

SYNOPSIS/MINUTES

Concurrent Regular Meetings of the Sacramento City Council, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento and the Parking Authority of the City of Sacramento.

SPECIAL MEETING SYNOPSIS FOR OCTOBER 26, 1983

VOTING RECORD LEGEND:			
VOTING RECORD REFLECTS FINAL VOTE OF COUNCIL			
MOV:	MOVED	ABST:	ABSTAIN
SEC:	SECOND	ABS:	ABSENT
M	MAYOR MILLER		
D1	SHORE	D5	SERNA
D2	FISHER	D6	GARCIA
D3	POPE	D7	KASTANIS
D4	RUDIN	D8	ROBIE

1. Resolution

- COUNCIL ACTION:** Continued to 11-01-83 regular Council meeting.
- COMMISSION ACTION:** Approved Resolution No. CATV 021 urging National League of Cities Opposition to H.R. 4103.
- BOARD ACTION:** Approved Resolution No. 83-1347.

2. Legal Matter

- COMMISSION ACTION:** Authorized the Cable Commission to retain the firm of Preston Thorgrimson, Ellis and Holman of Seattle, Washington and Washington D.C. to provide legal advice relating to the franchising process.



CITY OF SACRAMENTO

NOTICE OF SPECIAL MEETINGS OF THE SACRAMENTO CITY COUNCIL REGARDING CABLE TELEVISION FRANCHISE

I HEREBY CALL Special Meetings of the Sacramento City Council for the purpose of meeting jointly with the Sacramento County Board of Supervisors and the CABLE Television Commission. The purpose of these meetings are to consider and act upon any and all matters relating to a CABLE TELEVISION FRANCHISE.

These meetings will be held on the following dates and times:

1. October 19, 1983, Wednesday, 2:30 p.m.
Initial presentation by Cable TV Companies
2. October 26, 1983, Wednesday, 2:30 p.m.
Cable TV Companies to respond to questions from Councilmembers and Board of Supervisors
3. November 14, 1983, Monday, 9:00 a.m.
Preliminary report back from staff
4. November 16, 1983, Wednesday, 2:30 p.m.
Public testimony
5. November 22, 1983, Tuesday, 2:30 p.m.
Public testimony conclusion and selection process

These meetings will be held at the following location:

Board of Supervisors' Chamber
700 H Street, Room 1450
Sacramento, CA 95814

This notice is being given in order to inform all persons as far in advance as possible of the meetings to be held.

If such meetings are not necessary, they will be cancelled. If you have any questions, please contact the Office of the City Clerk, 915 "I" Street, Room 203, City Hall, Sacramento, California, telephone (916) 449-5426, one hour prior to the scheduled times of the meetings, for confirmation.

R. Burnett Miller
Mayor

ATTEST:

Lorraine Magana
City Clerk



SACRAMENTO METROPOLITAN

Cable Television Commission

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

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ROBERT E. SMITH
EXECUTIVE DIRECTOR

October 21, 1983

For City Council/Board of Supervisors/
Cable Commission Workshop of:
October 26, 1983

To: City Council
Board of Supervisors
Cable Commission

From: Bob Smith, Executive Director
Sacramento Metropolitan Cable Television Commission

Subject: LOBBYING EFFORTS FOR HOUSE LEGISLATION

Recently we received the attached correspondence from the City of Lakewood regarding participation in a Lobbying Trust Fund entitled California Cities for Cable. The purpose of this organization is to fund a national lobbying organization called Cities and Counties for Cable and their effort to defeat cable legislation or amend it effectively to ensure that the rights of local governments are not superceded and eliminated by federal legislation.

California Cities and Counties for Cable, as part of this national lobbying effort, has already completed the draft of an alternative Bill which may be introduced in the House to counteract HR 4103, the House version of S.66. HR 4103 was introduced by Representative Tim Wirth last week. Cities and Counties for Cable is working closely with the U.S. Conference of Mayors to coordinate and lobby for amendments to HR 4103. Staff has been in contact with Cities and Counties for Cable and has seen the tremendous amount of work this organization has already accomplished.

Unfortunately, your staff is thoroughly involved in the local evaluation process and is unable to personally participate in this legislative process. However, modification or defeat of this legislation is critical and I believe we must participate. The best method given these circumstances is through this national effort.

Participation in Cities and County for Cable has been requested on the basis of a one cent per capita contribution, or \$7,000 for Sacramento City and County. The Cable Commission's budget currently contains \$5,000 in support of a lobbying effort against federal cable legislation. Staff recommends that you donate 50% of that fund, or \$2,500, to the Cities for Cable Coalition leaving the remaining 50% for travel of elected officials to Washington to lobby on our behalf.

Bob Smith
BOB SMITH, Executive Director
Sacramento Metropolitan Cable
Television Commission

RES:ab

Attachment



CALIFORNIA

cities and counties for cable

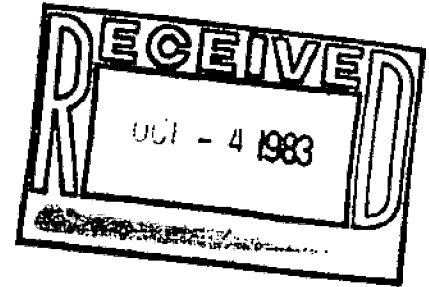
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September 23, 1983

Bob Smith

Mayor R. Burnett Miller
City Council
City of Sacramento
915 Eye Street
Sacramento, CA 95814



Dear Mayor Miller:

RE: California Cities for Cable

Recently, we contacted you regarding participation in a lobbying trust fund, entitled "California Cities for Cable." The purpose of this letter is to update you on our progress and emphasize the urgent need for your participation.

U.S. Representative Tim Wirth of Colorado will shortly introduce a companion measure to S.66, the Senate-passed federal cable bill. Congressman Wirth is chairman of the House Telecommunications Subcommittee. His legislation will likely form the basis of a House cable bill. While Representative Wirth's bill will reportedly be an improvement over S.66, the measure would severely limit local authority over cable franchises. Even if an improved cable bill passes the House, we expect that the Senate will insist on many of the anti-local authority and anti-consumer provisions of S.66.

Fortunately, we have many allies on Wirth's Subcommittee, including several Congressmen who are prepared to propose alternative legislation that would be pro-consumer and pro-city. We possess the potential of ensuring that federal legislation is responsive to our communities. But unless additional cities join us at this critical time, we may fail. Without a united effort, adverse federal cable legislation may become law before the end of the year.

Over 400 American cities now oppose S.66. And, this number increases every day. But limited opposition to the bill in the form of a City Council resolution (or letter) is not enough.

Page Two

The cable industry is spending millions of dollars to enact favorable cable TV legislation. Drew Lewis, former U.S. Transportation Secretary and now chairman of Warner-Amex Cable, is spending at least one day a week on Capitol Hill lobbying our members of Congress. Other cable executives are doing the same. On August 30-31, the California Cable Television Association held statewide meetings to mobilize cable operators to lobby the California members of Congress.


Obviously, cities cannot match the cable industry's lobbying war chest on a dollar-for-dollar basis. We must, however, communicate. Whenever we have communicated our message effectively on cable TV, we have added allies to our cause on Capitol Hill.

A national lobbying effort is too expensive for any single city, but can be achieved by a coalition of cities. We urge you to join the Cities for Cable coalition on the basis of a one-cent per capita contribution. Use the attached form to communicate your support.

Please don't hesitate to contact me or Telecommunications Assistant Jim Barnes, phone (213) 866-9771, ext. 217, if you have any questions. We need your support.

Kindest regards.

Sincerely,

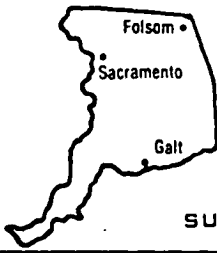


Paul E. Zeltnet
Mayor
City of Lakewood

PEZ:am

Enclosure

SACRAMENTO METROPOLITAN



Cable
CTC Television
Commission

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ROBERT E. SMITH
EXECUTIVE DIRECTOR

October 21, 1983

To: City Council
Board of Supervisors
Cable Commission

From: Bob Smith, Executive Director
Sacramento Metropolitan Cable Television Commission

SUBJECT: CABLE APPLICANTS' RESPONSES

On Wednesday afternoon, October 19th, we received the written responses to both sets of questions submitted to the cable applicants over the past several weeks.

One complete set of these responses is available in our office for review, and a second set has been placed in the Mayor/Council office at City Hall. Should you desire a complete set of your own, please let me know and I will have them reproduced for you.

We are currently in the evaluation phase of our review and are on schedule to release a Preliminary Report on November 7th.

A handwritten signature in cursive script that reads "Bob".

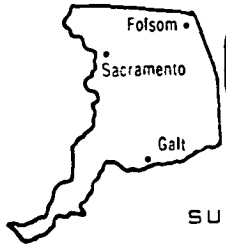
BOB SMITH, Executive Director
Sacramento Metropolitan Cable
Television Commission

RES:ab

City Clerk

SACRAMENTO METROPOLITAN

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television Commission
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ROBERT E. SMITH
EXECUTIVE DIRECTOR

October 20, 1983

For Joint City Council/Board of Supervisors/
Cable Commission Workshop of:
October 26, 1983, 1:00 p.m.

To: City Council
Board of Supervisors
Cable Commission

From: Bob Smith, Executive Director
Sacramento Metropolitan Cable Television Commission

Subject: WORKSHOP

Attached is a list of questions for each company and categorized by functional area of the Resolution, as formulated by staff during the last 29 days. Obviously, this list does not represent every question that has been raised in our proposal review, but it does represent critical questions which may assist you in formulating your own questions.

We have asked each company to be prepared to respond to any questions you may ask pertaining to their proposal. Staff will be available to assist the elected officials in this Workshop, and, if appropriate and time permitting, may raise additional questions.

Each of you have previously received copies of the lengthy detailed questions sent to each applicant and responded to on October 19, 1983. These responses are currently being evaluated and will be considered in the Preliminary Report scheduled for release on November 7, 1983. The attached list of questions should have already been answered by the applicants in their October 19th reponses, but it is important that you hear their responses to these critical issues both for your own evaluation and for the public record.

This public testimony by the applicants, as well as the written responses and any comments by the elected officials, will be considered in the preparation of our Preliminary Report:

Workshop
October 26, 1983
Page 2

It is, therefore, my recommendation that you,

1. Pose questions and receive testimony; and,
2. Refer all comments to staff for consideration in preparing the Preliminary Report scheduled for release on November 7, 1983.



BOB SMITH, Executive Director
Sacramento Metropolitan Cable
Television Commission

RES:ab

Attachments

ACCESS

Significant Liability--No Joint & Several -- Sun Life Group, one of the parent corporations, has agreed to purchase all unsold limited partnership shares and if necessary participate with Kaufman & Broad in securing a loan necessary to finance the \$91 million debt portion of the cable system.

1. Limited Partnership Sale. What specific requirements, if any, will be necessary in order to trigger Sun Life's participation in the limited partnership sale?

2. Sun Life Participation. What participation will Sun Life Group have should ACCESS decide not to issue a limited partnership program?

3. Equity Guarantee. Will Kaufman & Broad and Sun Life guarantee the equity portion presumably to be raised by limited partnership?

4. Loan Conditions. What specific conditions, if any, are necessary to trigger Sun Life's or Kaufman & Broad's participation in securing the loan?

AMERICAN

Provides Joint & Several Liability of American Television & Communications Corp. (ATC) but did not provide any financial information.

1. ATC's Assets. What reachable assets does American have which ensure that if the franchise is breached that sufficient assets would be available to deliver all the commitments of the local corporation?

CABLEVISION

Significant but Limited Liability--Although Cablevision has indicated that Mr. Charles Dolan, Managing General Partner, is jointly and severally liable for compliance with the franchise documents, the application shows only Scripps Howard of Sacramento, a local corporation without significant assets, with direct liability. Yet, Scripps Howard Broadcasting Company and Charles Dolan are mentioned in the application as directly or jointly and severally liable for compliance with the franchise documents. Further, the RFP provided that staff would disregard the inclusion of financial data of the parent corporation if the resolution did not include them as jointly and severally liable.

1. Joint & Several re: SHBC. Did Cablevision intend to have Scripps Howard Broadcasting Company and Charles Dolan jointly and severally liable?

2. Joint & Several re: Dolan. If not, what reachable assets does Mr. Dolan have which ensure that if the franchise is breached that sufficient assets would be available to deliver all the commitments of the local Corporation?

UTS

Very limited liability - No Joint & Several - United's general provisions provide that two local joint ventures without current assets are jointly and severally liable for compliance with the franchise: United Cable Television of Sacramento and Sacramento Tele-Communications, Inc. together called United Tele-Communications of Sacramento. Yet, in the body of the application, the applicants have detailed the assets of the two parent companies, United Cable of Denver and Tele-Communications, Inc. of Colorado.

1. Joint and Several--Parents. The RFP indicated that if an applicant were to use the financial assets of the parent companies in order to demonstrate that they have the financial strength and ability to implement the cable system such a commitment would also have to include those companies as jointly and severally liable. If not, the staff would disregard this information.

(a) Did United and TCI intend to be jointly and severally liable?

(b) If not, what assurance does the Sacramento Community have that the sufficient assets will be available if the local Corporation fails to meet all of its commitments contained in the application?

FINANCIAL CONSIDERATIONS

ACCESS

1. High penetration rates. ACCESS indicates that they will require an average penetration of 60% through the life of the franchise. The average penetration in the top 100 markets is 50%. How does ACCESS expect to achieve this high penetration rate?

2. I-Net Revenue. ACCESS projects capital expenditure of \$19 million for the institutional network with a total 20 year return of approximately \$24 million. With this level of return, how does ACCESS justify the construction and implementation of an institutional net?

AMERICAN

No questions.

CABLEVISION

1. Marketing. Cablevision has proposed a marketing strategy which they have utilized, apparently successfully, in other communities. However, in their proformas, they indicate that in excess of 90% of the basic hubs will be spending more than \$27.00 per month, 66% more than \$38.00 and 38% more than \$47.00.

(a) On what basis does Cablevision justify these estimates?

(b) What contingencies, including the possibility of rate increases, are Cablevision considering should these levels not be reached?

2. LO News. Cablevision envisions spending approximately \$51 million throughout the life of the franchise for a 24 hour locally news service. They intend to provide this service whether or not it is fully offset by advertising revenues.

(a) What revenues does Cablevision anticipate generating from local origination?

(b) How will the LO operation be subsidized if it is not self-supporting?

2. High Penetration. Cablevision envisions a penetration rate of approximately 61% during the average life of the franchise. The average in the top 100 market is 50%. How does it expect to attain such a penetration rate?

UTS

1. I-Net Revenue. UTS projects a total of \$130 million over the life of the franchise for institutional uses. Yet, their application indicates that the institutional network will be activated when it is commercial feasible to do so. The other applicants either show modest revenues or none at all. How does UTS explain this revenue from the I-Net?

The initial review of the System Design proposed by each of the applicants by the Commission's engineer indicates that conceptually each has a potentially workable cable system design. However, there are a number of issues which create concern regarding potential flaws in each of their designs. The following are the major concerns we need to have allayed prior to award.

ACCESS

ACCESS has omitted various sections of the Commission's Draft Resolution regarding the Commission's ability to review their system design. There are also the following engineering concerns.

1. Microwave Distribution. ACCESS proposes to utilize sufficient microwave spectrum space to carry signals for the Subscriber Network for channels between 54-550 MHz. This microwave configuration requires all of the available microwave bandwidth allocated for this function for all users, including nine channels which are currently unavailable for utilization in a microwave system for cable. It has been suggested that the FCC may not approve such a broad utilization of all the available microwave frequencies plus nine frequencies which are currently prohibited from such use.

(a) How does ACCESS propose to obtain such FCC approval?

(b) How do they propose to distribute signals to the hubs if the FCC denies their request?

AMERICAN

American has made numerous changes in the systems design and construction sections of the Commission's Draft Resolution which in the view of the Commission renders the staff's monitoring efforts virtually unenforceable.

1. Specification Monitoring/Compliance. American provides for only a 15 day review of their design changes by our engineer and another 15 day period for the Commission's approval. Failure of the Commission to act within this time period will result in automatic approval. This is an impractical timeframe and would render the Commission's ability to review such changes impossible. How does American assure the Commission that the design in their application will actually work?

2. Specification Monitoring/Compliance. The system performance specifications, as outlined in American's Resolution, would only require that they take reasonable measures to meet these standards. Therefore, compliance with these standards are left to their sole discretion.

CABLEVISION

Cablevision has made very few changes to the Draft Resolution thus providing maximum enforceability for both adherence to performance specifications and to changes in design. However, there are some engineering concerns.

1. Microwave Capacity. As with the other bidders, Cablevision envisions the use of extensive microwave communication paths in order to facilitate its interconnection of subscriber and institutional cable. There are a number of potential low reliability paths included in their systems design. Therefore, it is suggested, that if Cablevision is tentatively selected, a preliminary design of the most critical path in each microwave system will be completed and submitted to the Commission for their review within 90 days after filing of the Certificate of Acceptance. The Commission's engineer will approve each path to ensure that the design is adequate as proposed prior to commencement of construction. Should Cablevision be tentatively selected, would they agree to this provision?

UTS

UTS has generally followed the Commission's Draft Resolution, and thus, most aspects of their resolution are enforceable. However, some provisions have taken away the enforcement capability of the Commission.

1. Engineer Selection. UTS proposes that the Commission's engineer be selected subject to their approval. What assurance does the Commission have that United will not withhold approval of the engineer and thus frustrate the Commission's ability to review and approve all system design changes in a timely manner?

2. I-Net Reliability. While UTS has included the City and County System and Data Processing Department's interface requirements for the institutional network, it has omitted the reliability standards. Without the bit error rate reliance, it is not possible for the Commission to ensure that the institutional net will be usable by the two local government institutions. How does United propose to ensure a reliable institutional system which is usable by the City and County government even at commercial rates?

ACCESS

2. Microwave Return Signal. Assuming that the microwave bandwidth problem of sending signals to the subscribers can be overcome, how will ACCESS accommodate the four microwave channels needed to return signals from the subscribers to the headend?

3. The heights of the microwave path to Galt appears too low and may not produce an adequate signal. How does ACCESS propose to correct this problem?

4. Microwave Reliability. Because of the staff's concern regarding the reliability of critical path calculations for the extensive microwave systems proposed by all applicants, if ACCESS were tentatively selected, staff recommends a preliminary design of the most critical paths in the microwave system be completed, tested, and reviewed by the Commission. No construction would be permitted until the Commission and its engineer have approved the design. Does ACCESS agree with this procedure?

5. Equivalency. The City and County Draft Resolution required the Commission's approval before any equipment in the application could be substituted. ACCESS deleted this provision, giving the Commission no assurance that the

AMERICAN

- (a) How does American assure the Commission that the signal specifications and design specifications they included in their application will be met by American?

- (b) What happens if there are subscriber complaints to the Commission and it is unable to enforce American's compliance to bring the system up to specifications?

3. I-Net Specifications. American has deleted the Systems specification required by the City and County for use by the Data and Systems Processing Department for purchase I-Net service, when (and if) it is actually activated. How will American assure the Commission that, upon activation of their I-Net (when commercially feasible), it will meet the standards of the City, County and States governments, the most likely immediate users of the institutional network?

4. Equipment Equivalency. American has eliminated the ability of the Commission to review the substitution of equipment included in their application which will be implemented both in the general cable system and the community use facilities. How does American propose that the Commission rely on its application with respect to the type of equipment that will be

CABLEVISION

2. Signal Quality. Cablevision commits to import three San Francisco distant signals and one San Jose signal to the Sacramento market. However, their system design does not appear adequate to ensure signal quality of these distant stations. How will Cablevision assure the Commission that its subscribers will receive all off air signals from a local or distant broadcast station with high quality?

UTS

3. 550 MHz Commitment. UTS proposes to build and construct a state-of-the-art 550 MHz cable system. However, they acknowledge that the hardware, amplifiers, headend and other equipment are currently unavailable. Therefore, they propose to construct a 450 MHz system but with spacing amplifiers which will eventually accommodate a 550 MHz system. When available, they will upgrade the system to meet the 550 MHz offering in their application and add 16 subscriber channels. However, there is no schedule included in the Resolution which would enable the Commission to enforce this upgrade. What guarantees does the Commission have that UTS will upgrade the 450 MHz system to a 550 MHz capacity?

4. Microwave Reliability. The microwave path reliability of UTS' extensive microwave system has raised a number of engineering questions. Therefore, prior to construction, staff recommends that a preliminary design of the most critical paths in each microwave system shall be completed and submitted to the Commission for review within 30 days after the filing of the Certificate of Acceptance. Within 60 days of that date, the testing over the most critical paths of each system shall commence and be submitted for the Commission engineer's approval. Does UTS agree with this provision?

ACCESS

equipment and other system components shown in the application will actually be the hardware implemented in their system. What assurance can ACCESS give the Commission that the quality of equipment displayed in their application will be maintained?

6. Equipment Replacement. All equipment outlined in the application for use by the community is scheduled for replacement in Year 11, but only if ACCESS reaches a penetration of 62%. Their proformas, indicate that this penetration will not be achieved until Year 13. What does ACCESS propose to do if this equipment wears out or is damaged prior to Year 11 or the attainment of 62%?

7. Converter Concerns. ACCESS proposes to use a SCAT 10 converter mounted on aerial wires or presumably buried in an underground vault, which unscrambles signals to subscribers. This exterior converter is unique and is used in only one other system in the United States. There are a number of concerns regarding the limitations of this device.

(a) How does ACCESS propose to accommodate Parental lock boxes if the subscriber has one or more TV sets?

AMERICAN

installed within the system and available to the community for various community use purposes?

5. System Monitoring. American permits the Commission's engineer to test the performance of their system at every 250 mile increment. Our engineer may be present but the test will be conducted by American personnel. The Commission's Resolution had provided that the Commission's engineer would perform tests to determine compliance with system specifications at such intervals and at such time as the engineer deemed necessary to ensure the system was built in accordance with the application. How does the Commission verify that the system will meet the performance specifications as it is built?

6. Microwave Reliability. The microwave communication paths included in the application may be potentially unreliable. As such, the Commission's engineer is concerned about the conceptual design and would, therefore, request that the Resolution include the provision which requires a preliminary design of the most critical paths in each microwave system shall be completed and submitted to the Commission for review within 30 days after the filing of the certificate of Acceptance. Within 60 days of that

CABLEVISION

UTS

5. Microwave Availability. UTS is proposing an extensive use of the CARSBAND to facilitate microwaving of signals from the headend to various hubs on the subscriber network. It is questionable whether or not the FCC would approve such a broad spectrum use of the microwave frequencies.

(a) Does UTS anticipate any problems in securing FCC approval for utilization of the CARSBAND as proposed in their application?

(b) In the event the FCC does not approve the frequency allocation, what alternative plan does United envision will be undertaken to accommodate the system as proposed in its application ?

