

**City of Milwaukee
Utilities and Licensing Committee
March 4, 2004**

To understand what transpired, it is first necessary to understand the extent of financial and in-kind support reduction MCM has endured. In 1999, MATA was receiving 1.2 million in cash and in-kind support from Time Warner. The 1.2 million dollar package for the first franchise consisted of a capital grant of \$1.5 million, in-kind space (including utilities) and a graduated cash payment which averaged 50 cents per subscriber or \$700,000 per year by 1999.

Events of 1999

January

- Negotiations that began in 1997 continue with Time Warner and the City. MATA has no direct involvement in the negotiations.

February

- Time Warner agrees to a 17-year package for public access. The package includes \$3 million for capital and 75 cents per subscriber for a total package of \$18 million over the 17-year period. In-kind space and utilities will no longer be included.
- The Utilities and Licensing Committee approves the package and it is scheduled to go before the full Council in March 1999.
- MATA places an offer to purchase a building for \$200,000.
- Time Warner reneges on the agreement without giving any explanation. They remain silent until July 1999.

April

- MATA must withdraw its offer to purchase given that no word has been received from Time Warner regarding finalizing the franchise contract.
- MATA is assured the problem with Time Warner is not due to the amount agreed upon to support public access.

July

- In late July, three lobbyists approach elected officials on Time Warner's behalf. The lobbyists encourage a reduction in support for public access.

August

- MATA Board sends a letter to the elected officials.
- Elected officials go on summer break.

September

- The full Council votes to uphold the original agreement for the support of public access.
- One week later, the full Council has a special call meeting during which another vote is taken. The vote is to reduce the public access package.
- MATA makes the information public and begins the public campaign.

October

- The full Council meets in closed session with Time Warner, Gary Grunau (a Time Warner supporter) and a Time Warner lobbyist. MATA is not permitted entry.
- During the closed session, the council votes to accept Time Warner's proposal to reduce public access funding to \$500,000 per year with no in-kind support, no capital support and no increases for a period of 17 years.

December

- A public hearing is held and 400 community members appear in support of MATA, while 200 people (170 Time Warner employees and 30 business partners, lobbyists or community representatives) are present to support Time Warner.
- The Council accepts the Time Warner package which provides a one-time payment of 5.2 million to support public access, no capital and no in-kind components for a period of 17 years.
- In response to the public support, the City also supplies public access with \$794,000 for capital support. This is money Time Warner is to pay the City for past arrears on the contract ending in 1999.
- A fund raising committee is to be appointed by an elected official for the purpose of aiding public access in generating revenue.
- A "Request for Proposals" will be issued for public access management.
- Relocation for public access services would have to occur by December 2000.

Events of 2000

January

- City opens RFP process for public access management.
- MATA services are contracted on a month-to-month basis for a period not to exceed six months. Payments will to be provided at the beginning of each month.
- Situation results in inability to apply for new grants, loss of paid production contract clients and other financial hardships due to the uncertainty of MATA's longevity.
- Submit a budget to City Regulator designed to support MATA at the current level for 2000 with gradual annual decline in funding over a three-year period.
- City rejects the budget proposal because it is uncertain whether MATA will continue to be the access provider.

- Other than regular service delivery, no other plans, preparation or property searches are pursued due to the uncertainty of a long-term contract.

April

- MATA is notified of City's decision to enter into a long-term contract for delivery of access services.
- MATA begins to search for a property and price out leasing compared to purchase.

May

- MATA enters into a temporary long-term contract with the City on May 15th. The contract has requirements for community media to be on one of the channels rather than two straight public access channels. The change would require a professional industry standard studio design.
- Since previous payments were to be paid at the beginning of the month and the long-term contract scheduled payments beginning mid month, a two week gap with no payment occurs. MATA subsidizes the two-week period and is never reimbursed.
- Fund raising committee is appointed and meets with MATA representatives for the first time.
- The committee directs MATA representatives to seek in-kind space or City owned space, but do not assist with the search or fund raising efforts.

June

- MATA continues to seek another building. An offer is made on a former Kohls food store located on Holton St. The offer to purchase is refused by the owner who prefers to lease.
- Report the lack of success in obtaining in-kind space to City fundraising committee. MATA's Board Chair makes a direct request for the F.R. committee to assist with fund raising efforts. The committee chair states that since we had made an offer on a building, the committee has no further work. He dissolves the committee.

July

- MATA places offer to purchase on HH West complex. Would have four units to lease out. Offer withdrawn due to soil contamination problem.
- MATA places offer on current location. Offer is accepted.
- MATA's Board continues training in Board Development.

August

- Negotiations with City to release \$794,000 continue.

September

- Temporary long-term agreement with City is extended.
- No progress on negotiations with City through November.

- Comptroller's office objects to project expense of build-out.
- MATA pays Austin Company to revise plans and lower projected cost of build-out.

December

- MATA pays Austin Company to again revise plans to reduce expense.
- MATA invests approximately \$250 thousand with architectural firm, the Austin Company.
- Comptroller's office wants MATA to pay further revenue to architects to have bid ready plans prepared, but City does not grant a contingency release of capital funds.
- MATA meets with Utilities and Licensing Committee to request some guarantee should MATA spend more of its reserve fund for bid ready documents. The meeting does not resolve the problem.
- Time Warner grants MATA permission to continue operations in in-kind space through June 1, 2001.

