TOWN OF FAIRFAX
STAFF REPORT
September 4, 2013

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager GT

SUBJECT: Discussion and Consideration of Temporary Franchise Fee Support for the Community Media Center of Marin (CMCM)

RECOMMENDATION

Discuss and consider information regarding Marin Telecommunications Agency's (MTA) proposal to use Fairfax Franchise Fees to fund the Community Media Center of Marin for a bridge period 2013-2017 and continue item for consideration at the October 2, 2013 regular Council meeting.

BACKGROUND

Councilmember Bragman, who is the Town's representative to MTA Board, has requested this item be placed on the agenda for discussion and consideration. At MTA's August meeting the Board considered a proposal to provide franchise fee funding to the CMCM. Since using franchise fees as funding for the CMCM is a change in MTA's current direction and impacts its members' franchise fee revenues, the Board agreed that they would not fund any sums to the CMCM out of franchise fees without first checking in with its member Towns and the County. The MTA Board agreed to support the CMCM in approaching its members for a discussion on bridging a $660,000/4 year funding gap using franchise fees, with some caveats including that no MTA decision will be valid unless 75% of the franchise dollars vote in favor of funding. CMCM will explore reducing its reserves even further during the bridge period. CMCM and MTA will also explore loan possibilities.

Councilmember Bragman will present the staff report and options for consideration. The attached information is intended to facilitate Council's understanding of the issues. The CMCM will also provide a brief presentation regarding its operations and services and be available to answer questions at the meeting.

FISCAL IMPACT

Fairfax's estimated percent share of franchise fees is 3.59% resulting in Fairfax's estimated payment being $29,725 of the proposed $660,000. In an alternate model whereby members share the full $660,000 based on each member's percent of total franchise fees, Fairfax's payment would be $23,670.

AGENDA ITEM # 21

ATTACHMENTS

- Background information on CMCM and MTA proposal
- Summary of DAP Agreement with CMCM
- Table showing two methods for allocating franchise fees among the members to fund CMCM.
- The CMCM's 2013-2018 budget projections and capital plan
- Letter from MTA regarding franchise fee payments to members

BACKGROUND INFORMATION ON CMCM AND MTA PROPOSAL

In June 2008 Marin Telecommunications Agency (MTA) and the Community Media Center of Marin (CMCM) approved a Dedicated Access Provider Agreement (DAP) in which the MTA designated the CMCM to be a Designated Access Provider to establish, operate and manage a Media Center and the PEG access channels pursuant to the written agreement. During the past five years, the CMCM has established a Media Center in downtown San Rafael and has expanded PEG programming and training within MTA's jurisdiction in Marin. This agreement would have expired on June 30, 2013 but the Board approved an amendment that extended the agreement through October 31, 2013.

During this period the CMCM, a 501(c)3, has been funded with upfront monies MTA received from Comcast, PEG fees MTA receives quarterly from Comcast and AT&T, and revenue CMCM generates from memberships, training course fees, contributions/grants, fees for services and investment income.

At MTA's June 2013 Board meeting the CMCM presented its draft five year budget projections and five year capital plan for the period July 2013 through June 2018. The budget reflected deficits of about $200,000 per year. In addition, the capital plan estimated over $700,000 in capital expenditures would be necessary during this period in order to replace and upgrade equipment at the media center and install video equipment in three cities. The capital reserves were $982,000 at the beginning of the 5 year plan in FY 2013/14. The PEG funds and projected CMCM revenues identified by CMCM were not sufficient to meet its financial needs during the period prior to MTA receiving 1% PEG fees from Comcast, about January 2017. The Board asked the CMCM to make sure the budget numbers were solid since it appeared the Board would need to go back to their councils/BOS regarding the CMCM funding needs. The CMCM subsequently submitted an updated five year budget projection and 5 year Capital Plan and proposed the MTA provide franchise fee funding in addition to the PEG fees funding, in their subsequent updates to the DAP (Section 16D).

