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MEMORANDUM

DATE: June 10, 2009
TO: MTA Board of Directors
FROM: Larry Bragman
SUBJECT: AGENDA ITEM **J**: LOW INCOME DISCOUNT

For many years up to the date of signing of our current cable franchise agreement with Comcast in 2006, Marin County's cable television franchise agreement provided low income subscribers with a significant discount on their basic cable television service. Under the terms of our previous (1986) franchise agreement with Viacom, low income subscribers were broadly defined to include low income elderly and disabled (SSI or SSDI) customers. These subscribers were granted a 75% discount off their basic cable fees.

After the term of the original franchise expired, it was renewed on a yearly basis thereafter from about 1996 to 2006. During this time frame the discount was reduced by the various companies that succeeded each other in operating the franchise. During the last days leading up to the 2006 franchise agreement with Comcast, the Low Income Discount granted was 20% off of the basic cable fee of \$17.65. This amounted to \$3.53 per month or \$42.36 annually.

Unfortunately, as the negotiations wore to a conclusion, Comcast refused to budge on its insistence in abandoning the low income discount as a condition of the current franchise agreement. While MTA accomplished a great deal under the current franchise agreement by way of funding our community media center, the INET and other beneficial terms, we were unable to renew a contractual low income discount. As a compromise, Comcast did agree to continue providing the discount to the 288 eligible subscribers who were then receiving the benefit. New subscribers, or subscribers who became newly eligible under the guidelines, no longer receive a low income discount from Comcast.

The historic importance of the Low Income Discount as a policy of the Marin County cable television franchise is reflected in several policy statements made by the MTA Board of Directors over the years. On February 6, 1999, the Board identified eight "major priorities for the forthcoming TCI franchise renewal negotiations." Among those eight priorities was a "Senior Discount (Life Line Rate)". Four and a half years later, in a "Priorities: Comcast Franchise Renewal" memorandum adopted by the Board on November 12, 2003, low income discounts were again listed as a "franchise negotiation objective." More recently, as MTA's

negotiating team neared the long awaited completion of the 2006 franchise agreement with Comcast, the Board of Directors vigorously sought renewal of a Low Income Discount.

Since 2006, our Board has revisited the low income discount on a number of occasions. In a July 12, 2006 staff report, Low Income Discount program was discussed at some length. The report found that there were then 288 subscribers receiving the discount. The cost of the program to the entire franchise was approximately \$12,199.68 per year. (The cost may be less now because of the shrinking size of services and cost of the basic tier). In analyzing what the MTA could do to continue the program, the staff found that agency management of the program was problematic because of the cost of processing and mailing a monthly check to subscribers. (I have attached a copy of this report for the Board's review and consideration). Comcast later informed our staff that it would not assist in the administration of the Low Income Discount by doing the intake or discounting the monthly bills of newly eligible subscribers. Thus, MTA has been left to its own resources if it is to continue its historic commitment to the Low Income Discount.

That there continues to be a significant community of subscribers that would benefit from a Low Income Discount is evident from many different indicators. Many of the subscribers who have historically received the low income discount are disabled or elderly and have very few outside sources of entertainment and information. This is a growing demographic group in Marin County. In addition, the current economic downturn is leading many subscribers to drop their cable subscription in favor of internet viewing. More recently, Comcast dropped its bulk rate agreement with the County of Marin for public housing facilities

Over the course of the last six months, I have met with various community members in order to investigate the possibility of creating a new "user friendly" model for the Low Income Discount. Both the Marin Center for Independent Living and the Marin Housing Authority have both indicated that they would be willing to help administer a streamlined MTA low income discount program. The MTA program would have similar eligibility guidelines: disabled subscribers and low income subscribers. Proof of eligibility would be simplified to require that subscribers present a current Comcast bill and documentation of their disability (yearly statement from Social Security) of low income (residency in Marin Housing and best practices documentation such as a PG&E lifeline bill for others) In order to avoid the necessity of mailing out checks on a monthly or even yearly basis, both of these community providers agreed to distribute yearly vouchers (such as Safeway gift cards) in lieu of a monthly discount payment. The community providers would email the name and address of the new subscribers to MTA which would maintain a master list of recipients in order to avoid inadvertent or intentional duplication.

Both MCIL and Marin Housing have agreed to participate on a pilot basis to determine whether the program was practical for them to operate. Marin Housing would incorporate the program as part of their yearly renewal process. MCIL has agreed to participate at no fee in order to serve its membership pending a determination of the volume of applications and the time necessary to process them administratively. I would also hope that MTA itself consider

providing an outlet for subscribers at its new offices at 555 Northgate Drive during specified hours. If there is Board approval of this proposal, I would continue to work with staff and our community partners to create simplified rules of eligibility documentation and administration. We would also begin outreach to local merchants to determine which ones would be willing to help issue vouchers. Safeway, Whole Foods, Good Earth come to mind but others may want to join in.

I am hoping that the Board will approve the proposed pilot program to renew and fulfill MTA's historic commitment to the Low Income Discount.

Respectfully submitted,

Larry Bragman