

SPECIAL MEETING CITY COUNCIL SACRAMENTO

MARCH 23, 1981

MONDAY

6:30 p.m.

I HEREBY CALL (a Special Meeting of the Sacramento City Council on Monday, March 23, 1981, at the hour of 6:30 p.m., to be held at:

CITY COUNCIL CHAMBER
SECOND FLOOR, 915 I STREET
SACRAMENTO, CALIFORNIA

to meet in Joint Session with the following:

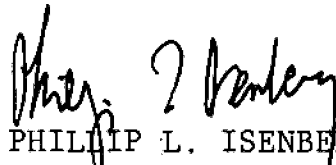
SACRAMENTO COUNTY BOARD OF SUPERVISORS

for the purpose of conducting a hearing and to consider and act upon the following:

CABLE T.V. - DRAFT ORDINANCE

1. Chapter 4B - Construction and Extension or System Use of Streets
2. Chapter 4C - Services
3. Other various matters relating to Cable T.V.

ISSUED: This Seventeenth Day of March, 1981


PHILIP L. ISENBERG
Mayor

ATTEST:


LORRAINE MAGANA
City Clerk

AGENDA/SYNOPSIS

Cable Television

Meeting Date MARCH 23, 1981; 6:30 PM
 Location: City Hall, 915 I Street, 2nd Floor, Council Chambers

VOTING RECORD LEGEND:

VOTING RECORD REFLECTS FINAL
 VOTE OF COUNCIL.

MOV: MOVED ABST: ABSTAIN
 SEC: SECOND ABS: ABSENT
 M — MAYOR ISENBERG
 D1 — ROBERTS D5 — THOMPSON
 D2 — FISHER D6 — CONNELLY
 D3 — POPE D7 — HOEBER
 D4 — RUDIN D8 — ROBIE

SYNOPSIS OF THE SPECIAL MEETING OF THE SACRAMENTO CITY COUNCIL AND THE SACRAMENTO COUNTY BOARD OF SUPERVISORS ON THE ISSUE OF CABLE TELEVISION AND THE PROPOSED CABLE TELEVISION ORDINANCE.

CABLE TELEVISION HEARING

1. Mayor Isenberg appointed Councilpersons Fisher and Robie to the Subcommittee to Review Service Area Boundaries
2. County Board of Supervisors appointed Supervisors Collin and Johnson to the Subcommittee to Review Service Area Boundaries
3. Tentative date for first meeting of Subcommittee: 4-6-81
4. Revised time schedule
5. Article 4-b Construction and Extension of System Use of Streets
 - A. Service Areas Defined
 - B. Construction Schedule as amended by Staff
 - C. Duty to Report as amended by Staff
 - D. Future Developments within Service Areas as amended by Staff
 - E. Line Extensions as amended by Staff
 - F. Other Provisions
 - G. Time
 - H. New Subdivisions Beyond Service Areas
 - I. Complaints
 - J. Excuses for Violations as amended by Staff
 - K. Examples of Excuses for Violations - phrase "lockouts or other industrial disturbances" deleted
 - L. Enforcement Proceedings
 - M. Commencement of Enforcement Proceedings
 - N. Conduct of Hearing as amended by Staff
 - O. Arbitration of Enforcement Proceedings as amended by Staff
 - P. Commencement of Construction
 - Q. Use of Streets - Interference
 - R. Permits and Approvals
 - S. Restoration of Streets and Private Property
 - T. Erection of Poles
 - U. Undergrounding

 - V. Relocation
 - W. Tree Trimming
 - X. Movement of Buildings
 - Y. Removal as amended by Staff
 - Z. Enforcement
 - AA. Request report re if for example 50 years from now who takes out cables and incurs cost?

RECOMMENDATIONS OF STAFF/AGENCY	COUNCIL ACTION	VOTING RECORD
		BY CONSENSUS
		BY CONSENSUS
	STAFF TO CONTACT MEMBERS	BY CONSENSUS
	APPROVED	BY CONSENSUS
	HEARING CLOSED	BY CONSENSUS
	REFERRED TO SUB-COMMITTEE	BY CONSENSUS
	TENT. APPROVAL	BY CONSENSUS
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	DEFERRED - STAFF TO MEET WITH CONCERNED PARTIES AND DEVELOP REVISED LANGUAGE	
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	REFERRED TO STAFF	BY CONSENSUS