The Cable TV providers in Marin, Comcast, AT&T and Horizon, operate under a state franchise. This franchise requires the companies to pay MTA franchise fees which are 5% of their gross revenues. The franchise fees are paid to local jurisdictions for the cable company's use of the public right of way for their cable facilities. The companies are also required to pay MTA PEG (public, education & government) fees which are 1% of their gross revenues. The PEG fees by law are to be used for video services. MTA currently pays the Comcast and AT&T PEG fees to the CMCM as funding for the media center and operation of the channels. Some PEG fees from Comcast and Horizon are retained by MTA to fund video installations for the cities such as the Fairfax video installation which facilitates the video capture, cable TV broadcast and web streaming of public meetings and events. MTA currently receives only .5% PEG fees from Comcast based on a settlement agreement. In 2011 when Comcast converted from the local franchise agreement to the state franchise agreement they had not fully recovered from customers the upfront monies they provided MTA in order to establish and manage the CMCM. The Comcast .5% PEG fee payments to MTA will remain in effect until Comcast recovers the full upfront monies and it is estimated that Comcast PEG fees will return to 1% by January 2017. MTA and CMCM are referring to the period between now and January 2017 as a "bridge" period until MTA receives 1% PEG fees from Comcast which will provide necessary CMCM funding.

A key item for consideration in the proposed MTA-CMCM Agreement is the proposed use of franchise fees to provide additional funding to the CMCM during the bridge period until January 2017 when Comcast PEG fees will increase to 1%. To date the MTA has provided PEG fees, which can only be used for video services, to the CMCM. Franchise fees have been paid to the MTA member agencies and are unrestricted revenues for the agencies, and they have not been used to fund the CMCM.

At MTA's August meeting the Board considered the proposal to provide franchise fee funding to the CMCM. Since using franchise fees as funding for the CMCM is a change in MTA's current direction and impacts its members' franchise fee revenues the Board agreed that they would not fund any sums to the CMCM out of franchise fees without first checking in with the Councils/BOS, as each member feels best to do. The Board agreed to support the CMCM in approaching the Councils/BOS for a discussion on bridging a $660,000/4 year funding gap using franchise fees, with some caveats including that no MTA decision will be valid unless 75% of the franchise dollars vote in favor of funding; CMCM will explore reducing its reserves even further during the bridge period; and CMCM and MTA explore loan possibilities.

MTA has developed funding scenarios which uses the CMCM budget projections with the addition of a 3% escalation in PEG fee revenues and a reduction of the MTA franchise fee funding to $660,000 which retains CMCM reserves at a minimum level of $500,000. The spread of the $660,000 over the bridge period 2013-2017 may actually change based on input from MTA members once the funding decision is made.

The MTA board discussed how a proposed $660,000 payment to CMCM using franchise fees should be shared amongst its members. The Board suggested a "hybrid" model whereby each of MTA's eleven members would pay a one-time payment of $10,000 and the remaining $550,000 would be shared based on each member's percent of total franchise fees.

RICHARDS | WATSON | GERSHON
ATTORNEYS AT LAW – A PROFESSIONAL CORPORATION
44 Montgomery Street, Suite 3800, San Francisco, California 94104-4811
Telephone 415.421.8484 Facsimile 415.421.8486

MEMORANDUM

TO: Chair and Board Members
Marin Telecommunications Agency

CC: Barbara Thornton, Executive Officer

FROM: Greg Stepanicich, General Counsel

DATE: August 10, 2013

SUBJECT: Summary of DAP Agreement with CMCM

This memorandum provides a summary of the key provisions of the proposed new agreement with CMCM under which CMCM would continue to be the designated PEG access provider for the MTA. CMCM has been the designated access provider for the past 5 years under the existing agreement that will expire on October 31, 2013.

Term. The term of the agreement is 5 years commencing on the date that the agreement is executed by both parties. The agreement may be extended by the mutual agreement of the parties.

Scope of Services. The services to be provided by CMCM as described in Section 1 of the agreement follows the provisions of the existing agreement. These services include the following:

- Operate the public, educational and governmental access channels held by the MTA.

- Operate and manage the community media center for a minimum of 40 hours per week.

- Provide training programs to the public and member agency staff.

- Maintain in good operating condition all equipment purchased with PEG funds.

- Promote the use, awareness and benefits of the PEG access channels and facilities and the availability of training.

