

# MARIN TELECOMMUNICATIONS AGENCY

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## MEMORANDUM

**DATE:** July 12, 2006

**TO:** MTA Board of Directors

**FROM:** Martin J. Nichols, Executive Officer

**SUBJECT:** AGENDA ITEM J: LOCALLY ADMINISTERED CABLE TV LOW-INCOME DISCOUNT

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Recommended Action: Receive report on a locally administered cable TV low-income discount and authorize staff to determine if Comcast will administer the program and request the General Counsel to review and report on potential legal issues associated with implementing an agency administered program.

### Background:

Under the terms of our Comcast franchise, the low-income discount will continue for only these individuals currently eligible and enrolled. Your Board requested a staff report on a potential locally run program for new low-income subscribers.

From Comcast, we have received the following information:

- A. Total subscribers that qualify – 288 low-income discount customers
- B. Comcast qualifications for low-income discount:
  - 1) Must have an active cable service
  - 2) Must be the head of a household and 18 years or older (must provide a copy of a driver's license or state ID) and receive benefits from one of the following:
    - SSI-supplemental Social Security Income
    - SSDI-Social Security Disability Income
  - 3) Customer must provide a copy of the Benefit Verification Letter from the Social Security Administration. If customer qualified, Comcast sends the information to its Credit and Collections Department located in Livermore.

C. Amount of discount

The 20 percent discount only applies to the current basic rate of \$17.65. The 20 percent discount services for qualifying subscribers is \$3.53 per month.

D. Low-income subscribers by jurisdiction

|                                |     |
|--------------------------------|-----|
| City of San Rafael             | 150 |
| County of Marin                | 40  |
| Town of Corte Madera           | 6   |
| City of Larkspur               | 20  |
| Town of Ross                   | 2   |
| City/Town of Belvedere/Tiburon | 11  |
| Town of Fairfax                | 15  |
| Town of San Anselmo            | 28  |
| City of Mill Valley            | 9   |
| City of Sausalito              | 7   |

E. Annual cost of low-income discount for new subscribers by MTA jurisdiction

Since Comcast is willing to continue the discount for these currently enrolled, I assume that a locally financed discount would only apply to new low-income subscribers. For purposes of this analysis, I have assumed a 10 percent turnover each year. Comcast could not provide actual turnover data.

| <b>Agency</b>            | <b>Annual New Low-income Subscribers</b> | <b>Annual Cost @ 3.53/mo/subscriber</b> |
|--------------------------|--|---|
| City of San Rafael       | 15                                       | \$ 635                                  |
| County of Marin          | 4  | 169                                     |
| Town of Corte Madera     | 1  | 42                                      |
| City of Larkspur         | 2  | 84                                      |
| Town of Ross             | 1  | 42                                      |
| City of Belvedere        | 1  | 42                                      |
| Town of Tiburon          | 1  | 42                                      |
| Town of Fairfax          | 2  | 84                                      |
| Town of San Anselmo      | 3  | 126                                     |
| City of Mill Valley      | 1  | 42                                      |
| City of Sausalito        | 1  | 42                                      |
| <b>TOTAL ANNUAL COST</b> | <b>30</b>                                | <b>\$1,350</b>                          |

F. Other Services for low-income discount subscribers

Per Comcast, more than 230 (about 79 percent) of the 288 low-income subscribers who receive the discount on the basic tier also pay for higher levels of service.

| <b>Jurisdiction or City</b>    | <b>Basic Only @ \$17.65/mo</b> | <b>Standard Cable \$48.25/mo</b> | <b>Above Standard (Digital, Cable Modem, etc.)*</b> | <b>Total</b> |
|--------------------------------|--------------------------------|----------------------------------|---|--------------|
| City of San Rafael             | 21                             | 72                               | 46  | 139          |
| County of Marin                | 7                              | 10                               | 23  | 40           |
| Town of Corte Madera           | 0                              | 3                                | 3   | 6            |
| City of Larkspur               | 5                              | 8                                | 9   | 22           |
| Town of Ross                   | 1                              | 1                                | 0   | 2            |
| City/Town of Belvedere/Tiburon | 1                              | 5                                | 4   | 10           |
| Town of Fairfax                | 2                              | 9                                | 4   | 15           |
| Town of San Anselmo            | 6                              | 10                               | 11  | 27           |
| City of Mill Valley            | 3                              | 4                                | 3   | 10           |
| City of Sausalito              | 3                              | 2                                | 4   | 9            |
| <b>TOTAL</b>                   | <b>49</b>                      | <b>124</b>                       | <b>107</b>  | <b>280</b>   |

\*Current Digital Tiers

Digital Silver \$29.95 estimate per month, extra in addition to Standard cable  
 Digital Gold \$43.95 estimate per month, extra in addition to Standard cable

Administering a MTA/member low-income discount program

The easiest option would be for Comcast to continue the program and send us a bill for new low-income subscribers. I would expect them to add an administration charge if they are willing to administer the program for us.

A locally run program could be administered by a member agency or the MTA as follows:

- 1) The managing agency could reimburse new low-income subscribers for 20 percent (or whatever amount the Board or agency determines) of the basic rate.

This would likely require the sending of monthly checks and continuing to verify that the individual still is a subscriber. Low-income subscribers would need to send the agency verification that they had paid the bill and request reimbursement; or

- 2) The agency could subscribe for the individuals and bill them for the reduced amount.

This would involve setting up a budget to pay subscribers and then a collection process to invoice, collect, and deposit low-income payments.

In both cases, we would need to set eligibility criteria, establish a process to take applications, and determine if each new individual qualifies. This will involve administrative costs. This may also involve establishing an appeals process if someone wants to challenge a determination that they do not meet the established criteria (potentially a Board item). Our General Counsel should review if the MTA would be establishing an entitlement program and what legal obligations such a program would impose on the MTA.

The cost to administer our locally run program would exceed the cost of the discount. Such a program would create following new costs:

- a. Eligibility and claims staff to:
  - Determine and verify eligibility for new clients
  - Verify eligibility each month
  - Authorize payments
  - Follow-up on missed documentation and/or discount checks
- b. Possible appeals process
- c. Postage
- d. Accounting charges
- e. Program outreach efforts

Informal discussion with Comcast indicates that, at a vice-president level, there is no interest in administering this program for the MTA. Contact by the Chair of the MTA should be made to upper levels of Comcast management.