

CITY COUNCIL MEETING
NOVEMBER 5, 1986

35

RESOLUTION AWARDING
COMMUNITY CABLE
TELEVISION SYSTEM
REFRANCHISING TO KING
VIDEOCABLE COMPANY

RES. NO. 86-165

CC-22(c)

City Manager Peterson presented for Council's perusal and approval a draft resolution entitled, "Resolution Granting Non-Exclusive Community Cable Television System Franchise" giving a chronology of events leading to the presentation of the subject resolution for Council's adoption.

Following discussion with questions being directed to Staff, Council on motion of Mayor Reid, Olson second, adopted Resolution No. 86-165 - "Resolution Granting Non-Exclusive Community Cable Television System Franchise" providing for the refranchising of King Videocable Company to furnish cable television service in the City of Lodi for a 20-year period commencing November 6, 1986.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

DATE: November 5, 1986

NO.

SUBJECT: CABLE TELEVISION REFRANCHISING

PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council adopt Resolution No. 86-165, "Resolution Granting Non-Exclusive Community Cable Television System Franchise", providing for the refranchising of King Videocable Company to furnish cable television service in the City of Lodi for a 20-year period commencing November 6, 1986.

BACKGROUND INFORMATION: After more than two years of review, analysis, public hearings and negotiations, this resolution refranchising King Videocable Company to provide cable television service in the City of Lodi is ready for adoption. The resolution itself is quite brief given the complexity of this matter. However, it references the City's new cable television ordinance which is lengthy, very complete, and in conformance with the Cable Communications Act of 1984. Also attached to the resolution and referenced therein are the City Manager's letter to King Videocable Company addressing specific points in the company's proposal, as well as the company's response to that letter. The chronology of the more significant events leading to this point is:

- Oct. 4, 1984 - City executes agreement with CTIC Associates for analytical and technical evaluation of City's cable television franchise
- May 29, 1985 - CTIC report of evaluation of King Videocable Company service presented to the City Council
- July 24, 1985 - City Council holds public hearing on cable television service
- Aug. 2, 1985 - City issues Request For Proposal for cable television service
- Dec. 18, 1985 - City Council adopts new cable television ordinance
- Feb. 25, 1986 - King Videocable Company submits proposal for franchise renewal
- May 16, 1986 - CTIC submits evaluation of King Videocable Company proposal
- Sept. 16, 1986 - Proposal for cable television service reviewed by City Council at "shirtsleeve" session
- Nov. 5, 1986 - Resolution providing for refranchising King Videocable Company presented for City Council action

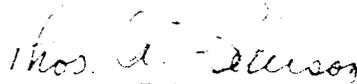
February 5, 1986

The process, while lengthy and at times slow moving, has been most thorough with ample opportunity for public input along the way. The staff is satisfied that all facets of this issue have been addressed and resolved. The resolution presented to the City Council for action, along with the supporting documents, are, for the most part, mutually agreeable. There might be one or two areas of disagreement between the staff recommendation and King Videocable Company's position at Wednesday night's meeting. One would be the matter of the effective date of this refranchising. While the present franchise does not expire until February, 1988, it is recommended that the new agreement be effective November 6, 1986, the day after the City Council meeting. The company "loses" 15 months in that this new agreement will expire in November, 2006, instead of February, 2008. The latter date would represent a 20-year period from the expiration of the present agreement. However, the company intends to start its rebuilding of the City's CATV system almost immediately (in fact we understand some rebuild work has already been undertaken). In view of this, it seems totally appropriate that the agreement setting forth certain requirements of the company as part of the rebuild be in place. To approve the agreement at this time, with an effective date 15 months from now, is not to the City's advantage.

The second area of disagreement might be in the installation of permanent CATV cable in the new City Council Chambers. The staff's position is that there be no visible cable in the new Chambers. Special wall outlets for the television cameras can easily be installed at the time of construction. The City would provide the conduits for the cable. Not only would this eliminate the unsightly cable we now see draped along the present Council Chamber wall during meetings, but it would also make it much easier for the company to "set up" for City Council meetings and whatever other events might be televised live from that facility. The company's position is that this cable is quite expensive and perhaps should be an expenditure of the City. Throughout this process the City has been quite reasonable and cooperative in an effort to reach solutions acceptable to both sides, as has the company. Certainly the City Council's "demands" of the company have been modest. In view of this, the staff position is that it is not unreasonable to require the installation of company-provided cable.

King Videocable Company representatives will most certainly be in attendance at Wednesday night's meeting. They, along with City staff, will be pleased to answer any questions City Councilmembers may have.

Respectfully submitted,


Thomas A. Peterson
City Manager

TAP:br

attachments

COUNCIL05

RESOLUTION NO. 86-165

RESOLUTION GRANTING NON-EXCLUSIVE
COMMUNITY CABLE TELEVISION SYSTEM FRANCHISE

After notice duly given, public hearing held, evidence received and good cause appearing therefrom, the following resolution is adopted:

RESOLVED that a non-exclusive Community Cable Television System franchise is hereby awarded to King Videocable Company, 1521 South Stockton Street, Lodi, California, subject to the following terms and conditions:

(1) This franchise is granted subject to all of the terms and conditions of the provisions of Ordinance No. 1370 adopted by the Lodi City Council December 18, 1985, attached hereto as Exhibit A and incorporated herein by reference, as well as representations, statements and conditions set forth in the King Videocable Company Proposal for the Community of Lodi, California, dated February 25, 1986, attached hereto as Exhibit B and incorporated herein by reference, and the City Manager's August 5, 1986 letter of review of King Videocable Company's Proposal, attached hereto as Exhibit C and

incorporated herein by reference, and King Videocable Company's August 9, 1986 letter of Response thereto, attached hereto as Exhibit D and incorporated herein by reference, and the Grantee shall be bound by all of the terms of Ordinance 1370, this Resolution, the franchise proposal, and the letter of review of the City Manager, and the response thereto by King Videocable Company.

(2) The term of this franchise shall be for a period of 20 years, commencing February 21, 1988, and terminating at midnight on February 20, 2008, provided, however, that the requirements and proposals set forth in Exhibits A, B, C and D shall be effective November 6, 1986 and shall remain in effect unless otherwise amended by action of the City Council..

(3) This resolution shall be of no force and effect until Sections 5.16.060, "Acceptance", 5.16.190 "Security Fund", 5.16.200 "Construction Bond", and 5.16.250 "Insurance" of said Ordinance 1370 relating to written acceptance, bonds, insurance policies, etc. have been complied with by the Grantee. In the event that there is non-compliance with said Sections 5.16.060, 5.16.190, 5.16.200, and 5.16.250, this Resolution shall be void.

(4) In accordance with Section 5.16.070 "Conditions" of Ordinance 1370, this franchise is granted subject to the following condition:

"The Community Cable Television System herein franchised shall be used and operated solely and exclusively for the purpose expressly

authorized by Ordinance of the City of Lodi and no other purpose whatsoever."

(5) Grantee shall pay to the City of Lodi during the life of this franchise, a sum equal to three percent of the annual gross receipts of the grantee, payable quarterly. Ord. 1370, Section 5.16.090.

(6) A. Grantee shall file with the Lodi City Council a true and correct schedule of rates to be charged for installation and connection to its cable system and a monthly charge for cable service. Such rates shall not be changed or modified in any manner without first filing the changed or modified rates with the City Council thirty days prior to the effective date of such change or modification.

B. The City Council shall have the authority to regulate the rates to the extent the Council is permitted to by federal, state or local law. Ord. 1370, Section 5.16.110.

(7) This franchise may not be sold, assigned, or transferred without compliance with the provisions of Section 5.16.390 of Ordinance No. 1370.

(8) Notwithstanding other terms and conditions herein set forth and set forth in Ordinance No. 1370 and the franchise proposal, this franchise is granted upon the expressed condition that in accordance with the provisions of Section 5.16.170 "Commencement of Construction and Service", and Section 5.16.180, "Forfeitures and Termination", of

Ordinance No. 1370, the City Council reserves unto itself the right to exercise its discretion as to whether the Grantee is proceeding with due diligence to obtain the necessary permits and render service to all of the participating subscribers in the City of Lodi. In the event the City Council determines after notice and hearing to the Grantee that the Grantee is not proceeding with due diligence, the City Council may, in the exercise of its discretion, terminate and cancel the franchise herein granted. Due diligence shall be determined by reference to the activities of grantee as of the date of this resolution, and not from February 21, 1988.

(9) Grantee shall provide to the City of Lodi, the facilities to permit live coverage of events at three locations:

- a. New City Council Chambers
- b. Community Room, Lodi Public Library
- c. Hutchins Street Square

As to the new City Council Chambers, grantee shall provide for no visible cable in said new Chambers. The City shall provide the conduit.

Franchisee shall provide free community cable television service to other City facilities as requested by City.

Dated: November 5, 1986

I hereby certify that Resolution No. 86-165 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 5, 1986 by the following vote:

Ayes: Council Members Hinchman, Olson, Pinkerton, Snider and Reid

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reinche
Alice M. Reinche
City Clerk

RESOLUTION NO. _____

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B. The City Council shall have the authority to regulate the rates to the extent the Council is permitted to by federal, state or local law. Ord. 1370, Section 5.16.110.

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Franchisee shall provide free community cable television service to other City facilities as requested by City.

Dated:

I hereby certify that Resolution No. _____ was passed and adopted
by the City Council of the City of Lodi in a regular meeting
held _____ by the following vote:

Ayes: Council Members

Noes: Council Members

Absent: Council Members

Alice M. Reinche
City Clerk

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Dated: November 5, 1986

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Ayes: Council Members - Hinchman, Olson, Pinkerton, Snider and
Reid (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reimche
Alice M. Reimche
City Clerk

ORDINANCE NO. 1370

AN ORDINANCE OF THE LODI CITY COUNCIL
REPEALING LODI MUNICIPAL CODE CHAPTER 5.16
COMMUNITY ANTENNA TELEVISION SYSTEM FRANCHISES
AND ENACTING A NEW CHAPTER 5.16 -
COMMUNITY CABLE TELEVISION SYSTEM FRANCHISES

BE IT ORDAINED BY THE LODI CITY COUNCIL.

SECTION 1. Chapter 5.16 - Community Antenna Television System Franchises, of Title 5 of the Lodi Municipal Code is hereby repealed in its entirety, and a new Chapter 5.16 - Community Cable Television System Franchises is hereby enacted, as follows:

Chapter 5.16

COMMUNITY CABLE TELEVISION SYSTEM FRANCHISES

SECTIONS:

- 5.16.010 Definitions.
- 5.16.020 Franchise required.
- 5.16.030 Grant of Authority.
- 5.16.040 Application.
- 5.16.050 Grant or refusal.

- 5.16.060 Acceptance.
- 5.16.070 Conditions.
- 5.16.080 Duration/Renewal of franchise.
- 5.16.090 Payment.
- 5.16.100 Financial statement--Audit--Minimum payment.
- 5.16.110 Rates for service.
- 5.16.120 Limitations.
- 5.16.130 Rights reserved by city.
- 5.16.140 Complaint procedure.
- 5.16.150 Refunds.
- 5.16.160 Liquidated damages.
- 5.16.170 Commencement of construction and service.
- 5.16.180 Forfeiture and termination.
- 5.16.190 Security fund.
- 5.16.200 Construction bond.
- 5.16.210 Construction practices.
- 5.16.220 Removal or abandonment of facilities.
- 5.16.230 Changes required by public improvements.
- 5.16.240 Failure to complete work.
- 5.16.250 Insurance.
- 5.16.260 Right of inspection--Plans and records.
- 5.16.270 Service standards.
- 5.16.280 Continuity of service mandatory.
- 5.16.290 Performance evaluation sessions.
- 5.16.300 New developments.
- 5.16.310 Filings with city.
- 5.16.320 Fiscal report.

- 5.16.330 Refusal of service.
- 5.16.340 Service contract.
- 5.16.350 Television sale or repair.
- 5.16.360 Free service.
- 5.16.370 Moving of buildings.
- 5.16.380 Unauthorized connections—Tampering.
- 5.16.390 Transfers and assignments.
- 5.16.400 Access channels.
- 5.16.410 Waivers
- 5.16.420 Required services and facilities.
- 5.16.430 Construction and technical standards

5.16.010 Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

a. "Access channel" shall mean a single channel dedicated in whole or in part for local programming which is not originated by a cable company.

b. "Basic Service" shall mean any service tier which include the retransmission of local television broadcast signals and Public, Educational and Government Access Channels.

c. "Cable Services" are defined as the one-way transmission to subscribers of video programming and other programming services together with subscriber interaction, if any, which is required for the selection of such programming and programming services that the cable operator makes available to all subscribers generally. Examples of cable services include: video programming, pay-per-view, voter preference polls in the context of a video program, teletexts, one-way transmission of any computer software, and one-way videotex services such as news services, stock market information, etc. Non-cable services would include: shop-at-home, bank-at-home services, electronic mail, one-way and two-way transmission of non-video data and information not offered to all subscribers, data processing, video conferencing and voice communication.

d. "Cablecasting" is programming carried on a cable system, exclusive of broadcast signals, whether originated by the cable operator or any other party.

e. "Cable System" shall mean a facility consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but

such term does not include (A) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (B) a facility that serves only subscribers in one or more multiple unit dwellings under common ownership, control, or management, unless such facility or facilities uses any public right-of-way; (C) a facility of a common carrier which is subject in whole or in part, to the provisions of Title II of the Communications Act of 1984, except that such facility shall be considered a cable system to the extent such facility is used in the transmission of video programming directly to subscribers; or (D) any facilities of any electric utility used solely for operating its electric utility systems.

f. "Local Origination Programming" shall mean programming locally produced by the Company.

g. "Franchise" means any nonexclusive authority granted pursuant to this chapter in terms of franchise or franchise renewal or otherwise to construct, operate and maintain a cable system in the incorporated area of the city. The term "franchise" shall include the term "franchise renewal" herein.

h. "Franchise area" means all or any portions of the incorporated area of the city for which a franchise has been granted under this chapter.

i. "Grantee" means the person to whom a franchise under this chapter is granted by the council and any lawful successor or assignee of such a person.

j. "Gross annual receipts" means any and all compensation or receipts obtained from and as a result of the operation of a cable system by a grantee within the franchised area; except that such term shall not include receipts or compensation for:

1. Installation, reconnection or any other nonrecurring charges;
2. The amount of any refunds, credits or other payments made to subscribers or users;

3. Any taxes on services furnished by the grantee imposed directly or indirectly on any subscriber or user by any municipal corporation, political subdivision, state or other governmental unit and collected by the grantee for the governmental unit; and

4. The sale or transfer of tangible property;

5. The sale or transfer of the franchise;

6. The issuance, sale or transfer of corporation stocks, bonds or other securities; and

7. Loans or gifts to the grantee.

k. "Person" means any person, firm, association, organization, partnership, business trust, joint venture, corporation or company.

l. "Property of grantee" means any property constructed, installed, operated or maintained by a grantee under the authority of a nonexclusive franchise issued pursuant to this chapter.

m. "Street" means the surface of, and the space above and below, any public street, road, highway, freeway, lane, alley, court, sidewalk, parkway, drive, public utility easement or other public place as may be authorized by the council, existing as such as of or after the effective date of the ordinance codified in this chapter within the incorporated area of the city.

n. "Subscriber" means any person or entity receiving for any purpose the cable service of a grantee.

5.16.020 Franchise required.

No person shall extend, operate or carry on the business of distributing to any persons in this city any television signals or radio signals by means of a cable system unless a franchise or renewal of franchise therefor has first been

obtained pursuant to the provisions of this chapter, and unless such franchise or renewal of franchise is in full force and effect. No person shall construct, install or maintain within any street in the city or within any other public property of the city or within any privately owned area within the city which has not yet become a public street but is designated or delineated as a proposed public street on any tentative subdivision map approved by the city, any equipment or facilities for distributing any television signals or radio signals through a cable system, unless a franchise authorizing such use of such street or property or area has first been obtained pursuant to the provisions of this chapter, and unless such franchise is in full force and effect.

5.16.030 Grant of authority.

a. A nonexclusive franchise to construct, operate and maintain a cable system within any franchise area may be granted by the council to any person, whether operating under an existing franchise or not, offering to furnish and provide a system pursuant to the terms and provisions of this chapter. No provision of this chapter shall be construed as to require the granting of a franchise when in the opinion of the council it is in the public interest to restrict the number of grantees to one or more. Neither the granting of any nonexclusive franchise under this chapter nor any of the provisions contained in this chapter shall be construed to prevent the city from granting any identical, or similar, nonexclusive franchise to any person within the city.

b. Successful applicants chosen by the City Council will be granted the right and privilege to construct, erect, operate and maintain, in, upon, along, across, above, over and under the streets, alleys, public ways and public places

now laid out or dedicated and all extensions thereof and additions thereto in the City poles, wires, cables, underground conduits, manholes, and other cable conductors and fixtures necessary for the maintenance and operation in the City of Lodi of a cable system to be used for the sale and distribution of cable services to the residents of the City.

c. Any privilege claimed under any such franchise by the Grantee in any street or other public property shall be subordinate to any prior lawful occupancy of the streets or other public property.

d. Insofar as it is not inconsistent with or otherwise preempted by Federal or State regulations, the City Council also grants the right and privilege to successful Grantees to provide non-cable communications services. The City Council retains all authority, not otherwise preempted, to regulate non-cable communications services to the extent necessary to assure the delivery of proposed non-cable services, if any, and that they are in compliance with all regulatory provisions of this ordinance.

e. The construction, maintenance, and operation of Grantee's cable system and all property of Grantee subject to the provisions of this ordinance shall be subject to all lawful police powers, rules, and regulations of the City. The City shall have the power at any time to order and require Grantee to remove or abate any pole, line, tower, wire, cable, guy, conduit, electric conductor, or any other structure or facility that is dangerous to life or property. In the event Grantee, after written notice, fails or refuses to act, the City shall have the power to remove or abate the same at the expense of the Grantee, all without compensation or liability for damages to Grantee.

