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OFFICE OF THE CITY CLERK
OAKLAND

AGENDA REPORT

2013 OCT 31 PM 3:13

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Karen Boyd

SUBJECT: PEG Fund Allocations and Distributions to KTOP, KDOL and PERALTA TV
DATE: October 28, 2013

City Administrator
Approval

Date

10-30-13

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that Council approve a Resolution (1) appropriating approximately \$3.2 million total estimated in Public Education Government (PEG) Funds for Fiscal Year 2013-14 through the end of the Cable and Video Franchise Agreement on December 18, 2017 (Fiscal Year 2017-2018), from funds paid by Cable and Video Franchise Holders Comcast and AT&T (PEG Funds) for the Capital Expenses of Public, Education and Government (PEG) Cable Television Channels operating in the City of Oakland; (2) authorizing apportionment of equal shares of the PEG Funds to PEG Channels of the City of Oakland (KTOP), the Oakland Unified School District (KDOL) and the Peralta Community College District (PERALTA TV) for their PEG Channel Cable and Video Television Facilities, subject to equal reapportionment in fiscal years when there are fewer or more PEG Channels operating in Oakland; and (3) authorizing the City Administrator to execute a Memoranda of Understanding to effectuate the distribution of said funds.

EXECUTIVE SUMMARY

At the September 24, 2013, Finance & Management Committee meeting, staff was directed to report back to the committee with a resolution authorizing an ongoing, annual appropriation of PEG Funds for this fiscal year (2013-14) through the end of the Franchise Agreement on December 18, 2017, and equal apportionment of the funds to all current and then-existing PEG Channel operators KTOP, KDOL and PERALTA TV in order to fund capital expenses.

OUTCOME

Appropriate equal apportionment of PEG Funds collected from Comcast and AT&T for Fiscal Years 2013-14 through 2017-18 to all PEG Channel participants operating in the City of Oakland. Current PEG Channel participants are KTOP, KDOL and PERALTA TV. In addition, allow for equal apportionment of PEG Funds should the number of PEG Channels operating in

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the City of Oakland change from the current three channels (up to seven channels are provided in the Franchise Agreement.)

BACKGROUND/LEGISLATIVE HISTORY

In 2007, the City Council authorized the extension of a Franchise Agreement with Comcast (Franchisee) to provide cable services to City residents (LegiStar File #: 07-0923). The Franchise Agreement is in effect until December 18, 2017; it has a number of requirements, including: payment to the City of an Annual Franchise Fee of five percent (5%) of gross revenues; payment of one-percent (1%) of gross revenues for funding of PEG channel capital expenditures; continued access to the City's three PEG channels; and free cable service for all City and school buildings.

On February 24, 2006, State Assembly Bill 2987 authorized local entities to establish a fee in the amount of 1% of the Franchise Holder's gross revenues to support PEG channel facilities. Subsequently, on July 17, 2007, City Council passed Ordinance No. 12819 C.M.S which amended the Oakland Municipal Code to add Chapter 5.17, adopting Local Regulations applicable to Holders of State Video Franchises issued by the California Public Utilities Commission pursuant to the Digital Infrastructure and Video Competition Act of 2006.

Under the City's ordinance, the Franchise Holder operating within the City of Oakland is required to pay the City a PEG fee equal to one percent (1%) of gross revenues to fund the capital needs of the PEG channel operators (up to seven channels under the franchise agreement). This is in addition to the 5% Franchise Fee.

PEG funds provide a dedicated, ongoing source of funding for capital expenses. Prior to the availability of PEG funds, KTOP's capital needs were funded out of its Operations and Maintenance budget. PEG funds can only be used to pay for capital expenses such as equipment, which typically requires replacement every five years. PEG funds cannot be used for staff costs.

On February 19, 2008, Council passed Ordinance No. 12861 C.M.S, extending the franchise for 10 years (December 18, 2007 through December 18, 2017), which commenced the payment of the PEG fee by Comcast and AT&T as cable franchisees.

On September 21, 2010, Council passed Resolution No. 82988 C.M.S. authorizing equal apportionment of PEG funds collected to KTOP, KDOL and PERALTA TV for Fiscal Years 2010-11 and 2011-12, estimated to be approximately \$600,000 annually depending on revenue collections by Comcast and AT&T. The City of Oakland, the Oakland Unified School District and the Peralta Community College District entered into a Memoranda of Understanding regarding these PEG funds.

