

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: March 15, 2006

SUBJECT: Cable Franchise Renewal

ATTACHMENTS:

- 1) Matrix Outlining Municipal Responses to Issues/Questions
- 2) February 1, 2006 Document Outlining Issues/Questions to be Addressed by Municipalities and County
- 3) Staff List of Issues to be Considered During Franchise Renewal
- 4) Information from Blue Ridge Community College concerning operation/cost of educational channel

SUMMARY OF REQUEST:

As determined during the March 9, 2006 Cable Franchise Renewal Workshop, this topic is being included as a discussion item for the March 15, 2006 meeting. Several pieces of information are attached including: a matrix outlining municipal responses to issues/questions related to the franchise renewal, a copy of the February 1, 2006 document outlining issues/questions to be addressed by the municipalities and the County, and County staff's "laundry list" of issues that should be considered during the renewal process. Mr. John Howell is preparing a document that outlines the County's information network (i-net), including future plans. This documentation will be distributed to the Board during the March 15 meeting. Dean David Hutto has provided documentation detailing Blue Ridge Community College's plan/cost estimates for the operation of a proposed educational channel.

COUNTY MANAGER RECOMMENDATION/BOARD ACTION REQUESTED:

Recommend that the Board of Commissioners respond to issues/questions outlined in February 1, 2006 document, including a questions as to support of a dedicated public access channel. If appropriate, the Board should also appoint a lead negotiator(s) to represent the County through the franchise renewal process.

Matrix Outlining Municipal Responses to Issues/Questions

Question #	Hendersonville	Flat Rock	Fletcher	Laurel Park	Mills River
1. Do you support funding your share to fulfill the monitoring and compliance function previously identified? Or the alternative of each municipality receiving complaints and handling them with Mediacom?	Supported the alternative proposal, and the annual audit.	Supported the alternative proposal, and the annual audit.	No, but would probably support the alternative.	Supported the alternative proposal, and the annual audit.	Did not support funding at the municipal level, and wished for the County to handle compliance issues.
2. Do you support the reservation of five local access channels in the agreement? If not, please state the number you do support.	Yes	Yes	Yes	Yes	No. Supported reserving three, including the current government channel.
3. Do you support the request for a \$335,000 non-pass through grant by Mediacom for capital funding support of Education and Government channel studios and master server operations at BRCC?	Yes	Yes	No	Yes	No
4. Will you assign some or all of your share of the grant to BRCC?	Yes	Yes	No	Yes	No
5. Will you need additional capital for your own cable related capital needs within this initial four year grant period? Additional municipal/county-specific grants could result in that FA's residents seeing a pass through in excess of the 39 cents.	No	No	No	No	No
6. If answer to Question 5 is yes, what is the best estimate of your own capital need and do you support its addition to the grant request of \$335,000?	N/A	N/A	N/A	N/A	N/A
7. Do you support this request for an additional annual \$50,000 in non-pass through grants by Mediacom beginning in year five for capital needs?	Yes	Yes	No	Yes	No
8. Will you assign some or all of your share of these grants to BRCC?	Yes	Yes	N/A	Yes	N/A
9. Do you expect to need cable related capital funding over and above your proportionate share of the "up-to" grant of \$50,000 during years 5 – 10 of the agreement and, if so, what is your best estimate of need?	No	No	No	No	No
10. Do you support funding the \$125,000 BRCC operating costs from municipal general funds?	Not a favorable response to franchise fees being used for operating costs.	No	No	No	No
11. If no to Question 10, do you support a County ad valorem tax increase of approximately \$0.0015 cents to cover this cost?	No position taken.	Yes, but for an educational channel only.	No	Yes, for an educational channel.	No
* In favor of a public access channel?	No	No	No	No	No



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February 1, 2006

Henderson County and Five Municipalities;

In preparation for the March 9th BOC workshop on cable television franchise issues, CFRAC has outlined 5 specific issues each Franchising Authority (FA) will need to address. Below you will find a descriptive paragraph followed by the questions that will need to be considered.

Issue 1 : CFRAC recommends our six (6) FA’s establish a “government function” of monitoring and compliance, to insure that Mediacom continues to improve their customer service and accurately pay franchise fees due. A current estimate of cost for this function is \$40,000 annually. If we charge Mediacom with this cost, they are allowed by federal rules to deduct it from our franchise fees. Therefore this cannot be funded by “extra” financial requirements placed on Mediacom and will need to be paid from general operating budgets. This function could be “housed” at the County, one of the Municipalities or at BRCC. An estimate of cost associated with this function for each FA is listed below in the chart.

Community	Compliance costs per LFA
Henderson County	\$ 23,200
Hendersonville	\$ 7,600
Fletcher	\$ 2,800
Flat Rock	\$ 2,800
Laurel Park	\$ 1,600
Mills River	\$ 2,000
	\$ 40,000

Question 1 : Do you support funding your share above to fulfill the monitoring and compliance function previously identified?

Issue 2 : CFRAC proposes the reservation of five (5) local access channels in the franchise agreements. Initial uses have been identified as the County government channel 11, which could also be utilized by the Municipalities; and one (1) local educational channel to be operated by BRCC. The three (3) unused channels would be held in reserve for future needs and activated after daily or weekly hours of actual production have been met.

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Question 2 : Do you support the reservation of 5 local access channels in the agreement? If not, please state number you do support.

Issue 3: As part of the Franchise renewal process, Blue Ridge Community College (BRCC) has requested the FA's include an "up-to" and up-front capital grant of \$335,000 from Mediacom. This grant is to be matched by BRCC for capital equipment for a Government and Education Channels studio. This would include equipment to allow studio staff to record various municipal/county meetings and community activities on location, edit and replay them over the Government and Educational channels. It also includes a master video server at BRCC to distribute programming from these local channels to the Mediacom head-end.

Each of the FA's will need to decide 1) If they support their proportionate share of the grant; -or- 2) Does the authority need additional capital for their own cable television use? 3) Is the FA willing to direct its share of the \$335,000 to BRCC;

It is important to recognize that, every effort will be made in negotiations to keep this grant off the customer's bill. However, Mediacom has the right to either itemize part or all of it as a pass thru or simply include it in their rate increases. Should negotiation of this issue not succeed, the negotiating team will advise each FA before proceeding with an acceptance of pass thru to the subscriber. If this occurs, we estimate that customers could see a 39-cent per month increase on their bill for 48 months. In the event Mediacom continues to lose subscribers, this per customer estimated amount will increase and, if they gain subscribers, it will decrease.

Question 3 : Do you support the request for a \$335,000 non-pass through grant by Mediacom for capital funding support of Education and Government channel studios and master server operations at BRCC?

Question 4 : Will you assign some or all of your share of the grant to BRCC?

Question 5 : Will you need additional capital for your own cable related capital needs within this initial 4 year grant period? Additional Municipal/County-specific grants could result in that FA's residents seeing a pass thru in excess of the 39-cents discussed above.

Question 6: If answer to Question 5 is yes, what is the best estimate of your own capital need and do you support its addition to the grant request of \$335,000?

Issue 4 : BRCC requested an additional capital grant of up to \$37,500 to be paid annually in years 5 – 10 of the agreement. CFRAC has increased this amount to \$50,000 annually. This amount is in addition to the initial \$335,000 grant discussed in Issue 3 above. The same negotiation issues of pass thru discussed in Issue 3 apply to these requested annual capital grants.

Question 7: Do you support this request for an additional annual \$50,000 in non- pass thru grants by Mediacom beginning in year 5 for capital needs?

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Question 8 : Will you assign some or all of your share of these grants to BRCC?

Question 9: Do you expect to need cable related capital funding over and above your proportionate share of the “up-to” grant of \$50,000 during years 5 – 10 of the agreement and, if so, what is your best estimate of need?

Issue 5 : BRCC has estimated their annual “operating costs” associated with the running of the local access channels to be \$125,000. BRCC will be contributing \$221,000 annually to this activity with actual and in-kind funds from the college. This \$125,000 cannot be funded by “extra” financial requirements placed on Mediacom and must be paid from general operating budgets. The cost associated with the annual BRCC operating expense, is estimated for each franchising authority in the chart below. At the January LGCCA meeting, the Municipalities indicated that, while supporting the concept as outlined by BRCC, they would not support funding this function from Municipal budgets since “education” was not a Municipal charter responsibility. However interest was expressed by the Municipalities in possible support for a county ad valorem tax increase of approximately \$0.0015 cents to pay for the annual \$125,000 operating costs.

Community	Operating costs per LFA
Henderson County	\$ 72,500
Hendersonville	\$ 23,750
Fletcher	\$ 8,750
Flat Rock	\$ 8,750
Laurel Park	\$ 5,000
Mills River	\$ 6,250
	\$ 125,000

Question 10 : Do you support funding the \$125,000 BRCC operating costs from Municipal general funds?

Question 11 : If no to Question 10, do you support a County ad valorem tax increase of approximately \$0.0015-cents to cover this cost?

Summary: These 5 issues and 11 questions should be considered by each of the Municipalities prior to the Board of Commissioners 4PM Work Shop on March 9. If you have any questions regarding these issues, please contact your CFRAC member or feel free to contact me..

Sincerely,

John C. Howell

John C. Howell

Issues to be considered in Mediacom franchise for Government Channel:

- Upfront capital to help with new head end equipment, then annual capital expense to be banked until such time as it's needed (over and above franchise fee)
 - McDowell County got one time of \$25,000
 - Hernando County, FL got \$65,000, then annually on March 1st an amount equal to \$1.20 per subscriber as of the previous calendar year
 - Indianapolis, IN got a total of \$1 mil over 5 years
- Equipment purchased with this funding may also be used for other non-commercial or governmental incidental uses
- All transmission equipment needed to send signal from head end to Mediacom – must maintain a high quality signal
 - “will provide and maintain a feed path and the necessary equipment at Mediacom head end and at government channel head end to acquire and distribute government channel programming”
- Digital music as background for channel (if needed)
- Government Channel must stay on Channel 11 as long as Channel 11 is considered Broadcast Basic service (basic tier or service)
- If Mediacom does change channel – must give us 6 months notice and must reimburse County for costs associated with new logos (not to exceed \$10,000 on any single reimbursement)
- Must list Channel 11 as the Government Channel on all channel schedules
- Once per year, survey insert in Mediacom bill
- Once per year, Government Channel informational insert in Mediacom bill
- Total bandwidth capacity for channels will remain the same following system conversion to digital
- Emergency override
- Access User Agreement changes – no paperwork on our end
 - Allowance for fundraising for county projects – Animal Shelter, Historic Courthouse
- Ensure that the franchise permits us to use channel for delivery of content in whatever form (video, data, or voice) that content may take
- Placeholder in franchise for Educational Channel and additional Government Channel for municipalities

Education and Governmental Channels for Henderson County



For the Henderson County Board of Commissioners

March 10, 2006

Our goals



- **Enhance the programming of the Government Channel**
- **Establish an Educational Television Cable Channel for the people of Henderson County**
- **Provide better local programming for cable subscribers**
 - Locally produced programs tailored to Henderson County needs
 - Programs that feature local people, places, events, and history
 - Industry specific training programs
 - Educational Programs tailored to Henderson County Citizens
- **Establish Cable Compliance and Monitoring for all franchise holders**

How are the channels funded?

- **In the new franchise agreement, we are proposing that five channels will be provided at NO COST to subscribers by Mediacom.**
- **Some capital expenses for startup costs can be negotiated during the franchise renewal process as well.**

CFRAC has recommended that Mediacom provide matching startup capital funds for studio and video equipment – this cost will NOT be passed on to subscribers.
- **The source for operational funds for the channels has yet to be determined. BRCC is prepared to provide significant funds to support programming for the educational channel. (details follow)**

Why do we need better local cable programming?

- **To provide timely and useful information to the people we serve**
 - In times of crisis, people need information on where to go, what to do, and when to act – floods, storms, local and national emergencies
 - Specific information on conditions in Henderson County emergencies
 - Improve governmental communications
- **Long term increase in revenue to local governments**
 - Better local programming will attract new subscribers to cable therefore increasing franchise fees paid to local governments
- **Improve the quality of life for the people of our community**
 - Improved job skills – workforce development
 - Enhance economic development
 - Cultural enrichment of our people

Benefits to the City of Hendersonville from the new cable channels

- **Attract New Residents**
 - A Tour of Henderson County – a program about the many businesses and attractions of the area
 - “Hendersonville – Our Hometown” – a program featuring local historians, interesting people, and our rich history
 - “Mountain Cuisine” – a program featuring the fine and casual dining offered in the area
- **Attract New Businesses**
 - “Why Locate In Henderson County” – a program discussing the benefits of locating a business in our area – regulations, incentives, benefits
 - “Future Trends” – a program that explores the long term growth and development of the region
- **Feature the Arts and Entertainment in Hendersonville**
 - Music on Main Street
 - Apple Festival Activities – preparation, participation, special events, etc.
 - Special Events in Downtown – promote weekend events that happen throughout the year
 - Programs on hiking, fishing, outdoor living, environmental issues and concerns

Governmental Channel Programming

- **Informational Programming to improve Government Services**
 - Crime Stoppers Information
 - Amber Alert Announcements
 - Court Dockets
 - Jury Selection
 - Community Work Days
 - Project Updates
 - Programs from County Departments
- **Emergency Preparedness Programs to increase awareness and shorten response time**
 - Flood Procedures – Shelter information
 - Road Closures
 - Disaster Training, Health and Safety Programs
- **Broadcasts of County Meetings and Events**
 - County Commissioners’ Meetings
 - Programs from City Departments
 - Special Events Programming

Benefits of the Studio at BRCC for the Government Channel

- **Programs will be easier to produce**
 - Interview programs
 - Panel discussions
 - “Live” events broadcast to the community in a news style format
- **Greater Production Values to Governmental Programming**
 - High quality digital production facility
 - Video editing facility
 - Video graphics to enhance programs
 - Audio editing and mixing
- **Lower programming costs**
 - Programs can be produced faster
 - Virtual sets – eliminate construction costs
 - Share highly technical personnel for operation and maintenance
- **Better quality control of transmitted signals**
 - Shared use of video server will provide better monitoring of technical signals, ability to share announcements on both channels, share satellite downlink for national programs

Educational Channel Programming



- **Public Service Programming**
 - Money Management Programs
 - Planning for Retirement
 - Managing a family budget
 - Debt Management
 - League of Women Voters Sponsored Debates
 - Arts and Music
 - Hendersonville Symphony
 - Local Dramatic Programs
 - Musical Performances
 - Fine Arts and Photography
- **Health and Nutrition Programs**
 - Health and Nutrition Programs
 - Family Nutrition Planning
 - Weight Control Programs

Educational Channel Programming

- **College Credit Courses from home**
 - Arts and Sciences
 - English, History, Social Sciences
 - Visual Arts, Drama, Music
 - Languages – Spanish, English, French
 - Business Courses
 - Fine Arts Programming
 - Horticulture, Auto Restoration, Carpentry, Heating and Cooling
- **Continuing Education Courses for Working Adults**
 - Law Enforcement Training
 - EMS Training Programs
 - Business and Industry Programs
 - Basic Adult Education – GED, Adult High School
 - Community Service Programs
 - Training for Health Care Workers
- **Public School Programming**
 - Student Produced Programs
 - Teacher Training
 - Advanced Classes
- **Home School Programming**
 - Home Teacher Training
 - Cultural Enrichment Programming



