

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle IT	Jon Morrison Winters	Andrew Dziedzic

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to cable television; authorizing the Mayor or the Mayor’s designee to execute an amendment to the Cable Television Franchise Agreement with Comcast Cable Communications Management, LLC, authorized by Ordinance 124957; authorizing the Chief Technology Officer to enter into other agreements for the purpose of implementing or administering the amended franchise; amending Section 21.60.050 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

#### **Summary and Background of the Legislation:**

This legislation seeks approval of an amendment to the cable franchise agreement between The City of Seattle and Comcast. Comcast’s franchise is set to expire on January 20, 2026, and the amendment would extend the franchise for seven (7) years, through January 20, 2033.

The City, through its Information Technology Department (ITD), Office of Cable Communications, conducted a community assessment to determine the needs and interests of the City and Seattle residents related to Comcast’s cable system. The assessment identified certain needs and interests, including (1) community support for access to public, educational, and governmental (PEG) channels on the cable system; (2) cable discounts for low-income and disabled residents; (3) free or low-cost cable modem services for schools, community centers, and other non-profits organizations; and (4) improved customer service for cable customers. The assessment also confirmed the need for (5) capital funding for PEG providers, and (6) support for complimentary cable service to City buildings and schools.

The results of this assessment helped guide the City’s negotiations with Comcast that were completed under the informal renewal procedures of the federal Cable Act (47 U.S.C. § 546(h)). During the negotiation, it was determined that a franchise renewal would likely result in a forfeiture of the in-kind benefits the City previously negotiated with Comcast. The proposed franchise amendment retains these benefits, while increasing revenues through increases to the franchise and PEG fees paid by cable operators, and extends the term of the current franchise for an additional seven years. The retained benefits to the City and its residents negotiated include:

- **Continuation of cable TV discounts to qualified low-income subscribers.** Comcast has agreed to continue providing a discount of its Basic Service rate and to allow Seattle residents eligible for the City’s Utility Discount program to receive the cable discount. Comcast’s current discount rate is 30% of its Basic Service rate (Section 16.4 of the franchise).
- **Continuation of complimentary cable TV service to City buildings and schools.** Comcast has agreed to continue providing complimentary cable TV service to City

buildings and schools, and has agreed not to treat the costs of this service as franchise fee payments to the City. The City has agreed to fairly allocate this obligation among all cable operators (Section 6.9 of the franchise).

- **A PEG fee of 0.6% of gross revenues that can be used to support the Seattle Channel and other PEG channels.** Comcast has agreed to provide the City a PEG fee of 0.6% of its gross revenues derived from cable services. Based on current cable revenue projections, the fee would generate approximately \$405,811 in 2026 for the City to use for PEG-related purposes (Paragraph 5 of the amendment, modifying Subsection 6.4(A) of the franchise).
- **PEG channel capacity.** Comcast has agreed to continue providing sufficient system capacity for public, educational, or governmental (PEG) use, allowing the City to retain existing PEG channels and programming in both standard definition (SD) and high definition (HD) (Paragraph 4 of the amendment, modifying Subsection 6.2(A) of the franchise).

In addition to the benefits provided through the proposed amendment to the franchise agreement, Comcast has agreed to address grounding and bonding deficiencies at apartment buildings (MDUs) that were identified during a recent technical review, and to continue to provide free cable modem (internet) service to qualified non-profit and community organizations. The City has agreed to seek City Council approval to address a provision of the cable code that has resulted in Comcast customers getting late payment notices for payments received after February 28. These issues are referenced in the attached MOA.

All funds to be received in accordance with this amendment to the franchise will be accepted and appropriation of these funds will occur through the normal budgetary and legislative processes.

**2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project?  Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation have financial impacts to the City?  Yes  No

Expenditure Change (\$); General Fund	2026	2027 est.	2028 est.	2029 est.	2030 est.
Expenditure Change (\$); Other Funds	2026	2027 est.	2028 est.	2029 est.	2030 est.

