Media Center Facility Purchase Concept

- Audit finding: PEG revenue must be used for capital purchases only per Federal Law
- Historically not enough capital purchases annually to use entire amount of PEG revenue, therefore excess PEG fees covered some operations
- Problem: solution to audit finding would cause gap in operational revenue, unsustainable
- Concept: use PEG fees to purchase the Media Center building over approximate 30-year period
    - Media Center transfers title of building to Cable JPA
    - Cable JPA pays Media Center for building with PEG revenue (capital purchase requirement met)
    - Media Center deposits PEG revenue along with other revenue sources
    - Combined revenue sources are used for operations
- Solution: would enable Cable JPA to use all PEG revenues for capital, addressing legal requirement, while enabling Media Center to cover operating expenses
- Initial list of issues to address in agreement:
    - Risk of PEG fees going away
    - Building title will need to be transferred to JPA (current legal opinion)
    - Building must be dedicated for PEG uses
    - Price for building and payment schedule
    - JPA agreement and Media Center agreement synced up and updated
    - Media Center rent or rent free needs to be detailed
    - All property acquired by MC will become JPA property
    - Risk: unforeseen legal, political, or other issues arise
- Next Steps – approximate/tentative dates:
    - JPA Board/Palo Alto City Council to review concept in closed session (March/April)
    - Agreement drafted by Palo Alto (April/May)
    - Agreement with Media Center (June)
    - Agreement reviewed by JPA agencies (June/July)
    - Agreement approved by JPA Board/Palo Alto City Council and JPA agencies (Fall)
    - Agreement implemented (Effective 1/1/18)
- Questions/Concerns
- Agreement in concept

1/24/17