

ITEMS FOR CONSIDERATION

CITY COUNCIL
April 23, 2002

To: Mayor and City Council
From: George J. Rodericks, City Manager

**SUBJECT: PUBLIC EDUCATION GOVERNMENT (PEG) PROGRAMMING
FUNDING SUPPORT**

BACKGROUND

In October 1999 the City of Villa Park entered into a Memorandum of Understanding (MOU) with Adelphia Communications Corporation. Section 3 of the MOU specifies that Adelphia shall provide an initial PEG grant of \$50,000 and on an ongoing basis, Adelphia shall provide a PEG payment equal to one percent (1%) of Gross Revenues per subscriber per month. These funds were to be used by the City for capital and non-capital purposes relating to public education and government cable programming. Pursuant to the MOU, the initial PEG grant and ongoing PEG payment may be passed through in their entirety to the subscriber.

The City provided the Villa Park Community Access Television Corporation (VPCATV) with the initial PEG grant for capital and equipment purchases. The disposition of the PEG payment was to be determined upon receipt.

FINDINGS

In January 2002 during discussions with Adelphia, the City determined that the one (1%) percent PEG payment had not remitted nor had Adelphia collected it since the inception of the MOU. In February 2002, the City received \$18,750.56 from Adelphia for the period covered by the MOU through December 2001. Quarterly, the City receives its five (5%) percent franchise fee calculated off gross revenues from Adelphia. The additional one (1%) PEG payment will be remitted with the quarterly franchise payments.

Currently, the City budgets fifty (50%) percent of the franchise payments from Adelphia to VPCATV. The disposition of the additional PEG payments are subject to City Council direction. Pursuant to the MOU, these funds may be used for capital and non-capital purposes in support of public education and government programming.

On April 12, 2002, the Public Utilities Committee met with representatives from VPCATV to discuss issues of performance and long-term vision for VPCATV. The Committee discussed issues of leadership, volunteers, communication, programming, and capital equipment. Prior to making a recommendation for transmittal of the additional PEG payments to VPCATV, the Public Utilities Committee directed that VPCATV:

- Meet on a quarterly basis with the Public Utilities Committee to communicate issues of programming, goal setting, long-term planning and budget.
- Meet annually with the City Council at a study session to review an annual plan.
- Prepare semi-annual reports to the City Council.
- Prepare and submit monthly performance and budgeting reports to the City.
- Communicate scheduling and programming issues to the City in a timely manner.

The Committee expressed that communication between VPCATV and the City is important when addressing the long-term vision and performance measures of VPCATV. The City has a vested interest in the successes of VPCATV and desires a partnership approach to successful programming and services.

VPCATV is prepared to meet and exceed the City's requests and has recently taken steps to improve performance, staffing, and programming issues.

FISCAL IMPACT

The PEG payment through December 2001 is \$18,750.56. The City received these funds from Adelphia in February 2002. Future PEG payments will coincide with quarterly franchise payments.

RECOMMENDATION

It is recommended that the City Council of the City of Villa Park consider directing any PEG payments received under the Villa Park Cable Television Memorandum of Understanding to Villa Park Cable Access Television Corporation upon receipt.