



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetro.cable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION REGULAR BOARD MEETING

Sacramento County Administration Center
700 H Street, S. 1450
Sacramento, California 95814

THURSDAY, DECEMBER 7, 2017

2:30 p.m.

Board Members: Larry Carr, Steve Detrick, Albert J. Fox, Sue Frost, Eric Guerra, Steve Hansen, Lori Heuer, Patrick Kennedy, Don Nottoli, Susan Peters, Phil Serna
Ex Officio: Garret Gatewood
Elected Alternates: Bret Daniels, Stephanie Nguyen
Appointed Alternates: Matt Bryant (Carr), Matt Hedges (Frost), Sarah Pollo (Guerra), Consuelo Hernandez (Hansen), Susan McKee (Kennedy), Howard Schmidt (Peters), Lisa Nava (Serna)

The Board may take up any agenda item at any time, regardless of the order listed. Members of the public coming for a specific agenda item are encouraged to arrive earlier than the scheduled time. Public comment will be taken on the item at the time that it is taken up by the Board. We ask that members of the public complete a Request to Speak form, submit it to the Clerk of the Board, and keep their remarks brief. If several persons wish to address the Board on a single item, the Chair may impose a time limit on individual remarks at the beginning of the discussion. Action may be taken on any item on this agenda.

Presentations supplemented with media (video, DVD, PowerPoint, laptop hookup, etc.) must be coordinated in advance with the meeting Clerk. All media must be tested prior to the meeting date by Metro Cable at (916) 874-7685. Untested media will not be allowed on the date of the meeting. It is also highly advisable to bring a paper copy of presentations to the meeting as back up.

Meeting facilities are accessible to persons with disabilities. Requests for alternative agenda document formats, meeting assistive listening devices, or other considerations should be made through the Commission office at (916) 874-6662.

The meeting of the Commission is cablecast live on Metro Cable 14, the local government affairs channel and webcast at www.sacmetro.cable.tv. The meeting is closed captioned and will be repeated the following Saturday at Noon on Channel 14.

CALL TO ORDER

- A) Roll Call
- B) Pledge of Allegiance

ITEM NO. 1) CONFERENCE WITH LEGAL COUNSEL

- A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Government Code Section 54956.9
Name of Case: Comcast of Sacramento I, LLC, ET AL. v. SMCTC
Case No. 2:16-CV-01264-WBS-EFB
- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9: 2 Cases

Action:

Adjourn to a closed session.

ITEM NO. 2) OPTIONS FOR ANNUAL ADJUSTMENTS TO CHANNEL LICENSEES' BASE FUNDING IN THE GENERAL FUND AND PEG FEE FUND BUDGETS

Action:

- Discuss the options for annual Cost-of-Living Adjustments (COLA) to Channel Licensees' base funding provided in the Commission's General Fund and PEG Fee Fund budgets;
- provide staff with direction to revise the existing COLA Policy for Channel Licensees based on the option selected;
- direct staff to make appropriation adjustments to all of the Channel Licensees' Base Funding that was approved in the Fiscal Year 2017-18 General Fund and PEG Fee Fund budgets; and
- authorize the Executive Director to execute Amendments to the Channel Licensees' Fiscal Year 2017-18 Annual Funding and Performance Agreements, identifying additional approved funding, subject to form as approved by Commission Legal Counsel.

ITEM NO. 3) RESOLUTION NO. 2017-011, ADOPTING THE PROPOSED MID-YEAR GENERAL FUND (094A) AND PEG FEE FUND (094B) BUDGET ADJUSTMENTS FOR FISCAL YEAR 2017-18

Action:

Approve Resolution No. 2017-011, Adopting the Proposed Mid-Year General Fund (094A) and PEG Fee Fund (094B) Budget Adjustments for Fiscal Year 2017-18

ITEM NO. 4) RESOLUTION NO. 2017-012, DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO ENTER INTO A NEW OFFICE SPACE LEASE AGREEMENT WITH THE COUNTY OF SACRAMENTO

Action:

Approve Resolution No. 2017-012, Delegating Authority to the Executive Director to Enter into a New Office Space Lease Agreement with the County of Sacramento, on the fourth floor of the County-owned building located at 799 G Street in Sacramento.

ITEM NO. 5) LETTERS OF AGREEMENT FOR ANALYSIS OF FRANCHISE & PEG FEES PAID BY COMCAST AND CONSOLIDATED COMMUNICATIONS IN CALENDAR YEARS 2015 AND 2016

Action:

Authorize the Executive Director to sign the Letters of Agreement with Ashpaugh & Sculco, CPAs, PLC, to perform a review of franchise & Public, Education and Government (PEG) fees paid by Comcast and Consolidated Communications to the Sacramento Metropolitan Cable Television Commission (Commission) from January 1, 2015 through December 31, 2016 .

ITEM NO. 6) RESOLUTION NO. 2017-013, AUTHORIZING THE ISSUANCE OF A SUBPOENA RELATING TO A REVIEW OF FRANCHISE & PEG FEES PAID BY COMCAST IN CALENDAR YEARS 2015 AND 2016

Action:

Approve Resolution No. 2017-013, Authorizing the Issuance of a Subpoena Relating to a Review of Franchise and PEG Fees paid by Comcast to the Sacramento Metropolitan Cable Television Commission in Calendar Years 2015 and 2016.

ITEM NO. 7) REVISED CALENDAR YEAR 2018 QUARTERLY BOARD MEETING SCHEDULE

Action:

Receive and file the Revised Quarterly Board Meeting Schedule for Calendar Year 2018.

ITEM NO. 8) GENERAL ADMINISTRATION REPORT

Action:

Receive a verbal report from staff on administrative matters:

1. Classification and Compensation Study – Update
2. Telecom Advocacy Coalition Lobbying Efforts – Update
3. Request for Funding in FY 2018-19 to create Public Service Announcements

ITEM NO. 9) CHANNEL LICENSEE REPORTS

Action:

Receive verbal reports from Channel Licensee representatives:

1. Access Sacramento
2. Capital Public Radio
3. KVIE, Inc.
4. Sacramento Faith TV
5. Sacramento Educational Cable Consortium

ITEM NO. 10) STATE FRANCHISEE REPORTS

Action:

Receive verbal reports from State Franchisee representatives:

1. AT&T
2. Comcast
3. Consolidated Communications

ITEM NO. 11) PUBLIC COMMENTS

ADJOURNMENT



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 1

DATE: December 7, 2017

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: CONFERENCE WITH LEGAL COUNSEL

RECOMMENDATION:

It is recommended the Board adjourn to a closed Executive Session to discuss the following items and report out, if necessary:

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9
Name of Case: Comcast of Sacramento I, LLC, ET AL. v. SMCTC
Case No. 2:16-CV-01264-WBS-EFB

- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9:
2 Cases

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 2

DATE: December 7, 2017

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: OPTIONS FOR ANNUAL ADJUSTMENTS TO CHANNEL LICENSEES' BASE FUNDING IN THE GENERAL FUND AND PEG FEE FUND BUDGETS

RECOMMENDATION:

It is recommended the Board:

- Discuss the options for annual Cost-of-Living Adjustments (COLA) to Channel Licensees' base funding provided in the Commission's General Fund and PEG Fee Fund budgets;
- provide staff with direction to revise the existing COLA Policy for Channel Licensees based on the option selected;
- direct staff to make appropriation adjustments to all of the Channel Licensees' Base Funding that was approved in the Fiscal Year 2017-18 General Fund and PEG Fee Fund budgets; and
- authorize the Executive Director to execute Amendments to the Channel Licensees' Fiscal Year 2017-18 Annual Funding and Performance Agreements, identifying additional approved funding, subject to form as approved by Commission Legal Counsel.

BACKGROUND/DISCUSSION:

At the July 19, 2017 annual budget hearing, Gary Martin, Executive Director of Access Sacramento – one of Sacramento Metropolitan Cable Television Commission's Channel Licensees - requested additional funding to cover minimum wage increases, payroll costs related to the minimum wage increase and approved COLA, and an increase to its annual property insurance premium.

As a result of this request and requests in previous years for additional funding for like items - staff was directed to review the current Cost of Living Adjustment (COLA) policy approved by the Board in June 2016 - which provides Channel Licensees with the same COLA that the County of Sacramento approves annually for its employees - and to bring back options for future annual adjustments to the base funding provided to the channel licensees as part of the annual budget process.

Agenda Item No. 2

Options for Annual Adjustments to Channel Licensees' Base Funding

Page 2

Since Fiscal Year 2007-08, the annual COLA recommended by the Commission for its employee salaries and Channels Licensee grants have been tied to the general COLA granted by the County of Sacramento to its employees in each fiscal year. During the downturn, the County did not approve COLAs for several years, and in those years, COLAs were not approved for the Commission's staff or Channel Licensees. With the economy recovering from the downturn, local government agencies have resumed granting COLAs to staff; the Commission has granted COLAs to its staff and to the Channel Licensees in the last four years (including Fiscal Year 2017-18).

The practice of aligning the Commission COLA with the annual County-approved COLA provides for organization growth based on a Consumer Price Index related adjustment. However, with this approach, there are nuances with each organization that are difficult to capture with one standard index. These items are typically captured with the individual requests put forward by each organization. While the CPI related adjustment is still a valid approach to the annually recommended COLA to the Channel Licensees' base, the options below responds to the Board's request to review options that factor in other costs, including minimum wage, payroll costs, and increase to insurance premium(s).

In developing the options, Commission staff and Legal Counsel met with the Channel Licensees (KVIE, SECC, Access Sacramento, and Capital Public Radio) in October 2017 to brainstorm ideas and discuss other viable COLA/funding options. Input from this meeting is included in the options discussed below. During the meeting, representatives from Channel Licensees KVIE and SECC indicated that they were fine with the existing policy.

Based on the feedback from that meeting and staff's research, the following annual funding adjustment options were identified:

Option 1 – Status Quo

Per current policy – the annual adjustments for the Channel Licensees' operations and PEG equipment bases will continue to be aligned with the general COLA that the County of Sacramento approves each fiscal year for its employees. Any needs beyond the general COLA such as increases in insurance and minimum wage costs should be requested as individual line items annually. Based on the current policy, a 2% COLA was approved for Channel Licensee bases in Fiscal Year 2017-18.

Option 2 – General COLA plus Annual Minimum Wage Adjustment / Federal & State Payroll Taxes

Schedule for California Minimum Wage Rate		
Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 26 Employees or More
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour

Agenda Item No. 2

Options for Annual Adjustments to Channel Licensees' Base Funding

Page 3

Based on the schedule of Minimum Wage Rates posted at the State of California's Department of Industrial Relations website (see above table) - the minimum wage increase can be multiplied by the number of projected hours to be worked by Access Sacramento's minimum wage employees annually - information that is readily available from the Access Sacramento's Executive Director and Access Sacramento's Budget and annual reports.

The minimum wage increase should be adjusted for the general COLA applied to the minimum wage hours so two adjustments are not being applied to the same hours. For example, if the minimum wage increase is \$0.50, and the COLA is 2%, the minimum wage adjustment would be as follows:

$$\begin{aligned} &\text{Minimum Wage Adjustment} = \\ &\text{Minimum Wage Hours*} \times \$0.50 - (2.0\% \times \text{Minimum Wage Hours} \times \$10.50) = \\ &\quad \text{*Access Sac's Projected Hours of Minimum Wage Employees} \\ &12,206 \text{ hours} \times 0.50 - (0.02 \times \$128,163) = \mathbf{\$3,540} \end{aligned}$$

Access Sacramento's request also included the cost of payroll support for both the COLA and minimum wage adjustment, including such costs as Social Security, Medicare, and other state/federal taxes and costs. To include this cost, it would be necessary to multiply the approved COLA and the Minimum Wage Adjustment each by a factor to adjust for these costs, currently approximately 12% but could change from year to year.

$$\begin{aligned} &\text{Payroll Support} = \\ &\text{Payroll Adjustment} \times (\text{2017-18 COLA Increase} + \text{Minimum Wage}) \\ &= 0.12 \times (\$11,638 + \$3,540) = \mathbf{\$1,821} \end{aligned}$$

The minimum wage adjustment with the payroll support equates to an additional 0.91% on top of the 2% COLA already approved (based on the Access Sacramento General Fund Base). At the annual budget meeting, Cable Commission staff would present a budget that includes a proposed adjustment to all Channel Licensees Base (both General and PEG Fund) based on the COLA as currently applied plus the increase in minimum wage costs and payroll support for Access Sacramento. The adjustment would be recommended for all Channel Licensees which receive base funding (including the PEG base). Additional requests such as paying for increased insurance costs would need to be submitted as a separate request for this option.

For this year, the recommended COLA plus minimum wage adjustment would be as follows:

$$\begin{aligned} &\text{COLA plus minimum wage adjustment} = \\ &2017-18 \text{ Approved COLA} + \text{Minimum Wage Adjustment} + \text{Federal \& State Payroll Taxes} \\ &= \$11,638 + \$3,540 + \$1,821 = \mathbf{\$16,999} \text{ (or } \mathbf{2.91\%} \text{ COLA)} \end{aligned}$$

NOTE: With Option 2, Access Sacramento's request for the increase in property insurance is recommended to be funded as a one-time request, with the caveat that it be adjusted for the approved 2% COLA on last year's insurance cost (**\$12,685** - see Option 3 calculation below).

