



June 18, 2020

**TO: NMTC OPERATIONS COMMITTEE**

**RE: APPROVAL OF 2021 NORTH METRO TELECOMMUNICATIONS COMMISSION BUDGET**

Enclosed, please find for the council's review and approval the 2021 North Metro Telecommunications Commission Budget and support materials.

The Commission's operating budget for 2021 is proposed at \$1,337,676. This number represents a \$26,892 increase over last year's operating budget. The increase is due entirely to an up to 3% COLA increase. Any actual increase will be determined later in 2020, and will be dependent upon whether franchise fee income meets or exceeds expectations.

Budgeted capital costs for 2021 are \$355,430. This is \$69,200 less than last year's capital budget. The majority of this amount is dedicated to the HD bond payment of \$227,430. The remainder is for a tripod system for the truck, office computers, software, software licenses, music licenses and annual system maintenance contracts. The total 2021 NMTC budget is \$42,306 less than the 2020 budget.

Franchise fees paid back to the Member Cities are budgeted at \$400,000. This is the same as last year's franchise fee payment.

**Recommendation:** That the Member Cities approve the 2021 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 2020, toward reaching the full potential of North Metro TV and to increase both the quality and quantity of community programming and services in 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Stoesz", with a long horizontal flourish extending to the right.

Dale Stoesz  
Chair, North Metro Telecommunications Commission

Enc.

# 2021 North Metro Telecommunications Commission

## Budget

### Talking Points

#### Overall Organizational Goals

- Assume responsibility for recording city meetings.
- Establish income parameters, for organization's future, based on the outcome of the appeal of the FCC's Third Order and Report, level of cable consumer change, and economic impact of the COVID19 pandemic.
- Hire a consultant to assist with an organizational assessment and re-org strategy.
- Investigate cost effective ways to provide closed captioning services for both live and post production insertion. Implement if possible.
- Develop strategy for commercial remote productions service.
- Continue with franchise renewal negotiations. Conduct any necessary needs assessments.
- 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, and public access to television production for our cities, schools and general public.

#### Estimated Fund Balance/Revenues/Expenses

- The beginning fund balances for 2021 are estimates based on previous allocations, planned spending for 2020, 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 2021, multiplied by the PEG fee. 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, capital expenses, the bond payment and the franchise 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 2021 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 \$1,337,676. This number is a \$26,892 increase over last year's operating budget. If income does not meet expectations, COLA increases will be reexamined.
- Budgeted capital purchases for 2021 are set at \$355,430. A majority of this amount is dedicated to the HD bond payment of \$227,430. Budgeted capital items for 2021 include a tripod system for the truck, microphones, and support and maintenance contracts for Tightrope, Haivision, Carousel and Ross equipment. The capital budget also includes routine computer/software upgrades, and software licenses. The total amount budgeted for video equipment replacement/support is \$128,000. The 2021 capital budget is \$69,200 less than last year.
- Franchise fees paid to the cities are budgeted at \$400,000. This is the same amount as last year, but represents a higher percentage of total franchise fees.
- The total 2021 NMTC budget is \$42,306 less than the total 2020 budget.

### 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.

- 2021 will be a busy year for the Commission. Franchise renewal will move forward, questions regarding funding will be answered, and new services of producing city meetings and introducing closed captioning will be provided...all under a backdrop of self-examination and responsive change.

**North Metro Telecommunications Commission**  
**2021 FINANCIAL SUMMARY**  
**Estimated Fund Balances/Revenues/Expenditures.**

**BEGINNING FUND BALANCES**

Operating Reserve	\$353,327
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: \$1,171,650**

**ESTIMATED REVENUES**

Franchise Fees	\$1,150,000
PEG Fees	\$712,800
Other Income	\$25,000
Interest Income	\$35,000
Income From Reserve Funds (franchise renewal/equipment)	\$170,306

**TOTAL: \$2,093,106**

**ESTIMATED EXPENDITURES**

Operating Expenses	\$1,337,676
Capital Expenses: Equipment	\$128,000
Capital Expenses: Bond Payment	\$227,430
Fees Back to Cities	\$400,000

**TOTAL: \$2,093,106**

**YEAR END FUND BALANCES**

		Increase(Decrease)
Operating Reserve	\$183,021	-\$170,306
Accrued Vac, Sick, Comp	\$120,000	\$0
Capital Equip. Fund	\$253,323	\$0
Truck Replacement Fund	\$45,000	\$0
Bldg Repair Reserve	\$200,000	\$0
Franchise Renewal Fund	\$200,000	\$0
Bond Reserve	\$0	\$0

