



Memo: Future CTN Service and Production Recommended Actions

To: John Torgensen, Cable Communication Commission Chair

From: Lisa Wondrash, Communications Unit Manager

Date: May 1, 2019

Background

CTN's mission is to provide multimedia resources and programming to serve public interests and strengthen the fabric of the Ann Arbor community. Since 1973, CTN has delivered on its mission by providing free television production workshops to residents and non-profit organizations and has created local cable programming about the Ann Arbor community. CTN is one of the oldest access television operations in the country. Today, CTN's eight staff members offer a variety of media workshops, training and local programming on Comcast cable channels 16, 17, 18 and 19, AT&T 99, live online streaming and video on demand content.

CTN is funded via cable franchise fees, which are the compensation paid to the local franchising agency (the City of Ann Arbor) for use of rights of way which is used in the deployment of the cable system. Franchise fees are capped at 5% by Federal law, however, the Federal law also allows for additional fees that can be used for Public, Educational and Government (PEG) channels. In the City of Ann Arbor, the PEG fee paid by cable operators is 2%. Currently, CTN does not receive City of Ann Arbor general fund revenue.

In 2006, the "Uniform Video Services Local Franchise Act 'PA 480'" created a uniform franchise agreement for franchising entities and video providers in the state of Michigan. Currently, AT&T and Comcast have 10-year state franchise agreements to offer cable service in Ann Arbor.

CTN's fiscal year 2019 approved budget is \$2.278 million. The recommended fiscal year 2020 budget is \$2.128 million. The expenditure reduction was necessary as a result of decreased cable franchise fee revenue. CTN's revenue projections for fiscal year 2019 are approximately 7% below the forecasted amount. The city's financial forecasts predict the trend to continue downward.

CCC Subcommittee

On February 6, 2019, the Cable Communications Commission (CCC) moved to form the CTN Futuring Subcommittee, which would meet monthly (February, March, April) to explore the following topics:

1. Feb. 25, 2019: CTN Current Services Discussion
2. March 18, 2019: Revenue and Collaboration Discussion
3. April 22, 2019: Service Recommended Changes

During this time, CTN managers and staff met concurrently on the above topics to explore current core service delivery and workshops/production consolidation opportunities; expenditure reductions ideas; revenue options and services and programs that should no longer be provided and/or considered on a fee-based schedule. In addition, staff worked with CTN's Financial Analyst in the Finance Department to determine costs for CTN services and productions (See Appendix A).

Future Recommendations

The below recommendations are based upon CCC subcommittee and staff meetings and discussions, as well as production and service cost analysis.

Tier 1 [Implement FY2020—late summer/early fall]

- Significantly reduce reliance on temporary employees
- Evaluate the reduction of expenses on an ongoing basis as it relates to equipment replacement, materials and supplies, facility expenses, etc.

Core Services

Meeting Coverage

City Board and Commission and Council Meeting Coverage

Board of Education Meetings

Election Coverage: League of Women Voters Candidate Forums and Candidate Comments

Special Public Meeting Coverage: Based upon staff availability

Productions

A2 Inclusive*

Access Ann Arbor

Adventures in Parenthood*

Art Fair & Close Ups*

CTN Top Sports Plays & Art Fair Booth "Best Of"* (Only produce if staff available)

Camp TV with AAPS students (Revenue offsets production costs)

City PSAs and City Round Services Promotions

Experience CTN*

FYI* (Roll Conversations and A2 Shield topics into this program when needed)

Green Room*

Happy Tails*

High School Graduations

Let's Watch with A2 Film Festival*

Santa Call In Show December

High School Sports Coverage

Senior Moments*

Soapbox*

Townie Party

Ward Talk

*Condense productions into one-day and/or reduce number of programs produced annually

Discontinue Producing

A2 Summer Festival

Environmental Excellence Awards

Orchestra Night

TEDxYouth@Ann Arbor

Services

- Training, facility usage and tours by appointment only
- CTN Facility Hours: 11 a.m. – 8 p.m.
- Cablecast hours until midnight

Tier II [Implement/Assess in FY2021 or sooner if needed]

- Eliminate open FTE Programmer position
- Assess public facilities equipment replacement needs
- Explore cost saving options regarding CTN rental space
- Explore utilizing volunteers to produce Access Ann Arbor and students for HS Sports
- Explore a standard set design with production lighting that requires less modifications
- Explore partnerships with agencies covered by CTN

Revenue Opportunities

- Studio Rental
- Charge for Production services beyond core
- Workshop Fee (Adult Rec & Ed camps)
- Explore monetizing YouTube channel

Conclusion

Since 1973, CTN has delivered on its mission to provide television production workshops and local programming. As one of the oldest access television operations in the country, CTN provides a valuable service to the community. CTN is positioned to meet the financial challenges of tomorrow by continually evaluating costs and service delivery with the assistance of the Cable Commission and our committed and dedicated staff members.

Appendix A

<u>Project</u>	<u>Total Cost (Per Production)</u>	<u>SCORE</u>
City Meeting Coverage (based on 2 hr mtg)	324.36	23
City Dept. PSAs/shorts	231.98	24
LWV Candidate Forums	821.40	24
Candidate Comments	1002.13	32
Access Ann Arbor	1220.66	35
CTN Sports	1821.31	40
High School Graduations	1755.56	44
Special Meeting Coverage	668.96	47
A2 Inclusive	1610.83	47
Tours	232.00	49
County Meeting Coverage	355.39	53
Board of Education Meetings	501.72	53
City Round Ups	315.60	54
A2 Shield	1076.35	58
Conversations	611.33	61
Townie Party	628.92	63
Santa Call In Show	1578.44	63
Ward Talk	787.78	64
FYI	1892.09	65
Let's Watch w/the A2 Film Fest	410.70	73
Adventures in Parenthood	601.07	74
Soapbox	1117.02	85
Experience CTN	1515.37	85
Happy Tails	872.65	86
Senior Moments	443.07	89
Green Room	1475.56	89
Art Fair Close-Ups	903.35	91
CTN Top Sports Plays	1159.89	91
Camp TV	5129.80	95 (revenue generating)
Orchestra Night	2397.43	104
Environmental Excellence Awards	717.87	107
A2 Summer Festival	671.68	108
Art Fair Booth "Best Of"	1159.89	124
TEDxYouth@Ann Arbor	4988.98	126
Art Fair Booth	6616.12	147

The above costs were calculated by CTN's Financial Analyst who calculated the "Total Cost (Per Production)" using the average staff cost, the number of productions completed, and the cost of resources (equipment) used for a production. The "SCORE" was determined by comparing the Total Cost (Per Production), the amount of time needed, the amount of staff needed, the popularity of a production, and the number of online views per completed production in fiscal year 2018. Lower scores indicated productions that are less costly but very popular (based upon online views), while high scores indicate productions that are more costly and less popular.