Enhanced Government Services. Section 2 describes new services to be provided under the new agreement related to government and educational programming. These services include the following:

- Hiring a Government and Education Coordinator who will work at expanding government and educational programming. However, this position will be established by CMCM only if it receives franchise fee funding described in Section 16.D of the agreement in addition to the PEG fees transferred from the MTA.

- Establishing a Government and Educational Advisory Committee to provide advice and assistance to CMCM in expanding and promoting government and educational programming. The Committee also will provide advice and assistance in establishing, modifying and maintaining operating policies and procedures for the E and G channels.

- Camera installations for member agencies. Upon request by a member agency, CMCM will provide the basic camera installation described in Exhibit B at the member's governing board meeting room at the cost of the member unless either the MTA or CMCM decides to fund the installation or the approximately $90,000 in PEG fees ("reserved PEG fees) currently held by the MTA are available to fund the installation. The reserved PEG fees will be transferred to CMCM with the restriction that these funds can be used only for camera installations at member facilities. These funds will be used for the benefit of member agencies on a first come, first serve basis. When Comcast begins paying the full 1% PEG fee to the MTA, the MTA will have the ability to retain PEG fees that exceed $700,000 on an annual basis. At that time, additional monies will be available to fund or reimburse camera installations for member agencies. Any member who utilizes the services of CMCM will be required to contract with CMCM for repair and maintenance services. Production services can be contracted for with a different party.

Standard Provisions. Indemnification, insurance, reporting and record keeping requirements are the same as the current agreement.

Funding Obligations. Section 16 contains significant new funding obligations. An important new element of Section 16 and a significant change from past policy and practice is set forth in subsection (D) which provides for the MTA to transfer franchise fees to CMCM during a bridge period commencing this fiscal year and ending when Comcast begins paying the full 1% PEG fee which will occur at the time the Comcast settlement agreement is fully satisfied. *However, this payment obligation will be triggered only with* the *approval of the percentage of member agencies that the Board determines should be required for franchise fee funding to be provided.* The agreement currently does not contain a funding approval threshold as this issue needs to be discussed and determined by the Board. If approved by the required number of members that will be set forth in the agreement, the annual payment made from franchise fees received by the MTA will be as follows:

FY 2013/14	**$90,000**
FY 2014/15	**$290,000**
FY 2015/16	**$290,000**
FY 2016/17	**$290,000**
FY 2017/18	**$290,000**

As explained above, these payments will cease once the MTA begins receiving the full 1% PEG fee from Comcast. Thus, if this event occurs during one of the above specified fiscal years, the annual payment for that year will be pro-rated accordingly and no more franchise fee payments will be made in subsequent fiscal years.

Under the new agreement, all PEG monies received by the MTA from all cable companies will be transferred to CMCM. The reserved PEG fees in the approximate amount of $90,000 also will be transferred to CMCM but with the restriction that these monies must be used for member camera installations as requested on a first come, first serve basis. Also, once the MTA begins receiving more than $700,000 in PEG fees on an annual basis, it can retain the excess fees for PEG purposes as determined by the MTA Board of Directors.

The MTA will continue to allow CMCM to access the MIDAS network. The user charges for this access will be paid by CMCM if CMCM receives the franchise fee bridge funding from the MTA. If not, the agreement will need to address the payment of MIDAS network user charges.

Annual Plan and Budget. As in the existing agreement, CMCM shall provide to the MTA an Annual Plan and Budget by no later than April 1 of each year. The Annual Plan and Budget will describe the activities and programs planned for the following fiscal year with funds and other resources provided by the MTA. The role of the MTA Board of Directors is to review the Annual Plan and Budget and request additional information to ensure that CMCM is complying with the requirements of the agreement. The Board of Directors does not have approval authority over the Annual Plan and Budget but may make recommendations to CMCM which shall be considered by CMCM in finalizing and implementing the Annual Plan and Budget.