ACCESS

AMERICAN

CABLEVISION

UTS

(b) How does a subscriber watch more than one premium pay-for-view service on different television sets within their home?

(c) How will a subscriber with more than one set prevent viewing of a particular premium channel on the other sets?

(d) Do second-set users have complete independent control over the signals they watch?this converter?

date, testing of these paths shall be made and the results reviewed by the Commission before any construction begins. Is American agreeable, if tentatively selected, to provide the necessary microwave reliability information in order to ensure that their microwave system as proposed will function?

8. 550 MHz Commitment. ACCESS proposes to construct a 550 MHz system and that construction will be initiated on Day 1. However, the hardware for such a system does not exist in initial stages of design. Therefore, ACCESS, if it is to be consistent with the construction schedule, would have to provide less capacity; perhaps a 450 MHz system. If this assumption is correct, the Commission would have no assurance that the amplifier spacing, headends, hardware, and other equipment would be installed so as to accommodate a 550 MHz system when and if it becomes available in the future. How does ACCESS propose to provide 550 MHz capacity and yet meet the construction schedule requirements of the Ordinance?

ACCESS

AMERICAN

CABLEVISION

UTS

9. New Specifications. ACCESS does not agree to comply with any more stringent or additional specifications than those contained in the RFP should they be subsequently adopted by the Federal Communications Commission or the State Regulatory Agency. We think this is essential. Therefore, how does Access propose to assure that they will comply with future state-of-the-art specifications promulgated by federal or state governments?

ACCESS

ACCESS has made changes in this portion of their contract making it unenforceable by the Commission. This was done principally by deleting standards of performance used to measure how well their administrative, maintenance and repair staffs were meeting the needs of the consumers. In addition, it eliminated the performance standards related to community use and public access services so that the Commission does not have the ability to order at least the staffing levels and types included in the application in the event they fall below such standards. The Resolution language also fails to list the types and levels of personnel so that the order could be effected.

1. Staffing Minimums. How does ACCESS assure the Commission that it will maintain adequate staffing at all times?

2. Staffing Minimums. ACCESS has indicated their staffing support for community use and public access will be predicated upon a 56% penetration rate. Will ACCESS reduce staff if a lesser level of penetration is achieved?

AMERICAN

American eliminated the enforceability of the Commission's Resolution by deleting references to performance standards as well as identifying the types and levels of positions. Without such information, it would be impossible for the Commission to monitor the performance of American, and should their subscriber or Community Use services degrade, the Commission would not be able to enforce a staffing order.

1. Staffing Minimums. What assurance does the Commission have that American will always have adequate staff to operate the Cable system as proposed in their application?

2. Customer Service. American, for a period that may extend up to three years, proposes to use an answering service to handle customer service requests and complaints. By American's own proformas, they project 40,000 subscribers may be on line during this period. How will American ensure that it will have the service personnel to adequately resolve complaints by using only an answering service?

CABLEVISION

Cablevision has incorporated most of the Commission's Draft Resolution language regarding staffing.

UTS

UTS has made changes to the Commission's Draft Resolution which limit the enforceability of the Commission's staffing orders. Specific standards for community use, public access, customer relations including maintenance and repair services, are not consistent with those set forth in their application.

1. Staffing Minimums. UTS has omitted types and levels of staffing from the resolution which are set forth in their application. Without such reference it is impossible for the Commission to affect the staffing order. What does United propose to do to ensure that the Commission that adequate staff will always be available to maintain the customer relations, community and institutional services outlined in their application will be met?

2. Staffing Monitoring. While they will submit annual reports which include prevailing wage rate, affirmative action and other employment information, UTS does not permit independent verification by the Commission.

(a) How does UTS propose to assure the Commission that their voluntary affirmative action plan is being adhered to?

(b) How does the Commission verify the prevailing rate requirements of the Ordinance?

ACCESS

ACCESS has proposed to construct both an institutional and a subscriber network totaling 2,683 miles each. The institutional network will not be activated. This is a shadow cable. ACCESS also proposes a low density exception comprising of approximately 362 miles or a maximum of 14,480 homes. (361,000 homes are in the Imposed Area based on uniform data) ACCESS has agreed to the Commission's Draft Resolution language, thus providing the maximum enforceability to the Commission in ensuring that the low density construction is completed within the 6 month requirement of the new Ordinance provision. However, a number of questions do arise in reviewing the ACCESS proposal:

1. Vaults. It indicates that equipment housings will either be vaulted or pedestal. They do not indicate any specific criteria what would trigger the installation of vaults which is the most desirable installation and prescribed by the Ordinance. When does ACCESS intend to install vaults and under what conditions?

AMERICAN

American has inserted their own language in the Commission's Draft Resolution which partially negates the Commission's ability to monitor and enforce the construction milestones.

1. Activation Milestone. Instead of using the Ordinance milestone provisions of dwelling units passed, American has substituted "activation of the electronics". Since this may or may not have any relevance to the dwelling units passed milestones, it is undesirable. How does American intend to quantify and relate the measurement of activation of electronics to the Ordinance provision?

2. Progress Reporting. American proposes to annually indicate the number of miles completed for comparison with their Construction Progression Chart rather than quarterly as required by the Ordinance. In doing so, it would be at least two years before the Commission would be in a position to enforce noncompliance with the Mileage Progression Table. In addition, American has indicated that waivers would be granted by the Commission for delays associated with problems in constructing the system. There are

CABLEVISION

Cablevision has agreed to the provisions contained in the Commission's Draft Resolution and with some minor corrections are enforceable. Cablevision has chosen not to request the low density exception and, therefore, proposes to build 3014 miles of cable in the entire Imposed Area as envisioned by the Ordinance. They also include a 734 mile Institutional Network to be activated no later than 48 months following filing of the Certificate of Acceptance.

1. Upgrade Timetable. Cablevision proposes to construct a 400 MHz capacity system, but only implementing a 350 MHz system initially. They will provide the 400 MHz capacity by ensuring that the spacing of the amplifiers and other hardware used are capable of

UTS

UTS has utilized the Commission's Draft Resolution language in formulating their contract for the Sacramento franchise. However, they have proposed to alter the minimum construction specifications developed by both the City and County Public Works Departments in several ways.

1. Permitting Authority Review. They intend to construct a 3,030 mile single subscriber cable and a 875 mile I-Net. The I-Net will be activated when commercially viable. They have proposed to be permitted to construct undergrounding within the rights-of-way behind the sidewalk and in the front yards of subscribers. Also, they want 48 hours rather than 24 hours to cover all underground excavation and pavement. There are numerous other exceptions proposed.. Since these are within the purview of the permitting authority, not the Commission or its staff, it is, therefore, staff's opinion that the changes made by United be forwarded to the Public Works Department for consideration. Does United agree?

2. Low Density. UTS has indicated that those residents within the low density definition, i.e. 40 dwelling units per mile or below, will be charged a separate installation rate reflecting the higher cost to serve these communities. However, the

ACCESS

2. Smooth Buildout. The construction for this system does not proceed in a smooth fashion in all areas. Of the eight distribution hubs, only three are completed by the end of Year 2 and the last is not completed until the end of Year 5. In addition, only a very small geographical section, the center of Sacramento, is scheduled to be cabled by the end of Year 2 with a great deal of the peripheral outlying areas not being cabled until Year 5. How does ACCESS account for the apparently low start-up of construction and do they anticipate any problems with the high volume of mileage required to complete the system by Year 5?

3. Tower. ACCESS proposes a 600' tower for central midtown Sacramento. Where does ACCESS propose to locate this tower and do they feel it is possible to locate such a high tower in the downtown area?

4. Economic/Socio Mix. ACCESS has tentatively provided a Census Tract Progression Table, but retains the right upon development of more definitive systems work to alter the configuration of the designation of the Census Tract. While staff does not oppose this concept, how does ACCESS assure the Commission that a balanced economic/socio mix will be maintained throughout the five year construction period?

AMERICAN

no provisions for granting such waivers in the Ordinance nor in the Commission's Draft Resolution. In addition, by identifying these Progression Tables as goals, the actual number of miles completed in comparison with these goals is unenforceable. Given the ambiguity between their resolution and our Ordinance, what assurance does the Commission have that American will comply with the Ordinance?

3. Hearing Officer. American has reduced the Commission's ability to objectively resolve customer complaints through an objective third party hearing officer. They have eliminated the Commission's right to require that both American and the complainant sign an agreement that the decision of the hearing officer will be treated as an arbitration decision in a court of law. (This restricts the court's determination and does permit an entirely new and duplicative trial in which all the evidence is reheard.) This subjects the homeowner to two separate and duplicative hearings on the same matter. Further, American eliminated the hearing officer's access to the \$250,000 trust fund for payment of damages. If American refuses to correct their defects, how does American assure the Commission that homeowners damaged by cable construction will receive swift and just compensation?

CABLEVISION

UTS

Ordinance is very clear and does not permit discrimination in pricing unless there is a low density declaration with an accompanying map. Therefore, UTS' request could not be permitted under the existing Ordinance provisions. They could subsidize rural construction, as would normally be anticipated by spreading the costs of the low density construction throughout the entire Imposed Service Area. How does UTS propose to resolve this Ordinance conflict?

ACCESS

AMERICAN

CABLEVISION

UTS

4. Status Monitoring. American has not employed status monitoring at every amplifier. Instead, they have provided it in the last trunk amplifier of each trunk. Given the long trunk, how will they identify and isolate trouble spots in the cable system and make timely repairs to the system, thus eliminating inordinate lengthy outages to the subscribers?

being upgraded. However, no timeframe is provided for this upgrade nor are the channel allocations or other configurations predicated on a 400 MHz system. Cablevision proposes to construct the system within 48 months or at the minimum within the 50 month period provided in the original Ordinance provision. Does Cablevision have a timetable for upgrade to a 400 MHz capacity or will this be done at their sole discretion?

5. Low Density. American has requested a low density exception, but has not provided definitive information as to the precise location of these areas including the number of dwelling units impacted. Also, in the map attached to construction section of the application, American indicates that they will not build the central downtown area even though there are significant numbers of elderly, and other highrise dwelling units in that area. Staff is concerned with the exclusion of

ACCESS

AMERICAN

CABLEVISION

UTS

the entire downtown Sacramento area particularly in light of the elderly, and other high-rise dwelling units that are in that area.

(a) What is the number of dwelling units that American expects to be exempted?

(b) Will the highrises in the downtown area receive cable, or are they part of the low density exception as shown on the map?

ACCESS

ACCESS has altered the Commission's Resolution language to create a number of ambiguities which would make it difficult for the Commission to enforce the community use commitments contained in their application.

1. Facility Design. ACCESS has eliminated the Commission's ability to review the design changes of the Community Video Center. Therefore, it would be difficult for the Commission to ensure that the facility is actually constructed and operated as envisioned in the application. What assurance does ACCESS give the Commission in light of this lack of authority that the building will be constructed as proposed?

2. Training. ACCESS has indicated that they will conduct training four times per year so that the general public will have basic video training before using the Community Use and Public Access equipment. However, there is no minimum waiting list requirements nor other standards which would ensure that the frequency of training is sufficient to accommodate all those who wish to participate in Community Use services. How does ACCESS assure the Commission that the general public will have sufficient training in such sufficient intervals that no one will be wait long periods before they qualify for use of the equipment?

AMERICAN

American has introduced a number of caveats to their delivery of various community use activities which bring into question their commitment to deliver all of the services that they have indicated in their application.

1. Disabled Participation. American has not offered any equipment for the disabled. How will American ensure that the disabled have access to production facilities?

2. Public Access. American guarantees that the public access studio will be open only 64 hours per week. Since the Ordinance requires that it be available 24 hours per day, seven days per week how does American propose to comply with that requirement?

3. Training. American does not guarantee any minimum amount of training for community members. However, training is a requirement before they will allow use of the facilities. How will American guarantee that community users will not be denied access to the facilities because the company will not provide a minimum amount of training?

CABLEVISION

Cablevision has committed \$1.25 of every \$2.00 of basic service revenues, or 62.5% throughout the life of the franchise for community programming support. However, their Resolution language needs to be strengthened in order to ensure that the Commission can enforce this commitment. For instance:

1. Trust Funds. In their application, Cablevision has offered to expend 50% of the total basic service revenues for direct offering grants to community organizations. 55% of this 50% will go to the Sacramento Community Trust in direct grants. However, this revenue is not reflected in their Resolution. Is Cablevision willing to be committed to providing the revenue listed in their application?

2. Guaranteed Programming. Cablevision has committed itself to producing 60 hours per week of community programming by Year 5. However, in their application proformas, there are no operating support except for staff listed under Community Trust. However, the Sacramento Community Trust receives operating dollars in the form of direct grants. What will be the relationship between the SCT and Cablevision regarding the 60 hours per week programming that is guaranteed by Cablevision of Sacramento?

UTS

1. UTS has eliminated some of the Commission's approval and enforcement authority over community use provisions.

1. UTS has not granted the Commission any approval authority over the interior and exterior design of their community use facilities. How will they ensure that the facilities proposed in their Form K will be functionally equivalent to that in their application?

2. Staffing. UTS has eliminated the staffing order which permits the Commission to enforce staff of local origination programming at least to the types and levels contained in their application. How will United guarantee that local origination programming will be produced as reported in their application?

3. FM Access. UTS has offered an FM radio studio for the production of audio access programming. However, there is no audio access channel on their audio tier. Where will such audio access programming be aired on the cable system?

4. Government Grants. UTS has included grants to the City and County of Sacramento in their application. These are not included in the Resolution. Is UTS willing to be bound to such grants as described in their application?

ACCESS

3. Funding. ACCESS has offered 1% of their gross revenues for additional funding of community use not to exceed \$2,000,000 per year. In addition, 1% additional gross revenues is offered if penetration reaches 62%. ACCESS has not indicated how these funds will be disbursed.

(a) What will this money be used for?

(b) What role will the Independent Body play in disbursing this revenue?

4. Independent Body. ACCESS has established the Corporation for Community Programming as its independent body, but has given little information as to its structure. (a) How does ACCESS propose to structure the independent body so that all community groups have an opportunity to participate?

(b) How will the governing body reflect all the diverse subscriber interests that are represented in Sacramento?

5. Public Access. The studio proposed for ACCESS is scheduled to be open 8-10 hours per day five days per week. Yet, the Ordinance requires that a public access facility be available 24 hours per day, seven days per week. How does ACCESS intend to comply with this Ordinance requirement?

AMERICAN

4. Local Programming. American's application does not guarantee any minimum amount of local produced programming. What assurance will American give the Commission that the majority of their community programming will be locally produced?

5. Independent Body. American proposes to establish two independent bodies, a Community Grants Board and an Advisory Board. How will these Board be structured to ensure maximum subscriber input into grant giving and policy review?

6. Funding. In their Resolution, American indicates that the Community Grants Board will receive "up to" \$500,000 per year.

(a) What conditions will determine the amount of money the Community Grants Board receives each year?

(b) Will American give any minimum guarantee as to how much funding the Community Grants Board will receive?

CABLEVISION

(a) Will the Trust be contractually bound to produce a portion or all of the 60 hours? What happens if the Trust does not fulfill its contractual obligations for these productions?

(b) What happens if penetration is not as high as anticipated, and revenues to the Trust do not cover the cost of producing 60 hours per week of programs?

3. Local Origination. Cablevision has offered a 24-hour local origination news service. How will this news service differ from the 2½-3 hours per day of local news offered on each of the five broadcast stations in Sacramento?

4. Local Origination. Cablevision has deleted the quality standard for local origination making it difficult for the Commission to ensure that the local origination will be produced as promised. How will Cablevision ensure the quality of their local origination will be as reported in their application?

5. Master Control. The master control facilities described in Form K do not appear capable of programming the number of channels proposed by Cablevision for local programming, especially in light of the proposed news operation.

UTS

5. Channels. UTS has indicated that beginning Year 7, community use channels will be subject to reallocation if they are not being watched during "prime time".

(a) How does UTS justify how locally produced, low-budget programs compete during the highly competitive "prime time" hours?

(b) What will happen to the programs on the channel subject to reallocation?

ACCESS

AMERICAN

CABLEVISION

UTS

6. Disabled Participation. ACCESS has not provided any services for the disabled in their community use facilities. How does ACCESS intend to ensure that disabled persons can participate in community programming?

7. Master Control. The master control facilities described in Form K do not appear capable of programming the number of channels proposed by ACCESS for local programming.

(a) Where will these channels originate from?

(b) If more money is needed to build master control, where will this come from?

(a) Is there an additional origination point for local channels?

(b) If more money is needed to build master control, where will this come from?

ACCESS

1. Tier III Activation. ACCESS does not propose to provide Tier 3 services before Year 7. In addition, they include only the community use and governmental programming on this Tier.

(a) How does ACCESS intend to market these services at a premium Tier 3 rate to subscribers?

(b) How does the Commission have assurance that after Year 7, Tier 3 will be instituted?

2. Educational Consortium Channel. Channel 2 has been allocated to the Sacramento Educational Consortium on Tier 1 of the basic service tier. However, that same channel is subject to displacement by KUSK, a must-carry station from Prescott, Arizona. Since the Ordinance requires that if a channel is dedicated to the Educational Consortium, it must be placed on the basic service tier. What does ACCESS propose to do to accommodate this must-carry station, and yet dedicate a channel on Tier 1 to the Educational Consortium in compliance with the Ordinance?

AMERICAN

1. Must-Carry Channels. Channels 29 and 64 are designated for must-carry designations for Stations KSCH (29) and KUSK (64). What changes does American propose to accommodate these stations on Tier 1?

2. Programming. American has inserted a provision in which they retain the sole right to change or eliminate programming between tiers. This is in noncompliance with Section 5.50.510 of the Ordinance which allows the Commission to object to such changes in services if in their determination there is a material change in the nature, volume quality, and extent of such programming on any tier.

(a) Does American wish to retain sole discretion over the programming it puts on?

(b) If so, what reliance does the Commission have that the programming and tiering structure included in the application is that which will be provided to the subscribers if American is selected?

3. Channel 40. Channel 40 on Tier 2 has been designated for the Cable Health Network. However, KXTV, Channel 40, a must-carry station, has requested designation of that channel on the cable system. Will American accommodate Channel 40's request?

CABLEVISION

1. "Must-Carry" Channels. Four construction permits have been applied for, one in Stockton; Prescott, Arizona; Sacramento and an additional Stockton Station, KSCH. How does Cablevision plan to accommodate these four must-carry stations on Tier 1?

2. Playcable. Playcable, proposed in the Cablevision application, has reported financial difficulties in providing this service. There is some question as to whether it will be able to continue.

(a) In the event Play Cable service is no longer available, what alternative programming will Cablevision offer?

(b) Are they willing to offer a generic game program which can be included in the Resolution?

3. Copyright Fees. Cablevision has utilized their Basics Service Tier as the base for calculating copyright fees; the legal definition provides that copyright fees will be paid based on all revenues received from _____. In addition, Cablevision has established a cap of 24.7% of basic service revenues for paying copyright fees for distant signals. They propose 8 distant signals.

UTS

ACCESS

3. I-Net Activation. ACCESS proposes to construct an I-Net trunk covering approximately 2,643 miles, but will not activate it until such time as it becomes commercially viable. The Commission has no way of determining what commercial viability means and, therefore, to eliminate this ambiguity, it would appear that the I-Net will be activated at ACCESS's sole discretion.

(a) Does ACCESS have a timetable for the implementation of the I-Net?

(b) If not, what specific criteria will ACCESS use to determine commercial viability?

4. Programming. Channel 58 has a total Community Use Programming commitment of 175 hours per week. Yet, there is only 168 hours per week. Channel 64 is designated as the Diocese Channel, with activation of a must-carry broadcast signal. Channel 69 has been designated for the Educational Consortium; yet, will be assigned to KUSK when it commences broadcasting. Channel 29 may also become a must-carry channel. What does ACCESS propose to do when all of these must-carries interfere with their current channel lineup?

AMERICAN

4. I-Net Activation. American proposes to construct a I-Net trunk covering approximately 600 miles, but will not be activated until such time as it becomes commercial viable. The Commission has no way of determining what commercial viability means and, therefore, to eliminate this ambiguity, it would appear that the I-Net will be activated at American's sole discretion.

(a) Does American have a timetable for the implementation of the I-Net?

(b) If not, what specific criteria will American use to determine commercial viability?

CABLEVISION

(a) Will Cablevision have any difficulty having the Copyright Tribunal accept this definition as a base for calculating copyright fees; and,

(b) If so, what distant signals will be removed and in what priority if such an action is necessary?

4. Channel 40. Channel 40 on Tier 2 has been designated for CNN. However, KTXL-40 has requested designation on that channel. Will American accommodate KTXL?

5. Interactive Services. Pay-for-view and other Communicom Transactional services are included with the understanding that they would be on-line, when commercially viable. Since the Commission has no way of determining commercial viability.

(a) Does Cablevision have a timetable in which they believe Communicom services will be available?

(b) If not, does Cablevision have any standards which are measurable that the Commission can utilize in determining when a particular service is commercially viable? or,

(c) Would they prefer to simply leave these services to be provided at their sole discretion?

UTS

1. Interactive Services. UTS' transactional services and electronic mail offerings are to be provided in the 37th month. However, they will be on-line only if technically and economically feasible.

(a) Does UTS have any standards for determining what economically and technically feasible mean?

(b) If so, would they be agreeable to expanding those definitions so that the Commission would have some of degree of comfort to assure that these services are provided in the 37th month or at such other time as UTS feels appropriate?

(c) If not, would UTS be agreeable to simply providing the services at their sole discretion when they felt it was advantageous?

2. System Upgrade. Since UTS has committed to initially constructing a 450 MHz system, 16 of the channels proposed in Form J will not be available until the 550 MHz system has been implemented. What assurance will UTS give to the Commission that these channels will be restored in a timely manner?

ACCESS

No questions.

AMERICAN

1. Transfers of Ownership. American has removed the ability of the Commission to approve transfers of ownership that were stipulated in other portions of the Ordinance. How does American assure the Commission the new owner meets the qualifications outlined in the Ordinance?
2. Criminal Convictions. American has indicated that someone convicted of false or misleading advertising, antitrust violations, and competitive practices is in violation of the regulations and conspiracies can have a controlling interest in the operation of the Sacramento franchise even though the Commission clearly, in its Resolution, indicated that these were crimes which ought to preclude someone serving on the Board of Directors. Why does American wish to delete these crimes?
3. Gross Revenues. American has redefined gross revenues to make virtually all the revenues received by the joint venture not subject to the 5% franchise fee. They have done this by indicating that only those revenues retained by the local corporation that haven't been passed on to the parents or other entities would be so subject to the fee provision. This would have a significant negative impact on the amount of franchise fees that the community would receive in return

CABLEVISION

1. Gross Revenue. Cablevision has excepted from the gross revenue calculations any contract contemplated in the application. Contracts contemplated in the application could include pay-for-view, interactive, or any other premium service or other services. Such an inclusion would absolutely depress the amount of gross revenue available for the 5% franchise fee calculation. What specific contracts does Cablevision wish to exclude from the gross revenue definition?
2. Additional Provisions. In addition, Cablevision has added three new provision which they would like to have included in the Miscellaneous Section of the Resolution. They include:
 - (a) Requiring that the Commission must consider the business practices of other franchises in the United States when enforcing the franchise document.
 - (b) Requiring that any change in federal or state law that might trigger the acquisition of the system results in the Commission subjecting itself to binding arbitration.

UTS

1. Franchise Fee. UTS has inserted language which creates ambiguity as to what activities they might undertake which would qualify for the imposition of the 5% franchise fee. They have also provided language which allows for the diversion of revenues to other entities and thus outside the scope of the revenue definition. Does UTS have an estimate of the financial impact to the Commission for these provisions?
2. Possessory Interest Tax. Possessory interest tax, which is property taxes on cables and other equipment in the rights-of-way, would be deducted from the franchise fees. Using UTS' proformas, the value of such equipment would be approximately \$141 million per year, resulting in approximately \$1.8 million dollars annually of possessory interest tax. This amount would be deducted from the franchise fees due the Commission. Does UTS have an estimate of the financial impact of this provision?

ACCESS

AMERICAN

for its granting American the use of the rights of way. What estimate of franchise fees does American feel will be available to the Commission?

4. Gross Revenues. In addition, any activity which American has not listed or contemplated in the application would be exempted from the gross revenues. Since we have no idea what American has in mind for additional revenue-generating activities, this restricts our ability to rightfully collect franchise fees from activities generated directly by the cable system. Will American please specify these activities?

CABLEVISION

(c) They requested that the expenditure of the 5% franchise fee by the Commission be limited to only those expenditures directly associated with the Commission and costs associated with litigation of the franchise. Since these request may invalue Ordinance changes which were to have been completed by 8/24/83, does Cablevision have modified language which may be appropriate for inclusion in the Resolution?

UTS

ACCESS

AMERICAN

CABLEVISION

UTS

1. EEOC Definitions. ACCESS has not included the EEOC definitions for the various categories of minorities. Will Access adopt these uniform definitions?
2. Goals and Timetables. The goals and timetables for construction and contractors lacks specificity. Will ACCESS provide specific goals and timetables?
3. Construction. They have established a goal of 25% female participation in construction; yet, women compose approximately 51% of the County's population. How did they determine their 25% goal?
4. MBE Program. Their MBE program excludes contractors which are operated by females. Is ACCESS willing to include some portion of all contracting funds for female owned businesses?
5. Sexual Harassment. ACCESS has excluded a sexual harassment policy. Will they adopt such a policy?
6. Goals and Timetables. ACCESS does not submit goals and timetables for hiring minorities, women and the disabled by occupation. Will such goals be submitted?

1. EEOC Definitions. American has not utilized the EEOC definitions of minorities and other categories of population. Is American willing to make such an accommodation?
2. Population Parity. The Affirmative Action goals stated by American are set to reflect the Sacramento workforce. However, since the workforce reflects the employment difficulties faced by minorities and women, would American be willing to establish goals reflecting parity with population?
3. Goals and Timetables. American has excluded specific timetables in which these projected goals will be realized. Is American willing to establish timetables to reach parity in the employment of minorities, women and the disabled?
4. Sexual Harassment. American has excluded a sexual harassment policy. Are they willing to adopt such a requirement?
5. MBE Program. In American's minority business enterprise participation program sets aside 15% of their contracting funds for participation by minority-owned businesses, but they lack definitive information about how these funds will be disbursed and whether they will be disbursed to female-owned businesses. Is

1. Sexual Harassment. Cablevision omits a sexual harassment policy statement. Will they adopt such a policy?
2. EEOC Definitions. They have excluded the EEOC definition of ratio and ethnic populations. Will they adopt these policies?
3. Goals and Timetables. They have excluded goals for the employment of the handicapped in their Affirmative Action Plan as well as specific timetables for achieving parity with the population. Is Cablevision willing to correct these apparent deficiencies?
4. MBE Program. Cablevision does not have a commitment for financing minority-owned or female-owned businesses other than a brief statement that they will contract with these classes of businesses.
 - (a) Is Cablevision willing to set aside contracts for minority and female-owned businesses?
 - (b) If they are, what specific allocation and allocation procedures would they use to finance these classes of vendors?
5. Cablevision does not include staff hired by the Trust in their Affirmative Action goals. How will these community use staff persons be incorporated into the plan?

1. Sexual Harassment. UTS needs to strengthen its sexual harassment policy. Are they willing to do that?
2. Goals and Timetables. The Affirmative Action Plan does not contain specific goals or timetables for the employment of women, disabled minorities and other target groups. Are they willing to provide specificity to these goals and timetables?
3. Population Parity. UTS does not define what geographic areas will be used to define "population parity". What is it?
4. FBE. In their FBE Program, UTS indicates they will set aside 3% of contracts to women-owned businesses. Women, however, represent 51% of the Sacramento population. How did UTS arrive at a 3% goal?

ACCESS

7. Population Parity. ACCESS commits to achieving 50% of workforce parity. However, workforce parity does not reflect true parity with representation in the population because of past employment discrimination. Would ACCESS be willing to revise their goals to reflect population parity?

8. Parity. ACCESS does not define which geographical area will be used to measure parity. Which area will be used?

AMERICAN

American willing to willing voluntarily commit a certain portion of their funding for minority-owned and female-owned businesses? If so, what percentage?

CABLEVISION

UTS

FINANCIAL RESOURCES AVAILABLE TO CTC

FRANCHISEE:

ACCESS
Net Worth \$0

ACS
Net Worth \$0

CABLEVISION OF
SACRAMENTO
Net Worth \$0

UTS
Net Worth \$0

LIABILITY THROUGH
CONSTRUCTION AND
FULL TERM OF
FRANCHISE:

SHBC
"Guarantee"
Net Worth
\$90 Mil

ATC
Net Worth \$?

Charles
F.
Dolan
Net Worth \$?

LIABILITY PRIOR
TO CONSTRUCTION
ONLY:

Sun Life
To extent of
\$151 Mil

UNITED
Net Worth
\$70 Mil

TCI
To extent of
\$40 Mil



Drexel Burnham Lambert Incorporated
60 Broad Street
New York, NY 10004
212 480-6000

October 25, 1983

Mr. Charles F. Dolan
Cablevision of Sacramento
One Media Crossways
Woodbury, NY 11797

Dear Mr. Dolan:

At your request this letter will outline our mutual understanding and intent concerning a securities offering to be managed by Drexel Burnham Lambert Incorporated ("DBL") on behalf of Cablevision of Sacramento ("Cablevision") to fund a portion of the construction and start-up costs of the cable television system presently being sought by Cablevision in Sacramento.

We understand that Cablevision of Sacramento through its affiliate, Cablevision Systems Sacramento Corporation, has submitted a bid for a cable television license to be awarded by the County and municipalities of Sacramento in the near future. We further understand that this license area includes approximately 332,000 households. You have informed us of your intention to construct a cable television system passing substantially all of the homes in the license area awarded within approximately 48 months of such award date. Furthermore, you estimate in your initial financing plan that the net cash outlays to be expended by Cablevision in the construction and start-up cost of such system ("Systems Cost") will approximate at least \$170 million during this 48 month period. We have performed a preliminary review of this plan and believe it to be reasonable.

If Cablevision is awarded the above-mentioned license, DBL has agreed to undertake the marketing of an offering of limited partnership equity on behalf of Cablevision to provide funding for a portion of the Systems Cost. Specifically, it is

Drexel Burnham Lambert

Mr. Charles Dolan
Cablevision of Sacramento
October, 25, 1983
Page Two


our mutual understanding that the Systems Cost will require approximately \$68 million of equity, of which 50% (\$34 million) will be contributed by Scripps-Howard Broadcasting Company Inc. ("Scripps") and the remaining 50% (\$34 million) will be funded by the proposed limited partnership offering to be managed by DBL.

