



**Legislative Department
Seattle City Council
Memorandum**

Date: March 12, 2015
To: Public Safety, Civil Rights and Technology Committee
From: Martha Lester, City Council Central Staff
Subject: **C.B. 118347: Proposed Cable Code Amendments – for Public Safety, Civil Rights and Technology Committee March 18, 2015**

In February 2015, the Mayor submitted to the Council proposed legislation that would amend the “Cable Code” (Seattle Municipal Code (SMC) chapter 21.60). Councilmember Harrell worked with the Department of Information Technology (DoIT) on some changes to the proposed legislation. C.B. 118347, which reflects those changes, will be introduced on Monday, March 16, and referred to the Public Safety, Civil Rights and Technology Committee. The committee will discuss and possibly vote on the bill at its regular meeting on Wednesday, March 18.

Background about this proposed legislation is presented in the Bill Summary and Fiscal Note provided by DoIT. If you have other questions about the legislation in general, please let me know. This memo discusses one issue: the “low-income service provision requirement” that is reflected in the bill.

Low-income service provision requirement

As background, the existing Cable Code was written in an era when not all households in the city had access to cable television, and the City wanted a method to ensure that all areas would be served. The city was divided into five “cable districts.” When a cable company got a franchise, it was for one or more of these distinct districts, and the cable company was required to “build out” cable facilities in the entire district – that is, to provide facilities so that it could offer cable service to every household in that district – within a specified number of years. Over time, this approach worked and every household in the city now has access to cable services.

Instead of promoting access, the artificial boundaries of the existing cable districts and the build-out requirement now constitute barriers to competition. C.B. 118347 would eliminate the cable districts and the build-out requirement, and would allow a cable company to obtain a franchise to provide service in any portion of the city or in the entire city.

However, the City still wants to ensure that cable companies don’t “cherry pick” and serve higher-income areas while leaving lower-income areas behind or without competition. That is what the “low-income service provision requirement” in C.B. 118347 is intended to address.

In C.B. 118347, SMC 21.60.170 as amended would require the following for each renewed franchise from the start, and for each new franchise within no more than two years after its effective date:

“a significant portion of the total households to which grantee offers cable service shall be households that fall below the median income level as measured by census block group data.”

To provide accountability, the code would provide that each cable company shall meet with the Office of Cable Communications (OCC) (the division of DoIT that oversees cable franchises) at least twice a year to demonstrate that it has met the low-income service provision requirement. If OCC were to determine

that the requirement were not being met, it could impose other requirements, including imposing penalties, requiring the cable company to expand its service to serve low-income households, and mandating other actions to obtain compliance.

There has been some discussion as to whether the language “a significant portion” is specific enough and strong enough. Two options are presented below if Councilmembers want to consider changes.

One alternative would be to specify a minimum percentage of households served that must fall below median income, such as:

“a significant portion, and no fewer than 30 percent, of the total households to which grantee offers cable service shall be households that fall below the median income level as measured by census block group data.”

Another alternative would be to ensure that the requirement encompasses households with significantly lower income:

“a significant portion of the total households to which grantee offers cable service shall be households that fall below 75 percent of the median income level as measured by census block group data.”

The “30 percent” and “75 percent” figures are just examples. Variations on these two examples could be combined, and other options are possible as well.

Please let me know if you have questions, or would like me to draft any amendments for consideration.