

FINANCIAL IMPACT STATEMENT For Council Action Items

184206

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Mary Beth Henry		Telephone No 3-5414	2. Bureau/Office/Dept. OCC/FM
5a. To be filed (date) October 20, 2010	5b. Calendar (Check One) Regular Consent 4/5ths X	3. Date Submitted to FPD Budget Analyst: October 20, 2010	

1) Legislation Title: Authorize change in control of the cable franchise held by Qwest Broadband Services, Inc to CenturyLink, Inc. (Ordinance)

2) Purpose of the Proposed Legislation: The City has to consent to the transfer of the cable franchise from Qwest Broadband Services to CenturyLink, Inc per the franchise. (Ordinance)

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source There is currently no revenue associated with this franchise. If CenturyLink decides to deploy cable service there will be revenue. However it is not possible to project any revenue at this time.

4) Expense:

What are the costs to the City as a result of this legislation? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required) None.

5) Will any positions be created, eliminated or reclassified in the current year as a result of this legislation? (If new positions are created please include whether they will be parttime, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)

n/a

6) Will positions be created or eliminated infuture years as a result of this legislation?No

7) Change in Appropriations (Please reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.N/A

Fund	Center Code	Account	Amount	Project Fund	Project No.

APPROPRIATION UNIT HEAD (Typed name and signature)

David C. Olson, Director Office of Cable Communications and Franchise Management



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CITY OF PORTLAND, OREGON**Office of Cable Communications and Franchise Management**

Amanda Fritz, Commissioner
David C. Olson, Director
1120 SW 5th Avenue, Room 1305 • Portland, Oregon 97204
503-823-5385 • Fax 503-823-5370 • TDD 503-823-6868
www.portlandonline.com/cable

City Council
Agenda Item
Staff Supplemental Report

TO: Commissioner Amanda Fritz

THROUGH: Office of Cable Communications and Franchise Management

FROM: David C. Olson, Director 
Contact Person: Mary Beth Henry, 823-5414

DATE: October 20, 2010

RE: Authorize change in control of the cable franchise held by Qwest Broadband Services, Inc to CenturyLink, Inc. (Ordinance)

Requested Placement Date: Regular Agenda on November 3, 2010 @ 10:15 Time Certain

I. RECOMMENDATION

Approve the transfer ordinance and acceptance as recommended by the Mt. Hood Cable Regulatory Commission.

II. BACKGROUND

CenturyLink, Inc ("CenturyLink") has agreed to acquire Qwest Communications International Inc. ("QCII") pursuant to an agreement between the parties dated April 21, 2010. Under the terms of the parties' merger agreement ("Transaction"), QCII will become a wholly-owned subsidiary of CenturyLink, subject to and contingent upon closing of the Transaction.

Qwest Broadband Services, Inc. ("Qwest BSI") presently owns and controls a cable franchise ("Qwest cable franchise") issued by the City of Portland ("City") pursuant to Ord. No. 181414, passed by the Council on November 14, 2007. Qwest BSI is a wholly owned subsidiary of Qwest Services Corporation, which is a wholly owned subsidiary of QCII. The Qwest cable franchise was duly accepted by Qwest BSI and became effective on and after January 13, 2008 for a term of six years.

Section 15.2 of the Qwest cable franchise prohibits a franchise transfer or change in control as that term is defined in the Franchise without the prior consent of the City of Portland expressed by ordinance. CenturyLink and Qwest BSI filed an FCC Form 394, Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, which was received by the Mt. Hood Cable Regulatory Commission on July 27, 2010 ("Application").

As set forth in the Intergovernmental Agreement (IGA) which created the MHCRC, the member cities have reserved full authority to act on their own behalf regarding any proposed change in ownership or control of a cable franchise. However, under the IGA the cities have agreed to take no action in these areas until the MHCRC has had an opportunity to give prior consideration and make a recommendation on the matter.

The MHCRC held a public hearing and work session on September 20, 2010 to consider the views expressed by the public and interested parties, together with information received from Qwest BSI, CenturyLink, and MHCRC staff. Upon considering this information, the MHCRC has recommended that the City approve the proposed parent level change of control of the Qwest cable franchise to CenturyLink under certain conditions, including the following:

- (a) Qwest BSI, as a subsidiary of CenturyLink, will comply with all requirements of the Franchise consistent with applicable federal and state law;
- (b) Approval of the Application is expressly conditioned on closing of the Transaction. If for any reason the Transaction which is the subject of the request for consent to change in control is not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Form 394 and related information provided by the CenturyLink and Qwest BSI and relied upon by the MHCRC and the Jurisdictions, then CenturyLink and Qwest BSI shall provide written notice to the MHCRC providing a detailed description of what has occurred and the Application, as well as the conditions contained in this Ordinance shall be automatically rendered null and void.

III. FINANCIAL IMPACT

None. The franchise is not currently active. If CenturyLink deploys cable service under the terms of the franchise the City will receive 5% of gross revenues. No decision on deployment has yet been made by CenturyLink.

IV. LEGAL ISSUES n/a

V. CONTROVERSIAL ISSUES n/a

VI. LINK TO CURRENT CITY POLICIES

VII. CITIZEN PARTICIPATION

The MHCRC conducted a public hearing on September 20, 2010 giving citizens a chance to testify on the transfer. There was no opposition voiced during the public hearing.

VIII. OTHER GOVERNMENT PARTICIPATION MHCRC

IX. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? n/a

WHAT IS THEIR BUSINESS LICENSE NUMBER?

IS THEIR ACCOUNT WITH THE CITY CURRENT?

IF NOT, HOW MUCH IS OWING?