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PEG funds collected during Fiscal Years 2008-2010, approximately \$1.6 million, were not addressed in Resolution 82988 C.M.S. On October 2, 2012, Council addressed this through passage of Resolution No. 84050 C.M.S. appropriating \$1.6 million for Fiscal Years 2008-09 and 2009-10, and all projected PEG fees of approximately \$700,000 for Fiscal Year 2012-13, authorizing apportionment of equal shares of the PEG funds to the PEG channels operated by the City of Oakland (KTOP), the Oakland Unified School District (KDOL) and the Peralta Community College District (PERALTA TV). The City executed an MOU with OUSD and the Peralta Community College District to memorialize the equal distribution of these funds to fund capital improvements of the three existing PEG operators. PEG funds are paid to PEG channel operators upon submission of proof of expenditure.

ANALYSIS

Franchise Holders Comcast and AT&T have consistently paid 1% of their gross revenues to the PEG Fund. Contributions will continue under the Franchise Agreement between the City, Comcast and AT&T until its expiration on December 18, 2017.

Per State and Federal legislation, use of PEG funds is limited and can only be made to PEG Channels operating within the City--currently KTOP (City), KDOL (Oakland Unified School District) and PERALTA TV (Peralta Community College District). PEG funds are restricted revenues which can only be used to make capital improvements including equipment and upgrades.

Table 1 shows PEG revenues received from cable franchisees—Comcast and AT&T—from the beginning of the Franchise Agreement in 2008 to the present. To date, the fees have yielded approximately \$3.9 million to fund capital improvements at the three PEG stations: KTOP (City of Oakland), KDOL (Oakland Unified School District) and PERALTA TV (Peralta Community College District).

Table 1: PEG Revenues from January 2008 to Present

Period	Comcast	AT&T	TOTAL
Jan. 2008- June 2008*	\$271,476	-	\$271,476
FY2008 - 09	\$645,976	\$11,042	\$657,017
FY2009 - 10	\$631,309	\$75,945	\$707,254
FY2010 - 11	\$636,608	\$93,279	\$729,886
FY2011 - 12	\$615,057	\$128,811	\$743,868
FY2012 - 13	\$627,961	\$148,794	\$776,754
TOTAL	\$3,428,385	\$457,870	\$3,886,255

*Collection of PEG fund revenues did not begin until January 2008

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On October 2, 2012, the City Council took an action to equally allocate PEG funds collected in FY 2008-09, FY 2009-10 and FY 2012-13 to the three PEG channel operators: KTOP, KDOL and PERALTA TV. Allocation of PEG funds for FY 2013-14 through FY 2016-18 was postponed pending further information and an allocation recommendation by staff, which is detailed below.

PEG station operators typically carry forward and retain revenues from multiple fiscal years in order to make costly capital acquisitions. Table 2 shows the available balances of PEG funds by fiscal year for each PEG station operator.

Table 2: PEG Revenues, Expenditures, and Available Balances from January 2008 to Present

KTOP						
	Jan. 2008- June 2008 [1]	FY 2008-09 [1]	FY2009-10 [1]	FY2010-11 [2]	FY2011-12 [2]	FY2012- 13 [1]
New Revenue	90,492	219,006	235,751	243,295	247,956	258,918
Carry-Forward	-	90,492	309,498	545,249	668,007	802,848
Expenditures	-	-	-	(120,537)	(113,115)	(256,919)
Balance	90,492	309,498	545,249	668,007	802,848	804,847

KDOL / OUSD						
	Jan. 2008- June 2008 [1]	FY 2008-09 [1]	FY2009-10 [1]	FY2010-11 [2]	FY2011-12 [2]	FY2012- 13 [1]
New Revenue	90,492	219,006	235,751	243,295	247,956	258,918
Carry-Forward	-	90,492	309,498	545,249	688,842	609,387
Expenditures	-	-	-	(99,703)	(327,411)	-
Balance	90,492	309,498	545,249	688,842	609,387	868,305

Peralta TV / Peralta Community College District /						
	Jan. 2008- June 2008 [1]	FY 2008-09 [1]	FY2009-10 [1]	FY2010-11 [2]	FY2011-12 [2]	FY2012- 13 [1]
New Revenue	90,492	219,006	235,751	243,295	247,956	258,918
Carry-Forward	-	90,492	309,498	545,249	788,544	816,830
Expenditures	-	-	-	-	(219,670)	(271,581)
Balance	90,492	309,498	545,249	788,544	816,830	804,167

[1] Per Ordinance #84050, new revenues were allocated for each cable operator for the following fiscal years:

Jan. 2008-June 2008 (\$90,492), FY2008-09 (219,006), FY2009-10 (\$235,751),
FY2012-13 (\$258,918)

[2] Per Ordinance #82988, new revenues were allocated for each cable operator for the following years:
FY2010-11 (\$243,295), FY2011-12
(\$247,956)

KTOP

Over the past five years, KTOP has used PEG revenues to repair and maintain cameras and audio equipment in the City Council Chambers and committee hearing rooms, replace electronics and equipment, and fund key capital improvement projects. Most electronic equipment used for broadcast television has a relatively short life-cycle of two to five years. At the mid-point of the lifecycle, KTOP engineering staff researches new technology and replacement equipment hardware to prepare for the next upgrade cycle. Staff also builds a "test environment" in the lab to evaluate the performance of new hardware or components with other components in the electronics package.

In addition to providing audio and video recording and broadcast capability in the City Council Chambers and Hearing Rooms, KTOP operates three high-definition video editing suites, a television master control operation and a studio production facility, all of which have a five-year window for equipment replacement.

KDOL

KDOL, operated by the Oakland Unified School District, has invested its PEG fund allocations in production and broadcast equipment. The majority of the funds have been invested in the minimum equipment needed to build out a new studio and get it on the air. Additional funds were invested in a mobile high-definition multi-camera production system, field cameras and editing computers used by student producers. As the studio build-out reaches completion, KDOL is laying the ground work for two satellite stations at Fremont and Skyline high schools.

PERALTA TV

PEG funds were used by PERALTA TV to upgrade and replace obsolete and non-functioning equipment, including cameras and computers. Additionally, the funds were used to finish building the station's master control and equipment relocation from the Laney Tower to the new District Office location.

PEG Funds Spending Projections for FY 2013-2018

PEG fund amounts are calculated based on cable company gross revenues and as a result, PEG fund receipts are different from fiscal year to fiscal year. On average, the City has received more

than \$722,000 annually. All three PEG Channel operators have submitted five-year spending projections (see *Attachments A, B & C*).

Staff recommends that these funds be apportioned equally between the three PEG stations. Predictable, multi-year funding is the only way for the three PEG channel operators to make strategic and cost-effective decisions regarding necessary equipment replacement and technology upgrades. From an engineering perspective, predictable funding allows the PEG channels to invest in larger projects that require longer lead time and greater funding. Long-term investments may have more upfront costs, but they allow for significant savings and less waste. Instead of shoring up outdated or failing equipment and systems, predictable funding allows staff to plan for total system replacements or upgrades with longer usable lifespans, lower maintenance costs and decreased down time.

For example, in addition to the engineering considerations outlined above, KDOL is investing in specific programmatic expansions. With predictable funding, KDOL hopes to leverage the PEG equipment dollars to retrofit and build student-run satellite studios at three or four high schools. Without knowing what funding is coming to provide the technology for these studios, OUSD cannot commit to incurring the planning and design expenses required long in advance to ensure the highest quality outcome. Instead, OUSD would have to plan on shorter time frames with higher costs and less effective outcomes which would negatively impact their student learning environments and educational opportunity.

During the next five years, PERALTA TV's major project is to establish a television studio. There is currently no studio space available for the PERALTA TV staff to work in. Another key goal is to renovate the teaching studio at Laney College to train students and produce student shows. Additional student production packages and ongoing technical upgrades to existing facilities round out the plan.

For all three PEG channels, projected expenditure needs through the end of the Franchise Agreement exceed the projected PEG fund revenues, as shown in Attachments A, B and C. Having a predictable, long-term funding source will allow the PEG channel operators to make significant capital investments to repair and replace equipment and technology that has a maximum lifespan of five years.

Although each of the PEG channels currently has a significant carry-forward balance, these funds have been accumulated for several years running in order to allow for the purchase of vital equipment and capital investments whose costs exceed revenues generated annually. These investments are essential to completing the planned technology build-outs outlined in the attached spending plans through the remainder of the Franchise Agreement.