**TOTAL: \$1,001,344      -\$170,306**

# North Metro Telecommunications Commission

## Budget Line Item Supporting Information

### Personnel

- The personnel total could increase by \$31,505. The possible increase would cover step increases for three employees, an up to 3% COLA increase, and an additional \$5,000 for freelancers to tape city meetings. In the first draft of the budget, no increase was included for COLA. The original plan had been to add a COLA increase in November, after having a better indication of income for 2021. However, the Executive Committee recommended including a COLA increase so that cities would be able to approve it. To comply, a line item was added for a contingency COLA increase of up to 3%, should income surpass expectations. Final salary determinations can be made when a clearer understanding of income for 2021 is known.
- Part-time staff are 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.
- It is being recommended that the monthly stipend for cable commissioners be eliminated.

### Benefits

- The NMTC employee benefits package budget is typically based on the values of the benefits packages offered by the Member Cities to their employees. It is budgeted at \$1,195.00 per person/per month. This is the same as last year. This amount is less than the average of Member City package values for 2020. (average = \$1,223)
- All indications are that the NMTC's contribution to PERA will remain at 7.5% in 2021.

### Administrative Expenses

- Budgeted administrative expenses are the same as 2020. While there were some reductions overall to Administrative expenses, the inclusion of \$20,000 for a re-org consultant erased the reductions. It is anticipated that there will be no need to conduct a technical audit or additional franchise or PEG fee audits of Comcast in 2021.

### Production Expenses

- Budgeted production expenses are \$13,000 less than 2020. The advertising, equipment maintenance/parts, intern, and media supply budgets were reduced, and the awards ceremony/entry-fees line item was eliminated. The vehicle maintenance line-item was increased in anticipation of more problems with the fleet vehicle, as it is aging.

- All other production expenses remain near the 2020 level.

## **Office Expenses**

- Office expenses are budgeted \$3,800 more than the 2020 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.
- 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.
- The Telephone/Internet/Web Hosting line-item was increased by \$3,000 over the 2020 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.
- Building cleaning, trash, recycling, and hazardous material disposal/recycling.

## **Capital Expenditures**

- The 2021 capital budget is set at \$355,430. This is \$69,200 less than last year. The majority of this amount is dedicated to the HD bond payment of \$227,430. Capital items for 2021 have been kept to a bare minimum and include a tripod system for the production truck, microphone replacements, and the annual maintenance/support/insurance contracts for city and NMTV Tightrope, Ross, Haivision and Carousel equipment. Monthly music licensing costs are also included.
- Office equipment includes routine computer and software upgrades, and software licenses for office and editing computers

## **Summary**

- Depending on income and COLA decisions to be made at the end of the year, operating expenses could be \$4,920 less than in 2020, or up to \$26,892 more than was budgeted in 2020.
- Capital costs are \$69,200 less than last year. The majority of the capital budget is for the bond payment. Other expenditures include one tripod system for the truck and



maintenance contracts. The office computer and software line-item remains at \$28,000. The bond payment is set at \$227,430.

- Franchise fees back to Cities are budgeted at \$400,000. This is the same as last year, but as the NMTC budget shrinks for the second year and the amount of franchise fees decreases, the percentage of franchise fees returned to cities continues to increase.
- The overall 2021 budget is at least \$42,306 less than the 2020 budget. If no COLA increases are included it will be \$74,120 less. The decrease is primarily in capital expenditures.

