

CABLE TV JOINT SUB-COMMITTEE
MEETING

SEPTEMBER 24, 1982

Members Present: Bill Bryan; Terry Kastanis; Lynn Robie; Ted Sheedy

Members Absent: None

The meeting of the Joint City/County Cable Television Sub-Committee was called to order at 12:00 noon, September 24, 1982, in the Sacramento County Board of Supervisors' Chambers, 700 "H" Street, Suite 1450, Sacramento.

Bob Smith, Executive Officer for the City/County CATV Program, summarized his memo relating to the initial work program and staffing requests. (See attached)

Lee Elam, County Counsel, advised the Sub-Committee members of the provisions incorporated in the ordinance, by direction of the Governing Bodies, which mandate a prevailing wage rate study.

Bob Smith outlined the process for issuance of the RFP for a consultant to perform the study and adoption of a prevailing wage rate scale.

Bob Smith discussed the need for an engineering study to assist staff in development of specifications the franchisee would be required to perform.

Chairman Bryan brought up the matter of whether or not the City and County should attempt to complete the process of negotiation and preparation of the Resolution Offering the Franchise by November 30, 1982, in order to insure filing of the Certificate of Acceptance by December 31, 1982.

Lee Elam outlined the issue; reviewing the terms of the ordinance dealing with basic rates, and the rate guarantees provided by applicants in bid proposals. Counsel advised the members of the provisions of AB 3685, effective January 1, 1983, which would allow franchisees to exempt themselves from rate guarantees including those offered voluntarily. Counsel defined those areas of the proposals which, in his opinion, could become issues should the Certificate of Acceptance be filed after January 1, 1983.

In response to questions by Member Robie, Counsel pointed out that though the legislation applied to rate regulation on basic service, the provisions for free services to community organizations could possibly be interpreted as a type of rate regulation.

James Jackson, City Attorney, stated that for the filing of the Certificate of Acceptance to be accomplished by December 31, 1982, all staff work would have to be completed by November 30th as the ordinance allows the franchisee 30 days in which to accept.

Lee Elam cited some examples of issues not fully answered by applicants; pointing out the lengthy negotiations, and the time which would be consumed in drafting provisions necessary for preparation of the contract.

Chairman Bryan stated his opinion that whatever time was necessary for the proper preparation of the contract should be taken.

Members Sheedy and Robie stated their concurrence.

Member Kastanis questioned the proposed salary ranges for the two Administrative Assistant positions requested by Bob Smith.

Chairman Bryan stated he felt one position should be at a higher salary level.

Member Sheedy moved to approve the recommendations outlined in the Executive Officer's memo, extending the schedule for award of franchise for sixty to ninety days, to February or March, 1983, or whatever time is necessary to prepare the contract; and further modifying the positions request to give the Executive Officer authority to advertise for one Administrative Assistant in the salary range of \$3,000 to \$3,500 per month and one in the range of \$2,700 to \$3,000 per month. The motion was seconded by Member Bryan and carried by the unanimous vote of the Sub-Committee.

Chairman Bryan announced that the Executive Officer and his staff would be located in the Board of Supervisors' suite of offices.

Lee Elam reviewed the recommendations contained in his memo, stating the time constraints which had prompted his recommendation of CTIC to perform economic and technical analysis. (See attached memo)

Chairman Bryan and Member Sheedy objected to CTIC, and Member Sheedy suggested the firm of Hammond and Edison be contacted.

Member Sheedy moved to authorize staff to contact Hammond and Edison for an estimate of costs to perform an economic analysis and to analyze the technical plans for the proposed Cable Television System and further authorized the Chairman of the Joint Sub-Committee to report to the Governing Bodies with a recommendation for acceptance of the contract. The motion was seconded by Member Robie and carried by the unanimous vote of the Sub-Committee.

Lee Elam spoke to the staff's recommendation that a full-time attorney be hired to review the selectee's application and prepare preliminary drafts of the resolution.

