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CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

CITY HALL
915 I STREET - 95814
(916) 449-5704

February 16, 1982

FILED
By the City Council
Office of the City Clerk

Cont to
2-23-82
FEB 16 1982

APPROVED
BY THE CITY COUNCIL

FEB 23

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: SMUD Request for Time Delay in CATV Process

SUMMARY

This letter transmits a request from the Sacramento Municipal Utility District to delay the progress of the current cable television franchising process for six weeks. A proposed resolution denying the request is attached.

BACKGROUND

The Sacramento City Council and Board of Supervisors received a request from SMUD to delay the franchising process by six weeks.

The request has been jointly reviewed by City and County staff and our joint analysis and recommendations are set forth in the attached report to the Board of Supervisors signed by William Freeman, Assistant County Executive.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution which:

1. Denies the time delay.
2. Requests potential cable operators to contact SMUD in the course of their needs assessments.
3. Reserves, to the cities and the county, the right to set requirements for SMUD's needs following receipt of operator proposals.

Respectfully submitted,

Mac Mailes
Assistant City Manager
for Community Development

Recommendation Approved:

Walter J. Slife, City Manager

February 16, 1982

RESOLUTION NO. 82-017

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION DENYING REQUEST FOR EXTENSION OF DEADLINE FOR CABLE TELEVISION PROPOSALS AND REQUESTING BIDDERS TO SURVEY S.M.U.D.'S NEEDS

WHEREAS, on February 9, 1982, the Board of Directors of Sacramento Municipal Utility District asked that the deadline for submission of franchise applications be extended from March 15 to May 1, 1982;

BE IT RESOLVED by the Council of the City of Sacramento that SMUD's request for extension of the deadline for submission of applications for the initial CATV franchise from March 15 to May 1, 1982, is hereby denied;

BE IT FURTHER RESOLVED that each cable operator which has registered interest in the initial CATV franchise is hereby requested to contact SMUD, identify SMUD's needs for access to the system for computerized meter reading and other energy-related uses, include within its application such proposals (if any) related to SMUD's needs as the operator deems appropriate, and suggest such amendment (if any) of the cable television enabling ordinances as the individual applicant deems necessary or desirable in relation to any proposal which it may make to serve SMUD's needs; and the Cities and County reserve the prerogative to establish subsequent to the receipt of applications such requirements respecting these matters, subject to the right of applicants to withdraw applications, as the governing bodies deem necessary or proper.

BE IT FINALLY RESOLVED that a certified copy of this resolution shall be filed with the Board of Directors of SMUD and transmitted to each cable operator who has registered interest in applying for the initial CATV franchise.

APPROVED
BY THE CITY COUNCIL

MAYOR

FEB 23 1982

OFFICE OF THE
CITY CLERK

ATTEST:

CITY CLERK

COUNTY OF SACRAMENTO

Inter-Department Correspondence

Date Feb. 11, 1982

To : Chairperson and Members
Board of Supervisors

From : William Freeman
Assistant County Executive

Subject: Extension of Application Deadline
for Cable T.V. - SMUD
Agenda - February 16, 1982 - Item No. 20

RECOMMENDATION

It is recommended that the Board of Supervisors adopt the enclosed resolution which would:

- a. Deny SMUD's request for extension of the application deadline from March 15, 1982 to May 1, 1982;
- b. Request operators who have registered interest in the Initial CATV Franchise to contact SMUD for the purpose of identifying SMUD's needs and incorporating responses thereto in their applications; and
- c. Make it known that the Cities and County reserve the right to establish subsequent to the receipt of proposals, requirements relating to satisfaction of SMUD's needs.

DISCUSSION

During a special meeting of the Board of Directors of SMUD on February 9, 1982, that Board directed that a request be submitted to the Cities and County for an extension of six weeks of the March 15, 1982 deadline for submission of applications for the Initial CATV Franchise. See attached letter dated February 9, 1982.

The primary reasons for the staff recommendation are summarized as follows:

- a. Nearly three months have elapsed since SMUD's initial expression of interest in cable television without a decision by the Board of Directors of what, if any, role SMUD desires to play, despite a November 25, 1981 letter to SMUD requesting a final determination by January 2, 1982 (see letter attached);
- b. An extension of the March 15, 1982, application deadline for six weeks would inevitably require extension of the application deadlines for additional time beyond the six-week period in order to analyze SMUD's position when announced, and, possibly, alter the bidding process -- such delay in all probability causing the application deadline to be fixed in mid or late Summer or early Fall at the earliest; and
- c. There is no direct relationship between the receipt of applications for the Initial CATV Franchise and the deliberations which SMUD is undertaking, and any determination SMUD might make would not be prejudiced by the receipt of applications on March 15, 1982.

It is also staff's recommendation, however, that the Governing Bodies officially encourage operators who have registered interest in the Initial Franchise to survey SMUD's needs, and consider including within their applications proposals to accommodate them. SMUD's initial expression of interest was announced too late to include such encouragement in the Request for Proposals. Operators should not be left in doubt as to whether the Governing Bodies are interested in accommodation of SMUD's needs. Such an announcement would remove any such doubts. SMUD officials have informed us that to date only about two or three interested operators have contacted them. The enclosed resolution would provide such encouragement to all operators.

In summary, staff recommends formulation of a policy under which the Cities and County stand ready, willing and able to the extent practical to cooperate with SMUD in satisfying its needs, but at the same time firmly make it clear that the expression of interest by SMUD in the franchising process is not a basis for interrupting the franchising program in mid-stream. The overall objective of developing a franchising program which satisfies all public needs, including, but not limited to, those of SMUD, requires that the franchising process continue in accordance with the publicly announced and formulated time lines established three months ago.



WILLIAM FREEMAN
Assistant County Executive

cc: w/Encl:

L. B. Elam, County Counsel
James Jackson, City Attorney, Sacramento
Philip Mering, City Attorney, Folsom and Galt

RESOLUTION NO. _____

A RESOLUTION DENYING REQUEST FOR
EXTENSION OF DEADLINE FOR CABLE
T.V. PROPOSALS AND REQUESTING
BIDDERS TO SURVEY SMUD'S
NEEDS

WHEREAS, on February 9, 1982, the Board of Directors of SMUD asked that the deadline for submission of franchise applications for the Initial CATV Franchise be extended from March 15 to May 1, 1982;

BE IT RESOLVED by the Board of Supervisors of the County of Sacramento, a political subdivision of the State of California that SMUD's request for extension of the deadline for submission of applications for the Initial CATV Franchise from March 15, 1982, to May 1, 1982 is hereby denied.

BE IT FURTHER RESOLVED that each cable operator which has registered interest in the Initial CATV Franchise is hereby requested to contact SMUD, identify SMUD's needs for access to the system for computerized meter reading and other energy related uses, include within its application such proposals (if any) related to SMUD's needs as the operator deems appropriate, and suggest such amendment (if any) of the cable television enabling ordinances as the individual applicant deems necessary or desirable in relation to any proposal which it may make to serve SMUD's needs; and the Cities and County reserve the prerogative to establish subsequent to the receipt of applications such requirements respecting these matters, subject to the right of applicants to withdraw applications, as the Governing Bodies deem necessary or proper.

