

ORDINANCE NO. 16-825

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, DECLARING THE DOCUMENT ENTITLED "TOWN OF CHINO VALLEY CABLE TELEVISION REGULATIONS, DATED SEPTEMBER 13, 2016" AS A PUBLIC RECORD; ADOPTING THE "TOWN OF CHINO VALLEY CABLE TELEVISION REGULATIONS, DATED SEPTEMBER 13, 2016" BY REFERENCE; AMENDING THE TOWN OF CHINO VALLEY TOWN CODE, TITLE XI BUSINESS REGULATION, AS FOLLOWS: (1) REPEALING CHAPTER 114 CABLE TELEVISION IN ITS ENTIRETY; AND (2) ADOPTING NEW CHAPTER 114 CABLE TELEVISION, SECTIONS 114.01 DEFINITIONS, 114.02 LICENSE REQUIRED, 114.03 FAILURE TO HAVE LICENSE; VIOLATION, 114.04 AUTHORIZATION TO ENGAGE IN BUSINESS, 114.05 LIMITATIONS OF LICENSE, 114.06 ACQUISITION OF FACILITIES BY TOWN UPON TERMINATION, 114.07 RIGHTS RESERVED TO THE TOWN, 114.08 LICENSE APPLICATION PROCEDURES, 114.09 LICENSE APPLICATION FEES, 114.10 SELECTION OF LICENSEE, 114.11 TERM OF LICENSE, 114.12 GRANT OF ADDITIONAL LICENSE AND COMPETING SERVICE, 114.13 RENEWALS, 114.14 TRANSFERS AND ASSIGNMENTS, 114.15 EFFECT OF AWARD OF LICENSE, 114.16 PAYMENT OF LICENSE FEE, 114.17 USE OF TELEPHONE COMPANY'S FACILITIES, 114.18 REQUIRED SERVICES AND FACILITIES, 114.19 SUBSCRIBER SERVICE RATES, 114.20 GOVERNMENT ACCESS CHANNEL, 114.21 EDUCATIONAL ACCESS CHANNELS, 114.22 GENERAL PROVISIONS CONCERNING ACCESS, 114.23 TIME IS OF THE ESSENCE, 114.24 ACCEPTANCE AND EFFECTIVE DATE OF LICENSE, 114.25 PERMITS, INSTALLATIONS AND SERVICE, 114.26 CABLE SYSTEM CONSTRUCTION MAP AND SCHEDULE, 114.27 LINE EXTENSION, 114.28 PLACEMENT OF TRANSMISSION FACILITIES, 114.29 CONSTRUCTION AND TECHNICAL STANDARDS, 114.30 UTILITY LOCATING SYSTEM, 114.31 RESIDENT NOTIFICATION OF CONSTRUCTION ACTIVITY REQUIRED, 114.32 LOCATION OF PROPERTY OF LICENSEE, 114.33 EMERGENCY WORK, 114.34 REMOVAL AND ABANDONMENT OF PROPERTY OF LICENSEE, 114.35 TEMPORARY REMOVAL OF WIRE FOR BUILDING IMPROVEMENTS, 114.36 CHANGES REQUIRED BY PUBLIC IMPROVEMENTS, 114.37 METHODS AND MATERIALS OF STREET CONSTRUCTION, 114.38 FAILURE TO PERFORM STREET WORK, 114.39 TELEPHONE COMMUNICATIONS SERVICE, 114.40 SUBSCRIBER SERVICE STANDARDS, 114.41 SUBSCRIBER AND TOWN NOTIFICATION, 114.42 BILLING PRACTICES; INFORMATION AND PROCEDURES, 114.43 SUBSCRIBER SOLICITATION PROCEDURES, 114.44 DISCONNECTION AND TERMINATION OF CABLE SERVICES, 114.45 PROTECTION OF SUBSCRIBER PRIVACY, 114.46 REPORTS, 114.47 INSPECTION OF PROPERTY AND RECORDS, 114.48 PROTECTION OF TOWN AGAINST LIABILITY, 114.49 LETTER OF CREDIT, 114.50 CONSTRUCTION

**BONDS, 114.51 LIQUIDATED DAMAGES, 114.52 ADMINISTRATIVE HEARING, 114.53 HEARING BY COUNCIL, 114.54 REVOCATION, 114.55 CONTINUITY OF SERVICE MANDATORY, 114.56 FAILURE OF TOWN TO ENFORCE A LICENSE; NO WAIVER OF THE TERMS THEREOF, 114.57 LICENSE SUBJECT TO OTHER LAWS, 114.58 MISCELLANEOUS PROVISIONS, 114.59 FORCE MAJEURE, 114.60 SEVERABILITY, 114.61 CONTINUED USE OF INDIVIDUAL ANTENNAS; ALL RELATED TO UPDATING TOWN REGULATIONS GOVERNING CABLE TELEVISION SERVICES, LICENSING, AND GENERAL REGULATIONS; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING PENALTIES.**

**WHEREAS**, the Town of Chino Valley, Arizona's regulations governing cable television services are in need of comprehensive revision to improve cable television services in the Town and to conform with legal requirements and best practices with regards to cable television services; and

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Common Council of the Town of Chino Valley, Arizona, as follows:

Section 1. In General.

1. That certain document entitled "Town of Chino Valley Cable Television Regulations, Dated September 13, 2016," is hereby declared to be a public record and three paper copies or one paper copy and one electronic copy maintained in compliance with Arizona Revised Statutes § 44-7041, are filed in the office of the Town Clerk and kept available for public use and inspection.

2. The Town Code of the Town of Chino Valley, Arizona, Title XI Business Regulations shall be amended by repealing Chapter 114 Cable Television in its entirety.

3. The Town Code of the Town of Chino Valley, Arizona, Title XI Business Regulations shall be amended by adopting new Chapter 114 Cable Television, Sections 114.01 Definitions, 114.02 License Required, 114.03 Failure to Have License; Violation, 114.04 Authorization to Engage in Business, 114.05 Limitations of License, 114.06 Acquisition of Facilities by Town upon Termination, 114.07 Rights Reserved to the Town, 114.08 License Application Procedures, 114.09 License Application Fees, 114.10 Selection of Licensee, 114.11 Term of License, 114.12 Grant of Additional License and Competing Service, 114.13 Renewals, 114.14 Transfers and Assignments, 114.15 Effect of Award of License, 114.16 Payment of License Fee, 114.17 Use of Telephone Company's Facilities, 114.18 Required Services and Facilities, 114.19 Subscriber Service Rates, 114.20 Government Access Channel, 114.21 Educational Access Channels, 114.22 General Provisions Concerning Access, 114.23 Time is of the Essence, 114.24 Acceptance and Effective Date of License, 114.25 Permits, Installations and Service, 114.26 Cable System Construction Map and Schedule, 114.27 Line Extension, 114.28 Placement of Transmission Facilities, 114.29 Construction and Technical Standards, 114.30 Utility Locating System, 114.31 Resident Notification of Construction Activity Required, 114.32 Location of Property of Licensee, Emergency Work, 114.34 Removal and Abandonment of Property of Licensee, 114.35 Temporary Removal of Wire for Building

Improvements, 114.36 Changes Required by Public Improvements, 114.37 Methods and Materials of Street Construction, Failure to Perform Street Work, 114.39 Telephone Communications Service, 114.40 Subscriber Service Standards, 114.41 Subscriber and Town Notification, 114.42 Billing Practices; Information and Procedures, 114.43 Subscriber Solicitation Procedures, 114.44 Disconnection and Termination of Cable Services, 114.45 Protection of Subscriber Privacy, 114.46 Reports, 114.47 Inspection of Property and Records, 114.48 Protection of Town Against Liability, 114.49 Letter of Credit, 114.50 Construction Bonds, 114.51 Liquidated Damages, 114.52 Administrative Hearing, 114.53 Hearing by Council, 114.54 Revocation, 114.55 Continuity of Service Mandatory, 114.56 Failure of Town to Enforce a License; No Waiver of the Terms Thereof, 114.57 License Subject to Other Laws, 114.58 Miscellaneous Provisions, 114.59 Force Majeure, 114.60 Severability, 114.61 Continued Use of Individual Antennas, all as set forth in that document entitled the "Town of Chino Valley Cable Television Regulations, Dated September 13, 2016," which document is hereby adopted and incorporated into this ordinance by reference.

Section 2. Providing for Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance or any part of the Code adopted herein by reference, are hereby repealed.

Section 3. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the Code adopted herein by reference, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4. Providing for Penalties

Any person found responsible for violating any provision of this Ordinance shall be subject to the civil sanctions and habitual offender provisions set forth in Section 10.99(A), (B) and (D) of the Town Code of the Town of Chino Valley, Arizona, unless a different penalty is prescribed in that document entitled "Town of Chino Valley Cable Television Regulations, Dated September 13, 2016."

**PASSED AND ADOPTED** by the Mayor and Common Council of the Town of Chino Valley, Arizona, this 13<sup>th</sup> day of September, 2016 by the following vote:

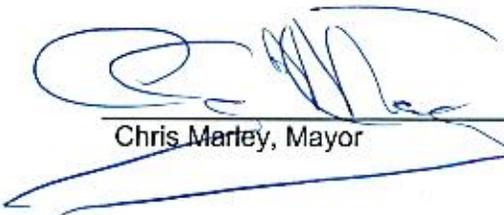
AYES: 7

ABSENT: 0

NAYS: 0

ABSTAINED: 0

APPROVED this 13th day of September, 2016.

  
Chris Marley, Mayor

ATTEST:

  
Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

  
Phyllis L.N. Smiley, Town Attorney

The following exhibits are attached hereto and incorporated herein:

- 1. Town of Chino Valley Cable Television Regulations, Dated September 13, 2016

I, JAMI LEWIS, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. 16-825 ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY ON THE 13<sup>th</sup> DAY OF September, 2016, WAS POSTED IN THREE PLACES ON THE 29<sup>TH</sup> DAY OF SEPTEMBER, 2016.

  
Jami C. Lewis, Town Clerk

**Town of Chino Valley Cable Television Regulations**  
**September 13, 2016**

**Chapter 114 Cable Television**

**§ 114.01 Definitions.**

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

**Cable Act.** Title VI of the federal Communications Act of 1934, as amended.

**Cable Service.** The transmission to subscribers of video programming or other programming service and subscriber interaction, if any, that is required for the selection or use of the video programming or other programming service.

**Cable Television System or CATV System.** Any facility consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide cable service that includes video programming and that is provided to multiple subscribers within a community.

**Channel.** A band of frequencies six megahertz wide in the electromagnetic spectrum capable of carrying either 1 audiovisual television and a few non-video signals or a large number of non-video signals.

**Federal Communications Commission or FCC.** The present federal agency of that name as constituted by the Communications Act of 1934, being 47 U.S.C. §§ 151 et seq., or any successor agency created by the United States Congress.

**Gross Revenues.** Means all cash, credits, property of any kind or nature, or other consideration, less related bad debt not to exceed one and one-half per cent (1 1/2 %) annually, that is received directly or indirectly by the licensee, its affiliates, subsidiaries or parent or any person, firm or corporation in which licensee has a financial interest or that has a financial interest in licensee and that is derived from licensee's operation of its cable system to provide cable service in the town. Gross revenues include all revenue from charges for cable service to subscribers and all charges for installation, removal, connection or reinstatement of equipment necessary for a subscriber to receive cable service, and any other receipts from subscribers derived from operating the cable system to provide cable service, including receipts from forfeited deposits, sale or rental of equipment to provide cable service, late charges, interest and sale of program guides. Gross revenues also include all income licensee receives from the lease of its facilities located in the public streets, roads and alleys, unless services that the lessee provides over the leased facilities are subject to a transaction privilege tax of the licensor. Gross revenues do not include revenues from commercial advertising on the cable system, the use or lease of studio facilities of the cable system, the use or lease of leased access channels or bandwidth, the production of video programming by the licensee, the sale, exchange, use or cablecast of any programming by licensee in the town, sales to licensee's subscribers by

programmers of home shopping services, reimbursements paid by programmers for launch fees or marketing expense, license fees, taxes or other fees or charges that licensee collects and pays to any governmental authority, any increase in the value of any stock, security or asset, or any dividends or other distributions made in respect of any stock or securities.

