



City of Minneapolis

Implementing Cable Settlement Agreement

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Background

- City resolved a long-standing dispute over cable television franchise with Time Warner Cable and Comcast
- Settlement Agreement was Unanimously Approved by the Council
- The Settlement Agreement Provided for:
 - IRU for the “Alternative Network”
 - IRU for certain Dark Fibers in Downtown Minneapolis
 - “Streamlined and Efficient” Cable Franchise

The Cable Settlement

➤ The Cable Settlement Agreement

- \$3.5 million Cash for cable related purposes
- \$12.7M+ additional PEG revenue over 15 year franchise
- Construction of I-Net fiber at cost in downtown Minneapolis until 12-31-2011
- Option for City HD Channel
- 9 PEG Channels
- Comcast Option to reduce number of channels and allow City to place Governmental, Educational and Training programs on VOD



Cable Settlement Agreement

IRU for Alternative Network

- City receives at no charge a 99 year Indefeasible Right of Use (IRU) of “Alternative Network”
- The “Alternative Network”
 - originally constructed in 1992.
 - Approx 18 Miles of Fiber
 - Between City Hall and North, Washburn and South High Schools and the John B. Davis Educational Services Center at 807 Broadway NE.
 - Additional coaxial cable connects Edison, Southwest, Roosevelt and Henry High Schools and the Fire Training Center.

Cable Settlement Agreement IRU for Downtown Dark Fiber

- City receives at no charge a 99 year Indefeasible Right of Use (IRU) of up to 48 dark fibers of Comcast's Excess facilities in downtown.
 - City received a fiber run down 2nd Street from Plymouth to Portland and a fiber run down 3rd Avenue from 2nd Street to 6th Street

Cable Settlement Agreement

Cable Franchise Renewal Key Terms

- “Streamlined and Efficient”
 - Incorporates State and Federal Law when Possible
- Competitive Equity
 - If City were to grant better terms to another franchisee, Comcast can request the same terms
- Franchise Term
 - Franchise shall run until December 31, 2021 (12 years)
- State Mandated Franchise Terms

Cable Franchise Renewal Key Terms (cont.)

- Public, Educational or Government (PEG) Programming
 - Comcast shall provide 9 channels for PEG
 - Increasing PEG Support
 - \$0.50/subscriber/month January 2008-December 2011
 - \$1.00/sub/mo if cable penetration exceeds 45%
 - \$1.00/subscriber/month January 2012 to December 2015
 - \$1.10/subscriber/month January 2016 to renewal
 - \$1.25/sub/mo if cable penetration exceeds 50%

Cable Franchise Renewal Key Terms (cont.)

➤ Customer Service

- Consistent with FCC Rules
- Telephone Answering Standards
- Installation Standards
- Reservation of Rights to Regulate Cable Rates

➤ Payment and Auditing

- Franchise fee is 5% of Gross Revenue, unless action of FCC, federal or state requirements permit a greater fee
- Where fee producing services are bundled with non fee producing services, an appropriate amount must be allocated to payment of franchise fees
- Payment is quarterly
- City may Audit

Cable Franchise Renewal Key Terms (cont.)

➤ Enforcement and Penalties

- Informal Resolution of Disputes
 - Requires Senior Management to meet or confer
 - Process shall not exceed 30 days
- Formal Resolution of Disputes
 - Requires Brief Presentation to W/M
 - W/M may recommend Mediation to Council
 - Adjudication by Hennepin County District Court
- Liquidated Damages Specified
 - For violations of Subscriber service standards: specific liquidated damages of \$50/day to \$5000 per quarter
 - For violation of operational standards: \$250/day to \$500/day.
 - For other material violations: \$250/day
 - Adjust by CPI annually

Recommended Action

- Approval of New Cable Franchise Agreement
- Approval of Indefeasible Right of Use Agreement for the Alternative Network
- Approval of the Indefeasible Right of Use Agreement for Certain Dark Fibers owned by Comcast in Downtown Minneapolis