

Executive Summary

A resolution authorizing an increase in the Capital Contribution fee ("PEG Fee") from \$.87 per month to \$1.00 per month for residential subscribers under Denver's cable television franchise.

Comcast collects the PEG (Public, Education, Government) Fee or the City to be used for equipment, capital, and construction at Denver 8TV (Gov't Access Ch. 8 and 58), Denver Open Media (Public Access Ch. 56, 57, 219), and Denver Public Schools and the Auraria Campus (Education Access Ch. 22 and 54, respectively).

The current cable television franchise with Comcast provides for a system of escalating PEG fees, up to a maximum of \$1.00 per residential subscriber per month. However, Comcast is not obligated to increase the fee unless and until the company is notified by the city to do so in accordance with the franchise. Upon receipt of 90-days advance written notice, Comcast will begin to reflect the fee increase on their customer bills.

Currently the PEG Fee stands at 87-cents per subscriber per month. However, in the next one to three years there are large construction costs pending – the move of Denver 8 TV, the move of Denver Public Schools studios, and the acquisition of a more permanent location for Denver Open Media because the current building owner is in foreclosure. Therefore, the Office of Telecommunications (OTC) recommends an increase to \$1.00 per subscriber per month. That is allowable under the Comcast franchise. Without the increase, the PEG Fee would not fully meet the requirements of the PEG entities.

These fees can only be used for PEG Access support – equipment, etc. and cannot be used for operational purposes. The PEG Fee allows Denver 8TV to purchase cameras, editing systems, and all its production equipment without requests through the City's capital construction fund. Denver Open Media receives no other funding from the City except a portion of the PEG Fee. With the conversion to digital and High-Definition TV underway, there are fairly large capital costs that the PEG Fee will be called upon to support. These are in addition to the near-future construction/relocation costs.

The Government Affairs and Finance committee approved the recommendation by OTC to increase the fee on February 2, 2011. However there are questions about how or whether City Council as a whole should act on these types of recommendations from the OTC. The Denver Auditor cited the lack of clear approval procedures in the Auditor's recent performance audit of the OTC, because the whole Council generally doesn't "act" on these types of recommendations. In addition, a councilmember requested this go to the full City Council as a resolution so all of Council can consider it.

The proposed resolution authorizes the Director of OTC to give notice to Comcast to increase the PEG fee to the full \$1.00 per residential subscriber per month as contemplated by the franchise.

