



TO: Elizabeth Pauli, City Manager
FROM: Jeff Lueders, Cable Communications & Franchise Services Manager, CMO/MCO
Tanisha Jumper, MCO
COPY: City Council and City Clerk
SUBJECT: Ordinance – Cable TV Franchise Agreement with Rainier Connect North, LLC – City Council meeting 12/10/19
DATE: November 20, 2019

SUMMARY:

The purpose of the memo is to request that the City Council review and consider for approval the Ordinance regarding a Cable TV Franchise Agreement between Rainier Connect North, LLC, and the City of Tacoma. Given the current transition with Click and the fact that the Cable TV Franchise-like agreement with Click is expiring at the end of 2019 (December 31), Staff and Outside Counsel have reviewed the situation and determined this is the best course of action. We then engaged in negotiations with Rainier Connect and their Counsel and have come to terms on this agreement. We are requesting your approval of this Ordinance.

STRATEGIC POLICY PRIORITY:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs - This agreement enables another Cable TV Provider to enter the community and in doing so creates a competitive marketplace and allows our residents and businesses to have a choice, it also allows the City of Tacoma to continue to collect Franchise and PEG Fees per Federal Law which go directly into our Communications efforts.
- Foster a vibrant and diverse economy with good jobs for all Tacoma residents – This agreement allows another Cable TV provider into the community to offer their services, creating a competitive marketplace, and additional jobs in the community.
- Cultivate a vibrant cultural sector that fosters a creative, cohesive community – Through the negotiated terms of this agreement we will continue to provide Educational and Government Access channels in HD and the funding provided will allow for continued programming efforts such as Art town, Business Matters, and CityLine, which provide ample opportunities for the creative sectors of our community to share information about what they are doing.
- Assure outstanding stewardship of the natural and built environment - Through this agreement we regulate the proper use of the City’s Right of Way and in doing so protect residents and businesses.

BACKGROUND:

The City of Tacoma has been fortunate to have two Cable TV Providers over the past 20 years (Comcast and Click). With Click’s departure it is necessary for the City of Tacoma to have a Cable TV Franchise with the new provider, Rainier Connect North, LLC.

The Government Performance and Finance Committee considered this request for Ordinance at their November 5, 2019 meeting and approved this to be brought forward to the entire City Council for consideration and approval.



ISSUE:

This new 20 year agreement coincides with the IRU that Rainier Connect North, LLC is signing with the City of Tacoma/Tacoma Public Utilities to lease the TPU Commercial Network. This agreement preserves all of our rights as set forth in Federal Law under the Cable Act, State Law, and Municipal Code (Title 16A).

ALTERNATIVES:

If the City of Tacoma did not agree to a Cable TV Franchise Agreement with Rainier Connect North, LLC, we would then be in conflict with Federal Law Requirements. In addition, we would lose annual revenue of approximately \$992,032 in Franchise Fees and EG Fees.

RECOMMENDATION:

Staff recommends approval of this request for Ordinance for a Cable TV Franchise Agreement between the City of Tacoma and Rainier Connect North, LLC. The approval of this Ordinance will allow the seamless transition from Click to Rainier Connect North, LLC, for Cable TV Services which will allow the City of Tacoma to continue to Regulate our Right of Way protecting our Residents and Businesses along with continuing to receive Franchise Fees and EG Fees which allow the continued operation of the communications office.

FISCAL IMPACT:

Franchise Fee Revenues are based on a 5% gross earnings and an additional 1% for PEG Fees, which is directly impacted by the number of cable TV customers. PEG fees directly support capital purchases related to cable TV communication related infrastructure.

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1431 – MCO & TV Tacoma	638140	4315351	\$820,000
1431 - PEG	638500	4315750	\$172,032
TOTAL			\$992,032

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$992,032

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes