

SACRAMENTO METROPOLITAN



CTC Cable Television Commission

SUITE 2500, 700 'H' ST., SACRAMENTO, CA 95814 • (916) 440-6661

BILL BRYAN
SUPERVISOR, 4TH DISTRICT
CHAIRMAN

March 17, 1983

Honorable Robert Matsui
Congressman
3rd District, California
231 Cannon Office Building
Washington, D. C. 20515

Dear Congressman Matsui:

On March 16, 1983, the Sacramento Metropolitan Cable Television Commission approved the attached Resolution opposing the compromise language adopted by the Board of the National League of Cities to be included in upcoming federal legislation regarding cable television. The Board adopted this language on March 6, 1983 without consulting its member cities.

Several provisions in the compromise do not serve the interests of local government. Specifically, the ability of local government to enforce contracts relating to cable services is questionable; renewal of a cable franchise is almost guaranteed, local law would have to be changed within one year to comply with the new federal law, and local government's jurisdiction over cable is reduced.

In general, the compromise language is vaguely worded and filled with loopholes that allow a cable operator to reduce voluntary program and service commitments once they are made.

I urge you to join the Sacramento Metropolitan Cable Television Commission in opposing the compromise language as approved by the Board of the National League of Cities, and submit your specific concerns to the NLC to be considered in the actual drafting of legislation.

Sincerely,

Bill Bryan

BILL BRYAN, Chairman
Sacramento Metropolitan Cable
Television Commission

WB:ab

Honorable Robert Matsui
March 17, 1983
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cc: Senators Alan Cranston, Pete Wilson and Barry Goldwater
Congressmen Vic Fazio
Congressmen Henry Waxman and Carlos Moorhead, Members of House Sub-
Committee on Telecommunications
League of California Cities
NFLCP and NATOA
Assemblymen Phil Isenberg, Lloyd Connelly and Norm Waters
Assemblywoman Jean Moorhead
Assemblywoman Gwen Moore, Chair, Assembly Sub-Committee on Cable
Television
State Senators John Doolittle, LeRoy Greene and John Garamendi
State Senator Joseph Montoya, Chair, Senate Sub-Committee on Cable
Television
Cynthia Pols, National League of Cities

RESOLUTION NO. _____

RESOLUTION OF THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION, OF THE STATE OF CALIFORNIA EXPRESSING OPPOSITION TO LANGUAGE ENTITLED "COMPROMISE BETWEEN NATIONAL LEAGUE OF CITIES AND NATIONAL CABLE TELEVISION ASSOCIATION ON FEDERAL CABLE LEGISLATION."

WHEREAS, the County and Cities of Sacramento, Folsom, and Galt have authorized the Sacramento Metropolitan Cable Television Commission to act on their behalf in a joint powers' agreement; and

WHEREAS, the elected officials of the respective jurisdictions serve as Commissioners of this Joint Powers Agency; and

WHEREAS, on March 4, 1983, the National League of Cities and the National Cable Television Association agreed to compromise language regarding federal cable legislation; and

WHEREAS, the Board of the National League of Cities approved this language on March 6, 1983; and

WHEREAS, the Board of the National League of Cities did not consult with member cities before approving said compromise language; and

WHEREAS, specific provisions in said compromise language are in direct conflict with local laws which have been enacted by the County and Cities of Sacramento, Folsom, and Galt:

- 1) The definition of concurrent jurisdiction between local franchising authorities and the federal government removes the areas of access, service and facility requirements, renewal or extension of franchises, among other areas from exclusive local jurisdiction.
- 2) Removes ability of local government to acquire cable system at less than fair market value; normally used as enforcement measure to ensure compliance with franchise terms.

- 3) Cable operator is no longer contractually bound to provide services originally offered.
- 4) Renewal tests as outlined are vague and amount to essentially automatic renewal of franchise.
- 5) Requirement that all franchises be brought into compliance within one year impairs contracts fairly and voluntarily arrived at and is a usurpation of local government's rights, and

WHEREAS, the Board of the National League of Cities should have consulted with its member cities prior to approving said compromise language.

NOW, THEREFORE, BE IT RESOLVED, that the Sacramento Metropolitan Cable Television Commission opposes the compromise language as approved by the Board of the National League of Cities.

BE IT FURTHER RESOLVED, that the Commission will forward its specific concerns to the National League of Cities in an effort to revise the specific provisions which are onerous to local government.

