



# CITY OF LONG BEACH

TECHNOLOGY AND INNOVATION DEPARTMENT

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July 17, 2018

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Request the City Attorney to prepare an Ordinance, pursuant to the State of California's Digital Infrastructure and Video Competition Act of 2006, reauthorizing a State video franchise fee, a fee to support Public, Educational and Government (PEG) channel facilities, and a schedule of penalties for any material breach of customer service standards, for any State-issued video franchise holders operating within the boundaries of the City of Long Beach, on the same terms and conditions as previously authorized. (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.

In September 2007, the City Council adopted an ordinance setting the City of Long Beach's (City) PEG fee at 1.04 percent of cable providers' gross revenue. Under the Federal Communications Act, the fee is required to support PEG channel facilities and is restricted to be used for spending on capital items only. The fee 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.

DIVCA states that video franchises issued by the CPUC are for a ten-year term. The current State-issued franchises to City cable/video providers are Spectrum (formerly Charter/Time Warner Cable), Frontier Communications (formerly Verizon), and AT&T U-verse. DIVCA also states the City PEG fee ordinance may be reauthorized upon the expiration of State-issued franchises. Therefore, the Technology and Innovation Department requests the City Attorney to prepare 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.

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Failure to take such action may result in the loss of approximately \$950,000 in cable/video PEG revenue upon which the City's Governmental Access (LBTv), Educational Access (LBUSD, LBCC, CSULB) and Public Access (PADNET) are dependent.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 26, 2018 and by Budget Management Officer Rhutu Amin Gharib on June 28, 2018.

TIMING CONSIDERATIONS

City Council action is requested on July 17, 2018, to ensure PEG revenue can continue to be collected and submitted to the City in a timely manner.

FISCAL IMPACT

PEG funds are budgeted in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). PEG funds are disbursed equally across the three types of cable access facilities, Public Access (PADNET), Educational Access (LBUSD, LBCC, CSULB), and Governmental Access (LBTv). There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LEA D. ERIKSEN  
DIRECTOR OF TECHNOLOGY AND INNOVATION

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER