



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 11, 2017

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Reauthorization Of Public, Educational And Governmental Access Fees And Establishing A Schedule Of Penalties For State Franchised Video Service Providers

**RECOMMENDATION:** That Council:

- A. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Reauthorizing a Fee for Public, Educational, and Government Access Purposes (PEG Fee) on State Video Franchise Holders within the City of Santa Barbara;
- B. Adopt, by reading of title only, a Resolution of the City of Santa Barbara Rescinding Resolution No. 13-049, Entitled "Establishing a Public, Education, and Government Access Fee on State Franchised Video Service Providers for Use in Providing Public, Educational and Government Access Video Services", Effective May 17, 2017; and
- C. Adopt, by reading of title only, a Resolution of the City Council of the City of Santa Barbara Establishing a Schedule of Penalties for State Franchised Video Service Providers that Breach Customer Service and Privacy Standards.

**DISCUSSION:**

Cox Communications currently operates a regional cable system in the Santa Barbara South Coast region, providing cable television service to the cities of Santa Barbara, Goleta and Carpinteria and the nearby unincorporated regions of the County of Santa Barbara.

The City's cable franchise agreement with Cox Communications expired December 10, 2010. Under the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA"), the California Public Utilities Commission (CPUC) has authority to grant local franchises to video providers for the provision of video services in local jurisdictional areas. It should be noted that Cox is the only current video provider in the Santa Barbara South Coast region at this time.

In October 2010, Cox filed an application with the California Public Utilities Commission (CPUC) for CPUC permission to provide cable services in the City of Santa Barbara under DIVCA. On November 1, 2010, the CPUC approved Cox's application to provide cable services in the City of Santa Barbara.

Under DIVCA, the City was required to adopt an ordinance if it wished to continue to impose a PEG fee, limited to no more than 1% of gross cable revenues. Accordingly, in 2010, the City adopted Ordinance No. 5540 establishing a PEG fee.

On April 27, 2017, the state franchise agreement between the CPUC and Cox Communications is set to expire. Section 5870 (n) of the California Public Utilities Code states that local ordinances authorizing PEG fees shall expire, and may be reauthorized, upon expiration of the state franchise. Therefore, the purpose of the proposed ordinance is to reauthorize the current PEG at 1%.

This ordinance is not intended to impose a new or increased fee, but rather is intended to reauthorize the already existing PEG fee at the same level.

In addition to reauthorizing PEG fees, Council must adopt a schedule of penalties for any material breach of the state franchise standards in order to impose financial penalties upon the video service provider if Council chooses to do so. The expiring ordinance adopted in 2010 included a schedule of penalties as required by DIVCA. The accompanying resolution proposed for adoption re-establishes penalties for material breaches consistent with the limits established under DIVCA.

**PREPARED BY:** Robert Samario, Finance Director

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office