

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date:	11/21/2000	Reference No.:	CB-43-2000
Proposer:	County Executive	Draft No.:	1
Sponsors:	Bailey		

Item Title: An Act granting a cable franchise for the operation of a cable television system in the County by prescribing certain terms and conditions to be included in a franchise agreement (Starpower Communications, L.L.C.)

Drafter:	Edwin Raynor Office of Law	Resource Personnel:	John A. Askew Cable Division
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LEGISLATIVE HISTORY:

Date Presented: 5/9/2000 **Executive Action:** 12/14/2000 S
Committee Referral: 5/9/2000 PSFM **Effective Date:** 1/29/2001
Committee Action: 11/2/2000 NR
Date Introduced: 10/24/2000
Public Hearing: 11/21/2000 1:30 P.M.

Council Action: 11/21/2000 ENACTED

Council Votes: JE:A, DB:A, IG:A, TH:A, WM:A, RVR:-, AS:A, PS:A, MW:A

Pass/Fail: P

Remarks: _____

PUBLIC SAFETY & FISCAL MANAGEMENT COMMITTEE REPORT Date: 11/2/00

Committee Vote: No Recommendation, 4-0, (In favor: Council Members Wilson, Russell, Scott and Maloney).

This legislation will award a cable television franchise to Starpower Communications, L. L. C. With the award of a cable television franchise to Starpower, cable customers in Prince George's County will have a choice of companies. The franchise agreement, which is attached to the legislation, outlines the terms and conditions for the operation of a cable television system in the County. Also, the draft franchise agreement closely mirrors the Comcast franchise agreement (CB-17-1999).

The County Executive requested that the legislation be withdrawn from the Public Safety and Fiscal Management Committee worksession on 6/8/2000. (See pp 4 and pp 26 of the Commission Report.)

On August 30, 2000, the County Executive submitted a letter to the Chairperson of the Cable Television Commission requesting that the Commission provide an opportunity to both Starpower and Comcast to provide full public comments before the Commission on the actual terms of the proposed Starpower Agreement. He also asked that the Commission conduct a comparative analysis of the two agreements and submit their comments and recommendations to him.

At the request of the County Executive, the Cable Commission agreed to hold an additional public hearing regarding the actual terms and conditions of the proposed Starpower Franchise Agreement on September 20, 2000. Representatives of both Starpower and Comcast appeared before the Commission to discuss their positions regarding the competitive neutrality and comparability of terms and conditions contained in the Starpower and Comcast Franchise Agreements. Subsequent to the September 20 hearing, both Starpower and Comcast submitted written materials to the Commission comparing various provisions of both franchise agreements.

As a result of the September public hearing, the Commission submitted the following findings to the County Executive:

1. That the terms of the Starpower and Comcast Franchise Agreements do vary from each other but the differences are appropriate to compensate for the specific risks each franchise poses to the County.
2. That the approximate dollar costs of the instruments are approximately equivalent over the life of the franchises and are insignificantly different as a percentage of each company's projected gross revenues. While the initial Comcast bond is larger in amount than the Starpower bond, it is shorter in duration. Starpower will have a substantially higher letter of credit carrying costs than Comcast.
3. That a registered security interest in the Starpower system is functionally equivalent to the parental guarantee provided by Comcast and a reasonable alternative in light of the different ownership structures of the two franchisees.

On October 24, 2000, the County Executive submitted a letter requesting that the Starpower Franchise Agreement (CB-43-2000) be introduced due to the limited time remaining in the current legislative year. He stated that he did not want to delay the process. Also, after he had an opportunity to review the Commission's findings, he would provide the Council with his comments.

The Public Safety and Fiscal Management Committee held a worksession on 11/2/2000 to review the proposed Starpower Franchise Agreement (CB-43-2000). The consultant for the County provided an overview which compared the scope of authority granted both Starpower and Jones/Comcast.

Representatives of Starpower expressed their support of the proposed agreement. Also, they will be building an advance fiber optic system in the County. The location of Starpower in Lanham, Maryland will be an economic benefit to the County since they have over 300 employees.

The representatives of Comcast stated that there are significant and profound differences in their agreement with the County and the proposed Starpower Franchise Agreement. They stated that not

only is Comcast treated unfairly but, more importantly, the County is being presented with a bad deal and its residents will be the losers. They urged the committee to reject the proposed Starpower Franchise Agreement.

The Legislative Officer stated that a provision in Section 6(b) imposes a 3% capital grant for access equipment and facilities (pp 53 -54). This provision is in apparent conflict with an opinion letter dated June 25, 1999, from the Federal Communications Commission by Deborah A. Lathan, Chief, Cable Services Bureau.

Council Member Maloney requested a copy of the Cable Television Commission's report of September 20, 2000.

There should be some positive fiscal impact on the County related to increased revenues from the franchise fee. It is anticipated that overall revenues from the County's cable franchises will increase to some extent due to competition and the Internet Access Service to be provided by the franchise companies. An amount cannot be determined at this time. Any new revenue may be offset slightly by administrative costs incurred by the Office of Business and Regulatory Affairs.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will award a cable television franchise to Starpower Communications, LLC.

CODE INDEX TOPICS: