



MEMORANDUM

DATE: May 26, 2021
TO: Mayor and City Councilmembers
THROUGH: Darin Atteberry, City Manager
 Kelly DiMartino, Deputy City Manager
 Tyler Marr, Interim Information and Employee Services Director
FROM: Amanda King, Communications Director
 Carson Hamlin, Video Production Manager
RE: Quarterly Cable Franchise and PEG Funding Update – Q4 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

2020	Quarter 4			2020 Budget and Actuals			
	Q4 2020	Q4 2020	Difference	2020	2020	Proj Difference	Variance
	Budgeted	Actual	Over/(Under)	Budgeted	YTD Actual	Over/(Under)	Over/(Under)
Franchise Fee - 413010	\$ 418,710	\$ 370,140	\$ (48,570)	\$ 1,700,000	\$ 1,472,204	\$ (227,796)	-13.4%
PEG - 441070	\$ 56,250	\$ 47,943	\$ (8,307)	\$ 225,000	\$ 203,207	\$ (21,793)	-9.7%

pricing:

Revenue received –

- Franchise fees were under budget by 11.6% in Q4 and 13.4% 2020 overall.
- PEG fees were under budget by 14.8% in Q4 and 9.7% in 2020 overall.
 - 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 2020.
- The City received zero complaints in Q4 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 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.
 - 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.
 - In late 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.