DBL has worked closely with Cablevision Systems Development Company ("Cablevision/CSDC") for more than three years. During this period, DBL has raised \$15 million in limited partnership equity for Cablevision of Chicago, \$34.5 million of limited partnership equity for Cablevision of Boston and \$75.0 million of debentures for Cablevision/CSDC. During this period, we have also had the opportunity to become familiar with Cablevision/CSDC's existing franchises and systems, to review the operating record of Cablevision/CSDC over the last several years, and most importantly, to establish an extremely high level of confidence regarding the quality, expertise and capability of the Cablevision management team ("CSC") in the building and operation of cable television systems. Our respect for such capabilities is augmented by our broad experience in the cable television industry, where DBL has managed over \$1 billion of cable related financings in over fifteen separate transactions during the past thirty months.

In summary, on the basis of our familiarity with the operating record of the whole group of Cablevision companies, the high regard in which we hold the management of Cablevision/CSC, the substantial equity contribution from Scripps to the proposed Sacramento system, our leadership role in working with a variety of companies in the cable television industry and our experience in the management of public and private equity and debt offerings, we are confident that we will be able to raise up to \$34 million in a limited partnership offering for Cablevision of Sacramento, subject to a favorable licence award and unforeseen changes in market conditions.

Please feel free to call with any questions you may have.

Best regards,



Leon D. Black
Vice President

A First Amendment commentary from Sol Schildhouse, Farrow, Schildhouse, Wilson & Rains, Washington

Cable and the quest for First Amendment freedom

All that talk about First Amendment rights for broadcasters is more tease than foreplay. It won't be delivered.

Now, this is not meant to be critical of FCC Chairman Mark Fowler, who has announced his crusade "to get the job done—to bring full First Amendment rights to broadcasters." I don't criticize because I still have relatives living there. And you know the rule: There *have been* bad commissioners. There *will be* bad commissioners. But there *are* no bad commissioners.

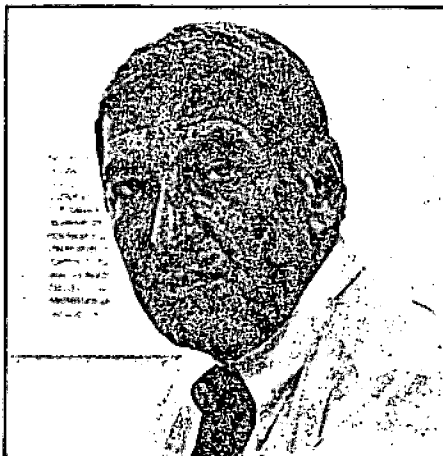
That rule carries all the ingredients of the message that there can be no true independence, no free speaking, so long as there is a government agency to which the speaker or the publisher must look for privileges.

The tussle with the government over the sovereign urge to control the medium of public expression is as old as history. Totalitarian administrations go right to the jugular, taking ownership and direction out of private hands. Other administrations are more subtle; some that drift into relationships with the media end up silently but effectively repressing ideas.

Henry VIII, for example, thought licensing of printing presses appropriate for two reasons: (1) it would raise revenue and (2) it would keep things tidy. (The chances of finding a printer to back a book, pamphlet or handbill criticizing Henry VIII were on the order of those of that famous snowball.)

Today, regulation is less knavish, yet tuned to the conflict of a private ownership system saddled with public obligation to decency and decorum. Resulting inhibitions are as discernible and meaningful as those resulting from outright curbs on speech. To make the point bluntly: When was the last time (or the first, for that matter) you witnessed a serious criticism of the FCC over the air or in a prominent newspaper or journal? Now, I'm not suggesting that a knock is warranted. But if it were, do you really believe much would be made of it on tonight's network news or in tomorrow's paper? That's because there's an FCC license at risk in there someplace.

How did we get that way? Well, when you part the thicket it comes down to this: Back in the old days, Congress perceived a problem with all those radio users falling all over one another. It created a new government agency called the Federal Communications Commission (strictly speaking, the Federal Radio Commission came first) to regulate in the public interest—saying the equivalent of, "We've got a problem here; do something about it." Before long, there were thousands of rules and a few hundred volumes of case decisions with the force of law.



Sol Schildhouse heads the Washington office of the Farrow, Schildhouse, Wilson & Rains law firm that represents broadcast, cable and common carrier clients before the FCC and in a variety of municipal and public utility commission litigation nationwide. A graduate of the Harvard Law School, Schildhouse in 1973 completed a career at the FCC where, among other activities, he was an administrative law judge and the first chief of the Cable Television Bureau.

There is now a minefield that only the foolish move across—at a pace less cautious than wary. And wary means, "Don't take chances," which is equivalent to: "Stick to baseball, hot dogs, apple pie and Chevrolet, and don't arouse anyone to an emotional pitch higher than slight annoyance."

The irony is that the social engineers—some of the nicest people in the world, and ordinarily outspoken defenders of the right to free speech—have been the inadvertent designers of this system. Hard lines on fairness, codes for phonograph record playing and advertiser satisfaction, and purification of radio and TV station owners' characters have bred a type of broadcast speech not foreseen by those first social engineers, who focused on the commission's "responsibility for improved program service."

Sadly, we may be terminally locked into the broadcast system. There's no escaping the evil of licensing, a ceremony that demands complete submission by the applicant. And rooting out precedents accumulated through application of rules full of mushy and boneless language looks impossible.

Does this signal the end of any hope for true journalistic freedom in the electronic media? The answer is no. There is an alternative, a real opportunity. Cable television is that hope. It is both cable and television, and can be valuable if we learn to overcome bitterness. But the FCC had better get cracking: Other levels of government are rapidly moving to make cable systems in every city, county, town and hamlet serve at the will and

fancy of local government.

The situation in the back country certainly doesn't encourage journalistic boldness. Who can expect investigative reporting of city hall shenanigans with broadcasters fighting for their lives and property at renewal time? Newcomers want to replace rather than compete. And in cable the refranchising contest is conducted before local government bodies advised by "experts" who may not be able to tell you how to improve the picture your system distributes, but who *are* ready to show local officials how to extract more giveaways in the franchise process. Those same advisers also counsel cable operators on how to prepare for and survive the refranchising process. The advice? "Start early to be nice. Don't antagonize. Play up to the powerful. Smile a lot, or they'll get you."

The local process is far worse than anything visited on cable in the early days of federal intervention. Their brand of licensing, rate control and license renewal is developing an industry even less likely than broadcasting to accept the task of keeping government on its toes, open and honest. Government can fight wars, maybe even occasionally deliver mail. But it doesn't belong in the business of controlling the media.

Last year, former Mass Media Bureau Chief Larry Harris told a cable convention audience that if they were expecting local governments to deal fairly, "You'd better make new arrangements for your family." Harris was certain that the only solution was federal preemption, and he coaxed the conventioners to press for it at the FCC. (Government officials often seem to be egging others on to undertake what they themselves could provide.) Harris zeroes in on federal pre-emption out of long experience with local governments. He is clearly on target, and only makes claim to what the commission already knows how to do.

And so the course is marked out and a finish line drawn. The spear carriers can do no more. It's now up to the featured players to prove that they're serious about freeing up an electronic medium with the means and the will to deliver to America the goods of a truly free press. Broadcast television is shackled to the mythology of spectrum and seems unable to escape. The cable technology has none of that handicap. The road to realization of full First Amendment rights is difficult enough. It makes sense, then, to start with something like cable that at least isn't weighed down by the laws of physics.

If the federal government will not come to the rescue, then cable will just have to press on alone. Profitability won't be affected so much as an unavoidable repetition of the broadcast experience will be guaranteed.

It may also teach you something about anticipation and disappointment. ■