Agenda Item No. 2

Options for Annual Adjustments to Channel Licensees' Base Funding

Page 4

Option 3 – Option 2 plus insurance increase

Staff does not recommend including the insurance premium increases as part of the annual COLA as it is not likely that such increases will be significant every year and cannot be predicted. However, it would be possible to add the increase in cost of insurance to Option 2, for this year and moving forward should the Board desire.

For this year, including an adjustment for insurance would affect the COLA based upon the following calculation. For future years, insurance costs in excess of the proposed COLA can be added to that year's recommended COLA. Again, to avoid double counting, the COLA applied to last year's insurance cost would be netted out of the adjustment.

At the annual budget meeting, Cable Commission staff would present a budget that includes a proposed adjustment to the Channel Licensees Base (both General and PEG Fund) based on the COLA as currently applied plus, on a percentage basis, the increase in minimum wage costs, payroll support and increased insurance for Access Sacramento.

For Fiscal Year 2017-18, the insurance adjustment would be as follows:

$$\begin{aligned} \text{Insurance Adjustment} &= \\ \text{Insurance Cost} - 1.02 \times \text{Previous Year Insurance Cost} \\ &= \$20,391 - 1.02 \times \$7,554 = \mathbf{\$12,686} \text{ (or } \mathbf{2.18\%}) \end{aligned}$$

For this year, the recommended Option 2 plus insurance adjustment would be as follows:

$$\begin{aligned} \text{Option 2 + Insurance Adjustment} \\ &= \$16,999 + \$12,686 = \mathbf{\$29,685} \text{ (or } \mathbf{5.10\%} \text{ COLA)} \end{aligned}$$

Option 4 – Organizational COLA

If there was a published annual index for non-profit organizations (i.e. organizational COLA), it would be possible to use this index as a way to recommend the adjustment to the base funding for channel licensees each year. There was discussion at the meeting with Channel Licensees that the Non-Profit Resources Center might be a source for such an index. So far, with significant web research, staff has not been able to find such a published index. However, the Bureau of Labor statistics reports several indices including an employment cost total compensation index, but such index does not yield significantly different results from the current COLA policy.

If this approach is desired, staff can continue to research and contact organizations such as the Bureau of Labor Statistics and the Non Profit Resource Center. It should be noted, that given the differences in the organizations, it would be difficult to find an index that mirrors each organization.

Staff recommends the Board:

- discuss the options for annual Cost-of-Living Adjustment (COLA) to Channel Licensees' base funding provided in the Commission's General Fund and PEG Fee Fund budgets;
- direct staff to revise the existing COLA Policy for Channel Licensees, based on the option selected;

Agenda Item No. 2

Options for Annual Adjustments to Channel Licensees' Base Funding

- direct staff to make appropriation adjustments to all of the Channel Licensees' Base Funding that was approved in the Fiscal Year 2017-18 General Fund and PEG Fee Fund budgets; and
- authorize the Executive Director to execute Amendments to the Channel Licensees' Fiscal Year 2017-18 Annual Funding and Performance Agreements, identifying additional approved funding, subject to form as approved by Commission Legal Counsel.

EXHIBIT A			
GENERAL FUND (094A)			
CHANNEL LICENSEES – OPERATIONS BASE			
Description	FY 2017-18 Approved (with 2% COLA)	FY 2017-18 Proposed Addt'l 0.91% Adjustment	FY 2017-18 Adjusted Total
ACCESS SACRAMENTO			
Operations Base	\$477,388	\$4,344	\$481,732
HT-TV	\$62,101	\$565	\$62,666
GOTW	\$54,028	\$492	\$54,520
One-Time Insurance		\$12,685	\$12,685
ACCESS SAC TOTAL	\$593,517	\$18,086	\$611,603
CAPITAL PUBLIC RADIO (CPR)			
Operations Base	\$21,471	\$195	\$21,666
One-time Equipment	\$8,321		\$8,321
CAPITAL PUBLIC RADIO TOTAL	\$29,792	\$195	\$29,987
KVIE, INC.			
Operations Base	\$234,838	\$2,137	\$236,975
KVIE, INC. TOTAL	\$234,838	\$2,137	\$236,975
SACRAMENTO EDUCATIONAL CABLE CONSORTIUM (SECC)			
SECC Operations Base	\$305,423	\$2,779	\$308,202
BESTNet Oper Base	\$67,096	\$611	\$67,707
SECC TOTAL	\$372,519	\$3,390	\$375,909
TOTAL	\$1,230,665	\$23,808	\$1,254,474
PEG FEE FUND (094B)			
CHANNEL LICENSEES – FAC/EQUIPMENT BASE			
Description	FY 2017-18 Approved (with 2% COLA)	FY 2017-18 Proposed Addt'l 0.91% Adjustment	FY 2017-18 Adjusted Total
ACCESS SACRAMENTO			
Fac/Equipment Base	\$94,893	\$864	\$95,757
SACRAMENTO EDUCATIONAL CABLE CONSORTIUM (SECC)			
Fac/Equipment Base	\$51,530	\$469	\$51,999
TOTAL	\$146,423	\$1,332	\$147,755

Agenda Item No. 2

Options for Annual Adjustments to Channel Licensees' Base Funding

Page 6

While implementing a COLA policy provides a way to simplify the annual budget process, it is important to recognize that the Channel Licensees should not be completely reliant on Commission funding. This is especially true as technological advances may result in increased use of over-the-top and similar video systems that are not subject to franchise and PEG fees.

It has also been discussed with this Board over the years that Access Sacramento should reduce its reliance on Commission funding and increase its fundraising efforts and enhance its revenue by measures such as increasing membership dues and registration fees for classes and applying for grants. At the recent meeting with Channel Licensees, there was discussion regarding Access Sacramento moving its Board to being more of a fundraising Board in addition to being a governance Board. Gary Martin indicated that this was being worked on.

Finally, moving forward, as part of the annual funding process, staff will work with Channel Licensees to identify whether requests being made will increase its annual operational costs – i.e. more staffing needs for classes added due to new equipment in classrooms, more request for PEG equipment which would increase insurance premiums, etc.).

Respectfully submitted,



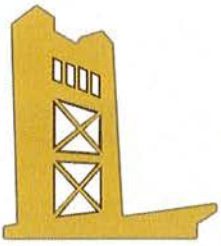
ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

COLA Policy for Channel Licensees (Approved June 2, 2016)

Access Sacramento's Special Funding Request 2017-18 Operating Base

Access Sacramento's Property Insurance Program Executive Summary – July 1, 2017 to July 1, 2018



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 • (916) 874-6661 • Fax: (916) 854-9666 • www.sacmetrocastv.com

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

COST OF LIVING ADJUSTMENT (COLA) POLICY FOR CHANNEL LICENSEES (Approved June 2, 2016)

At its meeting on March 3, 2016, the Sacramento Metropolitan Cable Television Commission Board concurred with staff's recommendation of maintaining the current policy of providing the Commission's Channel Licensees the same general adjustment to base funding (both in the General and PEG Funds) as approved by the County of Sacramento in each fiscal year for staff positions tied to SMCTC positions.

The County salary adjustments include COLAs and other universal salary adjustments. The COLA is typically based on the Consumer Price Index for the immediately preceding calendar year, often including a minimum and maximum amount.

This policy re-affirms annual adjustments to be recommended in the proposed budget for the Channel Licensees' operations and PEG equipment bases will continue to be aligned with the annual adjustments that the County of Sacramento approves each fiscal year. This includes COLAs and other universal salary adjustments, but does not include equity increases, for staff positions tied to SMCTC positions. For years when there is a different adjustment for the positions, the Executive Director will make a determination regarding the recommended adjustment, which is subject to Board approval.

Gary Martin, *Executive Director*

Nov. 22, 2017

BOARD OF DIRECTORS

Don Hinkle, *Chair*

Bob Smith, *Vice-Chair*

Van Gordon, *Secretary*

Tim Crone, *Chief Financial Officer &
Treasurer*

Edward Fletcher, *Programming
Committee Chair*

Charlena Henderson

Kim Mims

Robert Morin

Alex Vasquez

Simone Vianna

To: Robert A. Davison, Executive Director
Sacramento Metropolitan Cable Television Commission

From: Gary Martin, Executive Director
Access Sacramento

Subject: Special Funding Request 2017-18 Operating Base

During the July, 2017 budget meeting, a discussion regarding Access Sacramento's Board of Directors request for consideration of a special funding request was postponed to the December SMCTC meeting.

Per your request, this document outlines the request for consideration.

1. Minimum Wage, Taxes, Fees & COLA Support \$9,856

This request acknowledges that primary funding for the operation of Channels 17 & 18 by Access Sacramento are directly linked to the money we receive from Franchise Fee money in our base allocation, with additional funding for the Hometown TV and Game of the Week production projects. Like all non-profits, we strive to support ourselves as much as possible, and are thankful in the past several years that the Sacramento Metropolitan Cable Television Commission has provided organizational support directly tied to the business expenses created by Cable Commission Policy or State law.

On Jan. 1, 2018, the minimum wage will increase from \$10.50 to \$11.00 per hour. Based on the projected hours by minimum wage employees, this \$0.50 increase will cost \$6,103 to employee paychecks. The payroll support for this mandated increase is predicted at \$732 for state taxes and fees.

A 2% COLA increase provided this year is tied by policy to the rate Sacramento County Employees receive in raises, Access Sacramento requests support to fund the organizational payroll costs that are likewise supported by Sacramento County when its employees get a COLA. Based on that COLA payment, the state taxes, fees and pay-rate related expense (not including medical costs which is not related to the pay rate) is expected to be \$3,021.

2. Increased Property Insurance for PEG Equipment \$12,836.72

Although we had asked our insurance company for what impact the higher level of equipment purchasing might have on our insurance rates when we were in the process of preparing the 2015-16 HD Truck Implementation Plan before the 2016-17 funding of the HD Truck, and received assurances of little financial impact, that turned out to be incorrect information when the 2017-18 bill arrived.

Projects

Hometown TV Grant

Hometown Sports Game of the Week

KUBU 96.5 FM
"The Voice of Sacramento"

Neighborhood News Bureaus

A Place Called Sacramento
Film Festival

HOURS OF OPERATION

(Subject to Change)

OFFICE

Monday - Thursday
9am - 6pm

Friday

9am - 12:30pm, 1:30pm - 6pm

PRODUCTION

Monday - Thursday
12 Noon - 9pm

Saturday

12 Noon - 9pm

MEDIA LAB

Monday & Thursday
12 Noon - 9pm

Tuesday & Wednesday

9am - 6pm

In our funding request submitted in April, we noted in the budget detail: "The property insurance premium last year was \$7,554.30. However, in the last fiscal cycle, we completed payment and took full possession of the \$706,000 HD truck, and did other purchasing in the Coloma Community Center for Master Control, Production Control, the TV Studio and our IT network across our facility. This value increase combined with the RV break-in claim has increased the premium to \$20,391.01 (a 169.92% increase). This \$12,836.72 increase changes the overall cost of property insurance within our budget from 1.1% to 2.8% and managing this increase when our earned revenue expenses are already so lean creates pressures that could fundamentally change our business model and service level."

We respectfully note the linkage between the PEG equipment purchasing and this property insurance increase. Having learned this lesson, we will plan accordingly for future PEG purchasing, but in acknowledgement of this unexpected and unavoidable increase, we ask for a permanent increase to the operational base to cover the insurance costs of protecting the equipment you've funded.

Sincerely,



Gary Martin
Executive Director

SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)

July 1, 2017 – July 1, 2018

EXECUTIVE SUMMARY

The following table depicts key statistics relative to last year:

Year-over-Year Rate and Premium Comparison

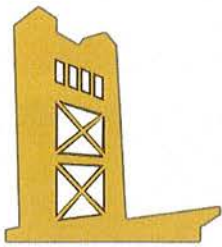
<u>Sacramento Community Cable Foundation dba: Access Sacramento</u>	<u>2016-2017 (at 11/13/2016)</u>	<u>2017-2018</u>	<u>Variance</u>
Total Insured Values:	\$ 1,408,368	\$ 2,800,000	98.81%
Account Rate (per hundred dollars):	0.5363868	0.7282507	35.76%
Earthquake TIV:	\$ 0	\$ 0	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 7,554.30	\$ 20,391.02	169.92%

* TOTAL COST includes: all premiums (except Cyber Enhancement option, if purchased), underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes

The following pages are coverage items currently under review with the APIP markets to be effective on July 1, 2017.

Thank you for your continued support of SPIP. We look forward to working with you this next year.

Please let us know if you have any questions about your renewal.



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 3

DATE: December 7, 2017

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: **RESOLUTION NO. 2017-011, ADOPTING THE PROPOSED MID-YEAR GENERAL FUND (094A) AND PEG FEE FUND (094B) BUDGET ADJUSTMENTS FOR FISCAL YEAR 2017-18**

RECOMMENDATION:

It is recommended the Board approve Resolution No. 2017-011, Adopting the Proposed Mid-Year General Fund (094A) and PEG Fee Fund (094B) Budget Adjustments for Fiscal Year 2017-18.

BACKGROUND/DISCUSSION:

The Commission Board approved the Fiscal Year 2017-18 Final General Fund (094A) and PEG Fee Fund (094B) Budget by Resolution Nos. 2017-009 & 2017-010 at its September 11, 2017 meeting, which included annual funding for the Commission's channel licensees.

During this year's annual budget hearing process, Access Sacramento, one of the Channel Licensees submitted a special funding request for Board consideration, to cover the costs of minimum wage increases, resulting payroll costs (on the minimum wage increase and approved 2% COLA), and increased property insurance premium for PEG equipment.

Staff was directed to review Access Sacramento's special funding request and come back with funding options, which were presented in a Staff Report to the Board earlier at this meeting.

The funding option as recommended by staff in the report will require line item adjustments in both the General Fund and PEG Fee Fund budgets to Contract Services Inst (Channel Licensees' Base) and Contingencies from the appropriations approved in the FY 2017-18 Final budgets in September 2017.

Staff recommends the Board approve Resolution No. 2017-011, Adopting the Proposed Mid-Year General Fund (094A) and PEG Fee Fund (094B) Budget Adjustments for Fiscal Year 2017-18, to include the line item adjustments to Contract Services Inst and Contingency Appropriation, as outlined in Exhibit A.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:
Resolution No. 2017-011
Exhibit A

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. 2017-011

**A RESOLUTION ADOPTING THE PROPOSED MID-YEAR
GENERAL FUND (094A) & PEG FEE FUND (94B) BUDGET ADJUSTMENTS FOR FISCAL YEAR 2017-18**

WHEREAS, the Sacramento Metropolitan Cable Television Commission Board approved the Fiscal Year 2017-18 Final General Fund (094A) Budget by Resolution No. 2017-009 and the Fiscal Year 2017-18 Final PEG Fee Fund (094B) Budget by Resolution No. 2017-010 on September 11, 2017; and

WHEREAS, a special funding request was submitted by Access Sacramento, one of the Commission's Channel Licensees, for an increase in its Fiscal Year 2017-18 base funding for minimum wage increases, associated payroll costs, and increased property insurance premium cost; and

WHEREAS, Commission staff was asked by the Commission Board to review the request and bring back options for annual adjustments to the Channel Licensees' base funding; and

WHEREAS, funding options were prepared by staff for Board review and approval; and

WHEREAS, the Commission Board's direction to revise the policy on the annual base funding for the Channel Licensee will require line item adjustments be made to Contract Services Inst (Channel Licensees' Base) and Contingency Appropriation in the Fiscal Year 2017-18 Final General Fund (094A) & PEG Fee Fund (094B) Budgets; and

WHEREAS, the Commission Board recognizes the need for the proposed adjustments.

NOW THEREFORE, BE IT RESOLVED that the Board of the Sacramento Metropolitan Cable Television Commission hereby:

- 1) Amend the Fiscal Year 2017-18 Final General Fund (094A) Budget as shown on Exhibit A; and
- 2) Amend the Fiscal Year 2017-18 Final PEG Fee Fund (094B) Budget as shown in Exhibit A.

FURTHER BE IT RESOLVED that the Board of the Sacramento Metropolitan Cable Television Commission authorizes the Executive Director to do and perform everything necessary to carry out the purpose of this Resolution.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Governing Board of the Sacramento Metropolitan Cable Television Commission, State of California, this 7th day of December 2017, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair of the Board

ATTEST:

Clerk of the Board

EXHIBIT A

**FISCAL YEAR 2017-18
PROPOSED MID-YEAR BUDGET ADJUSTMENTS
GENERAL FUND (094A) & PEG FEE FUND (094B)**

GENERAL FUND (094A)				
G/L Number	Expenditure	FY 2017-18 Final* (Approved 9/11/2017)	FY 2017-18 Mid-Year Adjustment**	\$ Diff
30310500	Contract Service Inst Access Sac - Operations Base	\$477,388	\$481,732	\$4,344
	Contract Service Inst Access Sac – HT-TV Base	\$62,101	\$62,666	\$565
	Contract Service Inst Access Sac – GOTW Base	\$54,028	\$54,520	\$492
	Contract Service Inst Access Sac – One-Time Insurance	\$0	\$12,685	\$12,685
	Contract Service Inst CPR – Operations Base	\$21,471	\$21,666	\$195
	Contract Service Inst CPR One-time Equipment	\$8,321	\$8,321	\$0
	Contract Service Inst KVIE – Operations Base	\$234,838	\$236,975	\$2,137
	Contract Service Inst SECC – Operations Base	\$305,423	\$308,202	\$2,779
	Contact Service Inst BESTNet – Operations Base	\$67,096	\$67,707	\$611
	Contract Service Inst Total	\$1,230,666	\$1,254,474	\$23,808
	79790100	Contingency Appropriation	\$155,096	\$131,288
PEG FEE FUND (094B)				
30310500	Contract Service Inst (Access Sac Fac/Equip Base)	\$94,893	\$95,757	\$864
	Contract Service Inst Access Sac – Coloma Rent	\$6,750	\$6,750	\$0
	Contract Service Inst (SECC Fac/Equipment Base)	\$51,530	\$51,999	\$469
	Contract Service Inst Total	\$153,173	\$154,506	\$1,333
79790100	Contingency Appropriation	\$194,595	\$193,262	(\$1,333)

*FY 2017-18 Final Budget was approved with 2% COLA for Channel Licensee Bases.

**FY 2017-18 Mid-Year Adjustment includes the 2% COLA + 0.91% adjustment for a total of a 2.91% COLA for Channel Licensee Bases.



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 • (916) 874-6661 • Fax: (916) 854-9666 • www.sacmetrocable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 4

DATE: December 7, 2017

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: **RESOLUTION NO. 2017-012, DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO ENTER INTO A NEW OFFICE SPACE LEASE AGREEMENT WITH THE COUNTY OF SACRAMENTO**

RECOMMENDATION:

It is recommended the Board approve Resolution No. 2017-012, Delegating Authority to the Executive Director to Enter into a New Office Space Lease Agreement with the County of Sacramento, for space located on the fourth floor of the County-owned building located at 799 G Street in Sacramento.

BACKGROUND/DISCUSSION

The five-year office lease agreement for office space on the fourth floor of the County Building located at 799 G Street in Sacramento which houses the Commission's Administration staff expired on October 31, 2017. The Commission currently leases this space on a month-to-month basis under the terms and conditions of the prior County lease.

Staff contacted the County of Sacramento to discuss renewing the office lease agreement for another five years. The County was amenable to renewing the Agreement for five years, commencing January 1, 2018, to include the following changes:

- Lease of 1,179 square feet of actual office space – in place of the 1,000 square feet identified in the previous lease;
- Increase in monthly rent from \$2,340 to \$2,758.86, due to the additional 179 square feet of space identified;
- Tenant support services cost shall not exceed \$250 (up from \$229) per month, to be provided by the County to include acceptance and delivery of packages, U.S. and inter-office mail delivery, issuance of security badges, and facility coordination for fire inspections, safety issues, and all other facility-related information sharing.

Agenda Item No. 4
Resolution No. 2017-012
Page 2

Staff recommends the Board approve Resolution No. 2017-012, Delegating Authority to the Executive Director to Enter into a New Office Space Lease Agreement with the County of Sacramento, not to exceed five years commencing January 1, 2018.

The Executive Director is also authorized to sign the lease agreement with future minor modifications after review by the Commission's Legal Counsel, if there are no fiscal impacts to the Commission.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

Resolution No. 2017-012

Lease Agreement for 799 G Street, Sacramento, CA 95814 (4th Floor) Between the County of Sacramento and Sacramento Metropolitan Cable Television Commission

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. 2017-012

**A RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR
TO ENTER INTO A NEW OFFICE SPACE LEASE AGREEMENT WITH THE COUNTY OF SACRAMENTO**

WHEREAS, the Commission relocated its Administration offices to a County-owned building located at 799 G Street in Sacramento in October 2012, as the County is part of the Commission's Joint Powers Authority; and

WHEREAS, the five-year office lease agreement between the County of Sacramento and the Sacramento Metropolitan Cable Television Commission (Commission) for office space on the 4th floor of the County building located at 799 G Street in Sacramento expired on October 31, 2017; and

WHEREAS, the Commission continues to lease this office space on a month-to-month basis under the terms and conditions of the prior County lease; and

WHEREAS, the two parties now desire to enter into a new lease for a period of another five (5) years commencing January 1, 2018, thereby superseding the Original Lease.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION that the Executive Director is hereby authorized to enter into a new lease agreement with the County of Sacramento, not to exceed 5 years effective January 1, 2018, with a cost per square foot that is less than or equal to the cost per square foot currently paid for the Commission office, to include a tenant support services costs not to exceed \$250 per month.

FURTHER, BE IT RESOLVED AND ORDERED that the Executive Director is authorized and directed to do and perform everything necessary to carry out the purpose of this resolution. The Commission's Counsel shall approve the form of the lease agreement.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Sacramento Metropolitan Cable Television Commission this 7th day of December 2017 by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair of the Board

ATTEST:

Clerk of the Board

LEASE AGREEMENT

799 G Street, Sacramento, CA 95814 (4th Floor)

APN 002-0142-014 (Portion)

Between: **COUNTY OF SACRAMENTO**

and

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

Effective: _____, 20__

TABLE OF CONTENTS

RECITALS

ARTICLES

ARTICLE 1	PREMISES
ARTICLE 2	TERM
ARTICLE 3	RENT
ARTICLE 4	ENTITLEMENTS
ARTICLE 5	USE OF THE LEASED PREMISES
ARTICLE 6	DUTIES
ARTICLE 7	INSTALLATION AND MAINTENANCE
ARTICLE 8	HAZARDOUS SUBSTANCES
ARTICLE 9	INSURANCE AND INDEMNIFICATION
ARTICLE 10	TERMINATION AND REMEDIES
ARTICLE 11	OTHER REQUIREMENTS
ARTICLE 12	GENERAL

SIGNATURE PAGE

EXHIBITS

EXHIBIT "A"	PREMISES
--------------------	-----------------

LEASE AGREEMENT

799 G STREET SACRAMENTO, CALIFORNIA 95814

THIS LEASE AGREEMENT ("Agreement"), dated as of this ____ day of _____, 20____, is made between the **COUNTY OF SACRAMENTO**, a political subdivision of the State of California (hereinafter the "LESSOR" or "COUNTY") and **SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION**, a joint powers authority (hereinafter the "LESSEE"), with reference to the following facts:

RECITALS

A. COUNTY is the owner of that certain parcel of real property improved with a building (the "Property") located at 799 G Street, Sacramento, California 95814, also known as Assessor's Parcel Number ("APN") 002-0142-014, and commonly referred to as Sacramento County's Data Center ("SCDC"); and

B. On October 23, 2012, under delegated authority per Sacramento County Code 2.62.035, the COUNTY entered into a Lease Agreement ("Original Lease") with LESSEE, numbered for reference purposes as Revenue Lease 00181, concerning use of a portion of SCDC and is set to expire on October 31, 2017; and

C. COUNTY and LESSEE now desire to enter into a new lease thereby terminating the Original Lease; and

D. LESSEE desires to lease a portion of the Property to use as office space for regulating the cable television/video State franchises in Sacramento County, California, at SCDC; and

E. LESSEE desires to lease the Premises (defined in Article 1 hereof) from COUNTY for commercial use on the terms hereinafter set forth; and

F. COUNTY is, therefore, willing to lease the Premises to LESSEE upon the promises, terms, conditions and covenants set forth herein below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed as follows:

INCORPORATION OF RECITALS. The foregoing recitals are hereby incorporated by reference.

ARTICLE 1 PREMISES

- 1.1 PREMISES.** In consideration of the following covenants and other good and valuable consideration hereinafter contained, the COUNTY does hereby lease to LESSEE and LESSEE does hereby lease from COUNTY the following described portion of the Property: a mutually agreed area of approximately one thousand one hundred seventy-nine (1,179) square feet in the building (“Premises” or “Leased Premises”) located at 799 G Street, 4th Floor, Rooms 412, 416, 417, and a portion of Room 415, Sacramento, California 95814, being a portion of APN 002-0142-014, as more particularly shown on Exhibit “A”, attached hereto and made a part hereof by reference.
- 1.2 AGREEMENT SUBJECT TO PROVISIONS OF SITE LEASE, PROJECT LEASE, ASSIGNMENT AGREEMENT AND TRUST AGREEMENT RELATING TO THE COUNTY OF SACRAMENTO 1997 REFUNDING CERTIFICATES OF PARTICIPATION (1994 PUBLIC FACILITIES PROJECT – CORONER/CRIME LAB AND DATA CENTER).** LESSEE agrees, understands and acknowledges that the Property is subject to all of the provisions of the following documents, and any subsequent amendments thereto, relating to the County’s 1997 Refunding Certificates of Participation (1994 Public Facilities Project – Coroner/Crime Lab and Data Center) (the “County Obligations”): (i) Amended and Restated Site Lease, dated as of January 1, 1998 (the “Site Lease”), between the County and Sacramento County Public Facilities Financing Corporation (the “Corporation”); (ii) Amended and Restated Project Lease, dated as of January 1, 1998 (the “Project Lease”), between the Corporation and the County; (iii) Assignment Agreement, dated as of January 1, 1998 (the “Assignment Agreement”), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”); and (iv) Trust Agreement, dated as of January 1, 1998 (the “Trust Agreement” and, collectively with the Site Lease, the Project Lease and the Assignment Agreement, the “County Financing Documents”), between the Trustee and the Corporation. Lessee acknowledges it has received a copy of said documents. LESSEE agrees, understands and acknowledges that, for so long as the County Obligations are outstanding, LESSEE’S interest in the Premises created by this Agreement shall at all times be junior, subordinate and subject to the rights of all parties to the County Financing Documents, including, but not limited to, the Trustee, the Corporation, the holders of the County Obligations and Ambac Assurance Corporation, as insurer of the County Obligations, and their permitted successors and assigns, under and as set forth in the County Financing Documents. LESSEE covenants and agrees not to interfere with the rights of the parties to the County Financing Documents under and pursuant to the County Financing Documents and further covenants and agrees to take such further steps as may be reasonably requested by the County in order for the County to comply with the County Financing Documents. The COUNTY covenants and agrees to fulfill all existing obligations of the County Financing Documents under and pursuant to the County Financing Documents so as not to interfere with this Agreement.
- 1.3 AGREEMENT SUBJECT TO PROVISIONS OF JOINT OCCUPANCY AGREEMENT AND TRANSFER OF RESPONSIBILITY AGREEMENT BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA, ADMINISTRATIVE OFFICE OF THE COURTS AND THE COUNTY OF SACRAMENTO.** LESSEE agrees, understands and acknowledges the common areas of the Property are subject to all of the provisions of the Joint Occupancy Agreement (“JOA”) and Transfer of Responsibility Agreement (“TOR”) dated December 30, 2008, by and between the Judicial Council of California, Administrative Office of the Courts and the County of Sacramento, and any subsequent amendments thereto. Lessee acknowledges it has received a copy of said documents. LESSEE covenants and agrees not to interfere with the Exclusive-Use Areas of the JOA and TOR. The COUNTY covenants and agrees to fulfill all

existing obligations of the JOA and the TOR so as not to interfere with its ability to fulfill its obligations under this Agreement.

