



CITY OF LONG BEACH

R-39

TECHNOLOGY AND INNOVATION DEPARTMENT

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August 8, 2017

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 (IS 385) in the Technology and Innovation Department (TI) by \$955,701, offset by PEG fee revenue. (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. 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.

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 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, the local cable/video providers may deduct that amount from franchise fee payments made to the City.

PEG Fee Revenue Allocation

On June 21, 2016, the City Council approved an equal distribution of 2015 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 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 the broadcast capabilities in its offices as well as in the new Civic Center.

Consistent with prior years' allocations (2010 through 2015), staff recommends the 2016 PEG fee revenue be distributed equally across all three access categories. The total PEG revenue

collected in 2016 was \$955,701, which equates to \$318,567 for each of the "P," "E," and "G" cable access providers.

Public Access Television Update

On April 19, 2016, the City Council authorized an agreement with LBCAP to continue operating 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 four satellite locations – one in the Main Library's makerspace, El Dorado Branch Library, Century Villages at Cabrillo, and reopened Work Evolution Labs. The main offices of LBCAP are located in northwest Long Beach. This location has an entire wing dedicated to PADNET (Public Access) and includes a studio, six editing bays, a 12-person computer teaching lab, and a separate lobby providing PADNET members with easy access to production equipment and facilities.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 21, 2017 and by Budget Analysis Officer Julissa José-Murray on June 28, 2017.

TIMING CONSIDERATIONS

City Council action is requested on August 8, 2017, to ensure a timely disbursement of PEG funds to the access television providers.

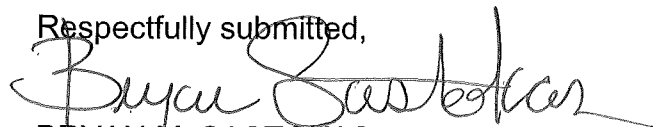
FISCAL IMPACT

The City received a total of \$955,701 in PEG funds during calendar year 2016. These funds are reserved in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). This request recommends distributing the 2016 PEG funds equally across the three types of cable access providers. As part of the distribution, the City will be allocated \$318,567 to be used for facilities and equipment such as broadcast control room components and signal upgrades for the government cable 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