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June 14, 2005

Finance & Management Committee  
Oakland City Council  
Oakland, California

Councilmember Quan and Members of the Committee:

**SUBJECT: A REPORT REGARDING AN ORDINANCE AMENDING SECTION 5.16 OF THE OAKLAND MUNICIPAL CODE TO REGULATE THE OCCUPANCY AND USE OF PUBLIC RIGHTS-OF-WAY BY CABLE SYSTEMS AND OPEN VIDEO SYSTEMS, TO PROVIDE FOR ESTABLISHMENT OF CUSTOMER SERVICE STANDARDS; TO ESTABLISH FRANCHISE AND LICENSING REQUIREMENTS FOR OPERATORS OF SUCH SYSTEMS, AND; TO PRESCRIBE MINIMUM CHARGES, TERMS AND CONDITIONS FOR THE CONSTRUCTION, MAINTENANCE, AND REPAIR OF SUCH SYSTEMS.**

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#### SUMMARY

The City of Oakland's existing code provisions regarding occupancy and use of public rights-of-way by cable systems are outdated and insufficient. The accompanying Cable Communications Regulatory Ordinance ("Cable Ordinance") updates Section 5.16 of the Oakland Municipal Code and addresses other cable communications regulatory issues that are not addressed in the current code. While a cable operator must adhere to federal and state law requirements, the City has never had a basis for determining local requirements for a cable system. This report addresses the need to establish the terms and conditions for the construction and operation of a cable franchise system in Oakland, and describes how the proposed ordinance provides a framework for assessing proposals for provision of cable services in Oakland.

#### FISCAL IMPACT

By establishing the minimum requirements for the construction and operation of a cable system in Oakland, this ordinance assures that cable providers in Oakland operate in a fiscally prudent and responsible manner, and that Oakland customers receive reliable service and advanced cable related services.

Item: 8

Finance & Management Committee  
June 14, 2005

## **BACKGROUND**

Federal law requires that the grant of a local cable television franchise must be non-exclusive. While the City's current franchise agreement for the provision of cable service was negotiated in 1983, the City has never adopted a cable regulatory ordinance to establish basic cable system requirements.

## **KEY ISSUES AND IMPACTS**

Without a regulatory cable ordinance, any new franchise proposal, and any competing franchise proposal ("overbuild"), requires that the City negotiate minimum requirements. By having a regulatory ordinance in place that would apply equally to any cable provider in the City, minimum threshold requirements are established by the City Council to set a framework for staff to negotiate a subsequent franchise.

## **ORDINANCE DESCRIPTION**

The cable regulatory ordinance regulates the manner in which the City's rights-of-way can be used for building or repairing a cable system. In addition, the ordinance sets out the following requirements:

- Establishes insurance and bonding requirements.
- Establishes construction standards.
- Requires testing and inspection of the system.
- Requires maintenance of adequate books and records.
- Sets forth audit requirements.
- Requires payment of franchise fees.
- Provides for public access, educational and government channels.
- Authorizes penalties for violations of local cable requirements.
- Sets forth consumer protection standards.
- Establishes the right of the City to seek revocation of a franchise agreement for non-compliance.
- Sets out standards for renewal and transfer of a Franchise.

## **ACTION REQUESTED OF THE COUNCIL**

It is recommended that the City Council accept this report and approve the attached regulatory ordinance.

Respectfully submitted,

  
**DEBORAH EDGERLY**  
City Administrator

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Assistant to the City Administrator

Item: \_\_\_\_\_  
Finance & Management Committee  
June 14, 2005

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

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ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF OAKLAND AMENDING CHAPTER 5.16 OF TITLE 5 OF THE OAKLAND MUNICIPAL CODE TO REGULATE THE OCCUPANCY AND USE OF PUBLIC RIGHTS-OF-WAY BY CABLE SYSTEMS AND OPEN VIDEO SYSTEMS, TO PROVIDE FOR ESTABLISHMENT OF CUSTOMER SERVICE STANDARDS; ESTABLISHING FRANCHISE AND LICENSING REQUIREMENTS FOR OPERATORS OF SUCH SYSTEMS AND TO PRESCRIBE MINIMUM CHARGES, TERMS, AND CONDITIONS FOR AND UPON THE CONSTRUCTION, MAINTENANCE, AND REPAIR OF SUCH SYSTEMS

8-1

FINANCE & MANAGEMENT CMTE.

JUN 14 2005

Part 1 GENERAL .....	3
5.16.010 Definitions.....	3
5.16.020 Access, PEG access, or PEG use .....	4
5.16.030 Public access or Public use .....	4
5.16.040 Education access or Education use .....	4
5.16.050 Government access or Government use.....	5
5.16.060 Affiliate.....	5
5.16.070 Basic Service.....	5
5.16.080 Cable Act .....	5
5.16.090 Cable Communications System .....	5
5.16.100 Cable Service .....	5
5.16.110 Cable System .....	6
5.16.120 Channel .....	6
5.16.130 City.....	7
5.16.140 City Administrator .....	7
5.16.150 Construction, operation or repair .....	7
5.16.160 FCC.....	7
5.16.170 Franchise.....	7
5.16.180 Franchise Area .....	8
5.16.190 Franchisee .....	8
5.16.200 Gross Revenues.....	8
5.16.210 Operator .....	8
5.16.220 OVS.....	9
5.16.230 OVS Agreement.....	9
5.16.240 Person.....	9
5.16.250 Public Property.....	9
5.16.260 Public rights-of-way.....	9
5.16.270 School .....	10
5.16.280 Subscriber .....	10
5.16.290 User.....	10

Part 2	GENERAL PROVISIONS .....	10
5.16.300	Franchise Required .....	10
5.16.310	Form of Franchise .....	11
5.16.320	Scope of Franchise .....	11
5.16.330	Franchise Non-Exclusive .....	12
5.16.340	Franchise Term .....	12
5.16.350	Costs Borne by Franchisee.....	12
5.16.360	Failures to Perform .....	13
5.16.370	Administration of Ordinance; Adoption of Regulations.....	13
5.16.380	Transfers .....	14
5.16.390	General Conditions upon Construction, Operation and Repair .....	15
5.16.400	Protection of City and Residents.....	21
5.16.410	Enforcement and Remedies .....	24
5.16.420	Books and Records .....	27
5.16.430	Reports .....	28
5.16.440	Maps Required .....	29
5.16.450	Other Records Required.....	29
5.16.460	Exemptions .....	30
5.16.470	Privacy .....	31
5.16.480	Procedures for Paying Franchise Fees and Fees in Lieu of Franchise Fees .....	31
Part 3	SPECIAL RULES APPLICABLE TO CABLE SYSTEMS.....	32
5.16.490	Applications - Generally .....	32
5.16.500	Application for an Initial Franchise or Renewal Franchise .....	33
5.16.510	Application for Renewal Filed Pursuant to 47 U.S.C. Section 546.....	35
5.16.520	Application for Transfer .....	36
5.16.530	Legal Qualifications.....	37
5.16.540	Franchise Fee .....	38
5.16.550	No Exclusivity .....	38
5.16.560	Rate Regulation.....	39
5.16.570	Consumer Protection and Customer Service .....	40

Part 4	OPEN VIDEO SYSTEMS .....	42
5.16.580	Applications for Grant or Renewal of Franchises.....	42
5.16.590	Transfers .....	44
5.16.600	Legal Qualifications.....	45
5.16.610	Minimum Requirements .....	47
5.16.620	Fee in Lieu of Franchise Fee.....	48
5.16.630	Exclusive Contracts .....	49
Part 5	MISCELLANEOUS.....	49
5.16.640	Captions .....	49
5.16.650	Calculation of Time .....	49
5.16.660	Severability .....	50
5.16.670	Connections to Cable System; Use of Antennae .....	50
5.16.680	Discrimination Prohibited.....	50

**WHEREAS**, it is anticipated that an ever-increasing number of companies will request access to and use of Public rights-of-way for provision of cable and other services to the public; and

**WHEREAS**, the City of Oakland (“City”) has the authority to regulate the use of streets, Public rights-of-way, and other City property, and to grant access thereto upon certain terms and conditions; and

**WHEREAS**, the public streets, alleys, utility easements dedicated for compatible uses, and other rights-of-way within the City: 1) are critical to the travel of Persons and the transport of goods and other tangibles in the business and social life of the community by all citizens; 2) are a unique and physically limited resource so that proper management by the City is necessary to maximize the efficiency and to minimize the costs to the taxpayers of the foregoing uses, and to prevent harm to the community; and 3) are intended for public uses and must be managed and controlled consistent with that intent; and

**WHEREAS**, the right to occupy the Public rights-of-way cannot be granted to all Persons, and those who are granted that right obtain significant benefits; and

**WHEREAS**, the right to use the Public rights-of-way therefore must be exercised in a manner consistent with the public interest; and

**WHEREAS**, the City wishes to promote the availability of high-quality and diverse services to the City residents, businesses, the City, and other public institutions; and to promote the availability of diverse information resources to the community, including through the development of advanced systems that can support public, educational, and governmental programming and high-speed access to the Internet; and

**WHEREAS**, the City wishes to provide opportunities to the public to obtain access to communications facilities for the purpose of disseminating and receiving information; to promote competitive cable rates and services; to take advantage of opportunities presented by cable and open video systems to provide for more open government; to enhance educational



opportunities throughout the community and provide opportunities for building a stronger community; and to allow flexibility to respond to changes in technology, subscriber interests, and competitive factors that will affect the health, welfare, and well-being of the community; and

**WHEREAS**, the City finds that it is in the interest of the public to franchise and to establish standards for franchising such operators in a manner that promotes these objectives and otherwise protects the public interest;

**WHEREAS**, the Council finds this ordinance is subject to exemptions from the California Environmental Quality Act (CEQA), including without limitation, CEQA Guidelines sections 15301; 15302; and 15305.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAKLAND:**

SECTION 1, Chapter 5.16 of Title 5 of the Oakland Municipal Code is hereby amended to read in its entirety as follows:

CHAPTER 5.16  
CABLE SYSTEMS AND OPEN VIDEO SYSTEMS

**Part 1**  
**GENERAL**

**5.16.010**     **Definitions**

- A.     The definitions set forth in this Part shall govern the application and interpretation of this Chapter.
  
- B.     When not inconsistent with the context, words used in the present tense include the future tense; words in the plural number include the singular number; and words in the singular number include the plural number; and the masculine gender includes the feminine gender.
  
- C.     Subject to the provisions of Section 1.04.020 of Title 1 of the Municipal Code, the words “shall” and “will” are mandatory, and “may” is permissive.
  
- D.     Words not defined in this Chapter shall have the same meaning as in Title VI of Title 47 of the United States Code in effect on the effective date of the ordinance enacting this Chapter, and, if not defined therein, their common and ordinary meaning.
  
- E.     References to governmental entities (whether Persons or entities) refer to those entities or their successors in authority.

- F. If specific provisions of law referred to herein are renumbered, then the reference shall be read to refer to the renumbered provision.
  
- G. Unless otherwise specified, references to laws, ordinances or regulations shall be interpreted broadly to cover government actions, however nominated, and include laws, ordinances and regulations now in force or hereinafter enacted or amended.

**5.16.020      Access, PEG access, or PEG use**

“Access,” “PEG access,” or “PEG use” refers to the availability of a Cable System or OVS for public, education or government use (including channel capacity on institutional networks designated for PEG use) by various agencies, institutions, organizations, groups, and individuals, including the City and its designated access providers, to distribute programming not under a Franchisee's editorial control, including, but not limited to the access or use described in Sections 5.16.030, 5.16.040 and 5.16.050 below.

**5.16.030      Public access or Public use**

“Public access” or “Public use” means access where organizations, groups, or individual members of the general public are the designated programmers or users having editorial control over their communications.

**5.16.040      Education access or Education use**

“Education access” or “Education use” means access where Schools are the designated programmers or users having editorial control over their communications.

**5.16.050      Government access or Government use**

“Government access” or “Government use” means access where government institutions or their designees are the designated programmers or users having editorial control over their communications.

**5.16.060      Affiliate**

“Affiliate” means a Person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another Person.

**5.16.070      Basic Service**

“Basic service” means any service tier regularly provided on a Cable Communications System to all Subscribers which includes the retransmission of local television broadcast signals.

**5.16.080      Cable Act**

“Cable Act” means the Cable Communications Policy Act of 1984, 47 U.S.C. § 521 *et seq.*, as amended by the Cable Television Consumer Protection and Competition Act of 1992, as further amended by the Telecommunications Act of 1996, as it may be amended from time to time.

**5.16.090      Cable Communications System**

“Cable Communications System” refers to open video systems (OVS) and Cable Systems.

**5.16.100      Cable Service**

“Cable Service” shall have the same meaning as in Title VI of Title 47 of the United States Code, as amended from time to time.

**5.16.110**      **Cable System**

“Cable System” means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within a community, but such term does not include:

- A.      A facility that serves only to retransmit the television signals of one (1) or more television broadcast stations;
- B.      A facility that serves Subscribers without using, or connecting to a facility that uses, any Public right-of-way within the City;
- C.      A facility of a common carrier which is subject, in whole or in part, to the provisions of Title II (Common Carriers) of the federal Communications Act of 1934, as amended, except that such facility shall be considered a Cable System to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services;
- D.      Any facilities of any electric utility used solely for operating its electric utility systems; or
- E.      An OVS that complies with 47 USC Section 573 and FCC regulations promulgated thereunder.

**5.16.120**      **Channel**

“Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System or OVS and which is capable of delivering a standard NTSC broadcast video programming service whether in an analog or digital format. The definition does not restrict the use of any Channel to the transmission of analog television signals.

**5.16.130**      **City**

“City” means the City of Oakland and all departments, divisions, and agencies thereof; except that, when used to describe a geographic area, the term refers to the boundaries of the City of Oakland, California, as they exist now or may exist in the future.

**5.16.140**      **City Administrator**

“City Administrator” means the City Administrator or the City Administrator’s designee.

**5.16.150**      **Construction, operation or repair**

“Construction, operation or repair” and similar formulations of that term means the named actions interpreted broadly, encompassing, among other things, installation, extension, maintenance, replacement of components, relocation, undergrounding, grading, site preparation, adjusting, testing, make-ready, excavation and the management of the cable system and its operations.

**5.16.160**      **FCC**

“FCC” means the Federal Communications Commission.

**5.16.170**      **Franchise**

“Franchise” refers to an authorization granted by the City to the Operator of a Cable Communications System giving the Operator the non-exclusive right to occupy the space, or use facilities upon, across, beneath, or over Public rights-of-way in the City, to provide specified services within a Franchise area. A permit is not a Franchise.

**5.16.180**      **Franchise Area**

“Franchise Area” means the area of the City that a Franchisee is authorized to serve by the terms of its Franchise ordinance or by operation of law.

**5.16.190**      **Franchisee**

“Franchisee” refers to a Person holding a Cable Communications System franchise granted by the City.

**5.16.200**      **Gross Revenues**

“Gross Revenues” means any and all revenue as determined in accordance with generally accepted accounting principles (“GAAP”) derived from the operation of a Cable Communications System to provide Cable Service. Gross Revenues include, by way of example and not limitation, revenues from equipment sales and rentals services, installation, late fees and other Subscriber charges, fees for carriage of programming, advertising revenue and shopping services recorded as revenue in accordance with GAAP; the term encompasses revenues that are received now, as well as new revenue sources that may develop in the future. “Gross Revenues shall include revenues of Affiliates using the Cable Communications System in the City to provide Cable Service (other than those revenues which are already treated as the revenues of the Franchisee) to the extent required to prevent avoidance of fees owed on Gross Revenues.

**5.16.210**      **Operator**

“Operator” when used with reference to a Cable Communications System, refers to a Person (a) who directly or through one (1) or more Affiliates provides Cable Service or OVS over a Cable Communications System and directly or through one (1) or more Affiliates owns a significant interest in such system; and (b) who otherwise controls or is responsible for, through any arrangement, the management and operation of such a system.

**5.16.220**      **OVS**

“OVS” means an open video system. A reference to an OVS includes pedestals, equipment enclosures (such as equipment cabinets), amplifiers, power guards, nodes, cables, fiber optics and other equipment necessary to operate the OVS, or installed in conjunction with the OVS.

**5.16.230**      **OVS Agreement**

“OVS Agreement” means a Franchise entered into in accordance with the provisions of this Chapter between the City and an OVS Franchisee setting forth the terms and conditions under which the OVS Franchise will be exercised.

**5.16.240**      **Person**

“Person,” unless it otherwise appears from the context as used, means and includes any person, individual, firm, organization, corporation, partnership, association, limited liability company, joint stock or other company, business or other trust, public agency, school district, the State of California, its political subdivisions and/or instrumentalities, or any other legal entity, but not the City.

**5.16.250**      **Public Property**

“Public Property” means any property that is owned or under the control of the City that is not a Public right-of-way, including but not limited to, buildings, parks, structures such as utility poles and light poles, or similar facilities or property located in a Public right-of-way or owned by or leased to the City.

**5.16.260**      **Public rights-of-way**

“Public rights-of-way” means the surface of and the space above and below any street, road, highway, freeway, bridge, lane, path, alley, court, sidewalk, parkway, parkstrip, drive, or right-



of-way or easement generally available to and used by utilities, communication companies, or for travel by the public, now or hereafter existing within the City which may be properly used and the City has the authority to allow the use of, for the purpose of installing, maintaining, and operating a Cable Communications System; and any other property, that a Franchisee is entitled by state or federal law to use by virtue of the grant of a Franchise.

**5.16.270      School**

“School” means any publicly funded charter school or public primary and secondary schools (K-12) located within the City.

**5.16.280      Subscriber**

“Subscriber” means any Person who is lawfully receiving, for any purpose or reason, any Cable Service via a Cable Communications System, whether or not a fee is paid for such service.

**5.16.290      User**

“User” means a Person or the City utilizing a Channel, capacity or equipment and facilities of a Cable Communications System for purposes of transmitting programming material, as contrasted with the receipt thereof in the capacity of a Subscriber.

**Part 2  
GENERAL PROVISIONS**

**5.16.300      Franchise Required**

No Person may construct, operate or repair a Cable Communications System in the City without first obtaining a Franchise from the City pursuant to the terms and provisions of the City Charter and this Chapter.

**5.16.310**      **Form of Franchise**

Any Franchise shall be issued in the form of an ordinance and must be accepted by the Franchisee pursuant to the terms of this Chapter and the Franchise ordinance to become effective.

**5.16.320**      **Scope of Franchise**

A Franchise granted pursuant to this Chapter shall authorize and permit a Franchisee to construct, operate and repair a Cable System, or an OVS (as applicable) pursuant to the terms of its Franchise ordinance and this Chapter to provide Cable Service in the City, and for that purpose to erect, install, construct, repair, replace, reconstruct, maintain facilities appurtenant to such system in, on, over, under, upon, across, and along those Public rights-of-way that the City may authorize a Franchisee to use.

- A.      A Franchise shall not convey rights other than as expressly specified in this Chapter, or in a Franchise ordinance
  
- B.      A Franchise shall not include, or be a substitute for:
  - 1.      *Any permit, agreement or authorization required commonly of all utilities in connection with construction, operation or repair on or in Public rights-of-way or Public Property;*
  
  - 2.      Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by the Franchise.
  
- C.      A Franchise does not relieve a Franchisee of its duty to comply with all lawful City ordinances, resolutions, written policies, and regulations in effect as of the date on which the Franchise becomes effective, and every Franchisee must comply with the same. The rights granted under a franchise ordinance are subject to the lawful exercise of police

powers the City now has or may later obtain. To the extent legally permitted, the terms of every Franchise granted shall be subordinate to all the requirements of the Oakland City Charter as of the date the Franchise becomes effective. Nothing herein prevents a Franchisee from raising a claim or defense that a particular provision of the City Charter, a city ordinance, resolution, written policy, or regulation is unlawful or is unlawful as applied to the Franchisee.

- D. A Franchise does not convey title, equitable or legal, in the Public rights-of-way or Public Property. Any right granted to Franchisee by a Franchise ordinance shall not be subdivided or subleased to any other Person or Affiliate.

**5.16.330 Franchise Non-Exclusive**

No Franchise shall be exclusive, or prevent the City from issuing other Franchises or authorizations, or prevent the City from itself constructing, operating, or repairing its own Cable Communications System.

**5.16.340 Franchise Term**

Every Franchise ordinance shall specify the franchise term as a precise number of years.

**5.16.350 Costs Borne by Franchisee**

Unless otherwise specifically stated in a Franchise ordinance or required by law, all acts which a Franchisee is required to perform under the Franchise ordinance or applicable law must be performed at the Franchisee's expense and at no cost to the City, provided that nothing contained in this Section 5.16.350 is intended to restrict or limit Franchisee's rights under Applicable Law to recover costs from third parties, or assess or pass-through costs to its Subscribers.

**5.16.360      Failures to Perform**

If a Cable Communications System Operator fails to perform work that it is required to perform within the time provided for performance, the City may perform the work or cause the work to be performed and bill the Operator therefor. Except in the case of safety issues or other urgent circumstances, the City shall provide the Operator with 30 days notice and opportunity to perform the work before the City acts pursuant to this section 5.16.360. The Operator shall pay the actual cost incurred within thirty (30) days receipt of invoice. City will not unreasonably deny a request for an extension of time to perform, where the City Administrator finds that the delay will not adversely affect the work, the City, third parties affected by the work, or the public.

**5.16.370      Administration of Ordinance; Adoption of Regulations**

- A. The City may from time to time adopt regulations in a manner consistent with this Chapter to implement the provisions of this Chapter. This Chapter, and any regulations adopted pursuant to this Chapter are not contracts with any Franchisee, and may be amended at any time by the City.
  
- B. Except where this Chapter specifically directs that action be taken by the City Council, the City Administrator or its designees are hereby authorized to administer and enforce the provisions of this Chapter and any Franchise issued pursuant hereto, to provide any notices (including noncompliance notices), and to take any action on the City's behalf that may be required hereunder or under applicable law.
  
- C. The failure of City, upon one (1) or more occasions, to exercise a right or to require compliance or performance under a Franchise ordinance or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing.

- D. The City may designate one (1) or more Persons, including itself, to control and manage the use of Public, Educational or Government access Channels, facilities and equipment.

**5.16.380      Transfers**

- A. No transfer of a Franchise, Franchisee, or Cable Communications System, or of control over the same (including, but not limited to, transfer by forced or voluntary sale, merger, consolidation, receivership, or any other means) shall occur unless prior application is made by the Franchisee to the City and the City's prior written consent is obtained, pursuant to this Chapter and the Franchise ordinance. Every Franchise shall be deemed to be held in trust, and to be personal to the Franchisee. Any transfer that is made without the prior approval of the City shall be deemed to impair that trust. The granting of approval for a transfer in one instance shall not render unnecessary approval of any subsequent transfer.
- B. A transfer of control of a Franchise, Franchisee, or Cable Communications System will be deemed to have occurred whenever there is a change, acquisition or transfer of control of fifty percent (50%) or more of the ownership in the Franchisee or its direct or indirect parents by any Person, or a group of Persons acting in concert, or whenever there is a change in actual working control, in whatever manner exercised, over the affairs of a Franchisee or its direct or indirect parents, regardless of the percentage of ownership change. Without limiting the above, any change in the general partners of a Franchisee will be presumed a change in control.
- C. Notwithstanding any other provision of this Chapter, pledges in trust or mortgages of the assets of a Cable Communications System to secure the Construction, operation, or repair of the system may be made without application and without the City's prior consent. However, no such arrangement may be made if it would in any respect under any condition: (1) prevent the Cable Communications System Operator or any successor from complying with, this Chapter, the Franchise ordinance or other applicable law or regulation; or (2) permit a third party to succeed to the interest of the Operator, or to own

or control the system, without the prior consent of the City. Any mortgage, pledge or lease shall be subject to and subordinate to the rights of the City under any Franchise, this Chapter, or other applicable law.

**5.16.390      General Conditions upon Construction, Operation and Repair**

- A. The Construction, operation, upgrade and repair of Cable Communications Systems shall be performed in compliance with all laws, ordinances, resolutions, departmental rules, regulations, written policies, and practices affecting such system. By way of example, and not limitation, this includes the relevant portions of the Oakland Municipal Code (i.e., the City's zoning ordinance), ordinances, regulations and policies to preserve or protect the public safety, construction standards, regulations for providing notice to Persons that may be affected by system construction, and directives governing the time, place and manner in which facilities may be installed in the Public rights-of-way. Persons engaged in the Construction, operation, upgrade or repair of Cable Communications Systems shall exercise reasonable care in the performance of all their activities and shall use commonly accepted methods and devices for preventing failures and accidents that are likely to cause damage, injury, or nuisance to the public or to property.
  
- B. A Franchise is required before a permit may be issued for work associated with the construction, operation, upgrade or repair of a Cable Communications System. Any permit issued for such work to a Person that does not hold a Franchise shall vest no rights in the permittee; the permit may be revoked at will, and the permittee shall remove all facilities installed under the permit upon and in full compliance with the City's demand.
  
- C. Construction, operation, upgrade or repair of a Cable Communications System shall not commence until all required permits have been obtained from the proper City officials and all required fees have been paid. All work performed will be performed in strict accordance with the conditions of the permit. Upon order of the City, any work and/or construction undertaken that is not completed in compliance with the City's

requirements, or which is installed without obtaining necessary permits and approvals shall be removed in accordance with the reasonable timeline set forth by the City. A Franchisee shall reimburse the City for costs incurred in inspecting construction projects undertaken in the course of major or minor upgrades, installation of fiber optics, minor and major repairs, all other work for which the City requires inspection, and permit review and processing.

- D. Interference with the use of the Public rights-of-way by others, including others that may be installing Cable Communications Systems, must be minimized. The City may require, except as prohibited by law or the franchise, a person using the Public rights-of-way to cooperate with others through joint trenching and other arrangements to minimize adverse impacts on the Public rights-of-way.
  
- E. To the extent possible, Operators of Cable Communications Systems shall use existing poles and conduit. Additional poles may not be installed in the right-of-way, nor may pole capacity be increased by vertical or horizontal extenders, without the permission of the City Administrator, which permission shall not be unreasonably withheld.
  
- F. Undergrounding
  - 1. Whenever all existing utilities are located underground in an area in the City, every Cable Communications System Operator installing its system in the same area must locate its Cable Communications System underground.
  
  - 2. Whenever the owner of a pole locates or relocates underground within an area of the City, every Cable Communications System Operator in the same area shall concurrently relocate its cables, wires or fiber optics underground.
  
  - 3. The City Council may, in its discretion, exempt a particular Cable Communications System or facility or group of Cable Communications Systems or facilities from the obligation to locate or relocate the Cable Communications System or facility underground, where a Franchisee has demonstrated that

relocation is impractical, or where the interest in protecting against visual blight can be protected in another manner.

G. Any and all Public Property, or Private property that is disturbed or damaged during the Construction, operation, upgrade or repair of a Cable Communications System shall be promptly repaired by the Operator. Public Property must be restored to a condition as good as before the disturbance or damage occurred. Public rights-of-way must be restored to a condition consistent with City standards that are generally applicable to all Persons performing construction or excavation in the Public rights-of-way.

H. Relocation

1. A Cable Communications System Operator shall at no cost to the City and by a *time specified by City, protect, support, temporarily disconnect, relocate, or remove* any of its property when requested by the City by reason of traffic conditions; public safety; Public right-of-way construction and repair (including regrading, resurfacing or widening); Public right-of-way vacation; construction, installation or repair of sewers, drains, water pipes, power lines, signal lines, tracks, or any other type of government-owned system or utility, public work, public facility, or improvement; or for any other purpose where the work involved would be aided by the removal or relocation of the Cable Communications System. Collectively, such matters are referred to below as the “public work.”
2. The City shall provide written notice describing where the public work is to be performed at least three (3) weeks prior to the deadline by which a Cable Communications System Operator must protect, support, temporarily disconnect, relocate or remove its facilities. The Cable Communications System Operator may seek an extension of the time to perform the work. The City shall not unreasonably deny such an extension where the Operator demonstrates it can not perform the work by the deadline even with the exercise of due diligence. Provided that, in an emergency, or where a Cable Communications System



creates or is contributing to an imminent danger to health, safety, or property, the City may protect, support, temporarily disconnect, remove, or relocate any or all parts of the Cable Communications System without prior notice, and charge the Cable Communications System Operator for costs incurred; however, City will make reasonable efforts, considering the circumstances, to provide prior notice.

I. Construction activities of Others

1. To accommodate the Construction, operation, upgrade or repair of the facilities of another Person authorized to use the Public rights-of-way or Public Property, a Franchisee shall, by a time specified by such Person, protect, support, temporarily disconnect, relocate or remove its facilities. The Franchisee shall be given written notice describing where the Construction, operation or repair is to be performed at least fifteen (15) days prior to the time by which its work must be completed. Unless the matter is governed by a valid contract or a state or federal law or regulation, or unless the Cable Communications System that is being requested to move was not properly installed, the reasonable cost of the same shall be borne by the Person requesting the protection, support, temporary disconnection, removal, or relocation and at no charge to the City, even if the City makes the request for such action. In cases where the requesting person is required under this section 5.16.390(I)(1) to bear the cost of relaying, relocation or temporary removal, a franchisee may require the person to agree, before the work is performed, to pay the reasonable actual cost of the work. If the Franchisee does so, it must provide an estimate of the cost of the work and support for that estimate.
2. A Cable Communications System Operator shall, on the request of any Person holding a valid permit issued by a governmental authority, temporarily raise or lower its wires by a time specified to permit the moving of buildings or other objects. A Cable Communications System Operator shall be given not less than fifteen (15) days advance notice to arrange for such temporary wire changes. The expense of such temporary removal or raising or lowering of wires shall be paid in advance by the Person requesting the same.

J. Abandonment

1. A Cable Communications System Operator may abandon any property in place in the Public rights-of-way or upon Public Property upon written notice to the City. However, if, within ninety (90) days of the receipt of written notice of abandonment, the City determines, that the safety, appearance, functioning or use of the Public right-of-way or Public Property and facilities in the Public right-of-way or on Public Property will be adversely affected, the property must be removed by a date specified by the City. In specifying a date for removal, the City shall take into account the amount of work to be performed.
  2. A Cable Communications System Operator that abandons its property must, upon request, transfer ownership of the property to the City at no cost, and execute necessary quitclaim deeds provided that nothing in the preceding sentence prevents a Cable Communications System Operator from bringing an action in a court of competent jurisdiction if it believes that the Cable Communications System was not abandoned. Whether or not ownership is transferred, the Operator must indemnify the City against future costs associated with mitigating or eliminating any hazard associated with the abandoned property.
- K. Every Cable Communications System shall be subject to inspection and testing by the City. Each Operator must timely and fully respond to requests for information regarding its system and plans for the system as the City may from time to time issue, including requests for information regarding its plans for Construction, operation and repair and the purposes for which the plant is being constructed, operated, or repaired.
- L. Each Operator of a Cable Communications System that places facilities underground shall be a member of the regional notification center for subsurface installations (Underground Services Alert) and shall field mark the locations of its underground communications facilities upon request. The Operator shall locate its facilities for the City at no charge.

- M. At least ninety (90) days prior to commencing construction, each Cable Communications System Operator shall provide the City a construction plan for any initial Cable Communications System construction, operation or repair or for any substantial rebuild, upgrade or extension of its Cable Communications System, which shall show its timetable for construction of each phase of the project, and the areas of the City that will be affected. The construction plans and timetables shall be reviewed by the City. The City acknowledges that certain portions of the construction plan may be tentative. The Cable Communications System Operator shall provide additional information requested by the City within thirty (30) days of receipt of the request, to the extent such information is available. During construction, notice of changes to the construction plans and/or timetables must be provided to the City forty-eight (48) hours in advance. To the extent that any portion of such plan is tentative, Franchisee shall provide the City with an update reasonably in advance of initiating such construction and repair.
- N. Unless otherwise specified in a Franchise, upon request of the City and subject to the terms of the Franchise, every Cable Communications System shall be required to interconnect, temporarily, with every other Cable Communications System within the City, on fair and reasonable terms, for the purpose of providing access to PEG programming.
- O. Upon any request given within one hundred eighty (180) days from and after effective date of the ordinance awarding the Franchise or Franchise renewal, the Franchisee shall make available for the City's review all contracts which it may have with all public utility companies, whereby Franchisee is granted any right to use any of the property, equipment or facilities of such utility or utilities in the conduct of any operations pursuant to the Franchise or Franchise renewal awarded to said Franchisee.

