



OFFICE OF THE CITY MANAGER

TO: Mayor Bogaard and Members of the City Council

FROM: City Manager

DATE: May 18, 2000

SUBJECT: Business Enterprise Committee Discussion Regarding the Future Role of the Pasadena Community Access Corporation (PCAC)

The Business Enterprise Committee (BEC) discussed staff's recommendations regarding the Pasadena Community Access Corporation's future role, and received comments from PCAC and community members at its May 17, 2000 meeting. The BEC asked staff to summarize that discussion in order to provide the other Councilmembers background on the issues and reduce the need to revisit them during the May 22 Council meeting.

Staff and the PCAC Board are close to consensus on the staff recommendations outlined in the attached agenda report. Discussion of the following areas elaborated on the staff recommendations:

- PCAC is generally in agreement with the shift of production facilities to Charter Communications' local studio. PCAC stated it may also be possible to use a Pasadena City College (PCC) studio facility. The PCAC Board was concerned that the shift to Charter's studio would mean PCAC was cut off from involvement in production. Staff clarified that PCAC would continue to play a creative, facilitative role in productions; it is simply where they are produced that changes. PCAC would manage use of the Charter studio time that is allocated for Pasadena.
- Programming (deciding what airs when) would remain with PCAC.
- Playback (the physical act of getting programs on the air at their appointed time) would also remain with PCAC. The function could be performed at the Charter studio or at another location, such as City Hall, with acquisition of new equipment. Charter and PCAC are looking into new playback technology that automates the function on digital servers, reducing the requirement to have someone physically load tapes for every program.
- PCAC expressed concern about sharing the Charter studio with users from the 12 other cities using it for public access, and maintenance of up-to-date equipment in the facility. Current usage of the studio by residents of other cities appears quite low. Additionally, the renewed franchise agreement with Charter Communications will include performance measures to ensure availability of the studio for public access use, resources to support those productions, and current production technology.
- Given PCAC's enhanced community focus, the group anticipates a greater need to capture live events outside the production studio. Staff will incorporate more permanent cablecast locations (such as Wright Auditorium at the Central Library and the stadium at

PCC) into the new franchise agreement. In addition, re-equipment of a mobile van for PCAC and PCC use is a topic of franchise negotiations with Charter.

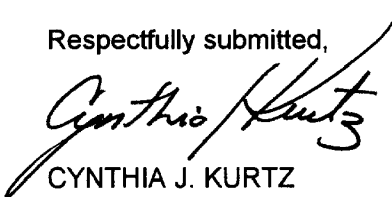
- Staff clarified that there is not a recommendation to reduce PCAC's budget at this time. In fact, the shift of production costs to Charter should free up funds in PCAC's budget and result in greater, more varied community and government programming.
- There will need to be close coordination of training between PCAC, PCC, Pasadena Unified School District (PUSD), and Charter. PCAC will pursue cooperative efforts with the other entities where feasible. PCAC noted that for some types of training, it is important to have students learn on the equipment that they will be using for actual productions. That may take place most logically at the Charter studio, involving PCAC or Charter staff. City staff will work with the PCAC Board to develop a FY2001 budget which addresses PCAC's logical involvement in training that takes place at the Charter studio or another existing studio (and avoids capital investment in a new training facility).

There was also discussion on several issues beyond what was presented in the attached staff report.

- Should PCAC's new role include production of its own programs? PCAC anticipates the need to create some of its own productions to market its new role and to highlight community issues that may not be addressed by others. The BEC expressed some concern that production, rather than the intended outreach to community organizations, could become the group's focus. The BEC requested additional clarification and discussion of how resources would be allocated to different PCAC activities.
- To what extent should public access be available and used by elected officials? Is there a risk of those who hold the community access organization's purse-strings having disproportionate access to production resources or air-time?
- What should PCAC's governance structure be? Should the group remain a body of Council- and institution-appointed representatives, or move to an independent non-profit structure? PCAC representatives at the BEC meeting would like the organization to become an independent non-profit, with the goals of improving participation on the PCAC Board, ensuring Board members have relevant experience, and improving the group's ability to raise money. Independence from the City would decrease the City's connection with and liability related to programming aired by PCAC that some in the community might find questionable or offensive. PCAC representatives asked that they have the opportunity to go back to their full board to discuss the governance issue, and return in the future with a formal recommendation for by-law changes.

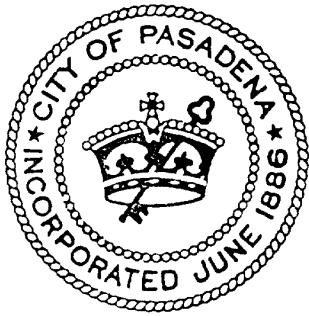
If you have any further questions regarding the Business Enterprise Committee discussion, please contact Robert Person at 744-4222.

Respectfully submitted,



CYNTHIA J. KURTZ

City Manager



Agenda Report

**TO: City Council
Through the Business Enterprise Committee (BEC)**

FROM: City Manager

SUBJECT: Future Role of the Pasadena Community Access Corporation (PCAC)

RECOMMENDATION:

It is recommended that the City Council direct the Pasadena Community Access Corporation (PCAC) to:

1. Restructure its operations eliminating the production and training elements of its business plan by:
 - a. Initiating a planning process that will transfer production services from PCAC to Charter Communications and begin a planning process that will transfer public access training responsibilities from PCAC to the Pasadena Unified School District and Pasadena City College.
 - b. Develop a FY2001 budget.
2. It is further recommended that the City Council direct staff to include the provision of public access production services as part of the franchise renewal negotiations between the City and Charter Communications.

BACKGROUND

On December 6, 1999, the City Council received a proposed business plan from the Pasadena Community Access Corporation (PCAC) that contained a restructuring of their operations to become effective on July 1, 2000. City Council assigned the review of this business plan to the Business Enterprise Committee (BEC) and asked the BEC to return to the City Council with a recommendation.

On January 19, 2000 and February 16, 2000, the Business Enterprise Committee met with members of the PCAC Board to assess their business plan. One of the primary issues discussed was PCAC's continued role of video production which requires re-equipping its studio and related equipment at a minimum cost of \$650,000. Charter Communications, the City's cable television provider, offered a proposal in which their production facilities, located in Pasadena, could be used by PCAC. A proposed structure emerged from this discussion that would put PCAC in a coordination role of directing community organizations to the Charter studios where they would produce "community programming" to be aired on the public access channel.

Another issue debated at the BEC was whether PCAC should retain a training program. The Pasadena Unified School District (PUSD) and Pasadena City College (PCC) both provide beginning and intermediate video production courses. PCAC stated that their courses allowed individuals to rapidly cover the basics of video production, enabling them to produce programming for the public access channel in a short

time. This training contrasts with the more structured, classroom-for-credit approaches of PUSD and PCC.

The BEC also considered if the City should invest in alternative technologies, such as the Internet, to further community discussion and free speech opportunities.

As the discussions at BEC continued, another proposal, one in which PCAC would become a granting agency of franchise fee dollars to independent producers, was raised. The proposal was based on the Community Development Block Grant Program (CDBG) model wherein a fixed amount of money would be distributed as grants to community applicants. It was concluded that the discussion should be brought to the entire City Council for further deliberations.

Subsequent to the last BEC meeting, the City Council conducted a workshop on cable television related matters. One of those matters was the future role of PCAC. At that workshop, the PCAC Board delivered a memorandum to the City Council recommending full production, training and programming activities, in contrast with the BEC deliberations. The issue was once again referred to the BEC to make a recommendation to Council. This is the subject of this agenda report.

Pasadena Community Access Corporation Proposals

On February 16, 2000, the Pasadena Community Access Corporation presented to BEC a proposal that would restructure their operations by outsourcing training and studio facilities and would focus PCAC's efforts on community outreach. It would rely on PCC and PUSD to provide training and would use a central studio facility for production services. PCAC's role would be outreach to organizations and groups in the community to present programs on cable television, including civic organizations, non-profits, museums, hospitals, colleges, senior centers, neighborhood associations, and advisory boards and commissions (see Attachment A).

On March 27, 2000, PCAC presented to the City Council a proposal contradicting its February 16, 2000 proposal to the BEC (see Attachment B). The new proposal concludes that outsourcing production would compromise and dilute programming and outreach, and, greater economies of scale would be attained by reequipping PCAC's studio at Hen's Teeth. Further, the latest proposal states that the PCAC training program is a minimal cost and should be retained.

Staff Analysis

Staff's analysis of the latest proposal submitted by PCAC indicates that it does not provide an improvement over its current operations, but merely re-equips its studio at a significant cost and maintains a business-as-usual structure. Staff continues to support PCAC's move to a coordinative, non-production role instead. This role could be funded at lower or similar cost to PCAC's current activities.

Although there appeared to be consensus between City staff and PCAC on Charter's proposal to use its regional studio for Pasadena community programming (this included a tour of the facility by all parties), PCAC's latest proposal rejects that alternative. Charter's facility, located at 585 E. Colorado Blvd., serves as the public access production studio for 12 of its 16 franchise cities (one of the notable exceptions being Pasadena where the facility is located). Charter has voiced a commitment to upgrade the facility significantly. This upgrade cost could then be spread among a large regional customer base. Re-equipping a studio for Pasadena alone would result in that cost being passed on to Pasadena cable subscribers through a substantially larger percentage increase in rates. The economies of scale of this proposal are significant.

There were three concerns raised regarding use of Charter's studio: 1) the location of the studio in the Presbyterian Church; 2) availability of resources at the studio to assist with public access programming;

and 3) Charter's control, and potential censorship, of community programming. In response to concerns regarding the location of the studio in the church, staff has confirmed that the relationship between the church and Charter is strictly one of landlord and tenant. The church does not exercise any managerial or editorial control of studio activities. Charter has stated that none of the other cities using the facility have complained about the studio's location in a church. Staff is in the process of confirming with those cities that the studio location has not been an issue. Finally, staff is critical of the signage identifying the location of the studio, but believes this could be easily addressed.

Regarding resource availability at the studio, the franchise agreement with Charter would stipulate measurable resources available for support of public access programming (e.g., number of hours of studio usage, number of productions supported, etc.). Staff would work cooperatively with Charter and PCAC to insure adequate resources are available to enhance Pasadena's community programming over its current offerings.

Finally, concerns were raised regarding Charter's control of programming. While Charter has offered to perform the role of playing back community access programming, PCAC could perform that role using Charter's equipment at the studio. Furthermore, digital technology will soon allow automation of the playback function, reducing the requirement for PCAC to staff the function at the studio.

The second major component of PCAC's latest proposal is to retain its training role. It rejects the option of partnering with existing programs at PUSD and PCC. Staff review shows there is significant overlap between PCAC's training program and the training offerings at the other institutions. It is recommended that PUSD and PCC provide the video production training, and PCAC could serve as a resource in directing potential access producers to the appropriate courses. Pasadena City College has agreed to adjust or develop programs to meet the short-term training needs on which PCAC has focused.

PCAC currently provides government access programming for the City. Charter has also indicated a willingness to provide this service to the City on a contractual basis, however staff is investigating how other cities manage this function. In staff's initial data gathering, it appears that other cities are spending a fraction of the \$237,000 currently allocated to PCAC for production of government programming. For example, based on the City of Arcadia's costs, staff has estimated that Pasadena's government programming could be produced at an annual cost under \$100,000. Staff will return with a separate recommendation on this matter.

Development of a public access grant program following the CDBG model requires further clarification. A lengthy grant process may not be the most efficient means of achieving increased community programming. An alternative approach is a PCAC budget that would include sufficient funds to assist local organizations with pre-and post-production expenses for community-oriented programming. These funds could come from savings realized if PCAC were no longer involved in production (rather than a net increase in PCAC's budget).

Regarding alternative free speech opportunities, such as the Internet, staff is discussing with Earthlink its possible sponsorship of a Pasadena community electronic discussion forum.

Fiscal Impact

PCAC's operations are currently supported by two (2) primary sources. Through the current fiscal year, forty percent of the franchise fees received by the City are dedicated to PCAC. This amount is approximately \$300,000 annually, but varies depending on Charter's revenues. Council has directed staff to draft a new franchise agreement with Charter Communications that would eliminate the dedicated 40% contribution of franchise fees to PCAC with the intent of granting public access dollars on an annual basis during the budget process. Under the current schedule, the new franchise agreement, which does

eliminate the dedicated franchise fee revenue stream to PCAC, will be approved by City Council prior to July 1, 2000 – the beginning of the new fiscal year.

PCAC's second primary source of revenue is a City grant of \$237,000 a year for production of government focused programming. This is limited to City Council coverage, production of City Beat and election coverage. Thus, PCAC expends over half a million dollars annually in producing programming for Channel 55 KPAS and Channel 56 (PCAC) from the two revenue sources.

The City receives approximately \$700,000 in franchise fee revenue annually. Of that amount, the City expends approximately \$537,000 on public and government television access. There would be significant savings in ongoing operational costs if PCAC were no longer involved in production. Those savings could be used to provide funds to assist local organizations with pre-and post-production expenses for community-oriented programming.


Further, PCAC's request to re-equip its studio involves capital costs of \$650,000. If that amount is included as a grant under the franchise agreement, staff anticipates that Charter will pass through the grant amount to subscribers through rate increases. As discussed above, if production is shifted to Charter's studio instead, any upgrade costs related to that shared facility will be spread across Charter's regional subscriber base, with a much lower impact on Pasadena subscriber rates.

Respectfully submitted,



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