



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 25-988

**Agenda Date:** 9/3/2025

**Agenda #:** 7.

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**DATE:** September 3, 2025

**TO:** Honorable Mayor and City Councilmembers

**FROM:** City Manager's Office

**TITLE: AMENDMENT TO THE AGREEMENT WITH THE OCEANSIDE COMMUNITY SERVICE TELEVISION CORPORATION (KOCT)**

### **RECOMMENDATION**

Staff recommends that the City Council approve an amendment to the Agreement with the Oceanside Community Service Television Corporation (KOCT) designating KOCT as an access management organization responsible for public, educational and governmental (PEG) cable television activities for the City; approve a one-time payment of \$175,000; appropriate \$175,000 from General Fund Unassigned Fund Balance; and authorize the City Manager to execute the amendment.

### **BACKGROUND AND ANALYSIS**

On March 19, 2003, the City Council approved a 14-year agreement with KOCT which designated KOCT as the access management organization responsible for public, educational and government (PEG) cable television activities for the City.

On February 15, 2017, the City Council approved a new Agreement which included an initial five-year term with the option of a five-year extension. In 2022, a five-year extension was approved by the City, extending the current Agreement until June 30, 2027.

In accordance with the current contract and Chapter 9B of the Oceanside Municipal Code, video service providers (currently Cox and AT&T) pay the City one-percent of their gross revenues for ongoing PEG capital equipment and facilities support. The pass-through funds are passed directly on to the City's PEG provider, KOCT, on a quarterly basis. The actual amount varies based upon the number of cable subscribers. Notably, the amount of PEG revenue has declined significantly over the past several years as cable subscriptions have declined, primarily due to competition from various video streaming services. Per the current Agreement with KOCT, the City holds back seven-percent of the PEG fees collected to support the purchase and maintenance of audio-visual equipment used within the City Council chambers. The following table illustrates the value of PEG fees shared between KOCT and the City since 2020.

PEG Share	2020	2021	2022	2023	2024
KOCT	\$405,888	\$391,437	\$355,881	\$327,400	\$296,356
City	\$30,551	\$ 29,463	\$26,787	\$24,643	\$22,306

Because of the steady decline in PEG revenue over the past several years, KOCT has attempted to reduce its operating expenses while pursuing additional external funding opportunities such as securing grants and by offering revenue generating video production services to other entities. Despite these efforts, in recent years KOCT has had to rely on additional City funding beyond PEG fees to meet its contractual obligations. Since FY 23/24, the City has provided KOCT with \$199,000 in supplemental funding and during consideration of the City's FY 25/26 budget, KOCT requested an additional \$250,000 in financial support. This request was shared with the City Council during this year's budget deliberation. At that time, the City Manager recommended that consideration of the request be deferred until such time that the City had an opportunity to revisit its Agreement with KOCT with the goal of returning to City Council with a recommendation on whether to provide additional funding.

For the past several months, staff has been collaborating with KOCT representatives in an effort to determine whether there are viable opportunities to reduce their current operating costs while ensuring the terms of the Agreement provide maximum value to the City. Following review of the current Agreement, programming and production deliverables have been revised for the remainder of the contract term. Revised terms require that within the first 30 days, the City's Library & Cultural Arts Department and KOCT will establish a schedule of monthly meetings for the purpose of outlining projects, content, and timelines, as well as work with the City's Information Technologies Department to address any sound and technical issues. By November 1, 2025, KOCT will submit a proposed promotional action plan for review by City staff to maximize collaboration, increasing public awareness and engagement through strategies such as leveraging social media platforms such as YouTube live.

Regarding specific production and programming, in addition to all regular City Council and Council Special Meetings and Workshops being streamed and cable-casted, Planning Commission meetings will be added (the City is currently charged an additional \$450 per Commission meeting). In addition, other longer live stream broadcasts have been replaced with shorter social media production deliverables. Oceanside Spectrum shows have been reduced, and Oceanside Update programs will be re-envisioned and broadened for more opportunity for City Departments and Divisions to share current updates with the community on City projects and initiatives. Programming of COX Channels 18 and 19 will continue to be scheduled with content to capture the public, educational and governmental history of the local community, as has been done for 40 years. These modifications will eliminate previously mandated programming which is no longer relevant due to changes in television viewing habits while ensuring future productions align with current media viewing trends.

As required under the current Agreement, KOCT will continue to submit detailed quarterly and year-end financial statements pursuant to Council Policy 200-09 (Financial Reporting Requirements for Non-Profit Organizations).

**FISCAL IMPACT**

As described above, KOCT is anticipated to receive an ever-decreasing amount of PEG revenue absent a reversal in current customer trends towards online streaming services in lieu of traditional cable television service or absent a change in the current regulatory structure that governs the collection and distribution of PEG fees. The current funding trend will likely result in the need for KOCT to re-evaluate its current business model in the immediate future. The City's Agreement with KOCT is set to expire on June 30, 2027. In order to support KOCT operations during the remainder of the contract term, staff recommends that KOCT receive a one-time General Fund allocation of \$175,000 and that, for the remaining term of the current Agreement, KOCT receive the full 1-percent PEG fee, which based on past trends is projected to provide approximately \$18,000 in additional PEG funding. The attached Agreement contains the following language, making it clear that the city will not be providing additional funding through the term of the contract:

*“D. One-Time Contribution by the CITY to KOCT. The CITY agrees to contribute the sum of \$175,000 to KOCT to offset fixed expenses, in recognition of declining pass-thru revenue. This contribution represents the City's complete financial commitment for remaining term of this agreement. KOCT acknowledges that no additional requests for funding from the CITY will be entertained beyond the terms specified in this Agreement.”*

Staff is requesting to use General Fund Reserves in the amount of \$175,000 and appropriate to Non Departmental account 170174101.5395. Funding source is General Fund Unassigned Fund balance account 101.3100.0001 which has a current available balance of \$2.1M; therefore, sufficient funds are available. To provide the additional PEG funding to KOCT, the Audio Visual revenue budget in account 155155841.4166 will need to be reduced by \$18,000. Any audio-visual needs that arise in FY 2025-26 beyond the remaining budget in that account will need to be funded by the General Fund and Enterprise Funds.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

Submitted by: Jonathan Borrego, City Manager

**ATTACHMENTS:**

1. Staff Report
2. KOCT Amendment

3. KOCT Signed Agreement 2017
4. KOCT End Year Report FY 23-24