5.16.040 Application.

A. An application for a franchise or franchise renewal under this chapter shall be in writing and accompanied by a payment to the city in an amount to be established and amended from time to time by resolution of the City Council. An application shall contain the following information:

1. The name and address of the applicant. If the applicant is a partnership, the name and address of each partner shall be set forth. If the applicant is a corporation, the application shall state the names and addresses of its directors, main officers, major stockholders and associates, and the names and addresses of parent and subsidiary companies;

2. A description of the manner in which the applicant proposes to construct, install, maintain and operate the cable system and the extent and manner in which existing or future poles or other public utilities will be used for the system;

3. A detailed description of the proposed plan of operation of the applicant which shall include, but not be limited to the following:

a) A detailed map indicating all areas to be served, how they are to be served and a proposed time schedule for the installation of all equipment necessary to become 100 percent operational, throughout the entire area to be served;

b) A detailed, informative, and referenced statement describing the actual equipment and the operational and technical standards proposed by the applicants.

4. A statement of the estimated costs of the installation of the proposed system described in paragraphs 2 and 3 of this subsection.

5. All applicants are required to clearly delineate the initial service area being proposed on a map of sufficient detail (see No. 3 above). Said map shall also indicate any and all areas that will not receive services.

6. All applicants shall agree to extend cable system upon request of any contiguous area not designated for initial service in the plan when potential subscribers can be served by extension of the cable system past dwelling units equivalent to a density of forty (40) homes per mile of street. Extension shall be at Grantee's cost. If undergrounding is required by regulation, Grantee must make installation at Grantee's expense. Where aerial extension is allowed by regulation but underground installation is requested by benefitted subscribers, the cost of undergrounding that exceeds the estimated aerial extension cost may be charged to benefitted subscribers.

7. A statement or schedule in a form approved by the city manager of proposed rates and charges to subscribers for installation and services, and a copy of the proposed service agreement between the grantee and its subscribers shall accompany the application;

8. A statement setting forth all agreements and understandings, whether written, oral or implied existing between the applicant and any person who is a party in interest with respect to the proposed franchise or the proposed cable operation. If a franchise is granted to a person posing as a front or as the representative of another person, and such information is not disclosed in the original application, such franchise is void and of no force and effect;

9. A financial statement prepared by a certified public accountant or public accountant satisfactory to the council, demonstrating applicant's financial status and its financial ability to complete the construction or reconstruction, installation, and operation of the proposed system.

10. An original application for a franchise shall include a detailed financial plan (pro forma) describing for each year of the franchise, projected number of subscribers, rates, all revenues, operating expenses, capital expenditures, depreciation schedule, income statements and a sources and uses of funds statement. All information is to be presented in the format to be prescribed by the City.

B. The council may at any time demand, and applicant shall then provide, such supplementary, additional or other information as the council deems reasonably necessary to determine whether the requested franchise should be granted.

5.16.050 Grant or refusal.

Upon consideration of any application, the council may refuse to grant the requested franchise or the council may by resolution grant a franchise for a cable system to any applicant as may appear from its application to be in the opinion of the council best qualified to render good and efficient cable service to subscribers in the proposed franchise area. The application submitted, together with any amendments, and this chapter shall constitute and form part of the franchise if granted.

5.16.060 Acceptance.

Within thirty days after the date of a resolution awarding a franchise, or within such extended period of time as the council may authorize, the grantee shall file with the city manager his written acceptance in forms satisfactory to the city attorney, of the franchise, together with the required bond and insurance policies, and his agreement to be bound by and to comply with and to do all things required of him by the provisions of this chapter and the franchise. Such acceptance and agreement shall be acknowledged by the grantee before a notary public and shall be in form and content satisfactory to, and approved by, the city attorney.

5.16.070 Conditions.

A. Any franchise granted pursuant to this chapter shall include, among other things, the following condition:

The cable system herein franchised shall be used and operated solely and exclusively for the purpose expressly authorized by Ordinance of the City of Lodi and no other purpose whatsoever.

B. Inclusion of the statement set out in subsection A of this section in any such franchise does not limit the authority of the city to include any other reasonable condition, limitation or restriction which it deems necessary to impose in connection with a franchise granted pursuant to the authority conferred by this chapter.

5.16.080 Duration/Renewal of franchise.

A. The duration of the rights, privileges and authorizations granted in a franchise agreement shall be not to exceed twenty years from the date a franchise is awarded. A franchise may be renewed by the City upon application of the Grantee pursuant to the procedure established in sub-section b of this section and in accordance with the then applicable law.

B. Renewal.

(1) During the six-month period which begins with the 36th month before the Franchise expiration, the City may on its own initiative, and shall at the request of the Grantee, commence proceedings which afford the public appropriate notice and participation for the purpose of:

(a) Identifying the future cable-related community needs and interests;
and

(b) Reviewing the performance of the Grantee under the franchise during the then current franchise term.

(2)

(a) Upon completion of a proceeding under subsection (1), the Grantee seeking renewal of a franchise may, on its own initiative or at the request of the City, submit a proposal for renewal.

(b) Any such proposal shall contain such material as the City may require, including proposals for an upgrade of the cable system.

(c) The City may establish a date by which such proposal shall be submitted.

(3)

(a) Upon submittal by the Grantee of a proposal to the City for the

renewal of the franchise, the City shall provide public notice of such proposal and, during the 4-month period which begins on the completion of any proceedings under subsection (1), renew the franchise or, issue a preliminary assessment that the franchise should not be renewed and, at the request of the Grantee or on its own initiative, commence an administrative proceeding, after providing prompt public notice of such proceeding, in accordance with paragraph (3) (b) to consider whether--

(i) the Grantee has substantially complied with the material terms of the existing franchise and with applicable law;

(ii) the quality of the Grantee's service, including signal quality, response to consumer complaints, and billing practices, but without regard to the mix, quality, or level of cable services or other services provided over the system, has been reasonable in light of community needs;

(iii) the Grantee has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the Grantee's proposal; and

(iv) the Grantee's proposal is reasonable to meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.

(b) In any proceeding under paragraph (3) (a), the Grantee shall be afforded notice and the Grantee and the City, or its designee, shall be afforded fair opportunity for full participation, including the right to introduce evidence (including evidence related to issues raised in the proceeding under subsection (1)) to require the production of evidence and to question witnesses. A transcript

shall be made of any such proceeding.

- (c) At the completion of a proceeding under this subsection, the City shall issue a written decision granting or denying the proposal for renewal based upon the record of such proceeding, and transmit a copy of such decision to the Grantee. Such decision shall state the reasons therefor.
- (4) Any denial of a proposal for renewal shall be based on one or more adverse findings made with respect to the factors described in subparagraphs (i) through (iv) of subsection (3)(a), pursuant to the record of the proceeding under subsection (3).
- (5) If the Grantee's proposal for renewal has been denied by a final decision of the City made pursuant to this section, or has been adversely affected by a failure of the City to act in accordance with the procedural requirements of this section, the Grantee may appeal such final decision or failure pursuant to the provisions of section 635 of the Federal Cable Communications Policy Act of 1984.
- (6) Notwithstanding the provisions of subsections (1) through (5) of this section, the Grantee may submit a proposal for the renewal of the franchise pursuant to this subsection at any time, and the City may, after affording the public adequate notice and opportunity for comment, grant or deny such proposal at any time (including after proceedings pursuant to this section have commenced). The provisions of subsections (1) through (5) of this section shall not apply to a decision to grant or deny a proposal under this subsection. The denial of a renewal pursuant to this subsection shall not affect action on a renewal proposal that is submitted in accordance with subsections (1) through (5).

5.16.090 Payment.

Any grantee granted a franchise under this chapter shall pay to the city, during the life of such franchise, a sum equal to three percent of the annual gross receipts of the grantee, payable quarterly.

5.16.100 Financial statement—Audit—Minimum payment.

A. The grantee shall file with the council within ninety days after the expiration of any fiscal year or portion thereof during which a franchise is in force, a financial statement prepared by a certified public accountant or public accountant showing in detail gross annual receipts, as defined in this chapter, of the grantee during the preceding calendar year or portion thereof. It shall be the duty of the grantee to pay to the city within fifteen days after the time for filing such statements the sum prescribed by the franchise, or any unpaid balance thereof, for the calendar year or the portion thereof covered by the statement.

B. The right is reserved to the city of audit and recomputation of any and all amounts paid under this chapter and acceptance until expiration of a period of five years following payment shall not be construed as a release or as an accord and satisfaction of any claim the city may have for further or additional sums payable under this chapter or for the performance of any other obligations under this chapter.

C. In any year, commencing with the first full calendar year of service during which the franchise payments amount to less than twelve hundred dollars, the grantee shall pay to the city for such a year a minimum total amount of twelve hundred dollars.

D. In the event of any holding over after expiration or any other termination of a franchise issued under this chapter, whether with or without the

consent of the city, the grantee shall pay to city a compensation twice the percent of its gross annual receipts during such period as it would be required to pay under its franchise if there were no holding over.

5.16.110 Rates for service.

The grantee shall file with the city council a true and correct schedule of rates to be charged for installation and connection to its cable system and a monthly charge for cable service. Such rates shall not be changed or modified in any manner without first filing the changed or modified rates with the city council thirty days prior to the effective date of such change or modification.

The City Council shall have the authority to regulate the rates to the extent the Council is permitted to by Federal, State or local law.

5.16.120 Limitations.

- A. Any franchise granted under this chapter shall be nonexclusive.
- B. No privilege or exemption shall be authorized or conferred by any franchise granted under this chapter except those specifically prescribed in this chapter.
- C. Any privilege claimed under a franchise by the grantee in any street, or other public property, shall be subordinate to any prior occupancy thereof for public purposes.
- D. A franchise granted under this chapter shall be a privilege to be held in personal trust by the original grantee. It cannot be sold, transferred, leased, assigned or disposed of, in whole or in part, either by forced or involuntary sale, sale, merger, consolidation or otherwise, without prior consent

of the council expressed in writing. The grantee shall file with the council within thirty days prior to sale, transfer, assignment or lease of the franchise or any part thereof or any rights or privileges granted thereby, written evidence of the proposed transaction certified to by the grantee or its duly authorized officers. Any proposed assignee must show financial responsibility to carry out the terms of the franchise and must agree to comply with all of the provisions of this chapter; and provided further, that no consent or approval shall be required for a transfer in trust, by mortgage, by security agreement, or by other hypothecation as a whole, to secure an indebtedness, or for a transfer required by operation of law.

E. Any right or power in, or duty impressed upon any officer, employee, department or board of the city shall be subject to transfer by the council or by law to any other officer, employee, department or board of the city.

F. The grantee shall have no recourse whatsoever against the city for any loss, cost, expense or damage, arising out of any provisions or requirements of this chapter or its enforcement.

G. Any franchise granted under this chapter shall not relieve the grantee of any obligation involved in obtaining pole space from any department or division of the city, other agency of government, utility company, or from others maintaining poles in streets; provided, that the latter shall cooperate with the grantee to the end that only one set of poles shall be required by all.

H. Any franchise granted under this chapter is in lieu of any and all other rights, privileges, powers, immunities and authorities owned, possessed, controlled or exercisable by the grantee, or any successor to any interest of the grantee, of or pertaining to the construction, operation or maintenance of any cable system in the incorporated limits of the city, and the acceptance of a franchise under this chapter shall operate as between grantee and the city, as an

abandonment of any and all of such rights, privileges, powers, immunities and authorities within the city, to the effect that, as between the grantee and the city, any and all construction, operation and maintenance by any grantee of any cable system in the city shall be, and shall be deemed and construed in all instances and respects to be, under and pursuant to such franchise, and not under or pursuant to any other right, privilege, power, immunity or authority whatsoever.

5.16.130 Rights reserved by city.

A. Nothing in this chapter shall in any way or to any extent impair or affect the right of the city to acquire the grantee's property either by purchase or through exercise of the right of eminent domain, and nothing in this chapter shall be construed to contract away or to modify or abridge the city's right of eminent domain in respect to any grantee.

B. No franchise granted under this chapter shall be given any value before any court or other public authority in any action or proceeding brought by the city in excess of the amount of the required filing fee and any other sum paid by the grantee to city for a franchise at the time of granting.

C. There is reserved to the city every right and power which is required to be reserved or provided in this chapter by any ordinance or resolution of the city, and the grantee, by its acceptance of any franchise, agrees to be bound thereby and to comply with any action or requirements of the city in its exercise of such rights or power, enacted or established before or after the effective date of the ordinance codified in this chapter.

D. The council may do all things which are necessary and convenient in the exercise of its jurisdiction under this chapter.

E. Neither the granting of any franchise under this chapter nor any of the provisions contained in this chapter shall be construed to prevent the city from granting any identical, or similar, franchise to any other person within all or any portion of the city.

F. There is reserved to city the right to amend any section or part of this chapter so as to require reasonable additional or greater standards of construction, operation, maintenance or otherwise, on the part of the grantee for purposes of protecting the public health, safety and welfare. This provision shall not apply to commitments of a contractual nature made in a franchise agreement or franchise renewal agreements.

G. Neither the granting of any franchise nor any provision in this chapter shall constitute a bar to the exercise of any governmental right or power of city.

H. All facilities of any grantee licensed under this chapter within the city shall be available for civil defense purposes at such times as the city director of civil defense shall require.

5.16.140 Complaint procedure.

A. The city manager or the city manager's designee is specified by the City as having primary responsibility for the continuing administration of a franchise and implementation of complaint procedures.

B. A Grantee shall maintain a central office within or in close proximity to the City, which shall be open during all usual business hours, have a publicly-listed telephone with a toll-free number and sufficient lines; and be so operated that complaints and requests for repairs, billing or adjustments shall be received on a twenty-four (24) hour basis.

C. A Grantee shall maintain a repair and maintenance crew which shall respond to subscriber complaints or requests for service within twenty-four (24) hours after receipt of the complaint or request. No charge shall be made to the subscriber for this service unless such maintenance or repair is required as a result of damage caused by subscriber.

D. A Grantee shall establish procedures for receiving, acting upon, and resolving subscriber complaints to the satisfaction of the city manager's office. A Grantee shall furnish a notice of such procedures to each subscriber at the time of initial subscription to the system and annually thereafter.

Grantee's service call procedures shall contain provisions to protect the interests of subscribers. In the event that the Grantee or its employee determines that Grantee's cable system is not responsible for any given problem which has resulted in a service call (i.e., subscriber equipment is at fault), the subscriber shall have the right to have this contention demonstrated through the use of an additional television receiver comparison. A standard television receiver will be used in the subscriber's home to allow a direct A/B comparison of performance.

E. A Grantee shall keep a maintenance service log which will indicate the nature of each service complaint, the date and time it was received, the disposition of said complaint and the time and date thereof. This log shall be made available for periodic inspection by representatives of the city manager. All service complaint entries shall be retained on file for a period consisting of the most recent three (3) years.

F. When there have been similar complaints made or when there exists other evidence, which, in the judgment of the city manager casts doubt on the reliability or quality of cable service, the city manager shall have the right and authority to compel a Grantee to test, analyze, and report on the performance of

the system. Such report shall be delivered to the city manager no later than fourteen (14) days after the city manager formally notifies the Grantee and shall include the following information: the nature of the complaints which precipitated the special tests; what system components were tested, the equipment used, and procedures employed in said testing; the results of such tests; and the method in which said complaints were resolved.

G. The city manager may require that tests and analyses shall be supervised by a professional engineer not on the permanent staff of a Grantee. The aforesaid engineer should sign all records of the special tests and forward to the city manager such records with a report interpreting the results of the tests and recommending actions to be taken by a Grantee and the City.

H. The City's right under this section shall be limited to requiring tests, analyses, and reports covering specific subjects and characteristics based on said complaints or other evidence when and under such circumstances as the City has reasonable grounds to believe that the complaints or other evidence requires that tests be performed to protect the public against substandard cable service.

I. The city manager is authorized and empowered to adjust, settle or compromise any controversy or charge arising from the operations of any grantee under this chapter, either on behalf of the city, the grantee or any subscriber in the best interest of the public.

J. Either the grantee or any member of the public who may be dissatisfied with the decision of the city manager may appeal the matter to the council for hearing and determination.

K. The council may accept, reject or modify the decision of the city manager and the council may adjust, settle or compromise any controversy or cancel any charge arising from the operations of any grantee or from any provision of this chapter.

5.16.150 Refunds.

a. Subscribers not satisfied that services have been provided as outlined in this ordinance and the Franchise Agreement shall be encouraged to notify the System Manager. The Grantee shall work with the subscriber to resolve the problem within 48 hours, and upon request by a subscriber, the Grantee shall credit the subscriber's account on a pro rata basis for loss of service commencing 48 hours after notification of the Grantee.

b. A grantee shall at the time of initial subscription to the system and annually thereafter furnish a notice to subscribers of their right to a refund for any loss or interruption of service for 48 hours or more.