Staff therefore recommends that Council consider appropriating PEG funds for the current fiscal year through the end of the franchise agreement (FY 2013-14 through December 18, 2017). The

projected PEG funds revenues are estimated at \$722,000 per fiscal year or approximately \$3,249,000 total. Equal apportionment of these revenues to the three PEG channel operators will total approximately \$240,000 per PEG channel per fiscal year for four years and half funding of \$120,000 for FY 2017-2018 (the Franchise Agreement expires on December 18, 2017).

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was developed in consultation with staff in the Budget Office, KTOP, the City Attorney's Office, the Department of Information Technology, Oakland Unified School District (KDOL) and the Peralta Community College District (PERALTA TV).

COST SUMMARY/IMPLICATIONS

PEG funds collected from Comcast and AT&T for fiscal years 2013-14 through December 18, 2017, would be equally apportioned to all three PEG channels operating in the City of Oakland as follows:

PEG Channel Operators	Expected Allocations FY 2013-14 – December 18, 2017
KTOP (City of Oakland)	Approximately \$240,667 per year for 4.5 years
KDOL (OUSD)	Approximately \$240,667 per year for 4.5 years
PERALTA TV	Approximately \$240,667 per year for 4.5 years

1. **SOURCE OF FUNDING:**

The PEG funds are held in the following project accounts:

KTOP: Fund 2999 Account 41613 Project P350210
KDOL: Fund 2999 Account 24213 Project G383410
PERALTA TV: Fund 2999 Account 24213 Project G383510

2. **FISCAL IMPACT:**

The appropriations of PEG funds will result in ongoing capital funding for KTOP, the City's government access cable channel, of approximately \$240,667 for this fiscal year and a total of \$1.1 million through the end of the franchise agreement which expires on December 18, 2017.

SUSTAINABLE OPPORTUNITIES


Economic: None.

Environmental: None.

Social Equity: None.

For questions regarding this report, please contact Karen Boyd, Assistant to the City Administrator, at (510) 238-6365.

Respectfully submitted,



KAREN L. BOYD
Assistant to the City Administrator
City Administrator's Office

Attachments:

- A: KTOP's Five-Year PEG Funds Spending Plan
- B: KDOL PEG Funding Five-Year Spending Plan
- C: PERALTA TV 5-Year Plan for PEG Funds

**KTOP PEG Funding: Five Year Spending Plan
FY2013-14 to FY 2017-18**

The following systems and sub-systems have been identified as critical to the video production mission of KTOP-TV and will require either replacement or upgrading within the next 5 years.

FY 2013-2014

- Council Chambers Production, to include the following:

- a. Replace video waveform monitors.
- b. Replace legacy "CRT" picture monitors.
- c. Replace legacy Audio System and monitors.
- d. Replace Video Cameras and Camera Control Units.

Sub-Total \$200,000

- Hearing Room-1 Production, to include the following:

- a. Replace legacy Video Waveform Monitors.
- b. Replace legacy "CRT" Video Picture Monitors.
- c. Replace legacy Audio System and Monitors.
- d. Replace Video cameras and Camera Control Units.

Sub-Total \$200,000

- Edit-1 upgrade, to include the following:

- a. Replace analogue picture monitors with digital monitors.
- b. Replace obsolete audio mixer with digital audio mixer.
- c. Add serial digital video waveform monitors.
- d. Add SANS Archive Storage.

Sub-Total \$150,000

- Edit-2 upgrade, to include the following:

- a. Replace analogue picture monitors with serial digital monitors.
- b. Replace obsolete audio mixer with digital audio mixer.
- c. Add serial digital video waveform monitors.
- d. Add SANS Archive Storage

Sub-Total \$150,000

- Edit-3 upgrade, to include the following:
 - a. Replace analogue picture monitors with serial digital monitors.
 - b. Replace obsolete audio mixer with digital audio mixer.
 - c. Add serial digital video waveform monitors.
 - d. Add SANS Archive Storage.

Sub-Total \$150,000

- Edit-4 upgrade, to include the following:
 - a. Replace analogue picture monitors with serial digital monitors.
 - b. Replace obsolete audio mixer with digital audio mixer.
 - c. Add serial digital Video Waveform Monitors.
 - d. Add SANS Archive Storage.

Sub-Total \$150,000

Total Projected FY 2013-14 Expenditures: \$1,000,000

FY 2014-2015:

- KTOP-TV VTR Machine Room; to include the following:
 - a. Replace Analogue Picture Monitors with Digital Monitors.
 - b. Replace Standard Definition Video Router with HD Router.
 - c. Replace Standard Definition Waveform Monitors with HD Monitors
 - d. Add 128-TeraByte SANS Storage environment.

Sub-Total \$250,000

Total Projected FY 2014-15 Expenditures: \$250,000

FY 2015-2016:

- KTOP-TV Studio Camera Replacement; to include the following:
 - a. Replace legacy Standard Definition cameras with High Definition Cameras and Camera Control Units.
 - b. Replace Standard Definition Waveform Monitor and Vector Scope.
 - c. Replace Camera Pan and Tilt heads; Dollies.

Sub-Total \$300,000

- KTOP-TV Studio Production Control upgrade; to include the following:
 - a. Replace Analogue Video Picture Monitors with High Definition Digital Monitors.
 - b. Replace Audio Mixer with Digital Mixer.
 - c. Replace Standard Definition Waveform monitor and Vector scope with High Definition monitors.
 - e. Replace Standard Definition Video Switcher with High definition Switcher.

Sub-Total \$150,000

- KTOP remote production "Fly Pac" upgrade, to include the following:
 - a. Replace legacy Cameras with High Definition Cameras.
 - b. Replace legacy Camera Control Units with High Definition CCUs.
 - c. Add High Definition camera Lens.
 - d. Add High Definition Waveform Monitor and Vector Scope..
 - e. Add heavy duty Camera Tripods and Pan/Tilt Heads..
 - f. Add Digital Audio Mixer..

Sub-Total

\$250,000

Total Projected FY 2015-16 Expenditures: \$700,000

FY 2016-2017:

- KTOP-TV Studio/Stage upgrade, to include the following:
 - a. Replace studio lighting instruments with state of the art LED lighting.
 - b. Design and install electrical cables for dimmer packs.
 - c. Install dimmer packs.

Sub-Total\$250,000

Total Projected FY 2016-17 Expenditures: \$250,000

FY 2017-2018:

- Replace remote broadcast lighting equipment; to include the following:
 - a. Purchase LED portable outside lighting equipment.
 - b. Purchase Fiber Optic CCUs for remote cameras.

Total Expenditures\$100,000

- KTOP-TV Remote Outside Van; Replace Remote Van:

Total Expenditures\$250,000

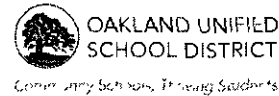
Total Projected FY 2017-18 Expenditures: \$350,000

Maintenance, Software Subscription Vendor Tech Support:

Periodic maintenance expenditures will include funds to perform maintenance on videotape recorders, microphone repairs, monitor repairs and large screen projector optimization and lamp replacement.

Sub-Total \$100,000

Total Projected Five-Year CIP Expenditures: \$2,650,000



KDOL PEG Funding Five Year Spending Plan
(Outline for FY13/14 to FY 17/18)

2013/2014

KDOL Equipment Upkeep	60000
KDOL TV and Student Shared Server	60000
Studio Curtains	30000
KDOL Audio Post Production Suite Equipment	20000
KDOL Student Equipment	15000
Fremont and Skyline Student Field Equipment	40000
Fremont and Skyline Studio Lights	30000
Annual Total	\$255,000.00

2014/2015

KDOL Equipment Upkeep	75000
KDOL Student Equipment	15000
Fremont and Skyline Student Field Equipment	30000
Fremont and Skyline Production Control	200000
Annual Total	\$320,000.00

2015/2016

KDOL Equipment Upkeep	100000
KDOL Student Equipment	15000
Fremont and Skyline Production Control	50000
Fremont and Skyline Student Field Equipment	20000
Fremont and Skyline Production Control	20000
3rd Student Career Pathway Build out (McClaymonds High, Proposed Location)	100000
3rd Student Career Pathway Field Equipment	30000
Annual Total	\$335,000.00

