

# 2020 Seattle City Council Budget Action

Agenda

Tab	Action	Option	Version
SIT	100	A	1

**Budget Action Title:** Pass CB 119675 authorizing a one-year interfund loan of up to \$2 million from the Information Technology Fund to the Cable Television Franchise Fund

Ongoing: No Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Budget Committee

Council Members:

Staff Analyst: Tom Mikesell

Council Bill or Resolution: CB 119675

Date		Total	LH	BH	KS	AP	DJ	MO	SB	TM	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

**Budget Action Description:**

This budget action recommends passage of CB 119675, which authorizes an interfund loan of up to \$2,000,000 from the Information Technology (IT) Fund to the Cable Television Franchise (CTF) Fund to support CTF Fund programs in Seattle Information Technology (Seattle IT). The CTF Fund receives revenue from franchise fees that cable providers pay to the City as compensation for using the public right-of-way to provide cable television services.

Cable provider customers have been "cutting the cord," largely through switching to on-line streaming services. In 2016, revenue to the CTF Fund was \$9.5 million. Since that time, revenues have continued to fall. The financial plan for the CTF Fund from the 2019 Adopted Budget projected \$8.6 million in franchise fee revenue for 2018. The actual amount collected in 2018 was \$7.7 million, a shortfall of about \$900,000. The 2020 Proposed Budget anticipates that - without an inter fund loan or other changes - the CTF Fund will enter a deficit cash position for more than 90 days during 2020 due to cash flow projections given the revenue decline.

To repay the loan by December 31, 2020, Seattle IT plans to under spend in CTF Fund programs in 2020, which will build available cash in the fund. Another potential repayment option is revenue from the 2019 Information Technology Fund rate true-up.