ARTICLE 2 TERM

- 2.1 TERM COMMENCEMENT.** The term of this Agreement (the “Term”) shall, unless terminated sooner, continue for a period of five (5) years commencing on January 1, 2018 (“Rent Commencement Date”).
- 2.2 EXPIRATION.** Unless sooner terminated as herein provided, the Term shall expire and end at 11:59 PM, local time, on the last day of the calendar month which completes five (5) full years from the Rent Commencement Date (the “Expiration Date”).
- 2.3 OPTIONAL TERMS.** *Intentionally omitted.*
- 2.4 HOLDOVER.** In the event LESSEE remains in possession of the Premises after the expiration of the Term, then this Agreement shall remain in effect upon the same terms and conditions as a month-to-month tenancy. Either party hereto may terminate the tenancy by giving a thirty (30) day written notice to the other party.

ARTICLE 3 RENT

- 3.1 MONTHLY RENT.** The monthly rental rate (the “Rent”) for the Premises during the Term of this Agreement shall be **TWO THOUSAND SEVEN HUNDRED FIFTY EIGHT DOLLARS AND EIGHTY SIX CENTS (\$2,758.86)**. The Rent shall be due and payable in monthly installments beginning on the Rent Commencement Date and on each monthly anniversary thereafter during the Term. All payments shall be sent to the County of Sacramento, Department of General Services, c/o Rick Smith, 9660 Ecology Lane, Sacramento, California 95827, or at such other place as the COUNTY may designate in writing. All checks will be made payable to the County of Sacramento, Department of General Services. In lieu of paying the Rent via a check, LESSEE may pay the rental amount above through journal voucher directly to the Department of General Services.

ARTICLE 4 ENTITLEMENTS

- 4.1 ENTITLEMENTS IN GENERAL.** LESSEE shall, at its sole cost and expense, obtain all necessary local land use entitlements, building permits, and other County, State or Federal permits legally required for its use of the Premises under this Agreement. This Agreement shall not be construed as a waiver of any requirement, fee or procedure required to obtain any such entitlement or permits. This Agreement shall, unless otherwise extended, be deemed terminated without liability to COUNTY if LESSEE fails to obtain each entitlement or any and all legally required permits within one hundred fifty (150) days of mutual execution of this Agreement.

ARTICLE 5 USE OF LEASED PREMISES

- 5.1 USE OF LEASED PREMISES.** LESSEE may use and occupy the Leased Premises for office purposes. The portion of Room 415 occupied by LESSEE may also be used as a storage and assembly area for LESSEE's operations. LESSEE's use of the Premises includes the exclusive right to use all interior areas of the Premises, as same are identified as shown on Exhibit "A", and non-exclusive use of common areas such as restrooms and break rooms. LESSEE shall make no other use of the Leased Premises without the prior written approval of COUNTY.
- 5.2 TESTS AND INSTALLATION.** *Intentionally omitted.*
- 5.3 REGULATORY COMPLIANCE.** LESSEE shall use the Premises strictly in accordance with the terms of this Agreement, and solely for office purposes. At all times, LESSEE's use of the Premises shall be lawful and in compliance with all applicable governmental requirements and regulations. Throughout the Term of this Agreement, LESSEE shall provide COUNTY with a current copy of all permits and licenses authorizing LESSEE to operate its commercial use at the Premises.
- 5.4 ACCESS.** All LESSEE's employees and/or representatives requiring access to the Leased Premises, whether personnel, contractors, vendors, guests, invitees, etc., will be required to adhere to building security requirements prescribed by COUNTY. COUNTY shall exercise full and complete control over granting, denying, withholding, or terminating clearances for LESSEE's employees and/or representatives.
- A. **Requirement for background check for access to Leased Premises.** It is incumbent upon LESSEE that each of its employees and/or representatives has completed a background check and received clearance by COUNTY prior to requiring access to the Leased Premises. Upon successful completion of the clearance process, each employee and/or representative will be issued a photo identification card/badge allowing the individual access. Such badge shall be worn at all times in the Leased Premises. Sharing or loaning of badges is not permitted. Each badge carrier is required to swipe their badge at every badged access point, regardless of the door being open. LESSEE shall be responsible to keep the list of its employees and/or representatives granted access up-to-date, and return badges as circumstances change. Badges remain the property of COUNTY and must be surrendered whenever LESSEE's badged representative is reassigned, dismissed or has terminated his/her employment and/or service with LESSEE.
- B. **Background check process for access to Restricted Area.** Prior to the Rent Commencement Date of this Agreement, and as and when necessary during the Term thereof, LESSEE shall provide a list of names of all persons who will require recurring and/or periodic access to the Leased Premises. In addition to each representative's full name, the list shall

include, at a minimum, each person's date of birth, social security number, California driver's license number or ID number, and current address. Fingerprints of said individuals may also be required, at the sole discretion of COUNTY. The aforementioned data and information shall be used by COUNTY to complete a thorough background check and processing of site access clearance. The standard processing time is ten (10) days; however, if fingerprints are required, the processing time is outside the control of COUNTY and can take longer. No unescorted access for these individuals will be permitted until the background check and clearance processes are complete.

C. **Escort within Leased Premises.** LESSEE's guests, clients, customers, and invitees requiring infrequent access will be permitted access to the Leased Premises only when escorted by: (i) a representative for LESSEE with current Leased Premises access and visible identification badge; or (ii) COUNTY's representative if agreed to by COUNTY, and arranged for, in advance. No unescorted access into the Leased Premises will be permitted for LESSEE's guests, clients, customers, and/or invitees.

5.5 FURNITURE. COUNTY and LESSEE understand and agree that certain furniture currently exist in the Leased Premises, along with certain additional fixtures and furnishings. LESSEE is entitled to use all such items, in their present state, throughout the Term of this Agreement, at no additional cost. Items not desired for use by LESSEE shall be removed from the Leased Premises by COUNTY. LESSEE obtains no ownership right or interest in said furniture, fixtures, and furnishings remaining in the Leased Premises after occupancy, and may not unilaterally later dispose of any such items.

ARTICLE 6 DUTIES

6.1 DUTIES

A. COUNTY.

COUNTY will:

- (1) Provide onsite security personnel and recorded surveillance twenty-four (24) hours per day, seven (7) days per week to the Leased Premises.
- (2) Provide Chillers and Heating, Ventilating and Air Conditioning ("HVAC") system service and maintenance to the Leased Premises including back up emergency services in the event of primary system failure.
- (3) Pay all electricity utility charges for heating, cooling, and lighting purposes and operation of all equipment used on the Leased Premises.
- (4) Pay all sewer and water service to the Leased Premises.
- (5) Furnish regular and adequate garbage, waste and recyclable material removal services.

- (6) Maintain the building, grounds, and stated services in a condition suitable for LESSEE's successful provision of intended service operations.
- (7) Provide tenant support services to LESSEE. Tenant support services include the following: (i) receiving, (ii) security access badges, (iii) and facility coordination. Receiving functions include acceptance and delivery of packages received as well as US and inter-office mail delivery. Security access badges include issuance of badges, temporary badge replacement, and reporting as needed. Facility coordination includes Herman Miller component support, General Service request coordination and information sharing for fire inspections, safety issues and all other facility related information sharing.

B. LESSEE.

LESSEE shall at its sole cost and expense:

- (1) Pay for any additional cable service beyond what is currently provided by COUNTY at the Leased Premises. LESSEE shall be solely responsible for all costs associated with its additional cable service and its respective monthly service charges.
- (2) Reimburse COUNTY's Department of Technology directly for tenant support service costs relating to services described in subparagraph 6.1A(7) above (the "Support Costs"). The Support Costs shall not exceed \$250 per month.
- (3) Make no improvements or modifications to the Premises without receiving prior written approval by COUNTY, which approval shall not be unreasonably withheld, conditioned, or delayed. The process for construction and installation of improvements or modifications, required by LESSEE, shall be completed as described in paragraph 7.1D below.
- (4) Comply with all requirements of governmental authorities in force either now or in the future, affecting the use and occupation of the Premises and hold harmless and indemnify COUNTY from any liability claim, suit or judgment arising from failing to so comply.
- (5) At all times conduct its use of the Premises in such a manner that it shall not constitute a public or private nuisance.
- (6) Notify COUNTY of any damage to COUNTY property caused by LESSEE, its employees or representatives. COUNTY will perform the repair and restore the damage to a standard approved by the COUNTY and LESSEE will reimburse COUNTY for all costs associated with the repair within thirty (30) days receipt of invoice.

- (7) Prior to expiration or earlier termination of the Agreement, be responsible for all closure costs and activities that may be required to surrender the Leased Premises and remove all personal effects and LESSEE property and return the Leased Premises to the condition prior to LESSEE's occupancy, reasonable wear and tear excepted. Closure costs and activities include but are not limited to: removal of personal property, removal of garbage and waste, payment of costs to repair damage by LESSEE, and payment of costs associated with COUNTY's removal of LESSEE property not previously removed by LESSEE. Said activities and costs are more fully described in paragraphs 7.1(B), 12.8 and 12.9 below.

In the event LESSEE fails to remedy a situation to the satisfaction of COUNTY, COUNTY reserves the right to correct the condition at the sole expense of LESSEE who agrees to pay such expense promptly following invoice presentation by COUNTY.

ARTICLE 7 INSTALLATION AND MAINTENANCE

7.1 INSTALLATION OF IMPROVEMENTS OR MODIFICATIONS.

- A. **Location and Plans.** *Intentionally omitted.*
- B. **Repair of Damage to Premises.** Any damage to the Premises or Property caused by LESSEE during move-in, occupancy, and/or surrender of the Leased Premises shall be promptly repaired at LESSEE's sole cost and expense. Damaged areas shall be restored to their previous condition as reasonably determined by COUNTY. COUNTY will perform all repairs and LESSEE will reimburse COUNTY for all costs associated with the repairs within thirty (30) days receipt of invoice. LESSEE shall be responsible for the removal of all garbage and refuse generated by its move-in and surrender of the Leased Premises.
- C. **"As-Built" Documents.** *Intentionally omitted.*
- D. **Improvements or Modifications.** Upon LESSEE's request for an improvement or modification to the Leased Premises, COUNTY shall provide written consent of the requested improvement or modification, which said consent shall not be unreasonably withheld, followed by a written estimate for all requested work prior to work commencing. All work shall be performed by COUNTY or COUNTY's vendors. Upon completion, COUNTY shall invoice LESSEE for the full cost of the improvement or modification. LESSEE shall reimburse COUNTY the full cost outlined in the invoice in a lump sum payment within thirty (30) days of receipt of invoice, unless other mutually acceptable arrangements are made.

ARTICLE 8

HAZARDOUS SUBSTANCES

- 8.1 REGULATORY COMPLIANCE.** LESSEE shall not bring to, transport across, or dispose of any hazardous substances on the Premises or Property. For purposes of this Agreement, the term "hazardous substances" is intended and understood to include petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation.
- 8.2 THIRD PARTY.** The term "to the best of COUNTY's knowledge" does not mean that COUNTY has conducted an investigation into matters outside of the immediate custody or control of the COUNTY. COUNTY represents, warrants and agrees: (i) that neither COUNTY nor, to COUNTY's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation; and (ii) that COUNTY will not, and will not permit any third party to use, generate, store or dispose of any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation.

ARTICLE 9 INSURANCE AND INDEMNIFICATION

7.1. INSURANCE REQUIREMENTS.

- A. The COUNTY agrees that it shall, during the Term of this lease and at its own expense, keep any County-owned buildings and related structural improvements on the leased Premises insured in sufficient amounts against loss or damage by fire and other casualty commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. The COUNTY does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against LESSEE on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of LESSEE.

LESSEE agrees that it shall, during the full term of this lease and at its own expense, keep its owned contents, structural and non-structural improvements and personal property located on the leased Premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. LESSEE does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against COUNTY on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of COUNTY.

- B. LESSEE shall maintain property damage and public liability insurance covering the leased Premises. Liability insurance coverage shall be not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for injury or property damage. LESSEE shall name the County of Sacramento as an additional insured on LESSEE's liability

insurance policy and such policy shall be endorsed to show that LESSEE's liability insurance policy is primary.

- C. LESSEE shall maintain Commercial Automobile Liability coverage form CA0001. Commercial Automobile Liability: Auto coverage symbol "1" (any auto) for corporate/business owned vehicles brought on the property for purposes of supporting LESSEE's operations. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply. Personal Lines automobile insurance shall apply if vehicles are individually owned.

Commercial Automobile Liability for Corporate/business owned including non-owned and hired \$1,000,000 Combined Single Limit. Personal Lines automobile insurance limits of not less than \$100,000 per person, \$300,000 each accident, and \$50,000 property damage shall be maintained. Alternatively, the policy may be written at \$300,000 combined single limit.

- D. LESSEE shall maintain Worker's Compensation; Statutory requirements of the State of California and Employer's Liability Insurance with a limit of \$1,000,000 per accident for bodily injury or disease. LESSEE shall have the Workers Compensation policy endorsed to state that the Worker's Compensation carrier waives its rights of subrogation against the COUNTY, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the LESSEE.
- E. LESSEE shall insure its own mobile, scheduled or contractor's equipment used in the performance of this Agreement.
- F. INLAND MARINE WAIVER OF SUBROGATION: Any Inland Marine Insurance policies maintained by the LESSEE in the performance of this Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the COUNTY.
- G. MAINTENANCE OF INSURANCE: LESSEE shall furnish a certificate substantiating the fact that LESSEE has taken out the insurance herein set forth for the period covered by the lease with an insurance carrier(s) with an A.M. Best financial rating of not less than A-: VII and authorized to do business in the State of California. LESSEE is required by this Agreement to immediately notify COUNTY if they receive a communication from their insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. LESSEE shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits. Failure to maintain required insurance in force shall be considered a material breach of the Agreement.
- H. The certificate of insurance shall be filed with the Internal Services Agency, Real Estate Division, upon mutual execution of this Agreement.

- I. COUNTY is self-insured for liability and shall furnish LESSEE a letter confirming this upon request.
 - J. LESSEE shall provide COUNTY thirty (30) days advance written notice of any cancellation, termination, or lapse of any of the insurance coverages. In the event LESSEE does not have the required certificates of insurance and/or binders evidencing the property insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at the discretion of the COUNTY.
- 9.2 INDEMNIFICATION.** LESSEE shall defend, indemnify and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the Leased Premises caused by a wrongful or negligent act or omission of LESSEE or anyone directly employed by LESSEE, its officers, agents, contractors, sub-contractors, consultants, invitees, guests, or tenants, except and in proportion to the extent caused by the negligent acts, errors or omissions or willful misconduct of COUNTY, its officers, directors, employees, agents or volunteers. This indemnification shall survive the termination or expiration of the Agreement.

ARTICLE 10 TERMINATION AND REMEDIES

- 10.1 EARLY TERMINATION BY COUNTY FOR CAUSE.** COUNTY has the right to terminate this Agreement before the expiration of the Term should LESSEE default in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within thirty (30) calendar days following written notice thereof from COUNTY. Said termination shall be effective upon receipt of COUNTY's written notice of early termination for cause by LESSEE. COUNTY shall not be responsible for any cost to or expense of LESSEE resulting from said early termination for cause.
- 10.2 EARLY TERMINATION BY LESSEE FOR CAUSE.** LESSEE has the right to terminate this Agreement before the expiration of the Term in the event of any material default by COUNTY in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within thirty (30) calendar days following written notice thereof from LESSEE. Said termination shall be effective upon receipt of LESSEE's written notice of early termination for cause by COUNTY. LESSEE shall not be responsible for any cost to or expense of COUNTY resulting from said early termination for cause.
- 10.3 COUNTY'S REMEDIES.**
- A. The remedies set forth in this section shall be in addition to all other remedies that COUNTY may have in the event of breach of this Agreement by LESSEE, and nothing herein contained shall be construed to limit COUNTY's right to pursue the same, whether in law or in equity.
 - B. Pursuant to Section 1951.2 of the California Civil Code:

- (1) In the event that LESSEE breaches this Agreement and abandons the property before the end of the Term hereof, or if LESSEE's right to possession is terminated by COUNTY because of a breach of this Agreement, this Agreement terminates. Upon such termination, the COUNTY may recover from LESSEE:
 - (a) the worth at the time of award of the unpaid Rent that had been earned at the time of termination;
 - (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that LESSEE proves could have been reasonably avoided;
 - (c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term hereof after the time of award exceeds the amount of such rental loss that LESSEE proves could be reasonably avoided; and
 - (d) Any other amount necessary to compensate COUNTY for all the detriment proximately caused by LESSEE's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.
- (2) The "worth at the time of award" of the amounts referred to in Subsections B(1)(a) and (b) of this section is computed by allowing interest at the rate of 10%. The "worth at the time of award" of the amount referred to in Subsection B(1)(c) of this section is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1 percent.
- (3) Damages which COUNTY may recover pursuant to Subsection B(1)(c) of this section include the "worth at the time of award" of the amount by which the unpaid Rent for the balance of the Term hereof exceeds the amount of such rental loss for the same period that LESSEE proves could be reasonably avoided; or COUNTY may recover damages pursuant to Subsection B(1)(c) of this section in the event that COUNTY relets the Premises prior to the time of award and proves that in reletting the property it acted reasonably and in a good-faith effort to mitigate the damages.
- (4) Efforts by COUNTY to mitigate the damages caused by LESSEE's breach of this Agreement do not waive COUNTY's right to recover damages pursuant to said Section 1951.2 and this section.
- (5) Nothing in this section affects the right of COUNTY under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.

- C. Notwithstanding the foregoing, in the event of LESSEE's breach of this Agreement and abandonment of the Premises, pursuant to Section 1951.4 of the California Civil Code, COUNTY may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies hereunder against LESSEE, including the right to recover the Rent as it becomes due.

ARTICLE 11 OTHER REQUIREMENTS

- 11.1 ENVIRONMENTAL FINES AND PENALTIES.** Notwithstanding the foregoing, LESSEE shall assume responsibility for and payment of any fines or penalties levied on either the COUNTY or LESSEE by any applicable local, state or federal authority (hereinafter Authority) for breaches by LESSEE of the Authority's environmental regulations. LESSEE agrees to be solely liable for the payment of all fines and penalties resulting from LESSEE's breach of Authority's environmental regulations, except and in proportion to the extent caused by the negligence or willful misconduct of COUNTY.

In addition, LESSEE understands and acknowledges that, during the course of the activities allowed by the Agreement, the environmental regulations implemented or imposed by the Authority on the COUNTY and LESSEE may change and LESSEE specifically agrees to comply with any future applicable environmental regulations implemented or imposed by the Authority on the COUNTY or LESSEE.

The provisions of this Paragraph shall survive the expiration or termination of this Agreement.

- 11.2 COMPLIANCE WITH LAWS.** In the prosecution of the work covered by this Agreement, LESSEE shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work. In addition, LESSEE shall comply with all applicable local, state and federal occupational safety and health acts and regulations. If any failure by LESSEE to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against COUNTY, LESSEE shall reimburse and indemnify COUNTY for any such fine, penalty, cost or charge, including without limitation attorney's fees, court costs and expenses (excepting environmental fines and penalties which shall be handled in accordance with Paragraph 11.1 above). LESSEE further agrees in the event of any such action, upon notice thereof being provided by COUNTY, to defend such action free of cost, charge or expense to COUNTY. The provisions of this Paragraph shall survive the expiration or termination of this Agreement.

- 11.3 ENDANGERED SPECIES.** *Intentionally omitted.*

- 11.4 CULTURAL RESOURCES.** *Intentionally omitted.*

ARTICLE 12 GENERAL

12.1 WRITTEN COMMUNICATIONS AND NOTICE

- A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

To LESSOR at:

County of Sacramento
Department of General Service
Attn: Rick Smith
9660 Ecology Lane
Sacramento, CA 95827
Phone: (916) 876-6239

To LESSEE at:

Sacramento Metropolitan Cable
Television Commission
Attn: Karen Liu
799 G Street, 4th Floor
Sacramento, CA 95814
Phone: (916) 874-6661
Fax: (916) 854-9666

With a copy to:

County of Sacramento
Real Estate Division
Asset Management Section
3711 Branch Center Road
Sacramento, CA 95827
Phone: (916) 876-6200

or such other address as a party may designate to the other by notice. Such notice shall be deemed effective five (5) days after transmittal as herein provided.

12.2 TAXES, POSSESSORY INTEREST, AND SPECIAL TAXATION.

- A. LESSEE shall, at LESSEE's sole cost and expense, pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon LESSEE's interest, as herein may be created; improvements; operations; or right to use of the Premises.
- B. Under this lease a possessory interest subject to property taxation and special taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code, notice is hereby given that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property or special taxes levied on such interest.
- C. **LESSEE's Right to Contest Taxes:**
- (1) LESSEE shall have the right to contest in its own name, or, to the extent reasonably necessary, in COUNTY's name, in good faith and by all appropriate proceedings, the

amount, applicability, or validity of any tax assessment pertaining to the Premises and LESSEE's operations thereon.

- (2) In the event LESSEE initiates such contest, COUNTY shall reasonably cooperate with LESSEE, provided that such contest will not subject any part of the Premises to forfeiture or loss; and provided, further, that if LESSEE contests any assessment made by the Assessor of COUNTY, such contest shall not be initiated in the name of COUNTY, and COUNTY shall not be obligated to cooperate therewith.
- (3) If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, LESSEE shall timely pay such tax or assessment to prevent such forfeiture or loss.

12.3 AS-IS LEASE. LESSEE acknowledges that, except expressly contained in this Agreement neither COUNTY nor anyone acting for or on behalf of the COUNTY has made any representation, warranty or promise to LESSEE concerning the physical aspects or condition of the Premises; the feasibility or desirability of the Premises for any particular use; the presence of any other physical aspect of the Premises; and that in entering into the Agreement, LESSEE has not relied on any representation, statement or warranty of COUNTY or anyone acting for or on behalf of COUNTY, other than as may be expressly contained in this Agreement, and that all matters concerning the Premises shall be independently verified by LESSEE and that LESSEE shall lease the Premises on LESSEE's own examination thereof; and that if LESSEE elects to lease the Premises, LESSEE is leasing the Premises in its "as is" condition and its "as is" state of repair as of the Rent Commencement Date.

12.4 FORCE MAJEURE. Neither COUNTY nor LESSEE shall be deemed to be in breach of this Agreement, if either is prevented from performing any of its obligations herein by reason of strike, terrorism, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of a public enemy, act of a superior governmental authority, weather conditions, rebellion, riot, sabotage, or any other circumstance for which it is not responsible, which is not within its control and which cannot be modified or overcome by reasonable efforts of the prevented party.

12.5 CONSEQUENTIAL LOSS. In no event shall either party be liable to the other party for any indirect, special, consequential or punitive damages, including, but not limited to, loss of business or loss of profits, use, or data, or any other consequential damages of any kind or nature whatsoever, regardless of the form of action, which may arise from the performance, nonperformance, default or other breach of this Agreement.

12.6 RISK OF HAZARDS. LESSEE shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

12.7 COUNTY RESERVED RIGHTS.

A. Entry.

- (1) COUNTY reserves the right, without liability to LESSEE, to enter the Premises for purposes of inspection, surveying and any use not substantially interfering with LESSEE's use.
- (2) COUNTY, its officers, agents, and employees shall have the right, without limitation, throughout the term of this Agreement to enter upon the Premises for any lawful purpose, including the purpose of determining whether LESSEE is complying with its obligations hereunder. Such entry by COUNTY shall not be deemed to excuse LESSEE's performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by COUNTY.

B. Reassignment. *Intentionally omitted.*

12.8 REMOVAL OF PERSONAL PROPERTY UPON TERMINATION OR EXPIRATION.

Upon termination or expiration of this Agreement, LESSEE shall remove its personal property from the Premises, and shall restore the Premises to its original condition, reasonable wear and tear excepted. Removal of LESSEE's personal property shall be performed by LESSEE at its sole cost and expense. In the event that the Premises or any portion thereof are damaged by LESSEE, such damage shall be repaired by COUNTY and paid for by LESSEE at its sole cost and expense. LESSEE shall be afforded reasonable access to the Premises to complete the removal of its personal property.

12.9 ABANDONED PROPERTY. Any LESSEE personal property not removed within thirty (30) days of termination or expiration of this Agreement shall be deemed abandoned property and shall thereupon become the property of COUNTY to be used or disposed of by COUNTY without compensation to LESSEE. If COUNTY disposes of property abandoned by LESSEE within one hundred twenty (120) days after being abandoned by LESSEE, LESSEE shall compensate COUNTY for the actual costs incurred in disposing of any such abandoned property to the extent disposal costs exceed the amount realized through their disposal, provided such compensation shall not exceed \$25,000.

12.10 COUNTY'S RIGHT TO LEASE. COUNTY warrants COUNTY is well seized of and has good right to lease the Premises, will defend the title thereto, and will indemnify LESSEE against any damage and expense which LESSEE may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description herein of the Premises.

