

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Motion to Authorize CM to Extend Cable Franchise
DEPARTMENT: City Manager's Office
PRESENTED BY: Bernard Seeger, Management Analyst

PROBLEM/ISSUE STATEMENT:

Comcast of Washington, LLC's franchise with the City of Shoreline expires on July 7, 2007. As a quick review, the current franchise was originally negotiated and signed for in June of 1998 with an expiration date of July 7, 2003. The cable operator however was to be granted an automatic extension of four years, so long as they fully executed their agreement to increase the system's channel capacity to seventy-five (75) channels using fiber optic technology and provide internet access to their subscribers. Comcast did make these improvements and the extension was granted providing them the current expiration of July 7, 2004. In the existing franchise, the City has the option to extend this agreement by another three years should it feel the Cable Operator has adequately met the requirements of paragraph B. Section F4, Ordinance 158, which establishes the "Conditions of Extension Beyond Original Term." Briefly, these include: operator is providing adequate PEG (Public, Educational, and Governmental) television access support, operator's cablecasting equipment reflects the current state of technology, and the operator has complied with the material terms of the franchise. The City has completed the review of these terms and is satisfied that Comcast of Washington, LLC is in compliance. Should the City not extend this franchise, it would be required to enter into formal renewal negotiations with Comcast.

Staff recommends the City Manager be authorized to extend the franchise in lieu of entering renewal negotiations based on the following points:

1. Comcast has adequately met the requirements of paragraph B. Section F4 of the existing franchise.
2. Comcast has a solid track record of service in our community with minimal customer complaints and has consistently met or exceeded the franchise's standards for answering 90% of calls within 30 seconds (average is 92%), completing installations in less than 7 days (average is around 2.7 days), resolving picture failure in less than 24 hours, etc.
3. A competitive market exists for all of Comcast's services ensuring quality and value are maintained at a reasonable level. Consumers have options including the Dish network for cable TV or Qwest Communications for broadband internet.
4. In reviewing and comparing the City's existing franchise with comparable cities i.e. Bellevue, Redmond, and Everett, it's the conclusion of staff that the City has a strong franchise in place.
5. Entering into formal renewal negotiations would require a significant investment of staff and administrative resources to negotiate a new and acceptable franchise. Formal renewal negotiations are typically an 18-24 month process that begins with a comprehensive study of customer needs²³ and then continues with a series of

public input meetings, an exercise to identify the future cable-related community needs and interests, and a review of the cable operator's performance. Given the complex nature of these agreements it is common for municipalities to hire legal consultants to assist in this process.

6. The cable service and telecommunications market continues to rapidly evolve and waiting to negotiate the franchise will provide these new technologies such as IP telephony, bundled services, etc. additional time to mature and assist government at all levels in its effort to properly regulate them and capture revenue on these new services in compensation for use of the public right-of-way.

FINANCIAL IMPACT:

None.

RECOMMENDATION

Pass the motion as stated "To authorize the City Manager to execute a Notice to Comcast of Washington, LLC and Comcast of Washington IV, Inc extending the current Franchise, Ordinance 158, for the three year extension set forth in Section F4 of the franchise, thereby creating a new expiration date of July 7, 2010."

Approved By: City Manager  City Attorney 