



Legislation Details (With Text)

File #: 19-003
Type: Consent Calendar **Status:** Agenda Ready
File created: 1/3/2019 **In control:** City Council/Public Financing Authority
On agenda: 1/22/2019 **Final action:**
Title: Approve and authorize the City of Huntington Beach to give a six (6) month prior written Notice of Intent to Terminate from the Public Cable Television Authority

Attachments:

Date	Ver.	Action By	Action	Result
1/22/2019	2	City Council/Public Financing Authority	substitute	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

PREPARED BY: Antonia Graham, Assistant to the City Manager

Subject:

Approve and authorize the City of Huntington Beach to give a six (6) month prior written Notice of Intent to Terminate from the Public Cable Television Authority

Statement of Issue:

At the December 17, 2018, Study Session staff presented a transition and exit plan for the City of Huntington Beach to withdraw from the Public Cable Television Authority (PCTA). At this Study Session, staff was directed to begin the exit process from PCTA. This Council Action is necessary to provide a six month prior written Notice of Intent to Terminate from PCTA pursuant to Section 4 of the Joint Powers Agreement for PCTA.

Financial Impact:

The City currently finances 67 percent of PCTA's annual operating budget and overall finances. Huntington Beach also comprises at least 67 percent of PCTA's fund balances and reserves based on similar historical contributions. Upon final withdrawal from the Public Cable Television Authority in approximately six months, the City will begin to collect 100 percent of the Public, Educational, and Governmental (PEG) funds paid by its subscribers to the telecommunications companies of approximately \$605,000 annually. These funds will be deposited into a restricted fund which the City will oversee to fund cable channel operations and programming. In addition to restricted PEG funds, the City will also receive an additional \$152,000 in unrestricted General Fund monies currently withheld by PCTA to fund its annual administrative budget. The City is also entitled to its fair share of PCTA's reserves currently estimated at \$3.0 million based on its most recent financial statements.

Recommended Action:

Authorize the City Manager to give a six (6) month prior written Notice of Intent to Terminate to the Public Cable Television Authority and to all other Members pursuant to Section 4 of the Joint Powers Agreement.

Alternative Action(s):

Do not approve a six month notice of intent to terminate from PCTA and direct staff accordingly.

Analysis:

In 1990, a Joint Powers Authority (JPA) was created between the cities of Huntington Beach, Fountain Valley, Stanton, and Westminster, and Public Cable Television Authority (PCTA) for the purpose of providing local government programming to residents. Each member-City appoints two Council Members to the PCTA Board; each Board Member holds one vote. While the City only holds two votes (equal to the other cities), the City of Huntington Beach ratepayers comprise 67% of PCTA funding.

On April 16, 2018, Council Members Lyn Semeta and Patrick Brenden introduced an item directing staff to return to the City Council with an analysis of alternative Public, Educational, and Governmental (PEG) Access/Outreach methods. Staff presented City Council with information related to the best practices of local government programming on July 16, 2018. This overview included the history of PCTA, an overview of their governance structure and finances, and a look at what the current trends are in TV - specifically PEG channels.

Since July 2018, staff has delved deeper into the existing operations of PCTA, visited cities throughout the County, and attended the National Association of Telecommunications Officials conference to learn best practices and understand emerging trends in the cable marketplace.

What was gleaned from this deep-dive is clear - the operations of the JPA have not kept pace with certain emerging trends in the marketplace and are somewhat out of date. More and more people are "cutting the cord" or have never subscribed to cable TV in the first place and are using alternative means of communication. Additionally, as the City is 67% of PCTA, the City could, in fact, run these operations in-house using a combination of PEG and Franchise Fees, at a savings to the City and with programming tailor made to Huntington Beach specifically and its own residents. In order to keep the City current with technological advances and continue to keep residents abreast of City meetings, events, and community programming, it is prudent to withdraw from PCTA. When comparing the operations of PCTA to those in other Cities, PCTAs per capita spend is \$2.87 (Budget/Population) where other cities run operations at significantly less cost per capita.

Subsequently, Council Members Semeta and Brenden introduced a follow-up Council Member Item at the October 29, 2018, Council Meeting directing staff to explore the potential withdrawal from PCTA. A Study Session on that topic was held on December 17, 2018, where staff presented a proposed exit and transition plan. Should Council desire to exit from PCTA, City Staff has a comprehensive Exit and Transition Plan which will enable the City to transition from the JPA to a City-run cable channel.

This Exit and Transition Plan includes the implementation of a "Red Team" comprised of staff from the City Manager's Office, Information Services, Finance, the Office of Business Development, and the City Attorney's Office. This "Red Team" will meet weekly to begin the transition from PCTA and will begin the process of going out to bid for video production services and any video

production/programming equipment. The Finance Department began its review and analysis of PCTA's fund balance, physical assets, and the existing lease with PCTA for studio space in City Hall to ensure the City receives its pro rata share of all assets. Additionally, the City Council's Communications Committee will begin meeting regularly starting in February so they are kept abreast of the progress of the transition process. Staff will also begin meeting directly with Spectrum and Charter in the coming weeks and begin discussions for programming partnerships. Upon expiration of the required six month Notice of Intent to Terminate period, staff will return to the City Council in July 2018 with a Resolution to finalize its withdrawal from PCTA as required by the Joint Powers Agreement.

Environmental Status:

Not Applicable

Strategic Plan Goal:

Enhance and Maintain City Service Delivery

Attachment(s): None.