



Seattle City Council

Central Staff - Memorandum

Date: November 25, 2015
To: Public Safety, Civil Rights, and Technology Committee Members
From: Asha Venkataraman, Central Staff
Subject: C.B. 118549: Proposed Renewal of Comcast Cable Franchise

On September 12, 2015, the Department of Information Technology's (DoIT) Office of Cable Communications (OCC) provided a briefing to the Public Safety, Civil Rights, and Technology (PSCRT) Committee on a proposed cable franchise agreement between the City and Comcast. DoIT submitted legislation to the Council to approve the franchise agreement, which would renew the current Comcast franchise expiring on January 20, 2016. C.B. 118549 was introduced on October 26, 2015 and referred to the PSCRT committee, which then held a special meeting on November 12, 2015 for a public hearing. If Councilmembers are ready to vote the legislation out of committee, the Full Council will likely consider C.B. 118549 on December 7, 2015.

The summary and fiscal note prepared by DoIT to accompany C.B. 118549 provides background on the proposed legislation and the contents of the franchise agreement. This memorandum provides context regarding the City's role in cable franchising, and provides a matrix in Attachment A summarizing key elements of the 2006 Comcast franchise currently in effect, the recently approved 2015 CenturyLink franchise, and the proposed 2016 Comcast franchise. This memorandum does not recommend any changes or additions to the franchise agreement.

The City's Role in Cable TV Franchising

Federal law allows cable operators to renew their franchises with local franchising authorities like the City in two ways: through informal negotiations or through a formal statutory renewal process. Comcast's proposed franchise agreement is the result of negotiations under this "informal" process between Comcast and the City. To inform negotiations and the renewal process, OCC assessed the future needs and interests of the community as related to Comcast's cable operation, such as support for public, educational, and governmental access (PEG) channels and cable discounts to low-income residents. However, federal law controls much of the field of cable operation, leaving local franchising authorities like the City with limited discretion when deciding to grant or deny a franchise. For example, rates charged for cable services are regulated almost completely by federal law. In addition, the franchising process is limited solely to provision of cable services; the City cannot mandate specific benefits related to ancillary services the cable operator also provides (such as phone service) in the franchise agreement. Even though cable operators often offer cable services as a bundle with internet and phone services, each service is regulated differently, and the City's jurisdiction in this process is only over cable services. Though it cannot require specific public benefits, the City can negotiate for them as part of the renewal process, and the negotiated public benefits from the proposed Comcast franchise agreement are summarized in Attachment A.

The City controls customer service requirements, which are codified in SMC 21.60.800, and are commonly known as the Cable Customer's Bill of Rights. The City has adopted the customer service standards prescribed by federal law. Comcast provides quarterly reports with data showing its compliance with the Cable Customer's Bill of Rights.

Lastly, though federal law sets the maximum franchise fee a local franchising authority can charge a cable operator at 5 percent of gross revenues from cable, local franchising authorities have the discretion to set the fee at any level up to that maximum level. The City has codified the franchise fee for all cable franchisees at 4.4 percent of gross revenues from cable. In recognition of the fee being less than the allowable federal maximum, Comcast has committed to provide additional public benefits such as complimentary cable service to schools and City buildings.