On a motion by Commissioner _____, seconded by Commissioner _____, the foregoing Resolution was passed and adopted by the Sacramento Metropolitan Cable Television Commission this ____ day of _____, 1983, by the following vote, to wit:

AYES:

NOES:

ABSENT:

Chairman, Sacramento Metropolitan Cable
Television Commission

ATTEST:

Clerk, Sacramento Metropolitan Cable
Television Commission

ROBERT T. MATSUI
3d DISTRICT, CALIFORNIA

COMMITTEE ON
WAYS AND MEANS

Congress of the United States
House of Representatives
Washington, D.C. 20515

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WASHINGTON, D.C. 20515
(202) 225-7163

DISTRICT OFFICE:
8058 FEDERAL BUILDING
650 CAPITOL MALL
SACRAMENTO, CALIFORNIA 95814
(916) 440-3543

March 14, 1983

The Honorable Tim Wirth, Chairman
Subcommittee on Telecommunications,
Consumer Protection and Finance
Committee on Energy and Commerce
B333, Rayburn House Office Bldg.
Washington, DC 20515

Dear Tim:

I am writing to request your immediate assistance in addressing a matter of grave concern to the City of Sacramento, California. The City of Sacramento is currently in the process of negotiating its final contract agreement for the awarding of its cable franchise. It is the city's perspective that the passage of S. 66 in its present form would severely impair the ability of the city to reach a fair and financially sound permanent franchise arrangement.

Moreover, as a former member of your subcommittee, I am acutely aware of the profound impact that cable communications can have on assuring media diversity within each of our local communities. The unique technological capabilities of cable allow it to provide innovative public services as necessitated by each community. The City of Sacramento is alarmed that S. 66 fails to provide local governments with the necessary legislative safeguards to ensure that local governments can require that community interests be served as a condition for the awarding of a cable monopoly.

The critical role of local governments must be preserved in the cable franchising function for they are authorities most closely attuned to local conditions and needs. As your subcommittee proceeds to consider legislation affecting the cable industry, I request your full consideration of their interests. I offer you my services and the expertise of my local community in fashioning a legislative alternative to S. 66 which fosters the development of cable as a communications medium serving both local and national purposes. To this end, should your subcommittee schedule hearings on this issue, I would appreciate an opportunity for representatives of Sacramento and myself to present testimony on this most important matter to our community.

In anticipation of your assistance, I thank you.

Very truly yours,



ROBERT T. MATSUI, M.C.

TIMOTHY E. WIRTH, CHAIRMAN

U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON TELECOMMUNICATIONS,
CONSUMER PROTECTION, AND FINANCE

COMMITTEE ON ENERGY AND COMMERCE

WASHINGTON, D.C. 20515

March 14, 1983

RO J. MANLEY, MASS.
ST. WASH.
SS COLLINS, IL.
J. DODD, AL. (PH)
WILLIAM, TEX.
BRANT, ILL.
SIS, CALIF.
J. H. SCHNEUR, N.Y.
A. WATKINS, CALIF.
D. WHITELL, MICH.
(OFFICE)

MATTHEW J. RINALDO, N.J.
CARL S. MURPHY, CALIF.
THOMAS J. TAHRIL, IOWA
MICHAEL G. DALLY, OHIO
JAMES T. FOSTER, ILL.
(OFFICE)

Honorable Robert T. Matsui
231 Cannon House Office Building
Washington, D.C. 20515

Dear Bob:

Thank you for your recent letter expressing concern about S. 66, the cable legislation currently pending before the Senate Commerce Committee. As you may know, the National League of Cities and the National Cable Television Association recently reached a tentative agreement on cable franchising issues that they will shortly present as the basis for Federal cable legislation. In light of this agreement, the focus of Federal legislative activity has shifted away from S. 66. I believe that the NLC-NCTA compromise will prove helpful in resolving the different perspectives that cable operators and municipalities bring to this important policy area, and will enable Congress to deal with cable franchising issues within a constructive framework.

Federal cable legislation must embody two fundamental principles. First, legislation must ensure an environment in which the cable industry can flourish, so that the American public is assured of receiving the many benefits that cable can provide if allowed to fulfill its potential. Meeting this goal means keeping regulation of cable systems to the minimum necessary, while recognizing that franchising decisions belong at the local level with local officials who understand the needs of their communities.

