

November 24, 2008  
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## **Comments To Common Council on the Syracuse Cable Franchise Renewal**

Dear Councilors:

The communications infrastructure is as crucial to the social, economic, and democratic health of our community. It is equal in importance to our public roads, schools, and utility services. As technology has progressed, the capacity and diversity of service our cable network can provide has increased dramatically, and will continue to increase rapidly. Over time we will become evermore connected, reliant, and dependent on our communications network. We are foolish if we, as a community, do not take a lead in securing abundant control of, and access to, our communications network.

The existing franchise agreement is ancient and outdated, and should be discarded. Any assumptions derived from it should be forgotten. The starting point of a new franchise agreement should be informed by the provisions of the Telecommunications Act of 1996. Following is a—surely incomplete—list of considerations I suggest to keep in mind when planning for Syracuse’s communications services future:

1. **Revive the Cable Franchise Committee** – We need a formal public body to oversee our communications assets, and to provide a public forum in which cable service issues, concerns, and complaints of the community can be effectively addresses. The committee could also oversee:
  - a) Spending of the cable franchise fee.
  - b) Spending of any negotiated additional funds for studio maintenance and training, PEG (Public access, Educational, Governmental) programming, etc.
  - c) General administration and policies related to public studio facilities, as well as scheduling of, and access to, PEG channels.
  - d) Determination and allocation of any local program origination support fee collected by the franchisee on behalf of the city.
2. **Obtain a full financial audit of local cable franchise operations** – The franchising authority is entitled by law to a full financial audit of the franchisee. I urge the city to have a highly competent auditor with special knowledge of cable operator financial and operational methods perform a full financial audit and business analysis of franchisee. The information is crucial in order to be properly informed when negotiating future agreements.
3. **Public access studio upgrade** – The current public studio contains outdated equipment; there is little awareness in the community that the existing facility and related services exist. As a result, the studio goes largely unused. A well-promoted and up-to-date studio will help to dramatically increase interest in the studio and in creating local programming.
4. **Request multiple channels for local programming** – Federal law guarantees us access to a number of PEG channels. However, cable service can provide hundreds of channels; so there is no reason for

the community to be restricted from more channels than the minimum guaranteed by law. A total of up to 7 non-PEG channels, supplied if and when demand dictates, at no cost to and administered by the city, seems a perfectly reasonable request.

5. **Economically sustainable public access** – Time Warner Cable (TWC) funds News10Now with franchise revenue from advertising. All television is funded by either advertising, subscription fees, or both. Even PBS includes advertising. Program originators need to make a living. Some generous souls will work for free or for a pittance for a good cause. But high-quality, reliable, and sustainable programming requires revenue. The following sources of revenue would be sufficient to attract and develop a significant local industry of program origination and broadcasting expertise:
  - a) Franchise fee applied to PEG programming and local program origination support.
  - b) More generous public spending commitment from franchisee.
  - c) Advertising revenue from non-PEG local origination channels (either regular or PBS-style advertising).
  - d) Perhaps a channel fee on local origination channels (some or all), as we are charged on numerous commercial channels. A 25c/mo fee on one channel would generate around \$100,000/year.
  