81  
**FINANCE & MANAGEMENT CMTE.**

**5.16.400      Protection of City and Residents**

- A.      No Franchise shall be valid or effective until and unless the City obtains an adequate indemnity from the Franchisee. The indemnity must, to the extent permitted by law:
1.      Release the City from and against any and all liability and responsibility in or arising out of the Construction, operation, upgrade repair or maintenance of the Cable Communications System; and
  2.      Indemnify and hold harmless the City, its trustees, elected and appointed officers, agents, and employees, from and against any and all claims, demands, or causes of action of any kind or nature, and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees sustained by the City or any third party arising out of, or by reason of, or resulting from or of the acts, errors, or omissions of the Cable Communications System Operator, or its agents, independent contractors or employees related to or in any way arising out of the Construction, operation, upgrade or repair of the system except those claims which arise out of the negligence or willful misconduct of the City.
- B.      A Franchisee (or those acting on its behalf) shall not commence construction or operation of the Cable Communications System without first obtaining insurance in amounts and of a type satisfactory to the City. The required insurance must be obtained and maintained for the entire period the Franchisee has facilities in the Public rights-of-way or on Public Property. If the Franchisee, its contractors, or subcontractors do not have the required insurance, the City may order such Persons to stop operations until the insurance is obtained and approved.
- C.      Certificates of insurance, reflecting evidence of the required insurance and naming the City as an additional insured, and other proofs as the City may find necessary, shall be filed with the City. For Persons issued Franchises after the effective date of this Chapter,

certificates and other required proofs shall be filed within thirty (30) days of the issuance of a Franchise, once a year thereafter, and whenever there is any expiration of or change in coverage. For Persons that have facilities in the Public rights-of-way as of the effective date of this Chapter, the certificate shall be filed within sixty (60) days of the effective date of this Chapter, annually thereafter, and whenever there is any expiration of or change in coverage, unless a pre-existing Franchise ordinance expressly provides for filing of certificates in a different manner. Each Franchisee's insurance coverage shall be primary insurance as respects the City. Any insurance or self-insurance maintained by the City shall be excess of the Franchisee's insurance and shall not contribute with it.

- D. Certificates shall contain a provision that coverage afforded under these policies will not be canceled until at least thirty (30) days' prior written notice has been given to the City. Policies shall be issued by companies authorized to do business under the laws of the State of California. Financial Ratings must be no less than "A" in the latest edition of "Bests Key Rating Guide," published by A.M. Best Guide.
  
- E. A Cable Communications System Operator (and those acting on its behalf to construct, operate or repair the system) shall maintain the following insurance, in the minimum amounts specified under the applicable Franchise. The City shall be named as an additional insured on the general liability and automobile policies; those insurance policies shall be primary and contain a cross-liability clause.
  - 1. COMMERCIAL GENERAL LIABILITY insurance to cover liability from bodily injury and property damage. Exposures to be covered shall include: premises, operations, products/completed operations, and certain contracts. Coverage must be written on an occurrence basis

Completed Operations and Products Liability shall be maintained for two (2) years after the termination of the Franchise or License (in the case of the Cable Communications System owner or Operator) or completion of the work for the

Cable Communications System owner or Operator (in the case of a contractor or subcontractor).

Property Damage Liability Insurance shall include Coverage for the following hazards: X - explosion, C - Collapse, U - underground.

3. WORKERS' COMPENSATION insurance shall be maintained during the life of the Franchise to comply with statutory limits for all employees, and in the case any work is sublet, each Cable Communications System Operator shall require the subcontractors similarly to provide workers' compensation insurance for all the latter's employees unless such employees are covered by the protection afforded by each Cable Communications System operator. Each Cable Communications System Operator and its contractors and subcontractors shall maintain during the life of this policy employers liability insurance.
  4. COMPREHENSIVE AUTO LIABILITY  
Coverage shall include owned, hired, and non-owned vehicles.
- F. Every Operator of a Cable Communications System shall obtain and maintain a performance bond to ensure the faithful performance of its responsibilities under this Chapter and any Franchise ordinance. In the case of any Franchise ordinance that requires the Cable Communications System Operator to initially build, or to upgrade a system, the amount of the bond shall be specified in the Franchise. The amount of the bond shall be reduced upon successful completion of the required construction. The amount of the performance bonds shall be set by the City Administrator or may be set in a Franchise ordinance in light of the nature of the work to be performed pursuant to or under the Franchise. Bonds must be obtained prior to the effective date of any Franchise, transfer or Franchise renewal, unless a Franchise ordinance specifically provides otherwise.

- G. Every Cable Communications System Operator shall establish and maintain a cash security fund or provide the City an irrevocable letter of credit in a form mutually acceptable to the City and Franchisee, in an amount specified in the Franchise ordinance but no less than one hundred thousand dollars (\$100,000) to secure the payment of fees owed, to secure any other performance promised in a Franchise ordinance, and to pay any taxes, fees or liens owed to the City. The letter of credit shall be in a form and with an institution acceptable to the City's Director of Finance and in a form acceptable to the City Attorney. Should the City lawfully draw upon the cash security fund or letter of credit, the Cable Communications System Operator shall, within fourteen (14) days, restore the fund or the letter of credit to the full required amount. This security fund/letter of credit may be waived or reduced by the City for a Franchisee where the City determines in its discretion that a particular Franchisee's operations are sufficiently limited that a security fund/letter of credit is not necessary to secure the required performance. The City may from time to time require a Franchisee to change the amount of the required security fund/letter of credit to reflect changed risks to the City and to the public, including delinquencies in taxes or other payments to the City. The cash security fund or letter of credit must be obtained prior to the effective date of any Franchise, transfer or Franchise renewal, unless a Franchise ordinance specifically provides otherwise.
- H. A Franchise ordinance may provide that the Security Fund requirements of Section 5.16.400(G) may be satisfied by a security bond in an amount provided in a Franchise ordinance and in a form satisfactory to the City.

**5.16.410      Enforcement and Remedies**

- A. The City Council may revoke a Franchise if it finds, after a hearing, that a Cable Communications System Operator has violated any material provision of this Chapter, has committed a material breach of its Franchise ordinance or repeatedly failed to comply with its Franchise ordinance; has defrauded or attempted to defraud the City or Subscribers; or has attempted to evade the requirements of this Chapter or its Franchise

ordinance. Before conducting a hearing to revoke the Franchise: (1) the City Administrator must have given written notice of a claimed violation, breach, default or failure; and (2) the Franchisee must have been given thirty (30) days to: (a) cure the claimed default, or (b) in the event that, by nature of the default, a cure is not feasible within such thirty (30) day period, initiate reasonable steps to remedy such default. An opportunity to cure is not required where the City finds that the defect in performance is part of a pattern of violations where the Franchise has already had notice and opportunity to cure. The Franchisee will be given at least thirty (30) days notice of the hearing date, and will be provided an opportunity to be heard at the hearing. Any revocation proceeding must be conducted in accordance with then applicable federal and state laws, and City shall be responsible for ensuring that Franchisee is afforded due process under the law.

- B. To the extent not prohibited by the U.S. Bankruptcy Code, a Franchise will terminate automatically by force of law one hundred twenty (120) calendar days after an assignment for the benefit of creditors or the appointment of a receiver or trustee to take over the business of the Franchisee, whether in a receivership, reorganization, bankruptcy assignment for the benefit of creditors, or other action or proceeding. However, the Franchise may be reinstated within that one hundred twenty (120) day period, if: (1) such assignment, receivership or trusteeship has been vacated; or (2) such assignee, receiver or trustee has fully complied with the terms and conditions of this Chapter and the Franchise ordinance, and has executed an agreement, approved by any court having jurisdiction, assuming and agreeing to be bound by the terms and conditions of this Chapter and the Franchise ordinance. In the event of foreclosure or other judicial sale of any of the facilities, equipment or property of a Franchisee, the City may revoke the Franchise following a public hearing before the City Council, by serving notice upon the Franchisee and the successful bidder at the sale, in which event the Franchise and all rights and



privileges thereunder will be revoked and will terminate thirty (30) calendar days after serving such notice, unless: (1) the City has approved the transfer of the Franchise to the successful bidder; and (2) the successful bidder has covenanted and agreed with the City to assume and be bound by the terms and conditions of the Franchise ordinance and this Chapter.

- C. Upon termination or forfeiture of a Franchise, whether by action of the City as provided above, or by passage of time, the City may do one or a combination of the following.
1. The Franchisee must, as the City so directs, stop using the cable communications system for the purposes authorized by the franchise.
  2. The City may require the former Franchisee to remove all of a portion of its facilities and equipment at the former Franchisee's expense, subject to Franchisee's right to abandon property in place. If the former Franchisee fails to do so within a reasonable period of time, the City may have the removal done at the former Franchisee's and/or surety's expense.
  3. The City, by resolution of the City Council, may acquire ownership or effect a transfer of all or a portion of the Cable Communications System at the prices and under the conditions set forth in 47 U.S.C. § 547.
  4. Subsection 5.16.410(D)(3) of this section does not apply to an abandonment. If a Cable Communications System or any part thereof is abandoned by Franchisee, the City may require the Franchisee to transfer title to the all of some of the abandoned portions to it at no charge, free and clear of encumbrances, and the same will become the City's property and the City may keep, sell, assign, or transfer all or part of the assets of the cable communications system, or otherwise dispose of those assets as it sees fit.

5. Notwithstanding the foregoing, the City may not, pursuant to this section, issue an order that violates 47 U.S.C. § 541(b)(3)(C).
- D. Remedies provided for under this Chapter, or under a Franchise ordinance shall be cumulative and are in addition to all other remedies which may be available at law or equity. Recovery by the City of any amounts under insurance, the performance bond, the security fund or letter of credit, does not limit a Franchisee's duty to indemnify the City; or otherwise relieve a Franchisee of its Franchise obligations.
- E. Each Franchise shall contain a provision specifying liquidated damages payable to the City in the event of a breach of a Franchise obligation where damages would otherwise be difficult to ascertain.

**5.16.420 Books and Records**

- A. The City shall have the right to inspect and copy books and records that are relevant to monitoring compliance with the terms of this ordinance, a franchise or applicable law; or that are relevant to the exercise of any right or duty of the City under the same. Each Cable Communications System Operator is responsible for maintaining control over such books and records whether created by it, or by those acting on its behalf. It is responsible for producing these records upon the City's request, for the City's inspection and copying. The records that Franchisee must produce shall include, but are not limited to revenue records, and other records related to compliance with any provision of this Chapter or a Franchise ordinance. Books and records must be maintained for a period of three (3) years, except that a Franchise ordinance may specify a shorter period for certain categories of voluminous books and records where the information contained therein can be derived simply from other materials. The phrase "books and records" shall be read expansively to include information in whatever format stored.
- B. Books and records requested shall be produced to the City by a time and at a location in the City designated by the City Administrator. However, if the requested books and

records cannot be copied and moved for security reasons, then the Franchisee may request that the inspection take place at some other location mutually agreed to by the City and the Franchisee, provided that (1) the Franchisee must make necessary arrangements for copying documents selected by the City after its review; and (2) the Franchisee must pay all travel and additional copying expenses incurred by the City (above those that would have been incurred had the documents been produced in the City) in inspecting those documents or having those documents inspected by its designee.

- C. Any proprietary information received by the City from a Franchisee must be clearly marked as proprietary information which the Franchisee asserts is not required to be disclosed pursuant to the California Public Records Act. If a third party seeks release of a document held by the City marked as provided in this Section 5.16.420(C), the City will notify the franchisee so that the franchisee may seek court protection against the release of the document.

#### **5.16.430      Reports**

- A. The City Administrator may from time to time direct a Franchisee to prepare reports related to the provisions of Applicable Law or the Franchise, or the construction, operation, upgrade or repair of the Cable Communications System and to submit those reports by a date certain, in a format prescribed by the City Administrator, in addition to those required by this Chapter.
- B. Each Franchisee shall submit the reports specified in the franchise ordinance, within the time limits specified in the ordinance.
- C. No later than thirty (30) days after the end of each calendar year, a Franchisee shall submit the following information:
  - 1. A certified statement setting forth the computation of Gross revenues used to calculate the Franchise fee for the preceding year and a detailed explanation of the method of computation showing (i) Gross revenues by category (e.g., basic, pay,

pay-per-view, advertising, installation, equipment, late charges, miscellaneous, other); and (ii) what, if any, deductions were made from Gross revenues in calculating the Franchise fee (e.g., bad debt, credits and refunds), and the amount of each deduction.

2. A report showing, for each applicable customer service standard, the Franchisee's performance with respect to that standard for the preceding year. In each case where Franchisee concludes it did not comply fully, the Franchisee will describe the corrective actions it is taking to assure future compliance. In addition, the report should identify the number and nature of all escalated customer service complaints received and an explanation of their dispositions.

#### **5.16.440 Maps Required**

Each Franchisee shall maintain accurate maps and improvement plans that show the location, size, and a general description of all facilities installed in the Public rights-of-way or on Public Property and any power supply sources (including voltages and connections). Each Franchisee shall provide an as-built map to the City showing the location of its facilities and shall update such map whenever the facility expands or is relocated. Copies of the maps shall be provided on disk, in a commercially available electronic format specified by the City Administrator. As built must be submitted in the time and manner specified in the Franchise ordinance and consistent with other City ordinances.

#### **5.16.450 Other Records Required**

A Franchisee shall make available for inspection by the City Administrator in the City during normal business hours within ten (10) business days a written request the following records for the preceding 12 months or such longer period as the Franchisee may be required to maintain the records under applicable state or federal law:

- A. Records of all escalated complaints received, their nature and resolution. The term “complaints” refers to complaints about any aspect of the Franchisee’s construction, operations or repairs activities whether received directly by the Franchisee or forwarded to the Franchisee by the City or other agencies;
- B. Records of outages known to the Franchisee, their cause and duration;
- C. Records of service calls for repair and maintenance indicating the nature of the call for service, the date and time service was requested, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was solved;
- D. Records of installation/reconnection and requests for service extension, indicating date of request, date of acknowledgment, and the date and time service was extended;
- E. Records sufficient to show whether the Franchisee has complied with each customer service standard that applies to it; and
- F. Records identifying all credits and/or refunds for outages, missed appointments and other service refunds, provided to any.

**5.16.460      Exemptions**

The City Administrator may temporarily exempt any Franchisee from its obligations under Sections 5.16.430 – 5.16.450 if the City Administrator determines that City and Subscriber interests may be adequately protected in some other manner, so long as such temporary exemption does not conflict with any other City ordinance.

**5.16.470      Privacy**

A Franchisee shall take all reasonable steps required so that it is able to provide reports, books and records to the City. Each Franchisee shall be responsible for redacting data that applicable law prevents it from providing to the City. Nothing in this Section shall be read to require a Franchisee to violate state or federal Subscriber privacy laws.

**5.16.480      Procedures for Paying Franchise Fees and Fees in Lieu of Franchise Fees**

- A.     The Franchise fee paid pursuant to Part 3, and the fee in lieu of Franchise fee paid pursuant to Part 4 shall be paid quarterly unless otherwise specified in a Franchise. Payment for each quarter shall be delivered to the City by check or electronic transfer not later than thirty (30) days after the end of each calendar quarter. Each payment made shall be accompanied by a report detailing how the payment was calculated.
  
- B.     No acceptance by the City of any payment shall be construed as an accord that the amount paid is in fact the correct amount, nor shall such acceptance of such payment be construed as a release of any claim the City may have for additional sums payable or otherwise related to that payment.
  
- C.     Neither the Franchise fee under Part 3, nor the fee paid in lieu of the Franchise fee under Part 4, is a payment in lieu of any tax, fee or other assessment.
  
- D.     In the event that a fee payment is not received by the City on or before the due date set forth in this Section or in a Franchise ordinance, or the fee owed is not fully paid, the Person subject to the fee will be charged interest on the outstanding amount owed from the due date at an interest rate equal to two percent (2%) above the rate for three-month Federal Treasury Bills, compounded daily, at the most recent United States Treasury Department sale of such Treasury Bills occurring prior to the due date of the franchise fee payment.

- E. Within ninety (90) days of the date a Franchisee ceases operations under a Franchise (whether because of Franchise termination, transfer, bankruptcy or for any other reason), the Franchisee (or its successor in interest) shall: (A) make a final franchise fee payment, covering the period from the end of prior calendar month to date the Franchisee ceased operations; and (B) file a final statement of Gross revenues covering the period from the beginning of the calendar year in which the operations ceased to the date operations ceased. The statement shall contain the information and be certified as required by Section 5.16.430(C)(1).

### **Part 3**

## **SPECIAL RULES APPLICABLE TO CABLE SYSTEMS**

### **5.16.490      Applications - Generally**

- A. An application must be filed for an initial and renewal Cable System Franchise, or for approval of a transfer. All applications under the provisions of this chapter shall be in writing and shall be filed in the Office of the City Clerk. These requirements do not apply to a renewal proposal submitted pursuant to 47 U.S.C. Section 546(h) as may be amended.
1. At a minimum, each application must identify the applicant, show that the applicant is financially, technically and legally qualified to construct, maintain and operate the Cable System, contain a pro forma showing capital expenditures and expected income and expenses for the first five (5) years the applicant is to hold the Franchise, and show that the applicant is willing to comply unconditionally with this Chapter and its Franchise obligations. In addition, any application for an initial or renewal Franchise must describe in detail the Cable System that the applicant proposes to build or maintain, show where it is or will be located, set out the system construction or rebuild schedule, and show that the applicant will provide adequate Channels, facilities and other support for Public, Educational and Government use (including institutional network use) of the Cable System. To be accepted for filing, an original

and six (6) copies of a complete application must be submitted. All applications shall include the names and addresses of Persons authorized to act on behalf of the applicant with respect to the application.

2. The City may demand, and applicant shall provide, such supplementary, additional or other information as the City Council may deem reasonably necessary to determine whether the application should be granted. An applicant (and the transferor and transferee, in the case of a transfer) shall respond to any request for information from the City by the time specified by the City or by applicable law.
- C. An application may be rejected if it is incomplete.

**5.16.500      Application for an Initial Franchise or Renewal Franchise**

- A. This Section establishes additional provisions that apply to an application for an initial Franchise, or a renewal Franchise application that is not governed by 47 U.S.C. Section 546(a)-(h) as may be amended.
- B. Any Person may apply for an initial or renewal Franchise by submitting an application therefor on that Person's own initiative, or in response to a request for proposals issued by the City. If the City receives an unsolicited application, it may choose to issue a request for additional proposals, and require the applicant to amend its proposal to respond thereto. The City may conduct such investigations as are necessary to act on an application.
- C. Before taking final action on an application, the City shall conduct a public hearing in accordance with applicable state and federal law.
- D. In determining whether to grant a Franchise, The City may consider:



1. the extent to which an applicant for renewal has substantially complied with the applicable law and the material terms of any existing cable Franchise ordinance;
2. whether an applicant for renewal's quality of service under its existing Franchise ordinance, including signal quality, response to customer complaints, billing practices, and the like has been reasonable in light of the needs of the community;
3. where the applicant has not previously held a Cable System Franchise in the City, whether the applicant's record in other communities indicates that it can be relied upon to provide high-quality service throughout any Franchise term;
4. whether the applicant has the financial, legal, and technical ability to provide the services, facilities, and equipment set forth in an application, and to satisfy any minimum requirements established by the City;
5. whether the applicant's application is reasonable to meet the future cable-related needs and interests of the City, taking into account the cost of meeting such needs and interests;
6. whether issuance of a Franchise is warranted in the public interest considering the immediate and future effect on streets, Public Property, and Private property that will be used by the applicant's Cable System;
7. whether issuance of the Franchise would reduce competition in the provision of Cable Service in the City;
8. whether the applicant has proposed to provide adequate facilities, equipment, Channels and other support for PEG use of the Cable System;
9. such other matters as the City is authorized or required to consider.

- E. It the City determines that issuance of a Franchise would be in the public interest considering the factors described in this Section, it may proffer a Franchise ordinance to the applicant.
  
- F. Within thirty-one (31) days after the effective date of the ordinance awarding a Franchise or Franchise renewal, or within such extended period of time as the City Council in its discretion may authorize, the successful applicant or Franchisee shall file with the City Clerk an unconditional written acceptance, in form satisfactory to the City Attorney, of the Franchise or Franchise renewal, together with an agreement to be bound by and to comply with all applicable provisions of the City's charter, this Chapter, and the Franchise ordinance. Such acceptance and agreement shall be acknowledged before a notary public and shall in form and content be satisfactory to and approved by the City Attorney.

**5.16.510      Application for Renewal Filed Pursuant to 47 U.S.C. Section 546**

- A. This Section establishes provisions that apply to applications for renewal governed by 47 U.S.C. 546(a)-(g) as may be amended.
  
- B. A Franchisee that intends to exercise rights under 47 U.S.C. 546(a)-(g) as may be amended shall submit a notice in writing to the City in a timely manner clearly stating that it is activating the procedures set forth in those sections. The City shall thereafter commence any proceedings that may be required under federal law, and upon completion of those proceedings, the City may issue a request for proposals and an application may be submitted for renewal. The City may preliminarily deny the application by resolution, and if the application is preliminarily denied, the City may conduct such proceedings and by resolution establish such procedures and appoint such individuals as may be necessary to conduct any proceedings to review the application.
  
- C. An application for renewal pursuant to 47 U.S.C. §546(h) may be submitted at any time, and may be rejected by the city at any time after public hearing.

**5.16.520      Application for Transfer**

- A.      This Section establishes provisions that apply to applications for transfer approval.
  
- B.      An application for transfer must contain all the information required by Section 5.16.490, all information, required by the FCC Form 394 as it existed on January 1, 1999, and all information that it is required to file under applicable federal or state law.
  
- C.      Subject to limitations under applicable law, in determining whether a transfer application should be granted, denied, or granted subject to conditions, the City may consider the legal, financial, and technical qualifications of the transferee to operate the Cable System; any potential impact of the transfer on Subscriber rates or services; whether the incumbent cable Operator is in material compliance with its Franchise, and if not any commitments to cure such non-compliance; whether the transfer may eliminate or reduce competition in the delivery of Cable Service in the City; and whether operation by the transferee or approval of the transfer would otherwise materially adversely affect Subscribers, the public, or the City's interest under this Chapter, the Franchise ordinance, or other applicable law. The proposed transferee shall pay all reasonable costs incurred by the City in reviewing and evaluating the applications.
  
- D.      No application shall be granted unless the transferee agrees in writing that it will abide by and accept all terms of this Chapter and the Franchise ordinance, and that it will assume the obligations, liabilities, and responsibility for all acts and omissions, known and unknown, of the previous Franchisee for all purposes, except for purposes of Cable Act renewal proceedings to the extent that such a condition is prohibited by Section 626 of the Cable Act, 47 U.S.C. § 546.

8-1

**FINANCE & MANAGEMENT CMTE.**

JUN 14 2005

**5.16.530      Legal Qualifications**

A.

1.      The applicant must be willing to comply with the provisions of this Chapter and applicable laws; and to comply with such requirements of a Franchise ordinance as the City may lawfully require.
  
2.      The applicant must not have had any Cable System or OVS Franchise revoked by the City within three (3) years preceding the submission of the application. If Franchisee challenges a revocation, it may not apply while the appeal is pending, or for three (3) years after the final resolution of the appeal if the revocation is valid.
  
3.      The applicant may not have had an application to the City for an initial or renewal Cable System Franchise denied on the ground that the applicant failed to propose a Cable System meeting the cable-related needs and interests of the community, or as to which any challenges to such franchising decision were finally resolved (including any appeals) adversely to the applicant, within three (3) years preceding the submission of the application; and may not have had an application for an initial or renewal OVS Franchise denied on any ground within three (3) years of the application.
  
4.      The applicant shall not be issued a Franchise if, at any time during the ten (10) years preceding the submission of the application, applicant was convicted of fraud, racketeering, anti-competitive actions, unfair trade practices or other conduct of such character that the applicant cannot be relied upon to deal truthfully with the City and the Subscribers, or to substantially comply with its obligations.
  
5.      Applicant must have the necessary authority under California and federal law to operate a Cable System, or show that it is in a position to obtain that authority.

6. The Applicant shall not be issued a Franchise if it files materially misleading information in its application or intentionally withholds information that the applicant lawfully is required to provide.
  7. For purposes of Section 5.16.530(A)(1)-(4), the term applicant includes any Affiliate of applicant.
- B. Notwithstanding Section 5.16.530(A), an applicant shall be provided a reasonable opportunity to show that a Franchise should issue even if the requirements of Section 5.16.530(A)(2)-(4) are not satisfied, by virtue of the circumstances surrounding the matter and the steps taken by the applicant to cure all harms flowing therefrom and prevent their recurrence, the lack of involvement of the applicant's principals, or the remoteness of the matter from the operation of a Cable System.

**5.16.540      Franchise Fee**

A Cable System Operator shall pay to the City a Franchise fee in an amount equal to five (5) percent of Gross Revenues from the provision of Cable Services, or such other amount as may be specified in the Franchise ordinance.

**5.16.550      No Exclusivity**

To the extent prohibited by applicable law, a Franchisee may not directly or indirectly require a Subscriber or building owner or manager to enter into an exclusive contract as a condition of providing or continuing to provide Cable Service. A Franchisee must offer service on a month-to-month basis. Nothing in this section shall prevent a Franchisee from entering into a longer term and/or exclusive contract with a Subscriber or building owner in exchange for discounted rates or other consideration, to the extent permitted by applicable law.

- A. It is the policy of the City to ensure that every Cable System provide service in its Franchise area upon request to any residential dwelling unit. In addition, each Franchisee shall provide service to any school or government building in the City, subject to written request from the City Administrator and any applicable line extension policies in a Franchise Ordinance. Each Franchisee shall extend service upon request within its Franchise area, provided that, a Franchise ordinance may permit a Franchisee to require a potential Subscriber to contribute a fair share of the capital costs of installation or extension as a condition of extension or installation in cases where such extension or installation may be unduly expensive. Cable Service must be provided within time limits specified in the Franchise Ordinance.
- B. A Cable System within the City shall meet or exceed the technical standards set forth in 47 C.F.R. § 76.601 and any other applicable technical standards as may be amended.
- C. Each Cable System Operator shall perform at its expense such tests as may be necessary to show whether or not the Franchisee is in compliance with its obligations under applicable FCC standards, this Chapter or a Franchise ordinance.
- D. Each Franchisee shall, during the term of its Franchise, ensure that Subscribers are able to receive continuous service. In the event the Franchise is revoked or terminated, the Franchisee may be required to continue to provide service for a reasonable period to assure an orderly transition of service from the Franchisee to another Person. A Franchise ordinance may establish more particular requirements under which these obligations will be satisfied.

**5.16.560      Rate Regulation**

- A. The City may regulate any of the Cable Communications System Operator's rates and charges, except to the extent it is prohibited from doing so by law. The City will regulate rates in accordance with FCC rules and regulations, where applicable. Except to the extent FCC rules provide otherwise, all rates and charges that are subject to regulation,

and changes in those rates or charges must be approved in advance. The City Administrator may take any required steps to file complaints, toll rates, issue accounting orders or take any other steps required to comply with FCC regulations. The City Council shall be responsible for issuing rate orders that establish rates or order refunds. A franchisee must comply with all rate orders issued by the City Council pending appeals by the franchisee unless a stay order has been issued by the FCC.

- B. Except to the extent the City may not enforce such a requirement, a Cable Communications System Operator is prohibited from discriminating in its rates or charges or from granting undue preferences to any Subscriber, potential Subscriber, or group of Subscribers or potential Subscribers; provided, however, that a Franchisee may offer temporary, bona fide promotional discounts in order to attract or maintain Subscribers, so long as such discounts are offered on a non-discriminatory basis to similar classes of Subscribers throughout the Franchise area; and a Franchisee may offer bulk discounts at negotiated rates; and a Franchisee may offer discounts for the elderly, the disabled, or the economically disadvantaged; and such other discounts as it is permitted to provide under federal and state law, if such discounts are applied in a uniform and consistent manner.
- C. A Cable Communications System Operator shall not deny access or charge different rates to any *group of Subscribers or potential Subscribers because of the income of the residents of the local area in which such group resides.*

**5.16.570      Consumer Protection and Customer Service**

- A. Each Franchisee must comply with all applicable state and federal consumer protection provisions. In addition, each Franchise Ordinance shall set forth customer service standards which the Franchisee must comply with.
- B. For each violation of an applicable consumer protection or customer service standard, the City may impose penalties as follows:

1. Two hundred dollars (\$200) for each day of each material breach, not to exceed six hundred dollars (\$600) for each occurrence of the material breach).
  2. If there is a subsequent material breach of the same provision within twelve (12) months, four hundred dollars (\$400) for each day of each material breach, not to exceed twelve hundred dollars (\$1200) for each occurrence of the material breach.
  3. If there is a third or additional material breach of the same provision within twelve (12) months of the first, one thousand dollars (\$1000) for each day of each material breach, not to exceed three thousand dollars for each occurrence of the material breach.
- C. No penalty shall be assessed under this Section 5.16.570 for a breach where the City has the right to impose liquidated damages for the same occurrence.
- D. A citation may be served on the Franchisee by providing a copy to the person to whom notices are to be sent under the Franchise Ordinance.
- E. Penalties under this Section 3.650 shall be imposed pursuant to the procedures set forth in Cal. Govt. Code Section 53088(r), and may be collected by the City from the Security Fund required under Section 2.430(G) of this Ordinance.



**Part 4**  
**OPEN VIDEO SYSTEMS**

**5.16.580      Applications for Grant or Renewal of Franchises**

A.

1. A written application shall be filed with the City Clerk for grant of an initial or renewal OVS Franchise.
2. To be acceptable for filing, a signed original of the application shall be submitted together with six (6) copies. The application must conform to any applicable request for proposals, and contain all information required under Section 3.570-(B)(2). All applications shall include the names and addresses of Persons authorized to act on behalf of the applicant with respect to the application.

B. The City Administrator may specify the information that must be provided in connection with a request for proposals or an application for an initial or renewal OVS Franchise. At a minimum, each application must: identify the applicant, where it plans to construct its OVS, and the OVS construction schedule; show that the Applicant will provide adequate Channels, facilities and other support for Public, Educational and Government use (including institutional network use) of the OVS; and show that the applicant is financially, technically and legally qualified to construct and operate the OVS.

C.

1. A Person may apply for an initial or renewal OVS Franchise on its own initiative or in response to a request for proposals. Upon receipt of an application, the City may conduct such investigations as are necessary to consider the application. The City may request such additional information as it deems appropriate.

2. An applicant shall respond to requests for information completely, and within the time directed by the City, and must strictly comply with procedures, instructions, and requirements the City may establish.
  3. An application may be rejected if it is incomplete or the applicant fails to follow procedures or respond fully to information requests.
- D. In evaluating an OVS Franchise application, the City may consider the following:
1. The extent to which the applicant has substantially complied with the applicable law and the material terms of any existing City OVS Franchise;
  2. Whether the applicant has the financial, technical, and legal qualifications to hold an OVS Franchise;
  3. Whether the application satisfies any minimum requirements established by the City for, or will otherwise provide adequate Public, Educational, and Governmental use capacity, facilities, or financial support (including with respect to institutional networks);
  4. Whether issuance of an OVS Franchise would require replacement of property or involve disruption of property, public services, or use of the Public rights-of-way;
  5. Whether the approval of the application may eliminate or reduce competition in the delivery of Cable Service in the City; and
  6. Such other matters as it is required or entitled to consider.
- E. If the City finds that it is in the public interest to issue an OVS Franchise considering the factors above, shall proffer an OVS Agreement to applicant, and if applicant is willing to

unconditionally accept the terms thereof, and to comply with the requirements of applicable law, including this Chapter, it shall issue an OVS Franchise.

