

- Negotiate in good faith with incumbent cable operators to interconnect their networks for the purposes of providing PEG access channel programming;
- Comply with Federal Emergency Alert System requirements;
- Secure encroachment permits for any construction activities in the right-of-way; and
- Comply with customer service standards established by state and federal law.

Although franchise authority over video service providers now rests with the PUC, the Act does designate certain administrative responsibilities to local governments. These responsibilities include the collection and administration of franchise and PEG fees, enforcement of customer service standards and issuance of encroachment permits. In order to impose PEG fees and enforce customer service standards, an enabling ordinance must be adopted.

The adoption of this ordinance enables the City, consistent with DIVCA, to: (1) impose a franchise fee of 5% of gross revenues generated within the City; (2) impose a fee of 1% of gross revenues to support PEG channels effective upon the expiration or termination of the existing franchise with Time Warner (the existing PEG requirements under the existing franchise will otherwise apply); and (3) enforce the state statutory schedule of penalties for customer service violations.

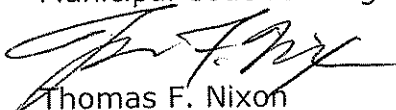
The ordinance also incorporates other important provisions of DIVCA into the Municipal Code, including the requirements for franchisees to: collect and pay franchise fees to the City; offer at least three PEG channels; negotiate with incumbent cable operators to interconnect their networks for PEG access; and comply with Emergency Alert System requirements.

FISCAL IMPACT

If a State video franchise holder provides new video service in the City and expands the population of franchised video service subscribers, there will likely be an increase in the franchise fees and Public, Educational and Governmental Access support fees paid to the City. Possible costs related to enforcement are not known at this time, but likely will be consistent or less than those expenses associated with existing City expenses for regulating City-granted cable franchises.

RECOMMENDATION

Following the reading of the ordinance title and waiver of further reading of the ordinance, introduce the ordinance adopting Chapter 25 of Title 5 of the Garden Grove Municipal Code relating to state video franchise providers.


Thomas F. Nixon
City Attorney

Attachments: Proposed ordinance

Recommended for Approval


Matthew Ferial
City Manager