



CITY OF LONG BEACH

R-31

TECHNOLOGY AND INNOVATION DEPARTMENT

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September 18, 2018

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 \$937,520, 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 (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 September 2007, the City Council adopted an ordinance setting the City's PEG fee at 1.04 percent of the cable providers' gross revenue. 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. 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

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 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 2016), staff recommends the 2017 PEG fee revenue be distributed equally across all three access categories. The total PEG revenue collected in 2017 was \$937,520, which equates to \$312,507 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 satellite locations – these multiple locations create the opportunity to increase the footprint for available resources with other organizations invested in the community. In addition, the relationship with California State University Long Beach continues to provide quality programming for PADNET's channel and offers outreach opportunities to the student body. PADNET purchased a media production van in 2016. The van's purpose is to have the capacity to be on location with multi-cameras and a mobile studio for live recordings. 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, five 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 August 21, 2018 and by Budget Analysis Officer Julissa José-Murray on August 24, 2018.

TIMING CONSIDERATIONS

City Council action is requested on September 18, 2018, to ensure a timely disbursement of PEG funds to the access television providers.

FISCAL IMPACT

The City received a total of \$937,520 in PEG funds during calendar year 2017. These funds are reserved in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). This request recommends distributing the 2017 PEG funds equally across the three types of cable access providers. As part of the distribution, the City will be allocated \$312,507 to be used for facilities and equipment such as broadcast control room components L.E.D lighting 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,



LEA D. ERIKSEN
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



PATRICK H. WEST
CITY MANAGER