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**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Receive the report regarding the history of Naperville Community Television Channel 17 and future funding alternatives

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Raymond Munch, Finance Director and Linda LaCloche, Communications Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

Under New Business at the May 21, 2024 meeting, the City Council directed staff to bring a report back to the June 18 meeting that outlines current funding sources and future alternatives for Naperville Community Television Channel 17 (NCTV17).

**DISCUSSION:**

Founded in 1987, NCTV17 is a 501(c)3 nonprofit organization dedicated to delivering hyper-local news coverage of the people, places and perspectives in the Naperville community.

**Financial Support**

Annually, the City provides financial support to NCTV17 through three primary sources.

The first funding source is shared cable television revenue. This revenue is collected from cable companies and passed through to NCTV17.

The second is payments for City services. The City began contracting with NCTV17 to broadcast City Council meetings and workshops, Planning and Zoning Commission, and Transportation Advisory Board meetings, and maintain, repair, and trouble-shoot audio-visual equipment as well as assist with audio-visual projects and upgrades. The contract also includes video production services for City communication projects such as the annual State of the City production. The contract was most recently before the City Council in 2020 with automatic annual renewals unless either party gives notice to terminate.

The third source is funding through the Special Events and Community Arts (SECA) Grant program. NCTV17 is categorized as a City Obligation and has, on occasion, also been awarded discretionary SECA grant funds.

**Historical Support**

Over the past five years, annual City support for NCTV17 has remained relatively consistent. Although cable television revenue declined 15% from 2019 to 2023, payments for City services have increased by 38% over the same period. SECA Grant funding has remained consistent. The breakdown of actual payments to NCTV17 from 2019 through 2023 is included in the table below, along with budgeted amounts for 2024.

These funding sources account for more than 50% of NCTV17’s total annual operating revenue.

	<b>City Services Payments</b>	<b>Cable PEG Fee</b>	<b>SECA Awards City Obligation</b>	<b>Total</b>
2019	\$184,000	\$476,585	\$60,000	<b>\$720,585</b>
2020	\$190,000	\$448,558	\$60,000	<b>\$698,558</b>
2021	\$230,000	\$438,086	\$59,964	<b>\$728,050</b>
2022	\$241,500	\$424,249	\$60,000	<b>\$725,749</b>
2023	\$253,000	\$404,370	\$60,000	<b>\$717,370</b>
2024	\$270,000	\$372,000	\$60,000	<b>\$702,000</b>

In addition to the recurring revenue streams noted above, the City pays NCTV17 for special video production services, such as public safety recruitment videos and Naper Settlement advertising. Those amounts are relatively minor, averaging \$5,000 annually. NCTV17 has also been awarded several discretionary or competitive SECA grants, including \$49,534 for a production truck in 2020 and \$21,535 for camera and sound equipment in 2023.

**Future Support**

In April 2024, staff from the Finance and Communications departments met with representatives from NCTV17. At that meeting, NCTV17 detailed the current financial challenges facing the organization, including the loss of key sponsorships from North Central College and Edward Hospital, and increasing costs for personnel and rent. NCTV17 indicated that without immediate support from the City, its ability to operate would be in jeopardy. NCTV17 informally requested additional support for 2024 totaling \$300,000.

Since that meeting, NCTV17 has received a state grant for \$250,000, which alleviates the need for immediate support from the City; however, additional annual support would be needed in future years. NCTV17 provided financial projections through 2027 that indicated the need for an additional

\$543,000 in City support for 2025, with that amount decreasing to \$487,000 by 2027. That decrease assumes NCTV17 can increase fundraising revenue over that same period.

### ***Potential Funding Sources***

Staff evaluated allowable funding sources for additional NCTV17 support. The City's General Fund currently supports most of the contributions to NCTV17 through the cable PEG fee and payment for City services. The General Fund remains an appropriate funding source for the City services component of NCTV17 support as it is a direct payment for services essential to the administration of municipal government.

However, as cable PEG fees continue to decline, additional support from the General Fund is not recommended as the dollars do not support core public services (i.e., public safety, public works, transportation, government administration, etc.). It should be noted that the City currently assesses cable PEG fees at the maximum amount allowed by state statute and no new revenue can be generated from this source.

The appropriate alternative, should the City Council choose to do so, is to move NCTV17 support to the SECA Grant program, which is funded by the Food and Beverage Fund. The primary purpose of the Food and Beverage Fund is to support programs that are outside the traditional scope of core City services, such as SECA and Social Services Grant programs. NCTV17 is widely accepted as providing benefits to the community and is aligned with the mission of SECA.

### **Recommendation**

Given that state grant funds have alleviated the need for immediate funding, staff recommends that long-term support for NCTV17 be considered during the 2025 budget development process this fall.

### **FISCAL IMPACT:**

There is no immediate fiscal impact associated with this agenda item. Future fiscal impact would be detailed if the City Council directs changes to the current NCTV17 funding model.