

ORDINANCE NO. 178108

An ordinance amending the Los Angeles Administrative Code to add provisions regarding new video service fees, penalties and other related matters.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. A new Article 3 is added to Chapter 2 of Division 13 of the Los Angeles Administrative Code to read:

Article 3. Video Franchise Fees, Customer Service and Other Video-Related Matters

Sec. 13.64. Regulation of State Video Franchises and City Video Franchises

Under State law to be effective January 1, 2007, the California Public Utilities Commission (PUC) will have the authority to grant state video franchises. The City of Los Angeles will acquire certain rights and responsibilities with respect to state video franchise holders. These include the receipt of a franchise fee and a fee for Public, Educational and Government (PEG) purposes, both based on a percentage of the gross revenues of state franchise holders, as well as the establishment and enforcement of penalties for violations of customer service rules. The City will retain authority, without change, over all City video franchisees until such time as they no longer hold a City franchise, or are no longer operating under a current or expired City franchise. The City may continue to grant, modify, renew, extend or terminate City video franchises for video service until January 1, 2008. After January 1, 2008, the City may modify, renew, extend or terminate existing City video franchises, whether current or expired. For purposes of this article, the terms "City video franchise" and "City video franchisee" shall have the same meaning as the terms "City cable franchise" and "City cable franchisee" as they are used in this Division 13.

Sec. 13.64.1. State Video Franchise Fees

(a) For any state video franchise holder operating within the boundaries of the City of Los Angeles, there shall be a fee paid to the City equal to five percent of the gross revenue of that state video franchise holder.

(b) For any state video franchise holder operating within the boundaries of the City of Los Angeles, there shall be an additional fee paid to the City equal to one percent of the gross revenue of that state video franchise holder, which fee shall be used by the City for PEG purposes consistent with state and federal law.

(c) Gross revenue, for the purposes of (a) and (b) above, shall have the definition set forth in California Public Utilities Code §5860.

Sec. 13.64.2. Audit Authority

Not more than once annually, the City's Information Technology Agency (ITA) may examine and perform an audit of the business records of a holder of a state video franchise to ensure compliance with Section 13.64.1.

Sec. 13.64.3. Customer Service Penalties Under State Video Franchises

(a) The holder of a state video franchise shall comply with all applicable state and federal customer service and protection standards pertaining to the provision of video service.

(b) ITA shall monitor the compliance of state video franchise holders with respect to state and federal customer service and protection standards. ITA will provide the state video franchise holder written notice of any material breaches of applicable customer and service standards, and will allow the state video franchise holder 30 days from the receipt of the notice to remedy the specified material breach. Material breaches not remedied within the 30-day time period will be subject to the following penalties to be imposed by ITA:

(1) For the first occurrence of a violation, a fine of \$500.00 shall be imposed for each day the violation remains in effect, not to exceed \$1500.00 for each violation.

(2) For a second violation of the same nature within 12 months, a fine of \$1000.00 shall be imposed for each day the violation remains in effect, not to exceed \$3000.00 for each violation.

(3) For a third or further violation of the same nature within 12 months, a fine of \$2500.00 shall be imposed for each day the violation remains in effect, not to exceed \$7,500.00 for each violation.

(c) A state video franchise holder may appeal a penalty assessed by ITA to the Board of Information Technology Commissioners (BITC) within 60 days. After relevant speakers are heard, and any necessary staff reports are submitted, BITC will vote to either uphold or vacate the penalty. BITC's decision on the imposition of a penalty shall be final.

Sec. 13.64.4. City Response to State Video Franchise Applications

(a) Applicants for state video franchises within the boundaries of the City of Los Angeles must concurrently provide complete copies to the City of any application or amendments to applications filed with the PUC. One complete copy must be provided to the City Clerk, and one complete copy to the General Manager of ITA.

(b) ITA will provide any appropriate comments to the PUC regarding an application or an amendment to an application for a state video franchise.

Sec. 13.64.5. Extension of Existing City Video Franchises

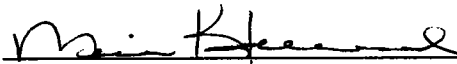
Any entity providing video service under an expired City video franchise on January 1, 2007, shall hereby have the terms of its City video franchise extended on the same terms and conditions until January 2, 2008. The extension of a City video franchise does not preclude the City from further modifications, renewals, extensions or termination of that City video franchise.

Sec. 2. The operative date of this ordinance shall be December 31, 2006.

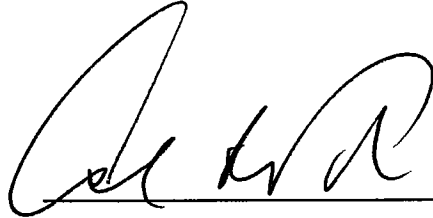
Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of NOV 29 2006.

FRANK T. MARTINEZ, City Clerk

By  Deputy

Approved NOV 29 2006

 Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By 
LONNIE ELDRIDGE
Deputy City Attorney

File No. CF 06-2818

Date: 11/16/06