**5.16.590      Transfers**

- A.    No transfer of an OVS Franchise shall occur without prior written notice to and approval of the City Council.
  
- B.
  - 1.    An OVS Franchisee shall promptly notify the City of any proposed transfer, and submit an application for its approval at least 120 days in advance of the proposed and anticipated transfer date.
  
  - 2.    The City Administrator may specify information that must be provided in connection with a transfer application. At a minimum, an application must: describe the Persons involved in the transaction and the Person that will hold the OVS Franchise; describe the chain of ownership before and after the proposed transaction; show that the Person that will hold the OVS Franchise will be legally, financially, and technically qualified to do so; attach complete information on the proposed transaction, including the contracts or other documents that relate to the proposed transaction, and all documents, schedules, exhibits, or the like referred to therein; and attach any shareholder reports or filings with the Securities and Exchange Commission (“SEC”) that discuss the transaction.
  
  - 3.    For the purposes of determining whether it shall consent to a transfer, the City or its agents may inquire into all qualifications of the prospective transferee and such other matters as the City may deem necessary to determine whether the transfer is in the public interest and should be approved, denied, or conditioned. If the transferee or OVS Franchisee refuse to provide information, or provide incomplete information, the request for transfer may be denied.

C.

1. In deciding whether a transfer application should be granted, denied or granted subject to conditions, the City may consider the legal, financial, and technical qualifications of the transferee to operate the OVS; whether the incumbent OVS Operator is in compliance with its OVS Agreement and this Chapter and, if not, the proposed transferee's commitment to cure such noncompliance; whether the transferee owns or controls any other OVS or Cable System in the City, and whether operation by the transferee may eliminate or reduce competition in the delivery of Cable Service in the City; and whether operation by the transferee or approval of the transfer would adversely affect Subscribers, the public, or the City's interest under this Chapter, the OVS Agreement, or other applicable law.
2. No application shall be granted unless the transferee agrees in writing that it will abide by and accept all terms of this Chapter and the OVS Agreement , and that it will assume the obligations, liabilities, and responsibility for all acts and omissions, known and unknown, of the previous Franchisee for all purposes. The proposed transferee shall pay all reasonable costs incurred by the City in reviewing and evaluating the applications.

**5.16.600 Legal Qualifications**

A. In order to be legally qualified:

1. The applicant must be willing to comply with the provisions of this Chapter and applicable laws, and to comply with such requirements of an OVS Agreement as the City may lawfully require.
2. The applicant must not hold a Cable System Franchise, or have pending an application for a Cable System Franchise.

3. The applicant must not have had any Cable System or OVS Franchise revoked by the City within three (3) years preceding the submission of the application. If Franchisee challenges a revocation, it may not apply while the appeal is pending, or for three years after the final resolution of the appeal if the revocation is valid.
4. The applicant may not have had an application for an initial or renewal Cable System Franchise to the City denied on the ground that the applicant failed to propose a Cable System meeting the cable-related needs and interests of the community, or as to which any challenges to such franchising decision were finally resolved (including any appeals) adversely to the applicant, within three (3) years preceding the submission of the application.
5. The applicant may not have had an application for an initial or renewal OVS Franchise denied on any grounds within three (3) years of the applications.
6. The applicant shall not be issued an OVS Franchise if, at any time during the ten (10) years preceding the submission of the application, applicant was convicted of fraud, racketeering, anti-competitive actions, unfair trade practices or other conduct of such character that the applicant cannot be relied upon to deal truthfully with the City and the Subscribers, or to substantially comply with its obligations.
7. Applicant must have the necessary authority under California and federal law to operate an OVS, and must be certified by the FCC under Section 653 of the Cable Act as may be amended.
8. The Applicant shall not be issued an OVS Franchise if it files materially misleading information in its application or intentionally withholds information that the applicant lawfully is required to provide.

9. For purposes of Section 5.16.600(A)(2)-(6), the term applicant includes any Affiliate of applicant.
  
- B. Notwithstanding Section 5.16.600(A), an applicant shall be provided a reasonable opportunity to show that an OVS Franchise should issue even if the requirements of Section 5.16.600(A)(3)-(6) are not satisfied, by virtue of the circumstances surrounding the matter and the steps taken by the applicant to cure all harms flowing therefrom and prevent their recurrence, the lack of involvement of the applicant's principals, or the remoteness of the matter from the operation of an OVS.

**5.16.610 Minimum Requirements**

- A. No OVS Operator shall be issued a Franchise, or may commence construction of an OVS, until (A) it agrees to match in all respects the highest PEG obligations borne by any Cable System Operator in the City; or (B) it agrees to PEG obligations acceptable to the City.
  
- B. Any OVS Operator that constructs an I-Net must match in all respects the highest I-Net obligations borne by any Cable System Operator in the City, unless it agrees to alternative I-Net obligations acceptable to the City.
  
- C. Every OVS Agreement shall specify the construction schedule that will apply to any required construction, upgrade, or rebuild of the OVS. The schedule shall provide for prompt completion of the project, considering the amount and type of construction required.
  
- D. Each OVS Operator shall perform at its expense such tests as may be necessary to show whether or not the OVS Franchisee is in compliance with its obligations under this Chapter or a Franchise or an OVS Agreement.

8-1

**FINANCE & MANAGEMENT CMTE.**

- E. Every OVS Franchisee must satisfy customer service consumer protection requirements established from time to time under state or local law and applicable to OVS.
- F. If an OVS Franchisee's FCC certification is revoked or otherwise terminates as a result of the passage of time or as a matter of law, the City may revoke the OVS Franchise after a hearing. The OVS franchise may also be revoked if federal regulations or statutory provisions governing OVS are declared invalid or unenforceable, or are repealed.
- G. The City may regulate an OVS Franchisee's rates and charges except as prohibited by law, and may do so by amendment to this Chapter, separate ordinance, by amendment to an OVS Agreement, or in any other lawful manner.

**5.16.620      Fee in Lieu of Franchise Fee**

- A. In lieu of the Franchise fee required by Part 3, an OVS Franchisee shall pay to the City a fee of five percent (5%) of Gross Revenues.
- B.
  - 1. A Person leasing capacity from an OVS Operator, other than a Person whose revenues are included in the payment made under Section 5.16.620(A) shall pay the City a fee in lieu of the Franchise fee required by Part 3 of five percent (5%) of the gross revenues of such Person. For purposes of this section 5.16.620(B)(1), the term gross revenues means all revenues, whether cash, in-kind or in any other form, of the Person leasing capacity, or its affiliates, derived from use of the OVS to provide cable service in the City.
  - 2. Notwithstanding the foregoing, where a Person, other than an Affiliate, pays an OVS Franchisee to use its Franchisee's OVS (the "use payments"); and that Person recovers those use payments through charges to its Subscribers that are included in that Person's Gross revenues; and the OVS Franchisee pays a

Franchise fee on those use charges; then that Person may deduct from its Gross revenues the use payments it makes.

**5.16.630**      **Exclusive Contracts**

An OVS Franchisee may not directly or indirectly require a Subscriber or a building owner or manager to enter into an exclusive contract as a condition of providing or continuing service, nor may an OVS Franchisee enter into any arrangement that would effectively prevent other Persons from using the OVS to compete in the delivery of Cable Services with an OVS Franchisee or its Affiliates. A Franchisee must provide service on a month to month basis; however, nothing in this section prevents a Franchisee from entering into a longer term contract with a Subscriber in exchange for discounted rates.

**Part 5**  
**MISCELLANEOUS**

**5.16.640**      **Captions**

The captions to sections throughout this Chapter are intended solely to facilitate reading and reference to the sections and provisions of this Chapter. Such captions shall not affect the meaning or interpretation of this Chapter.

**5.16.650**      **Calculation of Time**

Unless otherwise indicated, when the performance or doing of any act, duty, matter, or payment is required under this Chapter or any Franchise, and a period of time or duration for the fulfillment of doing thereof is prescribed and is fixed herein, the time shall be computed so as to exclude the first and include the last day of the prescribed or fixed period of time.



**5.16.660      Severability**

If any term, condition, or provision of this Chapter shall, to any extent, be held to be invalid or unenforceable by a valid order of any court or regulatory agency, the remainder hereof shall be valid in all other respects and continue to be effective. In the event of a subsequent change in applicable law so that the provision which had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding on the Franchisee and the City.

**5.16.670      Connections to Cable System; Use of Antennae**

- A. To the extent consistent with federal law, Subscribers shall have the right to attach VCR's, receivers, and other terminal equipment to a Franchisee's Cable Communications System, Subscribers also shall have the right to use their own remote control devices and converters, and other similar equipment.
  
- B. A Franchisee shall not, as a condition of providing service, require a Subscriber or potential Subscriber to remove any existing antenna or satellite dish, or disconnect an antenna or satellite dish except at the express direction of the subscriber or potential Subscriber, or prohibit installation of a new antenna or connection to any other multi-channel video provider's system.

**5.16.680      Discrimination Prohibited**

- A. A Cable Communications System Operator shall not unlawfully discriminate among Persons or the City or take any retaliatory action against a Person or the City because of that Person's exercise of any right it may have under federal, state, or local law, nor may the Operator require a Person or the City to waive such rights as a condition of taking service.

B. A Cable Communications System Operator shall not refuse to employ, discharge from employment, or unlawfully discriminate against any Person in compensation or in terms, conditions, or privileges of employment because of race, color, creed, national origin, sex, age, disability, religion, ethnic background, marital status or sexual orientation. A Cable Communications System Operator shall comply with all federal, state, and local laws and regulations governing equal employment opportunities, and hiring practices, as the same may be amended from time to time.

PASSED FOR PUBLICATION OF TITLE this \_\_\_\_ day of \_\_\_\_\_, 2005 by the following vote:

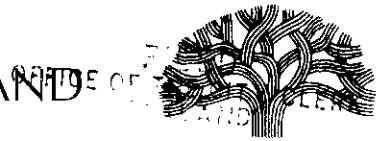
AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk



2005 JUN -2 PM 7:13

CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

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June 14, 2005 (510) 238-2007

Finance & Management Committee  
Oakland City Council  
Oakland, California

Councilmember Quan and Members of the Committee:

**SUBJECT: A REPORT AND ORDINANCE GRANTING A CABLE FRANCHISE TO COMCAST OF CALIFORNIA/COLORADO, LLC TO CONSTRUCT AND OPERATE A CABLE SYSTEM TO PROVIDE CABLE SERVICE WITHIN THE CITY OF OAKLAND; TO ESTABLISH THE TERMS AND CONDITIONS OF THE FRANCHISE GRANT; TO PROVIDE REMEDIES FOR THE VIOLATION OF THE FRANCHISE AND TO APPROVE THE INSTITUTIONAL NETWORK AGREEMENT BETWEEN THE CITY OF OAKLAND AND COMCAST OF CALIFORNIA/COLORADO, LLC TO CONSTRUCT FIBER OPTIC CONNECTIONS BETWEEN FACILITIES FOR USE AND BENEFIT OF GOVERNMENTAL AND OTHER SPECIFIED PUBLIC AGENCIES WITHIN THE CITY AND TO IMPROVE COMMUNITY ACCESS TO SAID GOVERNMENTAL AND PUBLIC AGENCIES.**

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#### SUMMARY

This report addresses a transaction which, pursuant to federal and state law, requires the approval of the Oakland City Council. Comcast of California/Colorado, LLC (Comcast), which currently holds a franchise from the City to own and operate a cable television system in the City, has requested the renewal of its franchise. The current franchise was originally scheduled to expire on December 30, 1998, however, Comcast has been operating with extensions granted by mutual agreement in order to allow time to complete negotiations on the renewal terms. The last extension was granted over a year ago and expired April 30, 2004.

After a long and thorough process which included an ascertainment of the City's future cable-related needs and interests, two transfers of control (TCI Cable transferred to AT&T in 1999; AT&T Cable transferred to Comcast Cable in 2002), negotiations with potential overbuilders for a competitive second franchise, and intensive negotiations with teams initially representing AT&T Broadband and subsequently Comcast, staff has reached an agreement with Comcast on the terms and conditions of a non-exclusive, Cable Franchise Ordinance that includes an agreement with Comcast to build an Institutional Network (I-Net) (Schedule 8.1 with attached I-Net list), as well as a cable regulatory ordinance that sets forth regulatory obligations that would

Item: 8-2

Finance & Management Committee  
June 14, 2005

apply to Comcast and other potential providers. The cable regulatory ordinance is summarized in a separate report.

It is recommended that the City Council accept this report and approve the attached ordinance granting a cable franchise to Comcast of California/Colorado, LLC and approving an agreement to build an institutional network in the City of Oakland.

## **FISCAL IMPACT**

As in past franchise agreements, the new Franchise renewal agreement requires Comcast to pay the City of Oakland 5% of gross revenues as a franchise fee, currently equal to over \$2.5 million per year. This anticipated revenue amount is included in the FY 2005-07 Proposed Budget and is divided between the Telecommunications Fund, 40 percent and the General Purpose Fund, 60 percent.

Additionally, this agreement provides the City with a total of up to \$17,400,000 in new funding for capital and equipment for the I-Net and the Public Education & Government (PEG) channels over the Franchise term of thirteen years. The FY 2005-07 Proposed Capital Improvement budget includes \$863,361 of the PEG/I-Net funding for KTOP-Legislative Broadcast Equipment, Production Equipment and Studio Equipment projects. Comcast has the right to pass-through these costs to Oakland Comcast subscribers, but it is not required.

The details of the payments from Comcast to the City are outlined in Section 10.10 of the Franchise Agreement and they are summarized below:

- Within thirty (30) days of the Effective Date of this Franchise, Comcast shall provide to the City a one-time capital payment of \$2,400,000 to fund the City's purchase of the PEG and/or I-NET capital equipment.
- Comcast will provide the City with construction credits to construct the I-Net in an amount of up to \$5,400,000. If the City's total I-Net construction costs are less than \$5,400,000, the remaining amount will be made available to the City for PEG and I-Net capital.
- The balance of \$9,600,000 plus any amounts remaining in the PEG capital balance will be made available to the City after the 3<sup>rd</sup> anniversary of the Effective Date of the Franchise for PEG and I-Net capital projects and capital equipment in annual amounts of \$960,000.
- The City may annually use up to \$75,000 of interest money (from these funds) to staff a position to manage the capital funding pursuant to the terms of the new franchise.

The City will realize a significant cost savings as the I-Net is built out over the next four years. Listed below are some immediate cost savings that will be realized by the City when the I-Net is constructed. City departments will immediately realize savings in their telephone bills due to a reduction in the costs of data leased lines between various City buildings as they are connected to

Item: \_\_\_\_\_  
Finance & Management Committee  
June 14, 2005

one another through the I-Net. The figures below are estimated based on data line charges of April 26, 2005.

Police Department: \$86,481.20 per year for major buildings  
\$5,500.00 per year for minor facilities  
Fire Department: \$188,325.10 per year  
Total Police & Fire: \$280,306.30 annually

The City of Oakland's total annual data line costs are \$561,318.00. The City will not incur any of these charges when the I-Net construction is completed, so the I-Net will save the City over \$500,000 per year. The Oakland Unified School District will also benefit from savings and enhanced capabilities from the construction of the I-Net. Many City facilities will acquire high speed data capabilities, without the high expense, that are not available to them today.

## **BACKGROUND**

In 1999, in accordance with 47 U.S.C. § 546, the City received from its cable franchisee (then TCI) a notice requesting the commencement of the franchise renewal process. In accordance with federal law, the City then initiated a past performance review and community needs assessment. In the course of this assessment, the results of which were reported to the Council on June 6, 2000, the City took the following steps:

- Conducted a public hearing before the City Council on December 7, 2000;
- Conducted 7 Community Forums, including 2 bilingual forums, between October and December, 1999;
- Held twelve focus groups with members of the public;
- Made questionnaires available at the focus groups, community forums, the Council meetings, and at the Mayors Office, the City Council office, the City Manager's office, and on the City's Web site;
- Conducted Telephone Surveys;
- Conducted, with the help of outside engineering consultants, an assessment of the City's future institutional networking needs;
- Conducted, with the help of outside engineering consultants, a technical evaluation of the existing cable system;
- Conducted a franchise fee audit;
- Conducted an audit of TCI's performance with general franchise obligations; and

Item: \_\_\_\_\_  
Finance & Management Committee  
June 14, 2005

- Met with representatives of the educational institutions that operate educational access channels in the City.

Although the City needs assessment was initiated in response to TCI's invocation of the formal process, the results of the various actions taken during the needs assessment process allowed the City to identify key needs and interests that should be addressed in any renewal franchise. This information proved invaluable in conducting negotiations with AT&T Broadband and Comcast in attempting to reach agreement on an informal franchise renewal.

Informal negotiations began with AT&T Broadband representatives in August, 2000. These intensive negotiations continued through July 2002, when, in conjunction with the City's approval process for the transfer of control of the franchise to Comcast, the parties reached agreement on certain key renewal terms. After a lull in negotiations resulting from the reorganization of company personnel following Comcast's take-over of the system, negotiations resumed on the remaining terms, ultimately resulting in the draft franchise ordinance and draft cable regulatory ordinance now being presented for the Council's approval.

It is also important to point out that, in conjunction with the City's approval of the transfer of control of the franchise from AT&T Broadband to Comcast, the City and AT&T Broadband entered into a Settlement Agreement to address various non-compliance issues the City raised by way of an adversarial proceeding. A Memorandum of Understanding ("MOU") entered into between the City and Comcast required that the terms of the Settlement be incorporated into the franchise terms. This MOU was approved by Oakland City Council in July of 2002. The MOU memorialized the agreement between the parties regarding certain substantive renewal terms. – including, significantly, the \$17.4 million in PEG and I-Net capital support, the \$1 million technology grant, a 13-year contract, universal service for all Oakland residents and the agreement to construct the I-Net. By the terms of the MOU, however, AT&T, and subsequently Comcast, was bound to honor the promises made therein only as part of an informal renewal agreement. In the event the City of Oakland and Comcast reached impasse in the informal negotiations, the settlement terms would not carry over to the subsequent formal process.

Significantly, in other communities, Comcast has refused to honor earlier offers made by AT&T where no signed agreement had been reached. In those communities, the level of PEG and I-Net support Comcast has agreed to discuss does not approach the levels of funding previously offered by AT&T Broadband, and certainly does not come close to the levels provided in the proposed Oakland renewal. As a result, several of those communities are either in a formal renewal process, continued protracted negotiations, or some combination thereof.

Once the Cable Franchise Ordinance is accepted by Comcast a four year build out of the I-NET will begin. This build out is structured and defined through schedule 8.1 of the Cable Franchise Agreement titled as "Institutional Network Agreement". This agreement holds both parties accountable for the continued timely build out of the I-Net. The I-Net will enable high speed access for up to 254 governmental locations that may include libraries, recreation centers, senior centers, firehouses and schools. Communication between I-Net sites will be greatly enhanced.

## **KEY ISSUES AND IMPACTS**

### System Rebuild

A central component of the proposed renewal is the system rebuild. The rebuild creates an 860 MHz system, a much larger capacity than the previous 450 MHz. This additional capacity provides for more analog channels and additional capacity for digital services. This additional capacity permits high definition TV, high speed data transmission, and interactive features such as video on demand, and additional digital programming capabilities, thereby permitting Comcast to provide more choices for subscribers.

### System Architecture

In addition, the system design utilizes a hybrid-fiber-coax architecture which brings fiber optics deep into neighborhoods, serving relatively small groups of subscribers. Such a design meets several objectives. It eliminates the need for hundreds of amplifiers used in the previous distribution system, thereby improving picture quality since each amplifier slightly degrades the signals as they are transmitted out across the network. The fiber reduces the number of subscribers served by a single trunk of the network. Therefore, in the event of an outage, far fewer subscribers are likely to lose service, regardless of whether the outage is due to a failure in the remaining coaxial electronics or to loss of electrical power. Thus, system reliability is improved. Additionally, fewer amplifiers mean considerable reduction in poor picture quality due to maintenance problems.

### Non-Exclusive Agreement

The proposed franchise renewal is a non-exclusive agreement. In fact, the City has negotiated in the recent past with four separate cable system overbuilders in an attempt to establish cable rate competition in Oakland. Unfortunately, none of these overbuilders were able to accumulate the capital to successfully build out in Oakland. Due to the non-exclusive nature of the franchise, the possibility remains that in future years the City can negotiate a second cable franchise to foster competition.

### PEG Channel Access

The proposed franchise renewal addresses the most critical needs of the PEG Channel providers (the City, OUSD and the Public) by providing \$2.4 million in capital funding at the beginning of the franchise term for PEG and I-Net capital project and equipment funding. This capital may be used to acquire new equipment, to build new facilities, or to renovate existing facilities, and to enable the City to ultimately develop a public access facility to provide for local community programming. In addition, the proposed franchise renewal will provide \$9.4 million in capital funding, available in amounts of up to \$960,000 per year beginning in Year 4, to further advance Public, Educational, and Government access in City.

In addition to capital funding, the renewed franchise will also support access in the City by increasing the number of available channels for Public, Governmental, and Educational use. For

the first time, the City will have an analog channel set aside on the cable system for public access. The renewed franchise also provides 3 analog channels dedicated to educational access, and retains the analog channel for the current City government access channel, KTOP. In addition, the proposed renewal provides 2 additional analog channels which may be triggered for either educational or government access when the existing access channels reach certain programming use levels.

The proposed renewal provides additional benefits designed to allow PEG providers in the City to take advantage of future technological advances on the cable system. If Comcast converts the entire cable system to digital during the franchise term, the company will make up to 15 digital channels available to the City for Public, Educational, and Governmental use. Further, if Comcast provides, during the franchise term, 2-way interactive capabilities over two thirds (2/3) of the channels on the system, then the City will be able to utilize up to one third (1/3) of its PEG channels for similar two-way interactive PEG use.

#### I-Net Construction

The proposed franchise agreement also provides for construction of an institutional network (I-Net). Comcast will provide \$5.4 million in construction credits, which will permit the City to direct Comcast to construct a City-wide network, servicing all municipal and school buildings, to allow for advanced data, video, and voice communications capabilities. These facilities should allow both the City and the School District to realize savings on leased lines and equipment expenditures.

The I-Net is an asset that will benefit the entire City. Many cities throughout the country would like to take advantage of the opportunity provided for in the Cable Act by building an I-Net. Unfortunately, many cities have been unsuccessful in negotiating for this benefit. The City's I-Net will utilize approximately 200 miles of Comcast's fiber optic network. It would be cost prohibitive for the City to attempt to install this size of an infrastructure ourselves. Some of the benefits of an I-Net include: on-demand video in-service training at firehouses and schools; distance learning; high-speed Geographic Information System (GIS) transmission of data to and from City departments; and taking advantage of new management applications that are unavailable without high speed access. These are just a few of the benefits to be gained from a fiber optic network of our own.

There are no restrictions in bandwidth according to our agreement with Comcast. The growth of the system is entirely up to the City. Additionally, as stated in the Fiscal Impact section of this report, the City will begin to realize cost savings as soon as our buildings are connected to the I-Net.



Response to Key Subscriber Concerns

The review of subscriber complaints and the subscriber survey revealed a number of deficiencies and areas for improvement in customer services. The proposed franchise renewal addresses these concerns.

First, the renewed franchise addresses long-standing concerns about the availability of cable service in the City. The proposed franchise requires Comcast to rebuild its system so that it is capable of providing service to all existing lawful residential dwelling units in the City. For new residential dwelling units constructed after November 1, 2003, Comcast may charge a pro-rata share of the cost of any necessary line extension.

In addition, under the terms of the proposed renewal, Comcast will provide underground connections to the nearest point on the cable system (defined as “drops”) of up to 150 feet for new subscribers, as well aerial drops of up to 150 feet in overhead areas, at standard installation charges. Further, since the rebuilt cable system includes the addition of hundreds of miles of optical fiber, subscriber dissatisfaction with outages and poor picture quality should diminish. Deployment of fiber optics to the system improves the capability of the system to reliably deliver high quality signals.

The proposed franchise renewal also provides enhanced current customer service standards, including standards addressing telephone answering time, outage repair, service request response, remedies for missed appointments, and subscriber notices. The proposed franchise renewal also provides enhanced enforcement remedies, including liquidated damages, for violations of the customer service standards. (*Cable Franchise, Section 12*)

Effect on Rates

Federal law permits Comcast to pass-through the cost of meeting franchise requirements for PEG and I-Net capital support to subscribers on a line-item basis, although it is not required. Comcast has reserved its right to pass-through, at its sole discretion, all or part of these costs. It is unclear how much of such costs Comcast will choose to actually pass-through.

A spreadsheet is attached (Attachment A) that shows Oakland’s current cable rates compared to various California cities.

New Cable Regulatory Ordinance

In addition to the ordinance granting the franchise renewal – which, upon acceptance by Comcast, becomes contractual in nature – staff is presenting a new Cable Communications Regulatory Ordinance (“Cable Ordinance”) for simultaneous adoption by the Council. The ordinance, which has also been extensively negotiated with Comcast, is an exercise of the City’s police powers, as well as its cable regulatory authority granted under state and federal law. The Cable Ordinance sets forth the general regulations that Comcast, as well as any future competitive cable providers operating in the City, are required to comply with, including

insurance, indemnity, right-of-way management, record-keeping, reporting, transfer, and application provisions which are regulatory, rather than contractual, in nature.

#### Ongoing Franchise Management and Oversight

The new Oakland cable franchise will require substantial management and oversight at the staff level to ensure compliance with the new terms. Certain areas, such as compliance with franchise fee payment and insurance and bonding requirements will require oversight by the applicable City departments.

Compliance with the new customer service standards and rebuild requirements set forth in the Franchise will be monitored on an ongoing basis to ensure the subscribers in Oakland are receiving the benefit intended. This will entail monitoring the detailed reports provided by Comcast and the complaints received from subscribers, and proper follow-up to insure correction and/or enforcement when necessary. Compliance with the construction and technical standards set forth in the Franchise will also require further monitoring because completion of the rebuild has not yet been verified by Comcast.

Coordination and management of the PEG and I-Net Capital Funding Program established in the new franchise will require coordination, oversight and management to ensure that the City receives its full benefit over the 13-year franchise term. The City must diligently follow the procedures for requesting, allocating and spending PEG and I-Net capital funding.

Staff will also be responsible for the project management of the I-Net construction. This will consist of weekly field inspections of technology installation of fiber and I-Net equipment and bi-weekly and quarterly meetings related to I-Net construction and financial requirements with Comcast. The terms and conditions of the proposed franchise renewal require staff to present to the Council, annually starting in Year 4 of the franchise, a report regarding the expenditure of PEG and I-Net capital support funds received to that point, and a request for the City Council to request from Comcast an allocation of capital support funds for the next year.

#### **PROJECT DESCRIPTION**

City staff and outside counsel negotiated the terms of the proposed franchise agreement after evaluating the cable-related needs of the Oakland community. The interests of all the affected parties have been considered – including City residents, cable subscribers, the Oakland Unified School District, the community colleges, and various City departments – in an effort to achieve an equitable balance among all of the interests.

The principal terms of the proposed franchise renewal are as follows:

- The franchise is renewed for a term of 13 years. This term was established in the 2002 settlement agreement with AT&T. (*Cable Franchise, Section 2.1.1*)
- Within four years after the effective date of the new franchise, Comcast will construct a system rebuild increasing the system capacity to no less than 860 MHz. The renewed franchise terms require Comcast to complete at least 70% of the rebuild within 36 months of the effective date. Comcast has verbally notified the City that it has already reached this milestone. (*Cable Franchise, Sections 5.5.1, 5.5.2 & 7.1.1*)
- The channel capacity of the system will be increased to at least 150 video programming channels (up from 54). (*Cable Franchise, Section 7.1.2*)
- The system must be capable of providing service to all existing lawful residential dwelling units in the City without the need to charge a potential subscriber for an extension of Comcast’s lines. (*Cable Franchise, Section 5.5.1*)
- Comcast will provide a Residential underground connection to the cable system (“drop”) of up to 150 feet and up to \$1,000 on private property at no cost in any area where facilities have been placed underground; and a Residential aerial drop of up to 150 feet at no cost in areas where facilities are overhead. (*Cable Franchise, Sections 5.1.3.1 & 5.1.3.2*)
- The proposed franchise agreement includes enhanced customer service standards, including telephone and service responsiveness, billing, installation and repair, and notice to subscribers. (*Cable Franchise, Section 12*)
- The City will continue to receive payment of franchise fees in the amount of 5% of Comcast’s gross revenues. (*Cable Franchise, Section 4*)
- There will be a total of 5 analog channels set aside for public, educational, and government (“PEG”) use, as follows: 1 channel for government access; 1 channel for public access; and 3 channels for educational access. Up to 2 additional analog channels for PEG may be triggered based on usage, for a total of 7 analog channels for PEG use. In addition, if during the life of the franchise Comcast delivers all other channels in a digital format, the operator will make up to 15 digital channels available for PEG use, subject to usage triggers. (*Cable Franchise, Section 10*)
- Comcast will construct an Institutional Network, or I-Net, linking up to 254 City Government and School District buildings via fiber optics to transmit data, video, and voice between the sites. (*Cable Franchise, Section 8.1 and I-Net Agreement*)

- Comcast will provide capital funding in the amount of \$17.4 million for PEG equipment and facilities and I-Net construction and equipment spread over the course of the franchise term as follows (*Cable Franchise, Section 10.10*):
  - \$2.4 Million of this amount will be provided to the city within 30 days of the effective date of the franchise.
  - \$5.4 million will be available in the form of construction credits for the construction of the I-Net.
  - The remaining balance of \$9.4 million, plus any amounts not utilized for I-Net construction, shall be made available to the City starting in Year 4 of the franchise, in allocations not to exceed \$960,000 per year.
  - The City may use any interest accrued on funding received to further support PEG Capital needs. In addition, the City may annually use up to \$75,000 of such interest to fund a position to manage the capital funding pursuant to the terms of the franchise.
- Comcast has the right, but is not required, to recoup from Oakland subscribers, all or portions of the \$17.4 million capital funding amount. This “pass-through” amount, if established, will be indicated on the subscriber’s bills. (*Cable Franchise, Section 10.10.4*)
- Comcast will continue to provide, without charge, at least one activated standard connection to the cable system (“drop”), one outlet, and standard cable service to K-12 public schools and municipal government buildings currently receiving service. (*Cable Franchise, Section 10.12*)
- The proposed franchise also includes construction and maintenance requirements. These standards ensure compliance by Comcast with laws and regulations that may apply to the operation, construction, maintenance, and repair of the cable system. (*Cable Franchise, Section 5.6*)
- To help enforce these standards, as well as other provisions of the franchise, the franchise requires Comcast to provide a security bond in the amount of \$1 Million, and to maintain the bond through the term of the franchise. (*Cable Franchise, Section 15.1*)
- In addition, Comcast was required to post a performance bond in the amount of \$500,000 to protect the City during the construction of the system rebuild. (*Cable Franchise, Section 15.2*)
- The franchise contains enforcement provisions which include liquidated damages for compliance breaches. Liquidated damages assessed against Comcast may be drawn

against the Security Bond if not paid to the City in a timely fashion. (*Cable Franchise, Section 15.4 and Section 15.16.410*)

- For substantial violations, the City may revoke Comcast’s franchise. (*Cable Franchise, Section 15.5*)
- The renewed franchise also sets forth technical standards and testing requirements that will insure that the system will meet the franchise requirements and applicable laws and regulations. (*Cable Franchise, Section 7.6*)
- The terms of the franchise call for a detailed mid-term review of Comcast’s performance under the franchise, in addition to the City’s ongoing compliance monitoring. (*Cable Franchise, Section 15.8*)

The table below compares the terms of the current franchise with the proposed renewal franchise.