5.16.160 Liquidated damages.

By acceptance of the franchise granted by the City, a Grantee understands and shall agree that failure to comply with any time and performance requirements as stipulated in this ordinance and franchise agreement will result in damage to the City, and that it is and will be impracticable to determine the actual amount of such damage in the event of delay or non-performance; the franchise agreement shall include provisions for liquidated damages to be paid by the Grantee in amounts set forth in the franchise agreement and chargeable to the security fund for the following concerns:

a. Failure to complete system construction or reconstruction in accordance with Section 5.16.170 and Section 5.16.430 unless the Council specifically approves the delay by motion or resolution, due to the occurrence of conditions beyond Grantee's control, a Grantee shall pay five hundred dollars (\$500.00) per day for each day or part thereof, the deficiency continues.

b. Failure to provide upon written request, data, documents, reports, information or to cooperate with City during an application process or cable system review, a Grantee shall pay fifty dollars (\$50.00) per day for each day or part thereof, the violation occurs or continues.

c. Failure to test, analyze and report on the performance of the system following a written request pursuant to this ordinance, a Grantee shall pay to City one hundred dollars (\$100.00) per day for each day or part thereof, that such noncompliance continues.

d. For failure to provide in a continuing manner the broad categories of services proposed in the accepted application unless the Council specifically approves Grantee a delay or change, or the Grantee has obtained modification of its obligation under Section 625 of the Cable Communications policy Act of 1984; Grantee shall pay to the City five hundred dollars (\$500.00) per day for each day or part thereof that each noncompliance continues.

e. Forty-five (45) days following adoption of a resolution by the City Council in accordance with Section 5.16.270 determining a failure of Grantee to comply with operational, maintenance or technical standards, Grantee shall pay to the City five hundred dollars (\$500.00) for each day or part thereof, that such non-compliance continues.

f. Any other action or non-action by the Grantee as agreed upon between the City and Grantee and set forth in the franchise agreement. Nothing in this section shall preclude further liquidated damages as agreed upon by the parties in the franchise agreement.

5.16.170 Commencement of construction and service.

A. Construction Plan and Schedule

(1) Map and Plan

Grantee shall submit a construction plan or reconstruction plan which shall be incorporated by reference and made a part of the franchise agreement. The plan shall consist of a map of the entire franchise area and shall clearly delineate the following:

(a) The areas within the franchise area where the cable system will be initially available to subscriber including a schedule of construction for each year that construction or reconstruction is proposed.

(b) Areas within the franchise area where extension of the cable system cannot reasonably be done due to lack of present or planned development or other similar reasons, with the areas and the reasons for not serving them clearly identified on the map.

B. Upon acceptance of any franchise, the grantee shall immediately initiate action to obtain all permits, licenses, easements, variances and any other authorizations which are required or necessary in the conduct of its business, including but not limited to any utility joint use attachment agreements, microwave carrier licenses, any authorizations required to import distant signals, and any other permits, licenses and authorizations to be granted by duly constituted regulatory agencies having or asserting jurisdiction over the operation of the cable system, any associated microwave transmission facilities, or any other associated facility, and the grantee shall proceed with due diligence until all such matters are obtained.

Copies of all petitions, applications and communications submitted by the grantee to the Federal Communications Commission or any other federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting cable operations authorized pursuant to its franchise, shall also be submitted simultaneously to the city by the grantee.

C. Within ninety days after obtaining all the required or necessary permits, licenses, easements, variances and any other authorizations referred to in subsection A of this section, the grantee shall commence construction and installation of the cable system.

D. Within six months after building permits are granted for a particular area, the grantee shall proceed to render initial services to subscribers, and the completion of construction and installation shall be pursued with reasonable diligence, not to exceed fifteen months from the date of the granting of the building permits for the particular area to be served.

E. Failure to do any of the requirements of subsections A, B, C and D of this section within the time specified except as provided in subsection F of this section shall be grounds for termination of the franchise.

F. The council may in its discretion extend the time for the grantee, acting in good faith, to do any act required under this section. The time for commencement of construction and installation, or the rendering of service to subscribers, initially or thereafter, shall be extended or excused, as the case may be, for any period during which the grantee experiences delay or interruptions due to any of the following circumstances if reasonably beyond its control: necessary utility changes or rearrangements, governmental or regulatory restrictions or requirements, labor strikes, lockouts, war (declared or undeclared), national emergency, fire, earthquake, the elements and acts of God.

G. Grantee shall extend cable system upon request of any contiguous area not designated for initial service in the plan when potential subscribers can be served by extension of the cable system past dwelling units equivalent to a density of forty (40) homes per mile of street. Extension shall be at Grantee's cost. If undergrounding is required by regulation, Grantee must make installation at Grantee's expense. Where aerial extension is allowed by

regulation but underground installation is requested by benefitted subscribers, the cost of undergrounding that exceeds the estimated aerial extension cost may be charged to benefitted subscribers.

5.16.180 Forfeiture and termination.

a. In addition to all other rights and powers retained by the City under this ordinance or otherwise, the City reserves the right to forfeit and terminate a franchise and all rights and privileges of a Grantee in the event of a material breach of its terms and conditions. In interpreting this ordinance, material provisions shall include all labeled as such and all others, which, under all the facts and circumstances indicated, are a significant provision of the franchise agreement. A material breach by Grantee shall include but shall not be limited to the following:

(1) Failure to begin or complete system construction, reconstruction or system extension, or system improvement as provided under the franchise;

(2) Failure to provide the broad categories of services promised; assuming Grantee has unsuccessfully pursued whatever recourse is available under Section 625 of the Cable Communications Policy Act of 1984;

(3) Failure to restore service after ninety-six (96) consecutive hours of interrupted service, except when approval of such interruption is obtained from the City; or

(4) Material misrepresentation of fact in the application for or negotiation of the franchise.

b. The foregoing shall not constitute a material breach if the violation occurs but it is without fault of a Grantee or occurs as a result of circumstances beyond its control. Grantee shall not be excused by mere economic hardship nor

by misfeasance or malfeasance of its shareholders, directors, officers, or employees.

c. The City may make a written demand that a Grantee comply with any such provision, rules, order, or determination under or pursuant to this ordinance and franchise agreement. If the violation by the Grantee continues for a period of thirty (30) days following such written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the City may place the issue of termination of a franchise before the City Council. The City shall cause to be served upon Grantee at least twenty (20) days prior to the date of such a Council meeting, a written notice of intent to request such termination and the time and place of the meeting. Public notice shall be given of the meeting and issue which the Council is to consider.

d. The City Council shall hear and consider the issue and shall hear any person interested therein, and shall determine in its discretion, whether or not any violation by the Grantee has occurred.

e. If the City Council shall determine the violation by a Grantee was the fault of Grantee and within its control, the Council may by resolution declare that the franchise of the Grantee shall be forfeited and terminated unless there is compliance within such period as the City Council may fix, such period not to be less than sixty (60) days, provided no opportunity for compliance need be granted for fraud or misrepresentation.

f. The issue of forfeiture and termination shall automatically be placed upon the Council agenda at the expiration of the time set by it for compliance. The Council then may terminate a franchise forthwith upon finding that Grantee has failed to achieve compliance or may further extend the period in its discretion.

5.16.190 Security Fund.

a. Within thirty (30) days after the award or renewal of a franchise, a Grantee shall deposit with the City a corporate surety bond in the amount of \$50,000. The bond shall be used to insure the faithful performance by a Grantee of all provisions of this ordinance and resulting franchise agreement; and compliance with all orders, permits and directions of any agency, commission, board, department, division or office of the City having jurisdiction over its acts or defaults under a franchise and the payment by the Grantee of any penalties liquidated damages, claims, liens and taxes due the City which arise by reason of the construction, operation or maintenance of the system, including cost of removal or abandonment of any property of Grantee.

b. The corporate surety bond shall be maintained at \$50,000 during the entire term of a franchise, even if amounts have to be withdrawn pursuant to subdivision a. or c. of this section. The Grantee shall keep the same in force and effect at all times throughout the existence of the franchise and thereafter until Grantee has liquidated all of its obligations with the City that may have arisen from the acceptance of the franchise ordinance by Grantee or from the exercise of any right or privilege granted hereunder, including the removal of all poles, wires, cables, underground conduits, manholes, and other conductors and fixtures incident to the maintenance and operation of its cablesystem, should such removal be required by City Council or undertaken by Grantee upon the termination of the franchise.

c. If a Grantee fails to pay to the City any compensation within the time fixed herein; or fails after ten (10) days' notice to pay to the City any taxes due and unpaid; or fails to repay the city within ten (10) days any damages, costs or expenses which the City is compelled to pay by reason of any act or default of

the Grantee in connection with a franchise; or fails after ten (10) days' notice by the City of such failure to comply with any provision of a franchise which the City reasonably determines can be remedied by demand on the corporate surety bond. The City may immediately require payment of the amount thereof with interest and any penalties from the corporate surety bond.

d. The rights reserved to the City with respect to the corporate surety bond are in addition to all other rights of the City whether reserved by a franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such corporate surety bond shall affect any other right the City may have.

5.16.200 Construction bond.

a. Within thirty (30) days after the award or renewal of a franchise, a Grantee shall obtain and maintain at its cost and expense, and file with the City Clerk, a corporate surety bond in a company authorized to do business in the State of California and found acceptable by the City Attorney, in the amount of five hundred thousand dollars (\$500,000) to guarantee the timely construction, rebuild or reconstruction and full activation of the cable system and the safeguarding of damage to private property and restoration of damages incurred with utilities.

The bond shall provide but not be limited to the following condition: There shall be recoverable by the City, jointly and severally from the principal and surety, any and all damages, loss or costs suffered by the City resulting from the failure of a Grantee to satisfactorily complete construction, rebuild, or

reconstruction and fully activate the cable system throughout the franchise area pursuant to the terms and conditions of this ordinance and the franchise agreement.

b. Any extension to the prescribed construction time limit must be authorized by the Council. Such extension shall be authorized only when the Council finds that such extension is necessary and appropriate due to causes beyond the control of a Grantee.

c. The construction bond shall be terminated only after the Council finds that a Grantee has satisfactorily completed initial construction and activation or reconstruction of the cable system pursuant to the terms and conditions of this ordinance and the franchise agreement.

d. The rights reserved to the City with respect to the construction bond are in addition to all other rights of the City, whether reserved by this ordinance or authorized by law, and no action, proceeding or exercise of a right with respect to such construction bond shall affect any other rights the City may have.

e. The construction bond shall contain the following endorsement:

"It is hereby understood and agreed that this bond may not be cancelled by the surety nor the intention not to renew be stated by the surety until sixty (60) days after receipt by the City, by registered mail, of written notice of such intent to cancel or not to renew."

5.16.210 Construction practices.

A. Any poles, cable lines, wires, conduits or other properties of the grantee shall be constructed or installed in streets in accordance with good engineering practice at such locations and in such manner as is approved by the director of public works and shall conform to all applicable codes and laws.

B. The grantee shall not install or erect any facilities or apparatus in or on other public property, places or rights-of-way, or within any privately-owned area within the city which has not yet become a public street but is designated or delineated as a proposed public street on any tentative subdivision map approved by the city, except those installed or erected upon existing or future public utility facilities, without obtaining the prior written approval of the director of public works and the owner-subdivider.

C. In those areas and portions of the city where the transmission and distribution facilities of both the public utility providing telephone service and those of the utility providing electric service have been or are to be placed underground, then the grantee, upon written request by the director of public works so to do, shall likewise initially construct, install, operate and maintain its transmission and distribution facilities underground. For the purposes of this subsection, "underground" includes a partial underground system. Amplifiers in the grantee's transmission and distribution lines may be in appropriate housings as approved by the director of public works. The city shall not in any manner be responsible for any costs incurred by any grantee in placing his property underground.

5.16.220 Removal or abandonment of facilities.

A. In the event that the use of any part of the cable system is discontinued for any reason for a continuous period of six months, or in the event such system or property has been installed in any street or public place without complying with the requirements of this chapter, or the franchise has been terminated, cancelled or has expired, the grantee shall promptly, upon being given ten days' written notice, remove from the streets or public places all such property and poles of such system other than any which the director of public

works may permit to be abandoned in place. In the event of such removal, the grantee shall promptly restore the street or other area from which such property has been removed to a condition satisfactory to the director of public works.

B. Any property of the grantee remaining in place sixty days after the termination, forfeiture or expiration of the franchise shall be considered permanently abandoned. The director of public works may extend such time.

C. Any property of the grantee to be abandoned in place shall be abandoned in such a manner as the director of public works prescribes. Subject to the provisions of any joint use attachment agreement, upon permanent abandonment of the property of the grantee in place, the property shall become that of the city and the grantee shall submit to the director of public works an instrument in writing, to be approved by the city attorney, transferring to the city the ownership of such property.

5.16.230 Changes required by public improvements.

The grantee shall, at its expense, protect, support, temporarily disconnect, relocate in the same street or other public place, or remove from the street or other public place, any property of the grantee when required by the director of public works by reason of traffic conditions, public safety, street vacation, freeway and street construction, change or establishment of street grade, installation of sewers, drains, water pipes, power lines, signal lines and tracks or any other type of structures or improvements by public agencies; provided, however, that the grantee shall in all such cases have the privilege and be subject to the obligations to abandon any property of the grantee in place, as provided in this chapter.

5.16.240 Failure to complete work.

Upon failure of the grantee to commence, pursue or complete any work required by law or by the provisions of this chapter or by its franchise to be done in any street or other public place, within the time prescribed, and to the satisfaction of the director of public works, the director of public works may, at his option, cause such work to be done and the grantee shall pay to the city the cost thereof in the itemized amounts reported by the director of public works to the grantee within thirty days after receipt of such itemized report.

5.16.250 Insurance.

A. The grantee shall indemnify the city, its officers and its employees against all claims, demands, actions, suits and proceedings by others, against all liability to others, and against any loss, cost and expense resulting therefrom, including reasonable attorneys' fees, arising out of the exercise and enjoyment of its franchise irrespective of the amount of the comprehensive liability insurance policy required under this section.

B. The grantee shall at all times during the existence of any franchise issued under this chapter maintain in full force and effect, at its own cost and expense, a general comprehensive liability insurance policy, in protection of the city, its officers, boards, commissions, agents and employees, in a company approved by the city attorney and in a form satisfactory to the city attorney, protecting the city and all persons against liability for loss or damage for personal injury, death and property damage, occasioned by the operations of the grantee under such a franchise, and for property damage, provided that the maximum amount for which liability shall be assumed, and requirements for the City of Lodi being named an additional insured, and any other insurance requirements shall be as set and required from time to time by resolution of the City Council. A copy

of such policy or policies, or certificates of insurance showing the existence of such insurance coverage, shall be filed by the grantee with the City Clerk.

C. The policies mentioned in the subsection B of this section shall name the city, its officers, boards, commissions, agents and employees, as additional insureds, shall contain a contractual liability endorsement approved by the city attorney and shall contain a provision that a written notice of any cancellation or reduction in coverage of such policies shall be delivered to the city manager thirty days in advance of the effective date of the cancellation or reduction.

5.16.260 Right of inspection--Plans and records. A. At all reasonable times, the grantee shall permit any duly authorized representative of the city to examine all property of the grantee, together with any appurtenant property of the grantee situated within or without the city, and to examine and transcribe any and all maps and other records kept or maintained by the grantee or under its control which deal with the operations, affairs, transactions or property of the grantee in relation to its franchise. If any maps or records are not kept in the city, and upon reasonable request they are not made available in the city, and if the council determines that an examination of them is necessary or appropriate, then all travel and maintenance expense necessarily incurred in making such examination shall be paid by the grantee.

B. The grantee shall prepare and furnish to the director of public works and the city manager at the times and in the form prescribed by either of such officers, such reports with respect to its operations, affairs, transactions or property, as may be reasonable, necessary or appropriate to the performance of any of the rights, functions or duties of the city or any of its officers in connection with the franchise.

C. The grantee shall at all times make and keep in the city full and complete plans and records showing the exact location of all cable system equipment installed or in use in streets and other public places in the city.

D. When any portion of the cable system is to be installed on public utility poles and facilities, certified copies of the agreements for such joint use of poles and facilities shall be filed with the director of public works.

5.16.270 Service standards.

a. A Grantee shall put, keep, and maintain all parts of the system in good condition throughout the entire franchise period.

b. Upon termination of service to any subscriber, a Grantee shall promptly remove all its facilities and equipment from the premises of such subscriber upon subscriber's request, unless said service serves multiple users.

c. Grantee shall render efficient service, make repairs promptly, and interrupt service only for good cause and for the shortest time possible. Such interruptions, insofar as possible, shall be preceded by notice and shall occur during periods of minimum system use.

d. Grantee shall not allow its cable or other operations to interfere with television reception of persons not served by Grantee, nor shall the system interfere with, obstruct or hinder in any manner, the operation of the various utilities serving the residents of the City.

e. A Grantee shall continue through the term of the franchise to maintain the technical, operational, and maintenance standards and quality of service set forth in this ordinance and franchise agreement. Should the City find, by resolution, that a Grantee has failed to maintain these standards and quality of service, and should it, by resolution specifically enumerate improvements to be

made, a Grantee shall make such improvements. Failure to make such improvements within forty-five (45) days of such resolution will constitute a material breach of condition for which the remedy of Section 5.16.160 is applicable. (Liquidated Damages.)

5.16.280 Continuity of service mandatory.

a. It shall be the right of all subscribers to continue receiving service insofar as their financial and other obligations to a Grantee are honored.

In the event of a change of Grantee, or in the event a new operator acquires the system, a Grantee shall cooperate with the City, new Grantee or operator in maintaining continuity of service to all subscribers. During such period, Grantee shall be entitled to the revenues for any period during which it operates the system, and shall be entitled to reasonable costs for its services when it no longer operates the system.

b. In the event Grantee fails to operate the system for ninety-six (96) consecutive hours without prior approval of the City or without just cause, the City may at its option, operate the system or designate an operator until such time as Grantee restores service under conditions acceptable to the City or a permanent operator is selected. If the City is required to fulfill this obligation for a Grantee, the Grantee shall reimburse the City for all reasonable costs or damages in excess of revenues from the system received by the City that are the result of the Grantee's failure to perform.

