

March 2, 2004

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular meeting of
March 23, 2004

ADELPHIA CABLE TV FRANCHISE – RENEWAL PROCESS
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Recommendation:

1. That the City Council provide direction to staff regarding the process to consider renewal of the non-exclusive cable television franchise with Adelphia Cable, Inc.; and,
2. Direct staff to return with a program to develop a needs assessment, franchise ordinance update and audit of franchise fees.

Background:

The franchise for cable television service is set to expire on September 27, 2004. The last time that the franchise was granted was in 1994. At that time, the franchise was awarded to Multivision, it was later transferred to Century and finally to Adelphia, who holds the non-exclusive franchise. They also hold franchises in Manhattan Beach and Redondo Beach. The operation for all those cities is based in Hermosa Beach.

The City is required, under FCC regulations, to meet and negotiate a renewal of the franchise. As you are aware, the franchise is non-exclusive which means, theoretically, that another company could also ask for a franchise. This has seldom happened because of the high cost of building a new competing service.

The process used 10 years ago included a Cable TV Advisory Committee that reviewed the proposal from the operator. This committee was composed of residents. It was coordinated by staff with assistance of outside counsel that specializes in cable franchise renewal. The Cable TV Advisory Committee would review the proposal and make a recommendation to the City Council. A public hearing would be held by the City Council prior to adoption of an ordinance.

The alternative processes could include a City Council subcommittee that would perform the same function as the committee, or bring this issue directly to the City Council for discussion, direction and response to the proposal.

Staff would also suggest that 1) a needs assessment, which would include a survey of residents be performed, 2) a review of the City's franchise ordinance, to ensure we are up to date with any fee changes over the last 10 years; and, 3) an audit of franchise fees. These items would be performed prior to either a citizen committee or a City Council subcommittee receiving the proposal for renewal with Adelphia.

The committee approach requires the most staff time but would provide a chance for residents to get involved in the process. It may be that there would be more public input on the cable system if a Cable TV Advisory Committee is set up. If the City Council is interested in following this approach, staff would suggest that ads be sent out for potential members of the committee with an appointment of members at the April 27, 2004 meeting. This would allow the group to begin meeting in May.

Respectfully submitted,

Stephen R. Burrell
City Manager