	RECOMMENDATIONS OF STAFF/AGENCY	COUNCIL ACTION	VOTING RECORD
<p>6. Article 4-C - Services</p> <ul style="list-style-type: none"> A. Audio and Visual Quality B. Continuity of Quality C. Maintenance and Repair D. Office - Service E. Continuity of Service F. Cable Television Service G. Records as amended by Staff H. Reporting - sub f. deleted I. Discrimination in Service Prohibited J. Franchise Rules K. Privacy L. Complaints M. Evaluation Sessions N. Commission Powers O. Testing and Improvement of System P. Access Use Q. Affirmative Action R. Anti-Competitive Practices 		<p>HEARING CLOSED</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>DIRECT STAFF TO PREPARE LANGUAGE RE NO CHARGE FOR SERVICE IF DAMAGES NOT CAUSED BY SUBSCRIBER</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL & STAFF DIRECTED TO WORK WITH POTENTIAL OPERATORS ON CONCERNS</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>TENT. APPROVAL</p> <p>RESERVED</p> <p>RESERVED</p> <p>TO BE CONSIDERED ON 3-30-81</p> <p>STAFF TO CONTACT COUNCILPERSON POPE RE HIS CONCERNS AND REPORT ON 3-30-81</p>	<p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p> <p>BY CONSENSUS</p>
<p>7. Topics to be discussed on 3/30/81</p> <ul style="list-style-type: none"> A. Minority Concerns B. Howard Gann's Report re System Valuation Purchase & Dual Cable Requirements C. Chapter 4D - Franchise Fee Rates D. Chapter 4E - Security, Indemnification, Insurance E. Chapter 5 - Assignments, Remedies F. Other various matters relating to Cable Television 		<p>REFERRED TO STAFF</p>	<p>BY CONSENSUS</p>
<p>8. Brief Discussion on in-house consultant</p>		<p>FILED</p>	<p>BY CONSENSUS</p>
<p>9. Supervisor Collin announced Executive Session of Board of Supervisors to discuss litigation, Tuesday March 24, 1981.</p>		<p>FILED</p>	<p>BY CONSENSUS</p>

MEMO FROM

W. R. Freeman

March 23, 1981

To: (Each Board/Council member by name
and Art Barnes

Attached is cable television material for
the joint meeting on Monday, March 23, 1981.
Included is:

1. A copy of the partnership model pre-
sented at the meeting on March 16, 1981, plus a
one-page summary of the public interest issues.
These two pages have been punched for insertion
in your cable workbook. It is suggested they
go in the very front of the book.

2. A suggested agenda for the meeting.

3. A copy of the report on a revised
timetable.

4. A copy of an article on community
access to cable television as it is developing
world-wide. This is for general information
only.

WILLIAM R. FREEMAN
Assistant County Executive

WRF:emw

Attachments

cc: Lee Elam
Jim Jackson
Mac Mailes
City Clerk
Clerk, Board of Supervisors

THE CABLE PARTNERSHIP

WHO:

BUSINESS

PUBLIC

XYZ COMPANY

BOARD/COUNCILS

BRING TO:

CAPITAL
MANAGEMENT EXPERTISE
TECHNICAL CAPABILITY
PRODUCTION CAPABILITY
PROMOTIONAL CAPABILITY

USE OF STREETS

TAKE FROM:

PROFIT

PROTECTION OF THE PUBLIC INTEREST
COMMUNITY USAGE
GUARANTEED PERFORMANCE
FRANCHISE FEE
EQUAL SERVICE
GOOD SERVICE
REQUIRED PROGRAMMING
PROHIBITED ACTIVITIES
REGULATED PROFIT
REGULATED ADVERTISING
AFFIRMATIVE ACTION
REGULATED SERVICES

COSTS

PROFIT

INCOME

FIXED
VARIABLE

RETURN ON INVESTMENT
NEW INVESTMENT

SUBSCRIBERS (# X RATE)
LEASED LINES
ADVERTISING
INTEREST

CABLE TELEVISION
WHAT ARE THE PUBLIC INTEREST ISSUES

TOTAL COMMUNITY

ISSUE IS PUBLIC ACCESS

- How many channels
- Who controls channel allocation
- How much production equipment/personnel do we want operator to provide and
How does this affect rates
- Who controls production resources
- Who controls program content
- Do we include FM radio along with video
- Do we want a separate institutional network
How does it affect rates

WHAT IS COST (IN TERMS OF RATES) OF A COMMUNITY COMMUNICATION SYSTEM AND WHO CONTROLS THAT SYSTEM

SPECIAL SEGMENTS OF COMMUNITY

ISSUE IS HOW MUCH CONTROL DO WE EXERCISE

- Rates
- Activities of operator in other business
(alarms-computer services-shop at home)
- Master antenna systems
- Required programming (foreign language/minority culture)
- Channels and services

