



CITY OF OAKLAND

AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Asha Reed
City Clerk

SUBJECT: PEG Funding Apportionment 2023-2028

DATE: May 5, 2023

City Administrator Approval

Date: Jun 2, 2023

RECOMMENDATION

Staff Recommends The City Council Adopt A Resolution:

(1) Appropriating Approximately \$2.4 Million (A 5-Year Estimated Total) In Public Education Government (PEG) Fee Funds For FY 2023-2024 Through The End Of FY 2027-2028 For The Capital Expenses Of Public, Education And Government (PEG) Cable Television Channels Operating In The City Of Oakland; And

(2) Authorizing Apportionment Of Equal Shares Of The PEG Funds To Oakland (KTOP), The Oakland Unified School District (KDOL), And The Peralta Community College District (PeraltaTV) For Their PEG Channel Cable And Video Television Facilities, Subject To Equal Reapportionment In Fiscal Years When There Are More Or Fewer PEG Channels Operating In Oakland; And

(3) Authorizing The City Administrator To Execute Or Amend Memoranda Of Understanding To Effectuate The Distribution Of Said Funds.

EXECUTIVE SUMMARY

Cable TV franchisees, (AT&T and Comcast) pay 1% of gross revenues to the City of Oakland as a PEG fee pursuant to [Oakland Municipal Code Section 5.17. 210](#), which states: each state franchise holder operating within the areas of the city shall pay to the city a PEG fee equal to one percent of gross revenues. The PEG funds exclusively provide for the capital infrastructure improvements for PEG Channels operating in the City of Oakland. Continued support requires the City Council appropriate the 1% PEG fees for the next five years and authorize equal apportionment to the PEG Channel operators (KTOP, KDOL and PeraltaTV) through a memorandum of understanding (MOU).

BACKGROUND / LEGISLATIVE HISTORY

[Oakland Municipal Code Section 5.17.210](#) establishes a fee of 1% of the gross revenues on AT&T California and Comcast, the state video franchises operating in the City of Oakland. Three PEG stations (KTOP, KDOL, and PeraltaTV) operate in the City of Oakland. 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 or infrastructure improvements, which typically requires replacement every five years except in cases of unanticipated equipment failures. PEG funds cannot be used for staff costs.

The City Council has approved appropriation and apportionment of PEG fees in equal shares to KTOP, KDOL, and PeraltaTV through Resolution Nos. [82988 C.M.S.](#), [84050 C.M.S.](#), and [84701 C.M.S.](#) for Fiscal Years 2008 through 2017-18 to fund capital improvements.

The Oakland City Council passed Resolution No. [87414 C.M.S.](#) apportioning and allocating the PEG Funds for Fiscal Years 2018-2019 through 2022-2023 in equal shares between the PEG Channels operating in Oakland. This MOU shall govern the terms and conditions for distribution of PEG Funds for Fiscal Years 2023-2024 through 2027-2028 pursuant to Oakland City Council Resolution No. [87414 C.M.S.](#) The Peralta Community College District (Peralta), through the authorized act of its Chancellor, and Oakland Unified School (OUSD), through the act of its Superintendent as authorized by its Board of Education, both accept the apportionment of PEG funds as set forth in Oakland City Council Resolution [87414 C.M.S.](#)

ANALYSIS AND POLICY ALTERNATIVES

Franchise holders Comcast and AT&T pay 1% of their gross revenues as PEG fees in accordance with [Oakland Municipal Code Section 5.17.210](#), which states, each state franchise holder operating within the areas of the city shall pay to the city a PEG fee equal to one percent of gross revenues.

Per Public Utilities Code, ARTICLE 4. Video Service Franchises, use of PEG Funds is limited and can only be made to PEG Channels operating within the City of Oakland, which currently are: KTOP, KDOL and PeraltaTV. PEG funds are restricted and can only be used to make capital improvements including equipment and infrastructure upgrades.

Unexpended PEG channel funding is typically carried forward from multiple fiscal years to accumulate and fully fund costly capital acquisitions.

FISCAL IMPACT

Estimated \$2.4 million PEG Fees received from Video Franchisees (including Comcast and AT&T) from Fiscal Years 2023-2024 through 2027-2028, would be equally apportioned to all three PEG channels operating in the City of Oakland as follows:

PEG Channel Operators	Expected Allocations FY2023-24 thru FY2027-28
KTOP (City of Oakland)	Approximately \$160,000 per year for 5 years
KDOL (OUSD)	Approximately \$160,000 per year for 5 years
PERALTA TV (Peralta Colleges)	Approximately \$160,000 per year for 5 years

1. LOCATION OF FUNDS:

The PEG funds are held in the following project accounts:

KTOP: Fund 2999, Account 41613, Project 1000447 (P350210)
KDOL: Fund 2999, Account 24213, Project 1000444 (G383410)
PERALTA TV: Fund 2999, Account 24213, Project 1000443 (G383510)

2. FISCAL IMPACT:

The appropriations of PEG funds will result in ongoing capital funding for the City's PEG channels, of approximately \$160,000 per year for fiscal years 2023-2024 through FY2027-2028.