Events of 2001

January

- MATA pays for bid plans and documents are made available.
- Discussions with City continue.
- The projected build-out expense is reduced from \$2.1 million to \$1.3 million.
- Bank financing is approved, but contingent upon a permanent long term contract and release of the \$794,000 City capital grant.

February

- MATA signs contract with local architect, Jim Boerner. Mr. Boerner is expected to replace Austin Company for the purpose of reducing expense
- Construction bid process begins.
- Two construction bids are lower than projected expense indicated.
- Given the delay in City approval for the contract and a permanent long-term agreement, MATA must occupy building during build-out. This results in paying movers and equipment installers twice – once for the move from Time Warner and then to move items into the permanent space. In addition, MATA has to pay storage fees for office furniture.
- City agrees to release capital grant of \$794,000 and give MATA a long-term contract; but the stated date for the final contract and the release of funds would be mid-March.

March

- Jim Boerner informs MATA that he cannot sign off on the project architectural documents. He also states that at this point, it would be more expensive for MATA to switch to a different architectural firm.

- Seller requires MATA to reimburse for three months of utility expense due to delays occurring as a result of City delays.
- Seller requests an additional \$10,000 if building sale is completed according to City schedule of mid-March.
- With letter of assurance from the City Clerk stating the money and contract will be provided, the US Bank provides the needed revenue to purchase building and begin construction.
- MATA takes ownership of the building as of March 2, 2001.
- Revenue and long-term contract made available mid-March.
- MATA signs conditional agreement.

April

- Construction begins on portion of building MATA will occupy during the remaining six months of renovations.
- Meet with focus group to obtain information on the kind of programming they would like to see on the community channel.

May

- MATA relocates to new business location at the end of May 2001.
- MATA continues to operate, but at ¼ capacity with no studios and the previous six edit bays reduced to two edit bays.

June

- Another grant is received to continue MATA Board training.
- Restructuring of organization to create Community Channel and change governing documents begin.
- Construction of new space continues through September.

September

- MATA spreads out into the full building on 9/11/01.
- Build-out is within budget and MATA maintains reserve funds.
- Organizational restructuring efforts continue.
- Submit annual report to City Clerk

October

- MATA hires a person for a Fund Development position.
- MATA holds open house.
- The community channel, channel 14, is launched.

November

- Grant from Wal-Mart is received.
- Other grants are written for consideration

December

- Comptroller makes contact regarding September report sent to the City Clerk.

- MATA receives a letter of intent to lease a portion of the second building for \$28,000 per year.
- MATA receives verbal commitment for a CBO to underwrite a program in 2002 for \$20,000.
- Property tax due must be paid due to delay in purchase of building.

Events of 2002

January

- Letter from comptroller regarding finances is received and shared with MATA Board members.
- Potential lease is still being discussed.
- Underwriting client continues to commit.
- Date of financial audit of MATA is moved up to accommodate Comptroller's request.

February

- Potential lessee changes terms of lease agreement and deal is cancelled.
- CBO informs MATA the underwriting contract should be signed by March 2002.
- Present MATA members with changes in governing documents. The membership votes to approve the changes.

March

- Receive notification of approval for a \$5,000 grant to underwrite a health program.
- Receive notification of additional \$5,000 grant to continue Board training.
- Budget deficit is reflected and one staff position is eliminated. The Executive Director and the Business Manager voluntarily take pay cuts.
- Overhead is reduced by eliminating all non-mandatory expenses.

April

- Budget deficit persists.

May

- Additional staff position eliminated.
- Dental plan changed to reduce expense.

June

- No significant change in financial position. Grant applications are being denied. The strained national economy and the local art museum overrun are taking all available revenue for contributors and foundations.

July

- Fund Development position resigns.

- Second building is put up for sale.

August

- Receive notification of grant for \$6,999 from Ronald McDonald House Charities.

September

- Receive notification of grant for \$10,000 from Potawatomi Foundation.
- Receive contract for three programs on Green Bay Packers from marketing company, DCT Sports. The contract is for \$18,000.

November

- Reserve funds are exhausted.
- Conduct an internet survey to obtain viewers' opinions on the programs playing on the community channel.

December

- Deficit continues.

Events of 2003

January

- Receive \$24,000 bill from WE Energies for arrears created due to a lack of their estimating MATA bill from 11/01 through 12/02.
- Target another potential lessee for second building.

March

- Receive offer to purchase second building.
- US Bank restates the terms of loan. The building sale proceeds will go to the bank. MATA will face an estimated \$30,000 in penalties for paying down the loan early.
- Begin discussions with WE Energies regarding the arrears billing.

May

- First occasion of late payment on mortgage.

June

- Sale of building completed.
- Payment on mortgage is made.

July

- Request a meeting and speak with City staff.
- US Bank defers payments during negotiation period with City.

August

- Meet with City again. MATA is asked to prepare a business plan.
- The requirement to submit an Annual report in September is waived since the Business Plan is to be submitted sometime within the next few months.

November

- Receive \$25,000 grant from Potawatomi Foundation.
- Submit the MATA Business Plan to the City.

December

- Meet with City regarding the Business Plan.
- The plan calls for paying off the loan from the PEG fund.
- US Bank states \$1.3 million will satisfy the loan.