**License.** That ordinance or resolution that contains the right, authority or grant, given by the council enabling a person to construct, operate and maintain a cable television system.

**License Area.** The current area within the boundaries of the town of Chino Valley, Arizona, and any future annexed area, unless the terms of a license provide otherwise.

**License Fee.** The fee required to be paid pursuant to Section 114.16.

**Licensee.** The person granted a cable television license for construction, operation, maintenance, or reconstruction of a cable system issued by the town.

**Licensor.** The Town of Chino Valley.

**Major Stockholder.** A beneficial owner, directly or indirectly, of 10% or more of the issued and outstanding voting stock of any corporation.

**Other Programming Service.** Information that a licensee makes available to all subscribers generally.

**Public Street.** The surface of and the space above and below any public street, avenue, highway, boulevard, concourse, driveway, bridge, tunnel, park, parkway, waterway, bulkhead, alley, right-of-way, and public utility easement.

**Regular Subscriber Service.** That service regularly provided to all subscribers. It includes all broadcast signal carriage and FCC-required access channel carriage, including origination programming. It does not include specialized programming for which a per program or per channel charge is made.

**Standard drop.** A cable connection which requires no more than a two-hundred-twenty-five-foot drop measured from the nearest reasonable point of connection to a subscriber's home or place of business (point of demarcation) to the nearest existing technically feasible point of connection to the cable system; involves only one outlet and standard materials; and does not involve a wall fish. If justified by the technology of the licensee, licensee and town may agree to a different standard drop in the license. A Standard Drop shall exclude custom installation work, including specific subscriber-requested work that requires nonstandard inventory or cable routing requiring construction methods exceeding reasonable underground or aerial work.

**Subscriber.** Any person receiving regular subscriber service.

**Video Programming.** Programming that is provided by, or generally comparable to programming provided by, a broadcast television station.

**§ 114.02 License Required.**

A non-exclusive license to construct, operate and maintain a cable system within all or any portion of the town is required of any person desiring to provide cable service in the town.

**§ 114.03 Failure to Have License; Violation**

(A) It is unlawful for any person to establish, operate or to carry on the business of distributing any television signals or radio signals by means of a cable system to any person in the town unless a license therefor has first been obtained pursuant to the provisions of this chapter, and unless the license is in full force and effect.

(B) It is unlawful for any person to construct, install or maintain within any public street in the town, or within any other public property of the town, or within any privately-owned area within the town which has not yet become a public street but is designated or delineated as a proposed public street on any preliminary subdivision map approved by the town, any equipment or facilities for distributing any television signals or radio signals through a cable system, unless a license authorizing such use of the street, property, or area has first been obtained pursuant to the provisions of this chapter, and unless the license is in full force and effect.

(C) It is unlawful for any person to make any unauthorized connection, whether physically, electrically, acoustically, inductively or otherwise, with any part of a licensed cable system within the town for the purpose of enabling that person or others to receive any television signal, radio signal, picture, program, sound, or any other signal transmitted on the cable system, without the permission of a licensee.

(D) It is unlawful for any person, without the consent of the owner licensee, to willfully tamper with, remove or injure any cables, wires or equipment used for distribution of television signals, radio signals, pictures, programs, sounds or any other signals transmitted on the cable system.

(E) Any person found guilty of violating any provision of this chapter shall be guilty of a Class 1 misdemeanor, and upon conviction thereof shall be punished by a fine not to exceed two thousand five hundred dollars or by imprisonment for a period not to exceed six months, or both such fine and imprisonment. Each day that a violation continues shall be a separate offense punishable as herein described.

(F) In addition to the penalties set forth in Subsection (E), any person violating any part of this chapter shall be subject to and shall pay any fees required in this chapter as though they were a licensee.

**§ 114.04 Authorization to Engage in Business**

Any license granted shall authorize the licensee to engage in the business of operating and providing a cable system in the town, and for that purpose to erect, install, solicit, construct,

repair, replace, reconstruct, maintain and retain in, on, over, under, upon, across and along any street, such poles, wires, cable, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments, and other property as may be necessary and appurtenant to the cable system; and in addition, so to use, operate, and provide similar facilities or properties rented or leased from other persons, firms or corporations, including but not limited to any public utility or other licensee licensed or permitted to do business in the town. Notwithstanding the foregoing, all wires, cable, conductors, ducts, conduits and similar facilities shall be placed underground unless such facilities are attached to existing utility or telephone poles and the poles are used primarily for utility or telephone purpose.

#### **§ 114.05      Limitations of License**

(A) Any license granted under this chapter shall be non-exclusive and nothing herein shall be construed to prevent the Council from granting identical or similar licenses to more than one person, within all or any portion of the town.

(B) Any privilege claimed under any license by the licensee in any street shall be subordinate to any lawful occupancy or use thereof by the town and shall be subordinate to any prior easements, prior licenses to use the rights-of-way, and any other private property rights that may be superior to the license issued.

(C) Any right or power in, or duty imposed upon, any officer, employee, department, or board of the town shall be subject to transfer by the town to any other officer, employee, department, or board of the town.

(D) All licensees are subject to all existing or hereafter enacted or established requirements of the town's rules, regulations and specifications pursuant to the town's police powers and taxing authority. Licensees shall comply with all applicable existing or hereafter enacted or established state and federal laws and regulations. The town reserves the power to amend any section of this chapter so as to require additional or greater standards of construction, operation, maintenance or otherwise pursuant to the town's lawful police powers or as provided in the license.

(E) Any license granted shall not relieve the licensee of any obligation involved in obtaining pole space from any department of the town, utility company, or from others lawfully maintaining poles in streets.

(F) Any license granted does not relieve licensee of compliance town code provisions governing construction, work, or use of the streets and rights-of-way. The town hereby reserves to the town the power to amend any section of the Chino Valley Town Code related to construction in streets and public rights-of-way pursuant to its police powers.

#### **§ 114.06      Acquisition of Facilities by Town upon Termination**

(A) In accordance with Section 627 of the Cable Act, if a renewal of a license held by a licensee is denied and the town acquires ownership of the cable system, any such acquisition or transfer shall be at fair market value, determined on the basis of the cable system valued as a

going concern but with no value allocated to the license itself. If a license held by a licensee is revoked for cause and the town acquires ownership of the cable system or effects a transfer of ownership of the cable system to another person, such matters as the harm to the community resulting from the licensee's breach of the license may be considered in determining the fair market value.

(B) Upon the termination of a license and the rights granted thereunder, whether by expiration or forfeiture, the council may direct and require the licensee as provided in Section 114.34 Removal and Abandonment of Property of Licensee to remove its wires, cables, fixtures and accessories and appurtenances from the streets. If directed, the town shall make a claim on the letter of credit as prescribed in Section 114.50 Construction Bonds. Removal by licensee of its wires, cable, fixtures and accessories and appurtenances from the streets shall not be required where such wires, cables, fixtures and accessories and appurtenances are in use for the provision of services other than cable services as to which no license from the town is required, or as to which any license that is required has been obtained.

#### **§ 114.07 Rights Reserved to the Town**

(A) The town reserves its rights to acquire the property of the licensee, by purchase, at fair market value, which shall not include any amount for the license itself or for any of the rights or privileges granted. The town reserves the right to exercise its power of eminent domain under the Arizona Constitution and laws of the state.

(B) Neither the granting of any license nor the enactment of any provision in this chapter shall constitute a waiver or bar to the exercise of any governmental right or power of the town, now existing or hereafter granted.

(C) The town's right to acquire the property of the licensee shall not require the licensee to convey such property that is in use for the provision of services other than cable services as to which no license from the town is required, or as to which any license that is required had been obtained. If the cable system is operated by the owner for both telecommunications and cable services purposes, the town must have separate authority outside of this chapter to acquire those facilities used for telecommunications purposes.

#### **§ 114.08 License Application Procedures.**

(A) This chapter itself grants no authority to operate a cable television system to any person. The grants are only made by the adoption of a separate resolution awarding a specific license to an applicant who has complied with the provisions of this chapter and any other provisions of the separate resolution.

(B) Each application for a license or renewal license to construct, operate or maintain any cable system in the town shall be filed with the town clerk in a form prescribed by the town. An application shall require, but shall not be limited to, the following information:

- (1) The name, business address and form of business of the applicant;

(2) The names and addresses of any parent or subsidiary of the applicant, namely any other business entity owning or controlling the applicant, in whole or in part, or owned in whole or in part by the applicant, and a statement describing the nature of any such parent or subsidiary business entity, including but not limited to cable systems owned or controlled by the applicant, its parent and subsidiary and the areas served thereby.

(3) A detailed and complete financial statement of the applicant, certified by an independent certified public accountant, for the fiscal year next preceding the date of the application hereunder, and a letter or other acceptable evidence in writing from a recognized lending institution or funding source, addressed to both the applicant and the council, setting forth the basis for a study performed by such lending institution or funding source, and a clear statement of its intent as a lending institution or funding source to provide whatever capital shall be required by the applicant to construct and operate the proposed cable system in the town, or a statement from an independent certified public accountant, certifying that the applicant has available sufficient free, net and uncommitted cash resources to construct and operate the proposed cable system in the town. The town manager may accept an alternative submittal that meets the purpose and intent of this section.

(4) A statement identifying, by place and date, any other cable system license(s) awarded to the applicant, its parent or subsidiary; the status of said license(s) with respect to completion thereof;

(5) A service area boundary map of the area that the applicant proposes to serve and a schedule for initiation of cable service and a statement or schedule setting forth all proposed classifications of rates and charges to be made against subscribers and all rates and charges as to each of said classifications, including installation charges and cable service charges;

(6) The applicant's proposal for providing access channels, facilities and related considerations. Applicants are strongly encouraged to investigate the needs and desires of potential users and to offer such facilities as are technologically and economically feasible;

(7) A description of facilities for local programming, and facilities to be offered to various community institutions;

(8) A schedule of proposed rates and charges to all classes of subscribers for both installation and monthly service, and a copy of the proposed service agreement between the applicant and its proposed subscribers;

(9) A copy of any contract which may exist between the applicant and any public utility providing for the use of the utility's property, such as poles, lines or conduits;

(10) A statement setting forth all agreements and understandings, whether written, oral or implied, between the applicant and any other person with respect to the proposed license or the proposed cable television operation;

(11) An estimate of the cost of constructing the applicant's proposed system, and a financial statement prepared in a form satisfactory to the Council showing applicant's financial status and its financial ability to meet these proposed costs;

(12) A sworn statement acknowledging the applicant's familiarity with and eligibility under the provisions of this chapter and the rules of the FCC and its intention to abide by the same;

(13) Other information that will assist the town in determining whether the applicant has the financial, technical, and legal qualifications to provide cable service in the town; and

(14) Any other details, statements, information or references, pertinent to the subject matter of such application, which shall be required or requested by the town council, or by any other provision of law.

(C) Prior to the issuance of a license, the town shall hold a public hearing, following reasonable notice to the public, at which every applicant and its proposals shall be examined and the public and all interested parties afforded a reasonable opportunity to be heard. Reasonable notice to the public shall include causing notice of the time and place of the hearing to be published in a newspaper of general circulation in the town once a week for two (2) consecutive weeks. The first publication shall be not less than fourteen (14) days before the day of the hearing.

#### **§ 114.09 License Application Fees**

(A) *New License.* Each applicant for a new license must submit an application fee in the amount of ten thousand dollars (\$10,000.00). The fee shall be submitted in cash, or by certified or cashier's check, wire transfer, or in any other manner acceptable to the manager made payable to the town. The application fee is refundable if a license is issued and shall be offset from the first license fee payment(s) to the town. The application fee is non-refundable if an application is denied.

(B) *Renewal License.* Each applicant for a renewal license shall submit a renewal application fee of five thousand dollars (\$5,000.00). The fee shall be submitted in cash, or by certified or cashier's check, wire transfer, or in any other manner acceptable to the town manager made payable to the town. The renewal application fee is refundable if a license is issued, and shall be offset from the first license fee payment(s) to town. The renewal application fee is non-refundable if an application is denied.

