

CITY OF AUSTIN PEG CAPITAL FUNDING ALLOCATION PROCESS

February 12, 2013

Background

Historically, the City provides capital equipment funds to support the operation of the City's government channel and the City's three public access channels, managed under contract by channelAustin. AISD, Travis County, and ACC who operate the City's three additional PEG channels via an interlocal agreement provided all operational and capital funds for their respective channels.

These funds are allocated through the City's normal budgetary process. Channel 6 and channelAustin submit capital needs to TARA. TARA incorporates the requests into its annual PEG capital expenditure budget proposal for adoption by Council during the City's budget process. This proposed budget is presented to the Austin Community Technology and Telecommunications Commission.

The PEG fees are remitted by cable providers to the City for capital expenditures related to PEG channel operations, and therefore the final decision on how the PEG fees are used resides with the City. Although the City has the authority to provide PEG fees for any capital expense related to any Austin PEG channel, the City has sole authority to determine how the PEG fees are to be used.

There is no requirement that the PEG fees be spent in the year in which they are received. Hence, there is the possibility of accruing PEG fees over time to establish a PEG reserve fund and for future use on large scale capital projects related to the PEG channels. The annual estimated fee revenue is \$1.8 million.

The City is directly responsible for the operations of City Channel 6 and indirectly responsible for the three public access channels through a management contract between the City and channelAustin. The City provides operational funds from general revenues and capital funding from PEG fees to City Channel 6 and channelAustin.

While the City has overall responsibility for all PEG channels as required by SICFA regulations, operations of the AISD, Travis County, and ACC channels are the responsibility of AISD, Travis County, and ACC under interlocal agreements between the City and the three respective organizations.

Staff recommendation on PEG Fund Allocation Process:

The City will consider capital funding needs of Austin PEG operations using the following criteria:

First priority - City Channel 6, and Second priority – channelAustin, since the City is the only source of operational and capital funding for these PEG operations. A higher priority will also be given to capital expenditures that will reduce the operational expenses for City Channel 6 and channelAustin.

After the capital funding needs of City Channel 6 and channelAustin are met, AISD, Austin Community College, and Travis County, all of whom have primary sources of operational and capital funding that are outside of the City, will be given consideration on a case-by-case basis, based on their respective needs including critical replacement and the availability of matching funds from their parent institutions.

PEG Fund Allocation Outlook

The change to ten, single-member City Council Districts with an at-large mayor will require significant modification of the Council Chambers and the Boards and Commissions meeting rooms at City Hall. In addition, the Channel 6 master control room will undergo a complete upgrade. Since both of these rooms are key elements of City Channel 6 function as a government access channel, any modification to these rooms qualifies as a PEG-related capital expenditure.

PEG fee revenues for FY 2013 (ending balance of estimated \$900,000) and FY 2014 (estimated revenues of \$1.8 million) will cover needs for City Channel 6 meeting room renovations and master control upgrade. In addition, a production facility at the new Central library is planned. Estimates for the projects are to be determined over the course of the next few months. Additionally, critical equipment needs of channelAustin will be considered for the same two-year period.

Capital equipment needs for AISD, Travis County, and ACC will be considered on a case-by-case basis, fund availability, critical need, and matching funding.