5.16.290 Performance evaluation sessions.

a. The City and a Grantee shall hold scheduled performance evaluation sessions within thirty (30) days of the fourth, eighth, twelfth, and sixteenth

anniversary dates of a Grantee's award of the franchise and as may be required by federal and state law.

b. Special evaluation sessions may be held at any time during the term of a franchise at the request of the City or the Grantee.

c. All evaluation sessions shall be open to the public and announced in a newspaper of general circulation in accordance with legal notice. Grantee shall notify its subscribers of all evaluation sessions by announcement on its system between the hours of 7:00 p.m. and 9:00 p.m. for five (5) consecutive days preceding each session.

d. Topics which may be discussed at any scheduled or special evaluation session may include, but not be limited to, service rate structures; franchise fee; liquidated damages; free or discounted services; application of new technologies; system performance; services provided; programming offered; customer complaints; privacy, amendments to this ordinance; judicial and FCC rulings; line extension policies; and Grantee or City rules.

5.16.300 New developments.

a. Subsequent to each Performance Evaluation Session as set forth in Section 5.16.290, the City Council shall have the authority to order a public hearing on the provision of additional channel capacity by Grantee or on the inclusion in the Grantee's cable system of "state of the art" technology or upgraded facilities. Notice of such hearing shall be provided to Grantee and the Public not later than thirty (30) days prior to such hearing.

b. If after such hearing the City Council determines that (1) there exists a reasonable need and demand for additional channel capacity, and/or state of the art technology or upgraded facilities, and (2) provision has been made or will be made for adequate rates which will allow Grantee a fair rate of return on its

investment (including the investment required to provide the additional channels and/or the state-of-the-art technology or upgraded facilities), and (3) will not result in economic loss for the Grantee, the City Council may order Grantee to provide a specified number of additional channels and/or specified state-of-the-art technology or upgraded facilities. Without implying any limitations as to other provisions of this ordinance, this Section is deemed a material provision within the meaning of Section 5.16.180 of this ordinance.

5.16.310 Filings with city. All matters provided in this chapter to be filed with the city, unless provided otherwise in this chapter, shall be filed with the city manager.

5.16.320 Fiscal Report.

The Grantee shall file annually with the city manager no later than one hundred twenty (120) days after the end of the Grantee's fiscal year, a copy of a financial report applicable to the cable system serving Lodi, or its corporate annual report, including an income statement applicable to its operations during the preceding twelve (12) month period, a balance sheet, a statement of its properties devoted to the cable system operations, by categories, giving its investment in such properties on the basis of original cost, less applicable depreciation, a statement of sources and application of funds; and a statement of current subscribers and penetration reached for each class of cable service. These reports shall be certified as correct by an authorized officer of Grantee and there shall be submitted along with them such other reasonable information as the City shall request.

5.16.330 Refusal of service.

Subject to Section 5.16.130, no person or entity in the existing service area of the grantee shall be arbitrarily refused service; provided, however, that the grantee shall not be required to provide service to any subscriber who does not pay the applicable connection fee or monthly service charge or any other charges as provided by this chapter or any resolution granting the franchise.

5.16.340 Service contract.

A. Before the grantee shall provide cable service to any subscriber, the grantee shall obtain a signed contract from the subscriber containing a provision substantially as follows:

Subscriber understands that in providing cable service (Grantee) is making the use of public rights of way and that the continued use of these public rights of way is in no way guaranteed. In the event the continued use of such rights of way is denied to (Grantee) for any reason, (Grantee) will make every reasonable effort to provide service over alternate routes. Subscriber agrees he will make no claim nor undertake any action against the City of Lodi, its officers, its employees, or (Grantee) if the service to be provided by (Grantee) hereunder is interrupted or discontinued because the continued use of such rights of way is denied to (Grantee) for any reason.

B. The form of the grantee's contract with its subscribers, shall be subject to approval of the city manager with respect to the installation of this provision.

5.16.350 Television sale or repair.

The grantee or any of its employees during their course of employment shall not engage in the business of selling or leasing television or other receivers which make any use of signals transmitted by its system, nor shall the grantee or any of its employees during the course of their employment engage in the repair of such receivers or the sale of parts for the same. This restriction shall not apply to a converter that increases the capacity of the system that may be sold or leased by the grantee to a subscriber.

5.16.360 Free service.

The grantee shall provide free of charge a service drop for cable service for all public and nonprofit private schools, city police and fire stations, city recreation centers, and any additional municipal buildings designated by the city council, provided that such locations are passed by transmission cable maintained for the service of paying subscribers. If the service drop exceeds one hundred fifty feet, the grantee may charge for the excess footage on the basis of time and materials.

5.16.370 Moving of buildings.

The grantee shall, on the request of any person holding a building moving permit issued by the city, temporarily raise or lower its wires to permit the moving of buildings. The actual expense of such temporary removal or raising or lowering of wires shall be paid by the permittee. The grantee shall be given not less than five working days advance notice to arrange for such temporary wire changes.

5.16.380 Unauthorized connections -- Tampering.

A. It is unlawful for any person, firm or corporation to make any unauthorized connection, whether physically, acoustically, inductively, electronically or otherwise, with any part of a franchised cable system within the city for the purpose of taking or receiving television signals, radio signals, pictures, programs, sound or electronic impulses of any kind for the purpose of enabling himself or others to receive any such television signal, radio signal, picture, program, sound or electronic impulses.

B. It is unlawful for any person, without the consent of the grantee, to willfully tamper with, remove, obstruct or injure any cables, wires, devices or equipment used for the distribution of television signals, radio signals, pictures, programs, sound or electronic impulses of any kind.

5.16.390 Transfers and assignments.

a. A franchise shall not be sold, assigned or transferred, either in whole or in part, or leased, sublet, nor shall title thereto, either legal or equitable or any right, interest or property therein, pass to or vest in any person without the prior written consent of the City. Such consent shall not be withheld unreasonably.

No such consent shall be required for a transfer in trust, mortgage, or other hypothecation as a whole or in part to secure an indebtedness.

The proposed assignee must show technical ability, financial capability, legal qualifications and general character qualifications as determined by the City and must agree to comply with all provisions of the franchise and such conditions as may be prescribed by Council expressed by resolution. City shall be deemed to have consented to a proposed transfer or assignment in the event its refusal to consent is not communicated in writing to Grantee within one hundred twenty (120) days following receipt of written notice of the proposed transfer or assignment.

b. The Grantee shall promptly notify the City of any actual or proposed change in or transfer of, or acquisition by any other party of, control of the Grantee. The word "control" as used herein is not limited to major stockholders but includes actual working control in whatever manner exercised. Every change, transfer, or acquisition of control of the Grantee shall make the franchise subject to cancellation unless and until the City shall have consented thereto,

which consent will not be unreasonably withheld. For the purpose of determining whether it shall consent to such change, transfer or acquisition of control, the City may inquire into the qualifications of the prospective controlling party and the Grantee shall assist the City in any such inquiry.

c. A rebuttable presumption that a transfer of control has occurred shall arise upon the acquisition or accumulation by any person or group of persons of 10 percent of the voting interest of the Grantee.

d. The consent or approval of the City Council to any transfer of the franchise shall not constitute a waiver or release of the rights of the City in and to the streets, and any transfer shall by its terms, be expressly subject to the terms and conditions of a franchise.

e. In any absence of extraordinary circumstances, the City will not approve any transfer or assignment of a franchise prior to substantial completion of construction or reconstruction of proposed system.

f. In no event shall a transfer of ownership or control be approved without successor in interest becoming a signatory to the franchise agreement.

5.16. 400 Access channels.

a. Each cable system franchised by the City of Lodi shall provide at least one (1) channel dedicated to access for use by the public as well as governmental and educational agencies.

b. If the access channel is being utilized more than eighty percent (80%) of the time between 4:00 p.m. and 11:00 p.m. for twelve (12) consecutive weeks, Grantee shall, upon written notice from the City, make additional community access channel(s) available for the same purposes(s), with a maximum of three (3) community access channels to be dedicated for these said purposes(s).

c. Nothing in this section shall require Grantee to construct additional channel capacity to the system for the sole purpose of providing additional access channels.

d. Whenever any access channel is utilized less than four (4) hours per day for six (6) days per week for twelve (12) consecutive weeks, the Grantee may be permitted to utilize unused access channel capacity for different and additional purposes, under rules and procedures established by the City.

e. Grantee shall record all requests for use of access channel. Whenever such records indicate in the opinion of the City Council that an excessive number of people or programs are being turned away for lack of available access channel capacity; or whenever the criteria in paragraph (b) are exceeded for any one of the existing access channel uses, those access channels which have been permitted by the City for "interim" use by a Grantee shall each be restored to public, governmental or educational use as applicable.

5.16.410 Waivers.

a. Any provision of this Ordinance may be waived at the sole discretion of the City by resolution of the City Council.

b. Grantee may submit a request for waiver to the City Council at any time during the franchise term. Such request for waiver may, at the sole discretion of the City Council, be set for public hearing and a decision shall be made within one hundred and twenty (120) days following the submission. Procedures for modification of franchise obligations shall be in compliance with Section 625 of the Cable Communications Policy Act of 1984.

c. The City Council may authorize the economic, technical or legal evaluation of such waiver request and Grantee shall be required to reimburse the City for any expenditures incurred by City in connection with such evaluation.

d. This section is enacted solely for the convenience and benefit of the Grantor and shall not be construed in such a manner as to create any right or entitlement for the Grantee.

5.16.420 Required services and facilities.

a. A franchise application shall include a description of the grantee's system design and a description of the broad categories of programming and services being offered, including optional premium services, a description of facilities being proposed for local origination programming, and facilities being offered to various community institutions. The offer of the broad categories of programming and services contained within a Grantee's application shall be deemed a binding offer of such Grantee for and to the benefit of the City and the subscribers of Grantee. In the event a program originator ceases to provide a service, or in the event the Grantee determines that other cable services may be of greater benefit to subscribers, the Grantee may, subject to subsections b and c, substitute or drop such services.

b. The system, after the incorporation of such substitute services, shall satisfy the warranty made by Grantee to subscribers and potential subscribers in its application for a franchise. The City Council, on behalf of system subscribers, shall have the right to review any substitution of service or change in broad categories of programming that the Grantee has made and may order a change therein if it determines, after due hearing on notice, that the warranty has been violated or that certain broad categories of programming and services that were committed by Grantee in its Proposal are not being delivered. Any such order shall issue only after a public hearing has been scheduled and held; and written notice of such hearing shall have been provided to the Grantee and to the

public at least 30 days prior to such hearing. Any such order may be enforced by an appropriate action in the Courts of California or of the United States. A Grantee shall not, in relation to this section, be deemed to have waived any right accorded to a franchised cable television operator arising under the First Amendment to the Constitution of the United States, or under the Cable Communications Policy Act of 1984.

c. Notwithstanding subsections a and b, a Grantee may, in accordance with the Cable Communications Policy Act of 1984, upon 30 days' advance notice to the City, rearrange, replace or remove a particular cable service required by the franchise if:

- (1) such service is no longer available to the Grantee; or
- (2) such service is available to the Grantee only upon the payment of a royalty required under section 801(b) (2) of title 17, United States Code, which the Grantee can document:

(a) is substantially in excess of the amount of such payment required on the date of the Grantee's offer to provide such service, and

(b) has not been specifically compensated for through a rate increase or other adjustment.

Notwithstanding subsections a and b, a Grantee may take such actions to rearrange a particular service from one service tier to another, or otherwise offer the service, if the rates for all of the service tiers involved in such actions are not subject to regulation.

Section 5.16.430 Construction and technical standards.

a. Compliance with construction and technical standards.

Grantee shall construct, install, operate and maintain its system in a manner consistent with all laws, ordinances and construction standards of the City

of Lodi; The Standards of Good Engineering Practices for Measurements on Cable Television Systems, published by the National Cable Television Association, 1983; and detailed standards submitted by Grantee as part of its application, which standards are incorporated by reference in the franchise agreement. In addition, Grantee shall provide the City, upon request, with a written report of the results of Grantee's annual proof of performance tests. In the event of the repeal of FCC Rules and Regulations, Part 76, Grantee shall pay the costs incurred by the City for any technical assistance deemed necessary by the City for obtaining independent verification of technical compliance with all standards. This includes the costs that may be incurred by the City for checking compliance during the evaluations required in Section 5.16.290.

b. Additional specifications

Construction, installation and maintenance of the cable system shall be performed in an orderly and workmanlike manner. All cables and wires shall be installed, where possible, parallel with and in the same manner as electric and telephone lines. Multiple cable configurations shall be arranged in parallel and bundled with due respect for engineering considerations. Underground installations shall be in conformance with applicable codes.

Grantee shall at all times comply with:

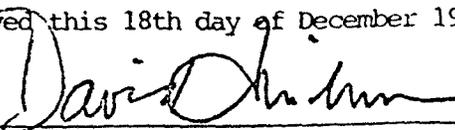
- (1) National Electrical Safety Code (National Bureau of Standards);
- (2) National Electrical Code (National Bureau of Fire Underwriters);
- (3) Bell System Code of Pole Line Construction; and
- (4) The Standards of Good Engineering Practices for Measurements on Cable Television Systems (National Cable Television Association), 1983.

Furthermore, the system shall not endanger or interfere with the safety of persons or property in the franchise area or other areas where the Grantee may have equipment located.

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

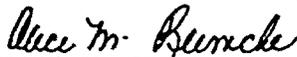
SECTION 3. This ordinance shall be published one time in the "Lodi News Sentinel", a daily newspaper of general circulation printed and published in the City of Lodi and shall be in force and take effect thirty days from and after its passage and approval.

Approved this 18th day of December 1985



DAVID M. HINCHMAN
MAYOR

Attest:

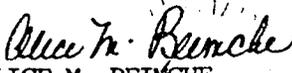

ALICE M. REINCHE
City Clerk

State of California
County of San Joaquin, ss.

I, Alice M. Reinche, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1370 was introduced at a regular meeting of the City Council of the City of Lodi held December 4, 1985 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held December 18, 1985 by the following vote:

Ayes: Council Members - Olson, Pinkerton, Reid, Snider and Hinchman
Noes: Council Members - None
Absent: Council Members - None
Abstain: Council Members - None

I further certify that Ordinance No. 1370 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.


ALICE M. REIMCHE
City Clerk

Approved as to Form


RONALD M. STEIN
City Attorney

Chapter 5.16

**COMMUNITY CABLE
TELEVISION
SYSTEM FRANCHISES**

Sections:

- 5.16.010 Definitions.
- 5.16.020 Franchise required.
- 5.16.030 Grant of authority.
- 5.16.040 Application.
- 5.16.050 Grant or refusal.
- 5.16.060 Acceptance.
- 5.16.070 Conditions.
- 5.16.080 Duration—Renewal of franchise.
- 5.16.090 Payment.
- 5.16.100 Financial statement—Audit—Minimum payment.
- 5.16.110 Rates for service.
- 5.16.120 Limitations.
- 5.16.130 Rights reserved by city.
- 5.16.140 Complaint procedure.
- 5.16.150 Refunds.
- 5.16.160 Liquidated damages.
- 5.16.170 Commencement of construction and service.
- 5.16.180 Forfeiture and termination.
- 5.16.190 Security fund.
- 5.16.200 Construction bond.
- 5.16.210 Construction practices.

- 5.16.220 Removal or abandonment of facilities.
- 5.16.230 Changes required by public improvements.
- 5.16.240 Failure to complete work.
- 5.16.250 Insurance.
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- 5.16.270 Service standards.
- 5.16.280 Continuity of service mandatory.
- 5.16.290 Performance evaluation sessions.
- 5.16.300 New developments.
- 5.16.310 Filings with city.
- 5.16.320 Fiscal report.
- 5.16.330 Refusal of service.
- 5.16.340 Service contract.
- 5.16.350 Television sale or repair.
- 5.16.360 Free service.
- 5.16.370 Moving of buildings.
- 5.16.380 Unauthorized connections—Tampering.
- 5.16.390 Transfers and assignments.
- 5.16.400 Access channels.
- 5.16.410 Waivers.
- 5.16.420 Required services and facilities.
- 5.16.430 Construction and technical standards.

5.16.010 Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

A. "Access channel" means a single channel dedicated in whole or in part for

local programming which is not originated by a cable company.

B. "Basic service" means any service tier which includes the retransmission of local television broadcast signals and public, educational and governmental access channels.

C. "Cable services" are defined as the one-way transmission to subscribers of video programming and other programming services together with subscriber interaction, if any, which is required for the selection of such programming and programming services that the cable operator makes available to all subscribers generally. Examples of cable services include: video programming, pay-per-view, voter preference polls in the context of a video program, teletexts, one-way transmission of any computer software, and one-way videotex services such as news services, stock market information, etc. Noncable services would include: shop-at-home, bank-at-home services, electronic mail, one-way and two-way transmission of nonvideo data and information not offered to all subscribers, data processing, video conferencing and voice communication.

D. "Cablecasting" is programming carried on a cable system, exclusive of broadcast signals, whether originated by the cable operator or any other party.

E. "Cable system" means a facility consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (1) a facility that serves only

to retransmit the television signals of one or more television broadcast stations; (2) a facility that serves only subscribers in one or more multiple-unit dwellings under common ownership, control, or management, unless such facility or facilities uses any public right-of-way; (3) a facility of a common carrier which is subject in whole or in part, to the provisions of Title II of the Communications Act of 1984, except that such facility shall be considered a cable system to the extent such facility is used in the transmission of video programming directly to subscribers; or (4) any facilities of any electric utility used solely for operating its electric utility systems.

F. "Local origination programming" means programming locally produced by the company.

G. "Franchise" means any nonexclusive authority granted pursuant to this chapter in terms of franchise or franchise renewal or otherwise to construct, operate and maintain a cable system in the incorporated area of the city. The term "franchise" includes the term "franchise renewal" in this chapter.

H. "Franchise area" means all or any portions of the incorporated area of the city for which a franchise has been granted under this chapter.

I. "Grantee" means the person to whom a franchise under this chapter is granted by the council and any lawful successor or assignee of such a person.

J. "Gross annual receipts" means any and all compensation or receipts obtained from and as a result of the operation of a cable system by a grantee within the franchised area; except that

such term shall not include receipts or compensation for:

1. Installation, reconnection or any other nonrecurring charges;
2. The amount of any refunds, credits or other payments made to subscribers or users;
3. Any taxes on services furnished by the grantee imposed directly or indirectly on any subscriber or user by any municipal corporation, political subdivision, state or other governmental unit and collected by the grantee for the governmental unit; and
4. The sale or transfer of tangible property;
5. The sale or transfer of the franchise;
6. The issuance, sale or transfer of corporation stocks, bonds or other securities; and
7. Loans or gifts to the grantee.

K. "Person" means any person, firm, association, organization, partnership, business trust, joint venture, corporation or company.

L. "Property of grantee" means any property constructed, installed, operated or maintained by a grantee under the authority of a nonexclusive franchise issued pursuant to this chapter.

M. "Street" means the surface of, and the space above and below, any public street, road, highway, freeway, lane, alley, court, sidewalk, parkway, drive, public utility easement or other public place as may be authorized by the council, existing as such as of or after the effective date of the ordinance codified in this chapter within the incorporated area of the city.

N. "Subscriber" means any person or entity receiving for any purpose the cable

service of a grantee. (Ord. 1370 § 1 (part), 1985)

5.16.020 Franchise required.

No person shall extend, operate or carry on the business of distributing to any persons in this city any television signals or radio signals by means of a cable system unless a franchise or renewal of franchise therefor has first been obtained pursuant to the provisions of this chapter, and unless such franchise is in full force and effect. No person shall construct, install or maintain within any street in the city or within any other public property of the city or within any privately owned area within the city which has not yet become a public street but is designated or delineated as a proposed public street on any tentative subdivision map approved by the city, any equipment or facilities for distributing any television signals or radio signals through a cable system, unless a franchise authorizing such use of such street or property or area has first been obtained pursuant to the provisions of this chapter, and unless such franchise is in full force and effect. (Ord. 1370 § 1 (part), 1985)

5.16.030 Grant of authority.

A. A nonexclusive franchise to construct, operate and maintain a cable system within any franchise area may be granted by the council to any person, whether operating under an existing franchise or not, offering to furnish and provide a system pursuant to the terms and provisions of this chapter. No provision of this chapter shall be construed as to require the granting of a franchise when in the opinion of the council it is in

the public interest to restrict the number of grantees to one or more. Neither the granting of any nonexclusive franchise under this chapter nor any of the provisions contained in this chapter shall be construed to prevent the city from granting any identical, or similar, nonexclusive franchise to any person within the city.

(B) Successful applicants chosen by the city council will be granted the right and privilege to construct, erect, operate and maintain, in, upon, along, across, above, over and under the streets, alleys, public ways and public places now laid out or dedicated and all extensions thereof and additions thereto in the city poles, wires, cables, underground conduits, manholes, and other cable conductors and fixtures necessary for the maintenance and operation in the city of a cable system to be used for the sale and distribution of cable services to the residents of the city.

C. Any privilege claimed under any such franchise by the grantee in any street or other public property shall be subordinate to any prior lawful occupancy of the streets or other public property.

D. Insofar as it is not inconsistent with or otherwise preempted by federal or state regulation, the city council also grants the right and privilege to successful grantees to provide noncable communications services. The city council retains all authority, not otherwise preempted, to regulate noncable communication services to the extent necessary to assure the delivery of proposed noncable services, if any, and that they are in compliance with all regulatory provisions of this chapter.

E. The construction, maintenance, and operation of grantee's cable system and all property of grantee subject to the provisions of this chapter shall be subject to all lawful police powers, rules and regulations of the city. The city shall have the power at any time to order and require grantee to remove or abate any pole, line, tower, wire, cable, guy, conduit, electric conductor, or any other structure or facility that is dangerous to life or property. In the event grantee, after written notice, fails or refuses to act, the city shall have the power to remove or abate the same at the expense of the grantee, all without compensation or liability for damages to grantee. (Ord. 1370 § 1 (part), 1985)

5.16.040 Application.

A. An application for a franchise or franchise renewal under this chapter shall be in writing and accompanied by a payment to the city in an amount to be established and amended from time to time by resolution of the city council. An application shall contain the following information:

1. The name and address of the applicant. If the applicant is a partnership, the name and address of each partner shall be set forth. If the applicant is a corporation, the application shall state the names and addresses of its directors, main officers, major stockholders and associates, and the names and addresses of parent and subsidiary companies.

2. A description of the manner in which the applicant proposes to construct, install, maintain and operate the cable system and the extent and manner in which existing or future poles or other public utilities will be used for the system.

3. A detailed description of the proposed plan of operation of the applicant which shall include, but not be limited to the following:

a. A detailed map indicating all areas to be served, how they are to be served and a proposed time schedule for the installation of all equipment necessary to become one hundred percent operational, throughout the entire area to be served;

b. A detailed, informative, and referenced statement describing the actual equipment and the operational and technical standards proposed by the applicants.

4. A statement of the estimated costs of the installation of the proposed system described in subdivisions 2 and 3 of this subsection.

5. All applicants are required to clearly delineate the initial service area being proposed on a map of sufficient detail (see subdivision 3 of this subsection). The map shall also indicate any and all areas that will not receive services.

6. All applicants shall agree to extend cable system upon request of any contiguous area not designated for initial service in the plan when potential subscribers can be served by extension of the cable system past dwelling units equivalent to a density of forty homes per mile of street. Extension shall be at grantee's cost. If undergrounding is required by regulation, grantee must make installation at grantee's expense. Where aerial extension is allowed by regulation but underground installation is requested by benefitted subscribers, the cost of undergrounding that exceeds the estimated

aerial extension cost may be charged to benefitted subscribers.

7. A statement or schedule in a form approved by the city manager of proposed rates and charges to subscribers for installation and services, and a copy of the proposed service agreement between the grantee and its subscribers shall accompany the application.

8. A statement setting forth all agreements and understandings, whether written, oral or implied existing between the applicant and any person who is a party in interest with respect to the proposed franchise or the proposed cable operation. If a franchise is granted to a person posing as a front or as the representative of another person, and such information is not disclosed in the original application, such franchise is void and of no force and effect.

9. A financial statement prepared by a certified public accountant or public accountant satisfactory to the council, demonstrating applicant's financial status and its financial ability to complete the construction or reconstruction, installation and operation of the proposed system.

10. An original application for a franchise shall include a detailed financial plan (pro forma) describing for each year of the franchise, projected number of subscribers, rates, all revenues, operating expenses, capital expenditures, depreciation schedule, income statements and a sources and uses of funds statement. All information is to be presented in the format to be prescribed by the city.

B. The council may at any time demand, and applicant shall then provide, such supplementary, additional or

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other information as the council deems reasonably necessary to determine whether the requested franchise should be granted. (Ord. 1370 § 1 (part), 1985)

5.16.050 Grant or refusal.

Upon consideration of any application, the council may refuse to grant the requested franchise or the council may by resolution grant a franchise for a cable system to any applicant as may appear from its application to be in the opinion of the council best qualified to render good and efficient cable service to subscribers in the proposed franchise area. The application submitted, together with any amendments, and this chapter shall constitute and form part of the franchise if granted. (Ord. 1370 § 1 (part), 1985)

5.16.060 Acceptance.

Within thirty days after the date of a resolution awarding a franchise, or within such extended period of time as the council may authorize, the grantee shall file with the city manager his written acceptance in forms satisfactory to the city attorney, of the franchise, together with the required bond and insurance policies, and his agreement to be bound by and to comply with and to do all things required of him by the provisions of this chapter and the franchise. Such acceptance and agreement shall be acknowledged by the grantee before a notary public and shall be in form and content satisfactory to, and approved by, the city attorney. (Ord. 1370 § 1 (part), 1985)

5.16.070 Conditions.

A. Any franchise granted pursuant to

this chapter shall include, among other things, the following condition:

The cable system herein franchised shall be used and operated solely and exclusively for the purpose expressly authorized by Ordinance of the City of Lodi and no other purpose whatsoever.

B. Inclusion of the statement set out in subsection A of this section in any such franchise does not limit the authority of the city to include any other reasonable condition, limitation or restriction which it deems necessary to impose in connection with a franchise granted pursuant to the authority conferred by this chapter. (Ord. 1370 § 1 (part), 1985)

5.16.080 Duration—Renewal of franchise.

A. The duration of the right, privileges and authorizations granted in a franchise agreement shall be not exceed twenty years from the date a franchise is awarded. A franchise may be renewed by the city upon application of the grantee pursuant to the procedure established in subsection B of this section and in accordance with the then applicable law.

B. Renewal.

1. During the six-month period which begins with the thirty-sixth month before the franchise expiration, the city may on its own initiative, and shall at the request of the grantee, commence proceedings which afford the public appropriate notice and participation for the purpose of:

a. Identifying the future cable-related community needs and interests; and

b. Reviewing the performance of the grantee under the franchise during the then current franchise term.

2. a. Upon completion of a proceeding under subdivision 1 of this subsection, the grantee seeking renewal of a franchise may, on its own initiative or at the request of the city, submit a proposal for renewal.

b. Any such proposal shall contain such material as the city may require, including proposals for an upgrade of the cable system.

c. The city may establish a date by which such proposal shall be submitted.

3. a. Upon submittal by the grantee of a proposal to the city for the renewal of the franchise, the city shall provide public notice of such proposal and, during the four-month period which begins on the completion of any proceedings under subdivision 1 of this subsection, renew the franchise or, issue a preliminary assessment that the franchise should not be renewed and, at the request of the grantee or on its own initiative, commence an administrative proceeding, after providing prompt public notice of such proceeding, in accordance with subparagraph b of this subdivision to consider whether:

i. The grantee has substantially complied with the material terms of the existing franchise and with applicable law;

ii. The quality of the grantee's service, including signal quality, response to consumer complaint, and billing practices, but without regard to the mix, quality, or level of cable services or other services

provided over the system, has been reasonable in light of community needs;

iii. The grantee has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the grantee's proposal; and

iv. The grantee's proposal is reasonable to meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.

b. In any proceeding under subparagraph a of this subdivision, the grantee shall be afforded notice and the grantee and the city, or its designee, shall be afforded fair opportunity for full participation, including the right to introduce evidence (including evidence related to issues raised in the proceeding under subdivision 1 of this subsection) to require the production of evidence and to question witnesses. A transcript shall be made of any such proceeding.

c. At the completion of a proceeding under this subdivision, the city shall issue a written decision granting or denying the proposal for renewal based upon the record of such proceeding, and transmit a copy of such decision to the grantee. Such decision shall state the reasons therefor.

4. Any denial of a proposal for renewal shall be based on one or more adverse findings made with respect to the factors described in subparagraphs i through iv of subdivision 3a, pursuant to the record of the proceeding under subdivision 3.

5. If the grantee's proposal for renewal has been denied by a final decision of the city made pursuant to this section, or has been adversely affected by a failure of the

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city to act in accordance with the procedural requirements of this section, the grantee may appeal such final decision or failure pursuant to the provisions of Section 635 of the Federal Cable Communications Policy Act of 1984.

6. Notwithstanding the provisions of subdivisions 1 through 5 of this subsection, the grantee may submit a proposal for the renewal of the franchise pursuant to this subdivision at any time, and the city may, after affording the public adequate notice and opportunity for comment, grant or deny such proposal at any time (including after proceedings pursuant to this subsection have commenced). The provisions of subdivisions 1 through 5 of this subsection shall not apply to a decision to grant or deny a proposal under this subdivision. The denial of a renewal pursuant to this subdivision shall not affect action on a renewal proposal that is submitted in accordance with subdivisions 1 through 5. (Ord. 1370 § 1 (part), 1985)

5.16.090 Payment.

Any grantee granted a franchise under this chapter shall pay to the city, during the life of such franchise, a sum equal to three percent of the annual gross receipts of the grantee, payable quarterly. (Ord. 1370 § 1 (part), 1985)

5.16.100 Financial statement—

Audit—Minimum payment.

A. The grantee shall file with the council within ninety days after the expiration of any fiscal year or portion thereof during which a franchise is in force, a financial statement prepared by a certified public accountant or public

accountant showing in detail gross annual receipts, as defined in this chapter, of the grantee during the preceding calendar year or portion thereof. It shall be the duty of the grantee to pay to the city within fifteen days after the time for filing such statements the sum prescribed by the franchise, or any unpaid balance thereof, for the calendar year or the portion thereof covered by the statement.

B. The right is reserved to the city of audit and recomputation of any and all amounts paid under this chapter and acceptance until expiration of a period of five years following payment shall not be construed as a release or as an accord and satisfaction of any claim the city may have for further or additional sums payable under this chapter or for the performance of any other obligations under this chapter.

C. In any year, commencing with the first full calendar year of service during which the franchise payments amount to less than twelve hundred dollars, the grantee shall pay to the city for such a year a minimum total amount of twelve hundred dollars.

D. In the event of any holding over after expiration or any other termination of a franchise issued under this chapter, whether with or without the consent of the city, the grantee shall pay to city a compensation twice the percent of its gross annual receipts during such period as it would be required to pay under its franchise if there were no holding over. (Ord. 1370 § 1 (part), 1985)

5.16.110 Rates for service.

A. The grantee shall file with the city council a true and correct schedule of

rates to be charged for installation and connection to its cable system and a monthly charge for cable service. Such rates shall not be changed or modified in any manner without first filing the changed or modified rates with the city council thirty days prior to the effective date of such change or modification.

B. The city council shall have the authority to regulate the rates to the extent the council is permitted to by federal, state or local law. (Ord. 1370 § 1 (part), 1985)

5.16.120 Limitations.

A. Any franchise granted under this chapter shall be nonexclusive.

B. No privilege or exemption shall be authorized or conferred by any franchise granted under this chapter except those specifically prescribed in this chapter.

C. Any privilege claimed under a franchise by the grantee in any street, or other public property, shall be subordinate to any prior occupancy thereof for public purposes.

D. A franchise granted under this chapter shall be a privilege to be held in personal trust by the original grantee. It cannot be sold, transferred, leased, assigned or disposed of, in whole or in part, either by forced or involuntary sale, sale, merger, consolidation or otherwise, without prior consent of the council expressed in writing. The grantee shall file with the council within thirty days prior to sale, transfer, assignment or lease of the franchise or any part thereof or any rights or privileges granted thereby, written evidence of the proposed transaction certified to by the grantee or its duly authorized officers. Any proposed

assignee must show financial responsibility to carry out the terms of the franchise and must agree to comply with all of the provisions of this chapter; and provided further, that no consent or approval shall be required for a transfer in trust, by mortgage, by security agreement, or by other hypothecation as a whole, to secure an indebtedness, or for a transfer required by operation of law.

E. Any right or power in, or duty impressed upon any officer, employee, department or board of the city shall be subject to transfer by the council or by law to any other officer, employee, department or board of the city.

F. The grantee shall have no recourse whatsoever against the city for any loss, cost, expense or damage, arising out of any provisions or requirements of this chapter or its enforcement.

G. Any franchise granted under this chapter shall not relieve the grantee of any obligation involved in obtaining pole space from any department or division of the city, other agency of government, utility company, or from others maintaining poles in streets; provided, that the latter shall cooperate with the grantee to the end that only one set of poles shall be required by all.

H. Any franchise granted under this chapter is in lieu of any and all other rights, privileges, powers, immunities and authorities owned, possessed, controlled or exercisable by the grantee, or any successor to any interest of the grantee, of or pertaining to the construction, operation or maintenance of any cable system in the incorporated limits of the city, and the acceptance of a franchise under this chapter shall operate as

between grantee and the city, as an abandonment of any and all of such rights, privileges, powers, immunities and authorities within the city, to the effect that, as between the grantee and the city, any and all construction, operation and maintenance by any grantee of any cable system in the city shall be, and shall be deemed and construed in all instances and respects to be, under and pursuant to such franchise, and not under or pursuant to any other right, privilege, power, immunity or authority whatsoever. (Ord. 1370 § 1 (part), 1985)

5.16.130 Rights reserved by city.

A. Nothing in this chapter shall in any way or to any extent impair or affect the right of the city to acquire the grantee's property either by purchase or through exercise of the right of eminent domain, and nothing in this chapter shall be construed to contract away or to modify or abridge the city's right of eminent domain in respect to any grantee.

B. No franchise granted under this chapter shall be given any value before any court or other public authority in any action or proceeding brought by the city in excess of the amount of the required filing fee and any other sum paid by the grantee to city for a franchise at the time of granting.

C. There is reserved to the city every right and power which is required to be reserved or provided in this chapter by any ordinance or resolution of the city, and the grantee, by its acceptance of any franchise, agrees to be bound thereby and to comply with any action or requirements of the city in its exercise of such rights or power, enacted or established

before or after the effective date of the ordinance codified in this chapter.