CAN WE LET MARKET FORCES REGULATE--OR DO WE NEED TO REGULATE

CABLE TELEVISION
SUGGESTED TIMETABLE

Action	March		April				May			June					July
	<u>23</u>	<u>30</u>	<u>6</u>	<u>13</u>	<u>20</u>	<u>27</u>	<u>4</u>	<u>11</u>	<u>18</u>	<u>1</u>	<u>8</u>	<u>15</u>	<u>22</u>	<u>29</u>	<u>1</u>
Complete Ordinance Review	X	X													
Solicit Public Input		X													
Review Follow-up Work	X	X													
Decide on Outstanding Issues															
1. Minority Concerns		X													
2. System Valuation Purchase		X													
3. Dual Cable Requirements		X													
4. Cost of Construction Regulation					X										
5. Abandonment of Underground					X										
6. Fair Rate of Return					X										
7. Prevailing Wage Rates					X										
8. Renewal Period					X										
9. Separate Cable and Programming					X										
10. Overall Regulation Approach (Community Use; Basic Service; Channel Allocations; PUC Type Regulation)						X									
11. Service Areas							X								
Final Documents															
Request for Proposals Presentation							X								
Tentative Approval								X							
Public Hearings										X					
Final Approval												X			
Issuance															X
Ordinance															
3rd Draft (Release 5/26)															
Public Hearing 3rd Draft											X				
Enactment												X			

CABLE TELEVISION
FOLLOW-UP FROM ORDINANCE REVIEW
March 23, 1981

I. INTRODUCTION

- A. Involves additional staff work resulting from joint hearings of Board of Supervisors and Sacramento City Council.
 - 1. February 23, 1981 - Chapters 1 and 2 of the ordinance
 - 2. March 2, 1981 - Chapter 3 and Article 4a of the ordinance
 - 3. March 9, 1981 - Verbal presentation by Howard Gan (CTIC) and questions and answers
 - 4. March 16, 1981 - Discussion and testimony on two reports
 - a. Service areas
 - b. Regulation of services
- B. Falls into three categories.
 - 1. Preparation of separate report
 - 2. Specific modification to ordinance
 - 3. Other requests/directives

II. ADDITIONAL REPORTS REQUESTED

- A. Community Access.
 - 1. Related Ordinance Sections
 - a. Definition of "basic service"
 - b. Rate regulation for basic service
 - c. Powers of Cable Commission
 - d. Public access-initial franchise
 - e. Public access-subsequent franchises
 - f. Public facilities
 - g. Service areas
 - h. Access use
 - i. Franchise fees
 - 2. Other Considerations
 - a. KVIE request
 - b. Educational consortium request
 - c. Information to be generated from user seminar on March 31
 - d. Identify funding sources for community access
 - 3. Is related to overall regulatory approach
 - 4. Responsible staff: Freeman
 - 5. Target date: 4/20

II. ADDITIONAL REPORTS REQUESTED continued.

B. Minority Concerns

1. Related ordinance sections
 - a. Affirmative action
 - b. Contents of RFP--ownership disclosure
2. Other concerns
 - a. Women included as a minority
 - b. Required minority ownership
 - c. Equity at less than full value
3. Responsible staff: City Attorney
4. Target date: 3/30

C. Definition of Service Areas

1. Related ordinance sections
 - a. Service areas
 - b. Line extensions
 - c. Rate regulation
2. Other concerns
 - a. Equal service
 - b. Cross subsidization
3. Referred to Sub-Committee
4. Responsible staff: Freeman
5. Target date: 4/27

D. Input From Consultant

1. Specific ordinance provisions
 - a. Alternative language on system purchase valuations
 - b. Waiver on RFP or proposal provisions in resolution offering franchise
2. Other concerns
 - a. Written comments on both our ordinance and RFP
 - b. Possibility of doing evaluation in two rather than three months
3. Responsible staff: Gan
4. Target date: 3/30

II. ADDITIONAL REPORTS REQUESTED continued.

E. Cost of Overseeing Cable Construction

1. Related ordinance sections
 - a. Cable Commission-formation agreement-payments
 - b. Use of streets-permits and approvals
2. Concerns
 - a. Usual permit fees adequate?
 - b. If not, can we use franchise fee?
 - c. If we use franchise fee - how
 - 1) Direct billing; or
 - 2) Percent distribution and basis for distribution
 - a) Street miles
 - b) Units passed
 - c) Number of subscribers
 - d) Population
3. Responsible staff: Freeman
4. Target date: 4/15