Member Sheedy moved to authorize the Chairman of the Joint Sub-Committee to recommend to the Governing Bodies the hiring of a full-time attorney to work under the supervision of the County Counsel. The motion was seconded by Member Robie and carried by the unanimous vote of the Sub-Committee.

Lee Elam suggested that the time line outlined in his recommendations be revised to continue the Sub-Committee meetings until after staff can work with the tentative selectee.

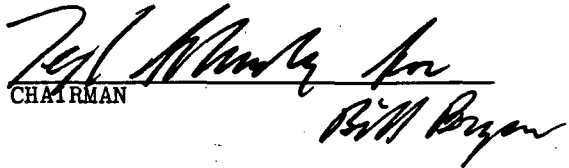
By consensus, the Sub-Committee acted to eliminate the meeting date of October 22, 1982, reserve the meeting dates of October 20th and 27th and schedule further meetings on November 3rd and 5th from 12:00 noon to 4:00 p.m. in the Board of Supervisors' Chambers. The Sub-Committee designated November 3rd as a public hearing on interactive services and contributions of community resources; and on November 5th to continue the public hearing on contribution of community resources.

The Sub-Committee recessed into a Closed Session at 12:55 p.m.

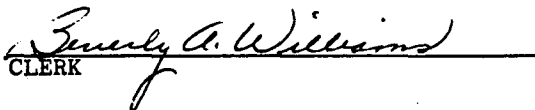
The Sub-Committee reconvened at 1:05 p.m.

Member Kastanis moved to adjourn, seconded by Member Sheedy and carried by the unanimous vote of the Sub-Committee.

APPROVED


CHAIRMAN

ATTEST


CLERK

TO : CATV Subcommittee
FROM : Robert E. Smith
SUBJECT: Initial Work Program and Staffing for the Sacramento City/
County CATV Program

Since my appointment on September 2, 1982, I have had an opportunity to review the Sacramento County Ordinance, Request for Proposals and other pertinent data as well as visit the Pittsburg Pennsylvania City Cable Bureau. The following is a brief outline of the activities which must be undertaken over the next five or six months in order to negotiate and finalize a franchise and begin the initial implementation phase to regulate the new franchise.

Time Schedule

Attached is a chart (Exhibit A) which details major milestones to be accomplished both by this committee, your staff, the new joint powers agency, Board of Supervisors and City Council in order to award a franchise by December 31, 1983. You will note that it is an extremely tight time schedule involving this subcommittee in a number of critical recommendation paths and will require your flexibility in order to meet even this deadline.

This Exhibit is optimistic and predicated on the cooperation of the Franchisee in negotiating the final resolution. It may also be adjusted following review of the winning proposal when an accurate assessment can be made regarding the amount of time required to identify all the issues to be negotiated.

Given the ambiguity of many of the commitments in each of the four proposals, it does not appear prudent to attempt to award a franchise by December 31, 1982. This conclusion is confirmed in discussions with your County Counsel, and outlined in his report to you. I believe each commitment or apparent commitment must be identified and concurred in by the franchise and your staff before a final resolution of award can be submitted for your committee's review and approval. Most likely an award will be made sometime in February 1983.

Negotiations

Because of Lee Elam's deep and excellent involvement in the drafting of the ordinance as well as his staff work in all areas of the proposal review and recommendation process, I suggest he serve as the lead negotiator for the committee. I plan to review all negotiating positions and insert those provisions which will be necessary to administer and enforce the franchise during its 15-year life. Due to time constraints in meeting the September 24 agenda, Mr. Elam, by separate cover, has indicated his recommended approach to negotiate final franchise with the winning bidder. I have, however, included those critical dates in Exhibit A as reflected in Lee Elam's staff report. Again we have optimistically indicated a final offering by December 31, 1982 which in all likelihood will slip due to time delays in negotiating provisions to protect the City/County interests.

Staffing

I have attached a schematic organizational chart (Exhibit B) indicating the major functional areas required to monitor and enforce the franchise. I have also included a budget (Exhibit C) for the interim period during contract negotiation and first phase of the implementation. This 8 month budget does not represent the total amount required to finance the organizational schematic nor does the schematic detail the total number of positions proposed in the ultimate organization. It will be necessary to review the winning proposal, quantify all associated work activities and submit a revised organizational chart and budget to your committee and the Commission for review and approval.

In my visits with Pittsburg and discussions with that staff (one individual also worked for a cable TV franchisee), it is obvious that some initial staff support is critical. The Pittsburg experience indicates the need to establish a well-trained inspection staff familiar with local and national electric safety standards prior to the franchisee laying any cable. In addition it will be necessary to coordinate the development of a monitoring system including permit fees and other cost recovery mechanisms prior to any construction activities. This is critical if we are to avoid an inordinate number of construction deficiencies which will be difficult, if not impossible, to abate once the subscribers are tapped into the trunk and distribution lines.

Therefore, I recommend the formation of an inter-agency Public Works Committee to serve as oversight and governmental liaison during the construction phase of the project. Representatives of PG&E, SMUD, Pacific Telephone, and City and County Public Works Departments in addition to myself, would serve on this committee. Their tasks are to establish and coordinate pole and underground permit fees, pre- and post-inspections, as well as "make ready work" required of each participating jurisdiction. Their initial task will be to identify costs and recommended reimbursement fees as well as to formulate a monitoring system to be used during the construction phase. Perhaps it may be possible to secure agreement from this group to designate one single lead agency to assume construction inspection responsibility for all affected jurisdictions.

To accomplish this coordination task I will need a Senior CATV Administrative Assistant position. The incumbent should have experience in the telecommunications or cable industry, and perhaps financial background. This person would assist in coordinating the initial inspection phase and with the Public Works Task Force and serve to assist in the analytical work associated with issues raised during negotiation of position.

Community use, public access and institutional uses will pose some initial coordination workload during this early stage of the CATV project. I will need a Senior position to assist me in this effort particularly in working with community groups and representatives of the institutional networks.

I will also require a 1/2 time Departmental Secretary position to perform the various clerical duties in these first five months of organizing this project.

During the public testimony, review of other experiences, it is clear that there is some uncertainty regarding the electro/mechanical feasibility of the systems being proposed for Sacramento. It is therefore proposed that an engineering consultant be retained immediately to review the winning franchise's cable system and determine its strengths and/or weaknesses and recommend mitigation measures to be negotiated.

In discussions with Lee Elam, the drafting of the negotiating document and the final resolution will require a great deal of work which he will be unable to accomplish alone. As a result, I have budgeted funds to hire an outside attorney of Lee's choice to assist in this drafting effort. It is anticipated that this legal assistance would transitioned into the formal Commission organization.

These services are required immediately after the tentative selection has been made and cannot be delayed by processing through the traditional Governmental hiring procedures. Therefore I recommend the clerical and staff assistance be provided through a personnel service agreement which terminate when and if the Commission's staffing structure is formulated. At that time all positions will be subject to recruitment screening and selection the "normal" processes. I also recommend two consultant contracts (Legal and Engineering) be sole sourced based on the recommendations of the Department of Public Works and County Counsel respectively.

The ordinance requires that the City/County establish prevailing wage rates of Franchisee employees no later than 30 days after the Franchisee submits their letter of acceptance. I have included funding to accomplish this task.

Lastly, funds for travel, fixed assets, services and supplies are included in the Budget to support this initial eight month staffing period. In addition the Committee should be cognizant that although unlikely, it may be possible that a franchise will not be awarded or Federal or State legislation might pre-empt the formation of the viable franchise monitoring organization, in which case the staff associated during this interim period should not be permanent. When the JPA and the franchise are fully executed, a permanent quantified organization and staffing pattern will be presented for review and adoption.

There are sufficient funds to offset the \$325,000 which are required to operate the program from November through June 30 with this skeletal organization, however, it is anticipated that additional staff and consultant services may be required which will not be offset by permit fees and it is difficult at this time to determine the exact magnitude of that budget.

Problems which must be Resolved in Negotiation

As I indicated, there are significant problems in the implementation phase of the Cable TV program in Pittsburg. In discussion with Pittsburg staff, this is not unique to that particular franchisee but maybe typical of cable companies in other major jurisdictions.

Principally, the cable companies primary interest are to lay line and provide hookups so the revenues will be generated as soon as possible. As a result there are a number of local/code violations as well as disregard to contract provision which are difficult to enforce once the cable system is hooked up to the customer. Significant complaints can arise from consumers if enforcement is initiated by the local unit of government to enforce contract provisions or to try to slow a cable TV construction.

There are also consumer complaints regarding the sales techniques, time delays in providing customer hookups and complaints resolution as well as billing errors.

Public access, institutional and community use commitments may fade or are obscured after franchise award if they are not clearly articulated in the final agreement and closely monitored by local government.

The full extent of issues cannot be qualified until the winning proposal is reviewed in depth by your staff.

However, both Lee and I have indicated some areas of concern that come to mind from the public hearings and experience with other jurisdictions.

Exhibit D outlines examples of my concerns which obviously must be negotiated in the final franchise, however, specific items must be generated as a result of the award proposal and specific language developed from vague proposal verbage which had led Pittsburg to some confusing and unforceable provisions in their contract. I intend to keep the committee advised as the negotiation progresses.

Summary/Recommendation

It is therefore my recommendation that you utilize this workshop to discuss your concerns and approve: 1) a the time schedule, as maybe modified, detailing the meeting times and major milestones which must be accomplished if a franchise award in early 1983; 2) the preparation of personal service agreement for the initial staffing request for 2 Senior Administrative Assistant, a 1/2 time Departmental Secretary as well as other consultant and attorney services; 3) the tentative budget as outlined in Exhibit C; and, 4) the report under separate cover by Lee Elam regarding an approach to negotiations.

Respectfully submitted,



ROBERT E. SMITH

cc: Members City Council
Members Board of Supervisors
Lee Elam
Jim Jackson
Bill Freeman
Mac Mailes

EXHIBIT A

MAJOR STEPS CATV FRANCHISE CATV Committee Meeting Tentative		Sept.		Oct.				Nov.				Dec.					
		24	29/30	4	11	18	25	2	9	16	23	29	1	6	13	20	30
A. TENTATIVE SELECTION																	
1. Board/City Council Selection of Franchisee			9/27														
2. Formation of CATV Commission -Meets 1st Time-Organizes and Authorizes Prevailing Wage Rate Study																	
3. Joint Public Hearing by Governing Bodies under 5.50.214 (must hold hearing 30 days after selection)						10/20-	10/22										
							10/27										
4. Board/City Council make all policy decisions regarding non-entertainment services										11/16							
5. Folsom and Galt to concur in tentative selection			9/27				10/27										

	Sept.		Oct.				Nov.				Dec.					
	24	29/30	4	11	18	25	2	9	16	23	29	6	13	20	30	
B. NEGOTIATION PROCESS																
1. Staff Negotiates [with potential Franchise at least weekly meetings]			10/4	----- / weeks -----							11/23					
2 [Progress meetings with CATV Committee]			10/4	10/13	10/20	10/27	11/3	11/10	11/17	11/24						
C. TECHNICAL SERVICES FOR NEGOTIATION																
1. [Extent Engineering Consultant Contract (City) & Request Review of Plans & Spec.]			10/4													
2. [Franchisee Submit all Plans & Spec. for City Review]									11/16							
3. [Franchisee Submit all System Specification to meet SMUD Requirements]								11/2								
4 [Written Engineering Report RE: Strength & Weakness of System]				10/13												

	Sept.			Oct.				Nov.					Dec.			
	24	29/30	4	11	18	25	2	9	16	23	29	6	13	20	30	
5. [Personal Service [Agreements for: [Sr. Administrative [Assistant: [Manpower Services: [Attorney Services:			10/4	10/13												
D. Final Award																
1. [Committee to reco- [mend Resolution [of Final selection [awarding Franchise]										11/24						
2. [Approval by Board [of Supervisors and [City Council of [Final Resolution]											11/30					
3. [CATV Commission [meets for 1st [time & Ratifies [Final Selection]											11/30	12/5				
4. [Franchisee has 30 [days to file a [certificate of [acceptance]											11/30	----- 12/30				

