,047	6,000	1,986	6,000	Prod. Van & fleet vehicles
Video Equipment/Parts/Maint.	2,198	5,000	0	4,000	Parts and Maintenance for video equip.
DVDs/Flash Drives/Cases	7,499	5,000	1,582	7,500	Blank media for masters/copies
PRODUCTION EX. TOTAL:	21,087	29,500	6,035	30,500	
OFFICE EXPENSES					
Building Maintenance	29,009	30,000	29,639	30,000	Bldg & Prop./Fire Insp./Furn. Contract
Building Security	538	800	171	700	
Building Utilities	27,090	30,000	8,951	30,000	Sewer, Water, Gas & Electric
Insurance	11,331	12,500	11,775	12,500	Liability/property/vehicle/volunteer
Office Supp./Office Equip. Maint.	11,573	16,500	3,839	13,000	Copier & Fax maint. contracts, Supplies
Phone/Internet Service/Web Hosting	37,754	33,000	12,338	38,000	VOD, Live Streaming, web maint., bandwidth
Postage/Shipping	775	2,000	49	1,000	equipment/dub/packet postage
Property Tax	389	400	1,363	1,400	Recycling assessment
Trash/Recycling/Janitorial	6,534	6,500	2,358	7,000	
OFFICE EXPENSES TOTAL:	124,993	131,700	70,483	133,600	
OPERATIONS TOTAL:	1,124,132	1,338,439	436,456	1,353,056	

**2022
North Metro Telecommunications Commission Budget**

	2020 ACTUAL	2021		2022	NOTES
		Budget	April Act.		
CAPITAL EXPENDITURES					
Video Equipment	117,873	100,000	73,280	186,016	MC Channel servers; cameras; tripods; mics
Closed Captioning 1 live Stream				60,000	Set-up for 1 live stream & post captioning
Computer/Office Equipment/Sftwre	21,563	28,000	3,914	28,000	office systems, software
Vehicles	0		0		
Building Expenditures	0		0		
Bond Payment	231,630	227,430	227,430	228,480	HD Upgrade
City Capital Expenditures				225,000	Equipment/Equipment Reserves
CAPITAL EXP. TOTAL:	371,066	355,430	304,624	727,496	
GRAND TOTAL:	1,495,198	1,693,869	741,080	2,080,552	

North Metro TV 2022 Equipment Budget

Master Control Service & Subscriptions

ID No.	Model No.	Make	Description	Qty	Cost	Total
2022-1	CBL-PLATINUM-4	Tightrope	4 I/O Platinum Support through Tightrope. Loaner, Night Support, Upgrade Assistance	1	3600	3600
2022-2	CBL-PLATINUM-ADDL	Tightrope	Tightrope Additional I/O Annual Software Maintenance Contract for Large Systems	8	450	3600
2022-3	CBL-REFLECT-BND	Tightrope	Cablecast Reflect Live Stream Server Subscription - 3 Channels	4	2200	8800
2022-4	M-PREM-SUPP-1	Haivision	Premium Maintenance & Support 1-Year -Renew in November-	1	4000	4000
2022-5	Ross Equipment Support	Ross	Ross Service Contract Quote 30330 - Studio Xpression, Studio Carbointes, Blackstorm, Tr	1	20000	20000
2022-6	Imagine Equipment Support	Imagine Communcial	Imagine Contract for MC Router, Encoder "Good Through April 30"	1	8600	8600
2022-7	K2-ESA-1YR	Grass Valley	Dyno Service Contract -Renew in March-	1	9500	9500
						58100.00

Master Control Equipment

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2022-11	Vio 4 Plus	Tightrope	Two 8-channel fully configurable boxes	2	32800	65600
2022-12	Vio Lite	Tightrope	1 in 1 out Tightrope Box	1	9000	9000
2022-15	SVR450 VOD 10	Tightrope	Video on Demand Player with 40TB *priority	1	13900	13900
						88500.00

Control Room/Studio A

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-20						0
						0

Control Room/Studio B

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-30						0
						0

Production Truck

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-41	Tripod	Vinten	Vinten Vision 250 Carbon Fiber Tripod with Mid-Spreader	1	13000	13000
						13000

Sports Department

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-42	AG-CX350	Panasonic	Panasonic AG-CX350 4K Camcorder w Network	1	4500	4500
						4500

Public Access

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-50			Various Small Items: audio, hard drives, decks, transfer equipment	1	4000	4000
						4000

News Department

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-60	aktiv8 flowtech75	Sachtler	IMS Tripod System	2	3300	6600
						6600

Special Events

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-71	TB50	DJI	TB50 Batteries for the Drone	4	179	716
2021-72		SD Cards	SD Cards	10	40	400
						1116

Municipal Servies

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-80	Cyber Shot	Sony	DSC-RX100 VII Digital Camera	1	1200	1200
						1200

Tech Shop Equipment						1200
ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-90			Cable Reels, Cable Ends, Small Tools, etc.....			4000
			AMOUNT LEFT			0
						4000
Various Small Items						
ID No.	Model No.	Make	Description			Total
	-	-	Small Item Budget Remaining			5000
						5000
Grand Total						186016.00

