



Memorandum

Date: 7/6/2021
Meeting of: City Council

File No. AM No. 21-087
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Technology and Information Services	Malisa Files	425-556-2166
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DEPARTMENT STAFF:

Executive	Lisa Maher	Executive Deputy Director
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TITLE:

Approval of Comcast Cable Franchise Agreement

OVERVIEW STATEMENT:

Per the City's negotiations with Comcast Cable Company, for Council approval, attached is the proposed Cable Franchise Agreement for the next five years with a five-year mutual extension by both parties.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
The City's cable franchise agreement is required under Redmond Municipal Code 5.60. The City's current agreement expired in June 2020. Comcast and the City are working under the current agreement on a month-to-month basis.
- **Required:**
The Redmond Municipal Code requires that no person may construct or operate a cable communications system within the rights-of-way of the City without a properly granted franchise awarded pursuant to Chapter 5.60, which franchise must be in full force and effect.
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

The City's Comcast Cable Franchise expired in June 2020. By mutual agreement, the City and Comcast have extended the Franchise month-to-month as the new Franchise details were negotiated. Some highlights of the proposed Franchise agreement include:

- The new 2021 Comcast Cable Franchise is a new Franchise rather than an amendment to the old, 2013 Cable Franchise; having a new Franchise provides a better framework for the City and Comcast moving forward.
- While Comcast previously indicated in September 2020 that it was not willing to proceed with the new Cable Franchise, unless Zply did the same, after frequent discussions with Comcast, the company agreed to move forward in January 2021 with negotiations on the new Cable Franchise.
- The Cable Franchise is a 5-year Franchise which can be mutually extended by the City and Comcast for an additional 5 years.
- The Cable Franchise fee and cable services utility tax are preserved within the Franchise.
- The Cable Franchise provides for a \$250,000 replenishable Performance Bond, and a \$50,000 Letter of Credit (if there is an uncured Franchise breach).
- The Cable Franchise specifically spells out the federal customer service standards under which Comcast will work.
- The City will retain one Governmental Standard Definition (SD) Channel and will return the second SD Channel. In exchange, upon 90 days written notice, the City will receive one High Definition (HD) Channel and be able to transmit the Government Channel in HD. The City Channel will simultaneously be carried by Comcast in SD and HD.
- In the 2013 Comcast Cable Franchise, there was a requirement for one Educational Channel. Comcast currently carries Lake Washington School District ("LWSD") Programming on a Comcast Regional Channel which covers Redmond, Bothell, Kirkland, and Woodinville.
- Upon 90 days written notice, the City can request implementation of a \$.35 Residential Subscriber per month fee which will be included on Subscribers' bills for governmental channel equipment and related capital costs. This type of fee is customary in a cable franchise.
- The Cable Franchise contains detailed right-of-way (ROW) requirements and obligates Comcast to comply with federal, state, and city Laws.
- The Cable Franchise contains a requirement for Comcast to build out its system where there are at least 25 homes per mile. While, under federal law, a cable franchise cannot specifically require Internet service, the build-out requirement does assist with the expansion of Internet/Broadband services which are carried over Comcast's cable system.
- The Cable Franchise contains a default section with remedies for non-performance and liquidated damages.

Redmond is currently analyzing and enhancing communications around the Cable Franchise. Staff will look at the ease of use of the City's website with regard to finding information, clear guidelines on customer service standards, and where

complaints can be lodged, if needed.

Currently, the City is not negotiating a new franchise with Ziplly. Once the new Comcast Cable Franchise is approved by the City Council, staff will contact Ziplly to determine if the company is willing to agree to match the Comcast Franchise agreement in all material respects. If Ziplly does not choose to do so, the current Ziplly Franchise will continue on a month-to-month basis. The Franchise proposal, which Ziplly provided to the City in September 2020, did not meet the needs and interests of the City, and Ziplly's proposal was very scaled-down compared to a modern cable franchise.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

N/A

- **Outreach Methods and Results:**

A Community stakeholder town hall meeting and web questionnaire were conducted to solicit input regarding the proposed cable franchise agreement. In addition, several emails were gathered from residents regarding their cable services.

- **Feedback Summary:**

N/A

BUDGET IMPACT:

Total Cost:

The proposed Cable Franchise agreement allows for the preservation of the 5% cable franchise fee and 6% cable services utility tax. In addition, upon 90 days written notice, the City can request implementation of a \$.35 Residential Subscriber per month fee which will be included on Subscribers' bills for governmental channel equipment and related capital costs.

Approved in current biennial budget: ☒ **Yes** ☐ **No** ☐ **N/A**

Budget Offer Number:

Cable services supports the City's Communication Offer Number 234.

Budget Priority:

The Strategic and Responsive priority is the foundation for communication services in the budget.

Other budget impacts or additional costs: ☐ **Yes** ☒ **No** ☐ **N/A**

If yes, explain:

N/A

Funding source(s):

The revenue associated with the Cable Franchise agreement is the 5% cable franchise fee, the 6% cable services utility tax, and a potential residential subscriber fee.

Budget/Funding Constraints:

N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
7/23/2019	Committee of the Whole - Finance, Administration, and Communications	Receive Information
8/13/2019	Study Session	Receive Information
9/17/2019	Business Meeting	Approve
5/12/2020	Study Session	Receive Information
5/25/2021	Study Session	Receive Information
6/15/2021	Business Meeting	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

Comcast Cable and the City have negotiated the attached Franchise Agreement; however, if Council has additional changes, the two organizations will continue to negotiate the agreement.

ANTICIPATED RESULT IF NOT APPROVED:

The City and Comcast will continue to work under a month-to-month agreement until a new franchise is approved.

ATTACHMENTS:

Attachment A: Proposed Cable Franchise Agreement with Comcast Cable as of 6.1.2021