Table 1 - Comparison of Significant Provisions of the Current Franchise vs. the Proposed Renewal Franchise		
Provision	Previous Franchise	Proposed Renewal
System Bandwidth	450 MHz	860 MHz
Minimum Number of Channels	54	150
Universal Service Required	Within Designated Areas, Subject to Line Extension Charge	To All Existing Residential Dwelling Units In City With No Line Extension Charge
Drops Provided at Standard Installation Rate	Up to 125 ft. in Aerial Areas Only	Up to 150 ft. in both Aerial and Existing Underground Areas
Franchise Fees	5% of Gross Revenues for Cable Service	5% of Gross Revenues for Cable Services*
Institutional Network	None	6 Fiber Optic Strands Connecting Up to 254 Municipal and School Buildings

\* Maximum permitted by applicable law.

Provision	Previous Franchise	Proposed Renewal
PEG Channels	1 Analog Channel for Government Access  4 Analog Channels for Educational Access  Total: 5 possible Analog Channels          Total: 0 possible Digital Channels	1 Analog Channel for Government Access  3 Analog Channels for Educational Access  1 Analog Channel for Public Access  2 Additional Analog Channels Available for Government or Educational Access When Programming Triggers Are Met  Total: 7 possible Analog Channels  15 Digital Channels Available for Public, Government, and Educational Access Upon Total Digital Conversion by Cable Operator, Subject to Programming Triggers.  Total: 15 possible Digital Channels
Two-Way Interactive PEG Capabilities Available	No	Up to 1/3 of PEG Channels Available May Be Used for To Deliver Interactive PEG Services Subject to Technical Feasibility and Comcast Providing Interactivity on 66% of Its Channels.
PEG and I-Net Capital & Equipment Support	\$0	\$17.4 Million
Free Cable Service to Municipal and School Buildings	Drop and two outlets at no charge; Basic Service at no charge	Drop and one outlet at no charge; Standard Service at no charge

Provision	Previous Franchise	Proposed Renewal
Security	\$50,000 (\$15,000 Cash; Remainder as Letter of Credit)	\$1 Million Security Bond  \$500,000 Performance Bond (reduced or, at City's discretion, eliminated upon completion and acceptance of rebuild)
Customer Service Provisions	Franchise shall comply with customer service provisions contained in franchise	Comcast shall comply with enhanced customer service provisions contained in franchise; Comcast shall also comply with all applicable state and federal customer service standards
Enforcement Mechanisms	Liquidated Damages for Franchise Violations Penalties for Customer Service Violations	Liquidated Damages for Franchise and Customer Service Violations; Penalties for Violations of State and Federal Customer Service Standards
Reporting Requirements	Reports upon Request of City	Required Quarterly Reports regarding performance under applicable Customer Service standards; Required Annual Report regarding Franchise Fee calculations and performance under other Customer Service violations; Other Reports upon Request of the City

Staff is aware that we may not have achieved 100% of the ideal renewal goals of every interested party. Staff took the interests of all parties seriously, and negotiated hard on all issues. Staff considers that the proposed franchise renewal terms represent the maximum Comcast was willing to agree to on any particular issue.

In the past three months, the City has received several complaints about unannounced visits by Comcast service crews without proper identification. These complaints and concerns by Oakland residents have not been addressed in this franchise agreement because they were received after negotiations were concluded.

**ACTION REQUESTED OF THE COUNCIL**

The proposed renewal of the City's cable television franchise will provide cable subscribers in the City with access to a state-of-the-art system. The renewal will offer the entire City, including the public schools, funding for facilities and equipment for public, educational and government use. These facilities will improve communication between the City and the public, among different City agencies, and among School District users. They will also reduce the City's expenditures for telecommunications services and equipment. Staff believes that the proposed franchise offers substantial benefits to the City and its residents, and that the renewal terms are among the most favorable offered by Comcast anywhere in the Country.

Accordingly, staff recommends that City Council approve the proposed Cable Franchise Ordinance granting a cable franchise to Comcast of California/Colorado, LLC and approve the Institutional Network Agreement between the City of Oakland and Comcast of California/Colorado, LLC.

Respectfully submitted,

  
**DEBORAH EDGERLY**  
City Administrator

Prepared by:  
Anne Campbell Washington  
Assistant to the City Administrator

Item: 8-2  
Finance & Management Committee  
June 14, 2005



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2005 JUN -2 PM 7:16

ORDINANCE NO. \_\_\_\_\_  
GRANTING A CABLE FRANCHISE TO COMCAST  
OF CALIFORNIA/COLORADO, LLC TO  
CONSTRUCT AND OPERATE A CABLE SYSTEM  
TO PROVIDE CABLE SERVICE WITHIN A  
FRANCHISE AREA WITHIN THE CITY OF  
OAKLAND; ESTABLISHING THE TERMS AND  
CONDITIONS OF THE FRANCHISE GRANT; AND  
ESTABLISHING CERTAIN REMEDIES FOR THE  
VIOLATION OF THE FRANCHISE.

ITEM #: 8.2

Finance & Management Committee  
June 14, 2005

Section 1.	Definitions.....	1
	1.1 Access, PEG Access, or PEG Use .....	1
	1.2 Cable System .....	2
	1.3 Channel .....	2
	1.4 Designated Access Provider .....	2
	1.5 Franchise Area .....	2
	1.6 Franchise .....	3
	1.7 Line Extension .....	3
	1.8 Standard Drop .....	3
	1.9 PEG Channel.....	3
	1.10 School .....	3
Section 2	Grant of Franchise; Limits and Reservations.....	3
	2.1 Grant, Term and Effective Date.....	3
	2.2 Relation to Other Provisions of Law .....	4
	2.3 Interpretation and Conflicts .....	5
	2.4 Affiliates Must Comply .....	5
	2.5 Relation to Prior Franchise .....	6
	2.6 Validity .....	6
	2.7 Effect of Franchise Acceptance .....	6
	2.8 Franchisee Bears Its Own Costs .....	6
	2.9 No Waiver.....	6
	2.10 No Recourse.....	7
	2.11 Severability .....	7
	2.12 Effect of Change in Law .....	7
Section 3	Transfers .....	7
	3.1 No Transfer Without City Approval.....	7
	3.2 Application for Transfer To Be Considered In Accordance With Cable Ordinance.....	8
Section 4	Franchise Fee .....	8
	4.1 Payment to City.....	8

	4.2	Bundled Services .....	8
	4.3	Regional Advertising Revenue .....	8
	4.4	Not in Lieu of Any Other Assessments, Tax or Fee .....	8
	4.5	Payments .....	8
	4.6	No Accord or Satisfaction.....	9
	4.7	Payment Records .....	9
	4.8	Consumer Disclosure .....	9
Section 5		Scope of Service .....	9
	5.1	Provision of Service.....	9
	5.2	Economic Redlining.....	11
	5.3	Drops; prevailing charges .....	11
	5.4	Subscriber Option for Underground Drops.....	11
	5.5	System Construction Schedule .....	11
	5.6	Minimum Conditions .....	12
	5.7	Compliance with Laws .....	13
	5.8	Relocation for Government.....	13
	5.9	Abandonment.....	13
Section 6		Utility Relocations .....	13
	6.1	Generally.....	13
	6.2	Emergencies.....	14
	6.3	Permit Holders .....	14
	6.4	Repair of Disturbances and Damage.....	14
	6.5	Pole Attachments and Conduits.....	15
	6.6	Notice of Use .....	15
	6.7	Contractors and Subcontractors .....	15
Section 7		System Facilities, Equipment and Services .....	15
	7.1	General System Design.....	15
	7.2	Transmission Technologies .....	17
	7.3	Emergency Alert System .....	17
	7.4	Parental Controls.....	17
	7.5	Support Equipment and Facilities.....	17

	7.6	Technical Standards.....	18
	7.7	Future Upgrades.....	18
	7.8	Tests during Construction.....	18
	7.9	System Maintenance.....	18
	7.10	FCC-Mandated Testing.....	19
Section 8		I-NET.....	19
	8.1	Institutional Network.....	19
Section 9		Interconnections.....	19
	9.1	Generally.....	19
	9.2	Relief from Obligations.....	19
Section 10		Subscriber Network Channels and Facilities for PEG Use.....	20
	10.1	Initial Government Access Channel Dedicated to the City.....	20
	10.2	Initial Public Access Channel Dedicated to the City.....	20
	10.3	Initial Educational Access Channels Dedicated for the Joint Use of the City and City Schools.....	20
	10.4	Additional PEG Channels.....	20
	10.5	Digital PEG Capacity.....	21
	10.6	Two-Way PEG Capabilities.....	21
	10.7	Underused PEG Channels.....	21
	10.8	Return of PEG Channels.....	22
	10.9	No Commercial Purposes.....	22
	10.10	PEG and I-Net Capital Funding.....	22
	10.11	Miscellaneous PEG Requirements.....	25
	10.12	Cable Outlets for Educational and Government Facilities.....	26
	10.13	Costs Not Franchise Fees.....	27
Section 11		Operation and Reporting Provisions.....	27
	11.1	Open Books and Records.....	27
	11.2	Time for Production.....	27
	11.3	Reports Required.....	28
	11.4	Uses of System.....	28

	11.5	Records Maintained .....	28
	11.6	Retention of Records; Relation to Privacy Rights .....	28
Section 12		Customer Service Standards .....	29
	12.1	Scheduling Work .....	29
	12.2	Prorated Billing.....	30
	12.3	Acknowledging Service Request .....	30
	12.4	Acknowledging Other Inquiries.....	30
	12.5	Credit for Service Interruption.....	30
	12.6	Billing Refunds .....	30
	12.7	Credits for Cable Service.....	30
	12.8	Disconnection and Downgrades .....	30
	12.9	Disabled Services.....	31
	12.10	Service Upgrades .....	31
	12.11	Security Deposit.....	31
	12.12	Disconnection Due to Nonpayment .....	31
	12.13	No Disconnection if Payment Made .....	31
	12.14	Reinstating Service .....	31
	12.15	Disconnection Without Just Cause .....	31
	12.16	Immediate Disconnection .....	32
	12.17	Customer Service Minimum Performance Standards.....	32
	12.18	Office Availability .....	35
	12.19	Telephones .....	36
	12.20	Restoration of Premises .....	36
	12.21	Truth in Advertising.....	36
	12.22	Public Inspection of File .....	36
	12.23	Franchisee's Property.....	36
Section 13		Rate Regulation.....	36
Section 14		Insurance; Indemnification .....	36
	14.1	Insurance .....	36
	14.2	Indemnification .....	37
	14.3	No Limit of Liability.....	38

Section 15 Performance Guarantees and Remedies..... 38

15.1 Security Bond..... 38

15.2 Performance Bond ..... 38

15.3 Material Term ..... 39

15.4 Liquidated Damages ..... 39

15.5 Revocation or Termination of Franchise ..... 41

15.6 Remedies Cumulative ..... 41

15.7 Relation to Insurance and Indemnity Requirements..... 41

15.8 Mid-Term Performance Evaluations..... 41

Section 16 Rights of Individuals Protected..... 41

16.1 General Obligations ..... 41

16.2 Respect for Property ..... 41

16.3 Non-discrimination ..... 42

Section 17 Continuity of Service ..... 43

Section 18 Miscellaneous Provisions..... 44

18.1 Governing Law ..... 44

18.2 No Pledging of City’s Credit ..... 44

18.3 Venue ..... 44

18.4 Conflict of Interest ..... 44

18.5 Force Majeure ..... 45

18.6 Level Playing Field ..... 45

18.7 Notices ..... 45

18.8 Calculation of Time ..... 45

18.9 Time of Essence; Maintenance of Records of Essence ..... 45

18.10 Captions ..... 45

The Council of the City of Oakland does ordain as follows:

A. Comcast of California/Colorado, LLC (“Franchisee”) which at the time of this Ordinance is under the ultimate ownership and control of Comcast Corporation, has requested a renewed franchise to construct, operate, maintain, upgrade and repair a Cable System in, over, along and under City roads and appropriate Rights-of-Way in the City of Oakland.

B. The City has conducted hearings to identify the future cable-related needs and interests of the community; to consider the financial, technical, and legal qualifications of Franchisee; and to determine whether Franchisee’s plans for constructing and operating its Cable System are adequate.

C. The City has relied on Franchisee’s written representations and has considered all information Franchisee has presented to it.

D. The Oakland City Council, having considered the interests proposed and advanced, has found that the grant of the Franchise requested, subject to conditions, is in the public interest.

E. Franchisee is willing to accept the conditions on the franchise grant; and

F. The Oakland City Council held a public hearing on the proposed franchise conditions on the \_\_\_ day of \_\_\_\_\_, 2005, after providing legal notice of the Application and of the hearing, as required by law.

Pursuant to Oakland Municipal Code, Chapter \_\_\_\_\_, as adopted on [date] and as may be amended from time to time (“Cable Ordinance”), the City Council hereby grants a cable television franchise to Franchisee as follows:

#### Section 1. Definitions.

Except as otherwise provided herein, the definitions and word usage set forth in the Cable Ordinance in effect on the date on which this Ordinance is adopted shall govern this Franchise. References to any City official or City office also refer to any official or office that succeeds to any or all of the responsibilities of the named official, whether by delegation, succession or otherwise. References to “Applicable Laws” include Federal, State and local laws and regulations adopted pursuant to those laws; unless otherwise stated, references to laws include laws now in effect, as the same may be amended from time to time, and new laws, but only to the extent that such amendments or new laws constitute lawful amendments to this Franchise. In no event shall the City be deemed to have the authority to unilaterally amend the terms of this Franchise by its adoption of any ordinance or regulation after the effective date of this Franchise. Nothing herein shall preclude Franchisee from challenging the applicability or enforceability of any such amendment or new law. In addition, the following definitions shall apply:

- 1.1. Access, PEG Access, or PEG Use. The availability of the Cable System, including any institutional network to the extent permitted by Applicable Law, for Public, Education or Government (“PEG”) use by various agencies, institutions, organizations, groups, and individuals, including the City and its Designated Access Providers for the following purposes:

- 1.1.1. Public Access or Public Use means Access where organizations, groups, or individual members of the general public are the designated programmers or users having editorial control over their programming;
- 1.1.2. Education Access or Education Use means Access where Schools are the designated programmers or users having editorial control over their programming and other permitted communications;
- 1.1.3. Government Access or Government Use means Access where government institutions or their designees are the designated programmers or users having editorial control over their programming and other permitted communications;
- 1.2. Cable System. A facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within a community, but such term does not include:
  - 1.2.1. A facility that serves only to retransmit the television signals of one (1) or more television broadcast stations;
  - 1.2.2. A facility that serves Subscribers without using, or connecting to a facility that uses, any public right-of-way within the City;
  - 1.2.3. A facility of a common carrier which is subject, in whole or in part, to the provisions of Title II (Common Carriers) of the Federal Communications Act of 1934, as amended, except that such facility shall be considered a Cable System to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; or
  - 1.2.4. Any facilities of any electric utility used solely for operating its electric utility systems.
- 1.3. Channel. A portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a standard NTSC broadcast video programming service whether in an analog or digital format. This definition does not restrict the use of any Channel to the transmission of analog television signals.
- 1.4. Designated Access Provider. Any non-commercial entity or entities designated by the City or the Oakland Unified School District to manage some or all of the PEG Channels, facilities and equipment.
- 1.5. Franchise Area. All parts of the City now existing or hereafter annexed.



- 1.6. Franchise. This Ordinance and any amendments, exhibits, or appendices hereto that are accepted and agreed to by the Franchisee.
- 1.7. Line Extension. The extension of plant required to bring the Cable System to the point nearest the potential Subscriber's property line on the public Right-of-Way and from which Franchisee can economically provide Cable Service to the potential Subscriber.
- 1.8. Standard Drop. A connection extending no more than 125 feet from the potential Subscriber's demarcation point to the nearest point on the Cable System from which Franchisee can provide Cable Service to that Subscriber.
- 1.9. PEG Channel. Any channel capacity on Franchisee's Cable System set aside by a Franchisee for PEG Use, including by way of example and not limitation, a digital PEG Channel or an analog PEG Channel.
- 1.10. School. Any publicly funded charter schools, or primary or secondary school (K-12) located within the Franchise Area.

Section 2. Grant of Franchise; Limits and Reservations.

2.1. Grant, Term and Effective Date.

- 2.1.1. A Cable System Franchise is hereby granted to Franchisee, subject to the conditions set forth in this Ordinance and the Cable Ordinance. Subject to the conditions set forth in this Franchise, this Franchise grants the right to construct, operate, maintain, upgrade and repair a Cable System in, over, along and under City's Public Rights-of-Way within a Franchise Area in the City of Oakland for the purpose of providing Cable Service, commencing on the effective date of the Franchise for a period of thirteen (13) years, unless terminated prior to that date in accordance with the Franchise or Applicable Law.
- 2.1.2. The grant shall become effective 30 days after second reading and final passage of this Ordinance except as provided in Section 2.1.3.
- 2.1.3. The grant shall not become effective unless and until Franchisee has (a) filed an unconditional acceptance of the grant made by this Ordinance substantially in the form in Schedule 2.1.3; and (b) made all payments, posted all securities and guarantees, and supplied all information that it is required to supply prior to or upon the effective date of the Franchise. If Franchisee fails to satisfy these obligations within 30 days of the effective date of this Ordinance, the City may revoke the Franchise grant.

2.2. Relation to Other Provisions of Law.

- 2.2.1. The Franchise issued by the City is subject to, and Franchisee must exercise all rights granted to it in accordance with Applicable Law. This Franchise does not confer rights upon the Franchisee other than as expressly provided herein, or as expressly provided under other Applicable Law. No privilege or power of eminent domain is bestowed by this grant. All rights and powers of the City now existing or hereafter obtained are reserved except as expressly provided to the contrary in the Franchise. Subject to the foregoing, Franchisee shall provide the Cable Services required hereunder throughout the Franchise Term and any holdover term, and shall make any Cable Services it provides over its Cable System available as provided in Section 5.1 below.
- 2.2.2. This Franchise and all rights granted under the Franchise are subject to the City's police powers to adopt and enforce general ordinances necessary to the health, safety and welfare of the public. However, once the Franchise grant is effective, this Franchise is a contract and except as to those changes which are the result of the City's legitimate exercise of its police powers, and such other powers as the City may enforce under applicable law, neither party may take any unilateral action which materially changes the explicit mutual promises in this contract.
- 2.2.3. The Franchise shall be interpreted to convey limited rights and interests only as to those Public Rights-of-Way in which the City has an actual interest and only as set out in this Franchise. The grant of the Franchise is not a warranty of title or interest in any Right-of-Way; it does not provide the Franchisee any interest in any particular location within the Rights-of-Way except as provided by State or Federal law. The issuance of the Franchise does not deprive the City of any powers, rights or privileges it now has or may later acquire in the future to use, perform work on, construct, operate or repair facilities or systems in, or regulate or control the use of the Rights-of-Way. Nor does this provision create a contractual restriction of any rights regarding use of the Cable System in the Public Rights-of-Way which otherwise pass to the Franchisee by operation of law.
- 2.2.4. The Franchise is not in lieu of any other required permit or authorization. *Without limiting the foregoing, the City, among other things, does not waive the requirements of, or the Franchisee's duty to obtain, all applicable permits, and to comply with the conditions thereof; to comply with zoning laws; or to comply with Applicable Law governing the construction, operation or repair of the Cable System.*
- 2.2.5. Construction, operation, or repair of a Cable Communications System shall not commence until all required permits have been obtained from the proper City officials and all required fees have been paid. All work performed will

be performed in strict accordance with the conditions of the permit. The City shall not unreasonably withhold, delay or condition its review or approval of any permit application, or the issuance of any permit. Upon order of City, any work and/or construction undertaken that is not completed in compliance with City's requirements, or which is installed without obtaining necessary permits and approvals shall be removed in accordance with the reasonable time set forth by City. Franchisee shall pay the City's permit fees for construction projects undertaken in the course of major or minor upgrades, installation of fiber optics, minor and major repair, as well as for permit review and processing to the extent they are fees of general applicability for doing construction in the public rights-of-way. In addition, Franchisee shall pay the City's standard inspection fees that are fees of general applicability for doing construction in the public rights-of-way.

- 2.2.6. Nothing in this Section 2.2 prevents Franchisee from raising a claim that a fee, charge, tax or other imposition is a cable franchise fee under federal or state law, or subject to federal or state franchise fee limitations or is otherwise unlawful.

### 2.3. Interpretation and Conflicts.

- 2.3.1. In the event of a conflict between the Cable Ordinance as it existed on the effective date of this Franchise, and this Franchise as of its effective date, this Franchise shall control. However, although the exercise of rights hereunder is subject to the Cable Ordinance, the Cable Ordinance is not a contract. Nothing herein prevents the Franchisee from challenging a particular amendment to the Cable Ordinance as an impairment of this Franchise.

- 2.3.2. This Franchise is only for the provision of Cable Services. It shall not act as a bar or in any respect prevent imposition of additional or different conditions, including additional fees related to the provision of, or the use or occupancy of the Rights-of-Way to provide, non-Cable Services, if any can be lawfully required. The City acknowledges that the Franchisee is providing non-Cable Services over the Cable System. Nothing in this section is intended to expand or contract the City's rights to regulate non-Cable Services. Both the City and the Franchisee reserve all legal rights with respect to the issue of the provision of non-Cable Services.

- 2.4. Affiliates Must Comply. Any Affiliate or joint venture or partner of the Franchisee involved in the management or operation of the Cable System in the City that would constitute a cable operator of the Cable System is subject to the limitations of, and shall comply with the terms and conditions of the Franchise to the extent it operates any portion of the Cable System. The Franchisee shall be fully liable for any act or omission of an Affiliate that controls the Franchisee or is responsible in any manner for the management of the Cable System that results

in a breach of this Franchise or a violation of the Cable Ordinance, as if the act or omission was the Franchisee's act or omission.

- 2.5. Relation to Prior Franchise. As of the effective date of this Franchise, the franchise originally granted to and accepted by Lenfest West, Inc. in December, 1983 by Oakland Ordinance 10399, is superseded and of no further force and effect. The City hereby releases the Franchisee and each of its Affiliates from any and all claims the City has, has had or may have, and from any and all liability under the prior franchise, except any claims for failure to pay franchise fees or other sums due thereunder, and any claims for physical damage or repair to any Person or property arising from construction activities related to the Franchisee's rebuild of the cable system.
- 2.6. Validity. Both parties waive any claim or defense that any provision of this Franchise or the Cable Ordinance as it existed on the date this Franchise was accepted is unenforceable or otherwise invalid or void as of the effective date hereof. Neither party waives the right to challenge the validity of this Franchise or the Cable Ordinance or any provision thereof under any Applicable Law, including any subsequent interpretation of any existing Applicable Law by the FCC or a court of competent jurisdiction.
- 2.7. Effect of Franchise Acceptance. By accepting the Franchise, the Franchisee:
  - 2.7.1. Acknowledges and accepts the City's legal right to issue and enforce the Franchise;
  - 2.7.2. Accepts and agrees to comply with each and every provision of this Franchise;
  - 2.7.3. Agrees that the Franchise was granted pursuant to processes and procedures consistent with Applicable Law, and that it will not raise any claim to the contrary.
- 2.8. Franchisee Bears Its Own Costs. Unless otherwise provided in this Franchise, all acts that the Franchisee is required to perform under this Franchise or the Cable Ordinance must be performed at its own expense; provided that, nothing contained in this Section 2.8 is intended to restrict or limit Franchisee's rights under Applicable Law to offset, assess, recover or pass through costs to the City, third parties or Subscribers.
- 2.9. No Waiver.
  - 2.9.1. No course of dealing between the Franchisee and the City, or any delay on the part of the City or Franchisee in exercising any rights, shall operate as a waiver of any such rights with respect to any future act, omission or conduct, except to the extent expressly waived; provided that, nothing in this

section is intended to affect the operation of any applicable statute of limitations, or alter any renewal protections afforded Franchisee by 47 U.S.C. §546(d).

- 2.9.2. Waiver of a breach of this Franchise is not a waiver of any other breach, whether similar or different from that waived. Neither the granting of the Franchise nor any provision herein shall constitute a waiver or bar to the exercise of any governmental right or power of the City, including without limitation the right of eminent domain.
  
- 2.10. No Recourse. Without limiting such immunities as the City or other Persons may have under Applicable Law, Franchisee will have no monetary recourse whatsoever against the City or its officials, boards, commissions, agents or employees for any loss, costs, expense or damage arising out of the construction, operation or repair of its Cable System, or the activities of the City or any entity authorized by the City to use Rights-of-Way or other public property, except as may result from the City's or such other persons intentional or willful misconduct.
  
- 2.11. Severability. In the event that a court or agency or legislature of competent jurisdiction acts or declares that any provision of this Franchise is unenforceable according to its terms, or otherwise void, said provision shall be considered a separate, distinct, and independent part of this Franchise, and such holding shall not affect the validity and enforceability of all other provisions hereof. In the event that a court or agency or legislature of competent and controlling jurisdiction acts so that any material provision of this Agreement is unenforceable according to its terms, or is otherwise void, the parties agree to enter into good faith negotiations to agree on a modification of this franchise within 60 days of written notice by either party. If the parties are unable to agree on a modification, either party, upon 30 days written notice, may resort to litigation to seek any available equitable relief.
  
- 2.12. Effect of Change in Law. Subject to Section 2.11, in the event that State or Federal laws, rules, or regulations preempt a provision or limit the enforceability of a provision of this Franchise, then the provision shall be read to be preempted to the extent and for the time, but only to the extent and for the time, that such laws, rules or regulations validly acted to preempt such provision. In the event such State or Federal law, rule, or regulation is subsequently repealed, rescinded, amended, or otherwise changed, so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the City.

Section 3. Transfers.

- 3.1. No Transfer Without City Approval. Franchisee agrees that the rights granted to it by the City are personal in nature and held in trust. No Transfer may occur

without the prior consent of the City. An Application for a Transfer, containing all information required under Applicable Law, must be filed before a request for a Transfer will be considered by the City.

- 3.2. Application for Transfer To Be Considered In Accordance With Cable Ordinance. Without limiting any provision of Section 3.1 of this Franchise, an Application for a Transfer will be considered in accordance with the standards set forth in the Cable Ordinance, subject to applicable federal law. Requests for approval of a Transfer will not be unreasonably denied.

Section 4. Franchise Fee.

- 4.1. Payment to City. The Franchisee shall pay the City a franchise fee in an amount equal to five percent (5%) of Gross Revenues.
- 4.2. Bundled Services. In the event that Franchisee offers Cable Services at discounted rates, Franchisee may not allocate the discounts for bundled services in a way that unlawfully allocates the Cable Services portion of the discounted rate for purposes of calculating franchise fees.
- 4.3. Regional Advertising Revenue. Franchisee's Gross Revenues shall include revenues from any Affiliate that is engaged in the business of selling local and regional advertising on Franchisee's Cable System ("Regional Ad Affiliate"). For purposes of computing Gross Revenues, the advertising revenues included shall be the greater of: (1) the amount of "net advertising revenues" actually received by Franchisee from such Regional Ad Affiliate for selling advertising on the Cable System in the Franchise Area, or (2) 50% (the "Discount Percentage") of the full "Subscriber prorated amount" of "net advertising revenue" received by the Regional Ad Affiliate for advertising on Franchisee's Cable System. "Net advertising revenue" shall exclude all fees, commissions and similar charges paid for placement of any advertising. The "Subscriber prorated amount" shall be a fraction, the numerator of which is the number of Franchisee's Subscribers within the Franchise Area, and the denominator of which is the total number of Subscribers on the systems carrying the Regional Ad Affiliate advertisement.
- 4.4. Not in Lieu of Any Other Assessments, Tax or Fee. The franchise fee is in addition to all other fees, assessments, taxes or payments that the Franchisee may be required to pay under any Federal, State, or local law, subject to any limitations set forth under Applicable Law, including, but not limited to, 47 U.S.C. § 542.
- 4.5. Payments. Franchise fees shall be paid quarterly in accordance with the Cable Ordinance, and late payments shall be subject to the additional charges set forth in the Cable Ordinance.

- 4.6. No Accord or Satisfaction. No acceptance of any payment by the City shall be construed as a release or an accord and satisfaction of any claim the City may have for further or additional sums payable as a franchise fee or for the performance of any other obligation of the Franchisee.
- 4.7. Payment Records. The City Auditor, with 60 days written notice may inspect and audit such books and records as are reasonably required to determine whether Gross Revenues and franchise fees have been accurately computed and paid, subject to its agreement to maintain all such information strictly confidential and to cooperate with Franchisee with respect to any review of such confidential information. Franchisee shall make such books and records available at a location within 40 miles of the City. In addition to paying any franchise fees owed plus interest Franchisee shall reimburse the City all costs and expenses incurred by the City Auditor or a third party in performing the audit, up to a total of \$ 5,000 per audit year; provided that (i) no more than one (1) such audit may be performed in any 36 month period, and (ii) to the extent that any costs reimbursed are for internal costs of the City Auditor, the City Auditor shall certify that it has independent authority to assess such costs upon all other franchisees operating in the City, and that other franchisees operating in the City have been assessed internal audit costs and have paid such assessments during the previous three year period. The Franchisee agrees to provide the City Auditor all requested information required by the City to conduct the audit within 60 days of receipt of the written notice, or within such longer period as the parties may determine. Franchisee shall pay the additional costs of the audit resulting from delay caused by Franchisee in providing any information requested by the City pursuant to this Section 4.7.
- 4.8. Consumer Disclosure. The amount of a Subscriber's total bill assessed as a franchise fee may be listed as a separate line item.

Section 5. Scope of Service.

- 5.1. Provision of Service. The Franchisee shall provide Cable Service to any lawful residential dwelling unit located within the Franchise Area as provided below:
- 5.1.1. upon request of a potential Subscriber, except where it is legally prohibited from doing so,
- 5.1.2. on a month-to-month basis, except as not prohibited by applicable federal or state Law,
- 5.1.3. except as provided in Section 5.1.3.1 and 5.1.3.2 below, for no more than the prevailing installation charge for a Standard Drop, and without charging for any line extension that may be required, to any potential subscriber residing in a lawful dwelling unit in the Franchise Area that exists as of November 1, 2003.

- 5.1.3.1. Aerial Drops: Franchisee shall provide an aerial drop of up to 150' at no cost to any resident requesting service. Franchisee may assess to such resident the cost of the drop exceeding 150'.
- 5.1.3.2. Underground Drops: Franchisee shall provide an underground drop of up to 150' at no cost to any resident requesting service in any area where facilities have been placed underground. Franchisee may assess to such resident the cost of the drop exceeding 150'. Franchisee also may assess to such resident any cost to install the drop from the end of the public right-of-way on private property to the exterior wall of the residence in excess of \$1,000.00.
- 5.1.4. All residential dwelling units built prior to November 1, 2003 are eligible for provision of service pursuant to Sections 5.1.3.1 and 5.1.3.2 of this Franchise. For new residential dwelling units constructed after November 1, 2003, Franchisee may charge a pro-rata share of the cost of any necessary line extension. Without limiting the foregoing, Franchisee may not charge for crossing a Right-of-Way to provide service, except for good cause shown to the City. The Franchisee shall have the burden of proving that it cannot legally provide service to a particular location.
- 5.1.5. Upon the request of the developer of a new subdivision or Multiple Dwelling Unit ("MDU") constructed after the completion of the Cable System rebuild, that satisfies the minimum density requirements set forth in Section 5.1.6, the Franchisee shall extend its Cable System into the subdivision or MDU during construction of such subdivision or complex at no charge to the developer, so long as the developer agrees that Franchisee may offer service for not less than a five year period to any person requesting service within the subdivision or complex; provided that where construction will be underground, this sentence will not apply unless the developer provides ninety (90) days advance notice so that the Franchisee can participate in joint trenching.
- 5.1.6. Franchisee shall not be required to serve any new subdivision or apartment complex constructed after November 1, 2003, without charging for any Line Extension required, where the density is less than 35 residential dwelling units per mile in underground areas and 25 residential dwelling units per mile in aerial areas.



