

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by NOON on Wednesday.

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: March 31, 2011

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. Title: (Include a one sentence description that clearly indicates the type of request – grant acceptance, contract execution, municipal code change, supplemental request, etc.)

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.

3. Requesting Agency: Office of Telecommunications

4. Contact Person: (with actual knowledge of proposed ordinance)

- Name: Darryn Zuehlke
- Phone: 720-913-8890
- Email: darryn.zuehlke@denvergov.org

5. Contact Person: (with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary)

- Name: Same as above
- Phone:
- Email:

6. General description of proposed ordinance including contract scope of work if applicable:

Section 9.3 of the Comcast cable television franchise (Ord. 617, Series 1999) authorizes the collection of monthly "Capital Contribution" fee on each residential subscriber's account. This fee is commonly known as the "PEG fee" because it can be used only for capital expenses related to the development of the public, educational and governmental cable services contemplated under the franchise.

The fee was originally set at \$.63/month, was allowed to escalate to \$.87/ month as of June 2004, and could have escalated to \$1.00/month as of June 2005. However, until now the Office of Telecommunications, in consultation with the City Council has waived the final escalation of the fee.

On the basis of projected capital costs associated with the PEG services, the OTC is now recommending that the monthly fee be increased to the full \$1.00. For further explanation, see attached executive summary.

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Please include the following:

- a. **Duration:** The proposed fee increase will be effective for at least the remainder of the existing franchise; i.e. until December 31, 2012.
- b. **Location:** Entire city.
- c. **Affected Council District:** Entire City.
- d. **Benefits:** Increased revenue for capital costs associated with public, educational and governmental cable television services.
- e. **Costs:** None.

7. Is there any controversy surrounding this ordinance? (groups or individuals who may have concerns about it?) **Please explain.**

In a performance audit of the Office of Telecommunications dated March 17, 2011, the Auditor expressed concern that the PEG fee has not previously been increased to the full \$1.00/month as authorized by the franchise. The Auditor also expressed concern about the prior custom and practice of the OTC receiving direction from a council committee on decisions of this nature, and implied that decisions to increase the PEG fee should be made by the Council as a whole.

At least one council member has expressed concerns about this fee increase.

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