12.11 EXECUTION OF AGREEMENT. Submission of this document by COUNTY for review, examination or execution by LESSEE does not constitute a reservation of an option to lease the Premises or any other property within the County of Sacramento, and this document shall not be effective as a lease agreement, or otherwise, unless and until approved by the Board of Supervisors of the COUNTY or executed by the officer authorized by said Board.

12.12 AUTHORITY OF SIGNATORS. Each party to this Agreement warrants to the other that it is duly organized and existing and each signatory hereto represents to the other party that it

has full right and authority to enter into and consummate this Agreement and all related documents.

- 12.13 SUCCESSORS IN INTEREST.** This Agreement shall be binding upon and inure to the benefit of the successors-in-interest of the parties hereto.
- 12.14 ASSIGNMENT AND SUBLETTING.** LESSEE shall not have the right to sublet its lease, or any of its rights under this Agreement, in whole or in part, nor have the right to assign this lease, in whole or in part, without the prior written consent of the COUNTY, which may be withheld for any reason. Subletting specifically includes, without limitation, the subleasing, licensing, or granting of other rights to use all or any portion of the Premises.
- 12.15 NATURE OF TENANCY.** LESSEE is not eligible for relocation payment or assistance as a consequence of this tenancy. No relocation payment or assistance will be made to LESSEE by COUNTY upon termination of tenancy.
- 12.16 TITLE TO THE PREMISES.** Fee title to the Premises is and shall remain vested in COUNTY. Nothing contained in this Agreement and no action or inaction by COUNTY shall be deemed or construed that COUNTY has granted to LESSEE any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of COUNTY in the Premises.
- 12.17 ESTOPPEL.** Upon COUNTY's written request, LESSEE shall deliver to COUNTY a written statement containing the following information, current as of the date of the statement: (A) The status of the Agreement. (B) An explanation of any default claims LESSEE may have against COUNTY. (C) The Term of the Agreement. (D) The monthly Rent payable. LESSEE shall deliver such statement to COUNTY or to any prospective purchaser upon COUNTY's request. Any such statement by LESSEE may be given to any prospective purchaser or encumbrancer of the Property.
- 12.18 INDEPENDENT CONTRACTOR.** LESSEE is not an employee or agent of COUNTY by reason of this lease, or otherwise. LESSEE is an independent contractor, and as between COUNTY and LESSEE, LESSEE shall be solely responsible for its acts and omissions arising from or relating to its operations or activities.
- 12.19 PARTIAL INVALIDITY.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, or is found to be prohibited by law, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable or prohibited, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 12.20 SUPERSEDES.** This Agreement supersedes and cancels any and all oral negotiations or previously executed agreements between the parties hereto pertaining to the herein described Premises.

- 12.21 AMENDMENT AND WAIVERS.** This Agreement constitutes the entire understanding of the parties thereto and shall not be altered or amended except by a supplementary agreement in writing and signed by both parties. The failure of either COUNTY or LESSEE to exercise the rights granted hereunder shall not constitute a waiver of the same either at the time or upon a later recurrence.
- 12.22 RIGHT AND REMEDY.** No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.
- 12.23 ATTORNEY'S FEES AND COSTS.** Any party may bring a suit or proceeding to enforce or require performance of the terms of this Agreement, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.
- 12.24 GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.
- 12.25 TIME OF ESSENCE.** Time is of the essence of this Agreement and the obligations of the parties to perform hereunder.
- 12.26 CONSTRUCTION.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement. All exhibits are referred to in this Agreement are attached and incorporated by this reference.
- 12.27 COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, by all of which, together, shall constitute one and the same instrument.
- 12.28 STATEMENT REGARDING A CERTIFIED ACCESS SPECIALIST.** Pursuant to California Civil Code §1938, the COUNTY states that the Premises:
- Have not undergone an inspection by a Certified Access Specialist (CASp).
 - Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards and a disability access inspection certificate has been issued pursuant to California Civil Code §55.51 et seq.

Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

12.29 AUTHORITY OF DIRECTOR. The Director of the Department of General Services shall administer this Agreement on behalf of COUNTY. Unless otherwise provided herein or required by applicable law, the Director, or any duly authorized officer or employee of the COUNTY acting on behalf of the Director, shall be vested with all rights, powers, and duties of COUNTY hereunder. With respect to matters hereunder subject to the approval, satisfaction, or discretion of COUNTY or the Director, the decision of the Director in such matters shall be final.

12.30 TERMINATION OF PRIOR AGREEMENTS. On the Rent Commencement Date, COUNTY and LESSEE agree that this Agreement voids, replaces and supersedes that certain Original Lease.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day of the year first written above.

LESSOR:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

Date: _____

By: _____

David Villanueva
Deputy County Executive
Administrative Services

Under delegated authority by SCC 2.62.020

LESSEE:

**SACRAMENTO METROPOLITAN
CABLE TELEVISION
COMMISSION, a joint powers
authority**

Date: _____

By: _____

Robert A. Davison
Executive Director

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: _____

Stephanie G. Percival
Deputy County Counsel

APPROVED AS TO TERMS:

By: _____

Jeff Gasaway, Deputy Director
Department of General Services

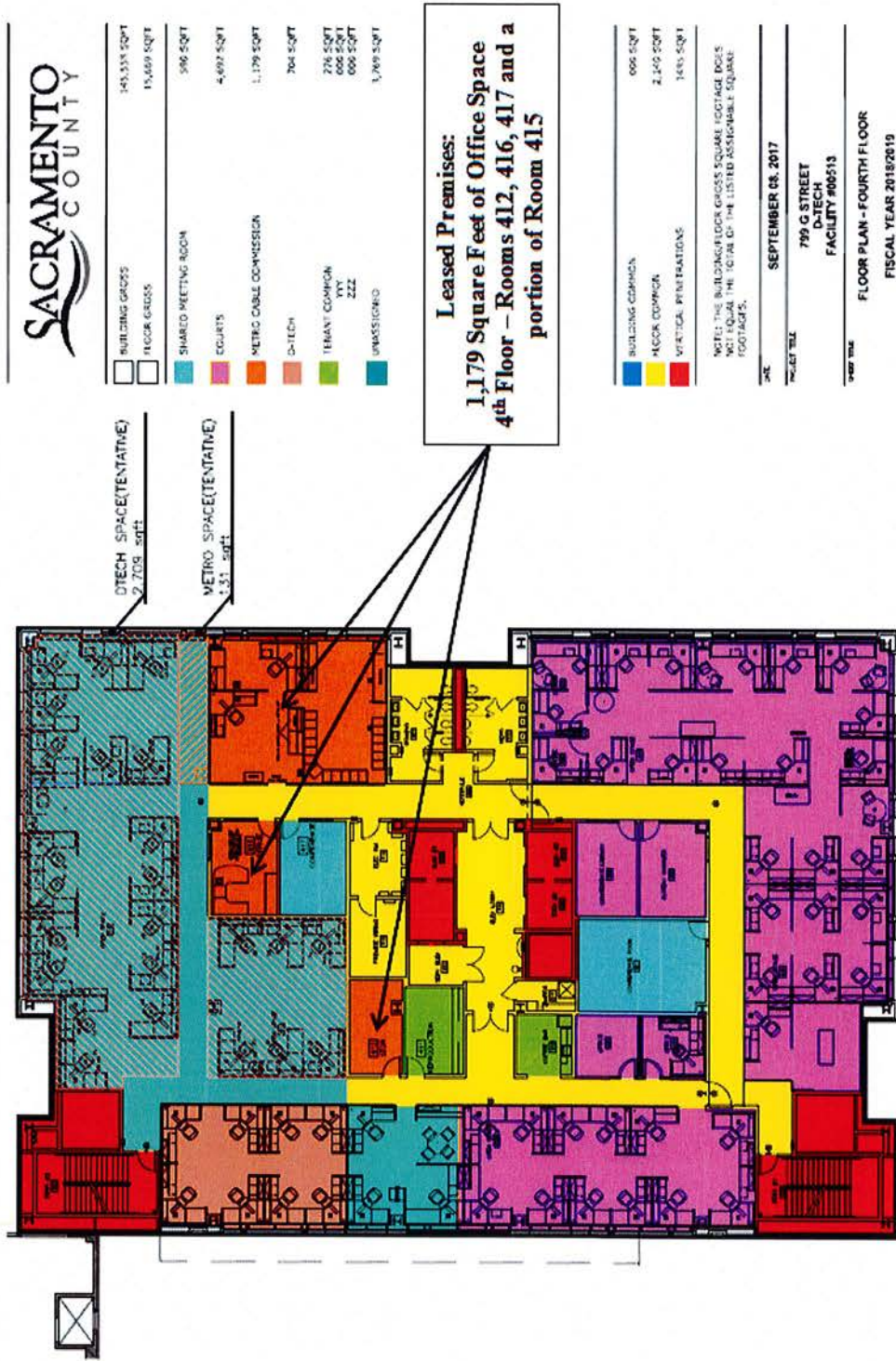
EXHIBIT "A"

Page 1 of 2

Property – 799 G Street, Sacramento, CA 95814
APN 002-0142-014, Portion



EXHIBIT "A"
Page 2 of 2
Premises - 799 G Street, 4th Floor





SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 • (916) 874-6661 • Fax: (916) 854-9666 • www.sacmetrocbt.com

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 5

DATE: December 7, 2017

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: **LETTERS OF AGREEMENT FOR ANALYSIS OF FRANCHISE & PEG FEES PAID BY COMCAST AND CONSOLIDATED COMMUNICATIONS IN CALENDAR YEARS 2015 AND 2016**

RECOMMENDATION:

It is recommended the Board authorize the Executive Director to sign the Letters of Agreement with Ashpaugh & Sculco, CPAs, PLC, to perform a review of franchise & Public, Education and Government (PEG) fees paid by Comcast and Consolidated Communications to the Sacramento Metropolitan Cable Television Commission (Commission) for the period of January 1, 2015 through December 31, 2016.

DISCUSSION:

Public Utilities Code section 5860(i) permits a local agency to “examine the business records of a holder of a state franchise” to ensure that compensation is in compliance with state law.

Comcast and Consolidated Communications are holders of state franchises within the Commission’s jurisdiction and earn a substantial portion of their revenues from monthly cable television subscriber fees. Monthly subscriber revenues are generated from revenues including basic service, premium service, franchise and public, education and government (PEG) fees, pay-per-view service, installation guides, converter rental, late fees, non-sufficient funds fee, and other miscellaneous fees/charges.

In April 2014, based on the recommendation of Legal Counsel, the Commission retained the services of Ashpaugh & Sculco, CPAs, PLC through Best Best & Krieger to perform an analysis of franchise and PEG fees paid to the Commission by AT&T California for the period of January 1, 2012 through December 31, 2013. The recommendation was based on the fact Ashpaugh & Sculco (A&S) had worked with local government agencies and municipalities nationwide since 1999 in performing audits of franchise & PEG fees paid by cable companies.

Agenda item No. 5

Letters of Agreement for Analysis of Franchise & PEG Fees Paid by Comcast and Consolidated Communications in Calendar Years 2015 and 2016

Page 2

Since that time, the Commission had retained the services of A&S to perform the analysis of franchise & PEG fees paid to the Commission by the cable companies operating within the Commission's jurisdiction.

The following table identifies the results of those analyses performed by A&S to date, along with the findings of the franchise & PEG fee payments owed to the Commission.

Cable Company	Review Period	Analysis Report Date	Findings (Underpayment)
AT&T	CYs 2012 & 2013	May 26, 2015	\$337,137
Consolidated Communications	CYs 2013 & 2014	November 2, 2016	\$7,413
Comcast	CYs 2013 & 2014	November 2, 2016	\$812,696*
AT&T	CYs 2014 & 2015	April 20, 2017	\$199,767

*As a result of the analysis performed by A&S, Legal Counsel is currently working with Comcast on a settlement amount for the underpayment of \$812,696 of franchise & PEG fees paid to the Commission in Calendar Years 2013 & 2014.

Based on Ashpaugh & Sculco's expertise in the area, their demonstrated recovery record for unpaid fees, and audit cost savings to the Commission, staff recommends the Board authorize the Executive Director to sign the Ashpaugh & Sculco Letters of Agreement for analysis of franchise and PEG fees remitted by Comcast and Consolidated Communications to the Sacramento Metropolitan Cable Television Commission for the period of January 1, 2015 through December 31, 2016.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

- Letter of Agreement for Analysis of Franchise & PEG Fees Paid by Comcast in CYs 2015 & 2016
- Letter of Agreement for Analysis of Franchise & PEG Fees Paid by Consolidated Communications in CYs 2015 and 2016



ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants

November 17, 2017

Robert Davison, Executive Director
Sacramento Metropolitan Cable TV Commission
799 G Street, 4th Floor
Sacramento, CA 95814

Subject: Letter Agreement for an Analysis of the Franchise and PEG Fees Paid by Comcast to the Sacramento Metropolitan Cable Television Commission, California

Dear Mr. Davison:

Ashpaugh & Sculco, CPAs, PLC ("A&S") is pleased to provide this engagement letter to the Sacramento Metropolitan Cable Television Commission ("SMCTC") to set forth the scope and terms for providing consulting services. A&S has been engaged by the SMCTC to perform Agreed-Upon Procedures, specifically, a review of the franchise fees and public, education, and governmental access ("PEG") fees paid by Comcast from January 1, 2015 through December 31, 2016 (the "Review Period") in conformance with Comcast's state franchise under the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA") enacted in California.