F. Dual Cable

1. Related ordinance section - General capability--100 channel capacity
2. Concerns
 - a. What is the minimum numbers of channels we should require?
 - b. What is the cost of dual cable
3. Responsible staff: Gan
4. Target date: 3/30

G. Abandonment of System

1. Related ordinance sections
 - a. Disapproval of renewal
 - b. Termination of franchise
2. Concern is whether we want to require underground cable to be removed
3. Responsible staff: Freeman
4. Target date: 4/15

II. ADDITIONAL REPORTS REQUESTED continued.

H. Separate Cable and Programming Operations

1. A completely different approach than draft ordinance
2. Basic concern addressed with this approach is monopolistic nature of existing cable franchises
3. Responsible staff: Freeman
4. Target date: 4/15

I. Fair Rate of Return

1. Related ordinance sections
 - a. Definitions "Fair Rate of Return"
 - b. Rate regulation for "Basic Service"
2. Concern is the effort required to determine fair rate of return using PUC methods
3. Responsible staff: Freeman
4. Target date: 4/15

J. Prevailing Wage Rates

1. Not included in existing draft ordinance
2. Concern is history of labor relations of applicant companies
3. Responsible staff: Freeman
4. Target date: 4/15

K. Renewal Period

1. Related ordinance sections
 - a. Renewal provisions
 - b. Term of Cable Commission
2. Concern--Existing term of Commission only provides a five-year renewal period
3. Responsible staff: Freeman or Elam
4. Target date: 4/15

II. ADDITIONAL REPORTS REQUESTED continued.

L. Regulation of Services

1. Related ordinance sections
 - a. Police powers
 - b. Vested rights
 - c. Public access
 - d. Quality and continuity of service
 - e. Anti-competitive practices
 - f. Commission powers
 - g. Rate regulation
 - h. Remedies
 - i. The subject pervades the entire ordinance
2. Other concerns
 - a. Prohibited activities--unfair competition
 - b. "Banking of Channels" concept
 - c. Relation to community usage of system
3. Responsible staff: Elam/Jackson--with assistance of outside counsel
4. Target date: 4/27

III. SPECIFIC MODIFICATIONS TO ORDINANCE

A. Chapter 2-Calbe Television Commission

1. Permit appointment of non-elected representatives
2. Payment for Board Members

B. Chapter 3-Issuance and Renewal of Franchises

1. Contents of RFP
 - a. Complete disclosure of all ownership interests
 - b. Disclosure of equity value and consideration given
 - c. Disclosure of cable operations in other cities/communities
 - d. Disclosure of media cross-wonership--modify to include ownership at less than 50% control
 - e. Disclosure of rates paid in other locales in relation to prevailing rates and labor relation problems in other systems.
2. Disapproval of issuance (subsequent franchises) and disapproval of renewal--modify the powers of Folsom, Isleton, and Galt
3. Scope of purchase--modify language to permit purchase of everything--not just enumerated types of property

IV. OTHER REQUESTS/DIRECTIVES

- A. Initiate communication with SMUD and Pacific Telephone on ways they are going to participate and ways to improve underground program and use of utility poles
 1. Problem is coordination
 2. Responsible staff: Freeman
 3. Target date: Underway
- B. Consider Written Suggestions Submitted by Speakers
 1. Includes:
 - a. Terry Soley, United Cable, changes in Chapters 1, 2, and 3
 - b. Michael Monasky, citizen, health and environmental concerns
 - c. Lee Amundsen, Sacramento Media Association-carriage and community access on FM-carriage of low power T.V. stations
 - d. Bob Wyman, American River College
 - e. Communication Workers of America-Prevailing wage rate, strikes, consumer safeguards
 - f. California State Electronics Association (Ron Sturtz) restrictions on operator
 - g. Doug Peckham, teacher Sacramento High School-community use of system.

COUNTY OF SACRAMENTO
CALIFORNIA

March 23, 1981

To: Board of Supervisors
County of Sacramento

City Council
City of Sacramento

From: County Executive

Subject: REVISED TIMETABLE FOR AWARD OF CABLE TELEVISION FRANCHISE

INTRODUCTION

At the meeting on Monday, March 9, 1981, a concensus decision was reached that we would not be able to meet the timetable contained in the report to your bodies dated February 3, 1981. That particular timetable was structured on a desired completion date that led to a fixed time period for policy decisions that experience has shown was not adequate. A new timetable was requested so we would not lose the momentum of our initial efforts.

