







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MEMORANDUM

DATE: November 23, 2020

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 & Q3 2020

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:

| 2020 | Quarter 2 | | | 2020 Budget and Actuals | | | |
|------------------------|------------|------------|--------------|-------------------------|------------|-----------------|--------------|
| | Q2 2020 | Q2 2020 | Difference | 2020 | 2020 | Proj Difference | Variance |
| | Budgeted | Actual | Over/(Under) | Budgeted | YTD Actual | Over/(Under) | Over/(Under) |
| Franchise Fee - 413010 | \$ 422,280 | \$ 364,648 | \$ (57,632) | \$ 1,700,000 | \$ 737,121 | \$ (225,758) | -13.3% |
| PEG - 441070 | \$ 56,250 | \$ 51,591 | \$ (4,659) | \$ 225,000 | \$ 105,968 | \$ (13,064) | -5.8% |

| 2020 | Quarter 3 | | | 2020 Budget and Actuals | | | |
|------------------------|------------|------------|--------------|-------------------------|--------------|-----------------|--------------|
| | Q3 2020 | Q3 2020 | Difference | 2020 | 2020 | Proj Difference | Variance |
| | Budgeted | Actual | Over/(Under) | Budgeted | YTD Actual | Over/(Under) | Over/(Under) |
| Franchise Fee - 413010 | \$ 418,710 | \$ 364,705 | \$ (54,005) | \$ 1,700,000 | \$ 1,101,827 | \$ (230,173) | -13.5% |
| PEG - 441070 | \$ 56,250 | \$ 49,297 | \$ (6,953) | \$ 225,000 | \$ 155,265 | \$ (18,735) | -8.3% |

Revenue received –

- Franchise fees came in under budget in Q1 & Q2 2020
- PEG fees are also under budget in 2020
 - 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 & Q3 2020.



- The City received zero complaints in Q2 & Q3 2020:

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 was posted at the Customer Service center has limited/reduced hours.

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 has continued to have many challenges with delays and missing information not being provided by Comcast.
 - Comcast had agreed to provide more documentation regarding the auditor's questions; however, after further review some additional issues surfaced. To date, the additional documentation has not been provided by Comcast.
 - The audit was further delayed as the auditor was out on medical leave for part of 2020.
 - City staff and the auditor met with outside counsel to discuss the impasse with Comcast. It was suggested that Comcast comply, and next steps are to schedule a call with the outside counsel and the local Comcast Government affairs rep to share the final deadline for Comcast to provide the missing information or risk a formal breach of franchise agreement.