

REPORT TO CITY COUNCIL

DATE: DECEMBER 14, 2005

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: CAROL TUBELIS, ASSISTANT TO THE CITY MANAGER

SUBJECT: REQUEST APPROVAL OF RESOLUTION 05-1397 AUTHORIZING AN AMENDMENT EXTENDING THE TERMINATION DATE OF THE CABLE TELEVISION FRANCHISE AGREEMENT WITH CENTURY-TCI CALIFORNIA, L.P. dba ADELPHIA CABLE COMMUNICATIONS

This report is to request approval of Resolution No. 05-1397 for the purpose of extending the existing Franchise Agreement with Adelphia Cable Communications (“Adelphia”) until December 31, 2006.

At their meeting of February 23, 2005, the City Council extended the City’s existing Franchise Agreement with Adelphia until December 31, 2005, pursuant to Resolution No. 05-1362. The original Franchise Agreement expired on March 23, 2004. The initial extension was granted to allow time for Adelphia to emerge from Chapter 11 bankruptcy proceedings around the end of 2004, and for the company to rebuild the City’s cable system to provide new products, such as digital television and cable modems, to all of its Agoura Hills subscribers. The second extension was granted to give Adelphia time to complete the bankruptcy proceedings and to sell the company to a cable company qualified to provide the best service to the City’s subscribers.

On April 25, 2005, Time Warner Cable and Comcast announced they would acquire the assets of Adelphia Communications. The purchasing companies agreed to swap certain of Adelphia cable systems to expand both companies’ cable footprints and improve the geographic clusters of their subscribers. Agoura Hills will become part of the Time Warner Cable system. To this end, on September 28, 2005, the City Council adopted Resolution No. 05-1389 authorizing (1) The transfer of control of the cable television franchise from Adelphia Communications Corporation to Comcast Cable Holdings; (2) An assignment of the cable television franchise by Comcast Cable Holdings to CAC Exchange I; and (3) A transfer of control of CAC Exchange I from Comcast Corporation to Time Warner Cable, Inc.

As reported previously, Adelphia diligently continues to work through the bankruptcy proceedings. The timeline for the approval of the transfer of control and/or assignment of all authorizations and licenses from Adelphia Communications Corporation to Time Warner, Inc. and Comcast Corporation by the FCC is ticking. It is expected all closings to be completed by April 1, 2006. The City continues to collect Adelphia’s franchise fees in a timely manner according to the original agreement.

Staff and the City Attorney suggest that the Franchise Agreement be extended this third time, to the end of the 2006 calendar year, to allow more time for Adelphia to emerge from bankruptcy, and the sale of Adelphia's assets to Time Warner and Comcast to be completed. When these proceedings have both been finalized, City staff can renew, with Time Warner, the franchise agreement negotiations it began over two years ago, with Adelphia. Now, these negotiations remain on hold, with the terms and provisions of the extended agreement in effect, and cable service for Adelphia's subscribers in Agoura Hills uninterrupted.

The Franchise Extension Agreement has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff respectfully recommends the City Council approve Resolution No. 05-1397, authorizing an Agreement extending, until December 31, 2006, the termination date of the Cable Television Franchise Agreement with Century-TCI California, L.P., dba Adelphia Cable Communications.