



# CITY OF LONG BEACH

# R-24

DEPARTMENT OF TECHNOLOGY SERVICES

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May 3, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to allocate Public, Education, and Government (PEG) fee revenue equally among the three categories of cable access providers, each receiving one-third of the total available; and authorize the City Manager to enter into an agreement with the Long Beach Community Foundation for a period of two years and commit PEG funds reserved for Public Access television as a match to secure operational funding, up to \$225,000 a year, from the Knight Foundation's *Community Information Challenge Grant*. (Citywide)

## DISCUSSION

The enactment of the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) marked a major change in the regulation of video service providers in California. Essentially, DIVCA replaced the local franchising process with a State process under the authority of the California Public Utilities Commission. DIVCA changes included the enabling of the PEG fee and the elimination of the requirement that a local cable operator provide Public Access facilities and support.

In September 2007, the City Council adopted an ordinance setting the City's PEG fee at 1.04 percent of the cable providers' gross revenue. Per DIVCA, the fee is to support PEG channel facilities and is restricted to capital uses. It cannot be used for operational expenses such as staffing. If it is used for any activity other than capital, the local cable/video providers can deduct that amount from franchise fee payments to the City.

### PEG Fee Revenue Allocation

In January 2010, the City Council approved equal distribution of 2009 PEG revenue to all three cable access categories: Public ("P"); Education ("E", California State University Long Beach, Long Beach City College, and Long Beach Unified School District); and Government ("G", City access channel, LBTv). The City has received reports from the recipients on how the funds were spent and has deemed they were consistent with the legal intent. The funds allocated to the City enabled LBTv to replace video equipment that had exceeded its useful life, and provided computers and production equipment to outfit two Parks, Recreation and Marine facilities for digital programming.

Consistent with last year's allocation, staff recommends 2010 PEG fee revenue be distributed equally across all three access categories. The total PEG revenue collected in 2010 is \$832,812, which equates to \$277,604 for the "P", "E", and "G" access providers.

As with the 2009 PEG funds, staff also recommends that the Public Access, or "P", funds be reserved until such time as a day-to-day operator is identified.

#### Public Access Grant Application

Since November 2009, staff has worked with representatives from the digital media community to identify possible approaches to bring back Public Access television in a way that transcends the traditional studio-based programming and contributes to the Digital City framework. In this context, a Digital City refers to a city that engages in efforts to develop a digital media arts workforce and partner with business and creative communities to expand industry and job opportunities. It is important to note that there is still great optimism in the community about the return of Public Access television. In fact, there are a number of possibilities currently being evaluated that could reestablish Public Access in the near future should operational funds become available.

Public Access Operations Funding Opportunity: Once again, staff recommends the City partner with the Long Beach Community Foundation (LBCF) to apply for grant funds that could restore Public Access television. The Knight Foundation (Knight) has earmarked \$24 million for an initiative aimed at helping communities find creative ways to use new media and technology to keep residents informed and engaged. Knight's *Community Information Challenge Grant* is seeking projects that would help fill community information needs, foster community engagement and enable residents to participate in the creation and sharing of news and information. These are attributes the team envisions for Public Access television in Long Beach.

Because the grant opportunity is only open to community foundations, the team sought out a partnership with LBCF. The LBCF's relationship with Knight dates back to the late-1990s when it served as a consultant for Knight's philanthropic efforts in Long Beach. In 2007, Knight appointed LBCF as its local granting agent and entrusted the Community Foundation with leading the charge for its transformational efforts and investment in Long Beach. LBCF has taken a leadership role in bringing together key stakeholders to identify ways to establish Long Beach as a Digital City.

Last year, the LBCF, with assistance from the Public Access workgroup, submitted an application to Knight. In June 2010, the City Council authorized using up to \$600,000 in PEG funds, specifically the "P" funds, as a match for this grant over a three-year period. Despite being a finalist, LBCF was not awarded a grant. Considerable effort has gone into strengthening this year's grant application.

City Responsibility: The grant request seeks up to \$225,000 annually in operating funds for two years from Knight, for a total of \$450,000. The funding commitment enables the Public Access operator to establish operations and begin to nourish its own fundraising opportunities. Because this is a matching grant, the City Council is being asked to authorize the use of Public Access' share of PEG funds as the required match for two years (2009 and 2010). This action speaks only to the "P" funds and does not contemplate using the education- or government-access funds, and does not alter the intended use of the funds for Public Access capital expenditures. It is important to note

that LBCF may not receive the award or may not be awarded the full \$225,000 annually; therefore, a lesser annual match may be required.

As the grant applicant, LBCF needs an agreement with the City authorizing the use of the PEG funds as a financial match. The proposed agreement also would require that LBCF, upon receipt of the grant award, make those funds available to the selected Public Access operator. The grant award announcement is expected in summer 2011.

This matter was reviewed by Deputy City Attorney Gary Anderson and Budget Management Officer Victoria Bell on April 13, 2011.

TIMING CONSIDERATIONS

City Council action is requested on May 3, 2011. Approval of this request will send a positive message of Long Beach's commitment to this project to the Knight Foundation's Board of Directors, who is meeting later this month to evaluate the grant applications.

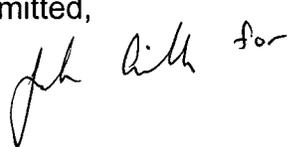
FISCAL IMPACT

The City received a total of \$832,812 in PEG funds during calendar year 2010. These funds are reserved in the General Services Fund (IS 386) in the Technology Services Department. This request recommends distributing the 2010 PEG funds equally across all three-cable access providers. This request also seeks approval to commit up to \$225,000 in PEG funds collected by the City in 2009 and 2010 as a match to the Knight Foundation's grant program. It is important to note that the City has also reserved the 2009 funds for use by the Public Access, or "P", operator. This request does not contemplate using either the "E" or "G" funds. By committing the "P" funds for the *Community Information Challenge Grant*, up to \$225,000 in annual operational support could be secured by the LBCF for Public Access television operations. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CURTIS TANI  
DIRECTOR OF TECHNOLOGY SERVICES

CT:SPS

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER