



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

MEMORANDUM

DATE: May 21, 2020

TO: Mayor and City Councilmembers

THROUGH: Darin Atteberry, City Manager ^{DS} *DaA*
 Kelly DiMartino, Deputy City Manager ^{DS} *KD*

FROM: Amanda King, Communications Director ^{DS} *AK*
 Carson Hamlin, Video Production Manager ^{DS} *CH*

RE: **Quarterly Cable Franchise and PEG Funding Update – Q4 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 4			2019 Budget and Actuals			
	Q4 2019 Budgeted	Q4 2019 Actual	Difference Over/(Under)	2019 Budgeted	2019 Actual	Proj Difference Over/(Under)	Variance Over/(Under)
Franchise Fee - 413010	\$ 442,680	\$ 372,822	\$ (69,858)	\$ 1,700,000	\$ 1,523,971	\$ (176,029)	-10.4%
PEG - 441070	\$ 56,250	\$ 56,354	\$ 104	\$ 225,000	\$ 229,598	\$ 4,598	2.0%

Revenue received –

- Franchise fees came in under budget each quarter in 2019
- PEG fees were slightly over budget each quarter in 2019
 - 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 Q4 2019.
- The City received no complaints in Q4 2019.

Comcast website check-

- Limited Basic pricing could not be found on the Xfinity website.



Comcast Customer Service Center check -

- Limited basic package signage was not posted during the time of visit, but was put back up upon request.

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.
 - The auditor had a conference call with Comcast to cover the open issues/delays in February.
 - Comcast agreed to provide more documentation regarding the auditor's questions and has already sent some of it. After initial review some further issues surfaced.
 - One of the open items is the test the auditor conducts to review the general ledger (on a sample basis) to see if there are any transactions that could potentially be considered revenues. Comcast understandably is not thrilled to provide access to the general ledger but, albeit reluctantly, has agreed to it (as it is believed they are obligated to do so). The auditor has asked them to have it ready by mid-March.