- 5.2. Economic Redlining. Franchisee shall extend its Cable System to low income areas at least as quickly as it is extended to higher income areas.
- 5.3. Drops; prevailing charges. Except as lawful rate orders may otherwise provide, and except with respect to those locations which are entitled to free drops:
- 5.3.1. The “then-prevailing installation charge” shall be the lowest lawful charge that applies at any given time to a particular class of users.
- 5.3.2. Where the drop to a Subscriber is not a Standard Drop, in addition to the then-prevailing installation charge for Standard Drops, Franchisee may charge the Subscriber the difference between Franchisee’s cost of installing a Standard Drop and the actual additional cost of installing a drop from the nearest tap, or if closer, the point to which Franchisee could be required to extend its Cable System.
- 5.4. Subscriber Option for Underground Drops. Where the Franchisee may locate a drop above ground, but a potential Subscriber requests that the cable drop be placed underground, the Franchisee shall locate the drop underground, but in addition to the then-prevailing installation charge may charge the Subscriber for the actual difference in cost of installing the underground drop, rather than an aerial drop. An existing Subscriber may require the Franchisee to relocate an existing aerial drop underground, and Franchisee may charge the requesting Subscriber for the cost of relocating the drop underground.
- 5.5. System Construction Schedule.
- 5.5.1. The Cable System rebuild required by Section 7 must be entirely completed within forty-eight (48) months of the effective date of this Franchise. For purposes of this Section 5.5, “Completion” means activation, in accordance with Section 7, of all nodes and hubs, and passing of all known and existing lawful residential dwelling units within the City as of November 1, 2003.
- 5.5.2. Franchisee’s rebuild shall pass seventy percent (70%) of the existing lawful dwelling units known and existing as of the effective date of this Franchise in the City within 36 months of the effective date of this Franchise. The City acknowledges that Franchisee has satisfied the requirements of this Section 5.5.2.
- 5.5.2.1. Within 30 days of the effective date of this Franchise, the Franchisee shall provide the City with a firm number of the actual lawful dwelling units within the City, for purposes of measuring compliance with Sections 5.5.1 and 5.5.2.

- 5.5.3. Within 30 days of the effective date of this Franchise, the Franchisee shall submit to the City tentative plans showing, at a minimum, all actual and anticipated hubs, nodes and boundaries in relationship to each Council district, and a tentative construction timetable demonstrating Franchisee's plan for meeting the completion deadlines specified in Sections 5.5.1 and 5.5.2.
  - 5.5.4. At the end of each calendar quarter through the completion of the rebuild, the Franchisee shall submit to the City a report indicating the number homes passed and activated, by node and hub. The Franchisee shall notify the subscribers in the segment to be activated of the channel line-up changes and/or additional services to be offered approximately 30 days prior to activation, and shall provide the City with a copy of the form of such notice.
  - 5.5.5. Franchisee shall submit as-builts to the City within 30 days after completion of each hub during the rebuild. For purposes of this Section 5.5.5, an "as-built" is a detailed map showing, to scale, the Franchisee's facilities tied to property line, curb line monuments and all addresses of properties, in an electronic format compatible with City software and in hard copy. Franchisee shall submit a report accompanying each as-built certifying that Franchisee's plant has passed all known and existing legal residences in the area covered in the as-built, and listing the address of each residence passed by street and block number.
  - 5.5.6. The City shall reserve the right to review, verify and certify all as-builts and reports submitted by the Franchisee. Upon the City's request for additional information, the Franchisee shall submit the requested information within twenty (20) days.
  - 5.5.7. Franchisee shall continue to attend bi-weekly meetings with the City to exchange information and to discuss issues surrounding the Cable System rebuild, including the I-NET construction.
- 5.6. Minimum Conditions. The construction, operation, upgrade, maintenance and repair of the Cable System will be in accordance with all Applicable Laws. At a minimum, Franchisee shall comply with the IEEE standards, the National Electric Code, the National Electrical Safety Code and any other applicable safety codes in effect at the time such portion of the Cable System was installed or most recently upgraded or repaired. The most stringent applicable code or standard will apply in the event of any conflict (except insofar as that standard, if followed, would result in a system that could not meet requirements of Federal, State or local law). Franchisee will employ reasonable care at all times, within the meaning of Applicable Law, and will install and maintain in use commonly accepted methods and/or devices to reduce the likelihood of damage, injury, or nuisance to the public. The construction, operation, upgrade, maintenance and repair of the Cable System shall be performed by experienced and properly

trained maintenance and construction personnel. In no event shall Franchisee be liable for damage caused by any third party (other than contractors and other third parties affiliated with Franchisee) including, without limitation, any subscriber, provided that Franchisee shall be required to repair such facilities upon discovery by Franchisee or upon notice from the City. If at any time during the term the City believes that facilities are not in compliance with applicable standards and safety codes, it shall notify Franchisee and provide a reasonable period of time for the repair of non-compliant facilities.

5.7. Compliance with Laws. Franchisee must install, locate, relocate and remove its Cable System in accordance with the Franchise, the Cable Ordinance and all other Applicable Laws. Franchisee shall not place or maintain its Cable System, including any poles or other structures, in Public Rights-of-Way or on private property except in strict accordance with the requirements of the Franchise, the Cable Ordinance and all other Applicable Laws.

5.8. Relocation for Government. Except as provided below, Franchisee will at its cost protect, support, temporarily disconnect, relocate, or remove any of its property at the time and in the manner required by the City or any other governmental entity for any governmental purpose.

5.8.1. Except in an emergency, the City will provide written notice describing where the work is to be performed at least two (2) weeks before the deadline for performing the work; Franchisee may seek an extension of the time to perform the work where it cannot be performed in a week even with the exercise of due diligence, and such request for an extension will not be *unreasonably refused*.

5.9. Abandonment. The Franchisee may abandon any property in Public Rights-of-Way that is in place upon written notice to the City and separate notice to the City Administrator, unless the City determines, in the exercise of its reasonable discretion exercised within ninety (90) days of the date the required written notices are received, that the safety, appearance, functioning or use of Public Rights-of-Way and facilities in Public Rights-of-Way will be adversely affected. Abandonment shall be in a manner acceptable to the City Administrator.

5.10. Potholing. Franchisee must bear costs of potholing for any City project (whether undertaken by the City alone, or jointly). Within thirty (30) days after receiving the City's written request, unless the City agrees otherwise, Franchisee will expose its subsurface Cable System facilities by potholing (digging a test hole) to a depth of one (1) foot below the bottom of such facilities.

## Section 6. Utility Relocations.

6.1. Generally. If any removal, relaying, or relocation is required to accommodate the construction, operation, or repair of the facilities of another Person authorized to

use Public Rights-of-Way, Franchisee will, after fifteen (15) days' advance written notice, take action to effect the necessary changes requested by such Person.

- 6.1.1. Unless (i) the matter is governed by a valid contract with Franchisee or under Applicable Law, or (ii) the Franchisee's Cable System was improperly installed and if installed properly, the removal, relocation or relaying would be unnecessary, the reasonable cost of removal, relaying, or relocation will be borne by the Person requesting the removal, relaying, or relocation, and Franchisee will have the right to estimate such costs and require payment of the same in advance.
- 6.1.2. The City may direct Franchisee to remove, relay, or relocate its facilities pending resolution of a dispute as to responsibility for costs upon posting of a bond by the Person requesting such removal, relaying or relocation in the amount of Franchisee's estimated costs.
- 6.2. Emergencies. In an emergency, or where a Cable System creates or is contributing to an imminent danger to public health, safety, or property, the City may remove, relay, or relocate any or all parts of that Cable System without prior notice; however, the City will make reasonable efforts to provide prior notice to Franchisee and to permit Franchisee to supervise or perform such work.
- 6.3. Permit Holders. Upon the request of a Person holding a valid permit, a Franchisee will temporarily raise or lower its wires to allow buildings or other objects to be moved. The requesting Person will pay for any expense associated with such temporary removal or raising or lowering of wires. Franchisee will have the authority to estimate the reasonable material and labor costs and require payment of the same in advance. The Franchisee will be given not less than fifteen (15) days advance notice to arrange for such temporary wire changes.
- 6.4. Repair of Disturbances and Damage. The Franchisee shall, within 30 days of receipt of notice from the City, repair any disturbance or damage to public property or private property caused by Franchisee's construction, operation or repair of the Cable System promptly and to a condition as good or better than existed before such disturbance or damage. Franchisee must repair all disturbance or damage to the Public Rights-of-way to a condition consistent with City standards that are applicable to all Persons performing construction or excavation in the Public Rights-of-way, as such standards and conditions may be lawfully applied. Without limiting the foregoing, or provisions of Section 5.9, Franchisee agrees to compensate any entity whose person or property is damaged by Franchisee, or any contractor, subcontractor or agent of Franchisee in the course of the construction, operation or repair of the Cable System where the property is not fully restored by Franchisee to a condition as good or better than existed before the damage.

- 6.5. Pole Attachments and Conduits. Franchisee will provide free and useable access to its poles and conduits to the City for PEG (including I-NET) Uses. All wires and attachments must comply with all applicable federal, state, and local laws and standards. If any such attachments cause an increase in Franchisee's pole attachment rates or fees, City shall reimburse Franchisee for such increase.
- 6.6. Notice of Use. Franchisee will notify the City when it enters into an agreement for use of its poles and conduits. Copies of agreements for use of Franchisee's conduits or poles in Public Rights-of-Way will be made available for review upon the City's request.
- 6.7. Contractors and Subcontractors. Franchisee shall ensure that any contractor or subcontractor used for work on construction, operation, or repair of the Cable System is properly licensed under laws of the State and all applicable local ordinances. Each contractor or subcontractor shall have the same obligations with respect to its work as Franchisee would have under this Franchise and Applicable Law if the work were performed by Franchisee. The Franchisee shall be responsible for ensuring that the work of contractors and subcontractors is performed consistent with this Franchise and Applicable Law, shall be responsible for all acts or omissions of contractors or subcontractors, and shall be responsible for promptly correcting acts or omissions by any contractor or subcontractor. This section is not meant to alter the tort liability, if any, of Franchisee to third parties, or of any contractor or subcontractor to third parties or to Franchisee. Franchisee shall institute procedures adequate to ensure that the work performed by its contractors and subcontractors complies with the requirements of this Franchise and Applicable Law.

Section 7. System Facilities, Equipment and Services.

- 7.1. General System Design.
  - 7.1.1. Franchisee shall rebuild its Cable System so that all active components on the Subscriber Network have a capacity of no less than 860 MHz and all passive components have a capacity of no less than 1 GHz.
  - 7.1.2. Equipment and facilities should be installed so that the rebuilt Cable System is capable of transporting at least one hundred fifty (150) video programming channels (which could be a combination of digital or analog channels).
  - 7.1.3. The Cable System rebuild must use a fiber-to-the-neighborhood node design, or a design that brings fiber closer to the Subscriber location. A node may serve a maximum of 1,200 dwelling units may be passed by the distribution system fed from each node. The Cable System must be designed so that, it can be easily segmented without substantial additional

construction so that a maximum of 300 dwelling units may be passed by the distribution system fed from each node.

- 7.1.4. Upon completion of the upgrade there must be reliable, continuous, auto-start back-up power at the headend. Standby power shall be provided to all active components of the Cable System to sustain their individual loads for a minimum backup capability of three (3) hours.
- 7.1.5. The Cable System must include the facilities and equipment required to provide full system status monitoring of power supplies at the nodes as activated. The status monitoring equipment must, at a minimum, permit the Franchisee to identify where and when power outages affecting the node have occurred, and when and where the Cable System has switched to battery back-up power supplies.
- 7.1.6. In connection with the upgrade, Franchisee must install and maintain facilities and equipment (including but not limited to modulators, antennae, amplifiers and other electronics) that permit and are capable of passing through the signals received at the headend without substantial alteration or deterioration (thus, for example, the system shall include components such that a signal received at the headend in color may be received by a Subscriber in color, and a stereo signal in stereo). Without limiting the foregoing, facilities and equipment should be installed and operated so that Subscribers can receive closed captioning and secondary audio.
- 7.1.7. Franchisee shall comply with all Applicable Laws concerning system compatibility with consumer electronics equipment.
- 7.1.8. Upon completion of the Cable System rebuild, the system facilities and equipment must be capable of continuous twenty-four hour daily operation, without severe material degradation of signal, except during extremely inclement weather, or immediately following extraordinary storms which adversely affect utility services or which damage major Cable System components.
- 7.1.9. The Cable System, as rebuilt, must utilize facilities and equipment generally used in high-quality, reliable, systems of similar design (except where inconsistent with the specific requirements of the Franchise). Upon completion of the upgrade, the Cable System must have the level of reliability required to support a high-quality, broadband information service.
- 7.1.10. In connection with the Cable System rebuild, the Franchisee shall replace all parts of its existing network, including drops, splitters, and other equipment that do not conform to the design requirements, and any other portion of the network that could materially diminish the performance or reliability of the Cable System. To the extent that portions are retained, those portions need

to be visually inspected and fully tested where possible; any corroded parts or parts showing excessive wear, or parts that do not perform to manufacturer's specifications shall be replaced.

7.1.11. Upon completion of the upgrade, the Cable System must provide two way activated capability.

7.2. Transmission Technologies. Franchisee may use any transmission technology (as that term is defined in federal law), provided that the Cable System is designed and rebuilt so that it will have characteristics that in all relevant respects meet or exceed the characteristics of the Cable System described in Section 7.1. If Franchisee does not rebuild the Cable System as required by Section 7.1, the City may declare a material breach of the Franchise, and, in addition to exercising any other remedy available to it, order the Franchisee to further rebuild the Cable System by a time specified by the City, and require such cash securities as are necessary to ensure the work is timely performed.

7.3. Emergency Alert System. Franchisee must install and maintain an emergency alert system in accordance with applicable federal and state law that can override audio and video on all Channels to provide an emergency alert to all Subscribers in the City. The City and the Franchisee shall meet periodically to discuss operational procedures for use of the emergency alert system. As part of those discussions, the parties may agree on alternative capabilities and activation procedures for the emergency alert system. It should be integrated to the extent reasonably possible with other emergency alert systems the Franchisee is required to provide under applicable Federal and State law.

7.4. Parental Controls. In addition to satisfying any obligations that it has under Applicable Law to provide parental control devices, or otherwise block programming on the Cable System, Franchisee shall ensure that any system for ordering movies or other pay-per-view programming is designed, through use of systems such as PIN number systems, to discourage children from ordering programming without parental consent.

7.5. Support Equipment and Facilities.

7.5.1. Franchisee must have sufficient trucks, tools, testing equipment, monitoring devices and other equipment and facilities and the trained and skilled personnel required so that the Cable System complies with each and every requirement of Applicable Law, including applicable technical standards, maintenance standards and requirements for responding to system outages. This includes the facilities, equipment and staff required to: (i) properly test the system and conduct an ongoing and active program of preventive maintenance and quality control; and (ii) be able to respond to customer complaints and resolve system problems.

- 7.5.2. The Franchisee must install and maintain equipment necessary to measure its performance with applicable customer services standards.
- 7.5.3. Franchisee must ensure that its headend has adequate space, and is otherwise properly designed in order to accommodate the equipment and facilities necessary to meet its obligations under the Franchise.
- 7.6. Technical Standards. The Cable System must meet or exceed the technical standards set forth in 47 C.F.R. § 76.601 and any other applicable standards, provided that, nothing in this provision is intended to permit the City to exercise any authority that it is prohibited from exercising under applicable federal law.
- 7.7. Future Upgrades. Franchisee shall make such commercially practicable *improvements to its Cable System as Franchisee, in its discretion, deems reasonable to provide* Subscribers advanced cable services that may develop during the term of this Franchise and become available in communities in the San Francisco Bay Area with population over 200,000. In determining whether and/or when to deploy such advanced cable services Franchisee may consider a variety of factors, including, without limitation, the then current technical configuration and performance of the Cable System, the cost of upgrade, relative demand for services, penetration levels within the City, the outstanding term remaining under the Franchise, availability of funding from any parent entity or third party, and anticipated plans for deployment of such cable services in the San Francisco Bay Area.
- 7.8. Tests during Construction.
- 7.8.1. Franchisee shall conduct acceptance tests on each newly constructed or upgraded segment prior to Subscriber connection or activation.
- 7.8.2. Franchisee shall test random samples of components before installation.
- 7.8.3. Upon written request, Franchisee shall prepare reports sufficient to show the testing required in Sections 7.8.1 and 7.8.2 have been completed, and shall make these reports available to the City for review within 30 days of such request.
- 7.9. System Maintenance.
- 7.9.1. Franchisee may intentionally interrupt service on the Cable System only for good cause and for the shortest time possible and, except in emergency situations or to the extent necessary to fix the affected Subscriber's service problems, only after a minimum of forty-eight hours' prior notice to Subscribers and the City of the anticipated service interruption; provided, however, that the minimum prior notice period shall be twenty-four hours, rather than forty-eight hours, for planned maintenance that (i) is not



intended to require more than two hours' interruption of service; and (ii) occurs between the hours of 1:00 a.m. and 6:00 a.m.

7.9.2. Franchisee shall adopt comprehensive maintenance guidelines which shall include procedures for preventative maintenance. Franchisee shall maintain a copy of comprehensive maintenance guidelines, and upon request, permit the City to review the same.

7.9.3. Inspection and Testing. The City shall have the right to inspect the Cable System during and after the upgrade to ensure compliance with the Cable Ordinance, this Franchise, and applicable provisions of local, State and Federal law. The City (i) may require the Franchisee to perform tests based on the City's investigation of Cable System performance or on Subscriber complaints; and (ii) may require Franchisee to prepare a report to the City on the results of those tests, including a statement identifying any problems found and the actions taken to correct those problems. This provision is subject to any limitations on the City's authority under Applicable Law.

7.10. FCC-Mandated Testing. Franchisee shall notify the City in advance of conducting any Proof-of-Performance test required by the FCC, so that the City may observe the testing. Upon request, the City shall be provided the test results and any supporting documentation regarding the tests and testing equipment and procedures within 30 days of the test.

#### Section 8. I-NET.

8.1. Institutional Network. Franchisee will construct an institutional network as part of the Cable System rebuild. The specifications, terms and conditions for the I-Net are as described in the I-Net Agreement, attached as Schedule 8.1.

#### Section 9. Interconnections.

9.1. Generally. In the event another Cable Communications System in the City cannot obtain PEG programming by installation of a direct feed, the City may require Franchisee to interconnect temporarily with such other Cable Communications Systems in the City for the sole purpose of facilitating the delivery of PEG programming. Franchisee shall be entitled to assess reasonable rates for such facilities and service. Such temporary links shall be for a period of not more than 2 years, subject to such other reasonable terms and conditions as the Franchisee may determine.

9.2. Relief from Obligations. Franchisee may obtain relief from an interconnection requirement where Franchisee demonstrates that it is technically infeasible or commercially impracticable to perform, or that the other Cable Communications System can access PEG programming through reasonable alternate means. Franchisee may also obtain relief from the interconnection requirement where the

interconnection requires a contract between the Franchisee and a third party, and the third party and Franchisee are unable to agree upon interconnection terms. In such a case, Franchisee must promptly notify the City that it has been unable to reach an interconnection agreement and must provide to the City in writing a detailed explanation of the reasons why an agreement could not be reached.

Section 10. Subscriber Network Channels and Facilities for PEG Use.

- 10.1. Initial Government Access Channel Dedicated to the City. Upon the effective date of this Franchise, Franchisee shall continue to make one (1) full-time downstream analog video Channel, available exclusively for Government Access use to be programmed at the sole discretion of the City.
- 10.2. Initial Public Access Channel Dedicated to the City. Within three (3) months of receipt of a written request by the City, another full-time downstream analog video Channel will be provided for Public Access use; provided that, prior to making such request the City Administrator shall meet with Franchisee to review and consider whether the needs of the Public Access community reasonably could be met through alternative means, such as sharing capacity on other existing PEG channels, or use of other broadband distribution technologies, or use of a digital video channel. The City may, in its discretion, delegate to a non-profit entity the authority to program and manage Public Access.
- 10.3. Initial Educational Access Channels Dedicated for the Joint Use of the City and City Schools. Franchisee shall continue to dedicate and make available to the City three (3) full time downstream analog video channels for Educational Access Use, which the City has elected to be programmed at the sole discretion of the governing authority of the Oakland Unified School District.
  - 10.3.1. The governing authority of the Oakland Unified School District shall direct the use of the Channels dedicated to City Schools. The governing authority of the Oakland Unified School District shall continue to cooperate with other school districts or educational institutions serving residents of the City in order to fully program the channels allocated pursuant to Section 10.3. Underused Channels may be utilized by the Franchisee pursuant to Section 10.7.
- 10.4. Additional PEG Channels. Franchisee shall provide additional downstream analog PEG Access Channels to be programmed at the sole discretion of the City or the governing authority of the Oakland Unified School District, subject to the following triggers. The City may request an additional Channel when the channel set aside pursuant to Section 10.1 is programmed at least eighty percent (80%) of the cumulative time of sixty hours per week over a consecutive sixteen (16) week period with original, non-duplicative programming. The City may request an additional Educational Access channel when the channels set aside pursuant to

Section 10.3 are each programmed at least eighty percent (80%) of the cumulative time of sixty hours per week over a consecutive sixteen (16) week period with original, non-duplicative programming. The City may trigger a cumulative total of two additional downstream analog PEG Access Channels under this Section 10.4. The City agrees that prior to making any request for an additional analog PEG Channel under this Section 10.4, the City Administrator will meet with Franchisee to review the potential impact that any additional PEG Channel may have on Franchisee's existing channel line-up, and shall consider whether the needs of the City or Oakland Unified School District could be met through alternative means, such as sharing capacity on other existing PEG Channels, or use of other broadband distribution technologies, or use of a digital video channel. The City and Franchisee agree to consider third party mediation in the event that any dispute arising from this Section 10.4 cannot be resolved by the parties.

- 10.5. Digital PEG Capacity. Unless the parties agree otherwise, Franchisee shall deliver PEG Access channels to Subscribers in an analog format and PEG Access channels must be receivable by Subscribers without special expense, other than the expense required to receive basic service, unless and until all other channels on the Cable System are delivered in a digital format. At such time that all other channels on the system are delivered in digital format, the Franchisee shall be responsible for all costs associated with converting the Cable System and related facilities to a digital format; provided that the City shall be responsible for the costs of any modified or other equipment at the PEG facilities required to accomplish such conversion. When such digital conversion of the PEG Channels occurs, Franchisee shall make available up to 15 total digital channels, with any additional channels being offered under the trigger formula specified in Section 10.4.
- 10.6. Two-Way PEG Capabilities. If Franchisee offers interactive services to its Subscribers on more than 66% of its downstream video Channels on the Cable System, then the City may use up to 1/3 of its PEG Channels to deliver similar interactive services if feasible. The City or the Designated Access Provider will be responsible for the cost of any equipment necessary to convert the PEG Channels to interactive status and for any equipment needed by Subscribers to receive or use such interactive PEG Channels; provided, however, that the City or Designated Access Provider will not need to supply the Subscriber equipment if such is the same needed to receive the interactive services provided by Franchisee. Franchisee shall provide the upstream bandwidth on the Cable System necessary for the City or the Designated Access Provider to provide the interactive services for the PEG Channels allowed under this Section.
- 10.7. Underused PEG Channels. Franchisee and the City agree that it is their mutual goal to fully and efficiently use the Channel capacity of the Cable System, which may include allowing the Franchisee to use underutilized time on the PEG Channels. If Franchisee believes that any PEG Channel has underutilized time, Franchisee may file a request with the City, or, in the case of Channels dedicated

to the School District, to the Board of Education (“Board”) to use that time. In response to the request, the City or Board will consider a combination of factors, including but not limited to, the community’s needs and interests, and the source, quantity, type and schedule of the programming carried on the Channel. The City or Board will also consider, taking into account the mission of the PEG Programming, whether it is feasible to cluster PEG Programming into blocks of time such that the Channel space can be compatibly shared between the PEG Programming provider and the Franchisee and/or if several PEG Programming providers can combine their programming onto a single PEG Channel. The City or Board shall render its decision regarding the matter within ninety (90) days of receiving the request. Should the City or Board find that the PEG Channel or portion of the Channel may be used by the Franchisee, then Franchisee may begin using such Channel immediately if it is not in use, and as soon as practicable (but in no event more than ninety (90) days after receipt of the decision) if that channel is in partial use. Any permission granted pursuant to this subsection for use of a PEG Channel or a portion thereof shall be considered temporary.

- 10.8. Return of PEG Channels. At such time as a PEG Programming provider (including the City and the School District) believes that it has the resources and ability to utilize any PEG Channel currently used by the Franchisee pursuant to this subsection, the PEG Programming provider may request that the City, or if applicable, the Board, return such PEG Channel or portion of a PEG Channel being used by the Franchisee to the PEG Programming provider. In response to the request, the City or Board will consider a combination of factors, including but not limited to, the community’s needs and interests, the quantity and schedule of the programming the applicant proposes to carry on the PEG Channel, and the applicant’s ability and resources to acquire or produce the proposed PEG Channel programming. The City or Board will also consider whether it is feasible for the PEG Programming provider to cluster programming into blocks of time such that the PEG Channel can be compatibly shared between the PEG Programming provider and the Franchisee and/or if several PEG Programming providers can combine their programming onto a single PEG Channel. The City or Board shall render its decision regarding the matter within ninety (90) days of receiving the request. Should the City or Board find that the evidence exists to support the return of a PEG Channel or portion of a PEG Channel to the PEG Programming provider, then the Franchisee shall surrender the requested time on the PEG Channel within ninety (90) days of receiving the decision.
- 10.9. No Commercial Purposes. Communications on PEG Channels granted under this Franchise may not contain any commercial matter. For purposes of this Section 10.9, “commercial matter” means the selling or advertising for sale of any product or service unless otherwise permitted under Applicable Law.
- 10.10. PEG and I-Net Capital Funding. Franchisee shall provide the City with a total of up to \$17,400,000 for PEG and I-Net Capital and Equipment Funding over the Franchise term, as follows:

- 10.10.1. Within thirty (30) days of the Effective Date of this Franchise, the Franchisee shall provide to the City a one-time capital payment of \$2,400,000 to fund the City's purchase of PEG and/or I-NET capital equipment. Such funding shall be used only for PEG and I-Net capital equipment budgeted for purchase within 3 years of the Effective Date. Any unused portion of such payment not expended within 3 years of the Effective Date shall reduce the amount available for draw by the City in the 4th year after the Effective Date.
- 10.10.2. Franchisee shall provide the City with construction credits for purposes of I-Net fiber construction in an amount of up to \$5,400,000 (the "I-Net Construction Credit"). Construction shall be completed in accordance with the I-Net Agreement to be executed between the City and the Franchisee on the Effective Date. If the City's total I-Net construction costs are less than \$5,400,000, the remaining amount shall be made available to the City for PEG and I-Net capital in accordance with Section 10.10.3.
- 10.10.3. The balance of \$9,600,000 plus any amounts remaining under Section 10.10.2 (the "PEG Capital Balance") shall be made available to the City after the 3rd anniversary of the Effective Date of the Franchise for PEG and I-Net capital projects and capital equipment, subject to the following terms and conditions:
- 10.10.3.1. Commencing on the 3rd anniversary of the Effective Date, the Franchisee shall make up to \$960,000 available each year (through the stated 13 year initial term of this Franchise) for PEG and I-Net capital requirements identified by the City in accordance with the terms of this Section 10.10.3. The City shall have three (3) years in which to request and spend any such annual allocation, provided that (i) if the City demonstrates that a PEG capital project will take longer than three (3) years to construct as a result of reasons wholly outside of the control of the City, the City shall have four (4) years in which to request and spend monies designated for that specific project, and (ii) in no event shall the City accrue more than two years (\$1.92 million) in unspent funds at any one time. Any sums not requested within such three (3) year period (or four (4) year period if applicable) shall lapse and no longer be available to the City. Any sums received by the City and not spent in such

three (3) year period (or four (4) year period if applicable) shall reduce the amount available for draw by the City in the next successive year (except in the last two years of the stated term of the Franchise when such sums shall be credited against franchise fees due under this Franchise).

10.10.3.2. Commencing in the third year after the Effective Date, and at least once during each fiscal year thereafter during the term of this Franchise, the City Administrator shall provide a comprehensive written report to the City Council on the status of the Franchise, which shall include an accounting of how PEG and I-Net capital funds previously received or credited have been spent, and specifically identifying all funds that have been received but have not been spent or allocated for use in the then current and next succeeding fiscal year; a projection of PEG and I-Net capital needs for the current and next succeeding fiscal year; and, if appropriate, a request that the City Council authorize the City Administrator to request from Franchisee a payment from the PEG Capital Balance as required to fund the PEG and I-Net capital needs up to the amount available for disbursement under Section 10.10.3.1. A copy of said report shall be provided to Franchisee at the same time it is provided to City Council, but in no event less than 30 days prior to City Council taking any action with respect thereto. City Council shall approve, deny, or modify the allocation request in public session. No request for PEG and I-Net capital funding shall be made in the absence of funding to operate the applicable PEG and I-Net facilities. Upon request made by the Franchisee no less than 15 days prior to the date of the noticed City Council meeting, the City Administrator will provide Franchisee with a projection of all anticipated operating expenses, and the anticipated sources, associated with the use of the capital facilities that are the subject of the funding request.

10.10.3.3. The Franchisee shall pay the City the full amount of funding requested by the City Administrator pursuant to Section 10.10.3.2 within sixty (60) days of its receipt of such request in writing.

10.10.3.4. No more than \$1,920,000 of the PEG Capital Balance shall be available for disbursement and/or shall be disbursed after the twelfth year anniversary of the Effective Date. All sums in excess of such amount shall be forfeited.

10.10.3.5. If the City identifies a PEG capital need that requires the immediate draw of two years of PEG support under Section 10.10.3.1 to fund a major PEG capital project, the City shall submit a request for special authorization to Franchisee. Franchisee shall not unreasonably withhold its consent, provided that only two such requests may be made during the term of the Franchise.

10.10.4. The City acknowledges that it is Franchisee's intent to pass-through all (or if the Franchisee elects in its sole discretion, less than all) of the amounts to be paid under this Section 10.10 as a separate line item on Subscribers' bills. Franchisee shall have the sole discretion to determine such pass-through amount.

10.10.5. If the pass-through nets an amount in excess of the funding paid (or credited) to the City over the term of this Franchise, then Franchisee, at its discretion, may use any such additional recovery of funds to offset its actual carrying costs and other unrecovered expenses related to the provision of PEG and I-NET funding to the City.

10.10.6. All interest accrued on funding received by the City under this Section 10.10 shall be used to further support PEG capital needs of the City only, except that annually up to \$75,000 of such interest may be used to fund a single position to manage the capital funding provided under this Section 10.10.

#### 10.11. Miscellaneous PEG Requirements.

10.11.1. 10.11.1. Franchisee and the City will cooperate to help promote the use and viewership of the PEG Channels. Franchisee shall provide the City with no less than thirty (30) days advance written notice of any change in PEG channel assignment.

10.11.2. The City, or Designated Access Provider (other than a cable operator), shall adopt reasonable rules regarding the use of PEG Channels pursuant to 47 U.S.C. §531(d). Such rules shall allow Franchisee to use any PEG Channel when not being used to deliver

PEG communications. The City shall have the authority to resolve any disputes regarding allocation of PEG Channels.