A&S will perform the services listed in the attached Scope of Work (Attachment A). This letter agreement authorizes and obligates: (i) A&S to perform the tasks set forth in the Scope of Work ("Tasks"); and, (ii) the SMCTC to promptly submit A&S's valid invoices for this project for payment, payable within thirty days of receipt. During the project, the Tasks may be modified by written authorization of the SMCTC and any impact on the estimated budget will be addressed.

A&S shall submit a report to the SMCTC listing the procedures services and the findings. This report is intended solely for the information and use of the SMCTC, and is not intended to be and should not be used by anyone other than these specified parties.

A&S agrees to perform an analysis of the franchise and PEG fees paid by Comcast from January 1, 2015 through December 31, 2016 for the not-to-exceed budget of \$22,000.

All work undertaken in performing the Tasks shall be billed to the SMCTC at A&S's standard hourly billing. The budget is based on anticipated cooperation from the SMCTC and Comcast personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, A&S shall first obtain consent of the SMCTC and provide a new fee estimate before any additional costs are incurred.

Robert Davison, Executive Director

November 17, 2017

Page 2 of 2

Additional and optional tasks requested by the SMCTC, and agreed to by A&S, shall be performed by A&S at the hourly billing rates. A&S may also bill the SMCTC for analytical time, administrative time and all out-of-pocket expenses directly chargeable to any additional and optional tasks mutually agreed to by the SMCTC and A&S.

We appreciate your assistance and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this engagement as described, please sign the enclosed copy and return it to us.

This project shall be commenced as soon as practicable upon execution of this letter agreement, and shall be completed as soon as good practice and due diligence will permit. This letter agreement shall be deemed executed and accepted on the date it is signed by the SMCTC.

AGREED AND ACCEPTED:

ASHPAUGH & SCULCO, CPAs, PLC	Sacramento Metropolitan Cable Television Commission
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____, 2017	Date: _____, 2017

SCOPE OF WORK

Ashpaugh & Sculco, CPAs, PLC (“A&S”) is pleased to provide this Scope of Work to the Sacramento Metropolitan Cable Television Commission (“SMCTC”) for a review of the franchise and PEG fees paid to the SMCTC by Comcast. The review period will be from January 1, 2015 through December 31, 2016 (“Review Period”).

The Scope of Work, set forth below, is for “Agreed Upon Procedures” and not a traditional audit of financial statements as defined by Generally Accepted Auditing Standards (“GAAS”). A traditional audit includes the issuance of an opinion stating whether the financial statements are presented fairly in conformity with Generally Accepted Accounting Principles (“GAAP”). Because the procedures listed in Scope of Work do not constitute a traditional audit, A&S will not express an opinion on Comcast or the SMCTC’s financial statements or any elements, accounts, or items thereof. Our review and reports are Agreed-Upon Procedures and will relate only to a review of Comcast’s gross revenues and related elements of expenses.

Our Scope of Work identifies the steps that we would perform to ensure that gross revenues are accurately reported by Comcast in accordance with DIVCA.

Project Kick-Off

1. Contact the SMCTC’s staff and obtain documentation required to kick-off the project.
2. Review DIVCA to gain an understanding of the definition of gross revenues and determination of franchise and PEG fees.
3. Prepare initial data request to Comcast requesting information related to the review period. During the course of the project, if needed, prepare additional data requests and submit to Comcast.
4. If needed, assist the SMCTC with the execution of a tolling agreement of the statute of limitations under DIVCA.
5. If required, execute a non-disclosure agreement with Comcast. In some audits, Comcast have not requested an NDA. A&S has executed numerous NDAs with Comcast.
6. Correspond with the SMCTC and Comcast, as required via phone and email, to obtain documentation, resolve issues, and obtain any appropriate assistance

General Steps

7. Provide periodic reports to the SMCTC on work in progress.
8. Recalculate the franchise and PEG fees paid to the SMCTC for the review period.
9. Identify each revenue type or source that Comcast did not include in the determination of franchise and PEG fees remitted to the SMCTC for the review period.
10. Ensure that gross revenues recorded on the general ledger are included in the gross revenues reported to the SMCTC in accordance with DIVCA.

Subscriber Revenues

11. Reconcile subscriber revenues reported to the SMCTC to revenues on third-party billing data.

12. Review non-sufficient funds fees, late fees, and FCC regulatory fees to ensure that they are properly included in the gross revenues reported to the SMCTC.
13. Review bad debt expense and bad debt recoveries reported to the SMCTC.
14. Request and review detail from Comcast regarding:
 - a. Identification of bundled packages offered;
 - b. Parsing of bundled price among the bundled products; and,
 - c. Determination of franchise and PEG fees on applicable portions of the bundle.
15. Review monthly subscriber counts. If there are significant changes in subscriber counts, obtain explanation from Comcast. Investigate unusual discrepancies.

Non-Subscriber Revenues

16. Reconcile non-subscriber revenues reported in the franchise and PEG fee payments to supporting documentation provided by Comcast.
17. Review and recalculate allocation of non-subscriber revenues to ensure that they are correctly included in gross revenues reported to the SMCTC.
18. Reconcile advertising revenues reported in franchise and PEG fee payments to supporting documentation provided by Comcast. Ensure that Comcast reported advertising revenues to the SMCTC in accordance with the definition of gross revenues.
19. Review any “contra-expenses” recorded by Comcast to ensure that amounts were accurately reported to the SMCTC in accordance with the definition of gross revenues.

Summarize Results and Issue Report

20. Develop spreadsheet models that include the following calculations:
 - a. Compare franchise and PEG fees reported to the SMCTC to calculations by A&S, by category of revenues.
 - b. Calculate under/overpayment of amount due to the SMCTC.
 - c. Calculate interest charges and other applicable fees on under/over payments of the franchise and PEG fees.
21. Submit draft report for review and comments. The report will include explanations of findings by category of revenues, tables that summarize the finding by year and category of service, under/overpayment of franchise and PEG fees, interest charges and any other amounts due to the SMCTC, and recommendations to the SMCTC.
22. Submit final report to the SMCTC.

PROPOSED BUDGET

Ashpaugh & Sculco, CPAs, PLC (“A&S”) proposes to review the franchise and PEG fees paid by Comcast to the Sacramento Metropolitan Cable Television Commission (“SMCTC”). The review period will be from January 1, 2015 through December 31, 2016 (“Review Period”).

A&S will issue a report that discusses our findings, plus any applicable interest and penalties due to the SMCTC. Please note that actual costs may be less than the proposed budget, and A&S will endeavor to pass on any budget savings to the SMCTC. A&S proposes to review the franchise and PEG fees paid to the SMCTC for a not-to-exceed budget of \$22,000.

The proposed budget does not include any travel or travel-related costs and do not include any additional services. We have based the budget on anticipated cooperation from Comcast’s staff, and the assumption that we will not encounter any unexpected circumstances during the project. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs.

Standard Hourly Billing Rates

The following table sets forth our current hourly billing rates. While it is anticipated that Garth Ashpaugh and Carolyn Sculco will be primarily responsible for conducting and overseeing the work, we have also included the hourly billing rates for other personnel categories.

Position	Hourly Billing Rates
Garth T. Ashpaugh	\$150.00
Carolyn A. Sculco	\$150.00
Senior Analyst/Consultant	\$90.00 to \$105.00
Staff Analyst I	\$45.00 to \$65.00
Administration/Secretary	\$35.00 to \$40.00

Travel Costs & Other Expenses

The proposed budget is exclusive of travel and travel-related costs, and assumes that the SMCTC and Comcast will submit responses to our information requests directly to our offices and not require any out-of-town visits. It has been our experience that it is more cost effective and less cumbersome to all parties, including Comcast, to communicate via fax, email and courier rather than perform extensive on-site visits.

If Comcast requires out-of-town visits, we will need to adjust the budget. the SMCTC would only be billed the actual costs of any trip. A&S bills clients at cost for directly incurred expenses such as travel (accommodations, airfare, car rental, meals, and other incidental charges) and overnight delivery charges. Any travel time required during the normal business day will be charged to the client at our normal hourly billing rates.

Additional Services

A&S is available to assist in recovery of any underpayment of franchise and PEG fees and associated interest charges and penalties. Additional services would include assisting the SMCTC in its negotiations with Comcast. Typically, we participate in conference calls, discuss our findings

with Comcast, and assist the SMCTC in negotiating a settlement with Comcast. We are also available to perform other additional services, such as: meet with the SMCTC to discuss our findings; make presentations of our report to the SMCTC; and provide support and testimony if this matter is litigated.

These additional services are not included in our proposed budget. We will perform these services at our hourly billing rates at a budget mutually agreed to by the SMCTC and A&S. These services will be provided under the contract only after the SMCTC approves a written proposal provided by A&S.

Timeline & Deliverables

A&S will endeavor to complete this project within 6 months of the award of the contract. However, our work depends on data provided by the SMCTC and Comcast. We will provide a data request for the SMCTC to submit to Comcast within fourteen (14) business days of notice to proceed. The time estimate assumes timely and complete responses from Comcast. If the responses are not complete and or not provided timely, they may impact our anticipated schedule. We will notify the SMCTC if our schedule is affected in such a manner.



ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants

November 17, 2017

Robert Davison, Executive Director
Sacramento Metropolitan Cable TV Commission
799 G Street, 4th Floor
Sacramento, CA 95814

Subject: Letter Agreement for Analysis of Franchise and PEG Fees Paid by Consolidated Communications to the Sacramento Metropolitan Cable Television Commission, California

Dear Mr. Davison:

Ashpaugh & Sculco, CPAs, PLC ("A&S") is pleased to provide this engagement letter to the Sacramento Metropolitan Cable Television Commission ("SMCTC") to set forth the scope and terms for providing consulting services. A&S has been engaged by the SMCTC to perform Agreed-Upon Procedures, specifically, a review of the franchise fees and public, education, and governmental access ("PEG") fees paid by Consolidated Communications (SureWest Televideo) ("CCI") for the period of January 1, 2015 through December 31, 2016 ("Review Period") in conformance with CCI's state franchise under the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA") enacted in California.

A&S will perform the services listed in the attached Scope of Work (Attachment A). This letter agreement authorizes and obligates: (i) A&S to perform the tasks set forth in the Scope of Work ("Tasks"); and, (ii) the SMCTC to promptly submit A&S's valid invoices for this project for payment, payable within thirty days of receipt. During the project, the Tasks may be modified by written authorization of the SMCTC and any impact on the estimated budget will be addressed.

A&S shall submit a report to the SMCTC listing the procedures services and the findings. This report is intended solely for the information and use of the SMCTC, and is not intended to be and should not be used by anyone other than these specified parties.

A&S agrees to perform an analysis of the franchise and PEG fees paid by CCI for the period of January 1, 2015 through December 31, 2016 for the not-to-exceed budget of \$14,000.

All work undertaken in performing the Tasks shall be billed to the SMCTC at A&S's standard hourly billing. The budget is based on anticipated cooperation from the SMCTC and CCI personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, A&S shall first obtain consent of the SMCTC and provide a new fee estimate before any additional costs are incurred.

Robert Davison, Executive Director
November 17, 2017
Page 2 of 2

Additional and optional tasks requested by the SMCTC, and agreed to by A&S, shall be performed by A&S at the hourly billing rates. A&S may also bill the SMCTC for analytical time, administrative time and all out-of-pocket expenses directly chargeable to any additional and optional tasks mutually agreed to by the SMCTC and A&S.

We appreciate your assistance and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this engagement as described, please sign the enclosed copy and return it to us.

This project shall be commenced as soon as practicable upon execution of this letter agreement, and shall be completed as soon as good practice and due diligence will permit. This letter agreement shall be deemed executed and accepted on the date it is signed by the SMCTC.

AGREED AND ACCEPTED:

ASHPAUGH & SCULCO, CPAs, PLC	Sacramento Metropolitan Cable Television Commission
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____, 2017	Date: _____, 2017

SCOPE OF WORK

Ashpaugh & Sculco, CPAs, PLC (“A&S”) is pleased to provide this Scope of Work to the Sacramento Metropolitan Cable Television Commission (“SMCTC”) for a review of the franchise and PEG fees paid to the SMCTC by Consolidated Communications (SureWest Televideo) (“CCI”). The review period will be from January 1, 2015 through December 31, 2016 (“Review Period”).

The Scope of Work, set forth below, is for “Agreed Upon Procedures” and not a traditional audit of financial statements as defined by Generally Accepted Auditing Standards (“GAAS”). A traditional audit includes the issuance of an opinion stating whether the financial statements are presented fairly in conformity with Generally Accepted Accounting Principles (“GAAP”). Because the procedures listed in Scope of Work do not constitute a traditional audit, A&S will not express an opinion on CCI or the SMCTC’s financial statements or any elements, accounts, or items thereof. Our review and reports are Agreed-Upon Procedures and will relate only to a review of CCI’s gross revenues and related elements of expenses.

Our Scope of Work identifies the steps that we would perform to ensure that gross revenues are accurately reported by CCI in accordance with DIVCA.