6. **Contract language** – Technology is evolving fast. The definition of “TV”, and “channel”, is changing. The distinction between “cable TV” and “website channel” has blurred. Today, Internet and cable TV services are technologically indistinguishable. In the future, wireless may overtake cable as the preferred medium of transmission, while still using cable’s public rights-of-way. Following is a—by no means complete—list of issues to consider if negotiating a new franchise agreement:
  - a) Define franchise fee to include *all* revenue derived from operating the cable system (TV, Internet, VoIP, advertising, music, and all other services present and future). This is how the fee is defined in the *Telecommunications Act of 1996*. This assures there will be franchise fee revenue regardless of how technology evolves.
  - b) Quarterly (or monthly) payment of the franchise fee and other revenues or fees that may apply. Larger revenue streams should be paid more frequently.
  - c) Require that bandwidth allotted to local channels be no less than that of prime channels. Otherwise, local channels may be transmitted with substandard quality video and sound.
  - d) Require local channels to be included in the basic cable package, and included in online channel guides.
  - e) Customer Privacy. Restrict cable operator from selling personal information.
  - f) Non-exclusive franchise agreement. Keep service open to competition.
  - g) Free digital box to whomever may need it to see PEG channels (if other digital services are ordered, cable operator may charge normally for the box).
  - h) Discounted rates to municipality (government and school buildings). Obtain lowest rate offered to any commercial customer, or 20% below the prevailing rate (whichever is lower). The discount shall not be treated as a franchise related cost. (Many franchisees provide substantial free services to municipality).
  - i) Transfer of ownership or of effective control should require municipal consent.
  - j) Universal deployment. Must extend network to whole franchise area.

- k) Limit arbitrary use bans, blocking, or service restrictions franchisee may try to impose (should require municipal approval).
- l) Require clearly advertised basic and expanded cable TV service rates on franchisee website. (On its website, TWC currently does not state its basic or expanded cable TV rates outside of a bundle with Internet and/or phone service.)

None of the above requirements are novel. Our existing franchise agreement is ancient. Other municipalities with more recently established agreements contain these measures. One Municipality, Orange County, NC, includes virtually all of the items above; and their franchisee is Time Warner.

### **The Municipal Cable Service Option**

One last general point about establishing a state-of-the-art cable service that will strengthen the social, cultural, educational, and economic development of Syracuse. It has been well-documented that in franchise areas where there is competition in cable services, rates average about 15% less than where there is no effective competition (as in Syracuse). Moreover, in the dozens of cities and towns that have switched to a municipal cable service model, the service rates are typically 30–40% lower than those offered by commercial providers. I mention this for two reasons: 1) The cable business is very profitable, and so there is ample room to negotiate a vastly more favorable franchise agreement than the last one; 2) We could go a step further and consider creating our own municipal cable franchise. The mayor has recently promoted establishing a municipal power authority. The same principles apply to establishing a municipal cable (i.e., telecommunications) authority. Moreover, the existing franchise agreement gives the city the option to purchase the cable system from the franchisee at the end of the contract. A municipal cable service would empower the city to:

1. Control service rates, and generally reduce them substantially.
2. Select channels and tier packages according to local preferences.
3. Apportion as many channels as desired for local origination programming.
4. Receive many millions of dollars more in income (even after lowering rates).
5. Create initiative to connect all households to the Internet (especially the disadvantaged).
6. Provide high school and college students with educational opportunities to create serious video and film productions for broadcast to a real audience. It would make S.U. Newhouse School and the city public schools more attractive to prospective students. This would tie-in well with the planned new WCNY offices and educational center.
7. Draw more families to live in Syracuse to take advantage of the local school system's unique educational opportunities in broadcasting, journalism, multimedia production, and computing.
8. Stimulate the development of a local film, video, broadcasting and related industry. This would tie-in with the planned Syracuse Film Center, and with the growing Film Festival.
9. Help fund and nurture the development of locally originated programming, some of which will be of a type and quality to garner national syndication, helping to put Syracuse on the national cultural map (think "Austin City Limits", etc.).

10. Create a Syracuse-wide Wi-Fi network at little expense, and no obstruction from a cable franchisee.
11. Consolidate services and reduce equipment roll-out and expense for: wireless water, gas, and meter reading; police, fire, and 911 communications; etc.
12. Provide below-market price telecommunications services to businesses as an economic development advantage.
13. Control the network's administration, planning, and investment so as to maximize the benefits to Syracuse rather than the profits to a franchisee.

The above is just a sampling. I hope I have helped stimulate your thinking on the subject of the cable franchise renewal. The above is just a sampling of considerations. I am willing to participate in further discussions and planning on the subject.

Sincerely,  
Carlo Moneti