D. The council may do all things which are necessary and convenient in the exercise of its jurisdiction under this chapter.

E. Neither the granting of any franchise under this chapter nor any of the provisions contained in this chapter shall be construed to prevent the city from granting any identical, or similar, franchise to any other person within all or any portion of the city.

F. There is reserved to city the right to amend any section or part of this chapter so as to require reasonable additional or greater standards of construction, operation, maintenance or otherwise, on the part of the grantee for purposes of protecting the public health, safety and welfare. This provision shall not apply to commitments of a contractual nature made in a franchise agreement or franchise renewal agreements.

G. Neither the granting of any franchise nor any provision in this chapter shall constitute a bar to the exercise of any governmental right or power of city.

H. All facilities of any grantee licensed under this chapter within the city shall be available for civil defense purposes at such times as the city director of civil defense shall require. (Ord. 1370 § 1 (part), 1985)

5.16.140 Complaint procedure.

A. The city manager or the city manager's designee is specified by the city as having primary responsibility for the continuing administration of a franchise and implementation of complaint procedures.

B. A grantee shall maintain a central office within or in close proximity to the city, which shall be open during all usual business hours, have a publicly listed telephone with a toll-free number and sufficient lines; and be so operated that complaints and requests for repairs, billing or adjustments shall be received on a twenty-four hour basis.

C. A grantee shall maintain a repair and maintenance crew which shall respond to subscriber complaints or requests for service within twenty-four hours after receipt of the complaint or request. No charge shall be made to the subscriber for this service unless such maintenance or repair is required as a result of damage caused by subscriber.

D. 1. A grantee shall establish procedures for receiving, acting upon, and resolving subscriber complaints to the satisfaction of the city manager's office. A grantee shall furnish a notice of such procedures to each subscriber at the time of initial subscription to the system and annually thereafter.

2. Grantee's service call procedures shall contain provisions to protect the interests of subscribers. In the event that the grantee or its employee determines that grantee's cable system is not responsible for any given problem which has resulted in a service call (i.e., subscriber equipment is at fault), the subscriber shall have the right to have this contention demonstrated through the use of an additional television receiver comparison. A standard television receiver will be used in the subscriber's home to allow a direct A/B comparison of performance.

E. A grantee shall keep a maintenance

service log which will indicate the nature of each service complaint, the date and time it was received, the disposition of said complaint and the time and date thereof. The log shall be made available for periodic inspection by representatives of the city manager. All service complaint entries shall be retained on file for a period consisting of the most recent three years.

F. When there have been similar complaints made or when there exists other evidence, which, in the judgment of the city manager casts doubt on the reliability or quality of cable service, the city manager shall have the right and authority to compel a grantee to test, analyze, and report on the performance of the system. Such report shall be delivered to the city manager no later than fourteen days after the city manager formally notifies the grantee and shall include the following information: the nature of the complaints which precipitated the special tests; what system components were tested, the equipment used, and procedures employed in said testing; the results of such tests; and the method in which said complaints were resolved.

G. The city manager may require that tests and analyses shall be supervised by a professional engineer not on the permanent staff of a grantee. The aforesaid engineer should sign all records of the special tests and forward to the city manager such records with a report interpreting the results of the tests and recommending actions to be taken by a grantee and the city.

H. The city's right under this section shall be limited to requiring tests, analyses, and reports covering specific subjects

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and characteristics based on said complaints or other evidence when and under such circumstances as the city has reasonable grounds to believe that the complaints or other evidence requires that tests be performed to protect the public against substandard cable service.

I. The city manager is authorized and empowered to adjust, settle or compromise any controversy or charge arising from the operations of any grantee under this chapter, either on behalf of the city, the grantee or any subscriber in the best interest of the public.

J. Either the grantee or any member of the public who may be dissatisfied with the decision of the city manager may appeal the matter to the council for hearing and determination.

K. The council may accept, reject or modify the decision of the city manager and the council may adjust, settle or compromise any controversy or cancel any charge arising from the operations of any grantee or from any provision of this chapter. (Ord. 1370 § 1 (part), 1985).

5.16.150 Refunds.

A. Subscribers not satisfied that services have been provided as outlined in this chapter and the franchise agreement shall be encouraged to notify the system manager. The grantee shall work with the subscriber to resolve the problem within forty-eight hours, and upon request by a subscriber, the grantee shall credit the subscriber's account on a pro rata basis for loss of service commencing forty-eight hours after notification of the grantee.

B. A grantee shall at the time of initial subscription to the system and annually

thereafter furnish a notice to subscribers of their right to a refund for any loss or interruption of service for forty-eight hours or more. (Ord. 1370 § 1 (part), 1985).

5.16.160 Liquidated damages.

By acceptance of the franchise granted by the city, a grantee understands and shall agree that failure to comply with any time and performance requirements as stipulated in this chapter and franchise agreement will result in damage to the city, and that it is and will be impracticable to determine the actual amount of such damage in the event of delay or nonperformance; the franchise agreement shall include provisions for liquidated damages to be paid by the grantee in amounts set forth in the franchise agreement and chargeable to the security fund for the following concerns:

A. Failure to complete system construction or reconstruction in accordance with Sections 5.16.170 and 5.16.430 unless the council specifically approves the delay by motion or resolution, due to the occurrence of conditions beyond grantee's control, a grantee shall pay five hundred dollars per day for each day or part thereof, the deficiency continues.

B. Failure to provide upon written request, data, documents, reports, information or to cooperate with city during an application process or cable system review, a grantee shall pay fifty dollars per day for each day or part thereof, the violation occurs or continues.

C. Failure to test, analyze and report on the performance of the system following a written request pursuant to this chapter, a grantee shall pay to city one

hundred dollars per day for each day or part thereof, that such noncompliance continues.

D. For failure to provide in a continuing manner the broad categories of services proposed in the accepted application unless the council specifically approves grantee a delay or change, or the grantee has obtained modification of its obligation under Section 625 of the Cable Communications Policy Act of 1984; grantee shall pay to the city five hundred dollars per day for each day or part thereof that each noncompliance continues.

E. Forty-five days following adoption of a resolution by the city council in accordance with Section 5.16.270 determining a failure of grantee to comply with operational, maintenance or technical standards, grantee shall pay to the city five hundred dollars for each day or part thereof, that such noncompliance continues.

F. Any other action or nonaction by the grantee as agreed upon between the city and grantee and set forth in the franchise agreement. Nothing in this section shall preclude further liquidated damages as agreed upon by the parties in the franchise agreement. (Ord. 1370 § 1 (part), 1985)

5.16.170 Commencement of construction and service.

A. Construction Plan and Schedule.

1. Map and Plan. Grantee shall submit a construction plan or reconstruction plan which shall be incorporated by reference and made a part of the franchise agreement. The plan shall consist of a

map of the entire franchise area and shall clearly delineate the following:

a. The areas within the franchise area where the cable system will be initially available to subscriber including a schedule of construction for each year that construction or reconstruction is proposed.

b. Areas within the franchise area where extension of the cable system cannot reasonably be done due to lack of present or planned development or other similar reasons, with the areas and the reasons for not serving them clearly identified on the map.

B. 1. Upon acceptance of any franchise, the grantee shall immediately initiate action to obtain all permits, licenses, easements, variances and any other authorizations which are required or necessary in the conduct of its business, including but not limited to any utility joint use attachment agreements, microwave carrier licenses, any authorizations required to import distant signals, and any other permits, licenses and authorizations to be granted by duly constituted regulatory agencies having or asserting jurisdiction over the operation of the cable system, any associated microwave transmission facilities, or any other associated facility, and the grantee shall proceed with due diligence until all such matters are obtained.

2. Copies of all petitions, applications and communications submitted by the grantee to the Federal Communications Commission or any other federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting cable operations authorized pursuant to its franchise, shall also be

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submitted simultaneously to the city by the grantee.

C. Within ninety days after obtaining all the required or necessary permits, licenses, easements, variances and any other authorizations referred to in subsection A of this section, the grantee shall commence construction and installation of the cable system.

D. Within six months after building permits are granted for a particular area, the grantee shall proceed to render initial service to subscribers, and the completion of construction and installation shall be pursued with reasonable diligence, not to exceed fifteen months from the date of the granting of the permits for the particular area to be served.

E. Failure to do any of the requirements of subsections A, B, C and D of this section within the time specified except as provided in subsection F of this section shall be grounds for termination of the franchise.

F. The council may in its discretion extend the time for the grantee, acting in good faith, to do any act required under this section. The time for commencement of construction and installation, or the rendering of service to subscribers, initially or thereafter, shall be extended or excused, as the case may be, for any period during which the grantee experiences delay or interruptions due to any of the following circumstances if reasonably beyond its control: necessary utility changes or rearrangements, governmental or regulatory restrictions or requirements, labor strikes, lockouts, war (declared or undeclared), national emergency, fire, earthquake, the elements and acts of God.

G. Grantee shall extend cable system upon request of any contiguous area not designated for initial service in the plan when potential subscribers can be served by extension of the cable system past dwelling units equivalent to a density of forty homes per mile of street. Extension shall be at grantee's cost. If undergrounding is required by regulation, grantee must make installation at grantee's expense. Where aerial extension is allowed by regulation but underground installation is requested by benefitted subscribers, the cost of undergrounding that exceeds the estimated aerial extension cost may be charged to benefitted subscribers. (Ord. 1370 § 1 (part), 1985)

5.16.180 Forfeiture and termination.

A. In addition to all other rights and powers retained by the city under this chapter or otherwise, the city reserves the right to forfeit and terminate a franchise and all rights and privileges of a grantee in the event of a material breach of its terms and conditions. In interpreting this chapter, material provisions shall include all labeled as such and all others, which, under all the facts and circumstances indicated, are a significant provision of the franchise agreement. A material breach by grantee shall include but shall not be limited to the following:

1. Failure to begin or complete system construction, reconstruction or system extension, or system improvement as provided under the franchise;
2. Failure to provide the broad categories of services promised; assuming grantee has unsuccessfully pursued whatever recourse is available under Section

625 of the Cable Communications Policy Act of 1984;

3. Failure to restore service after ninety-six consecutive hours of interrupted service, except when approval of such interruption is obtained from the city; or

4. Material misrepresentation of fact in the application for or negotiation of the franchise.

B. The foregoing shall not constitute a material breach if the violation occurs but it is without fault of a grantee or occurs as a result of circumstances beyond its control. Grantee shall not be excused by mere economic hardship nor by misfeasance or malfeasance of its shareholders, directors, officers, or employees.

C. The city may make a written demand that a grantee comply with any such provision, rule, order, or determination under or pursuant to this chapter and franchise agreement. If the violation by the grantee continues for a period of thirty days following such written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the city may place the issue of termination of a franchise before the city council. The city shall cause to be served upon grantee at least twenty days prior to the date of such a council meeting, a written notice of intent to request such termination and the time and place of the meeting. Public notice shall be given of the meeting and issue which the council is to consider.

D. The city council shall hear and

consider the issue and shall hear any person interested therein, and shall determine in its discretion, whether or not any violation by the grantee has occurred.

E. If the city council shall determine the violation by a grantee was the fault of grantee and within its control, the council may by resolution declare that the franchise of the grantee shall be forfeited and terminated unless there is compliance within such period as the city council may fix, such period not to be less than sixty days, provided no opportunity for compliance need be granted for fraud or misrepresentation.

F. The issue of forfeiture and termination shall automatically be placed upon the council agenda at the expiration of the time set by it for compliance. The council then may terminate a franchise forthwith upon finding that grantee has failed to achieve compliance or may further extend the period in its discretion. (Ord. 1370 § 1 (part), 1985)

5.16.190 Security fund.

A. Within thirty days after the award or renewal of a franchise, a grantee shall deposit with the city a corporate surety bond in the amount of fifty thousand dollars. The bond shall be used to insure the faithful performance by a grantee of all provisions of this chapter and resulting franchise agreement; and compliance with all orders, permits and directions of any agency, commission, board, department, division or office of the city having jurisdiction over its acts or default under a franchise and the payment by the grantee of any penalties, liquidated damages, claims, liens and taxes due the

city which arise by reason of the construction, operation or maintenance of the system, including cost of removal or abandonment of any property of grantee.

B. The corporate surety bond shall be maintained at fifty thousand dollars during the entire term of a franchise, even if amounts have to be withdrawn pursuant to subsection A or C of this section. The grantee shall keep the same in force and effect at all times throughout the existence of the franchise and thereafter until grantee has liquidated all of its obligations with the city that may have arisen from the acceptance of the franchise ordinance by grantee or from the exercise of any right or privilege granted hereunder, including the removal of all poles, wires, cables, underground conduits, manholes, and other conductors and fixtures incident to the maintenance and operation of its cable system, should such removal be required by city council or undertaken by grantee upon the termination of the franchise.

C. If a grantee fails to pay to the city any compensation within the time fixed herein; or fails after ten days' notice to pay to the city any taxes due and unpaid; or fails to repay the city within ten days any damages, costs or expenses which the city is compelled to pay by reason of any act or default of the grantee in connection with a franchise; or fails after ten days' notice by the city of such failure to comply with any provision of a franchise which the city reasonably determines can be remedied by demand on the corporate surety bond. The city may immediately require payment of the amount thereof with interest and any penalties from the corporate surety bond.

D. The rights reserved to the city with respect to the corporate surety bond are in addition to all other rights of the city whether reserved by a franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such corporate surety bond shall affect any other right the city may have. (Ord. 1370 § 1 (part), 1985)

5.16.200 Construction bond.

A. 1. Within thirty days after the award or renewal of a franchise, a grantee shall obtain and maintain at its cost and expense, and file with the city clerk, a corporate surety bond in a company authorized to do business in the state of California and found acceptable by the city attorney, in the amount of five hundred thousand dollars to guarantee the timely construction, rebuild or reconstruction and full activation of the cable system and the safeguarding of damage to private property and restoration of damages incurred with utilities.

2. The bond shall provide but not be limited to the following condition: There shall be recoverable by the city, jointly and severally from the principal and surety, any and all damages, loss or costs suffered by the city resulting from the failure of a grantee to satisfactorily complete construction, rebuild, or reconstruction and fully activate the cable system throughout the franchise area pursuant to the terms and conditions of this chapter and the franchise agreement.

B. Any extension to the prescribed construction time limit must be authorized by the council. Such extension shall be authorized only when the council finds that such extension is necessary and

appropriate due to causes beyond the control of a grantee.

C. The construction bond shall be terminated only after the council finds that a grantee has satisfactorily completed initial construction and activation or reconstruction of the cable system pursuant to the terms and conditions of this chapter and the franchise agreements.

D. The rights reserved to the city with respect to the construction bond are in addition to all other rights of the city, whether reserved by this chapter or authorized by law, and no action, proceeding or exercise of a right with respect to such construction bond shall affect any other rights the city may have.

E. The construction bond shall contain the following endorsement:

It is hereby understood and agreed that this bond may not be cancelled by the surety nor the intention not to renew be stated by the surety until sixty (60) days after receipt by the City, by registered mail, of written notice of such intent to cancel or not to renew.

(Ord. 1370 § 1 (part), 1985)

5.16.210 Construction practices.

A. Any poles, cable lines, wires, conduits or other properties of the grantee shall be constructed or installed in streets in accordance with good engineering practice at such locations and in such manner as is approved by the director of public works and shall conform to all applicable codes and laws.

B. The grantee shall not install or erect any facilities or apparatus in or on other public property, places or rights-of-way, or within any privately-owned area

within the city which has not yet become a public street but is designated or delineated as a proposed public street on any tentative subdivision map approved by the city, except those installed or erected upon existing or future public utility facilities, without obtaining the prior written approval of the director of public works and the owner-subdivider.

C. In those areas and portions of the city where the transmission and distribution facilities of both the public utility providing telephone service and those of the utility providing electric service have been or are to be placed underground, then the grantee, upon written request by the director of public works so to do, shall likewise initially construct, install, operate and maintain its transmission and distribution facilities underground. For the purposes of this subsection, "underground" includes a partial underground system. Amplifiers in the grantee's transmission and distribution lines may be in appropriate housings as approved by the director of public works. The city shall not in any manner be responsible for any costs incurred by any grantee in placing his property underground. (Ord. 1370 § 1 (part), 1985)

5.16.220 Removal or abandonment of facilities.

A. In the event that the use of any part of the cable system is discontinued for any reason for a continuous period of six months, or in the event such system or property has been installed in any street or public place without complying with the requirements of this chapter, or the franchise has been terminated, cancelled or has expired, the grantee shall

promptly, upon being given ten days' written notice, remove from the streets or public places all such property and poles of such system other than any which the director of public works may permit to be abandoned in place. In the event of such removal, the grantee shall promptly restore the street or other area from which such property has been removed to a condition satisfactory to the director of public works.

B. Any property of the grantee remaining in place sixty days after the termination, forfeiture or expiration of the franchise shall be considered permanently abandoned. The director of public works may extend such time.

