

REPORT

To the Honorable Mayor and City Council
From the City Manager

January 12, 2004

Subject

Resolution granting a four-month extension to Comcast (formerly AT&T Broadband) to operate a cable television system in Redwood City during franchise renewal negotiations.

Recommendation

Adopt a resolution granting a four-month extension to Comcast to operate a cable television system in Redwood City during franchise renewal negotiations.

Background

In 1991 the City Council approved a Cable TV Franchise Agreement with TCI (which later became AT&T Broadband, and more recently became Comcast) for a period of 12 years. In preparation for the initial (February, 2003) renewal, Redwood City has worked with six other cities and the County on a group franchise renewal process, as the San Mateo County Telecommunications Authority (SAMCAT). This process has included a technical audit, legal review, and community needs assessment of cable TV services and needs in Redwood City and the other local governments. This group process continues to be beneficial to Redwood City since it enables us to share resources in hiring contract legal and technical assistance at a fraction of the cost of contracting individually.

While the process has moved along in good faith, it has taken longer than expected due to the need to negotiate a settlement on the AT&T/Comcast merger and transfer of operations. Once the merger and transfer were complete, we were able to focus our efforts on the franchise renewal. On February 10th, 2003 the Council granted a six month extension of the franchise to enable the City, its representatives, and Comcast to negotiate and develop a new franchise. The Council granted an additional extension of four months on October 27th, 2003, to accommodate the continuing process.

In the October 27, 2003 staff report, we noted the possibility that the negotiations would not be completed by the end of this calendar year, and that an additional extension may be requested. Negotiations have in fact not been completed, and we are requesting that the Council grant an additional four-month extension, through April 30, 2004.

Each of the eight agencies in SAMCAT has prepared a needs assessment which addresses unique local needs and interests with respect to PEG access programming, institutional services, and related matters. SAMCAT's contract legal counsel, Mr. Brian Grogan, has focused on creating a Model Franchise with provisions common to all eight agencies, rather than attempt to incorporate these unique issues into eight different documents.

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This process will permit Comcast and SAMCAT to most efficiently address common franchise issues and thereafter address agency-specific issues.

On behalf of the eight agencies, Mr. Grogan submitted to Comcast a draft Model Franchise dated July 3, 2003. It is anticipated that negotiations with Comcast regarding a renewed Franchise will be completed by late spring, 2004. Mr. Grogan advises that granting additional extensions is in our best interest at this time. In the interim, the City and Comcast continue to operate under the current Franchise Agreement, which remains in full force and effect.

A proposed resolution is attached which would grant another franchise extension allowing ample time for franchise negotiations.

Alternative


The Council could choose not to adopt this resolution; however this would disrupt and jeopardize the franchise agreement negotiations and potentially impact cable TV service for the next four months.

Fiscal Impact

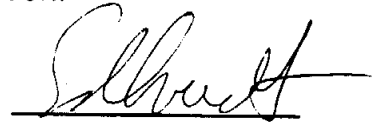
There is no fiscal impact associated with the adoption of this resolution.



Malcolm Smith
Public Communications
Manager



Magda González
Assistant to the City Manager



Ed Everett
City Manager

Attachments

Resolution

RESOLUTION NO. _____

GRANTING COMCAST OF CALIFORNIA IX, INC. A FRANCHISE EXTENSION

WHEREAS, on or about February 20, 1991, the City of Redwood City, California ("City") granted a Cable Television Franchise ("Franchise") to TCI Cablevision of California, Inc., thereafter providing services as AT&T Broadband ("AT&T"); and

WHEREAS, pursuant to Section 47 U.S.C. § 546(a), AT&T provided timely notification to the City of AT&T's intent to seek renewal of the Franchise under 47 U.S.C. § 546(a-g); and

WHEREAS, pursuant to Section 47 U.S.C. § 546(a) the City and AT&T properly commenced franchise renewal proceedings; and

WHEREAS, the Franchise is currently held by Comcast of California IX, Inc ("Comcast"); and

WHEREAS, the City adopted Resolution No. 14501 on February 10, 2003, extending the term of the Franchise until August 30, 2003, and subsequently adopted Resolution No. 14559 on October 27, 2003, further extending the term of the Franchise until December 31, 2003; and

WHEREAS, the City and Comcast, pursuant to 47 U.S.C. §546(h), are continuing to conduct franchise renewal negotiations informally in an attempt to reach a mutually acceptable franchise agreement; and

WHEREAS, the City and Comcast have not yet reached a mutually acceptable franchise agreement, and are both interested in continuing informal discussions and negotiations regarding franchise renewal and desire to further extend the current franchise term from December 31, 2003 to April 30, 2004; and

WHEREAS, both the City and Comcast desire to expressly reserve all of their respective rights under state and federal law; and

WHEREAS, the City and Comcast can re-enter the formal renewal process pursuant to 47 U.S.C. § 546 (a-g) at any time upon written notice to the other party.

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NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF REDWOOD CITY HEREBY DECLARES:

1. Section 2.3 of the Franchise is hereby amended by extending the term of the Franchise through and including April 30, 2004.
2. Except as specifically modified hereby, the Franchise shall remain in full force and effect.
3. This Resolution shall become effective upon the occurrence of both of the following conditions: (1) The Resolution being passed and adopted by the City Council of the City of Redwood City; and (2) Comcast's acceptance of this Resolution and the Franchise for the term specified in paragraph (1) above, provided Comcast accepts and agrees to each and every term of this Resolution and the Franchise within fourteen (14) days from the date this Resolution is passed and adopted.

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