Two methods to allocate MTA franchise fee payments to CMCM associated with Proposed DAP August 2013

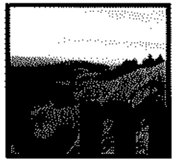
			Mbr Contribution Based on % of Total Franchise Fees		Mbr Contribution Based on Equal Share of Payment to CMCM	
Jurisdiction	**1Q13 - 4Q13 Est. Member Franchsie Fees (Comcast, AT&T, Horizon)**	**Mbr % of Total MTA Franchise Fees**	**2013/14 Pymt to CMCM $90,000**	**2014/15 & beyond Pymt to CMCM $290,000/yr**	**2013/14 Pymt to CMCM $90,000**	**2014/15 & beyond Pymt to CMCM $290,000/yr**
Belvedere	$ 58,293	1.59%	$ 1,429	$ 4,603	$ 8,182	$ 26,364
Corte Madera	$ 179,647	4.89%	$ 4,403	$ 14,186	$ 8,182	$ 26,364
County & Unincorp Novato)	$ 1,100,624	29.97%	$ 26,973	$ 86,914	$ 8,182	$ 26,364
Fairfax	$ 131,705	3.59%	$ 3,228	$ 10,401	$ 8,182	$ 26,364
Larkspur	$ 282,225	7.69%	$ 6,917	$ 22,287	$ 8,182	$ 26,364
Mill Valley	$ 299,959	8.17%	$ 7,351	$ 23,687	$ 8,182	$ 26,364
Ross	$ 53,940	1.47%	$ 1,322	$ 4,260	$ 8,182	$ 26,364
San Anselmo	$ 240,212	6.54%	$ 5,887	$ 18,969	$ 8,182	$ 26,364
San Rafael	$ 953,849	25.97%	$ 23,376	$ 75,324	$ 8,182	$ 26,364
Sausalito	$ 178,849	4.87%	$ 4,383	$ 14,123	$ 8,182	$ 26,364
Tiburon	$ 193,062	5.26%	$ 4,731	$ 15,246	$ 8,182	$ 26,364
Total	**$ 3,672,366**	**100.00%**	**$ 90,000**	**$ 290,000**	**$ 90,000**	**$ 290,000**

1. This report estimates MTA member payments based on two alternatives for the annual MTA payments amounts ($90,000 and $290,000) proposed by CMCM.

- Member Contribution based on member's share of total franchise fees
- Member Contribution based on each member paying an equal share

2. Proposed franchise fee payment amounts as a percent of estimated 2013 annual franchise fees of $3,672,000

Payment	Percent of Annual FF
$90,000	2.45%
$290,000	7.90%
$184,000	5%



CMCM Five Year Budget Projections

DAP Budget Issue Modeling Tool
11-Aug-13

Note: This version uses MTA DIVCA revenue estimates, other values from CMCM Budget Model. This model also follows proposed DAP funding model, *reduces MTA augmentation as DIVCA revenue rises.* Some revenue estimates put the likely Comcast DIVCA revenue in years 8 and 9 lower, depending on market conditions.