PEG Funds Spending Projections for Fiscal Years 2023-2024 through FY 2027-2028

KTOP

Over the last 5 years, KTOP has used PEG revenue to upgrade and replace aged and failing technology in City Hall meeting rooms, upgraded the air conditioning in both KTOP's Head End and Production facilities. KTOP also replaced electrical system, upgraded the lighting in Hearing Rooms One, Two and Council Chamber. These upgrades also included development of hybrid zoom capabilities in Hearing Room One and Council Chamber. KTOP has also upgraded the Production Control and Production facilities located in City Hall and maintains a HD Production Facility in the Dalziel Building. (see **Attachment A**).

KDOL

In the last 5 years KDOL has continued to cover all legislative meetings for OUSD while expanding access to Oakland youth to our education and job training programs. With the onset of the pandemic, we invested in the tools necessary to keep our meeting on the air and our staff and students creating award winning content while sheltering in place. Coming out of the Pandemic KDOL has reinvested in and expanded our programs to serve youth 11-25, preparing them for careers in media. In the coming years many of these systems will need updating and regular replacement as equipment reaches obsolescence. Our Current Studio is 10 years old, and we have already begun to replace and improve on aging systems. This process will continue while we prepare for the ever-changing media landscape as technologies evolve, we will respond to ensure our channel is ready. (see **Attachment B**).

PeraltaTV

Peralta has been able to make progress over the past seven years in upgrading the cable TV control room, boardroom video system and remote production capabilities using PEG funds disbursed through the City of Oakland. The TV master control room has a new automation and playout system, mass storage and switching equipment which enhances the look and reliability

of the station. During the pandemic Peralta added software allowing our engineers to access the TV master control panel remotely. New 4K capable production equipment has been added, three (3) edit stations, shared storage and a sound production room. Peralta is in the process of installing video cameras at our radio station KGPC-LP 96.9FM which will soon allow for the creation of Peralta TV versions of popular radio programs such as “The President's Desk” with Laney College President Dr. Rudy Besikof. After two years of sheltering in place during the COVID pandemic, Peralta discovered that some of the boardroom audio and video hardware had deteriorated. Current focus is on replacing cameras, microphones and wiring in the boardroom.

Several large-scale projects remain in the works. A previous 5-year plan included converting an old records warehouse space into a production studio. District A&R staff resisted this conversion, and the project stalled, however, that same A&R staff has vacated some office space near the warehouse which has allowed exploration of studio space. During the pandemic, Peralta really missed the community of live in-person events and are prioritizing our programming around live events including sports.

Attached is Peralta’s updated five-year plan and request for PEG funding from the City of Oakland (see **Attachment C**).

PEG Fee Revenues

PEG fees are estimated at \$480,000 per fiscal year or approximately \$2,400,000 total for the next five years through June 2028. Equal apportionment of these revenues will be approximately \$160,000 annually per PEG channel operator for five years. Staff recommends the City Council appropriate the projected PEG fees for FY 2023-2024 through FY 2027-2028 and approve this resolution providing for the recommended equal shares through June of 2028.

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 Bureau, KTOP, City Attorney's Office, Oakland Unified School District (KDOL) and the Peralta Community College District (PeraltaTV).

SUSTAINABLE OPPORTUNITIES

Economic: PEG fees support capital equipment replacement for the TV channel operators and support the stations’ service to citizens of Oakland. Broadcast activities advertises city services and opportunities of the City of Oakland, Peralta Community College District, and Oakland Unified School District.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: Promote inclusion and full participation for all residents of the City; by utilizing the capital and infrastructure dollars to provide access to the citizens in Oakland to the various legislative bodies provided for by these funds.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends The City Council Adopt A Resolution (1) Appropriating Approximately \$2.4 Million (A 5-Year Estimated Total) In Public Education Government (PEG) Fee Funds For FY 2023-2024 Through The End Of FY 2027-2028 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 Oakland (KTOP), The Oakland Unified School District (KDOL), And The Peralta Community College District (PeraltaTV) For Their PEG Channel Cable And Video Television Facilities, Subject To Equal Reapportionment In Fiscal Years When There Are More Or Fewer PEG Channels Operating In Oakland; (3) Authorizing The City Administrator To Execute Or Amend Memoranda Of Understanding To Effectuate The Distribution Of Said Funds.

For questions regarding this report, please contact Michael A. Munson, Cable TV Operations and Production Manager, KTOP TV Division of the Office of the City Clerk, at (510) 238-6565.

Respectfully submitted,



Asha Reed
City Clerk
Office of the City Clerk

Prepared by: Michael Munson
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KTOP TV Division, Office of the City Clerk

Attachments (3):

- A. KTOP 5-year Spending Plan
- B. KDOL 5-year Spending Plan
- C. PeraltaTV 5-year Spending Plan