

C-21

August 4, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, 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 Group in the Technology and Innovation Department by \$896,400, offset by PEG fee revenue. (Citywide)

DISCUSSION

The enactment of the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) marked a change in the regulation of video service providers in California. DIVCA replaced the local franchising process with a State process under the authority of the California Public Utilities Commission (CPUC). Changes in DIVCA included the creation of a PEG fee to be permitted under the Federal Communications Act, while at the same time eliminating the requirement that local cable operators provide Cable Access facilities and support. DIVCA states that video franchises issued by the CPUC are for a ten-year term.

In 2007, the City Council adopted an Ordinance setting the City's PEG fee at 1.04 percent of the cable providers' gross revenue (Ordinance ORD-07-0041). Since the ten-year term of video franchises expired, a reauthorization to collect this PEG fee was required. On August 14, 2018, the City Council adopted an Ordinance reauthorizing the City's existing PEG fee for public, education, and government channel facilities, collected from State-issued video franchise holders operating in the City (Ordinance ORD-18-0021). 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 only. The fees cannot be used for operational expenses such as staffing, or any other reoccurring costs. If PEG funding is used for any activity other than purchasing capital items for PEG channel facilities, the local cable/video providers may deduct that amount from franchise fee payments made to the City.

PEG Fee Revenue Allocation

In past years, the City Council approved an equal distribution of this PEG revenue to all three cable access categories: (1) Public ("P"), to Long Beach Community Action Partnership (LBCAP) that operates Public Access television (PADNET); (2) Education ("E"), to California State University Long Beach, Long Beach City College, and Long Beach Unified School District; and, (3) Government ("G") to City cable channel, LBTv. The City has received reports

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from the recipients on how the funds were spent and has determined that the expenditures met the federal guidelines. The funds allocated to the City will enable LBTV to improve their broadcast for remote live video feeds to major news affiliates, streaming and recording capabilities in their studio control room and video storage upgrades.

Consistent with prior years' allocations, staff recommend the 2019 PEG fee revenue, in the amount of \$896,400, be distributed equally across all three access categories, which equates to \$298,800 for each of the "P," "E," and "G" cable access facilities.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on June 25, 2020 and by Budget Management Officer Rhutu Amin Gharib on June 23, 2020.

TIMING CONSIDERATIONS

City Council action is requested on August 4, 2020, to ensure a timely disbursement of PEG funds to the PEG access television providers.

FISCAL IMPACT

The City received a total of \$896,400 in PEG funds during calendar year 2019. These funds are reserved in the General Services Fund Group in the Technology and Innovation Department (TID). Approval of this recommendation would allow TID to distribute the 2019 PEG funds equally across the three types of cable access providers. As the recipient of the distribution under the "government" category, the City will be allocated \$298,800 to be used for facilities and equipment such as broadcast equipment for remote live video feeds to major news affiliates, equipment for streaming and recording capabilities in the studio control room and video storage devices. As these funds are currently unbudgeted, an appropriation increase is necessary in the General Services Fund Group in the Technology and Innovation Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LEA D. ERIKSEN
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



THOMAS B. MODICA
CITY MANAGER