Category	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Year 6 2014/15	Year 7 2015/16	Year 8 2016/17	Year 9 2017/18	Notes
INCOME								Notes: This sheet shows a budget model with line 14 showing MTA funding from Franchise fees. It also assumes that CMCM reserves are spent down to a limit of 500K. This chart uses
MTA Estimated Total PEG Fees	$352,848	$374,000	$410,000	$410,000	$410,000	$575,000	$740,000	These Cells are subject to market effects, may be lower due to market performance.
NewPEG Fees -county, etc.			$90,000					
Contributions/Grants	$83,960	$4,614	$10,000	$12,000	$16,000	$18,000	$20,000	
Fee for Service	$35,929	$49,907	$27,000	$27,810	$28,644	$29,504	$30,389	
Course Fees/Membership	$28,349	$25,620	$27,000	$27,810	$28,644	$29,504	$30,389	
Investment Income	$27,034	$30,420	$26,000	$22,000	$20,000	$16,000	$10,000	Decrease over time reflects reflects depletion of reserves
MTA Direct Support			$90,000	$290,000	$290,000	$90,000	$0	Subtotal $760,000 Note: This line shows MTA augmentation funding required to meet DAP requirements.
Total Income	$528,120	$484,561	$680,000	$789,620	$793,289	$758,007	$830,777	
EXPENSES								
Facilities Lease/Utilities/Expenses	$83,299	$92,015	$94,000	$96,820	$99,725	$102,716	$105,798	
Equipment Purchase/Repair/Rental	$45,956	$59,713	$28,000	$28,840	$29,705	$30,596	$31,514	
Office/Business Expense	$12,828	$9,550	$8,550	$8,807	$9,071	$9,343	$9,623	
Advertising/Promotion/Events	$1,155	$1,152	$15,000	$15,450	$15,914	$16,391	$16,883	
Professional Services (CPA, Legal, Etc)	$18,204	$36,958	$25,000	$34,750	$31,793	$32,746	$33,729	
Event Expenses	$2,141	$1,321	$2,050	$2,112	$2,175	$2,240	$2,307	
Insurance Expenses	$6,073	$7,521	$7,600	$7,828	$8,063	$8,305	$8,554	
Salaries	$344,557	$352,504	$421,707	$434,358	$447,389	$460,811	$474,635	
Benefits/Payroll Taxes	$68,980	$79,531	$62,100	$63,963	$65,882	$67,858	$69,894	
Travel & Meeting	$5,694	$108	$3,500	$3,605	$3,713	$3,825	$3,939	
Total Expenses	$588,888	$640,372	$667,507	$696,532	$713,428	$734,831	$756,876	
Operating Surplus/(Deficit) Before Capital Expenditures	-$60,768	-$155,811	$12,493	$93,088	$79,860	$23,176	$73,902	
Required Capital Purchases	$0		-$187,000	-$140,900	-$277,000	-$81,000	-$30,000	-$715,900 yrs 5-9 Total Capital program budget.
Balance after Capital+Operating	-$60,768	-$155,811	-$174,507	-$47,812	-$197,140	-$57,824	$43,902	$ 433,381 from CMCM reserves
Reserve Investment Portfolio			$982,800	$808,293	$760,481	$563,341	$505,517	
End of CMCM Fiscal Year Reserve	$962,378	$982,800	$808,293	$760,481	$563,341	$505,517	$549,419	Optimized to never deplete reserves below 500K

Prepared by Bruce Bagnoli with support from CMCM Board Finance Committee and Exec. Director Michael Eisenmenger. Revenue estimates provided by Barbara Thornton. Does not include either INET cost nor INET reembursement (may change with new DAP).

Note:

		PEG Fee Revenues note (Thornton adjustment):
Income Increase Assumption	0.03	PEG fees straightlined FY13 Revenues, no escalation (BT version)
Expense Increase Assumption	0.03	Yr 8 - 2016/2017 - + $165,000 for 6 months Comcast 1% PEG Yr 9 - 2017/2018 - Full yr Comcast 1% PEG

COMMUNITY MEDIA CENTER OF MARIN

marin tv

MARIN TELECOMMUNICATIONS AGENCY
555 Northgate Drive, Suite 230
San Rafael, CA 94903
(415) 448-0355
Barbara Thornton

CMCM 5 yr Capital Plan 2013-18

To the MTA board,

We are pleased to submit this capital plan as exhibit D to the Distributed Access Provider (DAP) Agreement.

The following narrative elements provide background for the past capital plan and an outline for the next five years. It is important to note that any plan for replacement and continued operation of capital equipment will be dependent on the related DAP agreement. While this plan projects the anticipated costs of continued operation based on current industry standards and available equipment, these technologies change very quickly. As a result, we would anticipate that equipment models, types and pricing will be subject to many fluctuations.

Sincerely,

Michael Eisenmenger
Executive Director CMCM

819 A Street, Suite 21, San Rafael CA 94901 | ph 415 721-0636 | www.cmcm.tv

Exhibit D - DAP Agreement – Capital Plan 2013-18

OVERVIEW

The purpose of this plan is to provide an overview of the capital resources required to support the continued operations of the Community Media Center. This includes overall capital and facilities expenses necessary to operating, and maintaining the Community Media Center and the Marin TV PEG channels. The dollar amounts included in this document are cost estimates only and are not intended to represent the precise cost that will be incurred to purchase or replace a specific type or category of equipment. The Community Media Center of Marin ("CMCM") uses Generally Accepted Accounting Principles to determine items that are to be included as capital expenses.

EQUIPMENT REPLACEMENT AND UPGRADES

The CMCM equipment must be replaced as it reaches the end of its useful life. For purposes of projecting equipment replacement, the equipment packages described herein are classified into the following eight groups that reflect the useful life span of the equipment:

- Field Production Equipment Packages 3yr
- Video Editing and Post Production 5yr
- Mobile Multiple-Camera Field Production System(s) 5yr
- Video Editing/Multimedia Lab 3yr
- Office and Furniture 5 yr
- Production Studio 7yr
- Master Control/Channel Operation System 7yr

In addition, technology upgrades are essential to CMCM as it strives to serve the needs of the sophisticated Marin County population. Thus, in addition to the need to replace equipment at the end of its useful life, there may also be the need to upgrade the equipment prior to that time.

Capital Planning - Five Years and Beyond

At this writing CMCM is winding down it's 5^{th} full year of operations (4 years of center operation). All of CMCM's equipment is depreciated over 3-7 year periods and much of it is already past or near the end of it's expected life cycle and will need replacement soon. The majority of the equipment replacement schedule has already been extended due to shortages of PEG fees and the uncertainty of additional PEG related funding.

Through sound management and fiscal practices, CMCM has survived some major fiscal challenges across the first five years. The center continues to meet it's required mission and it's scope of services have broadened significantly while overall expenditures have remained flat. We are committed to meeting the current fiscal challenges resulting from limited PEG fee revenue and with MTA support are confident the next five years will see continued success.

MEDIA CENTER AND DISTRIBUTED PRODUCTION EQUIPMENT (P,E,G)

The Plan indicated below follows the general categories outlined in the original 2008 Capital Plan. There are no significant changes in the scope of services presented in this plan and given current fiscal constraints there are no plans for any significant expansion at this moment in time. The equipment of the media center has always been available to all members across the three sectors that we serve (community, educational, governmental) and we are committed to continuing to provide this equitable service.

Video Editing / Multimedia Lab Upgrades
2012/13 (COMPLETED – May 2013)
The lab is used for instruction and member video editing and online projects that provide content for the channels. CMCM needed to replace the existing twelve iMacs to accommodate the newest version of Final Cut X and to enable adequate processing power for HD footage. The Older computers have been repurposed around the center and we are seeking partner non-profits in which to place some of remainders.

TOTAL: $25,000

2014/15 – 2016/17
Periodically, the center adds to the available file storage capacity for the lab and staff as well as replacing peripheral equipment (DVD drives, card readers, etc)

Total 14,000

2017/18
By this period, five years on, CMCM will have needed to replace the existing computers in the editing lab again. Typically computer based editing equipment is depreciated over 3-5 years, though software and hardware changes may require more frequent replacements for the equipment to remain useful and relevant.

TOTAL: $30,000

Additional Post Production Equipment
CMCM has post-production computer equipment in the studio and edit suite in addition to the multimedia lab for member editing. Staff also need updated equipment to process fee for service work and other content for the channels. This current equipment will be 6 years old by 2014 and due for replacement. Other items included here relate to peripherals used in these spaces as well as the multimedia lab.

2014/16
Replacement of Editing Mac Pros $16,000
Staff Editing Computer Upgrades $6500
Lab and Staff file storage $15,000
Peripheral equipment $3000
Headphones for Editing $1500
TOTAL 42,000

Production Studio upgrade

While not a complete replacement of all studio control room equipment, the studio control room does need be upgraded to HD capability as originally planned, This will require upgrades or replacements to much of the existing equipment and replacement of worn equipment.

2013/15
Video Switcher HD upgrade $15,000
Compix Character Generator replacement $7500
Kona Card Upgrades $4000
SD-HD up-converters $2000
HD Monitoring (8) $5000
Lighting replacement/upgrades $2500
Audio Board replacement $2000
Engineering/cabling $5000
TOTAL: $43,000

2016/17
Replacement Studio Cameras $36000
Replacement Studio Mac Pros Recorder/Source $8000
Upgrade Recording Media Decks 15,000
TOTAL 59,000

Field Production Equipment

This includes field cameras and related accessories, microphones, tripods, lighting gear etc, This equipment is heavily used and is most prone to failure from normal use. It is recommended to replace equipment that has already been subject to repeat repairs, while maintaining some kit elements such as camera bags, attachments, etc. This plan charts a two year upgrade/replacement to keep pace with current operational demands.

2014/15
8 replacement field cameras $32,000
8 replacement tripods $4000
8 replacement wireless mics $6500
8 replacement wired mics $3200
4 Lighting Kits $3200
Headphones $1000
Additional cabling $1000
TOTAL: $50,900

2015/16
8 replacement field cameras $32,000
8 replacement tripods $4000
8 replacement wireless mics $6000
8 replacement wired mics $3000
Headphones $1000
Additional cabling $1000
TOTAL: $47,000

Multi-Cam Field Equipment

The SD multi-cam field production equipment has become very popular and as much of it was purchased used it may have a more limited lifespan. It will also be necessary to upgrade key components to HD. There is also a need to upgrade the crew communications equipment for such field productions. Finally, new cellular tools have become available that enable live remote broadcasts and it is recommended that one of these units be acquired for future community and civic events.

2013/15
Wireless communications system $4000
Live Cablecast Streaming equipment for remote events $30,000
HD upgrade to two Anycast switchers $12,000
TOTAL 46,000

Master Control – Channel Operation Equipment

The master control equipment is absolutely necessary to keep the channels on the air. Many of the servers and decoder/encoders were either built or refurbished by CMCM staff or purchased on the used market due to prior budget constraints. The proprietary channel play-out servers have a 7yr replacement cycle as these operate 24/7 with no down time.

2014/15
Emergency Power Generation/Backup: $35,000
TOTAL $35,000
2015-16
COM/EDU Play-out Server Replacement/HD Upgrade, requires replacement of audio/video distribution/processing, routers, monitoring, testing and audio equipment $205,000
File server storage and archive replacement-upgrade: $15,000
Additional UPS – upgrade existing $5000
GOV Server and Storage upgrades $5000
TOTAL $230,000

Media Center Office/Furniture

Basic furnishings wear out faster than equipment – these are items slated to be refreshed:

2014/15
20 Replacement computer task chairs $3000
Replacement 4 portable tables and 30 chairs $3500
Carpet replacement 2000sq ft $4000
Reception Furniture $1000
TOTAL $11,500

Office equipment

Basic Office equipment, copiers, printers, etc.
2014/15
Laser printer/copier $2000
Disc Printer $500
TOTAL $2500

FACILITIES
CITY DISTRIBUTED FACILITIES (G)
Continuation of city broadcast facility partial installations.
CMCM currently provides production services to two cities which included partial installation of some necessary equipment while leveraging shared portable equipment (the more expensive video switchers) with specially trained CMCM staff operators. It is anticipated this arrangement will continue for cities that are interested. Other cities and the county have followed traditional practices and purchased their own equipment and contract with other service providers though CMCM still bears the cost of the file processing, scheduling and maintenance of the necessary master control equipment to carry the programming on the channels.

2013-15 Cities New Equipment (3 cities) **$90,000**
2015-17 Portable Switcher replacements **$15,000**
TOTAL $105,000

CAPITAL PLAN TOTALS
2013-18 DISTRIBUTED PRODUCTION (P,E,G) $610,900
2013-18 DISTRIBUTED FACILITIES (G) 105,000

TOTAL New and Replacement Capital Equipment $715,900*

** This total represents all the necessary capital equipment replacement*

MARIN TELECOMMUNICATIONS AGENCY
555 Northgate Drive, Suite 230, San Rafael CA 94903-3680
PHONE: (415) 448-0355

August 19, 2013
VIA EMAIL

TO: MTA Member Agency
FROM: MTA
Re: 2Q13 Franchise Fee Payments to Members

In accordance with the cable TV franchises, and pursuant to the MTA's Agreement of Formation, all franchise fees are paid directly to the MTA. The MTA Agreement of Formation instructs the MTA to deduct its annual budget from the second quarter franchise fees. MTA remits the net franchise fees to each agency.

