File #: 22-1097, **Version:** 1

Recommendation to authorize City Manager, or designee, to allocate Public, Education, and Government (PEG) fee revenue equally among these three categories of cable access providers, each receiving one-third of the total available revenue; and

Increase appropriations in the General Services Fund Group in the Technology and Innovation Department by $819,255, offset by PEG fee revenue. (Citywide)

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 (ORD-07-0041) setting the City of Long Beach's (City) 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 (ORD-18-0021) reauthorizing the City's existing PEG fee for public, education, and government channel facilities, collected from State-issued video franchise holders operating in Long Beach. 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 access 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 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 upgrade cabling and broadcast equipment racks in their master control playback area. LBTV will also continue upgrading their studio with new LED lighting, digital set design and computer upgrades in edit bays.

Consistent with prior years' allocations, City staff recommend the 2021 PEG fee revenue be distributed equally across all three access categories. The total PEG revenue collected in 2021 was $819,255, which equates to $273,085 for each of the "P," "E," and "G" cable access facilities.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on August 19, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on August 23, 2022.

City Council action is requested on September 13, 2022, to ensure a timely disbursement of PEG funds to the PEG access television providers.

The City received a total of $819,255 in PEG funds during calendar year 2021. These funds are reserved in the General Services Fund Group in the Technology and Innovation Department. Approval of this recommendation would allow TID to distribute the 2021 PEG funds equally across the three types of cable access providers. As a recipient of the distribution under the "Government" category, the City will be allocated $273,085 to be used for facilities and equipment, which will enable LBTV to upgrade cabling and broadcast equipment racks in their master control playback area. LBTV will also continue upgrading their studio with new LED lighting, digital set design and computer upgrades in edit bays. 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.

Approve recommendation.

LEA D. ERIKSEN
DIRECTOR
TECHNOLOGY AND INNOVATION

APPROVED:

THOMAS B. MODICA
CITY MANAGER