C. Any property of the grantee to be abandoned in place shall be abandoned in such a manner as the director of public works prescribes. Subject to the provisions of any utility joint use attachment agreement, upon permanent abandonment of the property of the grantee in place, the property shall become that of the city and the grantee shall submit to the director of public works an instrument in writing, to be approved by the city attorney, transferring to the city the ownership of such property. (Ord. 1370 § 1 (part), 1985)

5.16.230 Changes required by public improvements.

The grantee shall, at its expense, protect, support, temporarily disconnect, relocate in the same street or other public place, or remove from the street or other public place, any property of the grantee when required by the director of public works by reason of traffic conditions, public safety, street vacation, freeway

and street construction, change or establishment of street grade, installation of sewers, drains, water pipes, power lines, signal lines and tracks or any other type of structures or improvements by public agencies; provided, however, that the grantee shall in all such cases have the privilege and be subject to the obligations to abandon any property of the grantee in place, as provided in this chapter. (Ord. 1370 § 1 (part), 1985)

5.16.240 Failure to complete work.

Upon failure of the grantee to commence, pursue or complete any work required by law or by the provisions of this chapter or by its franchise to be done in any street or other public place, within the time prescribed, and to the satisfaction of the director of public works, the director of public works may, at his option, cause such work to be done and the grantee shall pay to the city the cost thereof in the itemized amounts reported by the director of public works to the grantee within thirty days after receipt of such itemized report. (Ord. 1370 § 1 (part), 1985)

5.16.250 Insurance.

A. The grantee shall indemnify the city, its officers and its employees against all claims, demands, actions, suits and proceedings by others, against all liability to others, and against any loss, cost and expense resulting therefrom, including reasonable attorneys' fees, arising out of the exercise and enjoyment of its franchise irrespective of the amount of the comprehensive liability insurance policy required under this section.

B. The grantee shall at all times during the existence of any franchise issued under this chapter maintain in full force and effect, at its own cost and expense, a general comprehensive liability insurance policy, in protection of the city, its officers, boards, commissions, agents and employees, in a company approved by the city attorney and in a form satisfactory to the city attorney, protecting the city and all persons against liability for loss or damage for personal injury, death and property damage, occasioned by the operations of the grantee under such a franchise, and for property damage; provided, that the maximum amount for which liability shall be assumed, and requirements for the city being named an additional insured, and any other insurance requirements shall be as set and required from time to time by resolution of the city council. A copy of such policy or policies, or certificates of insurance showing the existence of such insurance coverage, shall be filed by the grantee with the city clerk.

C. The policies mentioned in subsection B of this section shall name the city, its officers, boards, commissions, agents and employees, as additional insureds, shall contain a contractual liability endorsement approved by the city attorney and shall contain a provision that a written notice of any cancellation or reduction in coverage of such policies shall be delivered to the city manager thirty days in advance of the effective date of the cancellation or reduction. (Ord. 1370 § 1 (part), 1985)

5.16.260 Right of inspection—Plans and records.

A. At all reasonable times, the grantee

shall permit any duly authorized representative of the city to examine all property of the grantee, together with any appurtenant property of the grantee situated within or without the city, and to examine and transcribe any and all maps and other records kept or maintained by the grantee or under its control which deal with the operations, affairs, transactions or property of the grantee in relation to its franchise. If any maps or records are not kept in the city, and upon reasonable request they are not made available in the city, and if the council determines that an examination of them is necessary or appropriate, then all travel and maintenance expense necessarily incurred in making such examination shall be paid by the grantee.

B. The grantee shall prepare and furnish to the director of public works and the city manager at the times and in the form prescribed by either of such officers, such reports with respect to its operations, affairs, transactions or property, as may be reasonable, necessary or appropriate to the performance of any of the rights, functions or duties of the city or any of its officers in connection with the franchise.

C. The grantee shall at all times make and keep in the city full and complete plans and records showing the exact location of all cable system equipment installed or in use in streets and other public places in the city.

D. When any portion of the cable system is to be installed on public utility poles and facilities, certified copies of the agreements for such joint use of poles and facilities shall be filed with the director of public works. (Ord. 1370 § 1 (part), 1985)

5.16.270

5.16.270 Service standards.

A. A grantee shall put, keep, and maintain all parts of the system in good condition throughout the entire franchise period.

B. Upon termination of service to any subscriber, a grantee shall promptly remove all its facilities and equipment from the premises of such subscriber upon subscriber's request, unless said service serves multiple users.

C. Grantee shall render efficient service, make repairs promptly, and interrupt service only for good cause and for the shortest time possible. Such interruptions, insofar as possible, shall be preceded by notice and shall occur during periods of minimum system use.

D. Grantee shall not allow its cable or other operations to interfere with television reception of persons not served by grantee, nor shall the system interfere with, obstruct or hinder in any manner, the operation of the various utilities serving the residents of the city.

E. A grantee shall continue through the term of the franchise to maintain the technical, operational, and maintenance standards and quality of service set forth in this chapter and franchise agreement. Should the city find, by resolution, that a grantee has failed to maintain these standards and quality of service, and should it, by resolution specifically enumerate improvements to be made, a grantee shall make such improvements. Failure to make such improvements within forty-five days of such resolution will constitute a material breach of condition for which the remedy of Section 5.16.160 is applicable. (Liquidated Damages.) (Ord. 1370 § 1 (part), 1985)

5.16.280 Continuity of service mandatory.

A. 1. It shall be the right of all subscribers to continue receiving service insofar as their financial and other obligations to a grantee are honored.

2. In the event of a change of grantee, or in the event a new operator acquires the system, a grantee shall cooperate with the city, new grantee or operator in maintaining continuity of service to all subscribers. During such periods, grantee shall be entitled to the revenues for any period during which it operates the system, and shall be entitled to reasonable costs for its services when it no longer operates the system.

B. In the event grantee fails to operate the system for ninety-six consecutive hours without prior approval of the city or without just cause, the city may at its option, operate the system or designate an operator until such time as grantee restores service under conditions acceptable to the city or a permanent operator is selected. If the city is required to fulfill this obligation for a grantee, the grantee shall reimburse the city for all reasonable costs or damages in excess of revenues from the system received by the city that are the result of the grantee's failure to perform. (Ord. 1370 § 1 (part), 1985)

5.16.290 Performance evaluation sessions.

A. The city and a grantee shall hold scheduled performance evaluation sessions within thirty days of the fourth, eighth, twelfth and sixteenth anniversary dates of a grantee's award of the franchise and as may be required by federal and state law.

B. Special evaluation sessions may be held at any time during the term of a franchise at the request of the city or the grantee.

C. All evaluation sessions shall be open to the public and announced in a newspaper of general circulation in accordance with legal notice. Grantee shall notify its subscribers of all evaluation sessions by announcement on its system between the hours of seven p.m. and nine p.m. for five consecutive days preceding each session.

D. Topics which may be discussed at any scheduled or special evaluation session may include, but not be limited to, service rate structures; franchise fee; liquidated damages; free or discounted services; application of new technologies; system performance; services provided; programming offered; customer complaints; privacy; amendments to this chapter; judicial and FCC rulings; line extension policies; and grantee or city rules. (Ord. 1370 § 1 (part), 1985)

5.16.300 New developments.

A. Subsequent to each performance evaluation session as set forth in Section 5.16.290, the city council shall have the authority to order a public hearing on the provision of additional channel capacity by grantee or on the inclusion in the grantee's cable system of "state of the art" technology or upgraded facilities. Notice of such hearing shall be provided to grantee and the public not later than thirty days prior to such hearing.

B. If after such hearing the city council determines that: (1) there exists a reasonable need and demand for additional channel capacity and/or state of the art

technology or upgraded facilities, and (2) provision has been made or will be made for adequate rates which will allow grantee a fair rate of return on its investment (including the investment required to provide the additional channel and/or the state-of-the-art technology or upgraded facilities), and (3) will not result in economic loss for the grantee, the city council may order grantee to provide a specified number of additional channels and/or specified state-of-the-art technology or upgraded facilities. Without implying any limitations as to other provisions of this chapter, this section is deemed a material provision within the meaning of Section 5.16.180. (Ord. 1370 § 1(part), 1985)

5.16.310 Filings with city.

All matters provided in this chapter to be filed with the city, unless provided otherwise in this chapter, shall be filed with the city manager. (Ord. 1370 § 1 (part), 1985)

5.16.320 Fiscal report.

The grantee shall file annually with the city manager no later than one hundred twenty days after the end of the grantee's fiscal year, a copy of a financial report applicable to the cable system serving Lodi, or its corporate annual report, including an income statement applicable to its operation during the preceding twelve-month period, a balance sheet, a statement of its properties devoted to the cable system operations, by categories, giving its investment in such properties on the basis of original cost, less applicable depreciation, a statement of sources and application of funds; and a statement

5.16.320

of current subscriber and penetration reached for each class of cable service. These reports shall be certified as correct by an authorized officer of grantee and there shall be submitted along with them such other reasonable information as the city shall request. (Ord. 1370 § 1 (part), 1985)

5.16.330 Refusal of service.

Subject to Section 5.16.110, no person or entity in the existing service area of the grantee shall be arbitrarily refused service; provided, however, that the grantee shall not be required to provide service to any subscriber who does not pay the applicable connection fee or monthly service charge or any other charges as provided by this chapter or any resolution granting the franchise. (Ord. 1370 § 1 (part), 1985)

5.16.340 Service contract.

A. Before the grantee shall provide antenna service to any subscriber, the grantee shall obtain a signed contract from the subscriber containing a provision substantially as follows:

Subscriber understands that in providing antenna service (Grantee) is making use of public rights-of-way and that the continued use of these public rights-of-way is in no way guaranteed. In the event the continued use of such rights of way is denied to (Grantee) for any reason, (Grantee) will make every reasonable effort to provide service over alternate routes. Subscriber agrees he will make no claim nor undertake any action against the City of Lodi, its officers, its employees, or

(Grantee) if the service to be provided by (Grantee) hereunder is interrupted or discontinued because the continued use of such rights of way is denied to (Grantee) for any reason.

B. The form of the grantee's contract with its subscribers, shall be subject to approval of the council with respect to the installation of this provision. (Ord. 1370 § 1 (part), 1985)

5.16.350 Television sale or repair.

The grantee or any of its employees during their course of employment shall not engage in the business of selling or leasing television or other receivers which make any use of signals transmitted by its system, nor shall the grantee or any of its employees during the course of their employment engage in the repair of such receivers or the sale of parts for the same. This restriction shall not apply to a converter that increases the capacity of the system that may be sold or leased by the grantee to a subscriber. (Ord. 1370 § 1 (part), 1985)

5.16.360 Free service.

The grantee shall provide free of charge a service drop for cable service for all public and nonprofit private schools, city police and fire stations, city recreation centers, and any additional municipal buildings designated by the city council; provided, such locations are passed by transmission cable maintained for the service of paying subscribers. If the service drop exceeds one hundred fifty feet, the grantee may charge for the excess footage on the basis of time and materials. (Ord. 1370 § 1 (part), 1985)

5.16.370 Moving of buildings.

The grantee shall, on the request of any person holding a building moving permit issued by the city, temporarily raise or lower its wires to permit the moving of buildings. The expense of such temporary removal or raising or lowering of wires shall be paid by the permittee. The grantee shall be given not less than five working days advance notice to arrange for such temporary wire changes. (Ord. 1370 § 1 (part), 1985)

**5.16.380 Unauthorized connections—
Tampering.**

A. It is unlawful for any person, firm or corporation to make any unauthorized connection, whether physically, acoustically, inductively, electronically or otherwise, with any part of a franchised cable system within the city for the purpose of taking or receiving television signals, radio signals, pictures, programs, sound or electronic impulses of any kind for the purpose of enabling himself or others to receive any such television signal, radio signal, picture, program, sound or electronic impulses.

B. It is unlawful for any person, without the consent of the grantee, to wilfully tamper with, remove, obstruct or injure any cables, wires, devices or equipment used for the distribution of television signals, radio signals, pictures, programs, sound or electronic impulses of any kind. (Ord. 1370 § 1 (part), 1985)

5.16.390 Transfers and assignments.

A. 1. A franchise shall not be sold, assigned or transferred, either in whole or in part, or leased, sublet, nor shall title thereto, either legal or equitable or any

right, interest or property therein, pass to or vest in any person without the prior written consent of the city. Such consent shall not be withheld unreasonably.

2. No such consent shall be required for a transfer in trust, mortgage, or other hypothecation as a whole or in part to secure an indebtedness.

3. The proposed assignee must show technical ability, financial capability, legal qualification and general character qualifications as determined by the city and must agree to comply with all provisions of the franchise and such conditions as may be prescribed by council expressed by resolution. City shall be deemed to have consented to a proposed transfer or assignment in the event its refusal to consent is not communicated in writing to grantee within one hundred twenty days following receipt of written notice of the proposed transfer or assignment.

B. The grantee shall promptly notify the city of any actual or proposed change in or transfer of, or acquisition by any other party of, control of the grantee. The word "control" as used herein is not limited to major stockholders but includes actual working control in whatever manner exercised. Every change, transfer, or acquisition of control of the grantee shall make the franchise subject to cancellation unless and until the city shall have consented thereto, which consent will not be unreasonably withheld. For the purpose of determining whether it shall consent to such change, transfer or acquisition of control, the city may inquire into the qualifications of the prospective controlling party and the grantee shall assist the city in any such inquiry.

5.16.390

C. A rebuttable presumption that a transfer of control has occurred shall arise upon the acquisition or accumulation by any person or group of persons of ten percent of the voting interest of the grantee.

D. The consent or approval of the city council to any transfer of the franchise shall not constitute a waiver or release of the rights of the city in and to the streets, and any transfer shall by its terms, be expressly subject to the terms and conditions of a franchise.

E. In any absence of extraordinary circumstances, the city will not approve any transfer or assignment of a franchise prior to substantial completion of construction or reconstruction of proposed system.

F. In no event shall a transfer of ownership or control be approved without successor in interest becoming a signatory to the franchise agreement. (Ord. 1370 § 1 (part), 1985)

5.16.400 Access channels.

A. Each cable system franchised by the city shall provide at least one channel dedicated to access for use by the public as well as governmental and educational agencies.

B. If the access channel is being utilized more than eighty percent of the time between four p.m. and eleven p.m. for twelve consecutive weeks, grantee shall, upon written notice from the city, make additional community access channel(s) available for the same purpose(s), with a maximum of three community access channels to be dedicated for these said purpose(s).

C. Nothing in this section shall

require grantee to construct additional channel capacity to the system for the sole purpose of providing additional access channels.

D. Whenever any access channel is utilized less than four hours per day for six days per week for twelve consecutive weeks, the grantee may be permitted to utilize unused access channel capacity for different and additional purposes, under rules and procedures established by the city.

E. Grantee shall record all requests for use of access channel. Whenever such records indicate in the opinion of the city council that an excessive number of people or programs are being turned away for lack of available access channel capacity; or whenever the criteria in subsection B are exceeded for any one of the existing access channel uses, those access channels which have been permitted by the city for "interim" use by a grantee shall each be restored to public, governmental or educational use as applicable. (Ord. 1370 § 1 (part), 1985)

5.16.410 Waivers.

A. Any provision of this chapter may be waived at the sole discretion of the city by resolution of the city council.

B. Grantee may submit a request for waiver to the city council at any time during the franchise term. Such request for waiver may, at the sole discretion of the city council, be set for public hearing and a decision shall be made within one hundred and twenty days following the submission. Procedures for modification of franchise obligations shall be in compliance with Section 625 of the Cable Communications Policy Act of 1984.

C. The city council may authorize the economic, technical or legal evaluation of such waiver request and grantee shall be required to reimburse the city for any expenditures incurred by city in connection with such evaluation.

D. This section is enacted solely for the convenience and benefit of the grantor and shall not be construed in such a manner as to create any right or entitlement for the grantee. (Ord. 1370 § 1 (part), 1985)

5.16.420 Required services and facilities.

A. A franchise application shall include a description of the grantee's system design and a description of the broad categories of programming and services being offered, including optional premium services, a description of facilities being proposed for local origination programming, and facilities being offered to various community institutions. The offer of the broad categories of programming and services contained within a grantee's application shall be deemed a binding offer of such grantee for and to the benefit of the city and the subscribers of grantee. In the event a program originator ceases to provide a service, or in the event the grantee determines that other cable services may be of greater benefit to subscribers, the grantee may, subject to subsections B and C, substitute or drop such services.

B. The system, after the incorporation of such substitute services, shall satisfy the warranty made by grantee to subscriber and potential subscriber in its application for a franchise. The city council, on behalf of system subscribers,

shall have the right to review any substitution of service or change in broad categories of programming that the grantee has made and may order a change therein if it determines, after due hearing on notice, that the warranty has been violated or that certain broad categories of programming and services that were committed by grantee in its proposal are not being delivered. Any such order shall issue only after a public hearing has been scheduled and held; and written notice of such hearing shall have been provided to the grantee and to the public at least thirty days prior to such hearing. Any such order may be enforced by an appropriate action in the courts of California or of the United States. A grantee shall not, in relation to this section, be deemed to have waived any right accorded to a franchised cable television operator arising under the First Amendment to the Constitution of the United States, or under the Cable Communications Policy Act of 1984.

C. Notwithstanding subsections A and B, a grantee may, in accordance with the Cable Communications Policy Act of 1984, upon thirty days' advance notice to the city, rearrange, replace or remove a particular cable service required by the franchise if:

1. Such service is no longer available to the grantee; or

2. Such service is available to the grantee only upon the payment of a royalty required under Section 801(b)(2) of Title 17, United States Code, which the grantee can document:

a. Is substantially in excess of the amount of such payment required on the

5.16.420

date of the grantee's offer to provide such service, and

b. Has not been specifically compensated for through a rate increase or other adjustment.

D. Notwithstanding subsections A and B, a grantee may take such actions to rearrange a particular service from one service tier to another, or otherwise offer the service, if the rates for all of the service tiers involved in such actions are not subject to regulation. (Ord. 1370 § 1 (part), 1985)

5.16.430 Construction and technical standards.

A. Compliance with Construction and Technical Standards. Grantee shall construct, install, operate and maintain its system in a manner consistent with all laws, ordinances and construction standards of the city; the standards of Good Engineering Practices for Measurements on Cable Television System, published by the National Cable Television Association, 1983; and detailed standards submitted by grantee as part of its application, which standards are incorporated by reference in the franchise agreement. In addition, grantee shall provide the city, upon request, with a written report of the results of grantee's annual proof of performance tests. In the event of the repeal of FCC Rules and Regulations, Part 76, grantee shall pay the costs incurred by the city for any technical assistance deemed necessary by the city for obtaining independent verification of technical compliance with all standards. This includes the costs that may be

incurred by the city for checking compliance during the evaluations required in Section 5.16.290.

B. Additional Specifications.

1. Construction, installation and maintenance of the cable system shall be performed in an orderly and workmanlike manner. All cables and wires shall be installed, where possible, parallel with and in the same manner as electric and telephone lines. Multiple cable configurations shall be arranged in parallel and bundled with due respect for engineering considerations. Underground installations shall be in conformance with applicable codes.

2. Grantee shall at all times comply with:

a. National Electrical Safety Code (National Bureau of Standards);

b. National Electrical Code (National Bureau of Fire Underwriters);

c. Bell System Code of Pole Line Construction; and

d. The Standards of Good Engineering Practice for Measurements on Cable Television Systems (National Cable Television Association), 1983.

3. Furthermore, the system shall not endanger or interfere with the safety of persons or property in the franchise area or other areas where the grantee may have equipment located. (Ord. 1370 § 1 (part), 1985)

C. A rebuttable presumption that a transfer of control has occurred shall arise upon the acquisition or accumulation by any person or group of persons of ten percent of the voting interest of the grantee.

D. The consent or approval of the city council to any transfer of the franchise shall not constitute a waiver or release of the rights of the city in and to the streets, and any transfer shall by its terms, be expressly subject to the terms and conditions of a franchise.

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date of the grantee's offer to provide such service, and

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(Lodi 3-86)

incurred by the city for checking compliance during the evaluations required in Section 5.16.290.

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2. Grantee shall at all times comply with:

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d. The Standards of Good Engineering Practice for Measurements on Cable Television Systems (National Cable Television Association), 1983.

3. Furthermore, the system shall not endanger or interfere with the safety of persons or property in the franchise area or other areas where the grantee may have equipment located. (Ord. 1370 § 1 (part), 1985)

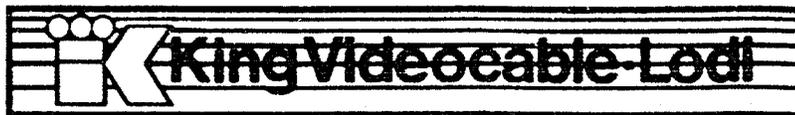
Chapter 5.20

PAWNBROKERS, JUNK AND SECONDHAND DEALERS

Sections:

5.20.010 Definitions.

EXHIBIT B



This Proposal* is
on file in the
City Manager's
office.
Proposal dtd:2-25-86
*(approximately
250 pages)

A Cable Television Proposal for the
Community of

LODI, CALIFORNIA

King Videocable Company
1521 South Stockton Street
Lodi, California 95240
(209) 369-7451

CITY COUNCIL

FRED M. REID, Mayor
EVELYN M. OLSON
Mayor Pro Tempore
DAVID M. HINCHMAN
JAMES W. PINKERTON, Jr.
JOHN R. (Randy) SNIDER

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634

Contract
Franchises

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

August 5, 1986

Mr. Richard D. Shay
Vice President, Planning & Operations
King Videocable Company
1521 South Stockton Street
Lodi, CA 95240

Dear Dick:

The City has completed its review of King Videocable Company's response to our Request for Proposal (RFP). We have been assisted in this review via our contract for professional services with CTIC Associates.

As you are aware, the Cable Communications Act of 1984 authorizes the City to make whatever requirements it feels are necessary with respect to system design, facilities and equipment. In this regard, we believe there are a number of points made in the evaluation which merit your attention and response. These are:

- There must be some discussion on how and under what circumstances channel capacity can be expanded from 35 channels to 54 or 60-channel capacity. The City would like to discuss with King Videocable what would "trigger" such an increase in capacity. Perhaps there should be some language in the ordinance providing for such a "trigger".
- Language on Page 3, Exhibit 2 of the King Videocable response reserves to the company the final authority concerning program suitability for access channels. We are advised that the Cable Communications Policy Act of 1984 gives the City the authority to establish its rules with respect to use and development of the access channels, and that the cable operator shall not have any editorial control over any public, educational or government use of channel capacity.
- On pages 12 and 16 there is language that the company's offer of service and rates "does not constitute a warranty" for the City and cable customers. This appears to qualify the proposal so as to nullify the intent of Lodi Municipal Code Section 5.16.420 (Cable ordinance attached) which requires in part: "...a description of grantee's system design and a description of the broad categories of programming and services being offered, including optional premium services, a description of facilities being proposed for local origination programming, and facilities being offered to various community

institutions. The offer of the broad categories of programming and services contained within a grantee's application shall be deemed a binding offer of such grantee for and to the benefit of the City and the subscribers of grantee." The Executive Summary on page 12 and 16 of the RFP submitted by King Videocable should in fact refer to this language.

- . We note that King Videocable has stated that "No emergency alert system is included in the design of the system, however, such services can be added to the system should it become necessary". Section 6.(f) of the City's RFP requires an emergency audio override system. This is an emergency system which can be readily activated during public emergencies. This feature should be made available to the City and its resident during the system rebuild, as stated in the RFP.
- . Distribution System Design/Channel Capacity - It appears the company is being inconsistent in describing the exact specifications of the system. In responding to technical questions, King Videocable refers to a bandwidth of 450 MHz, while in the onset of the proposal the reference is to a 440 MHz bandwidth. All electronics and passives, as installed, must be capable of passing 450 MHz.
- . Distribution System/Service Area - The City required the service area to be defined or show the service areas that would receive service initially and those areas that would receive service after initial construction. King Videocable has submitted its map showing three separate construction phases. This map shows the City limits as they essentially exist today. There should be language in the RFP which addresses construction in newly annexed and developed areas.
- . Subscriber Service/Parental Control - King Videocable has not directly stated that a parental control device would be available, although it is so stated in the technical forms. The City's position is that the parental control device is required as well as a device which would be put on the system outside the home to keep out certain channels and that King Videocable should provide more information as to how the trap will be made available to the subscriber, i.e., for sale, lease or free of charge.
- . Addressable Converters - We understand that there are two different types of converters: One is an addressable converter for the delivery of subscriber services. It allows the operator to change the level of authorized service without requiring an on-site service call. The second is the programmable converters which King Videocable has proposed. With this converter, it is necessary for the subscriber or serviceman to exchange the converter or have it re-programmed at the cable company office. It appears that King Videocable has not met the required addressable technology in its proposal in this regard.

Further, the company will probably scramble those channels on its expanded entertainment service. For pay service subscribers, a converter/descrambler will be necessary. This may cause some confusion to subscribers. It would seem appropriate that the company develop a strong informational and educational program to alert subscribers to the changes.

- . We would appreciate learning whether or not any old or existing equipment will be used in the system rebuild.
- . How will the new system be constructed? Will it be constructed in such a way as to be attached directly to the old system as a support mechanism, or will the company be temporarily moving the old system prior to installing the new? Will the old system remain on the poles after reconstruction or will the old system be scrapped?
- . Capital Expenditures - We note that no funds have been budgeted for program origination equipment after 1985 other than \$25,000 for studio equipment in 1991. We would appreciate clarification as to how the company plans to provide the equipment listed in its proposal (\$55,388).
- . Access Facilities and Community Programming - The City has required three channels dedicated for public access, educational access, and government access. King Videocable responded by offering one composite channel and reserving two channels for future use. Municipal Code Section 5.16.400 (attached) requires a franchise to provide at least one channel dedicated for access and the City's specification required three channels. Technically the company has offered at least three access channels but will only activate one channel initially. How will these channels be "guaranteed"?

King Videocable also did not describe how it plans to provide commercial leased access channels required under the Cable Communications Policy Act. Further, how will King Videocable make available facilities and staff for these local access channels at a minimum of 15 hours per week and also, how does the company plan to enhance the quality of programming from City Hall. King Videocable has stated that the studio will be available, but that the equipment listed will not be available to access users.

In the City's RFP, we said that we wanted a character generator system with two remote keyboards/19" color monitors installed for use by the City and school system. King Videocable did not address such a system in its proposal.

Richard D. Shay
August 5, 1986
Page 4

It is entirely possible that some of the matters enumerated herein may be covered in King Videocable's submittal and may have been inadvertently overlooked. We will appreciate your bringing these to our attention. We have this matter scheduled for a City Council work study session August 26, 1986. I feel it would be beneficial for us to review our comments prior to that meeting. If that date is inconvenient, we can always work around it.

I look forward to discussing this with you in the near future.

Sincerely,



Thomas A. Peterson
City Manager

TAP/br

attachments

cc: Deanna Enright



King Videocable Company

1521 S. Stockton Street
Lodi, California 95240
209/369-7451

An Affiliate of King Broadcasting Company

August 9, 1986

Tom Peterson
City Manager
City of Lodi
221 West Pine Street
Lodi, CA 95240

Dear Tom:

We are pleased to respond to your August 5 letter and comments on our proposal for franchise renewal. The proposal, because of its size and complexity, has areas that we can clarify as you have requested. In order to keep our comments in some sort of order we have numbered the questions you raised in your letter.

1. Channel capacity:

The new system will be designed and constructed using equipment and methods now considered the state of the art for cable TV. Upon completion of the rebuild our system can immediately accommodate up to 60 television channels. We will not be upgrading the system to only 35 channels with the thought of later upgrading the system again to 60 channels.

2. Authority for Access channels:

Control over programming content on access channels is restricted with respect to existing Federal and State law concerning obscenity, violation of copyrights, advertisement of a lottery, or commercial content. We feel these restrictions are our responsibility as a cable operator and we should maintain the right to reject programming that violates these laws. However, we are in no way attempting to restrict the City's rights and obligations concerning the use and development of the access channels. We developed the Local Access Rules and Procedures (Exhibit 2) in response to Section D, question 1, of the City's RFP. We feel these rules fill a present void concerning the operation of the local access channel, and the City's RFP prompted us to do something we should have done years ago. If the City Council would like to have new rules prepared we will welcome your involvement in this area. It is not our desire to exercise editorial control over the PEG channels.

EXHIBIT D

3. A Warranty?:

We are unable to warrant and guarantee programming as it is often times not within our control. As Section 5.16.420 of the Lodi Municipal Code states, "In the event a program originator ceases to provide a service, or in the event grantee determines that other cable services may be of greater benefit to subscribers, the grantee may, subject to subsections B and C, substitute or drop such services."

In compliance with Section 5.16.42, King proposes to provide the following broad categories of programming: educational, religious, children's, news sports, entertainment, and Public, Educational, and Governmental Access. Initially, we intend to address these broad categories of programming through the specific services set forth on pages 1-2, Section III, of our proposal. King Videocable Company retains its editorial discretion to alter this channel lineup at any time so as to be able to respond to changing customer needs and interests.

4. Emergency alert system:

Our cable system serves less than 50% of the homes within Lodi. Given the number of years we have been trying to increase this number, we do not feel that we will ever serve much more than one half of the households in Lodi. At the time of an emergency other media - radio, broadcast TV, even newspapers, would reach more people than cable TV.

King and the City have had a very close working relationship in times of emergency. The most recent example is last spring's flooding. We opened our studios and cable system to the City's emergency team. Our employees actively supported the City's efforts. The American Red Cross and other outside emergency groups used the resources of King to communicate with Lodi residents. We believe this spirit of cooperation is a more practical answer to the City's needs. In addition, information could appear on the City's access channel as you will have control of that channel at City Hall.

However, we recognize the city's desire to provide an emergency alert system. We have looked into an audio only over-ride system. This equipment would provide an instantaneous over-ride of all channels. Information provided would tell viewers to turn to another channel or would give actual instructions to follow. The acost of this system is approximately \$10,000. We are concerned about the effectiveness of a cable-based alert system. We respectfully request that the city council not require this feature for the city's new cable system.

5. System design and capacity:

Our proposal was inconsistent in this area. The new system will be designed and constructed using equipment and methods that will assure a forward bandwidth of 450MHz.

6. Construction in newly annexed areas:

King Videocable Company has expanded its system as the city has grown over the last 18 years. We intend to continue to serve all areas of the city when it expands and is economically feasible for us to extend the cable system. In compliance with the City's RFP, our line extension policy is to extend the system whenever density of homes passed per street mile of system would equal 40 homes. Please see page 1, Section VII of our proposal.

7. Subscriber service/parental control:

Pursuant to Section 624 of the Cable Act, parental control key lock equipment is available, for purchase at our cost, to control viewing of channels a customer subscribes to, but wishes to restrict. Signal traps are available without charge, upon customer request, to eliminate signals the customer does not subscribe to and does not desire to be audible although such signals are already in a scrambled mode. Signal traps and key lock equipment are available now and will continue to be available.

8. Addressable converters:

Addressable converters are not proposed at this time. We do not feel it is the solution to customer convenience given the current incompatibility of television sets, VCRs, and cable TV equipment in the home. The proposed system requires no converter for basic customers with cable compatible sets (those able to tune beyond channel 13). We expect our expanded basic service not to require a converter and only those customers without cable compatible sets and premium service customers will need to have converters.

Addressability is a feature that is a convenience for only a small group of customers for 1 type of transaction - a change in existing pay services to a different combination of pay services. Currently we have more than 3200 customers with pay services. Of those customers, less than 70 change their pay services during an average month. With 9400 total customers, less than 1% would benefit monthly from addressability. Installation of new customers, disconnecting, and other types of changes in services would still require the customer to come into our sales office or for us to send an employee to the customer's home. We do more than 700 of these transactions during an average month.

Addressability would cost in excess of \$450,000 for 3200 customers.

9. Old equipment:

The system will be rebuilt utilizing existing 1/4" steel strand for supporting cable in overhead areas and will use existing conduit in underground areas. All cable and equipment will be replaced with new cable and equipment except in areas built within the last 3 years that already meet the new specifications.

10. New system construction:

Because Lodi has approximately 70% backyard easements we want to be sensitive to property owners' concerns. Normal construction is done in a step by step fashion. The old plant is removed. New cable is lashed to the strand. New electronic equipment is spliced onto the cable. The new system is tested and balanced, and finally the customer drop is changed over to the new system. These steps can mean 6 separate times

construction crews enter property, with long delays of service for the customer. We propose to do all steps in one operation, working on a small section each day so that most property is entered only once. Service is off for that small section only 1 day and is back on, construction complete, at the end of the day. In areas where trunk lines are being built old trunk will be lowered on the poles, but will remain active until the new section of trunk is rebuilt. The old trunk will then be removed. All of the old cable and equipment will be removed and scrapped.

11. Capital expenditures:

This area of our proposal is also confusing and we will try to clarify for you our proposed program origination equipment plans. In fact we are not proposing to purchase any new equipment or facilities for local access and local origination. Since you have recently toured our new facilities on South Stockton Street, you are aware of the major expenditures King has made this past year to upgrade our studio facilities and production capabilities. This renewal process has taken a little longer than anyone anticipated and we felt that we could not wait until after renewal to upgrade our equipment and facilities. So we went ahead before renewal. The Financial Information Forms, Section VI, show that King spent \$108,000 upgrading our program origination equipment and facilities in 1985-1986. This included \$30,000 for remote production capabilities. The proposal details the actual equipment and facilities already in place to better serve Lodi. The equipment is in use today and we hope you have already seen a major improvement in the picture quality of our public access and local origination work.

12. Access channels:

We felt that we had responded to the City's regulatory ordinance by proposing one combined channel for public, educational, and governmental access. Section 5.16.400 of the Lodi Municipal Code provides a process by which additional channels will be activated. However, if the city desires and is prepared to use a channel, King Videocable Company can provide a fulltime access channel for the city's use as soon as channel capacity has been expanded with the rebuild. Further, we could provide the necessary modulator, demodulator, character generator, and monitor so that information can be provided to our customers directly from City Hall at any time. This channel would also be used to broadcast city council meetings and other programming originating at city hall. Further, facilities are planned at Hutchins St. Square so that programming may also originate there for the city's channel. We will continue to program an access channel from our building.

13. Leased access:

Section 612 of the Federal Cable Act spells out very specifically commercial leased access requirements. King intends to fully comply with the requirements of this Federal law.

14. Available facilities:

The current lack of requests for local access in Lodi is a reflection of the very low interest in this area. Currently our building is staffed for access from 8:00am to 10:00pm, Monday through Friday. Access equipment and facilities are available during much of that time. Equipment listed is available for access within the studio. Community access users may also be loaned equipment to use outside the building. The quality of programming at City Hall is primarily related to the Council Chambers themselves. Since new Chambers are being planned with telecasting in mind, the concerns with the quality of programming should be resolved.

15. Character generators:

Character generators can be made available upon request for the city and the school system. Please see our comments under item 12. Monitors are normally 9-11" (19" is too large for this purpose) and can also be provided.

We look forward to discussing these issues prior to the September 16 work session and hope that our response has answered your concerns. Our goal is always to provide quality service with a variety of programming choices for the customer. Section V in our proposal outlines our policy for response to routine service calls, installation problems, outages, and response after hours. All of our staff receive specific training in meeting our customer service goals. Section 5.16.140 of Ordinance 1370 gives very strict operating procedures for us to follow. Both the customer and the city have recourse to resolve problems. Customer service will continue to be our highest priority.

Sincerely,

Deanna Enright
General Manager-Lodi

Richard D. Shay
Vice President, Planning & Operations