#### **§ 114.10 Selection of Licensee**

(A) *Compliance with Town Requirements.* A person submitting an application for a new license to operate a cable system shall provide all information set forth in Section 114.08 License Application Procedures or otherwise required by this chapter and all other information requested in the town's request for applications. Each new license application shall be responsive to the questions soliciting the information, and shall completely, accurately and materially supply all of the information so solicited. Any misrepresentation, failure, neglect or refusal to provide any of

such information may, at the option of the town, render an application invalid. This requested information must be complete and verified as true by the applicant.

(B) *Property of Town.* All applications for new licenses received by the town from an applicant shall become the sole property of the town.

(C) *Referral to Manager.* Upon receipt of any application for license, the town manager shall prepare or cause to be prepared a report, including recommendations respecting such application, to be presented to the town council at a public hearing on the application. The town will evaluate all applications submitted within one hundred eighty (180) days of receipt of the application.

(D) *Investigations.* The town may make such investigations as it deems necessary to determine the ability of the applicant for a new license to perform under the license, and the applicant shall furnish to the town all such information as the town may request.

(E) *Public Hearing.* Within one hundred eighty (180) days after receiving an application for a new license, a public hearing shall be held to consider the application and receive public comments.

(F) *Consideration.* In making any determination regarding the application for a license, the town may consider any and all factors relevant to interests of the community in cable television including, but not limited to, the quality of the cable services proposed, areas to be served, rates to subscriber, benefit to the town, experience, character, background, and financial responsibility of any applicant, and its management and owners, technical and performance quality of equipment, willingness and ability to meet construction and physical requirements, to meet all requirements set forth in this chapter, and to abide by all policy conditions, license limitations and requirements, and all other matters deemed pertinent by the town for satisfying the community needs and for safeguarding the interests of the town and the public.

(G) *Timeframes.* The determination shall be completed within the following maximum timeframes: (1) for cable operators with existing authority to access streets, after ninety (90) days; and (2) for persons that do not have authority to access streets, one hundred eighty (180) days. The times start on the date an applicant files an application or other writing including certain minimum information which is set forth in section 114.08 License Application Procedures and deemed complete by the town. The town and an applicant may agree, in writing, to extend the ninety- (90) or one hundred eighty- (180) day time period for negotiations. It may then be adopted at the date as permitted by this section. If the ninety (90)/one hundred eighty (180)-day time elapses without action by the town, the applicant is automatically granted an interim license based on the application submitted. Thereafter, the town and applicant may continue to negotiate the terms of a license in an attempt to reach a negotiated license. The ninety (90)/one hundred eighty (180)-day time may be tolled by the town if it has requested and not received information from the applicant.

(H) *Determination.* Following the public hearing, the council may direct staff to conduct further negotiations with an applicant, or set further public hearings. Within one hundred eighty (180) days following the first public hearing on an application for a new license, the council shall make one of the following determinations:

1. That such application is denied, which determination shall be final and conclusive; or
2. That such license is granted with the terms and conditions approved by council.

(I) *Approval or Denial Based on Public Record.* It is the intention of the town to approve or deny a new license solely on the basis of the public record.

(J) *Town Council Decisions Shall Be Final.* Any decision of the council approving or denying a new license shall be final.

#### **§ 114.11 Term of License.**

Unless otherwise provided in the license, the term of any license shall not exceed fifteen (15) years. A license may be renewed by the town pursuant to the procedure established in Section 114.13 Renewals and in accordance with the then-applicable law.

#### **§ 114.12 Grant of Additional License and Competing Service.**

Since competing or overlapping licenses may encourage the introduction of better cable services and quality at lower prices, the town will at all times attempt to accommodate additional entrants. At the same time it is recognized that the introduction of overlapping cable systems could have a potential adverse impact on the streets, and on the quality and availability of existing cable services to the public. Accordingly, the town shall issue a license in an area where another licensee is operating only following a public hearing to consider the potential impact which the grant of an additional license may have on the community and the streets. In considering whether to grant one or more additional licenses, the town shall specifically consider, and address in a written report, the following issues:

(1) Whether or not applicant has provided, at a minimum, information with its application as required by section 114.08 License Application Procedures, and application fee described in section 114.09 License Application Fees;

(2) The legal, technical, and financial qualifications of applicant and agreement by a licensee to comply with such requirements of the town as may be determined by it to be applicable to a licensee in conformance with applicable law;

(3) Acceptance of a license and the terms therein;

(4) The capacity of the streets to accommodate one or more additional cable systems and the potential disruption of streets and private property that may occur if one or more additional licenses are granted; and

(5) Such other information as the town may deem appropriate to be considered prior to granting any competing or overlapping license.

#### **§ 114.13 Renewals**

Renewals will be processed and granted according to valid applicable law, as amended. The town and a licensee, by mutual consent, may enter into renewal negotiations at any time during

the license term of a license agreement. Pursuant to applicable law, the town will review and evaluate the past performance of a licensee, including compliance with an existing license. The town will also consider review and determination of current and future community needs and the technical, financial, and legal capabilities of a licensee to meet the current and future cable service-related needs in a new license considering the reasonable cost to do so.

**§ 114.14 Transfers and Assignments.**

(A) A license shall not be sold, assigned or transferred, either in whole or in part, or leased, sublet, or mortgaged in any manner, nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any person, without prior written consent of the town, which consent shall not be unreasonably withheld.

(B) The transfer of an existing license to an affiliate of licensee does not require prior approval of the town so long as (a) licensee provided written notice to town at least thirty (30) days prior to the transfer and has provided information sufficient for town to determine that the transfer is as described in (b) or (c) of this section and the proposed transfer will not cause any increased risks of nonperformance of the license or any loss to the town of its bargained for consideration in the license; (b) the transfer is to an entity controlling, controlled by, or under common control with licensee; or (c) a transfer is in trust, by mortgage, by other hypothecation, or by assignment of any rights, title, or interest of licensee in the license or cable system in order to secure indebtedness. If town objects to the transfer, it shall notify licensee in writing within twenty (20) days of receipt of the written notice, in which case the transfer of control shall be stayed until town confirms in its discretion that it is as described in (b) or (c) above; otherwise, a transfer of control shall be deemed to occur when the legal or practical ability to exert actual working control over the affairs of the licensee transfers to a person other than the licensee, either directly or indirectly, whether by contractual agreement, majority ownership interest, any lesser ownership interest or in any other manner. Consent of the town shall not be required for a transfer in trust, mortgage, or other hypothecation in whole or in part to secure an indebtedness. The transferee must assume all obligations of the license and provide new insurance and performance bonds.

(C) Except for a transfer to an affiliate of licensee, no change, transfer, or acquisition of control of the licensee shall occur without prior written consent of the town, which consent shall not be unreasonably withheld. The licensee shall promptly notify the town of any actual or proposed change in, or transfer to, or acquisition by any other party of, control of the licensee. The word "control" as used herein is not limited to major stockholders but includes actual working control in whatever manner exercised.

(D) A rebuttable presumption that transfer of control has occurred shall arise upon the acquisition or accumulation by any person or affiliated group (other than an affiliate of licensee) of more than twenty-five percent (25%) of the voting interest of the licensee or of the person exercising management authority over the licensee.

(E) Except in the case of an assignment of the license to an affiliate of licensee, upon written notification by the licensee to the town of a proposed assignment of the license, or transfer of control or ownership of the licensee company, the manager shall issue his written notice fixing

and setting forth the day, hour and place certain when and where any persons having any interest therein may appear and be heard. The clerk shall cause such notice to be published in a newspaper of general circulation within the town. The clerk also shall cause a copy of such notice to be mailed to the licensee at least ten days prior to the date specified for the hearing. At the time set for such hearing, or at any adjournment thereof, the manager shall proceed to hear the matter. Following the close of such hearing, the manager shall prepare and file with the council his report of the hearing, his findings, and an opinion containing his recommendations and the reasons therefor. If, after the expiration of ten days following receipt of the manager's report and opinion, the council shall find that the assignment of the license or transfer of control or ownership of the licensee company will not be detrimental or injurious to the best interests and welfare of the subscribers and users, and of the town, then the council by resolution shall consent to the assignment of the license or transfer of control or ownership of the licensee company. Such resolution shall thereupon become and shall be a part of any license granted under this chapter and affected thereby.

(F) The consent or approval of the council to any transfer of a license shall not constitute a waiver or release of the rights of the town in and to the streets, and any transfer shall, by its terms, be expressly subordinate to the terms and conditions of the license.

(G) Except in the case of an assignment of the license to an affiliate of licensee, each applicant for a transfer or assignment must furnish with its request a nonrefundable filing fee in the amount of two thousand five hundred dollars (\$ 2,500) payable in cash, certified or cashier's check, wire transfer, or in any other manner acceptable to the manager made payable to the town. No application for a transfer or assignment of license shall be considered without receipt of said fee. The licensee shall be responsible for reimbursing the town's full reasonable costs in excess of the application fee in investigating the qualifications of the transferee under the Cable Act as part of acting on the licensee's request for a transfer or assignment of a license.

(H) The town shall act on any request for approval of a sale or transfer within one hundred twenty (120) days of the request if the request contains or is accompanied by the information required by the FCC and this chapter.

(I) In no event shall a transfer of ownership be approved without the successor-in-interest becoming a signatory to the license.

(J) As long as a grant, rent or lease does not amount to a transfer as defined in this section and is made in the ordinary course of business with prior notice to the town, a licensee in the normal course of providing cable services may grant, rent, or lease use of its cable system to other persons. Any such use shall be restricted to and consistent with (1) such uses as the licensee is authorized in this chapter and the license, (2) other telecommunications services which have received a license from town, or (3) other telecommunications services for which no license is required by the town. Any such use shall be in compliance with applicable federal and state law. Any such grants, lease or rent by the licensee shall not, however, thereby relieve its use of the streets and public ways, and any such grant, rent or lease shall require that such other person comply with the appropriate provisions of this chapter and the license as such use warrants. The grant, lease or rent shall expressly provide for the authority of the town under applicable law to regulate the use provided by the grant, lease or rent (including but not limited

to the authority to protect the public welfare, safety and health) and to enforce compliance with any applicable standards established by this chapter or the license. be a privilege which is personal to the original grantee. It shall not be sold, transferred, leased, assigned or disposed of, in whole or in part, either by sale, merger, consolidation or otherwise, without prior consent of the council expressed by resolution, and then only under such conditions as may therein be prescribed.

#### **§ 114.15 Effect of Award of License**

(A) *Ordinance Binding.* Upon award of license pursuant to this chapter, a licensee shall be bound by all the terms and conditions contained in this chapter.

(B) *Incorporation by reference of application for a license.* A licensee shall provide all of the cable service specifically set forth in its application to provide cable services within the license area, and by its acceptance of the license, the licensee specifically agrees that its application is hereby incorporated by reference and made a part of the license. In the event of a conflict between the license and the application, the provisions of the license shall apply. Failure to provide services as promised in licensee's application or agreed to in its license may be deemed a breach of this chapter, to which the provisions of Section 114.51 Liquidated Damages shall apply.

#### **§ 114.16 Payment of License Fee**

(A) In consideration that the streets used by the licensee in the operation of its cable system within the town are valuable public properties acquired and maintained by the town at great expense to its taxpayers, and that the grant to the licensee for the use of said streets is a valuable property right without which the licensee would be required to invest substantial capital in right-of-way costs and acquisitions, and because the town will incur costs in regulating and administering the license, the licensee shall pay to the town a license fee in an amount no more than five percent of licensee's annual gross revenues.

(B) If licensee provides its subscriber a bundling discount if the subscriber purchases a bundle of cable service and non-cable services, then the price of cable service included in the bundle shall be allocated based on the licensee's standard, non-discounted rate. For example: if a subscriber's charges for a given month for cable service alone would be \$40.00, for local telephone service alone would be \$30.00, and for internet services alone would be \$30.00, for a total of \$100.00; and if the three services are then bundled and offered at a combined price of \$80.00 (overall 20% discount), then the gross revenue from the cable service will be deemed to be \$32.00 (\$40.00, less 20% of \$40.00). Licensee may allocate the discount differently over the services, so long as such allocation does not reduce the gross revenues from cable services below what it would be from the above calculation. Licensee shall not use bundled package offerings as a means of evading the payment of financial obligations that are based on cable service revenue.

