



Legislation Details (With Text)

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Title:	Hyattsville Ordinance 2022-07 Comcast Franchise Renewal and Agreement				
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Date	Ver.	Action By	Action	Result
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Submitted by: Laura Reams
Submitting Department: Communications
Agenda Section: Consent

Item Title:
Hyattsville Ordinance 2022-07 Comcast Franchise Renewal and Agreement

Suggested Action:

I move the Mayor and Council adopt Hyattsville Ordinance 2022-07, an ordinance granting a renewal of the cable franchise to Comcast of Maryland, LLC and authorizing a franchise agreement (SECOND READING & ADOPTION).

Summary Background:

Attorney Suellen Ferguson presented an overview of the Franchise agreement at the Council meeting of November 21. A first reading of the ordinance was held at the same meeting. The ordinance is scheduled for adoption on December 5 to meet the timeline requirement for an adoption/effective date prior to January 1, 2023.

The City has existing franchise agreements with Comcast and Verizon for a Public-Educational-Governmental (PEG) channel used for programming and airing of content including Council meetings and other originally produced City programming. The current Comcast agreement provides the City with 8% percent of annual gross revenues earned by Comcast, calculated on the subscriber base for the City. Five percent (5%) of the gross revenue goes to the City's general fund and three percent (3%) goes to the PEG fund. The PEG funds are restricted for use to support channel programming and equipment to support public broadcasting. The franchise agreement also provides for access to the Intergovernmental Network (I-Net) which is used for governmental internet access and intergovernmental communications in cases of emergency.

In 2012, the City entered into negotiations for renewal of the franchise with the County and 16 other municipalities. The coalition benefits the City through pooling of financial and other resources to reach an agreement is beneficial for the municipalities. Over the last 10 years, negotiations have been ongoing, with the coalition represented by Attorney Sue Ellen Ferguson. Ms. Ferguson will present an overview of the negotiations and the next steps at the Council Meeting of November 21. Due to the timing of the negotiations, the agreement must be adopted by the City Council and effective

prior to January 1, 2023. A summary of the main points of the negotiations is below.

While the majority of franchise conditions have been preserved in the negotiations, there is one major change, pertaining to I-Net. The cable companies no longer wish to maintain the Intergovernmental Network (I-net) systems and would rather provide managed service accounts at a greater cost. In the proposed agreement, I-Net is now called the C-Net. It includes the original fiber installed and owned by Comcast to create the I-Net, and additional fiber owned by the County, referred to as ICBN fiber. Together, the two systems are known as the C-Net. The agreement as proposed allows local governments to use the I-Net portion for an additional 10 years. During that time, the local governments must work together to build a duplicate system to take the place of the I-Net segment, which Comcast will no longer share with them after the 10-year transition period is complete. Additionally, local governments will be required to pay maintenance costs for C-Net, which were not charged during the last franchise. The maintenance charges for the whole system range from \$185K in year one to \$218K in year 10. The charges are shared amongst the coalition, with the City paying 1% of the annual charges, and the City may use PEG funds to pay the fees. A summary table of the 10-year costs is below.

YEAR	COUNTY WIDE AMOUNT	HYATTSVILLE PORTION (1%)
Year 1	\$185,256.00	\$1,852.56
Year 2	\$188,683.24	\$1,886.83
Year 3	\$192,173.88	\$1,921.74
Year 4	\$195,729.09	\$1,957.29
Year 5	\$199,350.08	\$1,993.50
Year 6	\$203,038.06	\$2,030.38
Year 7	\$206,794.26	\$2,067.94
Year 8	\$210,619.96	\$2,106.20
Year 9	\$214,516.42	\$2,145.16
Year 10	\$218,484.98	\$2,184.85

The major deal points are included as an attachment to this agenda item. The franchise agreement is considered to be robust and favorable to the City. The agreement must be adopted by Ordinance, with a deadline of December 31, 2022.

Next Steps:

A first reading was held on November 21, 2022, with adoption scheduled for December 5, 2022.

Fiscal Impact:

The City will receive 8% of gross revenues earned by Comcast calculated on the subscriber base for the City. Failure to renew the franchise would result in the loss of these fees. Per the agreement, the City will pay a percentage of Comcast I-Net maintenance fees, which can be paid from PEG funds.

City Administrator Comments:

Recommend Approval

Community Engagement:

A copy of the ordinance will be posted on the City's website and upon adoption, a fair summary will be published in the Prince George's Post.

Strategic Goals:

Goal 2 - Ensure the Long-Term Economic Viability of the City

Legal Review Required?

Complete