

Quidley, Mary

From: Skip Wallace <skip.wallace@darenc.com>
Sent: Wednesday, February 19, 2020 2:07 PM
To: Quidley, Mary; O'Dell, Michael
Subject: GEACC 2020-2021 Budget Approval Request
Attachments: GEACC 2020-2021 Budget Approval Request- Kill Devil Hills.pdf

Good afternoon Mary and Michael,

Attached for presentation to your Board is the 2020-2021 Budget for the operation of the Government Education Access Channels.

The Government Education Access Channels Committee (GEACC) recently voted to send the 2020-2021 budget to each participating entity for approval. The GEACC respectfully asks that this item be added to your next Board of Commissioners meeting agenda.

Don't hesitate to let me know if you have any questions or if there's anything else you need from me in order to add it to the agenda.

Greatest of thanks,

Skip :)

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Skip Wallace

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Government Education Access Channels Committee
2020-2021 Proposed Budget

The following item is presented for the Town of Kill Devil Hills Board of Commissioners review and approval.

Specific Action Requested:

1. Approve the proposed 2020-2021 GEACC Budget.

Budget Summary

The Government Education Access Channels (GEAC) Committee has reviewed and approved the proposed 2020-2021 budget for the operation of the Government and Education Channels. The proposed budget, which would take effect July 1, 2020, must be approved by every participating member entity of the Channels, which includes the towns of Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, Nags Head, Manteo, and Dare County, Dare County Schools, College of The Albemarle, and Coastal Studies Institute - ECU.

The budget as proposed requires no additional funding from the participating entities other than the current annual \$1000 membership fee. The budget is funded from the North Carolina Video Programming Distribution proceeds, which are dispersed quarterly by the State to certified members of the GEACC. These funds must be used for the operation of the two channels and no other purpose. Additionally, the legislation that originally established the video distribution funding required that the proceeds not supplant current funding. Accordingly, the annual \$1000 membership fee that was in place when the program began must remain, or the Channels would lose all video distribution funding from the state.

The GEAC committee recommends the budget, which includes, in part, the following: funding for two full-time staff positions and a Local Programming Development Initiative to assist members in the development of programming for the Government and Education Channels. The funding also includes the continued funding of two regular news magazine shows that highlight each of the participating members of the GEAC on the Education Channel and the Government Channel.

To maintain the fund balance at the recommended level, the proposed budget sets forth a plan to reduce the amount of fund balance being used for operations and strategically focuses budget spending to match yearly revenue. This includes a 50% cut to LPDI funding in the 2020-2021 fiscal year (from \$10,000 to \$5,000 per entity), followed by a gradual 50% cut to Contractual Services over the next 3 years.

**Government Education Access Channels Committee
2020-2021
Proposed Budget**

Executive Summary

Funding comes from the state of North Carolina use tax on cable and satellite fees. Our revenue from this source in 2020-2021 is projected to be a conservative \$270,000.00. In addition, each of the 10 entities pay a \$1000 membership fee annually to participate in the channel's operations. This \$1000 fee is unchanged and is the only impact on each entity's budget. This money that is received from the entities in support of the Government and Education Access Channels must remain in the budget in order for each entity to continue to receive PEG Supplements from the state of North Carolina. This budget is requesting a total of \$25,583.25 be allocated from the fund balance. The fund balance is projected to be \$161,796.00 on June 30, 2020. The proposed total budget for the Government and Education Access Channels Committee for 2020-2021 is \$306,583.25, that includes a 50% cut to LPDI funding as part of a long term plan to bring the fund balance to it's recommended level.

