

Agenda Report

TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: ESTABLISHMENT OF A TELECOMMUNICATIONS FUND

RECOMMENDATION

It is recommended that the City Council establish a new enterprise fund referred to as the Telecommunications Fund. The Telecommunications Fund will serve as the repository for revenues generated from the City's telecommunication projects and activities.

BACKGROUND

On December 8, 1997, City Council approved a business plan which proposed the construction of a fiber optic backbone and the creation of a strategic business relationship with the private sector for the use of the backbone's excess capacity and its expansion. As presented in the business plan, staff anticipates the project will generate significant revenues through the relationship with a private-sector telecommunications firm. The proposed Telecommunications Fund will serve as the collection point for those revenues. Initial returns from the project will be used to repay the loan (plus interest) of Charter Capital Reserves which funded the project's implementation.

Revenues from other city telecommunications initiatives (e.g., fees for siting of wireless telecommunications facilities on city-owned property) would also be deposited in this fund.

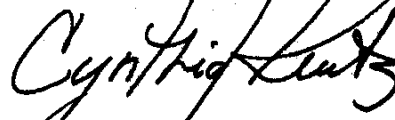
Staff propose that project revenues be placed in this Telecommunications Fund rather than in existing funds to provide the City Council with maximum flexibility in making decisions regarding allocation of the revenues and to track accurately expenditures and revenues relating to telecommunications activities. The resolution establishing the fund indicates that the Council can make decisions on an annual basis regarding transfers from the Telecommunications Fund to other funds or support for particular activities.

Like all other City funds, the Telecommunications Fund would be managed by the Director of Finance.

FISCAL IMPACT


There is no direct fiscal impact from establishing the proposed Telecommunications Fund.

Respectfully submitted,



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