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CABLE ADVISORY COMMITTEE MINUTES

July 25, 2017

JD PO

The Cable Advisory Committee met in the Selectmen Conference Room as scheduled with Steve Walker, Tom Alonzo, Paula Bertram, Heather Lemieux, Attorney Bill Hewig, Jo McLaughlin, Steve Malandrinos and Greg Franks of Comcast present.

PUBLIC COMMENT

None

ANNOUNCEMENTS

None.

MINUTES/CORRESPONDENCES

None.

CURRENT BUSINESS

Negotiations with Comcast on new cable contract – Attorney Hewig asked if a copy of the hearing transcript was available. Mr. Franks responded that it is not yet available and he will investigate. Mr. Franks indicated that he does not yet have a copy of the business plan, he was provided a printed copy during the meeting. He also requested a copy of the presentation given at the hearing, Steve Walker will forward an electronic copy of the presentation.

Mr. Hewig reviewed our list of requests: The proposed 10 year budget incorporates a new part time staff person in 2018 and another in 2020, additionally Lunenburg is looking for 5% gross annual revenues; which represents approx. \$200,000 per year. Lunenburg currently receives 2.5%, approximately \$100,000. Our annual operating cost will come from that and our capital needs will be set aside. Capital needs are outlined in the business plan. We are looking for \$240,000 in capital, the current license is for \$115,000. We are also seeking a third channel to be used for education within 3 years. The capital request is for a full function studio, we do not yet have a location although it may be at the high school. Currently it is in the old elementary school. Page 9 of the business plan outlines the capital needs. Our capital request is very constrained and realistic based on the community's needs. We are also seeking HD programming and inclusion of PEG programming in the guide.

Tom Alonzo added that the previous contract included INET. The Town utilizes Comcast for networking of all of our buildings; we have Comcast business coax lines. In our proposal we requested 200 MEG up and down and provided a list of the 10 buildings (Town Hall, Ritter, Senior Center, library, old elementary, middle high, primary, middle, public safety and public works).

Mr. Franks responded that the lead concern Comcast has regarding this type of proposal is the cost of services; this request will raise the cost on subscriber bills. The subscriber base has been level in Lunenburg unlike some community's. Comcast wants to be careful about driving people away from the service. Current franchise related cost (FRC) is \$.36 per subscriber. High interest (11%) on capital costs – FCC allows this. On just capital without interest it is \$.28 – it would increase the franchise fee from 2.5% to 5% on each bill and the FRC cost would be approx. \$.75.

Mr. Hewig responded that the Town is looking for a state of art studio, the need and the demand are there. Our view is that subscribers would be willing to pay a modest increase for a state of the art studio and the related capital needs.

Tom Alonzo noted that at the hearing people complained about the cost for the services being provided as it relates to other aspects – not the PACC proposal. The citizens are looking for more programming, with the construction of the new school there is a strong need for the educational channel. These are the drivers from the community.

Mr. Hewig commented that the transcript from the hearing would be helpful. His notes from the hearing indicated that there were complaints are about picture quality, audio and service outages. Mr. Hewig said that a good case has been made for the increase in capital and in services. This proposal and the work that has been done in Lunenburg has come a long way over the ten year period, we now how to produce quality programming and will make the relationship between Comcast and the community more valuable.

Mr. Franks indicated that Comcast is not offering HD PEG anywhere yet; assumption is that at some point they will start doing it. He said he can offer a side letter that when HD PEG channels are offered and a certain number of subscribers have HD programming then will negotiate in good faith. He cannot offer it in the contract. Bill Hewig commented that East Longmeadow has HD PEG, what were the circumstances; it is a little mysterious as it is not in their contract. Mr. Franks responded that it is a different service region, they gave up a standard PEG channel in exchange for the HD channel he is not sure if they are testing it yet. Tom Alonzo asked what is the issue? Why not simply state in the contract that when HD PEG is available the contract will be re-negotiated? Mr. Franks said that there are a number of issues; where it fits on the quam (collection of virtual channels); how much bandwidth does it take up; (if it were offered in every town the regional network might have bandwidth issues). Tom noted if every community had 3 HD channels it would be 1000 channels, should not be a huge bandwidth issue. Mr. Franks said that the Comcast head engineer has indicated that they have to figure out how to make space for it. Additionally is not a money maker for Comcast, so they are reluctant to do it. Everything is "jammed together" at the head end.

Discussion then centered around a programming directory. Gregg Franks said that this would be difficult, each community shares a channel map with other communities. He said that Comcast could include "government channel". Steve Walker responded that we really want the content on the directory. Gregg reiterated that he cannot offer an electronic programming guide by a certain date. Bill Hewig asked if he would be willing to do you do side letter for EPG? Gregg said he will work on that.

Tom asked again what was the point of side letters, why would Comcast be unwilling to put these items in the contract? Mr. Franks said that because there isn't anything that we can promise to you by a specific date. Mr. Alonzo said he does not want it to be a side letter, he wants it to be in the contract that if and when it is available then it will become available to Lunenburg. Mr. Franks again stated that he cannot offer it in the contract, the letter means something, it does mean Comcast will negotiate in good faith.

Bill Hewig asked about the wording in the side letter. Mr. Franks said that they are very detailed and sets out the minimum criteria that the company would consider for implementation. He added that his hope is that eventually he will be able to offer HD PEG. Mr. Franks will send a copy of the HD Peg letter and EPG letter to Bill Hewig.

Mr. Hewig noted that the Town would like a video return line from the high school to the Town Hall, which is about ½ mile. Currently the only video remote site is the Town Hall although it is possible to broadcast live over the internet from the middle school. Mr. Franks said that this could be provided as a courtesy but that he can look into getting a good deal on it. The fact that Lunenburg currently utilizes business services will make the requested increases much more palatable. Currently between the town and school Lunenburg is currently spending about \$3,000 per month on business services.

Gregg Franks said that he has a bi-weekly call with his boss tomorrow and he will see what he can work out, he is sure that Comcast can offer more than what is currently in the proposal. He will provide sample side letters and will get an estimate on the video return line (may be less than \$10,000).

Bill Hewig noted that he did not see liquidated damages in the contract and would like to see that added, Greg Franks will add that.

Tom Alonzo asked if the addition of the 3rd channel is going to be an issue; Gregg Franks responded that Comcast will want to know how we are filling up the current channel. Steve Walker noted that currently we have our channel 8 and 9 and also have Leominster educational channel so clearly it is not a bandwidth issue.

Gregg Franks asked if we wanted to schedule another meeting? Meeting was scheduled for August 7, 2017 at 6:00 pm. At this point Mr. Franks left the meeting.

Bill Hewig commented that he believes Lunenburg will be able to obtain the funds requested in our business plan, or close to it; he noted that the amount of individual subscriber bill increase is small. If we are able to demonstrate a need and show that we are going to spend it responsibly then Comcast will be receptive.

The committee then discussed the side letter issue. Mr. Hewig noted that he has not been able to incorporate these issues/requests into the contract in other communities, the side letter is probably going to be the best that we are going to be able to get. If current proposed legislation passes regarding HD then they will have to provide. The fact that Lunenburg is a good customer makes them amenable to providing interconnectivity.

We discussed the possibility of requesting a senior citizen discount side letter.

Mr. Hewig noted that having a good public hearing and a well thought out business plan is extremely helpful to the negotiation process.

UPCOMING MEETING SCHEDULE

The next meeting is scheduled for 8/7/17 at 6:00 pm

The meeting adjourned at 6:59

Respectfully submitted,

Paula Bertram