





Communications & Public Involvement
 215 N. Mason St.
 PO Box 580
 Fort Collins, CO 80522
 970.416.2209
 fcgov.com

MEMORANDUM

DATE: September 11, 2019

TO: Mayor and City Councilmembers

THROUGH: Darin Atteberry, City Manager 
 Kelly DiMartino, Deputy City Manager 

FROM: Amanda King, Communications Director
 Carson Hamlin, Video Production Manager

RE: Quarterly Cable Franchise and PEG Funding Update – Q2 2019

Background: The City has a non-exclusive franchise agreement with the local subsidiary of Comcast Corporation. During the franchise renewal process, Council made a request for increased tracking and reporting on compliance. Based on this request, quarterly reports will be shared and posted on the City’s franchise webpage: <http://www.fcgov.com/fctv/franchise.php>.

Below is a summary of quarterly franchise and PEG fees, reported customer complaints and current service pricing:

2019	Quarter 2			2019 Budget and Actuals			
	Q2 2019 Budgeted	Q2 2019 Actual	Difference Over/(Under)	2019 Budgeted	2019 Projected	Proj Difference Over/(Under)	Variance Over/(Under)
Franchise Fee - 413010	\$ 425,000	\$ 386,512	\$ (38,488)	\$ 1,700,000	\$ 1,561,895	\$ (138,105)	-8.1%
PEG - 441070	\$ 56,250	\$ 57,739	\$ 1,489	\$ 225,000	\$ 232,170	\$ 7,170	3.2%

Revenue received –

- Franchise fees came in under budget in both Q1 and Q2.
- PEG fees were slightly over budget in Q1 and Q2.
 - Franchise fees are based off 5% of gross revenue.
 - PEG fees are \$0.75/cable subscriber.
 - A financial audit is underway (see details below).

Complaints-

- Comcast reported zero complaints in Q2 2019.
- The City received one complaint regarding sod that was removed by Comcast during an install. The sod was replaced, and complaint resolved.

Comcast website check-

- The Digital Economy package, though difficult to find on the website, is listed at \$39.95 per month: <https://www.xfinity.com/learn/offers?lob=tv,internet>

Comcast Customer Service Center check -

- Limited basic package signage was not posted; the City's Cable Franchise Administrator requested that signage be reposted; a small printed paper sign was taped to the wall.

Other Franchise Updates –

- Financial audit of Comcast:
 - Per the current cable franchise, the City is authorized to conduct a mid-franchise financial audit of Comcast which is in progress.
 - Comcast has required that any financial records must be viewed physically from their corporate office in Philadelphia and from their marketing division in Englewood, CO. Comcast informed the audit team they would not be able to accommodate an on-site audit at the Englewood office until August.
 - This has caused a delay in the timeline for audit completion. Originally scheduled for the end of June, the report will now be delivered Fall of 2019.
- Connexion:
 - The City's Franchise Administrator is working with both the Finance Department and the Connexion group to develop a franchise and PEG fee structure similar to what Comcast is obligated to now.
 - Additional work with the Connexion technical team continues to offer local PEG channels on the City's video platform as they are on Comcast.
- FC-Public Media-
 - There has been an ongoing dispute between the City and Comcast concerning a fiber project connecting FC-Public Media's office at 200 Mathews to Comcast head end that is unresolved.
 - Per the cable franchise, this project is to provide FC- Public Media with Comcast internet and video playback on the Comcast system at no charge.
 - Although the fiber project is now complete, FC-Public Media had to spend over \$5,000 of their own funds on internet costs which the City is trying to recover from Comcast. This is ongoing, and the Attorney's Office has reached out to Ken Fellman (Denver attorney) to help with the resolution.
- Current Federal legislation impacting the City:
 - Proposed rule changes at the FCC would allow Comcast to calculate fair market value of the PEG channels and deduct that amount from their PEG and Franchise fees.
 - This could dramatically impact revenue to the City each quarter.
 - Hundreds of cities (including Fort Collins) have filed complaints with the FCC, and if the rule goes into effect, expect several lawsuits. It's possible the FCC could put the rules in effect this summer.
 - Future legal updates or opportunities are forthcoming from the City Attorney's Office.
- The City's Franchise Administrator was also notified via email of the attached channel lineup changes.

From: Carson Hamlin
To: [Amanda King](#)
Subject: FW: Comcast Notice - Turner Classic Movies Moving to Sports Entertainment Package
Date: Thursday, August 15, 2019 9:09:45 AM

FYI...

Thanks,

Carson

From: Walker, Glenn <Glenn_Walker@comcast.com>
Sent: Thursday, August 15, 2019 7:21 AM
To: Carson Hamlin <CHAMLIN@fcgov.com>; myersag@co.larimer.co.us; agetchius@timnathgov.com
Subject: Comcast Notice - Turner Classic Movies Moving to Sports Entertainment Package

We at Comcast are committed to keeping you and our customers informed about changes to Xfinity TV services. Accordingly, please note that effective October 10, 2019, Turner Classic Movies (TCM) will move to the Sports Entertainment Package and will no longer be included in its current service package(s). We are notifying impacted customers of these changes through a bill message.

Please feel free to contact me at if you have any questions.

Sincerely,

Glenn Walker
Comcast Government Affairs Dept.
1899 Wynkoop St. Suite 550
Denver, CO 80202
303-603-2012

Amanda King

Subject: FW: Altitude Sports Channel

From: Walker, Glenn <Glenn_Walker@comcast.com>

Sent: Saturday, August 31, 2019 10:16 PM

To: Carson Hamlin <CHAMLIN@fcgov.com>; myersag@co.larimer.co.us; agetchius@timnathgov.com

Subject: Altitude Sports Channel

August 31, 2019

Comcast is committed to keeping you and our customers informed about expiring programming agreements. We regularly inform our customers in their bills and annual notices that we maintain a website (www.xfinitytv.com/contractrenewals) and toll-free number (866) 216-8634 that are updated regularly to provide notice of the programming contracts that are set to expire in the coming months and the channels we might or will lose the rights to continue carrying.

As part of our ongoing commitment to keep you informed, we wanted to update you that Comcast's right to continue carrying Altitude Sports expired at midnight Eastern time on August 31, 2019. As a result, absent a renewal of the agreement, we lost authorization to continue carrying Altitude Sports as part of our lineup as of that time.

We want to carry Altitude Sports and provide our customers with the best value for Altitude programming. To date, however, Altitude has been unwilling to provide an agreement that would enable us to carry its content in a way that reflects its value in a very competitive marketplace.

Since we lost authorization to carry Altitude Sports, we have activated www.ComcastFacts.com/altitude to help keep our customers informed during this period. We will continue to provide updates to you and our customers as we work to reach an agreement with Altitude Sports.

Sincerely,

Glenn Walker
Comcast Government Affairs Dept.
1899 Wynkoop St. Suite 550
Denver, CO 80202
303-603-2012