





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

## MEMORANDUM

**DATE:** September 23, 2021

**TO:** Mayor and City Councilmembers

**THROUGH:** Kelly DiMartino, Interim City Manager   
 Tyler Marr, Assistant City Manager 

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

**RE: Quarterly Cable Franchise and PEG Funding Update – Q2 2021**

**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 Public, Educational, Governmental (PEG) fees, reported customer complaints and current service pricing:

| 2021                   | Quarter 2           |                   |                            | 2021 Budget and Actuals |                    |                                 |                          |
|------------------------|---------------------|-------------------|----------------------------|-------------------------|--------------------|---------------------------------|--------------------------|
|                        | Q2 2021<br>Budgeted | Q2 2021<br>Actual | Difference<br>Over/(Under) | 2021<br>Budgeted        | 2021<br>YTD Actual | Proj Difference<br>Over/(Under) | Variance<br>Over/(Under) |
| Franchise Fee - 413010 | \$ 433,500          | \$ 357,496        | \$ (76,004)                | \$ 1,734,000            | \$ 714,695         | \$ (304,610)                    | -17.6%                   |
| PEG - 441070           | \$ 56,250           | \$ 47,424         | \$ (8,826)                 | \$ 225,000              | \$ 93,214          | \$ (38,572)                     | -17.1%                   |

### Revenue received –

- Franchise fees were under budget by 17.5% in Q2 and -17.6% YTD
- PEG fees were down 15.7% in Q2 and -17.1% YTD
  - Franchise fees are based off 5% of gross revenue.
  - PEG fees are \$0.75/cable subscriber.
  - A financial audit was completed in Q2 (see details below).

### Complaints-

- Comcast reported zero complaints in Q2 2021.
- The City received zero complaints in Q2 2021:

### Comcast website check-

- Limited Basic pricing could not be found on the Xfinity website.
- The lowest price listed for TV only was \$49.99



**Comcast Customer Service Center check -**

- Limited basic signage is posted at the customer service center.

**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.
  - A preliminary audit report was completed in June 2021. City staff is working with the City Attorney's office to review the audit findings and any potential next steps.
- Programming Notice
  - The attached programming notice regarding changes to Comcast's channel lineup was provided in June 2021.

REPORT TO  
CITY OF FORT COLLINS, CO  
(Comcast of California/Colorado, LLC)  
AND  
REPORT ON AGREED-UPON PROCEDURES  
CABLE TELEVISION FRANCHISE FEES

January 1, 2015 – December 31, 2017

DRAFT

**Karrison LLC**  
2841 83<sup>rd</sup> Street  
Darien, Illinois 60561  
630.505.3920

Contact: Louis G. Karrison, CPA  
[louk@tsrcpa.com](mailto:louk@tsrcpa.com)

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

City of Fort Collins  
300 LaPorte  
Fort Collins, Colorado 80521

We have performed the procedures enumerated below, which were agreed to by the City of Fort Collins, CO, on revenue/receipt transactions reported by Comcast of California/Colorado, LLC to the City of Fort Collins, CO, for the period January 1, 2015 to December 31, 2017, solely to assist you in your evaluation of the degree of compliance by Comcast of California/Colorado, LLC in accordance with the franchise fee terms of the cable franchise agreement. Comcast of California/Colorado, LLC is responsible for reporting in compliance with the terms of the cable franchise agreement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The "franchising authority" is defined as the City of Fort Collins, Colorado, "other franchising authorities" is defined as all additional franchising authorities who are included in the cable operator's systems and are pooled for purposes of allocating nonsubscriber revenues, and "cable operator" is defined as Comcast of California/Colorado, LLC.

1. Compare subscriber fees totals, including franchise fees, installation/reconnection charges, pay-per-view, late fees, remote controls, guides, trouble calls, video tier downgrade fees, relocation fees, etc., from billings/receipts reports to franchise fee worksheets, for three months during each year 2015-2017.

To perform this procedure we requested that the cable operator provide its monthly billing reports, which it did. Those reports contain information detailing how much was billed to subscribers for each type of service taken for a particular month. In effect they summarize, by type of service, the amounts charged to the subscribers and reflected on individual subscriber accounts. See procedure #8 for more information regarding individual subscriber accounts. Monthly reports for the Fort Collins franchise are separate from other franchises' reports. These reports are structured so that billings for a particular month are associated with the revenues earned for that time period.

