



## Legislation Text

---

**File #:** 19-0672, **Version:** 1

---

Recommendation to authorize 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 \$902,120, offset by PEG fee revenue. (Citywide)

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 company operators provide their own 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 to create PEG channel content 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 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 2017), staff recommends the 2018 PEG fee revenue, in the amount of \$902,120, be distributed equally across all three access categories, which equates to \$300,707 for each of the "P," "E," and "G" cable access providers.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 19, 2019 and by Budget Analysis Officer Julissa José-Murray on June 22, 2019.

City Council action is requested on July 16, 2019, to ensure a timely disbursement of PEG funds to the access television providers.

The City received a total of \$902,120 in PEG funds during calendar year 2018. These funds are reserved in the General Services Fund Group in the Technology and Innovation Department. Approval of this recommendation would allow the Technology and Innovation Department to distribute the 2018 PEG funds equally across the three types of cable access providers. As part of the distribution, the City will be allocated \$300,707 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 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 OF TECHNOLOGY AND INNOVATION

APPROVED:

PATRICK H. WEST  
CITY MANAGER