

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title A RESOLUTION authorizing commencement of cable franchise contract renewal proceedings in accordance with the provisions of 47 U.S.C. section 546, and written request from Comcast.

Summary of the Legislation:

The Resolution commences the City’s formal cable franchise renewal proceedings with Comcast, and authorizes the implementation of processes to enable the City to comply with all of its obligations under federal law and the Cable Act of 1984, as amended.

Background:

Comcast's current franchise agreement with the City will expire on January 20, 2016. This Resolution allows the City to comply with a procedural requirement under federal law which provides that the franchise renewal period begins *three years before* expiration of a franchise.

The formal franchise renewal process is usually triggered when a cable operator provides written notification to the City that it wants to renew its franchise. The City received such notification from Comcast on February 27, 2013. Under federal law, the City must, within six months of receipt of such written notice, “commence a proceeding” which affords the public notice of their right to participate in identifying future cable-related community needs and interests, and a review of the cable operator’s performance during the existing franchise terms.

Although there are no formal guidelines under federal law as to what constitutes an action that “commences a proceeding” this Resolution will clarify the City's intent and ensure that the City has complied with this initial procedural requirement. The Resolution also provides notice to the public and an opportunity for public comment.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Other Implications:

While this Resolution does not have direct financial implications, there will be financial implications when a new franchise agreement is reached with the Comcast. DoIT will present legislation to Council at that time, authorizing the new franchise agreement, and will include a fiscal note detailing financial impacts of the new agreement.

a) Does the legislation have indirect financial implications, or long-term implications?

Yes, there are indirect financial implications. During the cable franchise renewal process, DoIT will have expenditures related to the review of Comcast's performance during the existing franchise terms, and the ascertainment of public input. DoIT anticipated this renewal process and has existing budgetary authority for these expenditures in the 2013 Adopted Budget and additional appropriations will be included in future budgets.

b) What is the financial cost of not implementing the legislation?

There could be indirect costs of not implementing this Resolution, although difficult to quantify, because lack of Council Resolution could put the City at a disadvantage in its negotiations with Comcast.

c) Does this legislation affect any departments besides the originating department? No

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? The City and a cable provider may, at any time, agree on a renewal franchise through informal negotiations. However, if the City is unable to agree on renewal terms through those negotiations, it is prudent to have also clearly commenced the formal process by means of Council Resolution, allowing the City to invoke the formal renewal process prescribed under 47 U.S.C. 546.

e) Is a public hearing required for this legislation? No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No

g) Does this legislation affect a piece of property? No

Other Issues:

List attachments to the fiscal note below: None