Second, Federal cable legislation must incorporate the goal of assuring the American public of the widest possible diversity of programming and information sources. Diversity is first and foremost a Federal policy concern that goes to the very heart of the First Amendment. While the franchising process may be relied on to a limited extent to assure diverse sources of information on cable systems (through the requirement of some public and commercial access channels, for instance), this issue is, frankly, too important to leave exclusively to the local franchise process.

The Subcommittee will closely scrutinize the compromise agreement advanced by the industry and the cities, giving full opportunity for interested persons to present their views to us. I look forward to working closely with you, as a former Member of this Subcommittee, to develop a cable policy that encourages the continued development of cable as both a local and national medium, and assures subscribers access to the widest diversity of information.

With best wishes,

Sincerely,



Timothy E. Wirth
Chairman

TEW:hsf

News Rep. Robert Matsui

Release: Monday, March 14

Contact: John Sparks 202/225-7163
Denise Ferguson 202/225-7163

CONGRESS NOT RUSHING CABLE BILL, MATSUI TOLD

WASHINGTON--Rep. Robert Matsui (D.-Calif.) was assured Monday that Congress will "not rush to judgment" on proposals to deregulate the franchising of cable television in local communities.

"I asked the chairman of the House telecommunications subcommittee, Rep. Tim Wirth, to assure me that the City and County of Sacramento will have ample opportunity to offer its views as legislation is considered on the cable franchise issue," Matsui said.

In a letter to Wirth, Matsui said Sacramento is in final negotiations of a contract for the awarding of a cable franchise.

"It is the city's perspective that the passage of S.66 in its present form would severely impair the ability of the city to reach a fair and financially sound permanent franchise arrangement," Matsui wrote.

In responding, Wirth assured Matsui that no legislation would proceed without "full opportunity" for representatives of Sacramento to participate in open hearings.

City officials have said recently they have questions as to how S.66, a bill sponsored by Senator Barry Goldwater (R.-Ariz.) now before the Senate Commerce Committee, might set new conditions for cable franchises if enacted in its present form.

Wirth stressed his recognition that, while federal cable legislation exists to assure diversity and opportunity for growth in cable television, "franchising decisions belong at the local level with local officials who understand the needs of their communities."

Wirth noted that now the focus for proposed legislation has shifted from S.66 to a compromise proposal between the National

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League of Cities and the National Cable Television Association. That proposal has not been drafted into legislative language and the subcommittee does not feel bound by any understanding between the cable association and the National League of Cities.

"I am looking forward to working closely with you, as a former Member of the Subcommittee, to develop a cable policy that encourages the continued development of cable as both a local and national medium, and assures subscribers access to the widest diversity of information," Wirth wrote.

To clarify legal questions surrounding the cable issue, Matsui has requested a legal opinion from the American Law Division of the Library of Congress on whether an act of Congress can set new conditions on legal contracts already entered into by a city or a county with a cable franchiser.

Lorraine

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CITY CLERKS OFFICE
CITY OF SACRAMENTO March 14, 1983

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Sacramento Cable Commission, Elected Officials, United-Tribune Cable;

In as much as some rather substantial issues have been raised recently in Sacramento's ongoing cable deliberations, I would like to take this opportunity to comment on some of them and raise some additional points that perhaps you should consider if you elect to pursue certain directions- particularly some of the not so subtle implications of municipal ownership.

First, let me say this; given six months, or six years, it will be impossible to anticipate precisely what federal and regional legislation will be enacted and what its exact effect on any of this will be. The only certainty you have is that it will change and one makes the necessary adjustments when they do. If my wife and I had waited to have a child until we were certain who his third grade teacher would be, or that funds would be available for his college education, or perhaps until we were certain "it" would be a "he" with blue eyes and a winning personality, you would scoff at the absurdity of it all.

But isn't that what you are doing with United-Tribune? You've selected excellent parents and provided them with the most comprehensive "formula" for erecting the nation's most sophisticated cable system over the next 15 years. If your goal is a private cable system operated by a company of integrity and proven sensitivity to the City and County of Sacramento, then the time to sign an agreement with UTC can never be better than it is right now. If you wait for the "right" political climate, you will wait forever.

