

Agenda Report

TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: RATIFICATION OF MERGER OF 55 KPAS AND THE PASADENA
COMMUNITY ACCESS CORPORATION.

RECOMMENDATION

It is recommended that the City Council:

1. Approve the operational merger of 55 KPAS, the government access channel, and 56 PCAC, the public access channel.
2. Approve funding for the merged operations of 55 KPAS and 56 PCAC in an amount not less than \$237,000 per year for two years beginning July 1, 1998, and ending June 30, 2000. (This amount is in addition to PCAC's own operating budget.)
3. Approve management oversight of government access operations by PCAC.
4. Review the current makeup of the PCAC board to ensure that the stated mission to become an entrepreneurial operation can be achieved.
5. Direct the City Attorney to amend the existing PCAC ordinance to allow direct representation on the board by the City Manager or City Manager's representative with full voting authority.

BACKGROUND

Access television is made up of three entities with the acronym of PEG: public access, education access and government access. In Pasadena, public access is provided by Pasadena Community Access Corporation (PCAC), education access is provided by Pasadena Unified School District and Pasadena City College, and government access is provided by the City of Pasadena.

For nearly 10 years the City of Pasadena and PCAC have discussed the possibility of merging government access and public access operations. Currently, KPAS and PCAC operate autonomously with separate production facilities -- KPAS is housed at Hen's Teeth Square in northwest Pasadena; PCAC shares facilities at PUSD headquarters.

The recommendations in this agenda report are consistent with several findings, conclusions and recommendations made by the Mayor's Cable Task Force, the MOU Committee and consultants over the past five years.

Charter Communications, the current cable provider in Pasadena, provides approximately \$200,000 in franchise fees annually to PCAC for its operations and \$300,000 to the City of Pasadena's General Fund. In turn, KPAS receives approximately \$237,000 from the General Fund for its operations.

- Current State of Operations at KPAS

All FTEs have been eliminated from the KPAS budget. Productions consist of weekly City Council meetings, on-going programming including "City Beat" and "Pasadena In Motion," and special programming such as community forums. Equipment at KPAS is old and in need of repair. The city's lease agreement at Hen's Teeth Square is set to expire June 30, 1999.

- Current State of Operations at PCAC

PCAC staffing levels have also been reduced and some positions eliminated. Productions consist of monthly Altadena Town Council meetings and on-going programming including PUSD football games and "Casa Martinez." According to PCAC staff and board president, PUSD has notified PCAC that it wants to meet with PCAC regarding renegotiation of the agreement for shared facilities when it expires in 1999.

- Equipment Needs

Both operations are in need of a capital replacement program for cameras, editing equipment, etc. It is anticipated that through savings realized by reduced staffing levels and economies of scale, funding for a capital replacement program will be made possible by the merged operation. Staff has also made a commitment to explore the possibility of securing additional funding for this purpose through the renegotiation of the franchise agreement with Charter Communications.

- Timing of Merger

It is anticipated that the merged operation would begin July 1, 1998, and that a new Memorandum of Understanding would be created during a six-month transition period. The MOU would outline expectations and commitments between the city and PCAC.

- Proposed Funding

It is proposed that the current budget amount for 55 KPAS -- \$237,000 -- be provided to PCAC for Fiscal Years 1999 and 2000. Combined with PCAC's current operating budget, the total new annual operating budget would be approximately \$437,000 per year for two years. It is anticipated that during this period PCAC would undertake the capital replacement program and begin entrepreneurial activities to reduce its reliance on city funding. By July 1, 2000, it is anticipated that the merged operation will begin to realize a reduced need for funding through the franchise fee.

- Governance

The intent of the original Memorandum of Understanding was for PCAC to provide for cable television production and programming for the City of Pasadena, PUSD, PCC and the public at large. This intent was partially realized by PCAC providing service to the city and PCC via the mobile television-production van; and facilities that are shared by PUSD and PCAC. The original intent notwithstanding, for a variety of reasons each of the entities became an autonomous operation.

PCAC is governed by a board of directors appointed predominately by the City Council and representing the City of Pasadena, PUSD, PCC and the public at large. A City of Pasadena staff representative serves in an ex-officio capacity with no voting authority on the board. The PCAC ordinance does not include language that allows otherwise.

Because of the recommended funding of not less than \$237,000 for a merged operation, staff proposes that the ordinance be amended to allow the City Manager or City Manager's representative equal voting rights as a full member of the PCAC board. The PCAC board has strong objections to this recommendation and will present the reasons at the June 8 City Council meeting.

To help PCAC achieve its stated mission to become an entrepreneurial operation, staff also recommends a review of the current makeup of the PCAC board to ensure that appointees possess the necessary experience and qualifications in the fields of finance, business, law, marketing, cable operations, fund-raising and other areas.

- City Council and Business Enterprise Committee Discussions

The City Council referred this issue to the Business Enterprise Committee in December 1997. The BEC discussed the issue on Jan. 17, April 1 and April 15.

FISCAL IMPACT

The proposed merger of KPAS and PCAC operations would limit the city's expenditure to the current General Fund contributions for Fiscal Years 1999 and 2000. The merger anticipates cost reductions beginning in Fiscal Year 2001 and beyond.

Respectfully submitted,



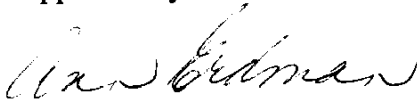
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