The cable operator prepares “franchise fee worksheets.” These worksheets record the amounts billed by type of service. Amounts from the billing reports are entered on the franchise fee worksheets. Each month’s revenues in a calendar quarter are listed and totaled. Total revenues by type of service for the calendar quarter are calculated.

No exceptions noted.

2. Compare all franchise fee worksheets obtained from the cable operator with franchise fee payment schedules submitted to the franchising authority, for three years 2015-2017.

The cable operator submits a payment schedule to the City that summarizes the gross revenues for the quarter and any allowable deductions, and details the computation of franchise fees due. The amounts in the schedules were compared to the franchise fee worksheets. Reperformance of the calculations was done.

No exceptions noted.

3. Test the recording, allocating, and reporting of advertising revenues (and any deductions such as agency fees) among the local franchising authority and other franchising authorities, by comparing detail supporting documentation for three months during each year 2015-2017 and year-end totals.

We reviewed the cable operator's advertising revenues accounting spreadsheets and compared amounts to the amounts reported to the City.

No exceptions noted.

4. Test the recording, allocating, and reporting of shopping revenues among the franchise authority and other franchise authorities, by comparing detail supporting documentation (receipts/advice from shopping channels) to general ledger entries, for three months during each year 2015-2017 and year-end totals.

No exceptions noted.

5. Test the reporting of bad debts, refunds, and NSF checks on the franchise fee payment schedules by comparing amounts reported with billing adjustment reports for three months during each year 2015-2017.

The cable operator incurs bad debts, makes refunds of previously reported revenues, and receives NSF checks. The cable operator also has bad debt recoveries. Bad debts (net of recoveries) are a component of gross revenues.

No exceptions noted.

6. Review general ledger revenue accounts and select items with a scope over \$1,000 for testing by comparing general ledger entries with detail supporting documentation, for three months during each year 2015-2017.

Nonsubscriber revenues are not reflected in the cable operator's subscriber billing system. Such revenues are recorded in the general ledger separately, and if applicable to the City's gross revenue definition are to be added to the amount of gross revenues from other sources.

No exceptions noted.

7. Review general ledger expense accounts for credits which may be revenue items for items with a scope over \$1,000 for testing by comparing general ledger entries with detail supporting documentation, for three months during each year 2015-2017.

Cable operators generally have receipts of cash or other consideration which may or may not be considered as revenues under the City's definition of gross revenues. Amounts that are refunds of expenses, for example, would not be considered revenues.

No exceptions noted.

8. Test billings and collections for ten randomly-selected, specific customer accounts for services provided and amounts billed, for one month during 2017.

The amounts that are billed to individual subscribers are reflected on the subscribers' bills and in their individual ledger accounts contained in the cable operator's billing system. Such amounts are "rolled-up" in the billing system to various summary reports that are used to calculate and report gross subscriber revenues.

No exceptions noted.

9. Test subscriber counts as of December 31 for each year 2015-2017.

No exceptions noted.

10. Test PEG fees for three months each year during 2015-17.

The cable operator bills and collects PEG Fees from subscribers, and pays the fees over to the City. The fees were \$.50 or \$.75 per subscriber per month during the three-year period covered by this report. We performed a recalculation of the fees for twelve individual months during the thirty-six month period, and compared the result with the amounts reported by the cable operator. We multiplied the number of subscribers (from the cable operator's records) times the \$.50 or \$.75 rate in effect. The result was that fees calculated were \$21,796 greater than the amount reported. Converting the result to a thirty-six month recalculation from a twelve month recalculation by simply multiplying by three results in \$65,391 less fees paid to the City had the cable operator billed and paid fees based upon the number of subscribers.

The cable operator responded that it pays PEG Fees to the City based upon what it collects.

11. Test the application of discounts to five subscribers' bills when the subscribers choose to have telephony and data services in addition to cable services.

Discounts are given to cable subscribers who order non-cable services as part of a "bundle" that is offered by the cable operator. The discounts from the stand-alone prices should be applied to each service in proportion to the relative stand-alone prices, and not applied to a single service or disproportionately among the services.