Project Kick-Off

1. Contact the SMCTC’s staff and obtain documentation required to kick-off the project.
2. Review DIVCA to gain an understanding of the definition of gross revenues and determination of franchise and PEG fees.
3. Prepare initial data request to CCI requesting information related to the review period. During the course of the project, if needed, prepare additional data requests and submit to CCI.
4. If needed, assist the SMCTC with the execution of a tolling agreement of the statute of limitations under DIVCA.
5. If required, execute a non-disclosure agreement with CCI. A&S has previously executed an NDA with CCI.
6. Correspond with the SMCTC and CCI, as required via phone and email, to obtain documentation, resolve issues, and obtain any appropriate assistance

General Steps

7. Provide periodic reports to the SMCTC on work in progress.
8. Recalculate the franchise and PEG fees paid to the SMCTC for the review period.
9. Identify each revenue type or source that CCI did not include in the determination of franchise and PEG fees remitted to the SMCTC for the review period.
10. Ensure that gross revenues recorded on the general ledger are included in the gross revenues reported to the SMCTC in accordance with DIVCA.

Subscriber Revenues

11. Reconcile subscriber revenues reported to the SMCTC to revenues on third-party billing data.

12. Review non-sufficient funds fees, late fees, and FCC regulatory fees to ensure that they are properly included in the gross revenues reported to the SMCTC.
13. Review bad debt expense and bad debt recoveries reported to the SMCTC.
14. Request and review detail from CCI regarding:
 - a. Identification of bundled packages offered;
 - b. Parsing of bundled price among the bundled products; and,
 - c. Determination of franchise and PEG fees on applicable portions of the bundle.
15. Review monthly subscriber counts. If there are significant changes in subscriber counts, obtain explanation from CCI. Investigate unusual discrepancies.

Non-Subscriber Revenues

16. Reconcile non-subscriber revenues reported in the franchise and PEG fee payments to supporting documentation provided by CCI.
17. Review and recalculate allocation of non-subscriber revenues to ensure that they are correctly included in gross revenues reported to the SMCTC.
18. Reconcile advertising revenues reported in franchise and PEG fee payments to supporting documentation provided by CCI. Ensure that CCI reported advertising revenues to the SMCTC in accordance with the definition of gross revenues.
19. Review any “contra-expenses” recorded by CCI to ensure that amounts were accurately reported to the SMCTC in accordance with the definition of gross revenues.

Summarize Results and Issue Report

20. Develop spreadsheet models that include the following calculations:
 - a. Compare franchise and PEG fees reported to the SMCTC to calculations by A&S, by category of revenues.
 - b. Calculate under/overpayment of amount due to the SMCTC.
 - c. Calculate interest charges and other applicable fees on under/over payments of the franchise and PEG fees.
21. Submit draft report for review and comments. The report will include explanations of findings by category of revenues, tables that summarize the finding by year and category of service, under/overpayment of franchise and PEG fees, interest charges and any other amounts due to the SMCTC, and recommendations to the SMCTC.
22. Submit final report to the SMCTC.

PROPOSED BUDGET

Ashpaugh & Sculco, CPAs, PLC (“A&S”) proposes to review the franchise and PEG fees paid by Consolidated Communications (SureWest Televideo) (“CCI”) to the Sacramento Metropolitan Cable Television Commission (“SMCTC”). The review period will be from January 1, 2015 through December 31, 2016 (“Review Period”).

A&S will issue a report that discusses our findings, plus any applicable interest and penalties due to the SMCTC. Please note that actual costs may be less than the proposed budget, and A&S will endeavor to pass on any budget savings to the SMCTC. A&S proposes to review the franchise and PEG fees paid to the SMCTC for a not-to-exceed budget of \$14,000.

The proposed budget does not include any travel or travel-related costs and do not include any additional services. We have based the budget on anticipated cooperation from CCI’s staff, and the assumption that we will not encounter any unexpected circumstances during the project. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs.

Standard Hourly Billing Rates

The following table sets forth our current hourly billing rates. While it is anticipated that Garth Ashpaugh and Carolyn Sculco will be primarily responsible for conducting and overseeing the work, we have also included the hourly billing rates for other personnel categories.

Position	Hourly Billing Rates
Garth T. Ashpaugh	\$150.00
Carolyn A. Sculco	\$150.00
Senior Analyst/Consultant	\$90.00 to \$105.00
Staff Analyst I	\$45.00 to \$65.00
Administration/Secretary	\$35.00 to \$40.00

Travel Costs & Other Expenses

The proposed budget is exclusive of travel and travel-related costs, and assumes that the SMCTC and CCI will submit responses to our information requests directly to our offices and not require any out-of-town visits. It has been our experience that it is more cost effective and less cumbersome to all parties, including CCI, to communicate via fax, email and courier rather than perform extensive on-site visits.

If CCI requires out-of-town visits, we will need to adjust the budget. the SMCTC would only be billed the actual costs of any trip. A&S bills clients at cost for directly incurred expenses such as travel (accommodations, airfare, car rental, meals, and other incidental charges) and overnight delivery charges. Any travel time required during the normal business day will be charged to the client at our normal hourly billing rates.

Additional Services

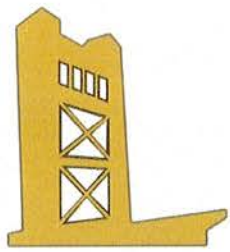
A&S is available to assist in recovery of any underpayment of franchise and PEG fees and associated interest charges and penalties. Additional services would include assisting the SMCTC

in its negotiations with CCI. Typically, we participate in conference calls, discuss our findings with CCI, and assist the SMCTC in negotiating a settlement with CCI. We are also available to perform other additional services, such as: meet with the SMCTC to discuss our findings; make presentations of our report to the SMCTC; and provide support and testimony if this matter is litigated.

These additional services are not included in our proposed budget. We will perform these services at our hourly billing rates at a budget mutually agreed to by the SMCTC and A&S. These services will be provided under the contract only after the SMCTC approves a written proposal provided by A&S.

Timeline & Deliverables

A&S will endeavor to complete this project within 6 months of the award of the contract. However, our work depends on data provided by the SMCTC and CCI. We will provide a data request for the SMCTC to submit to CCI within fourteen (14) business days of notice to proceed. The time estimate assumes timely and complete responses from CCI. If the responses are not complete and or not provided timely, they may impact our anticipated schedule. We will notify the SMCTC if our schedule is affected in such a manner.



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 6

DATE: December, 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: **RESOLUTION NO. 2017-013, AUTHORIZING THE ISSUANCE OF A SUBPOENA RELATING TO A REVIEW OF FRANCHISE & PEG FEES PAID BY COMCAST IN CALENDAR YEARS 2015 AND 2016**

RECOMMENDATION:

It is recommended the Board approve Resolution No. 2017-013, Authorizing the Issuance of a Subpoena Relating to a Review of Franchise and PEG Fees paid by Comcast in Calendar Years 2015 and 2016 to the Sacramento Metropolitan Cable Television Commission.

BACKGROUND/DISCUSSION:

California Public Utilities Code Section 5860(i) permits a local agency to examine the business records of a holder of a state franchise to ensure that compensation is in compliance with state law.

Comcast is a holder of a state franchise within the Commission's jurisdiction and earns a substantial portion of its revenue from monthly cable television subscriber fees. Monthly subscriber revenues are generated from revenues including basic service, premium service, franchise and public, education and government (PEG) fees, pay-per-view service, installation guides, converter rental, late fees, non-sufficient funds fee, and other miscellaneous fees/charges. The amounts collected from cable subscribers associated with the FCC regulatory fees are also subject to franchise fees and PEG fees.

Staff has presented the Letter of Agreement with Ashpaugh & Sculco, CPAs, PLC to perform an analysis of fees paid by Comcast to the Commission in Calendar Years 2015 and 2016 earlier at this meeting. The review of franchise & PEG fees remitted by Comcast for the period January 1, 2015 through December 1, 2016 is to be completed by the end of Fiscal Year 2017-18.

In the interest of time, staff felt it was prudent for the Board to approve a resolution authorizing the issuance of a subpoena in case it is needed since the Board will not meet again until March 1, 2018; therefore, staff recommends the Board approve Resolution No. 2017-013, Authorizing the Issuance of a Subpoena Relating to an Audit of Franchise & PEG Fees Paid by Comcast in Calendar Years 2015 & 2016.

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. 2017-013

**A RESOLUTION AUTHORIZING THE ISSUANCE OF A SUBPOENA
RELATING TO AN AUDIT OF FRANCHISE & PEG FEES PAID BY COMCAST
IN CALENDAR YEARS 2015 & 2016**

WHEREAS, Comcast Cable Communications Management, LLC (“Comcast”) holds a state franchise and provides cable television services within the areas of the Sacramento Metropolitan Cable Television Commission’s (“Commission”) jurisdiction; and

WHEREAS, the Commission wishes to inspect Comcast’s business records pertaining to franchise & PEG fees for the purpose of conducting an audit as authorized by Public Utilities Code section 5860(i); and

WHEREAS, the Commission has subpoena power to the same extent that the City of Sacramento has subpoena power; and

WHEREAS, Government Code section 37104 authorizes cities to issue subpoenas requiring the attendance of a person or the production of books or other documents for evidence in any action or proceeding pending before it; and

WHEREAS, the City of Sacramento Charter Article III, Section 34 grants subpoena authority for investigations.

NOW, THEREFORE, the Sacramento Metropolitan Cable Television Commission does hereby resolve as follows:

Section 1. The Commission’s Auditor (“Auditor”) shall specifically describe the information or records required for the audit in accordance with Public Utilities Code section 5860(i).

Section 2. The Commission authorizes its Executive Director or the Executive Director’s designee to execute a subpoena for Comcast’s business records, in whatever form such records are kept, whether written, electronic or otherwise, for the purpose of conducting an audit in accordance with Public Utilities Code section 5860(i). A subpoena may also require the attendance of the custodian of records or other person knowledgeable about the business records sought.

Section 3. The authority to issue the subpoena discussed herein shall expire upon the completion of the audit pertaining to franchise and PEG fees for Comcast’s state video franchise for the territory within the jurisdiction of the Commission for calendar years 2015 and 2016.

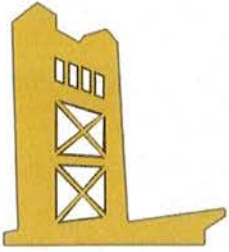
On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Sacramento Metropolitan Cable Television Commission this 7th day of December, 2017 by the following vote to wit:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST:

Clerk of the Board

Chair of the Board



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 • (916) 874-6661 • Fax: (916) 854-9666 • www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 7

DATE: December 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: REVISED CALENDAR YEAR 2018 QUARTERLY BOARD MEETING SCHEDULE

RECOMMENDATION:

It is recommended the Board receive and file the **Revised** Quarterly Board Meeting Schedule for Calendar Year 2018.

DISCUSSION:

The Sacramento Metropolitan Cable Television Commission Board meets quarterly in the County of Sacramento's Board Chambers located at 700 H Street, Suite 1450 in Sacramento.

The Quarterly Board Meeting Schedule identifying the meeting dates in Calendar Year 2018 was presented to your Board at the September 11, 2017 meeting.

Since that time, the County Clerk's office has notified staff that the Commission's reservation of the County of Sacramento's Board Chambers for Thursday, June 7, 2018 and Thursday, September 6, 2018 were removed since the Board of Supervisors have scheduled budget meetings on those same dates. As a result, two of the Commission's quarterly meetings scheduled in CY 2018 had to be rescheduled. Attached is the revised schedule identifying the new meeting dates for CY 2018.

It is recommended the Board receive the file the attached **Revised** Calendar Year 2018 Quarterly Board Meeting Schedule.

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetrocable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

CALENDAR YEAR 2018 QUARTERLY BOARD MEETING SCHEDULE (REVISED DECEMBER 7, 2017)

Below are the revised Calendar Year 2018 quarterly meetings dates for the Sacramento Metropolitan Cable Television Commission Board. All meetings are held at 2:30 p.m. at the Sacramento County Board of Supervisors' Chambers located at 700 H Street, Suite 1450, Sacramento, CA.

The revised Calendar Year 2018 Quarterly Board Meeting Schedule is subject to change and additional meetings may be added if needed.

Date	Meeting
March 1, 2018	Regular Meeting
June 7, 2018 June 28, 2018	Regular Meeting / Budget Hearing
September 6, 2018 October 4, 2018	Regular Meeting
December 6, 2018	Regular Meeting



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 8

DATE: December 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: GENERAL ADMINISTRATION REPORT

RECOMMENDATION:

It is recommended the Board receive a verbal report from staff regarding the following administration matters:

- 1) Classification and Compensation Study - Update
- 2) Telecom Advocacy Coalition Lobbying Efforts – Update
- 3) Request for Funding in FY 2018-19 to create Public Service Announcements

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 9

DATE: December 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: CHANNEL LICENSEE REPORTS

RECOMMENDATION:

It is recommended the Board receive verbal reports from the representatives of the following Channel Licensees who are present:

- A) Access Sacramento
- B) Capital Public Radio
- C) KVIE, Inc.
- D) SacFaith TV
- E) Sacramento Educational Cable Consortium

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 10

DATE: December 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: STATE FRANCHISEE REPORTS

RECOMMENDATION:

It is recommended the Board receive verbal reports from representatives of the following state franchisees who are present:

- A) AT&T
- B) Comcast
- C) Consolidated Communications, Inc.

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission



SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661 ♦ Fax: (916) 854-9666 ♦ www.sacmetroable.tv

A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

AGENDA ITEM NO. 11

DATE: December 7, 2017
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: PUBLIC COMMENTS

RECOMMENDATION:

It is recommended the Board receive comments from the public on matters that are not on the agenda.

Respectfully submitted,

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission