

REGULAR CABLECASTING BOARD MEETING MINUTES - JUNE 16, 1999 - PAGE 1

Present: Devereaux, Doctoroff, Fleischer (9:15), Hall, Kuhne, Spivak - Birmingham  
Borgon and Janks - Beverly Hills  
Leckie - Bingham Farms  
DiSessa - Franklin

Absent: Abbott - Birmingham  
Saunders - Beverly Hills

Also present: Hagaman - Cablecasting Board Administrator  
Gillis - Attorney for Cablecasting Board  
Martinico - Director of Technology, Birmingham Schools  
DiMaria - MediaOne representative  
Currier - Birmingham City Attorney  
Buterbaugh - Beverly Hills Council representative

Chairperson Hall called the meeting to order at 7:55 a.m. in the Rotary Room of the Baldwin Public Library at 300 W. Merrill Street.

**APPROVAL OF MINUTES**

MOTION by Spivak, supported by Leckie, that the minutes of a regular Cablecasting Board meeting held on Wednesday, May 19, 1999 be approved as submitted.

Motion passes unanimously.

**FRANCHISE RENEWAL UPDATE**

Gillis has attempted to communicate with Jon Kreucher, head negotiator for MediaOne, since the last Board meeting. Kreucher contacted Gillis on Monday of this week and arranged a phone conference for Monday, June 21 at 1:00 p.m. Kreucher will be in Detroit on Wednesday, June 23 and will meet with Gillis in his office at 9 a.m. The negotiating committee will be contacted as soon as this discussion is concluded. The negotiating team and MediaOne are down to a few issues, and Gillis hopes they are settled on June 23 at the latest.

At the last meeting, Lisa Martinico was asked to draft new language for an item in the Franchise Agreement relating to Birmingham Schools. She has done this and delivered the wording to the appropriate parties. Hall asked Martinico if she has pursued the issue of broadcasters liability insurance. Martinico responded that the Birmingham School District would like to leave that requirement out of the Franchise Agreement is possible. If not, it can be absorbed by the School District.

**MEDIA ONE RELATED TOPICS**

Update on Rebuild

DiMaria stated that it has not been a smooth process during the last month. Many subscribers did not receive notification of the turnover to the new system not the new channel line up. MediaOne is averaging about 300 service calls a day in this area that involve fixing simple issues like HRC or

internal wiring that needs to be swapped. Many people are trying to get through to the call center. A short term fix has been made. MediaOne is moving several midnight staff to the day shift.

The aggressive schedule MediaOne had undertaken would have completed the rebuild by June 30. However, this aggressive pace is adversely affecting customers. A business decision has been made to slow down the finish of the rebuild. There will be nine nodes outstanding at the end of the month. It will probably take until the second week of July to finish turning over the nodes.

Mr. DiMaria indicated that internal meetings have taken place to determine where the process failed. It may have resulted from contractor failures, but it is up to MediaOne to make sure that they do their job. People are not receiving information on a timely basis, and this has been happening for the last three weeks. The rebuild will be delayed about two weeks to turn over the final nine nodes. Bingham Farms and Franklin are completed. There will be one node outstanding in Beverly Hills on June 30 with the remainder in Birmingham.

Doctoroff stated that he received a mailing informing him that his home will be hooked up in the next two months. The people in his neighborhood are upset that they will not receive the new service by the end of the month. The people in Birmingham have been very patient waiting for the rebuild to arrive, and MediaOne has not responded, given the last few weeks of problems. The people MediaOne has manning the call center have no idea how to deal with people courteously and responsibly. MediaOne should have staff that is better trained in what they are doing. These are matters that could be handled in a public relations manner.

DiMaria stated that MediaOne is close to having this process complete. That does not excuse what is happening at this point. The mistakes include not giving people notification. The call center is also receiving calls from non-customers because contractors are going through their back yards.

#### Subscriber Correspondence

The Board reviewed approximately 20 customer complaints. Many of the complaints dealt with the lack of information and notice from MediaOne regarding the upgrade of the system and problems with customer service representatives. There were reports of service representatives who were unpleasant and not knowledgeable. Customers have had problem getting through to the call center.

DiMaria related the manner in which many of the complaints have been resolved and noted when a customer has received credit for an outage. Several complaint forms were set aside to be investigated further for violation of the Consumer Protection Ordinance.

The Birmingham Racquet Club received a letter from MediaOne regarding a change in rates for Basic service. Birmingham Ordinance Section 30.257 says that the franchisee shall provide at least 45 days written notice to subscribers prior to implementing any increase in subscriber rates. The Racquet Club received a 30 day notice. Hall is advised by counsel that this ordinance requirement may be preempted by federal regulations. This section of the Ordinance also requires written notification to the Cablecasting Board no later than notification to the subscribers. This Board has

not been advised of a significant price increase for commercial rates. Hall stated that the Board cannot control prices but it does have an Ordinance that addresses notification of price increases.

MOTION by Doctoroff, supported by Kuhne, to direct the Cablecasting Board administrator to take whatever steps necessary to enforce an ordinance violation with respect to notification of a rate change for commercial rates.

Motion passes unanimously.

DiMaria stated that the policy of MediaOne relative to business rates has changed nationally and is not much different from what its competitors charge.

Ordinance Section 30-259 states that any time price increases are justified in any communication in terms of increased costs, the cable company, on written request of the Board, must provide the Board with substantiation of that cost increase. There is a penalty applied to any false statements that arise. It was the sense of the Board to pursue the above mentioned letter in terms of cost justification.

A complaint from Gerry Kenneth of Beverly Hills will be investigated as a possible violation of the Consumer Protection Ordinance. For a subscriber problem, the ordinance requires same day service response and repair seven days a week. In no event shall the response and repair time for calls received subsequent to 2:00 p.m. exceed 24 hours. A complaint from Bert Mount of Bingham Farms will also be set aside for review in terms of an ordinance violation with respect to the amount of time between the phone call to MediaOne and the repair.

A complaint from Jim Endress mentioned that he was kept on hold for more than 15 minutes, and a customer service representative never picked up the phone. This was held out as a possible Ordinance violation issue.

Hall stated that the Board will review next month's subscriber statistics report to determine how prevalent it is that people have to wait 15 minutes to get through to MediaOne and whether there have been ordinance violations.

Tracey Breen of Beverly Hills wrote a letter dated June 10, 1999 outlining problems with the changeover with regard to notification, unmarked vehicles and unidentified MediaOne personnel in the neighborhoods and problems with obtaining a converter box. Hall stated that the issue of unidentified vehicles and employees without identification is an ordinance violation.

In answer to an inquiry, DiMaria stated that problems experienced by communities in the area with regard to the Birmingham School Channel were resolved within an hour of the problem being reported.

A few of the customer complaints were not resolved and will be carried over to next month's agenda. DiMaria did not have verification on whether the cable problems of John Long of Birmingham or Gerry Kerns of Birmingham have been resolved. The complaint from Gary Mach of

Beverly Hills was referred to the service supervisor. Complaint from Sabrina Asher was held over until the next meeting for resolution.

Martinico left the meeting at 8:40 a.m.

The Village of Beverly Hills has been receiving a bill for cable service in error upon initiation of MediaOne's new billing system. DiMaria stated that this is an oversight, and Beverly Hills has been told to ignore the bill. Birmingham is receiving the same bills. DiMaria has submitted two written requests to the billing company to adjust these bills.

DiSessa stated that she received a call from a Franklin resident who has been trying to have the cable line buried on his property for a month. DiMaria will look into this. He explained that the delay may be due to a back up of service calls because of the change over.

Janks commented that many subscribers who were recently changed over to the new system have not received a new channel line up card. These cards may have been received months ago by subscribers. It would be in the best interest of MediaOne to send out new channel lineup cards. He encouraged MediaOne to do a system-wide mailing saying that the change over to the new system has not gone smoothly and they are sorry for any inconveniences experienced.

Hall referred to a letter dated May 27, 1999 from MediaOne that was sent to Bingham Farms regarding a revised rate schedule for installation and system charges.

#### Monthly Subscriber Statistics

It was noted that the monthly system statistics indicate that MediaOne lost 1,736 subscribers in May.

#### Monthly Access Report

The Local Origination report for June 1999 was reviewed. There are 10 hours of original programming which does not include council and commission meetings.

#### Annual Report

Hall raised questions on several items in the Annual Report from MediaOne. There is a sheet that presents net additions to Property, Plant and Equipment for the Birmingham consortium for 12 months. It shows a break down of 12 categories that purports to total \$3,002,360. It actually adds to \$3,185,393 which is a discrepancy of \$782,000. This should be checked by DiMaria and explained.

The bottom half of that page is a 1998 depreciation schedule. Hall thinks that the last column showing accumulated depreciation from the beginning of the year should have been excluded from this chart. It indicates that MediaOne has over depreciated its assets. He asked DiMaria to check this.

Hall commented on the Income Statement. He found it interesting that MediaOne shows that it had an operating income of 34% of revenue in 1998. In the projected income statement for 1999 that

figure goes to 42% and 53% for the year 2000. Part of that seems to be because the revenue projection from 2000 over 1998 is up 27%. Programming costs are going down from 1998 to 1999 to 2000. That makes this a really profitable enterprise.

The revenue number for 1998 in the statement purports to have gross revenues of \$ 5,227,364. The Cablecasting Board is supposed to receive 2% of that and the communities receive 3% of gross revenue. What was received by the Board is 2% of \$5,106,885. The Cablecasting Board may want to consider doing an audit of revenues. This will be an agenda item for the next meeting.

Hall had questions on the construction cost schedule. It shows that 1998 construction costs total \$1,569,000. The additions to the plant, property, and equipment previously mentioned shows that aerial distribution plant net addition alone was \$1,614,000. DiMaria explained that construction cost is cost of labor, not cost of plant.

Hall stated that the other issue related to construction costs is the schedule showing the amount of construction cost for 1998, 1999 and 2000 for a grand total of \$6,153,000, of which 46% was spent in 1998, 31% in 1999 and 43% in 2000. Given that this rebuild is supposed to be complete by the middle of 1999, Hall does not understand why there is a big projection of construction cost in the year 2000. This annual report purports to be for this consortium.

There is a local origination report in the Annual Report that shows the hours in 1998. Nothing in the report says how much of that is first run programming. Neither local origination nor public access reporting breaks out how much programming is first run.

The Annual Report shows that MediaOne experienced an increase of 52 subscribers from the previous year and ended the year with 15,094 Basic subscribers. Monthly reports show that there are 10,000-11,000 subscribers. Hall asked what happened to the other 4,000 subscribers.

There are copies of letters in the Annual Report from Arthur Anderson to each of the four communities. It states in the letter to the city of Birmingham that gross subscriber revenues in Birmingham for 1998 were \$1,503,974. Another letter states that Beverly Hills' gross subscriber revenue was \$2,950,261. Hall stated that he is ashamed that Arthur Anderson cannot get an audited letter correct.

If you add the four letters together, the total subscriber revenues come to \$5,082,380. Hall is assuming the statement under gross revenues includes non-subscriber revenues. These letters have been distributed to the consortium communities. Arthur Anderson should send a correction letter to Birmingham and Beverly Hills.

Gillis asked if the cable franchise system is going to be a Comcast system or an AT&T system. DiMaria was not able to provide a definitive answer.

Gillis stated that this system as well as other franchise systems in Michigan should be receiving a FCC Form 394. DiMaria believes the form will be available in July or August.

**MEDIAONE UPDATE TOPICS**

Education Link - Americast/MediaOne

Birmingham School students who live in Troy and subscribe to Americast cable television are now able to receive the Birmingham School channel.

Direct Debit

MediaOne's direct debit service is in operation. This will be an agenda item until this service is functioning for Board members who have requested it.

Y2K Readiness

This issue was postponed until next month's meeting.

Other Topics

Kuhne informed the Board that he received a letter as a MediaOne subscriber indicating that the cable company has not collected franchise fees on some of the services to which he subscribes. He will provide the Board's legal counsel with a copy of this letter to review.

DiMaria stated that the information he has indicates that this franchise fee matter did not affect this consortium.

**ADMINISTRATOR'S REPORT**

Hagaman received a phone call from a subscriber who was told by a contracted MediaOne technician that new fiber is not being laid throughout the entire system and that only amplifiers are being added. This is the second time Hagaman has heard this account.

DiMaria explained that fiber upgrades were made on the main lines to the nodes. Co-axial cable is used from the node to the home. No replacement of co-axial cable was made if that cable was in good condition. Only cable in bad repair was replaced.

Hagaman stated that cable consultant Dennis Fasset is talking to MediaOne about an I-NET proposal for the Birmingham system. Hagaman asked DiMaria to follow up with something specific at next month's Board meeting.

**MLAC9 REPORT**

There was discussion at last month's meeting about MLAC9 covering the Birmingham "In the Park" concerts this summer. Hall stated that this coverage is a commitment in excess of the Board's contract with Create Tech to produce programming for MLAC9.

Fleischer entered the meeting at 9:15 a.m.

MLAC9 has advertised for qualified volunteers to work the concert series and has requested assistance from MediaOne. A memo dated June 7, 1999 from Colgan outlines the cost of production of the "In the Park" concert series in terms of a crew and costs, with and without volunteers. The cost to produce one concert is \$215 if qualified volunteers are not available. The cost for the summer

series is estimated at \$2,900.00. The Board considered approving the funds to produce this concert series for 1999.

MOTION by Janks, supported by Fleischer, to approve the expenditure of up to \$3,000 for CreateTech to produce the Birmingham "In the Park" concert series for 1999.

Motion passes unanimously.

### **NEW BUSINESS**

Hall received a letter dated June 8, 1999 from Birmingham City Manager Thomas Markus inviting him to participate in a workshop session with the Birmingham City Commission on Monday, June 21 in the Department of Public Services building at 7 p.m. The subject of the workshop will be telecommunications. It is an opportunity to focus discussion on telecommunication issues in general and our cable franchise. The invitation was extended to all Cablecasting Board members.

### **BOARD COMMENTS**

Doctoroff commented that Mike DiMaria is the sole representative from MediaOne who attends the monthly Cablecasting Board meetings and, therefore, receives the Board's criticism of the cable company. Doctoroff remarked that the Board appreciates that DiMaria has been cooperative and courteous.

The meeting was adjourned at 9:25 p.m.