- 10.11.3. Except as expressly permitted by Applicable Law, Franchisee shall not exercise any editorial control over the content of communications on the designated PEG Channels (except for such communications as Franchisee may produce and cablecast on such Channels).
- 10.11.4. The PEG Channels and the communications carried on them, when feasible, shall be carried on any channel listing programming services offered by Franchisee, but it is the responsibility of the Designated Access Provider to provide information that it wishes to have carried in a timely manner.
- 10.11.5. Except as otherwise provided under Sections 10.5 and 10.6 of this Franchise, if Franchisee makes changes to its Cable System that necessitate modifications to PEG facilities and equipment (including but not limited to the upstream paths), Franchisee shall provide any additional facilities or equipment necessary to implement such modifications within 30 days of the date that the system changes are made, so that PEG facilities and equipment may be used and operated as intended, including, among other things, so that live and taped communications can be produced and cablecast efficiently to subscribers. By way of example, and not limitation, should the Franchisee cease delivery of all signals in an analog format to Subscribers, it will provide the facilities and equipment at its head end necessary so that PEG signals can be delivered in a digital format.
- 10.11.6. The facilities, equipment and capacity provided for PEG Use (except as expressly provided with respect to the I-NET) shall be available at no charge to users, including the City, the public school districts and any entity that manages a PEG Channel.
- 10.11.7. Franchisee must transmit the PEG Channels so that they can be received by subscribers at the same quality levels as the other channels delivered over the Cable System.
- 10.12. Cable Outlets for Educational and Government Facilities. Franchisee shall, without charge, provide the following to the City and to each School building, municipal government building, Access center, and City courthouse identified on a schedule to be provided by the City to Franchisee within ninety (90) days of the Effective Date of this Franchise and which currently receives free standard cable service from Franchise: (i) at least one activated Standard Drop and one outlet; and (ii) standard cable service, as that term is known as of the Effective Date of

8-2

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this Franchise. If, in the future, Franchisee ceases to offer standard cable service, or otherwise repackages its service offerings such that standard cable service is no longer available, then Franchisee shall continue to provide to the buildings described in this Section 10.12, at a minimum, all analog, PEG, and must-carry channels. At such time as all such channels are offered only in digital format, Franchisee shall provide any special equipment (including but not limited to, decoder boxes) needed to receive the channels, at no cost to the City, provided that Franchisee is not required to provide amps, internal wiring, or other equipment necessary to deliver the signal beyond the outlet required. The City agrees that all new requests for service must come from the City's Cable Franchise office.

- 10.13. Costs Not Franchise Fees. The parties agree that costs to the Franchisee associated with providing support for PEG and I-Net Capital funding required under Section 10.10 of this Franchise, and under Section 10.12 of this Franchise, are not intended to be a franchise fee within the meaning of 47 U.S.C. § 542, and are intended to fall within one or more of the exceptions listed in 47 U.S.C. § 542(g)(2). From time to time, within sixty (60) days of Franchisee's written request, the City shall certify to the Franchisee in writing that (i) all payments received by or credited to the City pursuant to Section 10.10 that have been used or applied since the last certification have been used to fund, finance or support capital costs (as defined in accordance with generally accepted accounting principals) for PEG Access equipment or facilities, and (ii) to the extent such payments or credits have been used for any other purposes, the amount and purposes for which such sums were used. Once every 24 months, the Franchisee further may request that the City's (or its designee's) books and records related to PEG Use funding be audited by Franchisee or any independent audit or designated by the Franchisee in order to review the City's use of the funding made available under Section 10.10, and the City shall cooperate with the Franchisee in the prompt completion of such audit. The Franchisee shall not be obligated to request such certification or to audit the City's books and records. The City acknowledges that, to the extent it fails to use any payments or credits for capital costs for PEG Access equipment and facilities, Franchisee may, following notice and opportunity for the City to respond and to cure, pursue any remedies available to it under Applicable Law, including reduction of future franchise fee or PEG payments to the extent of any overpayment..

Section 11. Operation and Reporting Provisions.

- 11.1. Open Books and Records. Franchisee agrees that it will collect and make available books and records related to its provision of Cable Services and the Franchise Fee payable hereunder for inspection and copying by the City in accordance with the Cable Ordinance.
- 11.2. Time for Production. Books and records shall be produced to the City at City Hall, or such other location as the parties may agree. Notwithstanding any

provision of the Cable Ordinance, if documents cannot be copied or moved because (i) they are too voluminous; (ii) of security reasons; or (iii) the requested records contain trade secrets, then the Franchisee may request that City inspection of such records take place at some other location mutually agreed to by the City and the Franchisee, provided that:

- 11.2.1. The Franchisee must make necessary arrangements for copying documents selected by the City after its review; and
- 11.2.2. The Franchisee must pay all reasonable travel and additional copying expenses incurred by the City (above those that would have been incurred had the documents been produced in the City) in inspecting those documents or having those documents inspected by its designee.
- 11.2.3. The parties agree that any amounts paid pursuant to this Section 11.2 are not a franchise fee within the meaning of 47 U.S.C. § 542 and fall within one of the exceptions listed in 47 U.S.C. § 542(g)(2).
- 11.3. Reports Required. The Franchisee shall file reports in accordance with the Cable Ordinance. In addition, the franchise shall file reports as provided in Schedule 11.3, attached hereto.
- 11.4. Uses of System. Franchisee must advise the City of all non-Cable services Franchisee and any third party provides via the Cable System at least 60 days after either the effective date of this Franchise or the date on which such services are made commercially available. The City acknowledges that Franchisee intends to offer high speed internet access and/or telephony services over the Cable System, however, this acknowledgment is not a waiver of the City's right to require separate authorization for any or all of those services, to the extent permitted by Applicable Law.
- 11.5. Records Maintained. The Franchisee shall maintain records sufficient to comply with the requirements of the Cable Ordinance, and to show compliance with all the provisions of this Franchise.
- 11.6. Retention of Records; Relation to Privacy Rights. Franchisee shall take all steps required, if any, to ensure that it is able to provide the City all information which must be provided to the City or that may be requested by the City under Applicable Law or this Franchise, including by providing appropriate Subscriber privacy notices. Nothing in this section shall be read to require a Franchisee to violate 47 U.S.C. § 551 or other Applicable Law governing privacy. Franchisee shall be responsible for redacting any data that State or Federal law prevents it from providing to the City. Records shall be kept for at least five (5) years, except that service call logs may be retained for three (3) years, so long as the information contained therein is reflected in other documents.

## Section 12. Customer Service Standards.

Franchisee must comply with all applicable state and federal customer service standards. In addition, Franchisee must comply with the following customer service standards. In the event of a conflict between provisions, the stricter standard will apply.

### 12.1. Scheduling Work.

- 12.1.1. Appointments. All appointments for service, installation, or disconnection will be specified by date. Franchisee will specify a specific time at which the work will be done, or offer a choice of time blocks, which will not exceed four (4) hours in length. Franchisee also may, upon request, schedule service installation calls outside normal business hours, for the convenience of the Subscriber.
- 12.1.2. Rescheduling Appointments. If at any time an installer or technician anticipates that a scheduled appointment time will be missed, an attempt to contact the Subscriber will be made and the appointment rescheduled at a time convenient to the Subscriber, if rescheduling is necessary. It is Franchisee's responsibility to demonstrate it met the appointment or made an attempt to contact the Subscriber to reschedule. Late arrivals by an installer where the installer did not comply with this provision will be considered a missed appointment, unless such late arrival results from circumstances beyond the reasonable control of the installer, technician or Franchisee.
- 12.1.3. Cancellation of Appointments. Franchisee will not cancel a service or installation appointment with a Subscriber after the close of business on the business day preceding the scheduled appointment. Appointments cancelled in violation of this provision will be considered a missed appointment.
- 12.1.4. Missed Appointments. Franchisee will offer priority rescheduling of an appointment for the next business day, and provide to Subscribers who have experienced a missed appointment (where the missed appointment was not the Subscriber's fault) any one or more of the following options:
  - (1) Installation or service call free of charge, if the appointment was for an installation or service call for which a fee was to be charged; or
  - (2) A twenty dollar (\$20.00) credit; or
  - (3) An opportunity to elect remedies under California Civil Code 1722 as may be amended, if applicable.

In lieu of the above, Franchisee may offer such other goods or services as are from time to time customarily offered in the cable industry for such infractions. No liquidated damage or penalty may be assessed by the City for a missed appointment if Franchisee complies with the provisions of this Section 12.1.4.

- 12.2. Prorated Billing. Franchisee's first billing statement after a new installation or service change will be prorated as appropriate; and any security deposit will be reflected no later than the second billing statement.
- 12.3. Acknowledging Service Request. Under normal operating conditions, requests for services, repair and maintenance must be acknowledged by a trained customer service representative before the end of the next business day.
- 12.4. Acknowledging Other Inquiries. Franchisee will respond, in writing if requested by the Subscriber, to all other inquiries (including billing inquiries) within twenty (20) days of the inquiry or complaint.
- 12.5. Credit for Service Interruption.
  - 12.5.1. Prorated Credit. A Subscriber's account will be credited a prorated one-day share of the monthly charge for the service, upon Subscriber request, for each time a Subscriber's service is interrupted for a continuous period exceeding four (4) hours during any twenty-four (24) hour period. For a pay-per-view event, a Subscriber's account will be credited the full amount of the event, upon Subscriber request, when the Subscriber's service is interrupted for an aggregate period exceeding 50% of the length of the event.
  - 12.5.2. Impairment Caused by Subscriber. Franchisee need not credit Subscriber where loss of service or impairment is caused by the Subscriber or by Subscriber-owned equipment (not including, for purposes of this Section, in-home wiring installed by the Franchisee).
- 12.6. Billing Refunds. Refunds to Subscribers will be issued no later than thirty (30) days following the resolution of the refund request; or, where applicable, (ii) the date of return of all equipment to Franchisee, if Cable Service has been terminated.
- 12.7. Credits for Cable Service. Credits for Cable Service will be issued no later than the later of (i) thirty (30) days, or (ii) the Subscriber's next billing cycle after the determination that the credit is warranted.
- 12.8. Disconnection and Downgrades. A Subscriber may terminate service at any time, unless otherwise agreed to by the Subscriber in a long-term service contract. Franchisee will promptly disconnect from the Franchisee's Cable System or downgrade any Subscriber who so requests. No charges for services may be

assessed against the Subscriber more than seven (7) days after the date on which Subscriber requests the termination of service to be effective. No charge for services that can be disconnected or downgraded remotely without the need for a service call shall be assessed more than 24 hours after the date on which Subscriber requests the termination of service to be effective. Any downgrade or disconnection charges will conform to Applicable Law.

- 12.9. Disabled Services. With regard to Subscribers with disabilities, Franchisee will arrange for pickup and/or replacement of converters or other equipment at the Subscriber address at no cost to the Subscriber, within 30 days of request of the Subscriber.
- 12.10. Service Upgrades. Requests for additional outlets, service upgrades, downgrades, or other connections (e.g., DMX, VCR, A/B switch) separate from the initial installation will be performed within five (5) business days after an order has been placed.
- 12.11. Security Deposit. Any security deposit and/or other funds, including interest, if applicable, due a Subscriber that disconnects or downgrades service will be returned to the Subscriber in accordance with Applicable Law.
- 12.12. Disconnection Due to Nonpayment. Franchisee may not disconnect a Subscriber's Cable Service for non-payment unless:
  - 12.12.1. A separate, written notice of impending disconnection, postage prepaid, has been sent to the Subscriber at least seven (7) days before the date on which service may be disconnected, at the premises where the Subscriber requests billing;
  - 12.12.2. The Subscriber fails to pay the amounts owed to avoid disconnection by the date of disconnection; and
  - 12.12.3. No pending inquiry exists regarding the bill to which Franchisee has not responded in writing.
- 12.13. No Disconnection if Payment Made. If the Subscriber pays all amounts due, including late charges, before the date scheduled for disconnection, Franchisee will not disconnect service, except as permitted under Applicable Law.
- 12.14. Reinstating Service. After disconnection (except as noted below), upon payment by the Subscriber in full of all proper fees or charges, including the payment of the reconnection charge, if any, Franchisee will promptly reinstate service, unless otherwise permitted under Applicable Law.
- 12.15. Disconnection Without Just Cause. If a Subscriber's service is erroneously disconnected from Cable Service without just cause, Franchisee shall, upon

notification and acknowledgement of the error, immediately offer the Subscriber free reconnection at the service tier subscribed to prior to disconnection. If a service call is necessary to reconnect the Subscriber, Franchisee shall offer the Subscriber a priority appointment for the next business day.

12.16. Immediate Disconnection. Franchisee may immediately disconnect a Subscriber if:

12.16.1. The Subscriber is damaging, destroying, or unlawfully tampering with or has damaged or destroyed or unlawfully tampered with Franchisee's Cable System, or has installed or attached equipment that is causing any interference or degradation in performance of the Cable System and the Subscriber refuses to remove such equipment or installation;

12.16.2. The Subscriber is not authorized to receive a service and is receiving it and/or is facilitating, aiding or abetting the unauthorized receipt of service by others;

12.16.3. Any other reason permitted by Applicable Law.

12.16.4. After disconnection, Franchisee will restore service after the Subscriber provides adequate assurance that it has ceased, and shall not resume, the practices that led to disconnection, and paid all proper fees and charges, including any reconnect fees and all amounts owed Franchisee for damage to its Cable System or equipment.

12.17. Customer Service Minimum Performance Standards. Franchisee must comply with all applicable state and federal customer service standards. In addition, Franchisee must comply with the following customer service standards. In the event of a conflict between provisions, the stricter standard will apply.

12.17.1. Telephone Answering Time. Under normal operating conditions, telephone answering time will not exceed thirty (30) seconds or four (4) rings, and the time to transfer the call to a customer service representative after Subscriber has made any selections through Franchisee's IVR will not exceed an additional thirty (30) seconds.

12.17.2. Busy Signal. Under normal operating conditions Subscribers will receive a busy signal less than three (3%) of the time.

12.17.3. Meeting Standards. Under normal operating conditions, the standards set out in Sections 12.17.1 and 12.17.2 will be met ninety (90) percent of the time, measured quarterly. The phrase "of the time" refers to the percentage of calls to the Franchisee

during normal operating conditions, so that if 1000 calls are received by Franchisee, 900 of those calls must be answered within *the time limits specified in Section 12.17.1, and fewer than 30* should receive a busy signal as specified in Section 12.17.2.

- 12.17.4. Repairing Outages. Under normal operating conditions, repairs and maintenance for outages or service interruptions must be commenced within twenty-four (24) hours after the outage or interruption becomes known to Franchisee where Franchisee has adequate access to facilities to which it must have access in order to remedy the problem.
- 12.17.5. Service Problem Repairs. Under normal operating conditions, work to correct all other service problems must be begun by the next business day after notification of the service problem
- 12.17.6. Abnormal Operating Conditions. When normal operating conditions do not exist, Franchisee will complete the work in the *shortest time possible.*
- 12.17.7. Time for Extension of Service. Except as this Franchise or any other agreement between Franchisee and the City otherwise provides, Cable Service must be extended upon request to any residential dwelling unit or to any government building in the Franchise Area (i) within seven (7) days of the request, where service can be provided by activating or installing a standard drop; (ii) within ninety (90) days of the request where an extension of one-half mile or less is required, subject to the City's timely prosecution of applicable permits; or (iii) within six (6) months where an extension of one-half mile or more is required, subject to the City's timely prosecution of applicable permits.
- 12.17.8. Service Standards to Be Met. Under normal operating conditions, the service standards set out in Sections 12.17.4 through 12.17.7 will be met at least ninety-five percent (95%) of the time, measured on a quarterly basis. The phrase "of the time" refers to the number of service requests received by the Franchisee, so that if the Franchisee receives 100 service requests, at least 95 of those requests must be scheduled and/or completed within the applicable time limits specified.
- 12.17.9. Notice to Subscribers regarding Service. Franchisee will provide each Subscriber clear and accurate written information regarding the following at the time Cable Service is installed and annually thereafter:

- a. On placing a service call, filing a complaint, or requesting a credit, refund or adjustment;
- b. Providing a schedule of rates and charges (including standard discounts), Channel positions, services provided, a copy of the service contract, delinquent Subscriber disconnect and reconnect procedures; and notifying Subscribers of the availability of parental control devices, and the conditions under which they will be provided and the cost (if any) charged;
- c. Describing conditions that must be met to qualify for discounts;
- d. Describing any other of the Franchisee's policies in connection with its Subscribers;
- e. Describing any discounts, services, or specialized equipment available to Subscribers with disabilities; explaining how to obtain them; and explaining how to use any accessibility features.

Franchisee shall provide to Subscribers thirty (30) days advance notice of a change in rates and/or channel lineups, and Franchisee shall make reasonable efforts to provide the written information required under this Section 12.17.9 in multiple languages.

12.17.10. Notices to City. Franchisee will provide the City with copies of all notices provided to Subscribers pursuant to this article annually, and in the event of a change in channel lineups, rates or location of PEG channels since the annual notice Franchisee will provide to the City a separate detailed notice in writing 30 days in advance of such change.

12.17.11. Response Time for Complaints Filed by the City. Franchisee shall respond to every complaint filed by the City on behalf of a Subscriber in writing within twenty (20) days of the date the complaint is received by the Franchisee, and must advise the City of the status of the complaint within the same time period.

12.17.12. Interruptions of Service.

12.17.12.1. Franchisee shall notify the City and Subscribers of planned interruptions affecting more than 5 Subscribers, provided, however, that planned maintenance that does not require more than two (2)



hours interruption of service and that occurs between the hours of 1:00 a.m. and 5:00 a.m. will not require such notification to Subscribers or the City. For all other planned interruptions, the Franchisee shall provide affected Subscribers at least 24 hours advance notification, provide 24 hours advance notification to the City by e-mail or fax. In addition, upon request, Franchisee will provide to the City a written report stating the duration of the outage, the location and the number of Subscribers affected.

- 12.17.12.2. For emergency unplanned outages, Franchisee shall provide verbal notification to the City as soon as practicable after Franchisee becomes aware of the outage. Emergency unplanned outages shall be defined as equipment and/or system failures caused by forces unrelated to the cable system and infrastructure. For all unplanned outages, Franchisee shall provide the City a written report stating the duration of the outage, the location, the number of Subscribers affected, and the cause, and whether Franchisee believe an abnormal operating condition existed, within 24 hours of the outage's repair; provided that, if the Franchisee determines that a repair will take longer than 24 hours, the Franchisee shall provide to the City, every 24 hours, an updated report indicating the number of Subscribers still affected, and an estimate of when the repair will be completed.

12.18. Office Availability.

- 12.18.1. Walk-in Hours. Franchisee will maintain an office in the City that will be open for walk-in traffic based upon reasonably anticipated traffic, Monday through Friday, with some evening and weekend hours, to allow Subscribers to pay bills, drop off equipment and to pick up equipment. Franchisee shall make reasonable efforts to provide multilingual customer service personnel.
- 12.18.2. Service Call Hours. Franchisee will perform service calls, installations, and disconnects at least eight (8) hours per day Monday through Saturday, except legal holidays, provided that a Franchisee will respond to outages twenty-four (24) hours a day, seven (7) days a week.

- 12.19. Telephones. Franchisee will establish a publicly listed toll-free telephone number. Customer service representatives must answer the phone at least eight (8) hours per day, Monday through Saturday, except legal holidays, for the purpose of receiving requests for service, inquiries, and complaints from Subscribers. After such business hours the phone will be answered so that Subscribers can register complaints and report service problems on a twenty-four (24) hour per day, seven (7) day per week basis, and so that the Franchisee can respond to service outages as required herein.
- 12.20. Restoration of Premises. Upon completion of any service call to a Subscriber, the Franchisee shall promptly return the Subscriber's premises to its original condition.
- 12.21. Truth in Advertising. Each Franchise shall comply with applicable state and federal law with respect to truth in advertising.
- 12.22. Public Inspection of File. Franchisee will maintain a file open for public inspection containing all notices provided to Subscribers under these customer service standards, as well as all promotional offers made to Subscribers. The notices and offers will be kept in the file for at least one (1) year from the date of such notice or promotional offer.
- 12.23. Franchisee's Property. Except as Applicable Law may otherwise provide, Franchisee may remove its property from a Subscriber's premises within thirty (30) days of the termination of service.

Section 13. Rate Regulation. The City may regulate Franchisee's rate and charges, and order refunds of unreasonable rates charged, as expressly authorized by Applicable Law. All rates that are regulated by the City must be reasonable and, except as Applicable Law provides otherwise, can only be established or changed with the prior approval of the City.

Section 14. Insurance; Indemnification.

14.1. Insurance.

14.1.1. Franchisee agrees to maintain insurance during the entire term of the Franchise as required by the Cable Ordinance in the following amounts:

- a. Commercial General Liability - \$2,000,000
- b. Worker's Compensation – Statutory Limits
- c. Comprehensive Auto Liability - \$1,000,000

14.1.2. The insurance requirements are material terms of this Franchise.

14.2. Indemnification.

14.2.1. To the extent permitted by Applicable Law, Franchisee will, at its sole cost and expense, fully indemnify, hold harmless, and faithfully defend the City, its officials, boards, commissions, commissioners, agents, and employees, against any and all claims, suits, causes of action, proceedings, and judgments for damages or equitable relief in any way arising out of:

- 14.2.1.1. Construction, repair, or operation of the Franchisee's Cable System;
- 14.2.1.2. Any claim against the Franchisee for invasion of the right of privacy, defamation of any Person, firm or corporation;
- 14.2.1.3. Violation or infringement of any copyright, trade mark, trade name, service mark, or patent, or of any other right of any Person, firm, or corporation, including a failure by the Franchisee to secure consents from the owners, authorized distributors, or licensees of programs to be delivered by the Cable System;
- 14.2.1.4. The conduct of the Franchisee's business in the City; or
- 14.2.1.5. The Franchisee's enjoyment or exercise of its Franchise, regardless of whether the act or omission complained of is authorized, allowed, or prohibited by Applicable Law or this Franchise.

14.2.2. Notwithstanding the foregoing Section 14.2.1, the Franchisee need not indemnify the City in cases where liability is:

- 14.2.2.1. Solely caused by the active negligence of the person or persons covered by the indemnity;
- 14.2.2.2. Results from communications contributed or produced by the City and transmitted over the Cable System; or
- 14.2.2.3. Results from communications carried on any Channel set-aside for PEG Use, or Channels leased pursuant to 47 U.S.C. § 532, except for communications contributed or produced by the Franchisee.

14.2.3. The City will notify the Franchisee in writing of its duty to indemnify in any case subject to the indemnity in which the Franchisee is not a named defendant or plaintiff. The Franchisee will employ competent counsel, reasonably acceptable to the City Attorney.

14.3. No Limit of Liability. The provisions of this Section 14 shall not be construed to limit the liability of Franchisee for damages.

Section 15. Performance Guarantees and Remedies.

15.1. Security Bond.

15.1.1. In satisfaction of the security fund requirements of Section 2.430(G) of the Cable Ordinance, the Franchise shall, within 30 days of the effective date of this Franchise, provide a Security Bond, pursuant to Section 2.430(H) of the Cable Ordinance, in the amount of One Million Dollars (\$1,000,000). Franchisee shall maintain the security bond throughout the term of this Franchise. The security bond shall state that there are no restrictions on the City's ability to assess the bond in accordance with the Cable Ordinance as it existed on the effective date of this Franchise, provided that the City shall provide Franchise no less than forty eight (48) hours notice prior to drawing on the bond.

15.1.2. Upon termination of the Franchise, the City shall authorize the Franchisee to terminate the performance bond within one hundred eighty (180) days of Franchise termination, provided that there is then no outstanding obligation secured by the performance bond; provided that the performance bond shall be deemed forfeited if the Franchise is revoked or the Cable System is abandoned.

15.2. Performance Bond.

15.2.1. Before undertaking the Cable System upgrade required by this Franchise, Franchisee shall obtain a performance bond in the amount equal to \$500,000.

15.2.2. The performance bond shall be issued by a surety with an A-1 or better rating of insurance in Best's Key Rating Guide, Property/Casualty Edition; shall be subject to the approval of the City; and shall contain the following endorsement: "This bond may not be canceled, or allowed to lapse, until sixty (60) days after receipt by the City, by certified mail, return receipt requested, of a written notice from the issuer of the bond of intent to cancel or not to renew."

*f-2*

**FINANCE & MANAGEMENT CMTE.**

- 15.2.3. The Franchisee may apply for elimination of the bond required by Section 15.2.2 at any time after the completion of the upgrade. The City shall either eliminate the bond, or permit Franchisee to reduce it to the amount of \$100,000 if it determines that the Franchisee has faithfully completed the upgrade of the Cable System, and is otherwise in material compliance with the terms and conditions of this Franchise.
- 15.2.4. In addition to the performance bond required by Section 15.2.1, Franchisee shall obtain, prior to any Cable System construction, or other work in Public Rights-of-Way, bonds in the amounts and subject to such terms established by the City consistent with its normal practices, based upon the work to be performed. The City will respond to the application to reduce such bonds in accordance with its ordinary practices for bond reduction.
- 15.3. Material Term. The required performance bond and security bond are material terms of this Franchise.
- 15.4. Liquidated Damages.
- 15.4.1. Because the Franchisee's failure to comply with provisions of its Franchise will result in injury to the City, and because it will be difficult to estimate the extent of such injury, the City and the Franchisee agree to the following liquidated damages for the following violations, which represent both parties' best estimate of the damages to the City resulting from the specified injury. The parties further agree that the damages specified are to the City, and are recoverable by the City. Damages accrue from the date of the failure to cure the violation; provided that, nothing herein prevents Franchisee from raising a defense to the imposition of liquidated damages based upon laches, waiver, statute of limitations, or any other similar defense. Liquidated damages are not Franchise Fees.
- 15.4.1.1. For failure to complete construction of the Cable System in accordance with Section 5.5.1 of this Franchise, or failure to timely complete construction of 70% of the rebuild in accordance with Section 5.5.2: One Thousand Dollars (\$1,000) for each day the violation continues not to exceed Three Hundred Thousand Dollars (\$300,000) in the aggregate.
- 15.4.1.2. For failure to comply with the provisions of Section 5.1 of this Franchise: Two Hundred Dollars (\$200) per day for each occurrence, for each day the violation continues after written notice and opportunity to cure, not to exceed Fifteen Thousand

Dollars (\$1,500) in the aggregate for each occurrence.

- 15.4.1.3. For failure to make available any PEG Channel required to be made available under Section 10: Two Hundred Fifty Dollars (\$250) for each violation for each day or portion thereof that the violation continues not to exceed Fifteen Thousand Dollars (\$15,000) in the aggregate for any violation.
- 15.4.1.4. For any violation of the customer service standards set forth in Sections 12.17.1 or 12.17.2, subject to the provisions of Section 12.17.3, 12.17.6 and 12.17.8, as applicable, \$2,000 per calendar quarter. For violation of the same standard in a second consecutive quarter, \$3,000 per calendar quarter. For violation of the same standard in a third or subsequent consecutive calendar quarter, \$4,000 per calendar quarter.
- 15.4.1.5. For any violation of the remaining provisions of Section 12, \$100 per day not to exceed \$1000 for any single violation, provided that, for violations that can be cured, no such liquidated damage shall be assessed if Franchise has cured such violation within thirty (30) days of written notice from the City.
- 15.4.1.6. For failure to provide any reports, maps, data, or other information required by this Franchise or the Cable Ordinance: One Hundred Fifty Dollars (\$150) per day for each violation for each day the violation occurs not to exceed Three Thousand Dollars (\$3,000); provided that no such liquidated damage shall be assessed if Franchisee has cured such violation within five (5) business days of written notice from the City.
- 15.4.1.7. For all other material violations of the Franchise for which actual damages may not be ascertainable: One Hundred Dollars (\$100) per day for each violation for each day the violation continues after written notice and not less than thirty (30) days opportunity to cure has been afforded, not to exceed Five Thousand Dollars (\$5,000) in the aggregate per violation.

The City may impose liquidated damages, and may draw upon the Security Bond required by Section 15.1 to collect the liquidated damages if Franchisee does not pay the same within thirty (30) days of the City's written demand therefor. Before doing so, the City must provide the Franchisee notice of the alleged violation, and provide the Franchisee with an opportunity to be heard, to show either that a violation has not occurred or that damages should not be imposed.

- 15.5. Revocation or Termination of Franchise. In addition to all other rights of the City under this Franchise, the City shall have the right to revoke the Franchise for the reasons specified in the Cable Ordinance as of the effective date of this Franchise, pursuant to the revocation procedures specified in the Cable Ordinance.
- 15.6. Remedies Cumulative. All remedies under the Cable Ordinance and this Franchise are cumulative unless otherwise expressly stated; provided that the City may not seek or impose any other remedy under the Franchise or Cable Ordinance for a breach for which liquidated damages apply, except in the event of repeated and willful violations of the same Franchise provision where the Franchisee has failed and refused to cure the violation, or for a violation that remains uncured when a cap on liquidated damages for the violation has been reached. The exercise of one remedy shall not foreclose use of another. The City is not entitled to recover damages for the same injury under two separate sections where doing so would result in a double recovery to the City.
- 15.7. Relation to Insurance and Indemnity Requirements. Recovery by the City of any amounts under insurance, the construction/performance bond, the letter of credit, or otherwise does not limit the Franchisee's duty to indemnify the City in any way; nor shall such recovery relieve the Franchisee of its obligations under the Franchise, limit the amounts owed to the City, or in any respect prevent the City from exercising any other right or remedy it may have.
- 15.8. Mid-Term Performance Evaluations. In year 7 of the Franchise term, the City, at its sole discretion, may conduct a detailed review of the Franchisee's performance under this Franchise. Franchisee agrees to cooperate with the City in this review, including but not limited to timely providing all relevant reports and other data as requested by the City as part of the review process. In addition, the City reserves the right to review Franchisee's performance on an annual basis.

Section 16. Rights of Individuals Protected.

- 16.1. General Obligations. Franchisee shall comply with all provisions of the Cable Ordinance and Applicable Law regarding nondiscrimination, privacy and protection from exposure to indecent or obscene programming.
- 16.2. Respect for Property. No cable, line, wire, amplifier, converter or other piece of equipment owned or controlled by the Franchisee shall be installed by the

Franchisee inside a dwelling or other occupied structure without first securing the written permission of the owner or the lawful occupant of the property involved (except in those cases where the Franchisee is permitted by federal or state law or regulations to install such facilities and equipment inside the structure without permission).

16.3. Non-discrimination. Without limiting Section 16.1, Franchisee agrees as follows:

16.3.1. Franchisee will not deny service, deny access, or otherwise unlawfully discriminate against Subscribers or residents of the City on the basis of race, color, creed, national origin, sex, age, conditions of physical handicap, religion, ethnic background, marital status, or sexual orientation.

16.3.2. Neither the City nor Franchisee will unlawfully discriminate among Persons or take any retaliatory action against a Person or the other party to this Franchise because of the exercise of any right the Person or may have under Applicable Law, nor may the Franchisee require a Person to waive such rights as a condition of taking service.

16.3.3. Franchisee will not deny access or levy different rates and charges on any group of potential residential cable Subscribers because of the income of the residents of the local area in which such group resides.

16.3.4. Except to the extent the City may not enforce such a requirement, a Franchisee is prohibited from unlawfully discriminating in its rates or charges or from granting undue preferences to any Subscriber, potential Subscriber, or group of Subscribers or potential Subscribers.

16.3.4.1. Franchisee may, however, offer temporary, bona fide promotional discounts in order to attract or maintain Subscribers, so long as such discounts are offered on a non-discriminatory basis to similar classes of Subscribers throughout the Franchise Area.

