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City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance & Personnel **LEGISLATION ITEM #:** 1367-19

AGENDA DATE: January 13, 2020 Finance & Personnel Committee
January 21, 2020 Common Council

DEPARTMENT:

Prepared By: James M. (Jim) Palenick, City Administrator

Reviewed By: Cory Mason, Mayor

SUBJECT:

Communication sponsored by Alderwoman Weidner requesting to amend the 2020 budget to include the \$30,000 needed to replace the unsalvageable equipment for the public access cable station.

EXECUTIVE SUMMARY:

CAR25 is the product of a 23 year agreement from 1996 with Tele-Communications Inc. which was later bought by AT&T. CAR25 was not officially launched until 2003 after \$40,000 was allocated by the Common Council to pay for its operation. Funding for CAR25 was provided through the segregation of “franchise fees” which are paid to the City by telecom and cable providers for use of the City right of way. Eventually, former Mayor John Dickert pursued an outside firm to run CAR25. That contract lasted one year and was not renewed. Since then CAR25 has been run by the MIS Department. The franchise fees are now incorporated into the City’s General Fund operations budget, and costs related to the operation of CAR25 are absorbed into the MIS Department’s budget. In early December 2019 the equipment began having issues overheating and shortly after that, broke beyond repair. The MIS Department has been in the process of completing a cost analysis to replace and operate CAR25, as well as research possible alternatives.

Note on the “Franchise Fee”: State law has sunset the “franchise fee” for the year 2022/23. Currently the City collects approximately \$830,000 in franchise fees in exchange for the use of City right of way,

30 which supports the General Fund. While the State has said it will hold the municipal jurisdictions
31 “harmless” from the loss of these revenues, there is only a two-year commitment currently for such
32 losses. In the future, the sunset of franchise fees could create an additional \$830,000 hole in the
33 budget – adding to the City’s structural deficit.

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35 **BUDGETARY IMPACT:**

36 After a thorough assessment of the needed equipment, the capital cost to replace, install, and ensure
37 the longevity of CAR25 is \$87,666.29. Contracted services are also needed in the amount of \$8,000 for
38 staff training on the new equipment. Based off of current staffing levels and ongoing projects in the
39 MIS department, funding for a .5 FTE at \$50,000 would further need to be allocated to run CAR25 and
40 its related operations. Added together, the total cost is \$145,666.29

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42 **OPTIONS/ALTERNATIVES:**

- 43 1.) Approve the funding of up to \$146,000 to restore CAR25.
- 44 a. Funding would allow for modernization of equipment and ensure the equipment’s life
45 span is worthy of the investment
- 46 b. MIS will establish a timeline for CAR 25 to be operational, recognizing it will take time
47 to procure and install equipment
- 48 c. Funds would be allocated out of the existing capital budget of the MIS Department
49 and an additional \$56,500 from the “Contingency Fund” (*see Attachment 1*)
- 50 2.) Defer action and funding. Direct the administration to explore the feasibility of inclusion in
51 the next annual budget. In the interim, the City would develop additional methods to expand
52 public access through the internet and social media.
- 53 3.) Take no action

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55 **RECOMMENDED ACTION:**

56 Move to approve Option 1 and allocate up to \$146,000 to restore CAR25

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58 **ATTACHMENT(S):**

59 Attachment 1: Itemized costs along with Budget reallocation to cover costs