Since a timetable must be based on a process, following is a summary of the steps in the process:

1. Adoption of an Ordinance and the Request for Proposals. We are currently engaged in this step. There seemed to be general agreement that we should take as much time as necessary to adequately complete this step.

2. Development of Proposals. This involves the applicants--most, if not all, of whom are currently working on their proposals. At some point, however, an application deadline must be established.

3. Evaluation of Proposals. This is primarily the responsibility of the consultant. However, staff will also be involved and certain community groups will want to comment on certain aspects of the proposals. This step should allow for a presentation by each applicant as well as comments and questions by the public.

4. Assessment of Environmental Concerns. This step cannot begin until the proposals are submitted, but can be done concurrently with the evaluation process. The results of this assessment could impact the award of the franchise if mitigation measures are required, but should not delay the actual selection of a franchise.

5. Selection of a Franchisee. This step initially involves the city and the county, after which the cities of Folsom, Isleton, and Galt must decide whether to accept or reject the selection. The exact process for the initial decision has not been defined yet.

6. Award of Franchises. In this step, a resolution must be adopted by each jurisdiction offering the franchise and stipulating any conditions that are different or in addition to the other franchise documents.

For this report, these steps are discussed in reverse order from the above listing. General time requirements are designated for all the steps except the first one. For the first step, a more precise meeting timetable is included for review and adoption.

AWARD OF FRANCHISES

Since the award of the franchises will be done by resolution, time is required to prepare and then have each participating jurisdiction adopt the resolution. The resolution cannot be prepared until each jurisdiction agrees to the selection, to allow for any modifications in the proposal of the selected applicant (e.g. the actual areas to be serviced).

Estimated time: four to six weeks

SELECTION OF FRANCHISEE

Assuming all required information is presented and discussed in the evaluation process, the initial selection by the Board and the Council conceivably would be accomplished in a single meeting or a relatively few meetings over a short time span. However, action by the other jurisdictions, if done at regularly scheduled meeting, could extend the time by as long as one month.

Estimated time: four to six weeks

ENVIRONMENTAL ASSESSMENT

For purposes of developing a timetable, it is assumed that this step can be accomplished concurrently with the evaluation step. However, the results of the environmental study could impact the time required to prepare the resolution awarding the franchise.

Estimated time: Same period as evaluation

EVALUATION OF PROPOSALS

In prior timetables, a period of four months has been allocated for this step based on the consultant's estimate. This period allows for: the evaluation of each proposal; preparation of a preliminary report; review and comment on the preliminary report (including the need for additional information from the applicants); and preparation and review of a final report. In response to an inquiry as to whether this period could be reduced, the consultant has indicated that two factors will influence the actual time required: 1) the number of proposals submitted; and 2) the evaluation workload existing during the period our proposals are reviewed. At this point, a precise answer is not possible.

Estimated time: three to four months

PREPARATION OF PROPOSALS

A period of three months has been used in prior timetables and was based on a generally accepted schedule used in other jurisdictions. In response to an inquiry, the operators generally agree that this period could be reduced. However, there is not agreement as to the minimum time that should be allowed--which varies from 45 to 60 days. Apparently, some work is already underway which would permit the operators to meet a shorter deadline. It should be noted that not all potential applicants are presently participating in our process, so a reduced period might not result in a maximum number of applicants.

Estimated time: three to four months

ADOPTION OF ORDINANCE AND REQUEST FOR PROPOSALS

We are currently engaged in this step of the process. Following are suggested actions to complete this phase:

1. Complete Review of Ordinance. This involves the remainder of Chapter 4 and the two articles in Chapter 5. To aid in this review, attached is a brief summary of issues remaining, by section heading of the ordinance. It is assumed that we will continue with the method of tentative approval of all ordinance sections except those where additional information or drafting is required.

2. Solicit Public Input. Although public testimony has been received on specific sections of the ordinance, it seems advisable to designate one meeting for general comments from the public. Public awareness has been slow in developing and we should seek public input before we start redrafting the ordinance and preparing the Request for Proposals. Attached is a notice which will be mailed to everyone on our mailing list if approved by your bodies.

3. Decide on Outstanding Issues. Based on your actions during previous joint hearings, a significant amount of additional work has been defined before final direction can be given to staff in developing a final draft of the ordinance and the Request for Proposals. Attached is an outline of this work which needs to be reviewed for completeness and any misunderstandings. This outline should be continued for one week to provide time for review and allow for additions that may result for the next two meetings.

4. Adopt Final Ordinance and Request for Proposals. Once policy direction is provided, staff can prepare final drafts. These need to be circulated for final review and comment by all interested parties including: members of the governing bodies of all five jurisdictions; the potential applicants; special interest groups who have testified at the hearings; and any other groups or individuals who request copies. Finally, all five governing bodies must adopt both documents. Ideally, this would be done at a single joint meeting to save time. However, this might not be possible, and some time has been allowed to obtain final approval by these cities.

Attached is a specific timetable for additional meetings to complete this initial step that results in adoption of the ordinance and release of the Request for Proposals on July 1, 1981.

Following is a summary of the estimated time required to complete the total process of awarding franchises.

<u>STEP</u>	<u>RANGE OF TIME</u>
Adopt ordinance and RFP	Release RFP on July 1, 1981
Development of Proposals	2 months (9/1) to 3 months (10/1)
Evaluation of Proposals	3 months (12/1) to 4 months (2/1)
Environmental Assessment	
Selection of Franchisee	1 month (1/1) to 1.5 months (3/15)
Award of Franchises	1 month to 1.5 months
Target date for completion	

CONCLUSIONS AND RECOMMENDATIONS

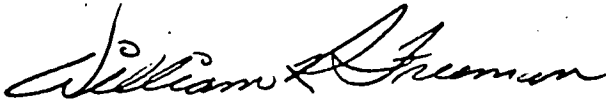
Because of all the issues and questions to be resolved, plus the fact that the public is becoming more aware of the process, it is not possible to develop a precise timetable. The target dates for completion of additional staff reports are tight. It should be noted that with the exception of the undersigned staff is handling this assignment in addition to their normal workload, and much of this project is being done through overtime. The time available for the Board and the Council to review material will become more critical as we approach budget hearings. Lastly, the meeting schedules of the three other cities will impact the time required for final actions.

In short, adherence to the timetable summarized above, or any modified schedule, must be based on a high priority being assigned to cable television, and a continuous effort by everyone involved. If the schedules contained in this report meet the objectives of the Board and Council and appear reasonable in light of time requirements for other work, it is recommended that:

1. The timetable summarized above be adopted as a general guide to completion of this project; and

2. The attached schedule of additional joint meetings be continued for one week and then officially approved (with any modifications) by both bodies.

Respectfully submitted,

A handwritten signature in cursive script that reads "William R. Freeman".

WILLIAM R. FREEMAN
Assistant County Executive

WRF:emw

Attachment

23A-A17

COUNTY OF SACRAMENTO
OFFICE OF THE COUNTY EXECUTIVE



BRIAN H. RICHTER
COUNTY EXECUTIVE

March 23, 1981

To: PARTIES INTERESTED IN CABLE TELEVISION

During the past several weeks, the Board of Supervisors and the Sacramento City Council have been meeting jointly to review the initial draft ordinance dealing with cable television. Their initial review is near completion. Although public testimony has been received on specific sections of the ordinance, the Board and Council have determined one more meeting should be designated for general public comments before final draft documents are prepared.

Accordingly, public comments are specifically solicited at the following meeting:

Date: Monday, March 30, 1981
Time: 6:30 p.m.
Place: Sacramento City Council Chambers
915 I Street
Sacramento, California

Also, at that meeting, a specific schedule will be available for additional meetings to discuss individual issues relating to cable television.

Written comments can be submitted in advance to either of the following offices:

City Clerk City of Sacramento City Hall 915 I Street Sacramento, CA 95814	or	Clerk, Board of Supervisors County of Sacramento Room 2450, Administration Building 700 H Street Sacramento, CA 95814
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If you cannot attend, your written comments will be considered. Even if you do appear in person, written comments would be helpful and can be submitted in advance or at the meeting.

If you have any questions or wish additional information, please call Erma Watson at 440-5883.

WILLIAM R. FREEMAN
Assistant County Executive

WRF:emw

POLICY ISSUES
By Ordinance Section

ARTICLE 4-b CONSTRUCTION AND EXTENSION OF SYSTEM- USE OF STREETS

SERVICE AREAS (Page 42) Referred to sub-committee.

CONSTRUCTION SCHEDULE (Page 42) Is a three-year period adequate and when should it start?

DUTY TO REPORT (Page 43) Operators suggest quarterly vs monthly reports.

LINE EXTENSIONS (Page 44) Referred to sub-committee.

EXCUSES FOR VIOLATION (Page 46) Operators suggest allowance be made for average number of days of rainfall.

PERMITS AND APPROVALS (Page 53) Will fees be adequate? To be addressed in separate report.

REMOVAL (Page 56) Need to review question of requiring removal of underground wire/equipment.

ARTICLE 4-c--SERVICES

CABLE TELEVISION SERVICES (Page 60) Related to question of degree of control over services to be exercised by Commission.

PRIVACY (Page 63) Are any concerns relative to privacy omitted?

COMMISSION POWERS (Page 66) Related to question of degree of control over services to be exercised by Commission.

ACCESS USE (Page 67) Related to community usage which will be covered in separate report.

AFFIRMATIVE ACTION (page 68) To be reviewed with report on minority ownership.

ANTI-COMPETITIVE PRACTICES (Page 68) Related to question of degree of control over services to be exercised by Commission.

POLICY ISSUES continued

ARTICLE 4-d--FRANCHISE FEES/RATES

RATE REGULATION (Page 77) There are several sections on rate regulation. These provide for minimum regulation. Many of the other issues revolve around the question of rate regulation. Perhaps decisions on rate regulation should be deferred.

ARTICLE 4-e--SECURITY/INDEMNIFICATION/INSURANCE

NONE

ARTICLE 5-a--ASSIGNMENTS

NONE

ARTICLE 5-b--REMEDIES

NONE

Syp. Johnson

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March 19, 1981

RECEIVED

MAR 19 1981

BOARD OF SUPERVISORS

The Honorable Philip Isenberg
Members, Sacramento City Council
City Hall
915 I Street
Sacramento, CA 95814

The Honorable Illa Collin
Members, Sacramento County Board
of Supervisors
700 H Street, Room 2450
Sacramento, CA 95814

Honorable Members in Session:

On behalf of Six Star Nielson Cablevision, a potential bidder for the Sacramento CATV franchise, I would like to offer the following comments concerning the regulation of services and "banking" of channels in response to Councilman Connelly's request for operator input on these subjects.

Six Star Nielson, as with all other potential bidders, would, of course, like to see as little regulation of the franchise as possible. However, we recognize that some amount of regulation by the governing bodies is absolutely necessary for the protection of the public. In our experience we have rarely seen instances where companies declined to bid for municipal franchises due to overly restrictive regulatory ordinances. We doubt that will occur in Sacramento either.

The Governing Bodies should keep in mind, however, that the more restrictive their regulations, the higher the cost of providing service. For this reason you should perhaps give some further thought to the suggestion that the amount of regulations vary through the different tiers of service to be offered.

On the subjects of "banking" and Councilman Connelly's "scare level", Six Star Nielson has no objection to the banking concept so long as the Governing Bodies recognize the franchise operator must structure its service rates at a profitable level,

The Honorable Philip Isenberg
Members, Sacramento City Council

March 19, 1981
Page 2

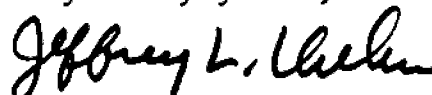
The Honorable Illa Collin
Members, Sacramento County Board of Supervisors

no matter how many or how few channels of service it is permitted to offer. The Bodies should also consider that permitting too few channels to be "active" may prove to be a disincentive for the operator to make system improvements as they become necessary.

Regarding the "scare level", it is very difficult to estimate what number of channels is the break-even point, especially when we don't really know how much money the franchisee must put into public access studios, equipment and programming assistance, plus whatever special services must be made available for the educational consortium and KVIE. The range of active channels Six Star Nielson has bid in recent months in other markets ranges from about 60 to nearly 90. Without more specific information here, however, any estimate would be a wild guess.

We look forward to providing further comments as the ordinance-adoption process moves toward completion.

Very truly yours,



JEFFREY L. KUHN

JLK:ldb
cc Bill Freeman
Mac Mailes
Lee Elam, Esq.
Jim Jackson, Esq.
Bruce F. Allen, Esq.

Charles D. Koteen

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for 3-23-81
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mailing*

Visual Productions

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COUNTY OF SACRAMENTO
BOARD OF SUPERVISORS

'81 MAR 19 P5:04

STATEMENT OF CHARLES D. KOTEEN, AN APPLICANT FOR CHANNEL 67,
SACRAMENTO, TO THE SACRAMENTO CITY COUNCIL AND COUNTY SUPERVISORS
REGARDING CABLE TV FRANCHISING.