(C) Should federal or state laws or regulations be amended in the future to allow the town to receive a greater fee than the fee set forth in subsection (A) of this section, then the town shall

have the right to increase the fee to the extent specified in the license, or meet with licensee to modify the license.

(D) The payment of the license fee by the licensee to the town shall be made quarterly by delivery of the same to the manager on or before the twentieth day of the month following the quarter end, and shall become delinquent if not paid before forty-five days after the end of the quarter. Payment shall be accompanied by a license fee payment worksheet provided by the town. If such payment is not made by the next to the last business day of the following month, the town shall impose interest at a rate of one and one-half percent (1.5%) per month commencing from the date payment should have been made, unless the payment is subject to a bona fide dispute, and continuing until the payment is made. Fractions of a month shall be considered to constitute a full month for the purpose of computing interest. In addition to interest which may be assessed under this subsection, if licensee fails to pay any license fee, licensee shall be subject to the following civil penalties:

1. A licensee who fails to pay the license fee or any portion thereof within the time prescribed shall pay a penalty of ten percent (10%) of the unpaid fee each month, unless the licensee shows that the failure is due to reasonable cause and not due to willful neglect.
2. A licensee who fails or refuses to pay a license fee or any portion thereof after notice and demand by the town shall pay a penalty of twenty-five percent (25%) of the unpaid fee, unless licensee shows that the failure is due to reasonable cause and not due to willful neglect.
3. If the cause of failure to pay the license fee or any portion thereof is determined by the town to be due to civil fraud or evasion of the license fee, the licensee shall pay a penalty of fifty percent (50%) of the amount of deficiency.

(E) The town shall have the right to inspect the licensee's cable service income records and the right to audit and to recompute any amounts determined to be payable under this chapter; provided, however, that such audit shall take place within thirty-six months following the close of each of the licensee's fiscal years. Any additional amount due to the town as a result of the audit shall be paid within thirty days following written notice to the licensee by the town, said notice shall include a copy of the audit report; provided, however, that licensee shall not be required to pay such deficiency until thirty days after completion of the administrative review process if licensee commences such process pursuant to Section 114.51(A)(3). If there is a deficiency in the payment of license fees to the town of ten percent or more, the town may assess the cost of the audit to the licensee. If town owes a refund to licensee or if licensee owes additional amounts to town, town and licensee shall agree upon a reasonable payment schedule with interest from the date of request until paid at the rate provided for hereunder.

(F) In compliance with applicable law, licensee shall not be required to pay any town right-of-way construction permit and development review fees which the town imposes under town code requirements on licensee's construction permit activities in or on the town streets for cable services and such fees shall be included in the license fee. If facilities constructed by licensee serve not only cable services but also internet service or telecommunications services, then

licensee shall pay a proportionate cost of the permit fees attributable to those services for which an annual license fee is not being paid.

#### **§ 114.17 Use of Telephone Company's Facilities**

If a licensee uses a telephone company's cable system distribution channels furnished to the licensee pursuant to tariff or contract on file with a regulatory body having jurisdiction and licensee makes no use of the streets independent of such telephone company furnished facilities, licensee remains fully bound by the terms of its license and this chapter.

#### **§114.18 Required Services and Facilities**

(A) A licensee shall maintain the broad categories of video programming or other services set forth in its license. Where there has been a substantial failure to maintain the broad categories of video programming or other services as set forth in the license, the town may, following due notice and public hearing as provided in Sections 114.52 Administrative Hearing and 114.53 Hearing by Council, direct the licensee to comply with its obligations in this regard. Written notice of such hearing shall be provided to the licensee and to the public at least thirty (30) days prior to such hearing.

(B) A license may require a licensee to provide channel capacity to the town for educational and governmental programming on terms and conditions specified in the license.

(C) Licensee shall provide high definition television to its subscribers as such broadcasting becomes available from the broadcasting stations on the channels, consistent with and as required by the regulations of the FCC.

#### **§ 114.19 Subscriber Services; Rates**

(A) *Initial Rates.* A licensee shall establish and notify the town of initial rates for its cable services prior to commencement of services. All rates established shall be reasonable, just, and fair to the public.

(B) *Authority to Regulate Rates.* To the extent permitted, the town may regulate the rates for cable service in accordance with federal and state law.

(C) *Notice of Rates.* Notice of rates shall be given in accordance with Section 114.41 Subscriber and Town Notification.

(D) Any rate established shall be reasonable, just and fair to the public, and shall provide the grantee a return upon its investment reasonably sufficient to:

- (1) Assure confidence in grantee's financial soundness;

(2) Support its credit and attract necessary capital under efficient and economical management; and

(3) Provide a return to equity owners commensurate with current returns on investment in other enterprises having corresponding risks.

(E) No rate established shall afford any undue preference or advantage among subscribers, but separate rates may be established for separate classes of subscribers and rates may reflect the populated areas where there are less than 50 residences per strand mile or trunk line cable to be installed.

(F) Changes in established rates may be made by grantee by notification to the Council, with the changes to be supported by financial data showing a change to be necessary in accordance with division (B) above.

#### **§ 114.20 Government Access Channel**

Unless otherwise provided in the license, licensee shall provide channel capacity for a minimum of one government access channel dedicated for town use. The management and operation of the government access channel shall be the responsibility of the town.

#### **§ 114.21 Educational Access Channels**

Unless otherwise provided in the license, licensee shall provide channel capacity for a minimum of one educational access channel dedicated for use by all schools in the town (as defined in this chapter), Arizona State University, Northern Arizona University, and the Yavapai County Community College. The management and operation of the educational access channels shall be the responsibility of the town.

#### **§ 114.22 General Provisions Concerning Access**

(A) The provisions of this section shall apply to all access channels.

(B) Technical Design of Access Channels and Responsibilities.

(1) In general, the town or its designees (other than licensee) is responsible for:

a. Delivering channel signals to the licensee at origination points and processing the signals so that they can be carried on the cable system; and receiving signals from licensees at all connection points to public buildings and origination points;

b. Controlling the routing of signals from the origination points to the appropriate channels; and

c. Providing and maintaining the studios and equipment used to produce programming.

(2) In general, licensee is responsible for transmitting access channel signals from the origination point and/or other cities/origination points for access programming to all connection points to public buildings and origination points identified in the license, and to subscribers without material degradation, and maintaining all the facilities required to do so.

(C) The licensee shall not take any actions that would discourage or prevent maximum utilization of all access channels provided, and shall cooperate with the town and managers of access channels to ensure that subscribers are aware of the channels, can access them easily, and, to the extent that a licensee (or some entity acting on a licensee's behalf) is involved in publishing licensee's channel schedules, that the access channels are similarly published.

(D) *Public Building Connections.* Upon request of the town and consistent with the joint trench requirements of subsection (E) of this section, licensee shall provide, without charge, at a minimum, one activated standard drop to all of the following present and future public buildings, as designated by the town from time to time:

- (1) Town fire stations and police stations;
- (2) All public libraries, including branches;
- (3) Town Hall, community center, recreation facilities, senior center, public works building and such other facilities used for municipal purposes as may be designated in the license;
- (4) Other locations as set forth in a license agreement.

If provided in the license, the licensee shall provide basic service free of charge to those facilities specified above. A license may further specify the particular conditions under which the connections will be provided.

(E) *Joint Trench Requirements.* The town shall notify licensee in writing at least thirty (30) days prior to opening trenches for use by utilities to serve public buildings. If such notice is given and subject to the construction or rebuild schedule and line extension policy, licensee shall install cable facilities in order to provide the connection to the public building without charge for trenching. If no notice is given, the town shall pay the reasonable cost of such trenching.

(F) *Access Channel Assignments.* To the extent that it is legally, economically and technically feasible, licensee will employ reasonable efforts to use the same channel numbers for the educational and governmental access channels as are used by another cable licensee, if any, with the greatest number of subscribers in the town.

(G) *Access Interconnections.*

(1) Subject to the limitations of applicable federal and state law, licensee shall interconnect access channels with any or all other cable systems in the town or in other nearby municipalities, owned by licensee or an affiliate or other cable operator as provided in the license, at no cost to the town or the other municipality.

(2) The town or its designated access provider shall have the right to control and schedule the operation of all interconnected access channels. In addition, the town shall have the right to use, at its sole discretion and at no cost to the town, any access channels to be provided under a license agreement for access interconnection.

(3) Licensee shall take all necessary technical steps to ensure that technically adequate signal quality and routing/switching systems are initially and continuously provided for all access interconnections between local jurisdictions. The cost for any equipment, operation or maintenance dedicated to such access interconnections shall be shared on pro rata basis or as mutually agreed upon among all participating jurisdictions, and paid to licensee.

(4) A licensee may be granted reasonable extensions of time to interconnect or the town may rescind its order to interconnect upon petition by the licensee to the town. The town shall grant said request, if it finds that a licensee negotiated in good faith and failed to obtain an approval from another cable system(s), governmental entity or educational institution for the proposed interconnection.

(H) *Access Channel Capital Costs.* The licensee voluntarily provides grants, funding, training, services, or any other kind of support reasonably necessary to meet the community needs of the town for the access channels, the value of which shall be offset against the license fee in the manner provided for by state law. If state law is amended to allow the town to require contribution of costs, the parties shall negotiate in good faith for amendment of this license, and licensee shall, to the extent consistent with federal law, make capital expenditures in support of access channels and related facilities and equipment as provided in the license. If there is more than one licensee providing cable service in the town, the town will use its best efforts to assure that the licensee's capital expenditures for access channels, facilities and equipment are reasonably equivalent as provided in the license. To the extent licensee's rates for cable services are subject to regulation, and to the extent consistent with applicable law, licensee shall have the right to treat such capital expenditures as external costs in support of access channels in setting regulated rates for cable services.

(I) *Access Channels on Basic Service Tier.* All access channels provided to subscribers shall be included, without limitation, on all basic tiers, including digital basic.

(J) *Change in Technology.* In the event a licensee makes any change in the cable system and related equipment and facilities or in licensee's signal delivery technology, licensee shall ensure that town analog signals are converted by licensee and the signal quality or transmission of access services or programming remains substantially the same.

(K) *Technical Quality.* Licensee shall maintain all access channels and interconnections at the same level of technical quality and reliability required by this chapter and any license agreement and all other applicable laws, rules and regulations for residential subscriber channels subject to the technical quality or reliability of the signal received from the source. Licensee shall provide routine maintenance and shall repair and replace all transmission equipment including channel modulators, associated cable and equipment, required to carry signal quality to and from licensee's facilities for the access channels; provided, however, licensee shall have no duty to provide, maintain, repair or replace equipment for which the town is responsible under subsection (B)(1) of this section.

(L) *Access Cooperation.* The town and licensee may agree to designate any other jurisdiction which has entered into an agreement with the licensee or an affiliate of the licensee to receive any access benefit due the town hereunder, or to share in the use of access services, facilities, equipment or channel operations hereunder. The purpose of this subsection shall be to allow cooperation in the use of access channels, facilities and equipment.

(M) *Indemnification by Access Programming Producers and Users.* All local producers and users of any of the access facilities or channels shall agree in writing to hold harmless the licensee, the town, and any responsible educational institution, from any and all liability or other injury (including the reasonable cost of defending claims or litigations) arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the licensee, town, or responsible educational institution; and for any other injury or damage in law or equity, which claims result from the use of an access facility or channel.

#### **§ 114.23 Time is of the Essence**

For any license or contract entered into pursuant to this chapter, time shall be deemed of the essence and any failure of the licensee to perform within the time allotted, or within a reasonable time if a period is not specified, shall be sufficient grounds for the town to invoke liquidated damages or revocation of a license in accordance with sections 114.50 Construction Bonds and 114.53 Hearings by Council.

#### **§ 114.24 Acceptance and Effective Date of License**

(A) No license granted pursuant to the provisions of this chapter shall become effective unless and until all insurance, letter of credit and bond requirements are met, all of such provisions being hereby declared to be conditions precedent to the effectiveness of any such license granted hereunder. If any of such provisions are not done and completed in the time and manner required, the license shall be null and void.

