



MEMO TO: Members of the City Council

FROM: Mayor John Marchione

DATE: August 13, 2019

SUBJECT: Cable Franchise Renewal

I. RECOMMENDED ACTION

None at this time. We will, however, be building towards a decision on the specific items to negotiate at the 8/27/2019 FAC meeting.

II. DEPARTMENT CONTACTS

Jonny Chambers, Technology and Information Services Director 425-566-2160

III. DESCRIPTION/BACKGROUND

The existing cable franchises the City has in place with Comcast and Frontier are due to expire in June and September of 2020 respectively, and under Federal Law, the renewal window has now begun. The current contracts provide for fees paid for the use of right-of-ways. There is a five percent charge on Cable Service Gross Revenues and a six percent Utility tax.

In support of the renewals, City staff would like direction from the City Council with respect to substantive issues in the negotiation process. Beyond cable TV channels, there are a range of topics we would like to address. Examples include performance standards versus the existing contracts, maintenance of PEG fees, public engagement relating to service provisions, additional services that we could deliver through an expanded partnership with Comcast and Frontier, and more.

Specifically, regarding PEG (Public, Educational, Governmental) Fees, we would seek to reinstate collection. We have been spending down the previously accumulated funds on AV updates to the Council Chamber, and we anticipate further spend in the near term.

In support of negotiation planning for the renewals, the City has retained the services of River Oaks Communications Corporation. River Oaks has worked extensively with the City since 2004 on cable television and telecommunications projects involving Comcast (2004 and 2013), Verizon (2008) and Frontier (2009) and been called on for assistance over the past years since 2013 on PEG and other related matters. Between April-June 2019, River Oaks has so far conducted a Phase I analysis of City needs and how they relate to a

recommended contract renewal approach. In this study session River Oaks will present their findings from the analysis and will also present a range of work items that they could further assist us with in the negotiations (Phase II). Aside from the actual negotiations, other activities would include support on items such as public forums, surveys, and performance reviews. River Oaks work would be billed on an hourly plus expense basis. Thus, the City Council can determine which steps it would like to include, how much time to expend on them and the cost for those steps. In order to hold down costs for the City, River Oaks has recommended that some of the tasks not be undertaken.

River Oaks is also proposing additional phases: **Phase III** proposes a study on fees and costs relating to ROWs to ensure we are capturing the revenue we should be for this important resource; specifically, ROWs tied to City conduit, light poles, restoration of City streets, fees and permits, etc. **Phase IV** proposes a project to establish a Smart City Strategy as it relates to how the City leverages City network-related assets, provides enhanced services for constituents and plans for infrastructure for the present and the future and factors in Institutional Networks to be negotiated in the cable franchise renewals.

IV. PREVIOUS DISCUSSIONS HELD

7/23/2019: FAC Committee of the Whole – high-level briefing on franchise renewals and request for Council Study Session (approved)

V. IMPACT

A. Service/Delivery:

None

B. Fiscal Note:

Depending on the work items selected to assist with cable franchise renewal negotiations (Phase II), River Oaks could charge approximately \$69,700-\$93,200 for Comcast renewal work, \$73,000-\$96,500 for Frontier/Northwest Fiber renewal work; and \$7,500-\$17,500 for work involving CenturyLink. With 20 percent in expenses this would be about \$180,240-\$248,640 based on current staff recommendations given that there are two cable operators and opportunities to have I-Net negotiations with CenturyLink.

The proposed cost for Phase III Fees and Permit Cost Recovery ranges between \$78,510-\$116,820 including expenses. Based on the recent cost studies that were completed, we will work with River Oaks to assess the viability of this proposal.

The proposed cost for Phase IV-the Initial Smart City Strategy Project ranges between \$42,600-\$59,400 including expenses.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

None

VII. TIME CONSTRAINTS

The existing cable franchises the City has in place with Comcast and Frontier are due to expire in June and September of 2020 respectively. Given the prolonged and expansive nature of negotiations, and on the advice of River Oaks, we would like to initiate the negotiations imminently.

VIII. LIST OF ATTACHMENTS

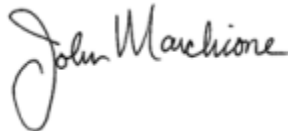
Attachment A: Phase I report (contains proposed Phase II scope and costs)

Attachment B: Summary of Phase II costs spreadsheet

Attachment C: Phase III and IV Proposed Scope of Work



Jonny Chambers, Technology and Information Services Director



Approved for Agenda _____
John Marchione, Mayor