2016/2017

KDOL Equipment Upkeep	120000
KDOL Student Equipment	15000
OUSD Permanent Boardroom Production Control	200000
Fremont and Skyline Student Field Equipment	20000
Fremont and Skyline Production Control	20000
3rd Student Career Pathway Build out (McClaymonds High, Proposed Location)	25000
3rd Student Career Pathway Field Equipment	20000
Annual Total	\$420,000.00

2017/2018

KDOL Equipment Upkeep	140000
KDOL Student Equipment	15000
Fremont and Skyline Student Field Equipment	20000

Fremont and Skyline Production Control	20000
3rd Student Career Pathway Build out (McClaymonds High, Proposed Location)	25000
3rd Student Career Pathway Field Equipment	20000
Annual Total	\$240,000.00
TOTAL	\$1,570,000.00

Peralta Community College District

Peralta TV

Date: September 9, 2013
 To: Karen Boyd
 Michael Munson
 From: Jeff Heyman, Jim Stein, Peralta TV
 Subject: Peralta's request for PEG funds

Attached is Peralta's updated five-year plan and request for PEG funding from the City of Oakland. The plan represents the general plan that the district intends to implement. The specific items to be purchased will be determined by the directions that technology takes and whatever represents best practice at the time these technologies are to be implemented.

Peralta would like to make the establishment of a TV studio its major project during the next five years. There currently is no studio space available for the Peralta TV staff to work in. We would also like to renovate the teaching studio at Laney College to train students and produce student shows. Additional student production packages and ongoing technical upgrades to existing facilities round out the plan.

Peralta TV 5 Year Plan for PEG Funds

FY 2014

Student production equipment- Laney	56,000
<i>Camera and support packages; editing equipment</i>	
Student production equipment –BGC	20,000
<i>Camera and support packages</i>	
District studio planning and design	40,000
<i>Engineering drawings and floor plan</i>	
Board of Trustees video system upgrades	36,000
<i>5 HD Cameras, disk recorder, switcher upgrades</i>	
Production equipment replacement	
And upgrades	<u>35,000</u>
	187,000

FY 2015

Student production equipment- Laney	20,000
<i>Edit software, camera and support gear</i>	
Student production equipment –BCC	20,000
<i>Edit software, camera and support gear</i>	

District studio space modification, electrical	160,000
<i>Architectural and electrical drawings; install electrical and lighting grid, walls, doors</i>	
Production equipment replacement	
And upgrades	<u>35,000</u>
	235,000
FY 2016	
District studio equipment and installation	240,000
<i>Cameras, pedestal bases, video and audio cabling, light fixtures, cyclorama, engineering and installation</i>	
District studio control room equipment and installation	160,000
<i>Consoles, monitors, video switcher, routing switcher, graphics, Virtual set hardware/software, engineering and installation</i>	
Production equipment replacement	
And upgrades	<u>35,000</u>
	435,000
FY 2017	
Laney College studio renovation	92,000
<i>Replace lighting grid and control; new light fixtures</i>	
Laney College control room equipment	60,000
<i>Digital video switcher, monitors, graphics, recording</i>	
Production equipment replacement	
And upgrades	<u>35,000</u>
	187,000
FY 2018	
Master Control equipment	60,000
<i>Broadcast server replacement; monitors</i>	
Boardroom video upgrades	35,000
<i>Cameras, recorder, transmission equipment</i>	
Production equipment replacement	
And upgrades	<u>35,000</u>
	130,000
Total	1,174,000

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION (1) APPROPRIATING APPROXIMATELY \$3.2 MILLION TOTAL ESTIMATED IN PUBLIC EDUCATION GOVERNMENT (PEG) FUNDS FOR FISCAL YEAR 2013-14 THROUGH FISCAL YEAR 2017-2018, FROM FUNDS PAID BY CABLE AND VIDEO FRANCHISE HOLDERS COMCAST AND AT&T (PEG FUNDS) FOR THE CAPITAL EXPENSES OF PUBLIC, EDUCATION AND GOVERNMENT (PEG) CABLE TELEVISION CHANNELS OPERATING IN THE CITY OF OAKLAND; (2) AUTHORIZING APPORTIONMENT OF EQUAL SHARES OF THE PEG FUNDS TO PEG CHANNELS OF THE CITY OF OAKLAND (KTOP), THE OAKLAND UNIFIED SCHOOL DISTRICT (KDOL) AND THE PERALTA COMMUNITY COLLEGE DISTRICT (PERALTA TV) FOR THEIR PEG CHANNEL CABLE AND VIDEO TELEVISION FACILITIES, SUBJECT TO EQUAL REAPPORTIONMENT IN FISCAL YEARS WHEN THERE ARE FEWER OR MORE PEG CHANNELS OPERATING IN OAKLAND; AND (3) AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A MEMORANDA OF UNDERSTANDING TO EFFECTUATE THE DISTRIBUTION OF SAID FUNDS.

