



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 17-044, **Version:** 1

Adopt an ordinance amending Section 7.13.070 of the Monterey County code to reauthorize the Public, Educational, and Government Access (PEG) Support Fee on cable operators and video service providers that hold state franchises and operate within unincorporated Monterey County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt an ordinance amending Section 7.13.070 of the Monterey County code to reauthorize the Public, Educational, and Government Access (PEG) Support Fee on cable operators and video service providers that hold state franchises and operate within unincorporated Monterey County.

SUMMARY:

On April 11, 2017, the Monterey County Board of Supervisors introduced, waived reading, and set April 18, 2017 for adoption of an ordinance authorizing reauthorization of the County's existing "PEG Support Fee" on state franchise holders operating within the unincorporated County. The California Digital Infrastructure and Video Competition Act (DIVCA) requires the County to reauthorize its PEG Support Fee when a state franchise expires.

The first state franchise that is held by a holder operating in unincorporated Monterey County expired on or about March 30, 2017. Because the PEG Support fee is collected quarterly, the next fee ordinarily paid by this franchise holder is for the quarter ending June 2017. To ensure the County can continue to collect the PEG Support Fee from this franchise holder and other franchise holders as their state franchises expire, the proposed ordinance reauthorizes the fee and provides for automatic reauthorizations in the future, as additional state franchises expire, until the Board of Supervisors directs otherwise.

DISCUSSION:

DIVCA, effective January 1, 2007, replaced local franchising of cable television with a state franchising system administered by the California Public Utilities Commission. Under DIVCA, local jurisdictions are authorized to impose a fee of 1% of gross revenues on cable companies holding state franchises to support PEG channels. DIVCA further authorizes local jurisdictions that were receiving more than a 1% PEG fee prior to DIVCA to impose PEG fees greater than 1%, so long as they are adopted by ordinance.

On March 17, 2009, the County adopted Ordinance No. 5128 imposing a "PEG Support Fee" of 2.59% of gross revenues on state franchise holders operating within the unincorporated County, as codified in section 7.13.070.C.1 of the Monterey County Code. Currently, the PEG Support Fee collected by the County amounts to approximately \$425,000 per year.

DIVCA provides, in Public Utilities Code section 5870(n), that local ordinances which impose a separate PEG fee "shall expire, and may be reauthorized, upon the expiration of the state franchise." AT&T operates within the unincorporated County; its state franchise expired on March 30, 2017. Similarly, the state franchises held by other cable companies operating within the unincorporated County will expire in the future.

The attached ordinance reauthorizes the County’s PEG Support Fee. Moreover, it contains a provision that addresses future expirations of state franchises and provides for automatic reauthorization of the fee. This avoids the need to repeatedly reauthorize the PEG Support Fee by amendment to the Monterey County Code upon the expiration of each individual state franchise.

The Director of the Information Technology Department recommends that the Board adopt the attached ordinance, reauthorizing the PEG Support Fee, to continue local public, educational, and government access programming for the benefit of Monterey County residents.

OTHER AGENCY INVOLVEMENT:

This ordinance has been approved as to form by County Counsel.

FINANCING:

This action is expected to have no impact on the County General Fund.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

By enabling continued collection of the County’s PEG Support Fee, adoption of the ordinance would increase public access to information about local government, thereby enhancing local government transparency and accountability. Continuation of the PEG Support Fee would fund educational and public programming, thereby enhancing the quality of life enjoyed by residents of Monterey County.

Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Sandra Shaffer, Management Analyst III, 759-6957

Approved by:

Date: _____
Eric A. Chatham, Director of Information Technology, 759-6920

Attachments: Proposed Ordinance Reauthorizing PEG Support fee; Proposed Resolution Adopting Ordinance Reauthorizing PEG Support Fee

Attachments are on file with the Clerk of the Board