On the other hand, if by delaying for six (or more) months you really intend to look into municipal ownership (such as SMUD or some variation) there are some very heavy policy positions that should be addressed from the very start.

First is financial accountability- if UTC goes belly-up, "they" are the big losers. For subscribers it is merely an inconvenience - most of which could be made up by other modes of delivery now being developed. If "we" owned the system that failed (or cut back substantially on services), "we" are stuck with the tab over the next 15 years and would probably take some of our frustration out on whatever "elected" officials we could find to put the blame on - deserved or otherwise.

Second, is the very real potential for political conflict. For example, when Lee Amundsen talks to UTC he is talking to a company that wants to compete and make money. If I can show them how to compete and make money, they will probably listen- and so far, they have. But if "we" owned the cable system, what is the percentage in "we" listening to me?

One cable commission official has told me they can't see the big fuss between an 18 or 12 percent rate of return- "after all, it's all profit!" While a private cable company has a very strong incentive (survival) to compete in as many areas as it can, this is not necessarily true for a municipal system. For example, Lee Amundsen submits a revolutionary proposal giving the city and county the most advanced cable radio system in the nation (such as UTC has proposed). What's to stop other local stations from approaching the cable commission (or other political channels) and asking for the status quo to be maintained- after all, "there's already plenty of choices and we have our investments to protect." I'm not pointing any fingers, but the potential for abuse (at the ultimate expense of the subscribers) is more than obvious- it's blatant.

Third, in a municipal system, grants and facilities for public access, KVIE, the educational consortium, the religious coalition, KXPR, and others could in reality be in serious jeopardy. As long as UTC, a private company wants to fund these groups, nobody can object- it's their money. Not so in a municipal system- its "my" money, and "I" might get picky over "who", if "anybody" should get money that might otherwise have been used to lower my monthly bill.

In particular, some might object to a "mandatory" underwriting of KVIE. Monies to the religious coalition might likewise be objectionable to some. The whole access system could be paralyzed because a few (or many) individuals took strong dislike to various aspects of it. The result, if not mitigated, could be constant political turmoil- again, something that has a way of translating itself into election issues- or possibly even "special" election issues.

The bottom line here, is that a private company, such as UTC, can make community access work not only for the community, but to its own best financial ends. For the city and county it could become another expensive parks and recreation department at best- a financial nightmare at worst.

Davis has embarked on the nations "largest" municipal cable co-op. They are paying a premium price for what is by today's standards, minimal service. I can honestly say, that if I lived in Davis, I would consider moving to Sacramento to take advantage of UTC's proposed system.

In fairness to Sacramento officials, they do have more than three years of very extensive cable planning under their belt, and it might be tempting to take a proposal like UTC's and go it alone. But the bottom line may well be this: UTC has a strong incentive to build and perform as proposed- regardless of politics and pending cable legislation- especially as renewal time comes closer. But even the most well thought out municipal system is subject to constant pressure- from politicians, special interest groups, and "we" the subscribers.

It has the potential for developing into a never-ending feud where no-one comes out a winner. On the other hand, what we have with United-Tribune already, has the potential to far exceed what we could most optimistically hope to obtain from municipal ownership. And with none of the risk or hassle.

Lastly, consider this; even a well run municipal system might eventually face competition from a private cable system if a lawsuit filed against Mile-Hi Cable and the City of Denver is successful.

The best deterrent to losing all the community goodies and "giveaways" is to ensure that Unite-Tribune is able to compete effectively and fairly in the marketplace. Obviously a system that enjoys a high level of community goodwill and an equally high subscriber penetration is the best deterrant to potential cable competitors and the subsequent lowering of community services that a second or third cable operator in the market bring about.

If you elect not to seriously look into municipal ownership, than the best time to ensure Sacramento's cable future is now- not six months or six years down the road. This is not the time to introduce "politics" into what is basicly a business proposition and afford UTC the same flexibility you would demand if you were trying to establish and run profitably a business of your own.

It is in United-Tribune's best interest to operate in the public interest. I beleive it is in the public's best interest to give them a fighting chance to perform as proposed. We've all done our homewrok- and to parties involved, I would give grades of A plus.

But to borrow a phrase, it's time to sign this contract and start building for Sacramento's tomorrow, TODAY.

You'v all worked hard for over three years, and I for one, appreciate it.

Sincerely,



L. Lee Amundsen

3730 1st. Ave.

452-1395