	PROPOSED 2020-2021	CURRENT 2019-2020
INCOME		
NC PEG Supplemental Video Disbursement (from the state NCDOR) ¹	270,000.00	260,000.00
Member Fees (annual fee paid by participating entities) ²	10,000.00	10,000.00
Interest Income (interest from fund balance) ³	1,000.00	1,000.00
TOTAL INCOME	281,000.00	271,00.00
APPROPRIATED FUND BALANCE⁴	25,583.25	148,961.40
TOTAL REVENUE	306,583.25	419,961.40
EXPENDITURES		
Salaries (2 Full time employees) ⁵	(118,000.00)	(113,000.00)
PT Salary (Internships) ⁶	(0)	(2,000.00)
Merit Pay ⁶	(2,360.00)	(2,260.00)
FICA	(9,027.00)	(8,644.50)
Retirement	(12,059.60)	(9,119.10)
Health Insurance ⁸	(30,850.05)	(29,381.00)
Life Insurance	(224.20)	(214.70)
Retiree Health	(212.40)	(192.10)
Contractual Services (Production of Destination Dare/Ed Awareness) ⁹	(50,000.00)	(50,000.00)
Professional Services ¹⁰	(1,000.00)	(1,500.00)
Equipment - Repair, Replacement, Purchase ¹¹	(5,000.00)	(10,000.00)
Supplies ¹²	(3,500.00)	(5,000.00)
Music Library ¹³	(350.00)	(350.00)
Training	(1,000.00)	(2,500.00)
Travel	(1,000.00)	(2,500.00)
Professional Memberships	(250.00)	(500.00)
Channel Operations ¹⁴	(7,200.00)	(15,000.00)
Marketing ¹⁵	(1,000.00)	(15,000.00)
Miscellaneous	(500.00)	(500.00)
Capital Outlay	(0.00)	(40,000.00)
Contingency (Reserve for unexpected expenses) ¹⁶	(5,000.00)	(5,000.00)
Emergency Contingency (Storm related overtime during activations) ¹⁷	(2,500.00)	(2,500.00)
Vehicle Maintenance ¹⁸	(500.00)	(500.00)
Vehicle Fuel ¹⁹	(2,000.00)	(1,000.00)
Insurance and Bonds ²⁰	(2,900.00)	(2,900.00)
Uniforms ²¹	(250.00)	(750.00)
TOTAL OPERATING EXPENDITURES	(256,583.25)	(319,961.40)
Local Program Development Initiative		

This is money set aside in the budget to foster development of program content by the member entities. Money is awarded on an application and grant basis to participating entities by the Government and Education Access Channel Committee. The money can be used to produce programs, improve the quality of existing programs, or purchase equipment to provide for increased production and/or quality of programs.		
LPDI 1 - Coastal Studies Institute	(5,000.00)	(10,000.00)
LPDI 2 - College of The Albemarle	(5,000.00)	(10,000.00)
LPDI 3 - Dare County Government	(5,000.00)	(10,000.00)
LPDI 4 - Dare County Schools	(5,000.00)	(10,000.00)
LPDI 5 - Duck	(5,000.00)	(10,000.00)
LPDI 6 - Kill Devil Hills	(5,000.00)	(10,000.00)
LPDI 7 - Kitty Hawk	(5,000.00)	(10,000.00)
LPDI 8 - Manteo	(5,000.00)	(10,000.00)
LPDI 9 - Nags Head	(5,000.00)	(10,000.00)
LPDI 10 - Southern Shores	(5,000.00)	(10,000.00)
TOTAL LPDI ²²	(50,000.00)	(100,000.00)
TOTAL LPDI AND OPERATING EXPENDITURES	(306,583.25)	(419,961.40)

Government and Education Access Channel Budget Notes for 2020-2021

Goals and Objectives to be achieved with this budget.

1. Continue to fund the operation of the channel at a level that provides a professional, reliable and quality service to the citizens of Dare County.
2. With the fund balance nearing an appropriate level (currently at \$161,796) implement a plan to strategically focus budget spending to match yearly revenue. Per the guidance of the Committee, staff will work to cut both LPDI and Contractual Services by 50% over the next 3 years.

¹ **NC PEG Supplemental Video Disbursement** - this is revenue that is collected by the state in the form of a use tax on cable and satellite providers. The money is pooled and disbursed to qualifying PEG operations within the state. PEG stands for Public, Education, and Government Access. Dare County has 10 qualifying PEG entities, each is a member of the Government and Education Access Channel Committee. Each quarter, this money is disbursed to the entities by the state, and then the Government and Education Access Channels invoices the entities for this money. These state funds are the main source of funding for the Government and Education Access Channels. There has been no change in revenue between the 2019 and 2020 fiscal years, thusly we have budgeted for an anticipated revenue equal to year 2020.

² **Member Fees** - Each entity member pays an annual membership fee to participate in the Government and Education Channel Access. This money must remain in place in order for each entity to receive the PEG Supplement from the state. There is no change to this amount from last year, so impact on each entity's budget is unchanged.

³ **Interest Income** - This is interest the Government and Education Access Channels Committee receives on the fund balance.

⁴ **Appropriated Fund Balance** - The unappropriated fund balance is projected to be \$161,796.00 on June 30, 2020. The appropriated fund balance is the amount pulled from the unappropriated fund balance to meet the obligations of the budget. **Staff believes that the fund balance is nearing a level where the previous spend down trend should be halted, and the budget's expenditures should be matched to its revenue.**

⁵ **Salaries** - This budget currently funds two full-time positions that are considered to be Dare County employees. Increased due to the possibility of a new hire requiring a higher than projected salary.

⁶ **Part Time Salaries** - Staff suggests cutting this line item as it was not previously utilized.

⁷ **Merit Pay** - 2% of 118,000.00

⁸ **Health Insurance** - Includes an annual employee only cost of \$11,172, and annual family cost of \$19,678 for vacant position. Vacant positions are budgeted at the Family cost.

⁹ **Contractual Services** - This is for the production of Destination Dare and Dare Education Awareness, our two main programming initiatives that highlight interesting aspects of government and education in Dare County. Each entity contributes one segment to each episode. Destination Dare is produced every other month, and Dare Education Awareness is produced in the alternate months.

¹⁰ **Professional Services** - Item to pay for costs associated with talent services such as professional voice over work, acting and hosting fees, and potential production support.

¹¹ **Equipment** - Monies set aside for the purchase and repair of large item video production equipment, such as cameras, editing computers, and lighting equipment.

¹² **Supplies** - This supports the purchase of supplies such as batteries, gaffers tape, lighting gels, accessories, and small equipment items that do not qualify as Capital Outlay or Equipment.

¹³ **Music Library** - Soundstripe: subscription for music & sound effects.

¹⁴ **Channel Operations** - Expenses that support the day to day operation of the channels. This includes:

- \$3,000.00 - OBX Media: for website hosting and maintenance
- \$2,500.00 - Reflect: Streaming Video/VOD for online video streaming service
- \$600.00 - Adobe: Creative Cloud subscription for professional non-linear editing tools
- \$1,100.00 - Gracenote: subscription for E-guide service on Charter Spectrum. Staff recommends ending the contract for this service, which ends in October 2020.

¹⁵ **Marketing** - Expenses to support marketing efforts including paid social media and other local advertising.

¹⁶ **Contingency** - This is for expenses that come up that were either unplanned or unforeseen. Not for use of everyday expenses.

¹⁷ **Emergency Contingency** - This pays for storm related overtime for the hourly employee during Emergency Management activations.

¹⁸ **Vehicle Maintenance** - Car maintenance costs.

¹⁹ **Vehicle Fuel** - Estimated fuel costs for vehicle based on previous budget year use of Dare County's vehicle.

²⁰ **Insurance and Bonds** - Costs that Dare County will be charging Current TV for costs related to insuring equipment and vehicle.

²¹ **Uniforms** - Expenses for embroidered uniform items including several polo shirts and rain jackets. Will require a uniform policy to be established in coordination with Dare County Public Relations department.

²² **TOTAL LPDI** - This expenditure line item has been cut by 50% in accordance with budget reduction plan.