**2021**  
**North Metro Telecommunications Commission Budget**

	2019 ACTUAL	2020 BUDGET		2021 BUDGET	NOTES
		Budget	April Act.		
<b>PERSONNEL</b>					
Director Meeting Per Diem	3,510	3,780	945	0	7 per month @ \$45
Executive Director (1) FT	89,440	92,122	31,889	92,122	Heidi Arnson
IT Engineer/ Administrative Asst.	66,893	68,900	23,854	68,900	Rose Valez
Video Engineer (1) FT	66,036	68,900	23,854	68,900	Matt Waldron
Sports Director (1) FT	60,133	61,940	21,442	61,940	Kenton Kipp
News Director (1) FT	58,283	61,940	21,442	61,940	Danika Peterson
Programming Coord. (1) FT	54,954	56,606	19,591	56,606	Michele Silvester
Ed./Special Projects Coord. (1) FT	54,954	56,606	19,591	56,606	T.J. Tronson
Municipal Producer (1) FT	43,213	47,351	15,784	49,722	Trevor Scholl
Sports Producer (1) FT	42,968	47,351	15,697	49,722	Jeremy Millington
News Producer (1) FT	40,415	45,092	14,861	47,351	Rusty Ray
Studio Manager (1) FT	54,954	56,606	19,591	56,606	Eric Houston
Freelancers/Sports/Meetings	76,317	67,304	26,260	72,304	Freelancers
20 Hour per Week Assistants (2)	12,847	33,383	516	33,383	News/City Mtgs/MC/Transfers
Contingency Up to 3% COLA	0		0	23,284	
<b>PERSONNEL TOTAL:</b>	<b>724,917</b>	<b>767,881</b>	<b>255,317</b>	<b>799,386</b>	<b>COLA increase dependent on income 3 staff w/ step increases</b>
<b>BENEFITS</b>					
FICA	53,509	47,375	18,801	47,808	6.2% of gross wages
Medicare		11,080		11,181	1.45% of gross wages
PERA	60,403	57,308	17,901	57,833	7.50% of FT gross wages
Benefits Package	163,371	157,740	65,483	157,740	Health/Dental/STD, LTD, ADD
Workers Compensation	0	2,000	0	2,000	
Electronic Filing Charges	1,566	2,000	505	2,000	
Contingency COLA Tax Increase				3,528	Dependent on any COLA increase
<b>BENEFITS TOTAL:</b>	<b>278,849</b>	<b>277,503</b>	<b>102,690</b>	<b>282,090</b>	
					<b>*Benefits package = based on cities \$1,195 per employee/per month No increase over 2020</b>

## 2021 North Metro Telecommunications Commission Budget

	2019 ACTUAL	2020		2021	NOTES
		Budget	April Act.		
<b>ADMINISTRATIVE EXPENSES</b>					
Audit: Commission	16,425	16,500	13,575	16,500	Annual audit of Commission finances
Audit: Company	0	0	0	0	
Conferences	0	1,000	0	500	MACTA conference
Consultants	20	15,000	0	20,000	Reorg Consultant
General/Special Meeting Expenses	1,707	3,000	452	1,000	
Government/Legislative Affairs	0	0	0	0	
Legal Fees	33,895	50,000	23,750	50,000	Franchise renewal/FCC Issues
Membership Dues	5,149	5,500	5,221	5,500	NATOA, MACTA, Arts Alliance, Cof C
Mileage Reimbursement	994	2,000	782	1,500	
Personnel Recruitment	0	0	0	0	
Tuition and Training	30	2,000	140	0	
Contingency Expenses	0	0	0	0	
<b>ADMINISTRATIVE EX. TOTAL:</b>	<b>58,220</b>	<b>95,000</b>	<b>43,920</b>	<b>95,000</b>	
<b>PRODUCTION EXPENSES</b>					
Advertising/Marketing	5,638	4,000	300	1,500	Printed materials, Ads/billboards
Awards Ceremony/ Entry Fees	3,916	1,500	65	0	
Bulbs/Batteries/Other Prod. Costs	2,384	5,000	1,086	4,000	Bulbs, Camera Batt. Duct tape
Interns	4,169	9,000	1,800	5,500	\$500 stipend for 100 hours of work for 18
Truck/Fleet Vehicle Gas/Oil	3,062	2,500	875	2,500	Prod. Van & fleet vehicles
Truck/Fleet Vehicle Maint/Lic.	5,690	4,000	203	6,000	Prod. Van & fleet vehicles
Video Equipment/Parts/Maint.	1,353	8,500	55	5,000	Parts and Maintenance for video equip.
DVDs/Flash Drives/Cases	3,489	8,000	515	5,000	Blank media for masters/copies
<b>PRODUCTION EX. TOTAL:</b>	<b>29,701</b>	<b>42,500</b>	<b>4,899</b>	<b>29,500</b>	
<b>OFFICE EXPENSES</b>					
Building Maintenance	56,682	30,000	9,035	30,000	Bldg & Prop./Fire Insp./Furn. Contract
Building Security	673	500	269	800	
Building Utilities	26,947	30,000	9,353	30,000	Sewer, Water, Gas & Electric
Insurance	10,833	12,000	1,828	12,500	Liability/property/vehicle/volunteer
Office Supp./Office Equip. Maint.	15,027	16,500	2,446	16,500	Copier & Fax maint. contracts, Supplies
Phone/Internet Service/Web Hosting	28,542	30,000	11,836	33,000	VOD, Live Streaming, web maint., bandwidth
Postage/Shipping	1,858	2,000	300	2,000	equipment/dub/packet postage
Property Tax	389	400	389	400	Recycling assessment
Trash/Recycling/Janitorial	6,256	6,500	2,098	6,500	
<b>OFFICE EXPENSES TOTAL:</b>	<b>147,207</b>	<b>127,900</b>	<b>37,554</b>	<b>131,700</b>	
<b>OPERATIONS TOTAL:</b>	<b>1,091,687</b>	<b>1,310,784</b>	<b>444,380</b>	<b>1,337,676</b>	