BE IT FINALLY RESOLVED that a certified copy of this resolution shall be filed with the Board of Directors of SMUD and transmitted to each cable operator who has registered interest in applying for the Initial CATV Franchise.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, at a regular meeting thereof, this _____ day of _____, 1982, by the following vote, to wit:

AYES: Supervisors,
NOES: Supervisors,
ABSENT: Supervisors,

(SEAL)

ATTEST:

Clerk of the
Board of Supervisors

Chairperson of the Board of Supervisors
of Sacramento County, California



SMUD

SACRAMENTO MUNICIPAL UTILITY DISTRICT □ 6201 S Street, Box 15830, Sacramento, California 95813; (916) 452-3211

February 9, 1982

HON TOBY JOHNSON
CHAIRPERSON
BOARD OF SUPERVISORS
COUNTY OF SACRAMENTO
700 H STREET
SACRAMENTO CA 95814

RECEIVED

FEB 9 1982

BOARD OF SUPERVISORS

HON PHILLIP L ISENBERG
MAYOR
CITY OF SACRAMENTO
915 I STREET
SACRAMENTO CA 95814

The Sacramento Municipal Utility District Board of Directors respectfully requests that the City Council and the County Board of Supervisors delay the deadline for submission of proposals from potential bidders in the award of the Sacramento cable franchise for six weeks.

We recognize that the City and County have spent many, many hours of time and energy, including many public hearings, in formulating the current process and time schedules.

On the other hand, recent developments in cable technology offer critical potentials which may make it possible for SMUD to achieve significant improvements in efficiency of operation of its electric system, to the benefit of its ratepayers.

As you know, we are concerned over the need for managing peak load demands to avoid blackouts or lessened services to our ratepayers. The engineering and technical dimension of designing the appropriate system and determining the approach in the best interests of our ratepayers is quite complex, and we need the aforementioned time to complete these studies.

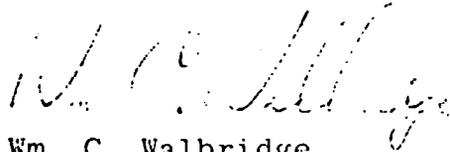
We have no desire to operate or control programming of a CATV system. We join you in looking to the best interests of the people of this community, and we will move expeditiously to

HON TOBY JOHNSON
HON PHILLIP L ISENBERG

-2-

February 9, 1982

determine an approach best designed to achieve our responsibilities to the ratepayers and the Sacramento community.



Wm. C. Walbridge
General Manager

Encs. (2)

cc: SMUD Board Members

RESOLUTION NO. 82-2-19

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:

The General Manager is hereby directed to send a letter to the City Council and the County Board of Supervisors requesting that they delay the deadline for submission of bids for the award of the Sacramento cable television franchise for six weeks. The letter shall be substantially identical to the draft attached hereto.

Adopted February 8, 1982

INTRODUCED BY DIRECTOR					<i>Car</i>
SECONDED BY DIRECTOR					<i>McClain</i>
DIRECTORS	AYE	NO	ABSTAIN	ASSENT	
KEHOE	✓				
CASTRO		✓			
CARR	✓				
McCLAIN	✓				
TAYLOR				✓	

RESOLUTION NO. 82-2-20

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:

The District's staff is hereby directed to explore the following three options with respect to cable television:

- (1) Full ownership of the entire distribution system;
- (2) Negotiation of a joint venture with one of the bidders for a franchise from the City and the County;
- (3) Amendment of the City-County ordinance and request for proposals for the installation of a cable television system so that the request would require bidders to provide for appropriate participation by the District in the cable TV arrangements.

Adopted February 8, 1982

INTRODUCED BY DIRECTOR <i>Ran</i>				
SECONDED BY DIRECTOR <i>McClain</i>				
DIRECTORS	AYE	NO	ABSTAIN	ASSENT
KEHOE	✓			
CASTRO	✓			
CARR	✓			
McCLAIN	✓			
TAYLOR				✓



**BOARD OF SUPERVISORS
COUNTY OF SACRAMENTO**

700 H STREET SUITE 2450 • SACRAMENTO, CA 95814

ILLA COLLIN
SUPERVISOR SECOND DISTRICT
(916) 440-5481

November 25, 1981

Mr. Paul W. Carr, President
Board of Directors
Sacramento Municipal Utility District
6201 S Street
Sacramento, California 95813

RE: Cable Television

Dear President Carr:

As you know, the provision of cable television services within the Sacramento Community has been the subject of public investigation at various times during the decade of the 70's. The matter has been under intense study by the City of Sacramento and County for the past two years. Numerous public hearings have been conducted by the City Council and Board of Supervisors and Sub-Committees thereof since March, 1981. On November 23 and 24, 1981, these studies culminated in the enactment by both governing bodies of a Cable Television Franchising Ordinance, and issuance of a Request for Proposals for the initial franchise.

