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Comcast Cable Franchise Renewal

Shakopee, Minnesota
City Council - July 2023

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Agenda

- **Changing industry**
- **Background of the Renewal Process**
- **Existing Franchise**
- **Key Provisions of New Franchise**
- **City Staff and Legal Counsel Recommendation**



Changing Industry

- Gas, electric, water, telephone – all regulated by PUC
- Cable - regulated at local (City) level
 - Nonexclusive franchise
 - Franchise grants authority for company to use streets and ROW
- Today, residents want broadband – stream video content
 - Fewer cable subscribers, but the franchise remains important
- The 5% fee paid by cable operator is rental payment for use of the ROW
- State and federal laws will determine how cities may (or may not) retain compensation from communications companies to access the ROW



Background of the Renewal Process

- **July 20, 2004** - Effective date of existing cable franchise
- **August 8, 2016** - Comcast requested renewal
- **August 6, 2018** - Franchise and PEG Fee Review Report
- **October 2019 - May 2023** - Comcast negotiations - New Franchise



Existing Franchise

- **Franchise granted July 20, 2004**
 - 15-year term
- **Compensation**
 - Franchise Fee = 5% of Gross Revenues on “Cable Service”
 - Does not include telephone or broadband
- **Public, Education and Government (PEG)**
 - PEG Channel #s 14, 15 and 16
 - Comcast submits to the City a \$.40/subscriber/month PEG Fee



Key Provisions of New Franchise

- 10-year term
- 5% franchise fee on Comcast's "gross revenues"
 - stronger definition of "gross revenues"
 - Federal law allows fee only on cable
 - not telephone or broadband
- Strong customer service standards
- ROW Management - City Code requirements



Key Provisions of New Franchise

- 2 EG Channels
 - Education and Government
 - G channel provided in high definition (HD)
- .5% EG Fee
 - new funding formula – percentage of Comcast's gross revenues
 - will provide greater stability for EG funding
 - designated for EG "capital" purchases
- Navigation to EG Channels
 - Electronic Programming Guide (EPG)



Key Provisions of New Franchise

- **Strong enforcement provisions**
 - \$50,000 performance bond
 - \$10,000 security fund
- **Maintain EG transport lines**
 - connection to city hall, etc.
 - advanced notice to City before Comcast begins franchise fee offset
- **Maintain complimentary cable service**
 - list of sites included in exhibit to New Franchise
 - advanced notice to City before Comcast begins franchise fee offset



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City Staff and Legal Counsel Recommendation

Approval Recommended -
2023 Comcast Cable Television Franchise

Questions?