(B) Within twenty days after the date of awarding any license, or within such extended period of time as the council in its discretion may authorize, the licensee shall file with the clerk its written acceptance of the license, in a form satisfactory to the town attorney, together with the construction bond and insurance policies required by this chapter, and its agreement to be bound

by and to comply with and to do everything which is required of the licensee by the provisions of this chapter and the applicable license. Such acceptance shall be acknowledged by the licensee before a notary public, and shall, in form and content, be satisfactory to and approved by the town attorney.

**§ 114.25 Permits, Installations and Service**

Within one hundred eighty days after acceptance of any license, the licensee shall proceed with due diligence to apply for necessary permits and authorizations which are required in the conduct of its business, including, but not limited to, any utility joint use attachment agreements, microwave carrier licenses, and any other permits, licenses and authorizations to be granted by duly constituted regulatory agencies having jurisdiction over the operation of cable systems, or their associated microwave transmission facilities.

**§ 114.26 Cable System Construction Map and Schedule**

(A) Within one hundred eighty days after acceptance of any license, licensee shall submit a specific construction plan or reconstruction plan, as applicable, which shall be incorporated as an exhibit in the license. The plan shall include an overall plant mileage schedule of any construction or reconstruction effort and a time schedule of said work and system design criteria. The plan shall be updated on each five year anniversary of issuance of the license.

(B) Within ninety days after obtaining necessary permits, licenses, and authorizations, licensee shall commence construction and installation of the cable system or any reconstruction of the cable system.

(1) Licensee shall comply with the time schedule for construction required in subsection (A) of this section; provided, however, the town issues permits in a timely manner.

(2) Installation and operation of the new or any rebuilt cable system by licensee shall proceed on a nondiscriminatory basis, without regard for subscriber affluence or other discriminatory factors.

(3) Immediately following commencement of construction and installation of the cable system under a license, licensee shall diligently proceed to deliver cable services, as described in the license.

(C) Failure on the part of the licensee to commence and diligently pursue each of the foregoing requirements and to complete each of the matters set forth herein shall be grounds for liquidated damages and/or termination of such license pursuant to section 114.50 Construction Bonds and 114.53 Hearings by Council; provided, however, that the council in its discretion may extend the time for the commencement and completion of construction and installation for additional periods if any of the conditions set forth in section 114.59 Force Majeure exist.

(D) A license may contain alternative provisions that further the purposes of this article to provide cable services in the town.

**§ 114.27 Line Extension**

(A) *Residential Service.* After completion of construction in an area pursuant to a construction schedule, a licensee shall make cable services available to dwelling units within the town and shall extend its cable system as follows:

- (1) Each unit in a multiple dwelling unit (MDU) shall be counted as a dwelling unit in determining residential density where a mutually acceptable agreement granting licensee reasonable access to the MDU has been executed by the owner of the property and delivered to the licensee. Licensee shall not be required to make service available to residents of a MDU where the owner of the property has not granted licensee such reasonable access to the property.
- (2) When requested by a resident in the town, licensee shall, at licensee's sole expense, extend the cable system to any single-family residence or dwelling within the town; provided, that the residence or dwelling is located within two hundred twenty-five feet of the nearest technically feasible point of connection on the cable system. Such extension(s) shall include cutting in one or more taps and extending cable as necessary.
- (3) A license may provide for different line extension requirements from that required in subsection (A)(2) of this section so long as such requirements are not less restrictive and provide similar benefits.
- (4) To prevent unnecessary disruption and damage to streets, rights-of-way, and other property, the installation of underground cable shall be accomplished in new subdivisions that meet the requirements of subsection (A)(2) of this section at the same time, and in the same trench, as other communications, electric and other permanent services to structures, unless to do so would be economically infeasible. Except as federal law may grant them other rights, developers of new residential buildings or mobile homes within a new or undeveloped subdivision, new residential units within new multiple-occupancy residential developments, and new commercial and industrial buildings and structures shall treat cable television facilities as they treat other communication facilities, utilities and other underground facilities, in regards to availability and cost of trenching for undergroundings.
- (5) A license may provide for different line extension requirements from that required in subsection (A)(4).
- (6) Absent a showing by licensee to the manager of circumstances beyond licensee's reasonable control, an extension of service pursuant to subsections (A)(2) of this section or this subsection shall be accomplished within one hundred twenty days of the developer's or resident's request.
- (7) Licensee shall not be required to install the cable system or conduit in the joint trench of a new subdivision or to provide cable service to residents of the subdivision when the developer or homeowner's association of the subdivision has entered into an agreement in which another party has agreed to provide cable television or other comparable video services to all residents of the subdivision and in which the

subscribers' fees for such services are paid to the provider from collection of homeowner's association fees. However, upon termination of such agreement, the line extension required by this section shall apply.

(B) *Commercial Service.* After completion of construction in an area pursuant to a construction schedule, a licensee shall make cable services available to commercial establishments as follows, except licensee shall not be required to make service available to commercial establishments where the owner of the property has not granted licensee reasonable access to the property:

(1) When requested by the owner of a commercial establishment; provided, that no plant extension and nothing more than a standard drop is required to make cable services available; or provided, that the building is located within two hundred twenty five feet of the nearest technically feasible point of connection on the cable system.

(2) Absent a showing by licensee to the manager of unusual circumstances, including without limitation street crossings, an extension of service shall be accomplished within one hundred twenty days of owner's execution of any necessary easement documents and capital contribution agreements.

(3) A license may provide for different line extension requirements from that required in subsections (B)(1) and (2).

(C) *Service Drops.*

(1) Licensee shall make service available to any single-family residence or any commercial establishment within the town at applicable standard connection charge if the connection requires a standard drop.

(2) If making service available requires more than a standard drop, licensee shall not be required to make such service available unless the person requesting service pays to licensee (a) the standard connection charge and (b) an amount equal to the reasonable actual labor and material costs incurred by licensee for the additional facilities and work.

(3) Licensee may offer bulk billing service, but shall not require a bulk billing agreement as a condition of providing service.

(4) Absent a showing by licensee to the manager of unusual circumstances, including without limitation street crossings, (a) any standard drop to a single-family residence or dwelling shall be accomplished within seven business days after an order has been placed, and (b) any drop that is not a standard drop shall be accomplished within a reasonable time under the circumstances. Line extensions shall be done as provided in subsection (A) of this section.

(5) Absent a showing by licensee to the manager of unusual circumstances, including without limitation street crossings, (a) any standard drop to a commercial establishment shall be accomplished within ten days after the owner of such commercial establishment executes any necessary easement documents and capital contribution agreements, and

(b) any commercial drop that is not a standard drop shall be accomplished within a reasonable time under the circumstances.

(D) If a licensee elects to extend cable service to a customer in a licensed area which does not meet the standard drop requirements of this section, the licensee shall not refuse to extend service to any other customer in the same area solely on the grounds that service to the first customer did not meet the standard drop requirements.

(E) The line extension requirements set forth in this section shall not apply to any area covered by a construction phase described in the construction schedule until the construction phase for that area has been completed.

(F) *Discrimination Prohibited.* No person, firm or corporation in the existing cable service area of the licensee shall be arbitrarily refused cable services; provided, however, that the licensee shall not be required to provide cable services to any subscriber who does not pay the applicable line extension connection fee and/or cable service charge(s).

(G) *Annexed Territory.* Newly annexed territory shall be subject to the terms of this chapter and this section.

#### **§ 114.28 Placement of Transmission Facilities**

Except as provided in the license, facilities shall be placed in accordance with Chapter 150 of the Chino Valley Town code.

#### **§ 114.29 Construction and Technical Standards**

(A) *Compliance with Construction and Technical Standards.*

(1) As provided in the license, licensee shall construct, install, operate and maintain its system in a manner and at all times consistent with (a) all laws, this chapter, construction standards of the town, the Federal Communications Commission (FCC) Rules and Regulations, Part 76 Subpart K (Technical Standards), as amended from time to time, and (b) detailed standards submitted by licensee as part of its application, which standards are to be incorporated by reference in a license.

(2) When there have been multiple, similar complaints by subscribers, or when there exists other evidence which suggests that licensee is not in substantial compliance with the technical standards, or the cable system is not operating in accordance with this chapter or the license, the manager shall have the right and authority to compel licensee to test, analyze and report on the performance of the cable system under the supervision of the manager. Such report shall be delivered to the manager no later than thirty days after the manager requests such test(s) in writing and shall include the following information: the nature of the complaints that precipitated the test(s), which cable system component(s) was/were tested, the equipment used and procedure(s) employed in such testing, the result(s) of such test(s) and the manner in which such complaints were resolved. If such report indicates licensee is in partial compliance with the technical standards, but there exists evidence suggesting that licensee is nonetheless not in

substantial compliance, the manager may require that the test(s) be repeated within thirty days of the delivery of such report, under the supervision of a professional engineer not on the permanent staff of licensee. Such engineer shall sign all records of such repeated test(s) and shall forward to the manager (a) such records, (b) a report interpreting the results, and (c) recommended corrective actions, if any. The fees of such engineer shall be paid by (a) licensee, if the repeated test(s) show(s) licensee is not in substantial compliance with the technical standards of this chapter, or (b) the town, if the repeated test(s) show(s) licensee is in substantial compliance with said standards.

(B) *Additional Specifications.* Construction, installation and maintenance of a cable system shall be performed in an orderly and professional manner. All cables and wires shall be installed, where possible, parallel with and in a manner similar to the installation of 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 all applicable codes. Each cable system shall include equipment capable of providing standby power as specified in the license. The equipment shall be so constructed as to automatically revert to the standby mode when the electrical utility power returns. The system shall incorporate safeguards necessary to prevent injury to technicians resulting from licensee's standby power sources. Licensee shall at all times comply with applicable sections of:

- (1) National Electrical Safety Code (ANSI)C2;
- (2) National Electrical Code (National Bureau of Fire Underwriters);
- (3) The International Building Code as may be adopted and amended by the town, together with applicable portions of all other uniform codes, as may be adopted and amended by the town, promulgated by the International Conference of Building Officials;
- (4) Town zoning code and subdivision regulations, all as from time to time amended and revised, and all other applicable rules and regulations now in effect or hereinafter adopted by the town;
- (5) The Maricopa Association of Governments Uniform Standard Specifications for Public Works Construction including the latest town supplement thereto.

(C) *Emergency Service.* The licensee shall design and construct the system to provide for a restricted audio override of the audio portion of all channels during emergencies consistent with FCC regulations. Emergency or standby power sources will be installed at the main electronic control center and appropriate locations so as to minimize loss of signal. Key cable routings shall also be equipped with a standby power source as set forth in the license. In case of any declared emergency or disaster, consistent with FCC regulations, the cable system shall, upon request of the mayor or manager, make available immediately its facilities to the town for emergency use during the emergency or disaster period. A "declared emergency or disaster" as used in this section means such event that has been proclaimed by the mayor, the governor, or other competent authority. In any event, the cable system shall not endanger or interfere with the

safety of persons or property in the license area or other areas where the licensee may have equipment located.

**§ 114.30 Utility Locating System**

A licensee shall be required to be a participant in the regional one call utility locating system (Blue Stake). Licensee shall accurately identify its facilities in accordance with the requirements of the one call utility locating system (blue stake), and the town shall not be liable for any damages to a licensee's facilities that have not been accurately identified. Licensee shall use paint that dissolves within three weeks. In the event licensee's utility markings paint remains visible after three weeks, licensee shall remove such markings. If licensee fails to remove such markings after notice and a reasonable time for cure, the town may cause the markings to be removed and invoice the licensee for the removal costs, which costs shall be promptly paid.

**§ 114.31 Resident Notification of Construction Activity Required**

Licensee shall provide reasonable advance notice to all affected residents prior to system construction or upgrade crews entering the right-of-way or easement in front of or on their property; provided, that licensee shall not be required to provide such notice in emergencies.

**§ 114.32 Location of Property of Licensee**

(A) Any poles, wires, cable lines, conduits or other properties of a licensee to be constructed or installed in streets shall be so constructed or installed only at such locations and in such manner as shall be approved by the public works director acting in the exercise of his reasonable discretion consistent with the town's regulations. The director's decision shall accommodate reasonable technical requirements of the facilities.