	Sept.		Oct.				Nov.				Dec.					
	24	29/30	4	11	18	25	2	9	16	23	29	1	6	13	20	30
5. [Personal Service [Agreements for: [Sr. Administrative [Assistant: [Manpower Services: [Attorney Services: [10/ 4	13												
D. Final Award																
1. [Committee to reco- [mend Resolution [of Final selection [awarding Franchise									11/ 24							
2. [Approval by Board [of Supervisors and [City Council of [Final Resolution										11/ 30						
3. [CATV Commission [meets for 1st [time & Ratifies [Final Selection										11/ 30	12/ 5					
4. [Franchisee has 30 [days to file a [certificate of [acceptance										11/ 30						12/ 30

	Sept.		Oct.				Nov.				Dec.					
	24	29/30	4	11	18	25	2	9	16	23	29	1	6	13	20	30
E. Misc. Administration Requirements																
1. Formation of Public Works Tack Force					10/24											
2. Development of Written Construction Monitoring Inspections and Designation of Lead Responsibilities by Tack Force										11/23						
3. Report due on Prevailing Wage Rates										11/23						Due 1/30

EXHIBIT B

CONCEPTUAL ORGANIZATION

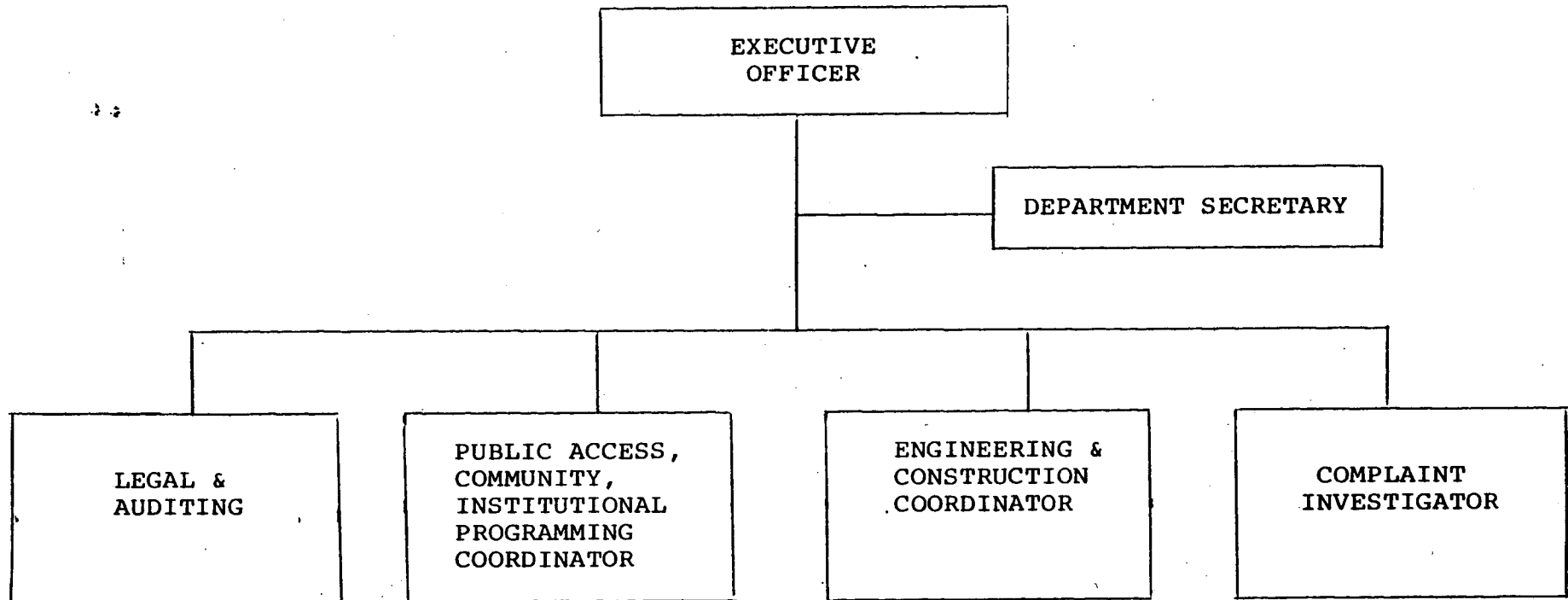


EXHIBIT C

*1st Phase Budget to Negotiate a CATV Franchise and Develop
JPA Budget Implementation Plan

	November 1, 1982 - June 30, 1982
Executive Officer (9 mos)	\$ 40,454
**Departmental Secretary	\$ 6,173
**Senior CATV Administrative Assistant	\$ 25,183
**Community Institutional Use Coordinator (8 mos)	<u>\$ 25,183</u>
Salaries	\$ 96,993
Employee Benefits	<u>\$ 27,158</u>
Total Salaries and Benefits	\$ 124,151
Travel 7 trips @ \$1,200	\$ 8,400
Services and Supplies	\$ 24,830
Insurance Policy for Commission	\$ 8,900
Engineering (Review of proposed systems adequacy)	\$ 10,000
Prevailing Wage Rate Determination	\$ 30,000
Attorney (Approx. \$1,200 hrs x \$75.00)	\$ 90,000
Fixed Assets	\$ 7,000
Space Cost (800 sf. ft. x \$1.00/mo)	<u>\$ 6,400</u>
SUB TOTAL	\$ 309,681
RESERVE FOR CONTINGENCIES	<u>\$ 15,319</u>
GRAND TOTAL	\$ 325,000

Does not include reimbursement for mandated services of Treasurer Auditor/Controller or Clerk of the Board of Supervisor.

20% of minimum franchise fee due all participating jurisdictions
(20%/325,000) \$65,000.

* This budget will be revised when and if the resolution awarding the Franchise is approved. This action is tentatively scheduled to occur on December 31, 1982, but will most likely be accomplished February 1983.