Revenue Change (\$); General Fund	2026	2027 est.	2028 est.	2029 est.	2030 est.
Revenue Change (\$); Other Funds	2026	2027 est.	2028 est.	2029 est.	2030 est.
	\$524,221	\$747,139	\$708,552	\$666,317	\$626,600

<b>Number of Positions</b>	<b>2026</b>	<b>2027 est.</b>	<b>2028 est.</b>	<b>2029 est.</b>	<b>2030 est.</b>
<b>Total FTE Change</b>	<b>2026</b>	<b>2027 est.</b>	<b>2028 est.</b>	<b>2029 est.</b>	<b>2030 est.</b>

**3.b. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from This Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2026 Revenue</b>	<b>2027 Estimated Revenue</b>
Cable Television Franchise Subfund (00160)	ITD	PEG Fees	\$128,230	\$182,759
Cable Television Franchise Subfund (00160)	ITD	Franchise Fees	\$395,990	\$564,380
<b>TOTAL</b>			<b>\$524,221</b>	<b>\$747,139</b>

**Revenue/Reimbursement Notes:**

**PEG Fees:** The proposed amendment to the franchise under this legislation includes an increase of the PEG fee from 0.4% to 0.6% of the gross revenues Comcast derives from cable services. This benefits the City. The PEG fee will be calculated and paid to the City on a monthly basis for the remainder of the franchise term. Over the proposed 7-year extension of the franchise, PEG fee revenues are estimated to total \$2,380,266. Under the Federal Cable Act, the City is required to use PEG fee revenues on capital expenses of PEG operators, such as Seattle Channel, Seattle Public Schools Television, and Seattle Colleges Television.

**Franchise Fees:** The franchise fee rate applied to cable operators is established via ordinance. In addition to authorizing the franchise amendment, this ordinance would raise the existing cable franchise fee rate of 4.4% of the gross revenues of Comcast’s cable services to 5.0% of the gross revenues of Comcast’s cable services, which is the maximum allowed by federal law. This benefits the City. Comcast will pay the franchise fee to the City on a monthly basis. The 2026 franchise fee revenue amount is an estimate based on gross revenue projections for Comcast in 2026. Over the proposed 7-year extension of the franchise, franchise fee revenues are estimated to total \$29,334,798.

### 3.c. Positions

- This legislation adds, changes, or deletes positions.

### 3.d. Other Impacts

**Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.**

N/A

**If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.**

N/A

**Please describe any financial costs or other impacts of *not* implementing the legislation.**

Not implementing this legislation will result in additional costly and time-consuming negotiation with Comcast. The franchise benefits to the City and its residents would be lost. The City would forgo new PEG fee and franchise fee revenues.

**Please describe how this legislation may affect any City departments other than the originating department.**

N/A

## 4. OTHER IMPLICATIONS

**a. Is a public hearing required for this legislation?**

Yes

**b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?**

Yes

**c. Does this legislation affect a piece of property?**

No.

**d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

The franchise would continue to have Comcast offer a needs-based cable TV discount for low-income households, as well as complimentary cable service to schools. Additionally, cable franchise fees are used to fund the City's Technology Matching Fund which annually grants funds to community groups with projects that will help improve digital equity by connecting populations that have limited access to technology, empowering residents with digital literacy skills, and building capacity for diverse communities to use technology for civic participation.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

The ascertainment conducted by the City as part of the franchise renewal process included a racial equity component.

- iii. What is the Language Access Plan for any communications to the public?**  
N/A.

**e. Climate Change Implications**

- i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

No.

- ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

No.

- f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A.

- g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

No.

## 5. ATTACHMENTS

### **Summary Attachments:**

Summary Attachment A – Memorandum of Agreement (MOA) between The City of Seattle and Comcast Cable Communications Management, LLC  
Summary Exhibit 1 – 2015 “side letter agreement”