

**CABLE ADVISORY COMMITTEE MINUTES**

October 5, 2017

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

Tom Alonzo stated that at Attorney Hewig's suggestion he had scheduled this meeting to come up with alternatives that we would be amenable to. Steve Walker added that he would like to talk about the side letters as well as he finds them unacceptable.

Steve Walker said that he had reviewed the contract between Charter and Barre who has a population of 5000, they received a much better capital number. Steve noted that there are some unknowns in the business plan regarding the studio; we don't know the size of the space, condition etc. We may be able to come down on our request. Reducing the fee structure (the 5%) impacts operational expenses; bringing it down to 4.85% it is not very noticeable overall and may make the capital request more acceptable.

Attorney Hewig said he reviewed a couple of licenses to see if we were being unreasonable; looked at Woburn, Malden, Acton, Lancaster, looked at size, what they received for capital, how many channels, franchise fees and on what date it was done. Of all the fees, the lowest was Woburn was at 4.625...at least two were 5%, Fitchburg and Acton. Attorney Hewig noted that we need to stay firm on our fees for operational reasons. Looking at capital, Acton received \$366,000 with 22,000 people in town; Fitchburg with 40,000 people received \$375,000. Woburn received \$160,000 Marlboro \$156,000. The average is \$100,000 per 10,000 in population. Lancaster with a population of 8,000 received \$50,000 in 2008. Jo McLaughlin pointed out that it is actually Lancaster and Sterling; they have 2 contracts that are done simultaneously; we don't know what Sterling received. Based on this data, our number appears on the high side...we need to find a compromise; Comcast offered \$140,000.

The business plan calls for \$300,000 in capital and projects operational costs at \$200,000 annually. If we reduce the franchise fee from 5% to 4.5% that equates to \$180,000 per year.

Steve Malandrinos met with one of the Comcast Reps recently to talk about fiber. Steve told the Committee that Metro E is a factor of 10 compared to what we are paying now. We currently have business coax. Mr. Malandrinos said that the Coax is unreliable; public safety was up and down yesterday, and the DPW was up and down recently as well. The upload bandwidth limits us a lot, the only way to get what we need is to go fiber.

Heather Lemieux said she received a call from Greg Franks Monday and he was asking if we would meet with a service rep again to talk about bundling phone and internet to get the company more amenable to our request. Heather and Steve Malandrinos will coordinate a meeting.

The Committee discussed various options to present to Comcast that would meet the operational needs of the PACC and may be amenable to Comcast.

Tom Alonzo said that he believe that Comcast may not be willing to increase the franchise fee is because they are concerned they might lose subscribers. He suggested the possibility of offering a percentage per subscriber; possibly \$75 per year per subscriber, which works out to \$.62 per month. Paula pointed out that is a large number than we had originally requested and we still need capital up front. Committee discussed various options and came up with the following offers to present to Comcast:

**Offer 1:**

Year 1 – Franchise fee 5%, 140,000 in capital

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Years 2-9 - .29 cents per subscriber per month

**Offer 2:**

Year 1 – Franchise Fee 4.5%, 140,000 in capital

Years 2-9 - 5% franchise fee, .29 cents per subscriber per month

(20,000 less)

Attorney Hewig commented that he thinks this is a good approach, it fulfills our need for financing and allows Comcast to eliminate the risk of a higher capital amount.

The Town Manager requested that we hold off making these offers until the second meeting on Fiber/phone service is held.

Committee then discussed the side letters. Steve Walker suggested that we add to the side letter regarding high definition that we must be part of the 1<sup>st</sup> group in Massachusetts and that we are collocated with our broadcast channel. Steve noted that we do need simulcast in standard definition for those that don't have hd. He added that WBIN is no longer broadcasting on 1011 so that channel is available.

Regarding the educational channel the offer from Comcast is that they will added in 2 years. Mr. Walker pointed out that we are ready now; he would like language in the side letter stating we need to assess in 90 days. Currently the Leominster educational is on channel 99 in standard definition and could be available to Lunenburg. Paula said that she does not agree with doing a side letter on an educational channel; we should be asking for it now. Tom agreed it should be done within the 1<sup>st</sup> year.

We should be part of the 1<sup>st</sup> group in Massachusetts to obtain the electronic program guide and we should incorporate that this will be assessed in 1 year.

Heather will let Tom know after she and Steve M. meet with Comcast so that he can contact Bill to begin negotiations.

Jo McLaughlin suggested that we should still go with the \$240,000 and 5% fee as our first offer.

Meeting adjourned at 6:54 p.m.

Paula Bertram

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