No exceptions noted.

We were not engaged to, and did not conduct, an examination, the objective of which would be the expression of an opinion on any of the amounts or items referred to in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Fort Collins, CO and is not intended to be and should not be used by anyone other than these specified parties.

Darien, Illinois  
June 30, 2021

DRAFT

**From:** [Carson Hamlin](#)  
**To:** [Amanda King](#)  
**Subject:** FW: Comcast Programming Notice  
**Date:** Monday, June 21, 2021 9:54:38 AM

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Hi Amanda,  
FYI.. Comcast changes to Latino programming.

Carson

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**From:** Walker, Glenn <Glenn\_Walker@comcast.com>  
**Sent:** Monday, June 21, 2021 8:12 AM  
**To:** sara.ott@cityofaspens.com; debra.figueroa@cogs.us; eheil@avon.org; srobson@vailgov.com; jhgreene@springsgov.com; rick@arvada.org; RSIMPSON@auroragov.org; manager@broomfield.org; Julie.Martinez@denvergov.org; WHolmes@douglas.co.us; mbrocklander@englewoodgov.org; Melissa Gallegos <MGallegos@greenwoodvillage.com>; knarde@littletongov.org; heatherb@louisvilleco.gov; apeterson@northglenn.org; Todd.Barnes@cityofthornton.net; dhord@cityofwestminster.us; Carson Hamlin <CHAMLIN@fcgov.com>; roy.otto@greeleygov.com; Harold.dominguez@longmontcolorado.gov; Steve.Adams@cityofloveland.org; ngradisar@pueblo.us; peytonr@townofbreckenridge.com; AdrienneS@townofdillon.com; nancyk@townoffrisco.com; ryan.hyland@silverthorne.org; Julie.sutor@summitcountyco.gov  
**Subject:** [EXTERNAL] Comcast Programming Notice

We are committed to keeping you and our customers informed about changes to Xfinity TV services.

Based on factors that include consumer usage, preferences, and changes in programmer offerings, we are adjusting several of our foreign language program offerings. Please see the summary of changes below.

Programing adjustments effective August 24, 2021:

- Customers who added the current Xfinity TV Latino and Selecto tier to their package will see the name change to Latino Plus and will also receive access to 1000s of hours of free Video On Demand programming [FlixLatino and ATRES Player]. For customers paying the retail rate, the price remains the same. Latino Plus will no longer be available for new subscriptions. Existing customers will continue to receive the service until they make a change or receive further notice.
- Customers who added Xfinity TV Latino tier to their package and are currently paying \$9.99 as part of a 12 month promotion will now roll to \$10/month at the end of their promotion duration.
- An Xfinity TV Latino tier will be available to Xfinity TV customers to add to their package at \$10/month for approximately 45 Spanish language channels.
- The 13 Spanish language Latino (Genre) pack will no longer be available for new subscriptions. Existing customers will continue to receive the service until they make a change or receive further notice.
- Customers will see the following changes on their bill:
  - “Zee TV / SET Asia” and “Zee, SET” will be renamed “Hindi 2 Pack.”
  - “SET: Asia” will be renamed “SET: Hindi.”



- Customers subscribing to the previously retired from sales “Brazilian 3 Pack” will see the name change to “Brazilian 4 Pack” and the Record TV Americas channel will be added to the package at no additional charge.
  - The “Filipino Elite PKG” will be renamed “Filipino 3 Pack.”
  - The “C1R” package will be renamed “Russian 2 Pack” and the NTV America channel will be added to the package at no additional charge.
  - “SBTN” will be renamed “SBTN: Vietnamese.”
  - “Willow Plus” will be renamed “Willow: Cricket.”
- Customers subscribing to the previously retired from sales “TV5Monde” at \$10.99/month will see a price decrease to \$9.99/month.
  - Customers subscribing to “Impact Russia ALC” network at \$9.99/month will see a price decrease to \$6.99/month.
  - “Willow: Cricket Add-on” will no longer be available for sale.

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

Sincerely,  
Glenn Walker  
Comcast Government Affairs Dept.  
8000 E Iliff Ave  
Denver, CO 80231