TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: JUNE 20, 2005 CMR: 252:05
SUBJECT: REQUEST FOR APPROVAL OF AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MIDPENINSULA COMMUNITY MEDIA CENTER, INC. IN THE AMOUNT OF $100,000

RECOMMENDATION
Staff recommends that the City Council:

1. Approve and authorize the City Manager to execute the attached agreement with the Midpeninsula Community Media Center, Inc. (Media Center) in an amount not to exceed $100,000 for cablecasting and other production services.

2. Authorize the City Manager or his designee to exercise the option to renew the contract for the second and third year provided the proposed cost for the renewal contract does not exceed the original contract price plus an increase based on the Bay Area Consumer Price Index; the Media Center is responsive to the City’s needs; and the quality of the Media Center’s work is acceptable during the first year of the contract.

BACKGROUND
In 1983, a Joint Powers Agreement (JPA) was entered into by Palo Alto, Menlo Park, East Palo Alto, Atherton and portions of San Mateo and Santa Clara Counties for the purposes of obtaining cable television service for residents, businesses, and institutions within these jurisdictions. The JPA gives Palo Alto the sole authority to grant and administer a cable television franchise on behalf of the JPA member communities.

In 1986, a cable television franchise agreement was executed with Cable Co-op. Subsequently, the City Council designated MidPeninsula Access Corporation (MPAC) as the Community Access Corporation (CAO) to bring community media services to the JPA service area. Since that time, MPAC has served as the CAO for the JPA.

In 1999, the Cable Co-op Board of Directors and subscribers approved the sale of Cable Co-op’s system to AT&T. Following the sale of the cable system from Cable Co-op to AT&T, the Council approved a new franchise agreement with AT&T. As a condition of the sale, AT&T made a charitable donation of $17 million to Silicon Valley Community Communications (SVCC), a new public benefit corporation formed by Cable Co-op. On August 20, 2001, MPAC
merged with SVCC and was renamed the Midpeninsula Community Media Center, Inc. (Media Center). Subsequently, Council designated the Media Center as the CAO serving the JPA. On July 8, 2002, the City consented to transfer of control of the franchise from AT&T to Comcast Corporation. On this same date, the City entered into a new CAO agreement with the Media Center on behalf of the JPA. This agreement gives the Media Center responsibility for government channel administration and programming and establishes a standard set of hourly rates for the JPA. The expiration of the CAO agreement coincides with the expiration of the franchise agreement. In conjunction with the CAO agreement, on July 8, 2002, the City of Palo Alto also entered into a separate agreement with the Media Center in the amount of $160,000 for cablecasting and other production service needs.

**DISCUSSION**
The existing agreement between the City and the Media Center expires on June 30, 2005. Staff requests that the Council approve another three-year agreement with Media Center in an amount not to exceed $100,000. The scope of work to be performed under the proposed agreement includes: 1) cablecasting of Palo Alto City Council, Council Committee and board and commission meetings in an amount not to exceed $65,000; and 2) programming of Palo Alto special events, programs and activities in an amount not to exceed $35,000. These services may include, but are not limited to, cablecasting of Town Hall meetings, and Council/City Manager call-in shows, all to be aired on the public and/or government channels. Media Center will bill for these services monthly based upon the standard rates established in the JPA agreement.

In the past, the City of Palo Alto allocated $100,000 to the CAO to be used at its sole discretion for PEG access programming and services. In the July 2002 agreement, the City changed this practice and directed the use of this money towards Palo Alto’s specific needs. With the City’s continuing revenue decline, the resources that the SVCC merger brings to the CAO, and the increased PEG fees negotiated in the Comcast franchise agreement, staff believed this change to meet Palo Alto’s needs was justified.

During the term of the existing agreement, as part of the City’s budget reduction efforts, contract funding was reduced from $160,000 to $140,000. The proposed agreement recommends another funding reduction of $40,000, from $140,000 to $100,000. This will limit the amount of funding available to cover Palo Alto’s programming needs.

**RESOURCE IMPACT**
Funds for the agreement are part of the Administrative Service Department’s 2005-06 Proposed Budget. The expenditures of $100,000 are offset by franchise fee revenues paid to the City by Comcast, which amounted to $459,495 in calendar year 2004.

Funds for the CAO agreement are generated through Comcast’s payment of PEG fees (approximately $275,000 annually) to the City on behalf of the JPA.

**ENVIRONMENTAL REVIEW**
This is not a project under the California Environmental Quality Act, and no environmental review is required.
DEPARTMENTAL HEAD APPROVAL: ________________________________
CARL YEATS
Director, Administrative Services

CITY MANAGER APPROVAL: ________________________________
EMILY HARRISON
Assistant City Manager

ATTACHMENTS
Attachment A: Agreement between the Media Center and the City of Palo Alto