WHEREAS, the City's Cable and Video Franchise Holders, Comcast and AT&T, are required to pay to the City, on a quarterly basis, 1% of their gross revenue to be used for the capital expenses ("PEG funds") for Public, Education and Government ("PEG") cable and video television facilities, such as those operated by the City through KTOP, by the Oakland Unified School District ("KDOL") and the Peralta Community College District ("PERALTA TV"), collectively referred to as the "PEG Channel Operators," pursuant to the City's Local Cable Franchise ("Local Franchise"), State Video Service Franchises ("SVSF") and State Video Franchise Agreement ("DIVCA"); and

WHEREAS, the PEG Fund capital support contribution made by Comcast and AT&T is 1% of their gross revenues, approximately \$ 722,000.00 annually, sometimes less and sometimes more depending on AT&T and Comcast's revenues; and

WHEREAS, the City is required to distribute PEG Funds among the PEG Channel Operators, including KTOP, under the City's Cable Franchise, SVSF and DVICA; and

WHEREAS, through Resolution No. 84050 C.M.S. on October 2, 2013, the Council authorized apportionment in equal shares of the PEG funds to the PEG channels operated by the City of Oakland (KTOP), the Oakland Unified School District (KDOL) and the Peralta Community College District (PERALTA TV), in the amount of \$1.6 million for Fiscal Years 2008-09 and 2009-10, and all projected PEG fees of approximately \$700,000 for Fiscal Year 2012-13; and

WHEREAS, staff now seeks authorization for apportionment and appropriation of PEG Funds for fiscal years 2013-2014 through 2017-2018, to a Public, Education and Government fiscal account in order to fund capital improvements of all current and then existing PEG Channel operators: KTOP, KDOL and PERALTA TV of one-third (1/3) each, (approximately \$240,667 per year to each said PEG Channel); and

WHEREAS, the City wishes to enter into a Memorandum of Understanding (“MOU”) with KTOP, PERALTA TV and KDOL to memorialize the PEG Funds apportionment, use of the funds and city’s administrative functions in connection with the PEG Funds; and

WHEREAS, the City’s Department of Information Technology will be the lead Agency in coordinating the MOUs with, and distribution of funds to PEG Channels operating in Oakland, and will administer all PEG Funds for the PEG Channels; and

WHEREAS, the term of the MOU will commence when KTOP, KDOL and PERALTA TV execute the MOU and will continue to June 30, 2018; now, therefore be it

RESOLVED, That the City Council authorizes the appropriation, as specified below, of PEG Funds to Public, Education and Government fiscal Fund 2999 Account 41613 Project P350210 (KTOP), Fund 2999 Account 24213 Project G383410 (KDOL) and Fund 2999 Account 24213 Project G383510 (PERALTA TV) to be used for capital improvements of all current PEG Channel Operators; and be it

FURTHER RESOLVED, That, for the Fiscal Years July 1, 2013 - June 30, 2014 through July 1, 2017 - June 30, 2018, all PEG Funds received for those Fiscal Year shall be appropriated and apportioned equally between PEG Channels KTOP, KDOL and PERALTA TV (approximately \$240,667 each per year), subject to equal reapportionment in fiscal years when there are fewer or more PEG Channels operating in Oakland; and be it

FURTHER RESOLVED, That the City Administrator is authorized to execute or amend Memoranda of Understanding (MOU) with all participating PEG Channel operators to memorialize the PEG Fund apportionment, and terms and conditions of the PEG Fund payments consistent with this Resolution; and be it

FURTHER RESOLVED, That the City Attorney will review the agreements authorized hereunder for form and legality and a copy shall be kept on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON-MCILHANEY, KALB, KAPLAN, REID, SCHAAF
and PRESIDENT KERNIGAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California