16.3.4.2. Franchisee also may, in its sole discretion, offer discounts on basic service to senior citizens, disabled persons or to subscribers eligible for Social Security Insurance or Social Security Disability Insurance benefits.

16.3.4.3. Franchisee also may offer such other discounts as it is entitled to provide under Applicable Law.



- 16.3.4.4. Franchisee will not refuse to employ, discharge from employment, or unlawfully discriminate against any Person in compensation or in terms, conditions, or privileges of employment because of race, color, creed, national origin, sex, age, conditions of physical handicap, religion, ethnic background, marital status, or sexual orientation. Franchisee will comply with all Applicable Law governing equal employment opportunities.

Section 17. Continuity of Service.

- 17.1. The Franchisee shall ensure that all Subscribers receive continuous uninterrupted Cable Service.
- 17.2. At the City's request, the Franchisee shall operate its System for a temporary period (the "transition period") following the termination of its Franchise or any transfer as necessary to maintain Cable Service to Subscribers, and shall cooperate with the City to assure an orderly transition from it to another entity. The transition period shall be no longer than the reasonable period required to select another entity and to build a replacement Cable System, and shall not be longer than thirty-six (36) months, unless extended by the City for good cause. During the transition period, the Franchisee will continue to be obligated to comply with the terms and conditions of this Franchise and Applicable Laws and regulations, and will be deemed to have the necessary authorization required from the City to enable it to provide Cable Service.
- 17.3. If the Franchisee abandons its Cable System during the Franchise term or any transition period, or fails to operate its Cable System in accordance with the terms set forth in Section 17.4 below, the City, at its option, may operate the Cable System or designate another entity to operate the Cable System temporarily until the Franchisee agrees to restore and restores continuous Cable Service in compliance with the Franchise and the Cable Ordinance or until the Franchise is revoked and a new entity selected by the City is providing Cable Service.
- 17.4. The City shall be entitled to exercise its rights under Section 17.3 if the:
  - 17.4.1. Franchisee fails to provide Cable Service in accordance with its Franchise over a substantial portion of the Franchise Area for one hundred twenty (120) consecutive hours, unless such failure is due to force majeure or the City authorizes a longer interruption of service; or
  - 17.4.2. The Franchisee, for any period, willfully and without cause refuses to provide Cable Service in accordance with its Franchise over a substantial portion of the Franchise Area.

17.5. Rights Upon Franchise Termination or Revocation. If the City revokes the Franchise or the Franchise otherwise terminates, the City shall have the following rights, in addition to the rights specified in this Franchise or under Applicable Law:

17.5.1. The City may require the former Franchisee to remove its facilities and equipment at the former Franchisee's expense. If the former Franchisee fails to do so within a reasonable period of time, the City may have the removal done at the former Franchisee's and/or surety's expense, subject to any right of abandonment that may be provided for under Applicable Law.

17.5.2. The City, by the City Council resolution, may acquire ownership under the procedures of the Cable Act and at the price determined by the Cable Act. 47 U.S.C. § 547.

Section 18. Miscellaneous Provisions.

18.1. Governing Law. This Franchise shall be governed and construed in accordance with the statutes and laws of the State of California.

18.2. No Pledging of City's Credit. Under no circumstances shall Franchisee have the authority or power to pledge the credit of City or incur any obligation in the name of City. Franchisee shall save and hold harmless the City, its City Council, its officers, employees, boards and commissions for expenses arising out of any unauthorized pledges of City's credit by Franchisee under this Franchise.

18.3. Venue. In the event that suit shall be brought by either Party, the Parties agree that venue shall be exclusively vested in the Alameda County Superior Court, or, where otherwise appropriate, exclusively in the United States District Court for the Northern District of California.

18.4. Conflict of Interest. Franchisee certifies that to the best of its knowledge, no City employee or officer of any public agency has any pecuniary interest in the business of Franchisee and that no person associated with Franchisee has any interest that would conflict in any manner or degree with the performance of this Franchise. Franchisee represents that it presently has no interest and shall not acquire an interest, direct or indirect, which could conflict in any manner or degree with the provisions of California Government Code Section 87100 et seq., and certifies that it does not know of any facts which constitute a violation of said provisions. Franchisee will advise City if a conflict arises; provided, however, nothing herein shall be deemed to create a duty for Franchisee to disclose any publicly traded securities of Franchisee which may be held by any such City employee or officer and which are obtained through ordinary public market transactions, without any financial or special assistance from Franchisee.

- 18.5. Force Majeure. The Franchisee shall not be deemed in default with provisions of its Franchise where performance was rendered impossible or impracticable by war or riots, civil disturbances, floods or other causes beyond the Franchisee's control or the unforeseeable unavailability of labor or materials. The acts or omissions of Affiliates are not beyond the Franchisee's control, and the knowledge of Affiliates shall be imputed to Franchisee. The Franchise shall not be revoked or the Franchisee penalized for such noncompliance, provided that the Franchisee takes immediate and diligent steps to bring itself back into compliance and to comply as soon as possible under the circumstances with its Franchise without unduly endangering the health, safety and integrity of the Franchisee's employees or property, or the health, safety and integrity of the public, Public Rights-of-Way, Public Property, or private property.
- 18.6. Level Playing Field. The City shall comply with the provisions of California Government Code Section 53066.3(d).
- 18.7. Notices. Unless otherwise expressly stated herein, notices required under this Franchise shall be mailed first class, postage prepaid, or sent overnight delivery to the addressees below. Each party may change its designee by providing written notice to the other party, but each party may only designate one entity to receive notice.
- 18.7.1. Notices to the Franchisee shall be mailed to:
- 18.7.2. Notices to the City shall be mailed to:
- City of Oakland
- 18.8. Calculation of Time. Unless otherwise indicated, when the performance or doing of any act, duty, matter or payment is required hereunder and a period of time or duration for the completion thereof is prescribed and is fixed herein, the time shall be computed so as to exclude the first and include the last day of the prescribed or fixed period of duration/time.
- 18.9. Time of Essence; Maintenance of Records of Essence. In determining whether the Franchisee has substantially complied with its Franchise, the parties agree that time is of the essence to this Franchise. The maintenance of records and provision of reports in accordance with the Franchise is also of the essence to this Franchise.
- 18.10. Captions. The captions and headings of this Franchise are for convenience and reference purposes only and shall not affect in any way the meaning and interpretation of any provisions of this Franchise.

PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

**SCHEDULE 2.1.3**  
**1**  
**ACCEPTANCE**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2005 JUN -2 PM 7:37

COMCAST OF CALIFORNIA/COLORADO, LLC hereby accepts and agrees to be bound by all the terms and conditions of the Franchise granted by Ordinance No. \_\_\_\_\_, as adopted by the Oakland City Council.

\_\_\_\_\_  
[Name]  
[Title]

Date: \_\_\_\_\_

**SCHEDULE 8.1**

**INSTITUTIONAL NETWORK AGREEMENT**

**TABLE OF CONTENTS**

RECITALS ..... 1

AGREEMENT ..... 1

    1. Definitions..... 1

    2. General ..... 4

    3. Engagement and Compensation of Grantee..... 5

    4. I-Net Use ..... 5

    5. Backbone Fiber ..... 6

    6. Determination of I-Net Costs..... 8

    7. Initial I-Net Construction..... 9

    8. Future I-Net Construction or Upgrades ..... 12

    9. Warranties/Acceptance ..... 12

    10. I-Net Service and Maintenance..... 13

    11. Miscellaneous ..... 13

*8-2*

**FINANCE & MANAGEMENT CMTE.**

## INSTITUTIONAL NETWORK AGREEMENT

THIS INSTITUTIONAL NETWORK AGREEMENT (the "Agreement") is entered into by and between the City of Oakland, California (the "City") and Comcast of California/Colorado, LLC (the "Grantee") effective as of \_\_\_\_\_, 2004.

### RECITALS

A. The City has granted to Grantee a Cable System Franchise, under which Grantee has certain nonexclusive rights, including the right to construct and maintain a cable system within the City.

B. Grantee is currently embarked upon a program of upgrading said cable system.

C. The City now wishes to engage Grantee to construct fiber optic connections to government facilities for use and benefit of governmental agencies within the City.

D. Grantee is willing to undertake to assist the City in the creation of such a network in accordance with the following terms and conditions.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do agree as follows.

1. Definitions. For the purposes of this Agreement, the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is mandatory, and "may" is permissive. Words not defined shall be given their common and ordinary meaning.

"Access" means the availability for noncommercial use by various agencies, institutions, organizations, groups and individuals in the community, including the City and its designees, of the Cable System to acquire, create, receive, and distribute video Cable Services and other services and signals as permitted under applicable law. The term includes, but is not limited to, Government Access and Educational Access as those terms are defined below.

"Activation" means that the information and documentation required by Section 7.4 hereof has been supplied and that the facility is capable of being activated.

"Cable Act" means the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, and as may be amended from time to time in the future.

"Cable Service" means the one-way transmission to Subscribers of video programming or other programming services, and Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming services.

"Cable System" means Grantee's facility, consisting of a set of closed transmissions paths and associated signal generation, reception, and control equipment, that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (B) a facility that serves Subscribers without using any Public Rights-of-Way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. 201 et seq.), except that such facility shall be considered a Cable System (other than for purposes of Section 621(c) (47 U.S.C. 541(c)) to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with federal statutes; or (E) any facilities of any electric utility used solely for operating its electric utility systems.

"Construction Credits" means the credits available to the City for I-Net construction cost as set forth in Section 10.10.2 of the Franchise.

"Dedicated Fiber" means fiber originally requested and paid for, in accordance with the terms of this Agreement, by the City for I-Net use and which shall, during the term specified in Section 4.1 of this Agreement, according to actual use, be available to the City for approved I-Net uses.

"Demarcation Point" means the termination block or other termination device at each I-Net site, which represents the interface between the I-Net and the Qualified I-Net User's local network. In all cases, the Demarcation Point will be clearly marked as such by Grantee, and will provide an identifiable interface for connection.

"Educational Access" means Access where educational institutions or their designees are the primary users having editorial control over programming and services.

"Fiber Optic" means the physical fiber optic strands which are used as a transmission medium , capable of carrying services by means of electric lightwave impulses.

"Franchise" means the Cable System Franchise Agreement entered into between Grantee and the City on \_\_\_\_\_.

"Franchise Area" has the same meaning as set forth in the Franchise.

"GIS" means governmental information services.

"Government Access" means Access where City governmental institutions or their designees are the primary users having editorial control over programming and services.



"Headend" means the primary facility used by Grantee for signal reception and dissemination on the Cable System, including cables, antennas, wires, satellite dishes, monitors, switchers, modulators, and processors for broadcast signals.

"Hub" means an intermediary exchange point in the signal distribution portion of the Cable System (including the I-Net), located between the Headend and the Nodes.

"City Hub" means an intermediary exchange point in the signal distribution portion of the I-NET.

"Incremental Construction Costs" means all of Grantee's labor, materials and construction costs for installing the I-Net Plant that would not have been incurred but for the construction of the I-Net Plant.

"I-Net Equipment" means the electronic equipment and associated facilities required to activate the I-Net and control the transmission of signals through the I-Net.

"I-Net Plant" means dedicated single-mode fiber, splicing, passive components, and support structures, which will generally be installed by Grantee and made available for I-Net uses.

"I-Net Site" means one of the sites listed in Exhibit A to this Agreement.

"Institutional Network" or "I-Net" means the facilities or capacity designed for connecting public buildings within the Franchise Area as is described in greater detail in this Agreement. If any building connected by the I-Net ceases to be used as a public building, such building shall be disconnected from the I-Net at the City's expense.

"Integrated I-Net Backbone" means those Fiber Optics which are dedicated to the City that are integrated into the Fiber Optic network of Grantee's Subscriber Network, from the Headend to each Node in the City.

"Legally Compatible" has the meaning given in Section 2.2.

"I-Net Node" means an exchange point in the signal distribution system where optical signals are converted to RF signals.

"Node Area" means a geographic area served by a Node.

"OTDR" means Optical Time Domain Reflectometer.

"Person" means any individual, sole proprietorship, partnership, association, limited liability company, corporation, or other form of governmental or private entity or organization.

"Qualified I-Net User" means any of the following which are passed by the Cable System and located in the Franchise Area: the City and its agencies, other governmental

agencies, public libraries, and Oakland Unified School District facilities located within the City and identified on Exhibit A.

"Residential Subscriber" means any Subscriber who receives Cable Service delivered to a dwelling unit.

"Separate I-Net Backbone" means those Fiber Optics which are in separate sheaths and not integrated into or attached onto the Fiber Optic portion of Grantee's Subscriber Network.

"State" means the State of California.

"Street" or "Public Way" or "Public Rights-of-Way" means each of the following which have been dedicated to the public or are hereafter dedicated to the public and maintained under public authority or by others and located within the Franchise Area: streets, roadways, highways, avenues, lanes, alleys, bridges, sidewalks, easements, rights-of-way and similar public property and areas.

"Subscriber" means any Person who or which elects to subscribe to, for any purpose, Cable Service provided by Grantee by means of or in connection with the Cable System and who pays the charges therefor.

"Subscriber Network" means that portion of the Cable System used primarily by Grantee in the transmission of Cable Services to Residential Subscribers.

"Technically Compatible" has the meaning given in Section 2.1.

"Telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.

"Telecommunications Service" means the offering of Telecommunications for a fee directly to the public or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

"Termination Equipment" means the electronic equipment and associated facilities required at the Demarcation Point between the I-Net and the Qualified I-Net User's local network or end user electronics.

"Total Costs" means the actual final Incremental Construction Costs plus all the costs described in Section 6.2.

"Total Estimated Costs" means the aggregate of the estimated Incremental Construction Costs plus all the estimated costs described in Section 6.2.

2. General. The I-Net shall be a private communications network, governed by this Agreement, the Franchise and the Cable Act, which may be used only by the City and any other Qualified I-Net User to communicate among themselves in a manner that is both Technically

Compatible and Legally Compatible. The City agrees to require all Qualified I-Net Users to stipulate and agree to this limitation.

2.1 "Technically Compatible" includes, but is not limited to, the understanding that the I-Net will not be used in any way that will interfere with the signal quality and the normal operation of the Subscriber Network.

2.2 "Legally Compatible" includes, but is not limited to, the understanding that, except as expressly provided herein, the I-Net may not (i) be used to provide or receive Telecommunications Services; (ii) be used by or to serve any member of the general public except for governmental or educational uses as provided in Section 4.2(d) of this Agreement (iii) be interconnected with any other institutional network or other similar system except for governmental or educational uses as provided in Section 4.2 of this Agreement. The I-Net may be connected to City owned and operated, internal switches which allows Telecommunications use among the City and Qualified I-Net Users, and which will permit interconnection between the City and Qualified I-Net Users with carriers of Telecommunications Services certificated by the California Public Utilities Commission or information service providers, provided that the City pays a fee for the transmission of data or Telecommunications to such third party providers. Notwithstanding the foregoing, if at any time it is determined by a court or agency or legislature of competent and controlling jurisdiction that the use or provision of the I-Net constitutes a Telecommunications Service, or that the provision of the I-Net by Grantee in accordance with this Agreement or the Franchise is unlawful, such use or provision of the I-Net shall cease immediately upon written notice from Grantee.

3. Engagement and Compensation of Grantee.

3.1 The City hereby engages Grantee to create and install the I-Net on the terms and subject to the conditions set forth in this Agreement.

3.2 In exchange for its services as provided in this Agreement, the City shall compensate Grantee as provided in Sections 6, 7, and 8 hereof.

4. I-Net Use.

4.1 The City is hereby granted the irrevocable right of continued use of the Fiber Optics provided specifically for City use and described in this Agreement, during the term of the Franchise and any extensions or renewals thereof.

4.2 Appropriate uses of the I-Net include all Legally Compatible uses, including, by way of example and not limitation:

- (a) High-speed transmission of GIS and other data to and from City departments and to and from other Qualified I-Net Users;

(b) Transmitting live and stored instructional materials (whether in the form of data, video or otherwise) for distance learning and staff training purposes to and from Qualified I-Net Users;

(c) Providing video conferencing among governmental and educational locations and to other locations for governmental and educational purposes;

(d) Linking public libraries within the City, and providing terminals at library and government locations that allow members of the public to access library and government databases only;

(e) Providing for remote origination of Public, Government or Educational Access programming;

(f) Facilitating connections for intra-governmental or educational telephone systems, security systems and other critical public entity communications applications;

(g) Connecting to any educational or governmental facility within the corporate boundaries of the City for transmission to and from educational and government data bases.

4.3 Except as expressly set forth in this Agreement, no utilization charges shall be imposed for City's or any other Qualified I-Net User's use of the I-Net in accordance with this Section 4. For the purposes of this Agreement, City-owned and/or occupied facilities, located within the geographic limits of the City shall be deemed as being within the City's jurisdictional area.

5. Backbone Fiber. The Integrated I-Net Backbone, Separate I-Net Backbone, and Node to Node Backbone each will consist of six (6) dedicated Fiber Optic strands, as follows:

5.1 Integrated I-Net Backbone. The Integrated I-Net Backbone will be owned and maintained by Grantee. Grantee shall provide a through-put of 6 dedicated Fiber Optic strands constructed from the Headend to each individual Hub a through-put of 6 dedicated Fiber Optic strands d from each Hub to each I-Net Node served by such Hub.

5.2 Separate I-Net Backbone. Although the physical Fiber Optic plant which constitutes the Separate I-NET Backbone will be constructed separate from Grantee's s Subscriber Network, the Separate I-Net Backbone will be owned, operated, and maintained by the Grantee. Grantee shall provide a through-put of 6 Fiber Optic strands to the Demarcation Point of each I-Net Site identified on Exhibit A.

5.3 I-Net Sites. The applicable Qualified I-Net User will provide the route and the access from the property line of the I-Net Site into the facility. Reasonable efforts will be undertaken by Grantee and the City to cause the I-Net distribution system and drops to share common paths with Grantee's Subscriber Network in order to minimize costs to the Qualified I-Net Users. I-NET Sites may pass through another I-

NET Site to return to a Node (provided that the effect shall in no way increase the number of Fiber Optic strands at any point in the I-Net with a through-put above six (6)). This portion of the I-Net will be owned and maintained by Grantee. Final route selection will be at the sole discretion of Grantee. The Qualified I-Net User will provide all underground conduits and, where installation is to be by an aerial attachment, the Qualified I-Net User must confirm that the fiber can be placed aerial. Qualified I-Net Users also will supply Grantee, in advance, with blueprints of the building indicating demarcation location on the exterior of the building. Grantee will provide construction to the demarcation point at a cost to be paid by the Qualified I-NET User on a site by site and bid by bid basis. The City shall determine if and to the extent that the Qualified I-Net User may use PEG/I-Net support made available under the Franchise Agreement to pay such costs.

5.4 Multiple Facilities at an I-Net Site. In some locations where the Qualified I-NET User may have multiple facilities at a single I-NET site as listed in Exhibit A, Grantee may be requested by the City to construct Fiber Optics between two or more facilities at the Qualified I-NET User's cost (i.e., such sums shall not be paid from any PEG/I-Net support made available under the Franchise). These components will be owned by the City, provided that no part of such I-Net facilities are tied into or attached to Grantee's aerial plant or underground conduit. City shall be required to obtain all necessary permits for such construction.

5.5 Headend Interconnection to City Hub(s). Grantee shall provide, at a cost to be paid by the Qualified I-NET User, an interconnection consisting of through-put of six Fiber Optic strands between the I-Net Facilities at Grantee's Hubs and the City Hub(s).

5.6 Network Equipment. Grantee shall not install or be responsible for any I-Net equipment.

5.7 New I-Net Locations. The City may, at any time during the term of the Franchise request that new or additional public facilities in the City be connected to the I-Net beyond those sites identified in Exhibit A. Within ninety (90) days of receipt of a request from the City, Grantee shall provide a quotation as to the then-current Incremental Construction Cost for connection of such new or additional location. For all new requests not identified in Exhibit A the City shall pay all related costs to provide a quote for the Incremental Construction Cost. If the public agency elects to be connected and agrees to pay the full cost of such connection, or if construction credits are available, Grantee shall complete such connection, in a timely manner after receipt of the City's written acceptance of the quoted connection charge and, in any event, within ninety (90) days of receipt by Grantee of all permits or other governmental authorizations required to complete the connection. In no event shall such connection exceed a through-put of 6 strands of Fiber Optics.

6. Determination of I-Net Costs. The City or the Qualified I-Net User shall pay the following in return for Grantee's construction of the I-Net, excluding as provided under Sections 5.4, 5.5, 5.6 and 5.7.

6.1 Incremental Construction Costs. Initial I-Net Plant (as required to build to the I-Net Sites identified in Exhibit A) construction costs will be at Grantee's actual Incremental Construction Costs. The I-Net Plant should be designed and installed to take maximum advantage of the incremental cost formula described in this Section 6, except where it would be more cost-effective for the Grantee to do otherwise.

(a) Where the I-Net Plant follows the exact routing of Grantee's aerial fiber plant, Incremental Construction Costs shall be limited to the incremental material cost of the dedicated fiber strands and all labor costs to splice the fiber, plus any costs required to make sufficient space available on the utility pole (including additional anchors).

(b) Except as provided in paragraph (c), below:

(i) where the I-Net Plant follows the exact routing of the Grantee's underground conduit structure (installed or planned), the Incremental Construction Costs will be limited to the incremental material and all labor costs of the dedicated fiber strands, but

(ii) where the I-Net Plant follows the exact routing of the Grantee's underground plant where conduit is not installed or planned, the Incremental Construction Costs will be the costs of the fiber, plus labor costs to install and splice the fiber.

(c) Notwithstanding paragraph (b), above, where the I-Net Plant follows the exact routing of Grantee's underground plant, and either (i) there is no conduit and Grantee does not install and does not plan to install conduit; or (ii) there is conduit, but it is fully physically occupied by plant in place and Grantee does not remove or intend to remove that plant, and does not install or intend to install additional conduit, then in addition to the costs described in paragraph (b), above, the Incremental Construction Costs shall include the direct additional labor and materials costs required to construct necessary support structures for the I-Net Plant that would not have been incurred otherwise e.

(d) Where the I-Net Plant does not follow the routing of the Grantee's aerial or underground plant and there are no support structures that can be used for a cable system, the Incremental Construction Costs shall include, in addition to the costs specified in paragraph (a), above, all additional labor and materials costs required to construct necessary support structures for the I-Net Plant that would not have been incurred otherwise, including trenching, conduit placement, pole rentals, pole line engineering, permitting, make ready, and all labor and materials necessary to install and splice the fiber in or on such support structures. .

(e) Where the City and the Grantee have a mutual interest in building out to a particular location, the Incremental Construction Costs shall be split by the City and Grantee in proportion to the amount of fiber optic strands in the sheath that are dedicated to each party.

6.2 Equipment Costs. The City shall compensate Grantee as follows for all I-Net Equipment purchased or installed pursuant to this Agreement.

(a) Integrated I-Net Backbone. The City is responsible for all costs related to obtaining and installing any I-Net Equipment, which is required for the basic operations of the Integrated I-Net Backbone.

(b) Separate I-Net Backbone. The City shall bear all costs for obtaining and installing any I-Net Equipment which is required for the operation of the Separate I-Net Backbone, and shall reimburse Grantee therefor upon receipt of an invoice as provided in Section 7.5, below.

(c) Termination Equipment. The City shall bear all costs for obtaining and installing any I-Net Equipment which is Termination Equipment

(d) Cost Amounts. The parties mutually agree that all Incremental Construction Costs to be borne by the City hereunder shall be calculated as follows.

6.3 Equipment and Material Costs. The costs borne by the City for any I-Net Equipment supplied as provided herein shall be the actual costs to Grantee for such equipment.

(a) Labor Costs. The labor costs borne by the City shall be all direct and indirect costs incurred by Grantee.

(b) Maintenance Charges. Whenever Grantee provides maintenance services to the City or any Qualified I-Net User pursuant to the terms of this Agreement Grantee shall receive compensation for such services in an amount which is equal to the actual cost (including but not limited to costs for all labor and material) to Grantee of providing such services.

(c) Estimate and Design Costs. All actual costs incurred by Grantee to design any portion of the I-Net and to provide the City with estimated costs for construction, whether or not the City ultimately decides to perform the construction.

## 7. Initial I-Net Construction.

7.1 The I-Net shall be constructed in phases, as follows:

(a) City shall as soon as practicable and no later than sixty (60) days of the date of this Agreement, provide Grantee a final document, which specifies the sites to be served by the I-Net.

(b) Upon receipt of said document Grantee will have sixty (60) days to provide City with Total Estimated Cost for construction of the I-Net to those sites

to be constructed in the first phase, and to the best of Grantee's ability will work with City to prioritize the I-Net Locations for construction purposes.

(c) No later than September 1 of each year thereafter, the City shall provide to the Grantee a document which specifies the I-Net sites to be constructed in the next phase. Upon receipt of this document, the Grantee shall have sixty (60) days to provide the City with Total Estimated Cost for construction of the I-Net to such sites, and the total funds available for construction in that year; provided that, in no case shall the total funds available in any year be less than one quarter (1/4) of the total funds allocated for construction of the project identified in Section 10.10.2 of the Franchise.

(d) Following receipt of each of the Estimated Cost and Design Notice, the City shall have sixty (60) days to deliver to Grantee written notice that the City either (i) has finally approved the proposed I-Net Total Estimated Costs and the associated maps and routing diagrams. or (ii) give Grantee written notice that it intends to request Grantee to make such changes to the number and location of sites as may be required to ensure that the I-NET construction is consistent with the City's requirements. The City recognizes that if it does not deliver the notice within sixty days, the Total Estimated Costs may change.

(e) If the City does not so notify Grantee within sixty (60) days after its receipt of an Estimated Cost and Design Notice, Grantee shall not be required to construct the I-Net sites submitted therein; *provided, however*, that the City may later direct Grantee to construct that portion of the I-Net in accordance with Section 8 hereof.

(f) If the City approves the phase as described in the Estimated Cost and Design Notice, Grantee shall proceed with the I-Net construction phase so described.

(g) If the City elects to order changes to the design described in such an Estimated Cost and Design Notice, Grantee shall have an additional thirty (30) days in which to provide the City with (i) revised preliminary written Total Estimated Costs for the revised design ordered by the City and (ii) maps showing the revised design and routing, for each City-identified I-Net site or component (the "Revised Notice").

(h) Following its receipt of a Revised Notice, the City shall follow the procedures described in paragraph (d), above, except that the City shall have only thirty (30) days in which to deliver to Grantee a notice of acceptance or further amendment.

(i) Grantee shall provide, on a quarterly basis, an update of construction costs incurred to date. If an unforeseen condition occurs that will substantially increase the estimated cost for a particular site, the Grantee shall notify the City prior to completion of such work. For purposes of this Section



7.1(h), a ten percent (10%) increase in the estimated cost shall be considered a substantial increase.

7.2 Change Orders. The City may, up to the point where Grantee begins construction on the City Hub where a given I-Net portion is located, direct Grantee to construct or not construct any specific portions or segments of the I-Net, or to change its equipment requirements. Except as otherwise provided in Section 6.1(e), the City shall be responsible for all costs associated with any such change. All time delays to reach agreement on the sites to be constructed including but not limited to; City review of construction costs, Change Orders and Grantee time to produce revised cost estimates shall add an equal number of days to the length of the time allotted for completing the project.

7.3 Construction and Activation. The construction of the I-Net shall be substantially completed within 48 months from the effective date of the franchise with the exceptions stated in Section 7.2. I-NET activation will occur as the City procures equipment necessary for activation. For purposes of this paragraph, I-Net Activation shall mean that all the necessary equipment to activate the I-Net site has been installed and tested in accordance with Section 7.4, below, by Grantee, excluding the installation and activation of any end user equipment required to utilize the I-Net.

7.4 Initial I-Net Fiber Optic Testing/Certification. All I-Net Fiber Optics installed either on an incremental build or separate build will have OTDR testing performed, and OTDR printouts will be included in the final documentation package to certify that an I-Net location is deemed activated. Specifically, the I-Net Fiber Optics will be tested for end-to-end attenuation at both 1310nm and 1550nm, using an optical power source and optical power meter. Tests will be performed after the connectors have been installed and will be from the jumper side of the termination panel bulkhead connector, at the Fiber Optic origination point and through and to the jumper side of the bulkhead connectors at each I-Net location's Demarcation Point Fiber Optic termination panel. Maximum loss will not exceed manufacturers' passive cable system attenuation, adjusted for cable length, splice loss (maximum loss per splice is .2dB) and connector loss. The maximum connector pair loss is assumed to be .5dB.

7.5 Invoices.

(a) Grantee shall provide to the City, on a monthly basis, a copy of all invoices and supporting documentation received from a contractor, or in the case of Grantee's internal costs, an accounting of costs, which are to be assessed against the Construction Credits by Grantee for I-Net construction.

(b) Within thirty (30) days of receipt of a completed invoice, submitted in accordance with paragraph (a), above, the City shall either (i) accept the Total Costs specified in the completed invoice or (ii) give Grantee written notice, as provided in Section 7.7, below, that the said invoice is disputed. Failure to provide such written notice shall constitute acceptance of the invoice as submitted by Grantee.

7.6 Dispute Procedures.

(a) The City may not dispute any invoice, except for pointing out errors or omissions, unless it shows actual Total Costs that are more than ten percent (10%) in excess of the Total Estimated Costs previously submitted by Grantee for the work involved. If the City elects to dispute any invoice, it shall pay any amounts that are not disputed, and within the time provided in Section 7.5(b) provide a written and itemized explanation as to the amount(s) disputed (the "Dispute Notice").

(b) If Grantee receives a Dispute Notice within the time provided in Section 7.5(b), above, and the Parties cannot, within twenty (20) days, resolve the dispute, the Parties shall submit the dispute to Judicial Arbitration & Mediation Services, Inc. ("JAMS") for non-binding mediation. The fees of the mediator shall be shared equally by the parties. In order to commence mediation, the Parties shall give written mediation demand to the other party.

7.7 Alternative Procedures. Nothing in this Agreement shall be read to prevent the parties from agreeing to different procedures for I-Net construction, as long as those procedures (a) permit the I-Net to be constructed efficiently and cost-effectively and (b) are incorporated in a written document which is executed by each of the parties hereto.

8. Future I-Net Construction or Upgrades. After the I-Net has been completed, the City may request Grantee upgrade the I-Net or construct additional I-Net Plant at any time throughout the initial term of the Franchise and any extension thereof. After receiving a request for additional I-Net work, Grantee will provide the City an estimate of the Total Costs associated with the additional work which may include up to a 20% mark-up over Incremental Construction Costs, except as provided in Section 6.1(e). If the City then, in writing, requests Grantee perform the work and accepts the Total Cost and estimated time for completion of such work, Grantee will perform it subject to payment therefor by the City.

9. Warranties/Acceptance. The acceptance of any I-NET plant , or reimbursement therefor, shall not waive any defect in the work or constitute acceptance of work or equipment not in compliance with the applicable design and specification requirements. In its contracts, Grantee shall provide (a) warranties of the work and equipment satisfactory to the City, and (b) for the enforcement of such warranties and for the correction of work or equipment not provided in accordance with applicable design and specification requirements or which is otherwise defective.

10. I-Net Service and Maintenance. The City agrees that all Qualified I-Net Users will exhaust any and all troubleshooting of the I-NET equipment and their own equipment connected to the I-NET in accordance with manufacturer guidelines before contacting Grantee for service or maintenance on the I-NET plant Grantee shall provide service and maintenance of the Integrated I-NET Backbone at no cost to the City. Grantee shall be paid for all service and maintenance on a time and material basis for service and maintenance provided for the Separate

I-NET Backbone in accordance with standard rates established by Grantee. No such payment may be made from the PEG/I-Net support made available under the Franchise Agreement.

