

Executive Summary

Brief Description: Ordinance granting a Comcast a cable franchise

Recommended Action: Introduce the Cable Television Franchise Ordinance

Background:

On July 20, 2004, the City of Shakopee ("City") granted a 15 year cable franchise to Comcast. On August 8, 2016, Comcast requested renewal of the cable franchise. The City's existing cable franchise with Comcast expired in August 2019. The terms of the existing cable franchise continue to apply under state and federal law until a new franchise agreement is approved. Following an assessment of Comcast's past performance, the City and Comcast began negotiation of a new franchise and have reached agreement, pending council approval.

City's Primary Renewal Goals:

1. Ensure City's ROW Code is incorporated into the Renewal Franchise.
2. Retain ability to regulate noncable services provided by Comcast – broadband.
3. Ensure government access channel is provided in HD (high-definition).
4. Increase the level of capital support for education and government (EG) access channels.
5. Maintain the 5% franchise fee as consideration for use of the City's ROW.
6. Maintain strong customer service standards.
7. Renew for a 10 year term.
8. Adopt enforcement procedures and security to ensure compliance.

Final Results of Franchise Negotiations:

Existing Franchise	Renewal Franchise
"Gross Revenue" definition	Stronger definition
5% franchise fee	Same % as Existing Franchise – federal law (maximum allowed)
\$.40/subscriber/month PEG Fee	.5% of gross revenues
3 PEG Channels	2 Channels (1 for government and 1 for education)
No HD channel options	Government channel will be provided in HD
Complimentary cable service at certain public buildings	Current list includes five locations Maintain status quo; however, FCC 621 Order adopted in 2019 allows Comcast to deduct "marginal costs" from franchise fees upon 120 days notice to City
Origination Points/EG Transport Lines	Maintain status quo at City Hall and Vierling Fire Station Same comment as above regarding FCC 621 Order
15 year term	10 year term
Performance bond \$50,000	Same as Existing Franchise
Security fund \$10,000, upon violation notice	Same as Existing Franchise

Recommendation:

Staff recommends that the City Council introduce the Cable Television Franchise Ordinance and thereafter approve the renewal of Comcast's franchise for a 10 year term.

Submitted through:

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Originated by:

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