

**CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS**  
**Staff Presentation Worksheet**

Presentation Date: November 8, 2011    Time: 1:30 PM    Length: 30 minutes

Presentation Title: ColtonTel Cable Franchise Renewal Negotiations

Department: Public and Government Affairs/Cable Communications Division

Presenters: Debbie McCoy, Cable Manager; David Anderson, Assistant County Counsel; Nancy Werner, Special Counsel; Tom Robinson and Dick Nielsen, Technical Consultants

**POLICY QUESTION**

Does the County want to collect \$1.00 per month per cable subscriber from ColtonTel based on a countywide needs assessment and consistent with other cable television franchises granted by the County?

**ISSUE & BACKGROUND**

**Background:** Public, Educational and Government (PEG) access television channels on cable television systems serve a wide range of community groups. Congress specifically enabled franchising authorities to set aside channels and to obtain funding for PEG access. PEG access centers exist because cable operators provide the channel capacity, service, facilities and equipment as partial compensation to communities for their use of the public rights-of-way.

The Board of County Commissioners directed the Cable Communications Division to provide connectivity between cable systems in unincorporated Clackamas County to enable all subscribers to have access to the Government Channel and obtain a level of contribution from the cable providers to help support PEG access and institutional networks (I-Nets). This funding has provided money for support of up to four local channels, equipment installation and upgrades, infrastructure of the County I-Net communications system, connectivity of cable broadcasts throughout the County to 99% of unincorporated cable subscribers, connectivity for public safety and educational providers, and much of the matching support for the Broadband Xpress project (\$600,000).

**Issue:** The County has been negotiating with ColtonTel for renewal of a cable franchise in Colton. The last franchise agreement with Colton Telephone Company (now ColtonTel) in 2000 secured 10 cents per month per subscriber for PEG fees. The County is now asking ColtonTel to pay \$1.00 per month per subscriber for PEG fees. ColtonTel is opposed to the increase.

A County-wide needs assessment was completed in 2010 after Verizon Communications applied for a competitive franchise in 2008. Using the information from this needs assessment, the County negotiated a PEG fee with Verizon (now Frontier Communications) at \$1.00 per month per subscriber. Verizon inserted a "me-too" clause regarding the PEG support that if another provider pays less than \$1.00 per

month per subscriber in their territory, Verizon would be entitled to reduce their PEG fee also.

Twelve cable franchises have agreed to provide PEG funding. Since the County-wide needs assessment, six of those cable companies, including Comcast, are currently collecting \$1.00 per month per subscriber and pass this fee through to the County. When the other franchise renewals occur, the County will ask for the \$1.00 PEG fees as well. Each of these agreements allows the cable companies to reduce their PEG contribution to a lesser amount if another cable company pays an amount less than \$1.00 per month per subscriber.

### **QUESTION(S) PRESENTED FOR CONSIDERATION**

1. Does the Board support the Cable Division's County-wide needs assessment and the County's request that cable providers contribute \$1.00 per month per subscriber for PEG and I-Net capital funding?

### **OPTIONS AVAILABLE**


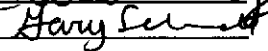
1. Allow ColtonTel to contribute less than \$1.00 per month per subscriber. Currently this amount is 10 cents per month per subscriber for a total of \$532 last fiscal year. If other cable operators invoke the "me-too" clause, this would potentially reduce County-wide PEG and I-Net funding from over \$300,000 per year down to \$30,000 per year.
2. Ask ColtonTel to contribute \$1.00 per month per subscriber and continue to request that same amount of all other cable operators as renewals are negotiated. This will eventually bring the County's PEG and I-Net funding to approximately \$380,000 per year after all cable franchises complete their renewals going forward.

ColtonTel could object and request a formal hearing. This would be a costly endeavor for both parties, far beyond a \$5,000 PEG and I-Net capital funding that the County is requesting. ColtonTel claims they are already losing \$140,000 on their cable system. Of the 990 ColtonTel members, 444 members subscribe to their cable service. These members represent 1.3% of the total cable subscribers in unincorporated Clackamas County.

### **RECOMMENDATIONS**

Staff recommends that the Board support the contribution of \$1.00 per month, per subscriber from all cable franchise renewals for PEG and I-Net capital funding.

#### **SUBMITTED BY:**

Division Director/Head Approval   
Department Director/Head Approval   
County Administrator Approval \_\_\_\_\_