10.1 Average Response Time to an Outage. Subject to force majeure delays, Grantee shall respond to Qualified I-Net User's requests for repair of an I-Net outage as follows:

(a) For physical Fiber related failure between the Headend and Hubs where the I-Net is sheathed or carried with Subscriber Network Fiber Optics, and for multiple site outages, Grantee shall respond within four (4) hours of notification.

(b) For any other physical Fiber related single site failures, Grantee shall respond within twenty-four (24) hours of notification.

(c) Notwithstanding the foregoing, it is understood that Grantee's service, repair and maintenance obligations with respect to the Cable System shall take precedence.

10.2 Maintenance. Maintenance of the I-NET plant will be performed by Grantee as necessary to conform to any Federal or State technical requirements. Service and maintenance of the I-Net may not be performed by any other person without Grantee's prior consent in writing.

## 11. Miscellaneous.

11.1 Binding Agreement. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns.

11.2 Force Majeure. If Grantee or City shall be delayed or interrupted in the performance or completion of the work hereunder by an embargo, war, fire, flood, earthquake, epidemic, or other calamity, act of God or of the public enemy, or by any strike or labor dispute, or by the inability to secure governmental licenses, permits or priorities, or by the unavailability of sources of supply to Grantee or City, or by any other outside cause which is beyond the control of Grantee or City and without its fault or negligence, then it shall be excused from any delay or failure to perform under the Agreement.

11.3 Right to Stop Work or Termination by City. City may for any reason whatsoever terminate performance under this Agreement by Franchisee. City shall give a thirty (30) day written notice of such termination to Franchisee specifying when termination becomes effective and whether the termination relates to all work contemplated by this Agreement or only to work related to a specific phase of Franchisee's I-Net construction or maintenance. City must pay for work actually performed to the date of notice, but shall incur no further obligations in connection with the work and the Franchisee shall stop work on City's account when such termination becomes effective. Franchisee shall also terminate outstanding orders and subcontracts to

the extent possible. City shall settle the liabilities and claims arising out of termination of such subcontracts and orders.

11.4 Audit of I-Net Usage. Grantee reserves the right to audit the City's compliance with terms and conditions of this Agreement, including, without limitation, the City's and any Qualified I-Net Users' use of the I-Net, and all records of the City and Qualified I-Net Users necessary to determine compliance. If the City or any Qualified I-Net User breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice, or if the City or any Qualified I-Net User repeatedly breaches the terms of this Agreement, Grantee may disable the I-Net connection to the I-Net User that is in non-compliance in addition to seeking any other remedy available to it at law or in equity. Before doing so, the Grantee must provide the I-Net user with notice of the alleged violation, and provide an opportunity to be heard, to show either that a violation has not occurred or that termination shall not be imposed.

11.5 Excused Performance. If Grantee or the City is delayed or interrupted in the performance of completion of the work hereunder by any neglect or default of the other, then the affected party shall be excused from any delay or failure to perform under this Agreement caused by such a neglect or default.

11.6 Successors and Assigns. Grantee and the City each bind themselves, their successors, assigns and legal representatives, to the other party hereto and to the successors, assigns, and legal representatives of such other party, in respect to covenants, agreements, and obligations contained in this Agreement. Neither Grantee nor the City shall assign this Agreement without the written consent of the other party, which consent shall not unreasonably be withheld. If the Franchise is properly assigned to another party, this Agreement shall also be assigned with no further action required by the parties hereto.

11.7 No Third Party Beneficiaries. The terms and provisions of this Agreement shall create no right in any Person other than the parties and their respective successors and permitted assigns of the Agreement and no third party shall have the right to enforce or benefit from the terms hereof.

11.8 Waiver. The failure of any party hereto to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive such party of the right thereafter to insist upon strict adherence to such term or any other term of this Agreement. Any waiver must be in writing.

11.9 Amendments. This Agreement may not be modified, amended, or supplemented except by a writing that has been signed by both parties hereto.

11.10 Invalid Clause. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

8-2

FINANCE & MANAGEMENT CMTE

11.11 Construction. Each of the parties to this agreement represents and acknowledges that it has been represented by counsel of its choosing in connection with the drafting and execution of this Agreement, which has been fully negotiated among them. Accordingly, this Agreement shall be construed in accordance with its terms, and no principle of construction shall be applied to favor or disfavor either party hereto.

11.12 Governing Law. This Agreement shall be governed by, and constructed in accordance with, the laws of the State of California, without reference to the choice of laws or conflicts of laws rules or principles of that or any other jurisdiction.

11.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute on and the same instrument.

11.14 Facsimile Signatures. The parties agree that the execution and transmittal of this Agreement by facsimile shall be of the same binding effect as the handwritten execution upon an original copy of the Agreement.

11.15 Captions. All captions contained in this Agreement are for convenience only and are not to be deemed part of the agreement or to be referred to in connection with the interpretation of this Agreement.

IN WITNESS WHEREOF, this Institutional Network Agreement has been executed by the undersigned on behalf of Grantee and the City, respectively, each of the undersigned being thereunto duly authorized, to be effective as of the date first written above.

**THE CITY**

**CITY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GRANTEE**

**COMCAST OF CALIFORNIA/COLORADO LLC**

a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

List of I-Net Sites

## Exhibit A

### List of I-Net Sites

#	Facility	Address	Type
1	City Hall	1 Frank H. Ogawa Plaza	City
2	Oakland Museum of California	1000 Oak Street	City
3	Alice Arts Center	1428 Alice Street	City
4	Wilson Building	150 Frank Ogawa Plaza	City
5	Employee Assistance	1970 Broadway	City
6	Dalziel Building	250 Frank H. Ogawa Plaza	City
7	Childrens Fairyland	699 Bellevue Ave (In the park)	City
8	Dunsmir House	2960 Peralta Oaks Ct.	City
9	Paramount Theatre	2025 Broadway	City
10	Old Fire Alarm Bldg	1310 Oak St.	City
11	Oakland Army Base	Oakland Army Base (Bldg One)	City
12	Oakland/ALCO Coliseum	66th Ave. @ Coliseum Way	City/County
13	Fire Dispatch/EOC/ Fire Station #1	1605 Martin Luther King Jr.	City
14	Fire Training (Drill tower)	250 Victory Court	City
15	Fire Station # 2	100 Jack London Square	City
16	Fire Station # 3	1445 14th Street	City
17	Fire Station # 4	1235 E 14th Street	City
18	Fire Station # 5	934 34th Street	City
19	Fire Station # 6	7080 Colton Blvd	City
20	Fire Station # 7	1006 Amito Drive	City
21	Fire Station # 8	463 51st Street	City
22	Fire Station # 10	172 Santa Clara Avenue	City
23	Fire Station # 12	822 Alice Street	City
24	Fire Station # 13	1225 Derby Avenue	City
25	Fire Station # 15	455 27th Street	City
26	Fire Station # 16	3600 13th Avenue	City
27	Fire Station # 17	3344 High Street	City
28	Fire Station # 18	1700 50th Avenue	City
29	Fire Station # 19	5776 Miles Avenue	City
30	Fire Station # 20	1401 98th Avenue	City
31	Fire Station # 21	13150 Skyline Blvd	City
32	Fire Station # 22	1 Airport Drive	City
33	Fire Station # 23	7100 Foothill Blvd	City
34	Fire Station # 24	5921 Shepherd Canyon Road	City
35	Fire Station # 25	2795 Butters Drive	City
36	Fire Station # 26	2611 98th Ave.	City
37	Fire Station # 27	8501 Pardee Drive	City
38	Fire Station # 28	4615 Grass Valley Road	City
39	Fire Station # 29	1016 66th Avenue	City
40	Oakland Housing Authority	1180 25th Avenue	City
41	Eastmont Library	1 Eastmont Mall	City
42	Main Library (Library Administration)	125 14th Street	City
43	Elmhurst Library	1427 88th Avenue	City
44	Piedmont Avenue Library	160 41st Street	City
45	Montclair Library	1687 Mountain Blvd	City
46	West Oakland Senior Center	1724 Adeline Street	City
47	West Oakland Library	1801 Adeline Street	City
48	Dimond Library	3565 Fruitvale Avenue	City



## Exhibit A

### List of I-Net Sites

<b>#</b>	<b>Facility</b>	<b>Address</b>	<b>Type</b>
49	Asian Library, Chinatown Community Resource Center	388 9th Street	City
50	Melrose Library	4805 Foothill Blvd	City
51	Temescal Library	5205 Telegraph Avenue	City
52	Rockridge Library	5366 College Ave	City
53	Lakeview Library	550 El Embarcadero	City
54	Golden Gate Library	5606 San Pablo Ave	City
55	Martin Luther King Jr. Library	6833 E 14th Street	City
56	Golden Gate Library	1075 62nd St	City
57	Charles Green Library (AAMLO)	659 14th St.	City
58	Cesar Chavez Library (Newly built)	35th Ave. & E12th St.	City
59	Brookfield Library, East Oakland Senior Center	9255 Edes Ave	City
60	Museum Conservation Lab	9th St. & Fallon	City
61	Museum Collection Facility	Ford and Lancaster St..	City
62	Tassafaronga Rec. Center	975 85th Ave	City
63	Franklin Rec. Center	1010 E 15th Street	City
64	DeFremery Pool	1269 18th Street	City
65	Parks and Rec. Administration	1520 Lakeside Drive	City
66	Live Oak Pool	1550 MacArthur Blvd	City
67	Sanborn Rec. Center	1637 Fruitvale Ave	City
68	DeFremery Rec. Center	1651 Adeline Street	City
69	San Antonio Rec. Center	1701 E 19th Street	City
70	Smith, F.M. Rec. Center	1969 Park Blvd	City
71	Sheffield Village Rec. Center	247 Marlow Drive	City
72	Lincoln Square Rec. Center	250 10th Street	City
73	Discovery Center Rec. Center	2521 High Street	City
74	Brookdale Rec. Center	2535 High Street	City
75	McClymonds Pool	2607 Myrtle Street	City
76	Manzanita Rec. Center	2701 22nd Avenue	City
77	Poplar Rec. Center	3131 Union Street	City
78	Joaquin Miller Rec. Center	3594 Sanborn Drive	City
79	Mosswood Rec. Center	3612 Webster Street	City
80	Studio One Arts Center	365 45th Street	City
81	Temescal Pool	371 45th Street	City
82	Allendale Rec. Center	3711 Suter Street	City
83	Dimond Rec. Center	3860 Hanley Road	City
84	Dimond Pool	3860 Hanley Road	City
85	Redwood Heights Rec. Center	3883 Aliso Street	City
86	Fremont Pool	4550 Foothill Blvd	City
87	Garden Center	666 Bellevue Ave	City
88	Rotary Nature Center	553 Bellevue Ave	City
89	Bushrod Rec. Center	560 59th Street	City
90	Lake Merritt Sailboat House	568 Bellevue Ave	City
91	Rainbow Rec. Center	5800 E 14th Street	City
92	Morcom Rose Garden	600 Jean Street	City
93	Montclair Rec. Center	6300 Moraga Ave	City
94	Jefferson Square Rec. Center	645 7th Street	City

**Exhibit A**  
List of I-Net Sites

<b>#</b>	<b>Facility</b>	<b>Address</b>	<b>Type</b>
95	Park District Offices 1 & 2	666 Bellevue Ave	City
96	Arroyo Viejo Rec. Center/ CDC*	7701 Krause Ave	City
97	Brookfield Rec. Center	9175 Edes Ave	City
98	Carter Rec. Center (Verdese Carter)	9600 Sunnyside Street	City
99	Laney College Campus	900 Fallon Street	Schools
100	Merritt College Campus	12500 Campus Drive	Schools
101	Administrative Offices (Peralta)	333 East 8th Street	Schools
102	Animal Shelter	1101 29th Ave.	City
103	Ranger Station	3590 Sanborn Drive	City
104	Police Services Administration Bldg.	455 7th Street	City
105	Police Transportation Lot Bldg	495 Washington Street	City
106	Jail Division	611 Broadway	City
107	911 Dispatch	7101 Edgewater Dr.	City
108	Oakland Airport (2nd drop)	1 Airport Drive	City
109	Eastmont Precinct (new)	73rd Ave & Bancroft Ave.	City
110	Oakland Airport (1st drop)	1 Airport Drive	City
111	Port of Oakland - Administration Bldg	530 Water Street	City
112	North Airport Administration Building	Bldg. L-107, 9532 Earhart Road	City
113	Jack London Square Security offices	66 Jack London Square	City
114	Harbor Transportation Offices	Oakland Naval Supply Center	City
115	Harbor Facilities - Office of Port	209 Brush Street	City
116	District 1 Maintenance Services	5050 Coliseum Way	City
117	District 4 Maintenance Services	5921 Shepard Canyon Drive	City
118	Municipal Service Center	7101 Edgewater Drive	City
119	PWA Maintenance Services	750 50th Ave	City
120	Castlemont High School	8601 MacArthur Blvd	Schools
121	Fremont High School	4610 Foothill Blvd	Schools
122	McClymonds High School	2607 Myrtle Street	Schools
123	Oakland High School	1023 MacArthur Blvd	Schools
124	Oakland Technical High School	4351 Broadway	Schools
125	Skyline High School	12250 Skyline Blvd	Schools
126	Claremont Jr. High School	5750 College Ave	Schools
127	Elmhurst Jr. High School	1800 98th Ave	Schools
128	Frick Jr. High School	2845 64th Ave	Schools
129	Calvin Simmons Jr. High School	2101 35th Ave	Schools
130	Bret Harte Jr. High School	3700 Coolidge Ave	Schools
131	Havenscourt Jr. High School	1390 66th Ave	Schools
132	Lowell Jr. High School	991 14th Street	Schools
133	Edna M Brewer Jr. High School	3748 13th Ave	Schools
134	Montera Jr. High School	5555 Ascot Drive	Schools
135	Roosevelt Jr. High School	1926 19th Ave	Schools
136	Westlake Jr. High School	2629 Harrison	Schools
137	Verdese Carter Jr. High School	4521 Webster	Schools
138	James Madison Jr. High School	400 Capistrano Drive	Schools
139	King Estates Jr. High School	8251 Fontaines Street	Schools
140	Cole Magnet School Grades 4-8	1011 Union Street	Schools
140	Cole Elementary		
141	Hillcrest K-8	30 Marguerite Drive	Schools

## Exhibit A

### List of I-Net Sites

#	Facility	Address	Type
142	Kaiser K-8	25 S Hill Court	Schools
143	Tilden Elementary / CDC	4551 Steele Street	Schools
144	Allendale Y.R. Elementary	3670 Penniman Ave	Schools
145	Bella Vista Elementary	1025 E. 28th Street	Schools
146	Brookfield Elementary/ CDC	401 Jones	Schools
147	East Oakland High School	3550 64th Ave	Schools
148	Burckhalter Elementary	3994 Burckhalter Ave	Schools
149	Chabot Elementary	6686 Chabot Road	Schools
150	Cleveland Elementary	745 Clevand Street	Schools
151	E Morris Cox Elementary/ CDC	9860 Sunnyside Street	Schools
152	Crocker Highlands Elementary	525 Midcrest Road	Schools
153	Special Education Center	2850 West Street	Schools
154	Emerson Elementary/ CDC	4801 Lawton Avenue	Schools
155	Franklin Y.R. Elementary	915 Foothill Blvd	Schools
156	Fruitvale Elementary	3200 Boston Ave	Schools
157	Garfield Y.R. Elementary/ CDC	1640 22nd Ave	Schools
158	Glenview Elementary	4215 La Cresta Avenue	Schools
159	Golden Gate Elementary/CDC*	6200 San Pablo Ave	Schools
160	La Escuelita Elementary	1100 3rd Avenue	Schools
161	Grass Valley Elementary/ CDC	4720 Dunkirk Ave	Schools
162	Hawthorne Y.R. Elementary	1700 28th Ave	Schools
163	Highland Elementary/ CDC*	8521 A Street	Schools
164	Jefferson Y.R. Elementary/ CDC*	2035 40th Avenue	Schools
165	Lakeview Elementary/ CDC	746 Grand Avenue	Schools
166	Laurel Elementary/ CDC*	3750 Brown Avenue	Schools
167	Lazear Elementary	824 29th Avenue	Schools
168	Lincoln Elementary/ CDC*, Yuk Yau	225 11th Street	Schools
169	Lockwood Y.R. Elementary/ CDC*	6701 International Blvd	Schools
170	Independent Studies / CDC*	3877 Lusk Street	Schools
171	Horace Mann Y.R. Elementary	5222 Ygnacio Ave	Schools
172	Manzanita Y.R. Elementary/ CDC*	2409 E 27th Street	Schools
173	Markham Elementary	7220 Krause Ave	Schools
174	Maxwell Park Elementary	4730 Fleming Avenue	Schools
175	Melrose Elementary	1325 53rd Avenue	Schools
176	Joaquin Miller Elementary	5525 Ascot Drive	Schools
177	Montclair Elementary	1757 Mountain Blvd	Schools
178	Parker Elementary/ CDC	7929 Ney Avenue	Schools
179	Peralta Y.R. Elementary/ CDC	460 63rd Street	Schools
180	Piedmont Avenue Elementary/ CDC*	4314 Piedmont Avenue	Schools
181	Prescott Elementary/ CDC*	920 Campbell Street	Schools
182	Redwood Heights Elementary	4401 39th Avenue	Schools
183	Santa Fe Elementary/ CDC*	915 54th Street	Schools
184	Sequoia Elementary/ CDC	3730 Lincoln Avenue	Schools
185	Sherman Elementary	5328 Brann Street	Schools
186	Sobrante Park Elementary	470 El Paseo Drive	Schools
187	Stonehurst Elementary/ CDC*	10315 E Street	Schools
188	Thornhill Elementary	5880 Thornhill Drive	Schools
189	Explore Middle School	9736 Lawlor Street	Schools

## Exhibit A

### List of I-Net Sites

#	Facility	Address	Type
190	Washington Elementary/ CDC*	581 61st Street	Schools
191	Webster Academy/ CDC*	8000 Birch Street	Schools
192	Whittier Y.R. Elementary	6328 E. 17th Street	Schools
193	Howard Elementary/ CDC	8755 Fontaine Street	Schools
194	Carl Munck Elementary/ CDC*	11900 Campus Drive	Schools
195	Hoover Elementary	890 Brockhurst Street	
196	Marshall Elementary	3400 Malcolm Avenue	Schools
197	Tilden Pre-School & Spec Ed School	4655 Steele St	Schools
198	Pleasant Valley Adult	920 53 rd St.	Schools
199	Martin Luther King Jr. Elementary/ CDC	960 10th St.	Schools
200	Lafayette Elementary	1700 Market St.	Schools
201	Tubman	800 33rd Street	Schools
202	Dewey High School	1111 2nd Avenue	Schools
203	Adult Ed & Technology Center & Life Academy High School	2111 International Blvd.	Schools
204	Edward Shands School	2455 Church St.	Schools
205	Oakland Evening School	750 International Blvd.	Schools
206	American Indian Public Charter Sch	3637 Magee Ave.	Schools
207	Aspire Public School	1445 101st Ave	Schools
208	North Oakland Community School	5951 College Ave.	Schools
209	Oakland Charter Academy	4703 Tidewater Ave.	Schools
210	West Oakland Community School	955 12th St	Schools
211	Woodland School	1025 81st Ave.	Schools
212	Street Academy	417 29th St.	Schools
213	Imani Independent Study Center	3300 MacArthur Blvd.	Schools
214	Arts/ Far West	5263 B'dway Terrace	Schools
215	Alice St CDC	250 17th St	Schools
216	Bella Vista CDC	2410 10th Ave	Schools
217	Centro Infantil de la Raza	2660 E 16th St	Schools
218	Hawthorne CDC	2920 E. 18th St	Schools
219	Harper Bldg/ Tech Center / Met West H. S.	314 E 10th St	Schools
220	Downtown Senior Center (Vet's bldg)	200 Grand Avenue	City
221	H.J. Kaiser Convention Center	10 10th Street	City
222	Fruitvale Resource Center	3002 E 9th Street	City
223	Latino Community Resource	4473 International Blvd	City
224	Oakland Zoo	9777 Golf Links Road	City
225	Chabot Science Center	4917 Mountain Blvd.	City/Schools
226	Cesar Chavez Learning Center (Elementary) Fruitville / San Antonio	2825 International Blvd.	Schools
227	Ascend Elementary School	3709 E. 12th Street	Schools
228	Bunche Academy (8th Grade)	1240 18th Street	Schools
229	Rudsdale (8th Grade)	1180 70th Ave	Schools
230	Brookfield Annex	495 Jones Ave	Schools
231	East Bay Cons. Corps - Charter School	1086 Alcatraz	Schools

**Exhibit A**  
List of I-Net Sites

<b>#</b>	<b>Facility</b>	<b>Address</b>	<b>Type</b>
232	East Bay Cons. Corps - 9-12	1021 Third Street	Schools
233	East Oakland Leadership Academy	2614 Seminary Avenue	Schools
234	Growing Children	8000 International Blvd	Schools
235	Huerta Learning Academy	1936 Courtland Ave	Schools
236	Lighthouse Community	1920 Telegraph Ave	Schools
237	Oakland Unity High School	6038 Brann Street	Schools
238	Reems Academy Technology & Art	8411 MacArthur	Schools
239	University Preparatory Charter Academy	7200 Bancroft Avenue	Schools
240	Wilson Lionel College Prep	400 105th Avenue	Schools
241	Procurement / Warehouse/ Misc	900 High Street	Schools
242	Facilities / Building & Grounds	955 High Street	Schools
243	OUSD District Office	1025 2nd Avenue	Schools
244	School of Social Justice	8350 Hillside	Schools
245	Fremont Truancy Center	1710 45th Avenue	Schools
246	Fox Theater	18th & Telegraph	City
247	North Oakland Senior Center	5714 Martin Luther King Jr. Wy	City
248	New Library (not yet constructed)	81st & Rudsdale (on school lot)	City
249	Oakland School for the Arts	1800 San Pablo	City
250	Fire Station #14	3456 Champion St.	City

SCHEDULE 11.3 -- ADDITIONAL REPORTING REQUIREMENTS		
Annual Reporting Requirements		
REQUIREMENT		DATE DUE TO THE CITY
1. Certified statement setting forth the computation of Gross Revenues used to calculate the Franchise Fee for the preceding year and a detailed explanation of the method of computation showing a) the Gross revenues by category (e.g. basic, pay per0view, advertising, installation, equipment, late charges, miscellaneous, other) b) what, if any, deductions were made from Gross revenues in calculating the Franchise fee (e.g. bad debt, credits and refunds), and the amount of each deduction		Within 30 days of the end of the year
2. Report showing, for each applicable customer service standard, the Franchisee's performance with respect to that standard for the preceding quarter. In each case where Franchisee concludes it did not comply fully, the Franchisee will describe the corrective actions it is taking to assure future compliance. In addition, the report should identify the number and nature of the written [escalated] customer service complaints received and an explanation of their dispositions		Within 30 days of the end of the year
3. An ownership report, indicating all Persons who at the time of filing control or own an interest in the Franchisee of ten percent (10%) or more.		Within 30 days of the end of the year
4. Copies of all notices provided to subscribers pursuant to this article		Annually- no date specified

<b>Quarterly Reporting Requirements</b>		<b>DATE DUE TO THE CITY</b>
<b>REQUIREMENT</b>		
<p>1. Report containing information sufficient for the City to measure compliance with each provision of Section 12.17 of the Franchise, and containing the following:</p> <ul style="list-style-type: none"> <li>a) the number of service calls (calls requiring a truck roll) received during the prior quarter and the percentage of service calls compared to subscriber base</li> <li>b) the total estimated hours of known outages as a percentage of total hours of operation.</li> <li>c) Penetration report</li> <li>d) Saturation report</li> <li>e) Customer Service Log</li> <li>f) Outage Log</li> </ul>		<b>Within 30 days of the end of each calendar quarter</b>
<p>2. The Franchisee shall provide to the City a subscriber service report which includes, at a minimum:</p> <ul style="list-style-type: none"> <li>a) service interruption report detailing the number of planned and unplanned service interruptions, the time, date, location and duration of each interruption and the number of subscribers affected</li> <li>b) telephone wait transfer and busy signal report detailing the Franchisee's compliance with each of the telephone answering standards contained in the City's customer service standards resolution</li> </ul>		<b>Within 30 days of the end of each quarter</b>
<b>Other Reporting Requirements</b>		<b>DATE DUE TO THE CITY</b>
<b>REQUIREMENT</b>		
<p>1. Franchisee shall submit as-builts to the City after completion of each hub-during the rebuild (Section 5.5.5 of the Franchise defines as-built). Franchisee shall submit a report accompanying each as-built certifying that Franchisee's plant has passed all known and existing legal residence passed by street and block number.</p>		<b>Within 30 days after completion of each hub-during the rebuild</b>
<p>2. Franchisee shall submit any additional information requested by the City-with regards to the as-builts and reports submitted</p>		<b>Within 20 days of the request</b>
<p>3. The City Manager may from time to time direct the Franchisee to prepare reports related to the provisions of Applicable Law or the Franchise, or the construction, operation, upgrade or repair of the Cable System and to submit those reports by a date certain, in format prescribed by the Manager, in addition to those required</p>		<b>Upon request-date to be provided in request</b>

## 2005 COMCAST CABLE RATE COMPARISONS FOR OAKLAND VS OTHER CALIFORNIA CITIES

	OAKLAND Comcast	ALAMEDA Comcast	FRESNO Comcast	LOS ANGELES Comcast	SACRAMENTO Comcast	SAN FRANCISCO Comcast	SAN JOSE Comcast	STOCKTON Comcast	MONTEREY Comcast	Comcast Industry Average	Oakland vs Average
<i>Analog Services</i>											
Limited Basic	\$17.99	\$12.41	\$11.00	\$11.69	\$12.01	\$16.52	\$14.26	\$10.28	\$16.10	\$13.03	\$4.96
Standard Cable	\$45.99	\$41.99	\$44.95	\$48.48	\$45.00	\$45.99	\$44.25	\$43.35	\$45.99	\$45.00	\$0.99
<i>Digital Services</i>											
Digital Classic	\$55.94	\$51.94	\$54.90	\$58.43	\$54.95	\$55.94	\$54.17	\$53.30	\$55.94	\$54.95	\$0.99
Digital Plus	\$60.94	\$56.94	\$59.90	\$68.43	\$59.95	\$60.94	\$59.17	\$58.30	\$60.94	\$60.57	\$0.37
Digital Silver	\$74.94	\$70.94	\$72.90	\$78.43	\$73.95	\$74.94	\$73.17	\$72.30	\$74.94	\$73.95	\$0.99
Digital Gold	\$87.94	\$83.94	\$85.90	\$88.43	\$85.95	\$87.94	\$86.20	\$84.30	\$87.94	\$86.33	\$1.62
Digital Premium	\$99.94	\$95.94	\$97.90	\$98.43	\$97.95	\$99.94	\$98.17	\$96.30	\$99.94	\$98.07	\$1.87
<i>Other Services</i>											
HDTV	X	X	X	X	X	X	X	X	N/A	-	-
On Demand	X	N/A	N/A	X	X	X	X	X	N/A	-	-
Internet	X	X	X	X	X	X	X	X	X	-	-
Digital Video Recorder	X	N/A	N/A	X	N/A	N/A	N/A	X	N/A	-	-
Telephone	X	X	X	X	X	N/A	N/A	N/A	N/A	-	-

Background: The above information was collected from various sources: 1) the respective city's website, 2) rate cards received from the respective city and/or 3) Comcast

Key: N/A - Plan/Service not offered by cable provider

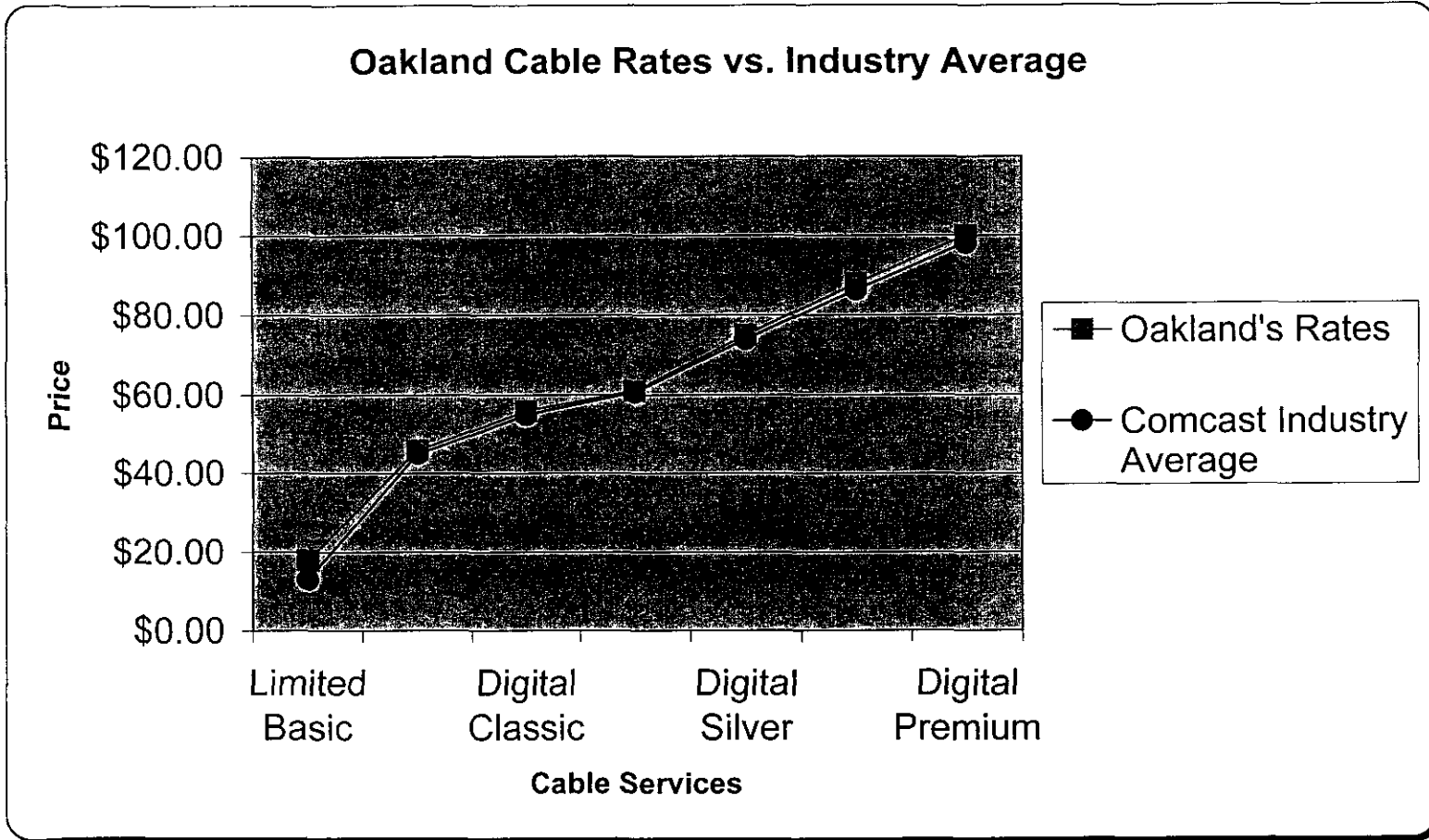
Note: Comcast serves several areas in Los Angeles, each with a different rate for the respective packages. Therefore, the LA numbers were averaged to arrive

Disclaimer: Because the above information was gathered from a variety of sources, the data may not exactly match city residents cable package names and/or rates

ITEM: \_\_\_\_\_  
 Finance Management Committee  
 June 14, 2005  
 ATTACHMENT A



2005 COMCAST CABLE RATE COMPARISONS FOR OAKLAND VS OTHER CALIFORNIA CITIES



FINANCE & MANAGEMENT CMTE.

JUN 14 2005

8-2

ITEM: \_\_\_\_\_  
Finance Management Committee  
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ATTACHMENT A