** Employees to be hired under personnel services contracts until JPA recruits screens and hires permanent personnel.

EXHIBIT D

Examples only Subject to Change after Review of Selected Proposal

- . Form an interagency task force to oversee and coordinate construction phase - City/County DPW executive officer PG&E, SMUD, telephone company and legal
- . Require all utilities to approve Pole Permits and certify make work done prior to City/County approved.
- . Prior to marketing the County certify signal quality of these distribution.
- . Require post "permit inspections" by City/County (or SMUD/PG&E) before drop level and subscribers are allowed..
- . Tree trimming according to prescribed standards (utility or DPW).
- . Require educational/institutional services to be in line concurrently with subscriber services.
- . Engineer review to determine if the technical plans and specification of the system are adequate to meet the service commitments of the proposal.
- . Qualification of alternatives the Franchise will implement if any should their interactive system reach capacity and breakdown.
- . Construction timeframe by Route or Phase within imposed service area including provision for institutional cable to be in line with the same rate of construction as the subscriber circuits develop monthly reports to monitor construction phase.
- . Quantifiable assessment of the services offered and the risk factor of the Franchise to provide such services. Recommended alternative position of the Commission should the risky systems do not materialize within a reasonable time.
- . Rate and programing changes included are changes in the tier system.
- . Marketing detailing of program to be presented to subscribers.
- . Require 48 hours response and resolution to all complaints.
- . Require quarterly profile of complaints and completion of resolution.
- . Adequate telephone system of Franchise to handle all the inquiries and complaints from subscribers.
- . Develop reports for the Community use channels and activities of the Community use Boards.
- . Require the franchise to utilize one of the Big 8 auditing firms rather than their own CPA and auditing staff to certify the Gross Revenues.
- . Polling data on interactive network should be shown in whole numbers as well as percentages.