

TOWN OF OCEAN VIEW  
DELAWARE

August 7, 2020

TO: Mayor and Council  
FROM: Carol S. Houck, Town Manager   
SUBJECT: Recommendation Regarding Mediacom Cable Franchise Agreement

Background

Our Cable Franchise Agreement with Mediacom expired July 9, 2020. We are continuing under the previous agreement until a new agreement is approved by both parties. We have been in negotiations regarding the renewal since 2019. Delays associated with Covid-19 and final reviews to ensure full understanding of both parties to changes have resulted in the item being pulled from a previous meeting agenda. As you know we hired consultant Dan Cohen of Cohen Law Group to assist with our review of our draft and he suggested changes during our negotiations with Mediacom. Christopher Lord (Government Relations Manager) has represented Mediacom in consult with their legal team.

Improved Cable Franchise Agreement

The Cable Franchise Agreement being proposed offers the following:

- It maintains the term at 7 years.
- The franchise fees paid to the town remain at 5% of the cable operator's gross revenues. This is industry standard and is not subject to increase by federal law.
- Provides improved language related to franchise fee auditing provisions.
- Aligns the "area to be served" section with standard regulatory language.
- Adds language related to permits and disturbance to traffic or turf.
- Reduces from 30 to 20 days for repairs and restoration.
- Improves the language related to "state of the art" technology and comparable systems.
- Fine tunes language for credits due to service interruptions.
- **Includes our first ever provision of a Government Access Channel for use by the Town to promote Town initiatives and Improve overall communication with residents (connection is funded by Mediacom).**
- **Includes first year grant funding of \$15,500 from Mediacom for Software Program Subscriptions and necessary connections to program our Government Access Channel in an attractive and professional manner including video, photo's, weather etc. Additionally, it includes years 2 through 5 maintenance cost grant funds for same (\$3,000). Overall value of this grant is approximately \$55,000 including the required build out.**
- Increased per day liquidated damages costs for failure to comply with various Cable Act provisions.
- Updates contact information for both parties.

- Adds Gross Revenue calculation categories not part of the previous agreement.

Of the above (except for the addition of the Government Access Channel) are industry standards since our previous agreement was set in place. The Government Access Channel addition is at the request of the Town. Heretofore we have not made such a request. The makeup of our Town and the increased/improved opportunity to communicate Town business and initiatives is expected to be well received by the community. The launch of the OVTV Channel (# still to be determined) will be well communicated and shared with a goal of getting the community to begin to tune in on regular intervals to ensure awareness and engagement with the Town. A logo for OVTV is being developed at this time.

Cable Franchise Fee's

Variables can exist related to price changes, subscriber activity etc., that can impact our revenues realized in association with this/any Cable Franchise agreement. While this is understood, the agreement is meant to ensure receipt of an appropriate level of revenue associated with subscriptions. The past 5 years revenue resulting from our existing Mediacom Franchise Agreement was as follows:

	Budgeted	Actual
2015	\$60,000	\$63,680
2016	\$60,000	\$62,877
2017	\$60,000	\$65,431
2018	\$60,000	\$73,187
2019	\$60,000	\$78,081

Mediacom Cable Franchise Information Sheet

Attached please find a Mediacom Cable Franchise Information Sheet that I developed based on my engagement with some residents confusing the cable franchise and Internet provision as well as misunderstandings voiced regarding competition.

Recommendation

It is therefore recommended that the Town of Ocean View enter into a renewal Cable Franchise Agreement as negotiated and presented following a Public Hearing at your next Town Council Meeting.