

June 21, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to allocate Public, Education, and Government (PEG) fee revenue equally among the three categories of cable access providers, each receiving one-third of the total available; and increase appropriations in the General Services Fund (IS 385) and the Technology and Innovation Department (TI) by \$1,018,773. (Citywide)

DISCUSSION

The enactment of the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) marked a major change in the regulation of video service providers in California. Essentially, DIVCA replaced the local franchising process with a State process under the authority of the California Public Utilities Commission. DIVCA changes included the enabling of the PEG fee permitted under the federal Communications Act and the elimination of the requirement that a local cable operator provide Public Access facilities and support.

In September 2007, the City Council adopted an ordinance setting the City's PEG fee at 1.04 percent of the cable providers' gross revenue. Under the federal Communications Act, the fee is required to be used to support PEG channel facilities and is restricted to be used for spending on capital items. The fees cannot be used for operational expenses such as staffing. If PEG funding is used for any activity other than purchasing capital items, the local cable/video providers may deduct that amount from franchise fee payments made to the City.

PEG Fee Revenue Allocation

On August 18, 2015, the City Council approved equal distribution of 2014 PEG revenue to all three-cable access categories: Public ("P"), Long Beach Community Action Partnership (LBCAP) that operates Public Access television (PADNET); Education ("E"), California State University Long Beach, Long Beach City College, and Long Beach Unified School District; and Government ("G"), City access channel, LBTv. The City has received reports from the recipients on how the funds were spent and has determined that the expenditures were satisfactory. The funds allocated to the City enabled LBTv to replace video equipment that had exceeded its useful life.

Consistent with prior years' allocations (2010 through 2014), staff recommends that the 2015 PEG fee revenue be distributed equally across all three access categories. The total PEG revenue collected in 2015 was \$1,018,773, which equates to \$339,591 for each of the "P," "E," and "G" access providers.

Public Access Television Update

On April 19, 2016, the City Council authorized an agreement with the Long Beach Community Action Partnership (LBCAP) to continue operating the City's Public Access television (PADNET). LBCAP continues to build upon the foundation they established to transition into a full-service community media center. Since the contract was initially awarded in October 2011, PADNET has opened three satellite locations – one in the Main Library's makerspace, another at WE Labs, and a third location at the El Dorado Library, which opened in the fall of 2015. Also, in early 2015, LBCAP relocated its main office to northwest Long Beach. The new space was designed with an entire wing dedicated to PADNET and includes a new studio, six editing sites, a 12-person computer teaching lab, and a separate lobby providing PADNET members with easy access to equipment and facilities.

This matter was reviewed by Deputy City Attorney Amy R. Webber on May 31, 2016 and by Assistant Finance Director Lea Eriksen on June 2, 2016.

TIMING CONSIDERATIONS

City Council action is requested on June 21, 2016, to ensure a timely disbursement of PEG funds to the access television providers.

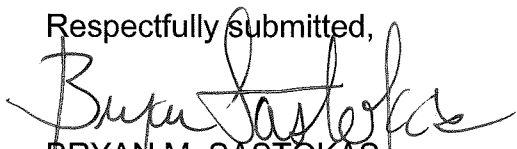
FISCAL IMPACT

The City received a total of \$1,018,773 in PEG funds during calendar year 2015. These funds are reserved in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). This request recommends distributing the 2015 PEG funds equally across the three types of cable access providers. As part of the distribution, the City will be allocated \$339,591 to be used for facilities and equipment such as cameras and broadcast control room components for the government access channel (LBTv). As these funds are currently unbudgeted, an appropriation increase is necessary in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



BRYAN M. SASTOKAS

DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



PATRICK H. WEST
CITY MANAGER