

Legislation Text

File #: 240383, Version: 1

Authorizing the City's Chief Innovation Officer or their designee to enter into a cable television franchise renewal agreement with Verizon Pennsylvania LLC, renewing the cable television franchise granted by the City to Verizon, for Franchise Areas I, II, III and IV of the City, all under certain terms and conditions.

WHEREAS, Verizon holds a franchise authorizing it to own, operate and maintain a Cable System, as defined in the Communications Act of 1934 (the "Communications Act" or "Act"), as amended, in and along the public rights-of-way and streets of the City for the purpose of providing Cable Service, as defined in the Act, in each of Franchise Areas I, II, III and IV; and

WHEREAS, the Act provides that the City may require that Verizon obtain a cable franchise from the City as a condition of its operating such a Cable System and furnishing such Cable Service over the system in the City; and

WHEREAS, Chapter 11-700 of The Philadelphia Code requires that Verizon hold a cable franchise from the City before operating a Cable System or providing Cable Service in the City, and further provides that the Council of the City of Philadelphia must approve any such franchise or its renewal by ordinance;

WHEREAS, Verizon has notified the City that it desires to renew such cable franchise and the City desires to grant renewal of the cable franchise Verizon holds for Franchise Areas I, II, III and IV; and

WHEREAS, Council, by advertising and holding public hearings on this ordinance has afforded the public adequate notice and an opportunity to comment on the proposed renewal of the Verizon cable franchise; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The City's Chief Innovation Officer or their designee is hereby authorized to enter into a franchise renewal agreement pursuant to which the cable television franchise held by VERIZON PENNSYLVANIA ("Verizon"), is renewed, effective upon execution by all parties, granting Verizon the right to own, operate and maintain a Cable System (as defined in the Communications Act) in and along the public rights-of-way and streets of the City, in each of Franchise Areas I, II, III and IV of the City, and to operate and maintain Cable Service (as defined in the Act) over such Cable System, subject to Section 2 of this ordinance.

SECTION 2. The franchise renewal agreement authorized by Section 1 of this ordinance shall contain substantially the terms set forth in Exhibit "A" hereto, with such changes as the City Solicitor deems necessary or appropriate to protect the interest of the City.

EXHIBIT A

TERM SHEET

1. Subject: Renewal of the cable television franchise (Franchise) granted by the City to Verizon Pennsylvania LLC (Verizon) to provide Cable Service in each of Franchise Areas I, II, III and IV within the City; principal terms to be set forth in the franchise renewal agreement (Franchise Agreement or Agreement) between Verizon and the City.
2. Term of renewal franchise: 5 years.
3. Franchise Fee: Maximum permitted by federal law, i.e. 5 percent of Verizon's "gross revenues" from providing cable service within the City, as defined in the Franchise Agreement, to be paid quarterly throughout the term; "gross revenues" definition to be expanded to include additional revenue categories.
4. Institutional Network: Dark fiber and broadband internet access networks provided by Verizon, as determined by the City's Chief Innovation Officer (CIO), to include the following:
 - Broadband internet access network to provide up to 1G broadband internet service to 183 sites including Recreation Centers and other Parks and Recreation (PPR) locations;
 - All sites to receive service for at least 60 months at an average per site cost of \$456.60 per month for a total 5 year cost to the City of \$5,013,468;
 - Installation of dark fiber (2 pairs/4 strands) to the same 183 locations for exclusive City use in extending the City network;
 - All dark fiber sites served for up to 120 months at an average per site cost of \$696.27 per month for a total 5 year cost to the City of \$7,645,044, including \$6,685,000 one-time total construction cost.
5. Technology Fund and Network Use: Verizon will provide a grant in the amount of \$500,000 for digital equity efforts, Smart City programs, public safety initiatives, and for other City uses. Networks to be used only for non-commercial governmental purposes.
6. Public, educational and governmental access (PEG) funding: Total PEG funding of \$8,000,000 for the term.
7. PEG Channels: Up to 15 dedicated digital public access channels: 5 public access channels (PhillyCAM); 5 governmental access channels (Channels 40 and 41); 5 educational access channels (1 each for School District of Philadelphia, Community College of Philadelphia, Temple University, LaSalle University and 1 higher education channel TBD);
 - 9 of the 15 channels in high definition (HD) within 180 days;
 - 6 of the 15 channels in HD within 270 days after City request.
8. Customer Service Standards: Best practice, responsive customer service standards including, but not limited to:
 - continuation of in-person customer service locations, as well as for multiple other methods of communicating with customers;
 - expeditious response timeframes for service outages, other service interruptions and other types of service calls;
 - automatic credits to subscribers for significant outages of more than 24 hours; prompt response

to and resolution of complaints, including resolution within 15 days of complaints forwarded by the City; and

- detailed record keeping, and retention for 3 years, of complaints, outage logs, service calls, and installations, with reports provided to the City upon request, or through a comprehensive annual Commissioner Review.

9. Economic Opportunity Plan: Submission of an EOP as of the Effective Date of the Franchise, consistent with Chapter 17-1600 of The Philadelphia Code and Executive Order 01-21.
10. Franchise Enforcement Provisions: \$3,000,000 performance bond and liquidated damages for specific violations of Franchise obligations, including the Institutional Network.