

TELECOMMUNICATIONS FUND, LIQUIDATED DAMAGES and LOST FRANCHISE FEES

Telecommunications Development Account

The 2003-04 Proposed Budget for the Telecommunications Development Account relates to current year funding as follows:

	Amount
2002-03 Adopted Budget	\$ 8,249,088
2003-04 Proposed Budget	\$ 7,513,495
Change from 2002-03 Budget	\$ (735,593)

The Telecommunications Development Account is funded by cable television franchise fees and liquidated damages. Appropriations are made from the Telecommunications Development Account to (1) other departments and funds in order to provide telecommunications related services, and (2) fund Telecommunications related costs in the Information Technology Agency. Funds that remain in the Telecommunications Development Account are used for public, educational and government access programming and other telecommunications uses in the City.

	2002-03 Adopted	2003-04 Proposed
REVENUE		
Balance Available, July 1	\$ 962,871	\$ 1,658,939
Receipts	<u>8,777,828</u>	<u>8,097,600</u>
Total Revenue	\$ 9,740,699	\$ 9,756,539
Less Unallocated Balance/Transfer to General Fund:	\$ 1,491,611	\$ 2,243,044
Telecommunications Development Account Available Funds	<u>\$ 8,249,088</u>	<u>\$ 7,513,495</u>

Municipal Access Appropriations

	2002-03 Adopted	2003-04 Proposed
APPROPRIATIONS		
1. Channel 35 and Municipal Access		
Printing and Binding	\$ 27,000	\$ 27,000
Contractual Services	994,000	1,024,000
Governmental Meetings	3,000	3,000
Office and Administrative Expense	16,000	16,000
Operating Supplies and Expense	150,000	150,000
Equipment	230,000	240,000
Communication Services	25,000	25,000
Production Studio Equipment	190,000	190,000
Production Studio Communication Services	<u>30,000</u>	<u>20,000</u>
Subtotal	\$ 1,665,000	\$ 1,695,000
2. Related Costs	763,662	1,210,438
3. Grants to Third Parties (Citywide Access Corp.)	555,000	555,000
4. Information Technology Agency Direct Costs	2,679,898	3,031,134
5. Department of General Services	319,277	330,672
6. City Attorney	203,751	203,751
7. Cable Franchise Renewal Program	300,000	437,500
8. Cable Rate Regulation	150,000	50,000
9. Webcasting Hardware and Software Maintenance	12,500	--
10. Reserve	<u>1,600,000</u>	<u>--</u>
Total Appropriations	<u>\$ 8,249,088</u>	<u>\$ 7,513,495</u>

Once all appropriations and transfers have been made from the Telecommunications Development Account for Departmental and Municipal Access, funds in the amount of \$2,243,044 remain. This amount will be transferred to the General Fund.

PURPOSE OF FUND

Forty percent (40%) of all monies received or collected from telecommunications franchise holders are deposited into this account. The cable television franchise payment represents a payment for use of City streets and rights of way. It is calculated at the rate of five percent of gross revenue received by the cable companies (sixty percent is deposited into the General Fund). Fund monies may be used for public, educational and government access related purposes, and other telecommunications uses.

Detail of Municipal Access Appropriations**Total Expense****Printing and Binding**

Funds are provided for various expenses such as printing of approximately 200 \$ 27,000 program guides per month for the municipal access channel.

Contractual Services

1,024,000

Funds are provided for projected ongoing contractual services for municipal programming, including \$115,000 for ongoing Channel 35 closed caption services.

Governmental Meeting

Funds are provided to reimburse for expenses for attendance at local meetings. \$ 3,000

Office and Administrative Expense

Funds are provided for various expenses such as the submission of outstanding municipal access programming for award consideration, computer supplies, video reference books, membership and training related to municipal access production. 16,000

Operating Supplies and Expense

Funds are provided for necessary props, videotapes, production supplies, sound effects and music library, maintenance and art supplies for the production of municipal access programming. 150,000

Equipment

Funds are provided for replacement and backup for digital audio and video gear, automated playback system, graphic stations, cameras, videotape machines, test equipment and audio mixers. 240,000

Communication Services

Funds are provided to pay for Council phone lease line charges. 25,000

Production Studio Equipment

Funds are provided for lighting fixtures and control room equipment to make the LA Cityview 35 production studio operational. 190,000

Production Studio Communication Services

Funds are provided for telephone and data connections, as well as a fiber optic link between the new Production Studio and the fiber optic signal processing central control device at the San Pedro facility. 20,000

Detail of Remaining Appropriations

Related Costs

Funds are provided for reimbursement of General Fund monies for employer contribution to health and retirement plans related to TDA supported employees. 1,210,438

Grants to Third Parties

Funds are provided for the management and operation of Public Education and Government Channel 36, which provides cable television programming. 555,000

Information Technology Agency Direct Costs

Funds are provided for reimbursement of General Fund for employee salaries of TDA supported employees. 3,031,134

Department of General Services

Funds are provided for reimbursement of General Services Department for building rent and related services. 330,672

City Attorney

Funds are provided to reimburse the City Attorney for legal services in support of TDA functions. \$ 203,751

Cable Franchise Renewal Program

Funds are provided for cable television franchise renewal contractual services, including franchise fee auditing, technical auditing, and community needs assessments for the City's 13 franchise areas. 437,500

Cable Rate Regulation

Funds are provided for the review of cable rates and possible rate restructuring as required. 50,000