**2021  
North Metro Telecommunications Commission Budget**

	2019 ACTUAL	2020		2021	NOTES
		Budget	April Act.		
<b>CAPITAL EXPENDITURES</b>					
Video Equipment	79,545	165,000	57,166	100,000	Equipment contracts, tripod system, Mics
Computer/Office Equipment/Sftwre	16,735	28,000	4,991	28,000	office systems, software licenses
Vehicles	0	0	0		
Building Expenditures	0	0	0		
Bond Payment	230,475	231,630	231,630	227,430	HD Upgrade
<b>CAPITAL EXP. TOTAL:</b>	<b>326,755</b>	<b>424,630</b>	<b>293,787</b>	<b>355,430</b>	
<b>GRAND TOTAL:</b>	<b>1,418,442</b>	<b>1,735,414</b>	<b>738,167</b>	<b>1,693,106</b>	

# North Metro TV 2020 Equipment Budget

## Master Control Service & Subscriptions

ID No.	Model No.	Make	Description	Qty	Cost	Total
2021-1	CBL-CG330-SDJ-HA	Tightrope	(25% Discount) Tightrope Hardware Assurance for Flex 4 16TB (SN: 0055767, 768, 769, 7	1	11000	11000
2021-2	CBL-SAS-CH-1YR	Tightrope	Cablecast Software Assurance per Channel (17 Channels billed as 12) 1-Year	1	7500	7500
2021-3	CBL-VOD-PRO-BOX	Tightrope	VOD / PRO Tightrope Hardware & Service Contract	1	750	750
2021-4	Ross Equipment Support	Ross	Ross Service Contract Quote 30330 - Studio Xpression, Studio Carbointes, Blackstorm, Tr	1	18000	18000
2021-5	Imagine Equipment Support	Imagine Commuical	Imagine Contract for MC Router, Encoder	1	12000	5982.52
2021-6	K2-ESA-1YR	Grass Valley	Dyno Service Contract -Renew in March-	1	9500	9500
						<b>52732.52</b>

## Master Control Equipment

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-10	IM-PREM-SUPP-1	Haivision	Premium Maintenance & Support 1-Year -Renew in November-	1	4000	3500
2021-11	CBL-REFLECT-BND	Tightrope	Cablecast Live Stream Server Subscription - 3 Channels	1	7500	7500
						<b>11000.00</b>

## 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
2021-40	VB250-CP2M	Vinten	Vinten VISION 250 Carbon Fiber Tripod System with Mid-Spreader (Black)	1	13000	13000
2021-41	IMFR #AG-CX10	Panasonic	Panasonic AG-CX10 4K Camcorder with ND/HX	1	3000	3000
2021-42	MVKN12TWINCCUS	Manfrotto	Manfrotto Nitrotech N12 Head & Carbon Fiber Twin Leg Video Tripod Kit	1	1000	1000
2021-43	LEHIMAA1K2	Lectrosomic	Lectrosomics L_Series Camera-Mount Wireless Plug-On Microphone System with RE50B H	1	3000	3000
						<b>20000</b>

## Sports Department

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-47						0
						0

## Public Access

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-50						0
						0

## News Department

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
						0
						0

## Special Events

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-70						0
						0

## Municipal Services

ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-70						0
						0

<b>Tech Shop Equipment</b>						0
ID No.	Model No.	Make	Description	Qty	Unit Price	Total
2021-90			Cable Reels, Cable Ends, Small Tools, etc.....	AMOUNT LEFT		5000
						0
						5000
<b>Various Small Items</b>						
ID No.	Model No.	Make	Description			Total
2021-100	-	-	Microphones, Headsets, Monitors, Speakers, Windscreens, etc.....			10000
2021-101						0
						10000
<b>Grand Total</b>						98732.52