(B) Except as permitted by the town, a licensee shall not install or erect any facility or apparatus in or on any privately owned area within the town which is intended to become a public street, whether or not designated or delineated as a proposed public street on any preliminary subdivision approved by the town.

(B) Notwithstanding any other provision in this chapter or any license granted pursuant thereto, all cable system lines of a licensee in any public street, shall be located underground in accordance with Town Code Section 150.081 and at such depths and locations as shall be approved by the public works director. This requirement shall not apply to existing above-ground facilities.

(C) Except as provided in the license, upon the undergrounding of other utility lines or shared overhead facilities, licensee shall concurrently (or earlier) place its facilities underground, at its own expense, at depths and locations approved by the public works director.

(D) All new underground wires or cable of licensee placed after the effective date of the ordinance codified in this chapter shall be placed in conduits except for service drop lines.

(E) The licensee or its authorized contractors will obtain permits, prior to any physical work being performed in the town's rights-of-way or on town-owned property. All work will be done

in accordance with the town's technical and permitting specifications and in accordance with the Chino Valley Town Code.

**§ 114.33      Emergency Work**

The town reserves the right to move any portion of the licensee's equipment and facilities as may be required in any emergency as determined by the town without liability for interruption of cable service. Prior to taking any actions pursuant to this section, the town shall provide, if feasible, reasonable notice to licensee of the emergency to allow licensee the opportunity to protect or repair licensee's facilities involved in the emergency.

**§ 114.34      Removal and Abandonment of Property of Licensee**

The following provisions shall not apply to facilities used in the provision of services other than cable services as to which no cable license is required:

(A) If the use of substantial part of the cable system is discontinued for any reason for a continuous period of twelve months, or if such cable system or property has been installed in any street or public place without complying with the requirements of the licensee's license or this chapter, or the license has been terminated, canceled or has expired without renewal, the licensee shall promptly, upon being given ten days' written notice from the public works director, remove from the streets or public places all such property and poles of such cable system other than any underground cable or any other underground property which the manager may permit to be abandoned in place. Upon such removal, the licensee shall promptly restore the street or other area from which such property has been removed to a condition satisfactory to the manager.

(B) Any property of the licensee remaining in place one hundred eighty days after the termination or expiration of the license shall be at the option of the town considered permanently abandoned. The town may extend such time.

(C) Any property of the licensee permitted to be abandoned in place shall be abandoned in such a manner as the public works director shall prescribe. Upon permanent abandonment of the property of the licensee in place, the property shall become that of the town, and the licensee shall submit to the town an instrument in writing, to be approved by the town attorney, transferring to the town the ownership of such property.

(D) At the town's discretion, any property of the licensee not permitted by the town to be abandoned in place may be removed by the town at licensee's expense.

**§ 114.35      Temporary Removal of Wire for Building Improvements**

The licensee, on the request of any person, firm or corporation holding a building moving permit issued by the town, shall temporarily raise or lower its wires to permit the moving of buildings. The expense of such temporary removal, raising or lowering of wires shall be paid to the licensee by the person, firm or corporation requesting the same, and the licensee shall have the authority to require such payment in advance. The licensee shall be given not less than ten days' advance notice to arrange for such temporary wire changes.

### **§ 114.36 Changes Required by Public Improvements**

The licensee shall from time to time, at its own expense, protect, support, temporarily dislocate, temporarily or permanently, as may be required, remove or relocate, without expense to the town any facilities installed, used or maintained under the license, if and when made necessary by any lawful change of grade, alignment, or width of any street by the town, or made necessary by any other public improvement or alteration in, under, on, upon or about any street, when such public improvement or alteration is at the instance of the town, when such improvement or alteration is for a governmental or proprietary function, or made necessary by traffic conditions, public safety, street vacation or any other public project or purpose of the town, and when the licensee has substantially the same obligations with respect to the cost thereof as all other users of the public rights-of-way.

### **§ 114.37 Methods and Materials of Street Construction**

The town shall have the right to specify the methods and materials of street construction or reconstruction, together with the horizontal and vertical location of any underground facility proposed by licensee within any public property or right-of-way. The town shall also have the right to limit the work of the licensee to assure a minimum of inconvenience to the traveling public and to impose traffic control requirements, as specified in the town's subdivision regulations and Town Code. Licensee will be required to obtain permits from the town, allowing licensee to work in the public rights-of-way pursuant to chapter 150 of the Chino Valley Town Code.

### **§ 114.38 Failure to Perform Street Work**

If a licensee causes damage to pavement, sidewalks, driveways, landscaping or other property, the licensee or the authorized agent shall, at its own expense and in a manner approved by the town, replace and restore such places in accordance with the Chino Valley Town Code and Unified Development Ordinance.

### **§ 114.39 Telephone Communications Service**

A licensee shall provide efficient customer service to subscribers over the telephone and, at a minimum, meet the standards set forth below:

- (A) Licensee shall have a publicly listed, local or toll-free telephone number, for the purpose of receiving inquiries regarding new service or terminating service, disconnection or reconnection of service during or after vacation, handling converters, paying bills, receiving complaints, scheduling service calls or repairs, making changes in type of programming, and providing information to subscribers on a twenty-four hours a day, seven days a week basis.
- (B) Trained licensee representatives will be available to respond to subscriber telephone inquiries twenty-four hours a day, seven days a week.
- (C) Under normal operating conditions, the time taken for a live licensee representative to answer the telephone and speak directly with a subscriber, including wait time, shall not exceed thirty seconds after the connection is made. If the call needs to be transferred, transfer time shall

not exceed thirty seconds. These standards shall be met no less than ninety percent of the time under normal operating conditions, measured on a quarterly basis. No caller should be left on hold more than sixty seconds without being informed of the status of the call.

(D) Under normal operating conditions, the subscribers will receive a busy signal less than three percent of the time.

(E) Licensee shall provide reasonable methodology to measure compliance with the telephone answering standards.

#### **§ 114.40 Subscriber Service Standards**

(A) Each licensee shall at all times meet or exceed Federal Customer Service Standards and the subscriber service standards for subscribers set forth in this chapter and in its license. If there is a conflict among standards, the stricter standard shall prevail, unless preempted by federal law.

(B) Upon termination of cable services to any subscriber, a licensee shall promptly remove its converter equipment from the premises of such subscriber upon the subscriber's request.

(C) Licensee shall render efficient cable services, make repairs promptly, and interrupt cable services only for good cause and for the shortest time possible. Such interruptions, insofar as possible, shall occur during periods of minimum cable system use.

(D) Licensee shall not knowingly allow its cable or other operations to interfere with television reception of persons not serviced by licensee, nor shall the cable system interfere with, obstruct or hinder in any manner the operation of the various utilities serving the residents of the town.

(E) A licensee shall continue, through the term of the license, to maintain the technical, operational, and maintenance standards and quality of cable service set forth in this chapter and as specified in the license.

(F) Under normal operating conditions, each of the following four standards for subscribers will be met no less than ninety-five percent of the time measured on a quarterly basis:

(1) Standard drops will be installed within ten business days after an order has been placed.

(2) Except for conditions beyond the control of the licensee, the licensee must take actions to correct its service problems the next business day after notification of the service problem and will begin working on service interruptions promptly and in no event later than twenty-four hours after the interruption becomes known.

(3) The "appointment window" for installations, service calls, and other installation activities will be either a specific time or, at a maximum, a four-hour time block during normal business hours. (The licensee may schedule service calls and other installation activities outside of normal business hours for the express convenience of the subscriber.)

(4) If a licensee representative is running late for an appointment with a subscriber and will not be able to keep the appointment as scheduled, the licensee will attempt to contact the subscriber. The appointment will be rescheduled, as necessary, at a time convenient for the subscriber.

(G) Licensee shall respond immediately to any outage. It shall be deemed a violation if licensee exceeds a four-hour average response time to outages during any consecutive three-month period.

(H) Licensee shall respond and resolve all complaints within a reasonable time.

**§ 114.41 Subscriber and Town Notification**

(A) The licensee shall provide written information in easy-to-understand language on each of the following areas prior to or at the time of installation of service, at least annually to all subscribers and the town, and at any time upon request:

- (1) Products and services offered;
- (2) Prices and options for programming services and conditions of subscription to programming and other services;
- (3) Installation and service maintenance policies;
- (4) Instructions on how to use the cable service;
- (5) Information on a parental control feature that will permit a subscriber to lock out any objectionable programming from the cable services entering his or her home;
- (6) Channel positions of programming carried on the system; and
- (7) Billing and complaint procedures, including the address and telephone number of the local business office and of the town's designated office for handling cable television matters.

(B) Subscribers and the town will be notified of any changes in rates, programming, services or channel positions as soon as possible in writing. Notice shall be given to the town and subscribers a minimum of thirty days in advance of such changes if the change is within the control of the licensee, unless the town concurs that notice is not necessary. In addition, the licensee shall notify the town and subscribers thirty days in advance of any significant changes in the other information required by subsection (A) of this section.

**§ 114.42 Billing Practices; Information and Procedures**

(A) Bills to subscribers will be clear, concise and understandable. Bills to subscribers shall be fully itemized, with itemizations including, but not limited to, basic and premium service charges and equipment charges. Bills to subscribers shall clearly delineate all activity during the billing period, including optional charges, rebates and credits.

(B) Licensee shall bill all subscribers to its cable system in a uniform manner, regardless of subscriber's level of service. A licensee may offer bulk billing service, but shall not require bulk billing service as a condition of providing service. In no case shall any subscriber be billed for services in excess of thirty days prior to receipt of such service. Payment shall be due no sooner than the fifteenth day of each billing period, and the due date shall be listed on each bill. Bills shall be mailed no later than the first day of the billing period. No late fee shall be charged until seven days after the current due date of the current billing cycle.

(C) In case of a billing dispute, the licensee must respond to a written complaint from a subscriber within thirty days. The licensee shall follow a written internal appeal or dispute resolution procedure for resolution of billing disputes. A current copy of the procedures shall be provided to the town clerk and shall be kept on file in the town clerk's office.

(D) Any subscriber shall be entitled, upon request, oral or written, to licensee, to a refund equal to one day's service for each subscriber's service interruption: (1) for each continuous twenty-four-hour period or (2) a period of two or more hours of any four days within a monthly billing period.

(E) Refunds and credits shall be issued promptly, as follows:

(1) Payment deposits shall be refunded after twelve months of satisfactory customer payments.

(2) Billing refunds and credits shall be issued no later than the next billing cycle following correction of the error or thirty days following the determination that a refund or credit is warranted, whichever is earlier.

(3) Equipment deposits shall be refunded within seven days after the equipment supplied by licensee is returned to the licensee.

(4) Service credits will be issued no later than the subscriber's next billing cycle following the determination that a credit is warranted.

#### **§ 114.43 Subscriber Solicitation Procedures**

(A) All personnel, agents and representatives of the licensee, including subcontractors, shall wear a cable uniform or clearly display a photo-identification badge when acting on behalf of the licensee in the town.

(B) The licensee shall afford each subscriber of the cable system with a three-day right of rescission for ordering installation of cable service from the cable system; provided, that such right of rescission shall end upon initiation of physical installation of cable system equipment on such subscriber's premises.

#### **§ 114.44 Disconnection and Termination of Cable Services**

Licensee shall only disconnect or terminate a subscriber's cable service for good and just cause. In no event shall licensee disconnect said cable service for nonpayment without the prior written

notification to the affected subscriber at least seven days prior to such disconnection or termination. In no event shall such disconnection or termination for nonpayment occur in less than thirty days after a subscriber's failure to pay a bill due. Where the licensee has improperly discontinued cable system service to any such subscriber, it shall provide free reconnection to the cable system to such subscriber.

#### **§ 114.45 Protection of Subscriber Privacy**

(A) Licensee shall at all times comply with the Cable Act provisions related to protection of subscriber privacy as set forth in 47 U.S.C. Section 551 as may be amended from time to time.