MTA received a total of $927,895.44 in Franchise Fees for Second Quarter 2013, which includes Comcast $862,590.26, AT&T $57,073.75, and Horizon $8,231.43. The First Amendment to MTA's Agreement of Formation was approved in June 2013, so this quarter's payments include AT&T's quarterly franchise fees in the payments to the members. In addition, the First amendment provides that MTA will now distribute franchise fees based on the video provider revenue reports for each of MTA's members rather than using the previous method based on each member's percent of total video subscribers.

The attached chart reflects the franchise fees for your agency as reported by the video providers, your agency's percent of total franchise fees, your agency's share of MTA's FY 14 operating budget based on this percentage, and the net franchise fees to be paid to your Agency. MTA has processed the ACH payment for your agency.

Please let me know if you have questions.

Very truly yours,

Barbara Thornton

Executive Officer
Marin Telecommunications Agency
555 Northgate Drive, #230
San Rafael, CA 94903
415-448-0356
bthornton@marinjpas.com

cc: MTA Board Directors, Member Agency Finance Directors

Attachment

Franchise Fee Payments to MTA Member Agencies 2Q13 (April, May, June)

Comcast, AT&T and Horizon Combined

Jurisdiction	Comcast FF	AT&T FF	Horizon FF	2Q13 Member Franchsie Fees (Comcast, AT&T, Horizon)	Mbr % of Total MTA Franchise Fees	MTA's FY14 Budget Apportioned to Members	Net Amount Paid to Members (FF's Less MTA FY14 Budget)
Belvedere	$ 14,747.88	$ -		$ 14,747.88	1.59%	$ 5,202.07	$ 9,545.81
Corte Madera	$ 40,885.76	$ 4,692.70		$ 45,578.46	4.91%	$ 16,077.06	$ 29,501.40
County & Unincorp Novato)	$ 246,097.23	$ 22,516.80	$ 8,231.43	$ 276,845.46	29.84%	$ 97,652.73	$ 179,192.73
Fairfax	$ 31,843.91	$ 1,514.79		$ 33,358.70	3.60%	$ 11,766.74	$ 21,591.96
Larkspur	$ 65,934.06	$ 5,254.20		$ 71,188.26	7.67%	$ 25,110.50	$ 46,077.76
Mill Valley	$ 74,827.39	$ 406.19		$ 75,233.58	8.11%	$ 26,537.42	$ 48,696.16
Ross	$ 13,546.64	$ 67.69		$ 13,614.33	1.47%	$ 4,802.23	$ 8,812.10
San Anselmo	$ 56,144.50	$ 4,336.90		$ 60,481.40	6.52%	$ 21,333.83	$ 39,147.57
San Rafael	$ 226,343.17	$ 16,095.44		$ 242,438.61	26.13%	$ 85,516.27	$ 156,922.34
Sausalito	$ 43,501.41	$ 2,052.44		$ 45,553.85	4.91%	$ 16,068.38	$ 29,485.47
Tiburon	$ 48,718.31	$ 136.60		$ 48,854.91	5.27%	$ 17,232.77	$ 31,622.14
Total	**$ 862,590.26**	**$ 57,073.75**	**$ 8,231.43**	**$ 927,895.44**	**100.00%**	**$ 327,300.00**	**$ 600,595.44**

FF= Franchise Fees

Note: 2Q13 Franchise Fee Payments to MTA Member Agencies include :

- Total Franchise Fees of $927,895.44 including Comcast ($862,590.26), AT&T ($57,073.75), and Horizon ($8,231.43), less MTA FY14 Agency Budget of $327,300, resulting in $600,595.44 in 2Q13 Franchise Fees due member Agencies.
- 2Q13 Franchise Fee payments include payments from AT&T given June 2013 approval of First Amendment to MTA's Agreement of Formation which changes franchise fee distribution method to be based on revenue reports received from the video providers.
- Member franchise fees in chart are based on revenue reports from video providers reflecting franchise fees for each member.
- Each member's share of MTA FY14 Agency budget is based on member's percent share of total franchise fees received from all providers.

Contact: MTA, Barbara Thornton, 415 448-0356