City Council Members, County Supervisors:

My name is Chuck Koteen. I am an applicant for a low power television station to serve Sacramento. Low power television is something new. It offers a chance for types of programming which will never be originated on cable or on regular full power television stations.

The Federal Communications Commission just last September enthusiastically stated that low power television stations will be the first new broadcast service in 20 years. These stations can cover a radius of 12 to 15 miles.

About 4,000 applications have already been filed with the FCC, including applications for at least five different channels in Sacramento. I am here to urge you to be sure that the City and County get the benefits of this new specialized service.

But low power television in Sacramento will die in early infancy unless it is given fair treatment in your regulations governing cable television. That treatment requires that any City or County cable franchise must carry low power stations in the area which originate local programming. As you know, the Federal Communications Commission requires that cable systems carry the full power stations in their areas. The FCC has not required the same treatment of the new low power television stations. Undoubtedly this is because the FCC has been withdrawing from cable regulation, announcing that the local communities should do the major regulating through franchises. I urge

you to require that cable systems carry low power television stations along with full power stations. Otherwise low power stations with the necessary equipment and operating cost to originate local programming cannot survive.

What does low power television with local programming offer the Sacramento community, and why would cable's not carrying it kill it off?

Low power television is low cost television. Low power television does not have to compete, could never compete, for the huge general audiences which full power television stations, with their very high overheads, must attract. So low power TV must be innovative and look for different types of audiences, audiences full power TV cannot adequately serve.

Full power television offers limited amounts of minority and other specialized programming. Full power stations can never serve these groups adequately because it is uneconomical for them to do so. How can a facility worth many millions of dollars with a staff of well over a hundred people afford to have a major part of its programming for small segments of the population? Their service is designed for the mass audience and they are expected to make that audience their major concern.

A low power television station, which could be built for \$200,000 and operate with a staff of three or four people, could be successful while programming for minorities. And what holds for ethnic and racial communities also holds for other communities of interest. Low power television could carry shows for children, for local businessmen, for artists, for teachers, maybe for bicyclists, joggers or short-order cooks. Low power television could carry an important high school basketball game.

Time on low power television would be cheap enough that communities of interest such as a labor union, or church group, or business association, could produce and air their own programming.

Some of these groups could present their programs to the broadcast audience only through low power television. The reason is that an effective presentation would often be considered a so-called program length commercial, which the FCC permits low power stations to carry because of their specialized purpose but forbids full power stations, appealing to the mass audience, to broadcast.

You might ask, wouldn't cable, with its many channels, provide this service? The answer is no. Cable operators may very well import special interest programming from outside sources, and that's fine. We should have such programming. But the nature of major cable operation precludes doing any really effective local programming geared to small segments of the population. There will obviously be a minimal effort as part of the price to be paid to get the franchise. But it is the low power operator who will necessarily produce such programming in order to be able to run a successful business. It will be the heart of the low power operation, rather than a nuisance to be minimized.

By carrying the low power stations, cable will be serving the public of the Sacramento area by bringing the broadest available diversity of interest to the public and by permitting

important groups within that area access to the public. With the great number of channels new cable systems are necessarily promising, is it not far more important that at least a few of those channels bring these additional local diverse services to the City and County?

In competition for a franchise, cable operators will promise programming for minorities and other specialized groups deserving service. I would like to suggest to any enlightened cable operators present that having low power stations originating local programming on your cables would be a painless and very effective way to provide highly desirable additional service and would greatly help you fill the many channels you will propose in seeking a franchise. Your committing to do this should certainly make you a more attractive franchise applicant and your unwillingness to do this should make the City and County very suspect of any promises you make about serving the local community.

Now, why would cable destroy low power if cable did not carry these new stations? Simple. People don't need an antenna to receive cable. In fact, cable companies frequently offer to remove existing antennas when they install cable. New homes with cable would never have antennas, and antennas would gradually disappear from existing homes. Since a home owner buying cable knows he will get the local full power stations it is unreasonable to expect that many will keep an antenna for low power television and it is equally unlikely that the next owner would then go to

the expense of putting up an antenna. If low power TV stations with the equipment and operating expense for local production cannot be received, of course they cannot exist. That is why they must be carried on cable.

In conclusion, we low power television applicants are small businesspeople who hope to serve audiences which never have been or will be adequately served any other way, and give outlets of self-expression to significant local groups needing them. We can only do it if given a fair chance to show our product in the marketplace. You can achieve this only by requiring that any cable franchise in the City and County provide that all low power television broadcast stations there which originate local programming be carried on the cable system.

Thank you for the opportunity to present our position.