(B) A subscriber shall be provided, free of charge, access to all personally identifiable information regarding that subscriber which is collected and maintained by a licensee. Such information shall be made available to the subscriber at reasonable times and at a convenient place designated by licensee. A cable subscriber shall be provided reasonable opportunity to correct any error in such information.

(C) Nothing in this chapter shall be construed to prohibit the town from enacting or enforcing additional laws consistent with this section for the protection of subscriber privacy.

#### **§ 114.46 Reports**

(A) *Annual Reports.* Within ninety days after the close of the licensee's fiscal year, the licensee upon request of the town shall submit a written annual report, in a form approved by the town including, but not limited to, the following information:

(1) A summary of the previous year's (or, in the case of the initial report year, the initial year's) activities in development of the cable system including, but not limited to, services begun or discontinued during the reporting year, and the number of subscribers for each class of service.

(2) A summary of cable system revenues subject to the license fee provided for under Section 114.16 Payment of License Fee.

(3) Full financial statements for the previous year, including income statement, balance sheet, cash flow statement, and appropriate explanatory footnotes, for the licensee or any parent company. Financial statements for the licensee or any parent company shall be audited by an independent CPA, and all other statements shall be certified by an officer of the licensee to be an accurate reflection of licensee's books and records. In the event any audited financial report has not been published by the date due under this article, then the audited financial report shall be deemed presented on time if presented within thirty days after publication. Upon request by the town, the licensee shall also provide an oral briefing to the town manager of its financial condition. This will include revenues, operating expenses and capital expenditures for the previous year.

(B) *Optional Reports.* Upon request of the town, licensee shall provide within a reasonable time, any of the following reports:

- (1) A current statement of costs of construction of the cable system, if needed in connection with rate regulation.
- (2) A projected income statement and statement of projected costs of construction of the cable system for the next two years, in connection with rate regulation. To protect the proprietary nature of such information, the town may review these reports at the local business office of the licensee.
- (3) A list of the licensee's officers, members of its board of directors, and other principals of the licensee.
- (4) A list of stockholders or other equity investors holding five percent or more of the voting interest in the licensee and its parent, subsidiary and affiliated corporations and other entities, if any.
- (5) Licensee's annual and other periodic public reports and those of its parent, subsidiary and affiliated corporations and other entities, as is reasonably appropriate.
- (6) Information or reports, as needed, to establish licensee's compliance with the various standards and other provisions of this chapter and the license.

(C) *Copies of Federal and State Reports.* Upon request of the town, licensee shall submit to the town copies of all pleadings, applications, reports, communications and documents of any kind, submitted by the licensee to the Federal Communications Commission, as well as copies of all decisions, correspondence and actions by any federal, state and local courts, regulatory agencies and other government bodies relating to its cable television operations within the license area. The licensee shall submit such documents to the town simultaneously with its submission to such courts, agencies and bodies; and within five days after their receipt from such courts, agencies and bodies. The licensee hereby waives any right to claim confidential, privileged or proprietary rights to such documents unless such confidential rights are determined to be confidential by law or by the practices of federal or state agencies. Such confidential data exempt from public disclosure shall be retained in confidence by the town and its authorized agents and shall not be made available for public inspection.

(D) *Service Complaint Reports.* Licensee shall make a monthly report to the town identifying the general nature and number of all service complaints, and summarizing the timeliness of licensee's response and the disposition of such complaints in a form approved by the town. Licensee is free to provide any supplemental information it wishes to the town.

(E) *Inspection of Facilities.* The licensee shall allow the town to make inspections of any of the licensee's facilities and equipment at any time upon reasonable notice, or, in case of emergency, upon demand without prior notice, to allow the town to verify the accuracy of any submitted report.

(F) *Inspection of Business Office and Files.* At the licensee's area office the licensee shall keep complete books and records. Subject to confidentiality restrictions required by federal or state law or Section 114.45 Protection of Subscriber Privacy, the town shall have the right to inspect at any time during normal business hours all books, records, construction maps and

plans, income tax returns, financial statements, service complaint logs, performance test results and other like materials of the licensee which relate to the operation of the cable system. Upon request of the town, licensee shall in advance redact any confidential information prior to review by the town.

(G) *Public Inspection.* All reports submitted by licensee to the town are subject to public disclosure, and shall be available for public inspection at a designated town office during normal business hours.

(H) *Failure to Report.* The refusal, failure, or neglect of the licensee to file any of the reports required, or provide such other reports as the town reasonably may request, shall be deemed a breach of the license, and shall subject the licensee to all remedies, legal or equitable, available to the town under the license or otherwise.

(I) *False Statements.* Any materially false or misleading statement or representation made knowingly by the licensee in any report required under the license shall be deemed a material breach of the license and shall subject the licensee to all remedies, legal or equitable, available to the town under the license or otherwise.

(J) *Cost of Reports.* All reports and records of licensee required to be provided by licensee under this or any other article shall be furnished at the sole expense of the licensee.

#### **§ 114.47 Inspection of Property and Records**

(A) At all reasonable times, the licensee shall permit any duly authorized representative of the town to examine all property of the licensee, together with any appurtenant property of the licensee situated within or without the town, and to examine and transcribe any and all maps and other records kept or maintained by the licensee or under its control which relate to license compliance and deal with the operations, affairs, transactions or property of the licensee, subject to confidentiality restrictions required by federal or state law or Section 114.45 Protection of Subscriber Privacy.

(B) The licensee shall at all times make and keep full and complete design maps showing the exact location of all cable system equipment installed or in use in public rights-of-way and other places in the town and make them available to the town for inspection and review upon request at the office where licensee maintains such records.

#### **§ 114.48 Protection of Town against Liability**

(A) **Indemnification.**

(1) Licensee shall fully indemnify, defend and hold harmless the town, its officers, boards, commissions, elected officials, agents, attorneys, representatives, servants and employees against any and all costs, damages, expenses, claims, suits, actions, liabilities and judgments for damages, including, but not limited to, expenses for legal fees, whether suit be brought or not, and disbursements and liabilities incurred or assumed by town in connection with:

- (a) Damage to persons or property, in any way arising out of or through the acts or omissions of licensee, its servants, officials, agents, attorneys, representatives or employees;
  - (b) Requests for relief arising out of any licensee action or inaction which results in a claim for invasion of right of privacy, for defamation of any person, firm or corporation; for the violation or infringement of any copyright, trademark, trade name, service mark or patent; or of any other right of any person, firm or corporation;
  - (c) Any and all claims arising out of licensee's failure to comply with the provisions of this chapter or a license or any federal, state or local law or regulation applicable to licensee or the cable system;
  - (d) Any and all disputes arising out of a claim by any party other than the town or licensee wherein damages or other relief is sought (i) as a result of the town's cable system licensing of licensee or (ii) as a result of the renewal or non-renewal of licensee's cable system license.
- (2) If a lawsuit covered by the provisions of subsection (A)(1) of this section be brought against the town, either independently or jointly with a licensee, or with any other person or municipality, the licensee, upon notice given by the town, shall defend the town at the cost of the licensee. If final judgment is obtained against the town, either independently or jointly with licensee or any other defendants, the licensee shall indemnify the town and pay such judgment with all costs and attorneys' fees and satisfy and discharge the same. The town shall cooperate with the licensee and reserves the right to participate in the defense of any litigation.
- (3) A licensee shall bring no claim or demand any right to a refund of license fees paid to the town as a percentage of gross revenues derived from services that are later determined to be telecommunications services rather than cable services.
- (4) The town is in no manner or means waiving any governmental immunity it may enjoy or any immunity for its agents, officials, servants, attorneys, representatives and/or employees.
- (5) A licensee shall make no settlement in any matter identified above without the town's written consent, which shall not be unreasonably withheld. Failure to inform the town of settlement shall constitute a breach of the license and the town may seek any redress available to it against the licensee whether set forth in this chapter or under any other municipal, state or federal laws.
- (6) All rights of the town, pursuant to indemnification, insurance, letter of credit or performance bond(s), as provided for by this chapter, are in addition to all other rights the town may have under this chapter or any other chapter, rule, regulation or law.
- (7) The town's exercise of or failure to exercise all rights pursuant to any section of this chapter shall not affect in any way the right of the town subsequently to exercise any

such rights or any other right of the town under this chapter or any other chapter, rule, regulation or law.

(8) It is the purpose of this section to provide maximum indemnification to the town under the terms and conditions expressed and, if there is a dispute, this section shall be construed (to the greatest extent permitted by law) to provide for the indemnification of the town by the licensee.

(9) The provisions of this section shall not be dependent or conditioned upon the validity of this chapter or the validity of any of the procedures or agreements involved in the award or renewal of a license, but shall be and remain a binding right and obligation of the town and a licensee even if part or all of this chapter, or the grant or renewal of a license, is declared null and void in a legal or administrative proceeding. It shall be expressly stated in a license, that it is the intent of the licensee and town, upon the effective date of the license, that the provisions of this section survive any such declaration and shall be a binding obligation of and inure to the benefit of the licensee and town and their respective successors and assigns, if any.

(B) Comprehensive Liability Insurance.

(1) Upon acceptance of a license, the licensee shall file with the town clerk and shall thereafter during the entire term of such license maintain in full force and effect, at its own expense, a general comprehensive liability insurance policy or policies which shall insure licensee and provide primary coverage for the town, its officers, boards, commissions, agents and employees, against liability for loss or liability for personal injury, death, property damage (both automobile and non-automobile caused), or other damages. Such policy or policies shall include, but are not limited to, insurance against damages from unfair competition, copyright infringement (common law or statutory) and a failure of licensee to secure consents, occasioned by any activity or operation of licensee under such license, and regardless of any claimed or actual activities of the town, its officers, boards, commissions, agents and employees other than gross negligence or willful misconduct. The manager, in any license granted, may waive the requirement for insurance from one or more perils mentioned in the last preceding sentence upon a finding that such insurance cannot be procured or cannot be procured at a reasonable cost, and in connection therewith may reduce the otherwise required limits on coverage hereafter set forth. Such policy or policies shall be issued by a company approved by the manager and shall be in a form approved by the town attorney, with minimum combined single limits of liability coverage in the amount of three million dollars. The policy or policies shall name the town, its officers, boards, commissions, agents and employees as additional insured and contain a provision that a written notice of any cancellation, modification or reduction in coverage of said policy shall be delivered to the clerk thirty days in advance of the effective date thereof. No license granted under this chapter shall be effective unless and until certificates of insurance evidencing coverage required above are delivered to the clerk. Any substitute policy or policies shall be subject to the same approvals and shall comply with all of the provisions of this subsection.

(2) The council may require increases in the amount or types of coverage no more frequently than every three years, based on increases in the CPI, so as to ensure full protection of the town and the public. The licensee shall have six months from the date of notification from the manager to comply with any increase.

(3) A licensee may self-insure the above-described policy coverages if such licensee or its parent is of sufficient financial standing to reasonably provide such insurance. A licensee that elects to self-insure shall file with the town a certificate of insurance as specified by the town.

**§ 114.49 Letter of credit.**

(A) Within 30 days after the award or renewal of a license, a licensee shall deposit with the town an irrevocable and replenishable letter of credit in an amount of \$25,000.00 issued by a federally insured commercial lending institution. The form and substance of said letter of credit shall be used to assure the faithful performance by a licensee of all provisions of this and resulting license; and compliance with all orders, permits and directions of any agency, commission, board, department, division or office of the town having jurisdiction over its acts or defaults under a license and the payment by the licensee of any penalties, liquidated damages, claims, liens and taxes due to the town which arise by reason of the construction, operation or maintenance of the cable system, including cost of removal or abandonment of any property of the licensee.

(B) The letter of credit may be drawn upon by the town by presentation of a draft at sight on the lending institution, accompanied by a written certificate signed by the public works director certifying that the licensee has been found, pursuant to section 114.52 Administrative Hearing, paragraph C or section 114.53 Hearing by Council, to have failed to comply with, its license or license agreement, stating the nature of noncompliance, and stating the amount being drawn. Examples of the nature of the noncompliance for drawing upon the letter of credit include, but are not limited to, the following:

(1) Failure of the licensee to pay to the town any license fees or taxes after ten days written notice of delinquency.