The recently enacted Ordinances and Request for Proposals envision installation of a privately financed, privately owned and privately operated cable television system designed to provide entertainment, commercial and other services to all dwelling units within the incorporated and unincorporated urban area of the County. Proposals must be received by March 15, 1982. Tentative selection of the Franchisee must be made within nine months thereafter.

Minimum standards and requirements are established by the Ordinances and Request for Proposals. However, to a large extent, the actual design and capacity of the system to be installed, and services to be provided, will be determined by the winning proposal. The magnitude of capital investment which will be made, together with potential for public benefit, will be influenced by the nature, extent and degree of competition which develops between competing applicants.

OFFICE COPY

The November 19, 1981, decision by your Board to undertake a study of the feasibility and practicality of a SMUD financed and owned cable television system constituted an unexpected, surprising and somewhat perplexing turn in the developments which have been leading to culmination of the franchising process.

Of critical immediate concern is the potential impact which your Board's tentative and preliminary expression of interest in such a program may have upon the City and County franchising program. The concept of a publicly owned system with pervasive public control of operation, whether actual operation is delegated through sub-contract or otherwise, constitutes a dramatic departure from the concept envisioned by the Franchising Ordinances. A number of national firms have expressed interest in making application for the initial franchise. The extent to which such interest might wane with the injection of a public ownership program cannot be predicted, but must be viewed as a serious risk.

The City Council and Board of Supervisors are of the view that at this late date it would not promote the public interest for there to be a prolonged study and debate by SMUD over the feasibility, practicality and desirability of a SMUD financed and owned cable television system which stretches out over the ensuing critical months. It would be particularly devastating should such a study occur, seriously undermine or diminish interest by firms in obtaining a franchise, and ultimately yield a policy decision by SMUD that a franchise approach is the best after all.

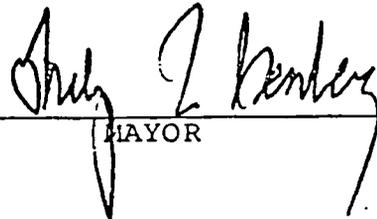
Therefore, the City Council and Board of Supervisors strongly urge your Board to undertake whatever examination and investigation respecting these issues you feel is required with the greatest dispatch possible. We also request that you reach the necessary fundamental decisions respecting the public ownership issue and make your intentions finally and publicly known within the shortest period of time possible, and in any event not later than January 2, 1982. Although how much damage will have been caused during the interim cannot presently be predicted, severe damage is certain with respect to any indecision subsequent to January 2, 1982.

City and County staff have been made preliminarily aware of certain uses which SMUD might make of a cable television system for monitoring and performance of other functions. It would appear that SMUD's needs in these respects can be accommodated through the franchising process. The City Council, Board of Supervisors and their staffs stand ready, willing and able to work cooperatively with your Board and its staff to identify SMUD's utilization needs

and make constructive efforts to see that they are satisfied through the franchising process.

Very truly yours,

CITY COUNCIL, CITY OF SACRAMENTO

By  _____
MAYOR

BOARD OF SUPERVISORS, COUNTY OF SACRAMENTO

By  _____
CHAIRPERSON

LBE:ph

cc: Members, Board of Directors
Sacramento Municipal Utility District
Members, City Council
City of Sacramento
Members, Board of Supervisors
County of Sacramento
William Freeman
Assistant County Executive
Mack Mails
Assistant City Manager
William C. Wallbridge
General Manager, Sacramento Municipal Utility District