(2) Failure of the licensee to pay to the town, after ten days written notice, after all judicial remedies have been exhausted, any amounts due and owing the town by reason of the indemnity provisions of Section 114.48 Protection of Town against Liability.

(3) Failure of the licensee to pay to the town any liquidated damages due and owing to the town pursuant to Section 114.48 Protection of Town against Liability and/or the license.

(C) The letter of credit shall be structured in such a manner so that if the town at any time draws upon the letter of credit, upon notice to the licensee by the issuing lending institution, licensee shall increase immediately the amount of available credit to the extent necessary to replenish that portion of the available credit exhausted by the honoring of the town's draft. The lending institution shall notify the town of the replenishment by licensee. The intent of this

paragraph is to make available to the town at all times a letter of credit in the amount of \$25,000.00.

(D) The rights reserved to the town with respect to the letter of credit are in addition to all other rights of the town, whether reserved by a license or authorized by law, and no action proceeding against a letter of credit shall affect any other right the town may have.

#### **§ 114.50 Construction Bonds**

(A) Thirty days prior to the commencement of any construction in the town's rights-of-way, a licensee shall obtain and maintain throughout the period of system construction, at its cost and expense, and file with the clerk, a corporate surety bond issued by a company authorized to do business in the state of Arizona, and found acceptable by the town attorney, in an amount established in a license agreement solely for the purpose of guaranteeing the timely construction and/or reconstruction of the cable system and the safeguarding of private property during construction and/or reconstruction. The bond shall provide, but not be limited to, the following condition: There shall be recoverable by the town, jointly and severally from the principal and surety, any and all damages, losses or costs suffered by the town resulting from the failure of a licensee to satisfactorily complete construction and/or reconstruction of its cable system throughout the license area pursuant to the terms and conditions of this chapter and such licensee's license.

(B) Any extension of the prescribed construction or reconstruction time limit must be authorized by the town. The construction bond shall be available throughout any such extension period.

(C) The construction bond shall be terminated only after the council finds that a licensee has satisfactorily completed initial construction and activation or reconstruction of its cable system pursuant to the terms and conditions of this chapter and such licensee's license.

(D) The rights reserved to the town with respect to the construction bond are in addition to all other rights of the town, 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 town may have.

(E) The construction bond shall contain the following endorsement:

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

#### **§ 114.51 Liquidated Damages**

(A) Each license granted by the town shall state that a licensee understands and shall agree that failure to comply with any time and performance requirements as stipulated in this chapter and the license will result in damage to the town, and that it is and will be impracticable to determine the actual amount of such damage caused by delay or nonperformance; the license

shall include provisions for liquidated damages to be paid by the licensee, in amounts to be negotiated and set forth in the license and chargeable to the letter of credit for the following defaults:

- (1) Failure to complete system construction or reconstruction in accordance with the schedule in the license unless the council specifically approves the delay by motion or resolution;
  - (2) Failure to provide a cable connection within the time(s) set forth in Section 114.27 Line Extension;
  - (3) Failure to properly restore the public right-of-way or to correct related violations of specifications, code, or standards after having been notified by the town to correct such defects;
  - (4) Failure to test, analyze and report on the performance of the cable system following a written request pursuant to Section 114.29 Construction and Technical Standards, subsection (A)(2);
  - (5) Failure to provide in a continuing manner the type of services proposed in the accepted application for license or in the final license unless the council specifically approves modification of a licensee's obligation;
  - (6) Failure to cure any violation of Section 114.40 Subscriber Service Standards, following notice and an opportunity to cure pursuant to the provisions of that section; and
  - (7) Any other action or non-action by the licensee, as agreed upon between the town and licensee, and set forth in the license.
- (B) If the manager concludes that a licensee is in fact liable for liquidated damages pursuant to the license, he shall issue to licensee by certified mail a notice of intention to assess liquidated damages. The notice shall set forth the nature of the violation and the amount of the proposed assessment or the licensee shall, within thirty days of receipt of such notice:
- (1) Respond to the town in writing, contesting the town's assertion of violation and providing such information or documentation as may be necessary to support licensee's position; or
  - (2) Cure any such violation (and provide written evidence of the same), or, if, in the town's sole discretion, such violation cannot be cured within such thirty-day period, take reasonable steps to cure said violation as soon as practicable and diligently continue such efforts until said violation is cured. Licensee shall report to the town, in writing, at thirty-day intervals as to licensee's efforts, indicating the steps taken by licensee to cure said violation and reporting licensee's progress until such violation is cured.
- (C) If licensee contests the town's assertion of violation or fails to respond to the town's notice of intent to assess liquidated damages, within fifteen days the town shall schedule a hearing in accordance with the procedures set forth in Section 114.52 Administrative Hearing.

**§ 114.52 Administrative Hearing**

(A) Within fifteen days of: (1) receipt of licensee's notice of contest pursuant to Section 114.49(B)(1); or (2) expiration of the response time referred to in Sections 114.40(G) or 114.42(C); or (3) notice from licensee that it contests an audit determination of license fees under 114.16(D), an administrative hearing shall be scheduled by the manager. This shall be a public hearing, and licensee shall be afforded an opportunity to be heard and to present relevant information.

(B) Within fifteen days after the conclusion of such hearing, the manager shall issue a determination. In that determination the manager may:

- (1) Find that licensee is not in violation of the terms of the license;
- (2) Find that the licensee is in violation, but that such violation was with just cause and waive any liquidated damages that might otherwise be imposed;
- (3) Find that licensee is in violation of the terms of the license, take corrective action, make written demand of licensee for the amount owed by licensee as a result thereof, and if not paid by licensee within thirty days following the date of such notice, pursue all remedies available, subject to licensee's right to appeal the manager's decision;
- (4) Find that licensee is in violation of the terms of the license and impose liquidated damages; and

(C) In the case of a material violation recommend that the council terminate the license; provided, that the council may take action on any such recommendation only after a public hearing as set forth in Section 114.53 Hearing by Council.

(D) If the manager determines that licensee has committed a violation, the determination shall be accompanied by a detailed statement of reasons for the determination, including findings of fact.

(E) The decision of the manager shall become final unless licensee requests a public hearing before the council within fifteen days of its receipt of the statement of reasons and findings of fact by the manager.

**§ 114.53 Hearing by Council**

(A) If a public hearing before the council is requested by licensee or is held pursuant to Section 114.52 Administrative Hearing, it shall be on the record as supplemented by the licensee and other relevant information. It shall convene within thirty days of the request therefor. The council may designate three of its members to act as a hearing subcommittee in the matter and to present written findings of fact and conclusions of law to the entire council. The council's decision, which shall include findings of fact, shall be made not later than forty-five calendar days after the conclusion of the hearing. In that decision, the council may:

- (1) Find that licensee is not in violation of the terms of the license;

- (2) Find that licensee is in violation but that such violation was with just cause and waive any liquidated damages or penalty that may otherwise be imposed;
- (3) Find that licensee is in violation of the terms of the license, take corrective action, make written demand of licensee for the amount owed by licensee as a result thereof, and if not paid within thirty days following the date of such notice, foreclose on all or any appropriate part of the letter of credit provided pursuant to section 114.50 Construction Bonds to pay the cost thereof;
- (5) Find that licensee is in violation of the terms of the license and impose liquidated damages; and
- (5) In the case of a substantial violation of the license within the meaning of Section 114.51 Liquidated Damages, declare the licensee in violation and revoke the license.

**§ 114.54 Revocation**

(A) In addition to all other rights and powers retained by the council under this chapter or otherwise, the council shall have the right to revoke the license and all rights and privileges of the licensee thereunder upon a recurring or protracted substantial breach of the license terms and conditions, or this chapter, which substantially affects the provision or quality of cable services, the ability of the town to effectively regulate the licensee, or the town's collection of all fees and charges. The power of revocation shall not be used if the breach is a result of force majeure. The breaches appearing on the list set forth below in this article shall be considered substantial breaches. The list is not exhaustive:

- (1) Failure to complete system construction or reconstruction in accordance with a license;
- (2) Failure to provide cable service within the time(s) specified for line extensions;
- (3) Each failure to properly restore streets or to correct related violations of specifications, code, ordinance or standards;
- (4) Each failure to comply with subscriber service standards;
- (5) Failure to comply with operational, maintenance or technical standards;
- (6) Failure to provide on a continuing basis the broad categories of programming specified in a license;
- (7) Failure to provide the access channel requirements specified in a license;
- (8) An unauthorized partial or total transfer of a license;
- (9) Failure to commence construction as required in a license;

(10) Failure to cure any other violation of a license after notice and opportunity to cure;

(11) Any other material action or non-action of a licensee regarding a requirement of a license.

(B) Before proceeding with a revocation hearing, the manager shall make a written demand that the licensee comply. If a violation by the licensee continues for a period beyond that set forth in the written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the manager may hold an administrative hearing in accordance with Section 114.52 Administrative Hearing or may recommend that the council act directly. The council may revoke the license as provided in this section.

#### **§ 114.55 Continuity of Service Mandatory**

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

(B) If the license terminates, the licensee shall cooperate with the town to ensure continuity of cable service to all subscribers for a period not to exceed ninety days. Said period may be extended by mutual agreement between the town and licensee. During such period, licensee shall be entitled to the revenues for any period during which it operates the cable system.

(C) If licensee fails to operate the cable system for ninety-six consecutive hours without prior approval of the town or without just cause, the town may, at its option, operate the cable system or designate an operator until such time as licensee restores cable services under conditions acceptable to the town or a new permanent operator is selected. If the town is required to fulfill this obligation for a licensee, the licensee shall reimburse the town for all reasonable costs or damages that are the result of the licensee's failure to perform.

#### **§ 114.56 Failure of Town to Enforce a License; No Waiver of the Terms Thereof**

A licensee shall not be excused from complying with any of the terms and conditions of a license or this chapter by any failure of the town upon any one or more occasions to insist upon or to seek compliance with any such terms or conditions.

#### **§ 114.57 License Subject to Other Laws**

The license is subject to and shall be governed by all applicable provisions of federal, state and local law. Notwithstanding any other provisions of the license to the contrary, the licensee shall at all times comply with all laws and regulations of the state and federal government or any administrative agencies thereof; provided, however, if any such state or federal law or regulations shall require the licensee to perform any service, or shall permit the licensee to perform any service, or shall prohibit the licensee from performing any service, in conflict with the terms of the license or this chapter, then as soon as possible following knowledge thereof, the licensee shall notify the town attorney of the point of conflict believed to exist between such regulation or law and this chapter or the license.

In the event of deregulation by the FCC, conformance to current FCC Rules or Regulations, as specified in this chapter may continue to be required by the town.

**§ 114.58 Miscellaneous Provisions**

(A) When not otherwise prescribed herein, all matters herein required to be filed with the town shall be filed with the office of the clerk.

(B) Neither licensee nor any of its officers or employees shall receive referral fees or gratuities from any television or radio sales or repair business.

(C) All notices which the town may give to a licensee or which a licensee may give to the town shall be given in writing and may be given by first class mail, postage prepaid, addressed to licensee's most recent address on file with the town, and addressed to the town. Such notices, when sent by mail, shall be deemed given one day after deposit in the U.S. Mail.

**§ 114.59 Force Majeure**

With respect to any provision of this chapter or any license granted pursuant thereto, the violation or noncompliance with which could result in the imposition of a financial penalty, liquidated damages, forfeiture or other sanction upon a licensee, such violation or noncompliance shall be excused where such violation or noncompliance is the result of Acts of God, war, civil disturbance, strike or other labor unrest, or similar events, the occurrence of which was not reasonably foreseeable by licensee and is beyond its reasonable control.

**§ 114.60 Severability**

If any section, subsection, sentence, clause or phrase of this chapter is for any reason held illegal, invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions hereof. The council hereby declares that they would have passed this chapter and each section, subsection, sentence, clause, and phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared illegal, invalid or unconstitutional. The invalidity of any portion of this chapter shall not abate, reduce or otherwise affect any consideration or other obligation required of the licensee or any license granted hereunder.

**§ 114.61 Continued Use of Individual Antennas.**

It is not the Council's intention to prohibit the erection or continued use of individual television antennas, and no one is or will be required to receive cable television service or connect with a cable television system.