Operation and Management

- **BRCC will function as the service provider to:**
 - Operate the head-end transmission facility, the production studio, and on-location production facilities
- **Management of Programming**
 - College will serve as the fiscal and administrative unit for personnel and budget for operations
 - Policy Committees for each channel will determine priorities, programming policies, and budget oversight
 - Membership appointed by Franchise Holders and BRCC
 - Separate Committees for each channel
- **County or Local Governments Will Manage the Office of Compliance and Monitoring**

Capital Funds Needed

- **Majority of the capital funds will be provided by:**
 - A Mediacom challenge grant for startup costs - \$335,000 (not passed through to subscribers)
Provided during a two-year period
 - Financed by BRCC and Henderson County - \$335,000
 - State funds from the BRCC budget
 - Federal Grants
 - BRCC has secured a \$145,000 PTFP Grant for the project already
 - Grants from Private Foundations
 - BRCC will apply to a number of foundations for additional funding to match the Mediacom capital grant
 - Just received \$144,000 grant from a private foundation for a smart classroom with video capability (April 2006)
 - Building, studio, offices, computer support, telecommunications, and infrastructure provided by BRCC

Operational Budget

- **BRCC is committed to the project and will provide more than \$221,000 in Operational Support.**
 - Utilities and Maintenance
 - Senior administrative support
 - Hire a fulltime faculty member to coordinate Educational Programming
 - A portion of equipment upkeep and maintenance
 - Educational Programming Costs – distribution fees, license fees, etc.
 - Music royalties and license fees (annual costs)
 - Training for staff and volunteers
 - Continuing Education Courses
 - College Credit Courses in Broadcasting
 - Workshops and seminars



HCTV – Operational Budget

Budget Item	New Funds Needed	Support Provided by BRCC (State Funds)
Executive Director for Educational Television		\$20,000
Production Manager / Faculty		\$50,000
Producer / Director	\$43,000	
Engineer / Technician Maintains Education and Government Channels	\$40,000	
Supplies	\$10,000	
Cable Programming Fees		\$5,000
Maintenance	\$12,000	
Space, utilities, scholarships, maintenance, Computers, networks support, infrastructure, overhead		\$126,000
TOTAL	\$125,000	\$221,000

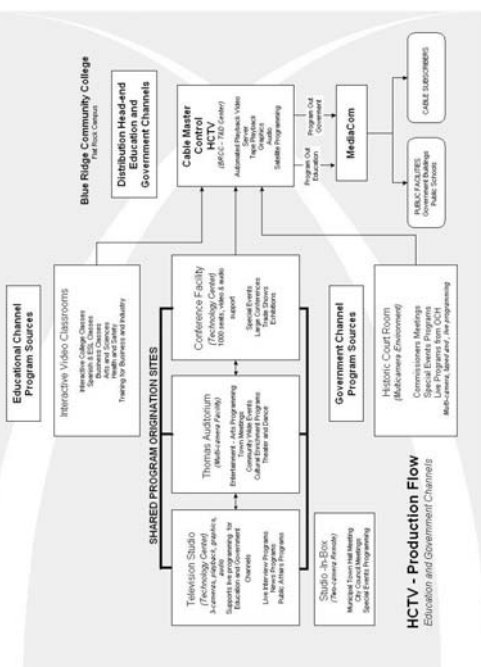
Total New Funds Needed \$125,000

Timeline for Action

- **2006**
 - 1st Quarter
 - BRCC and County begin joint access of Channel 11
 - Planning for assumption of Cable Service Performance Monitoring
 - County, local governments, and BRCC appoint committees to begin drafting policies and program guidelines for channels
 - CFRAC and Mediacom reach agreement on sharing phased capital costs with no pass through to subscribers

Timeline Continued

- **2006**
 - 2nd Quarter
 - Policy Committees begin work
 - Establish programming procedures with County and Local Governments
 - Job descriptions developed and approved
 - Training for cable volunteers offered by BRCC
 - BRCC acquires video server for Government and Education Channels
 - Mediacom establishes fiber link to BRCC for cable signals
 - Connection to MediaCom's head-end complete



Timeline Continued

■ 2006

- 3rd Quarter
 - Advertise positions and recruit staff
 - Government and Educational Channels are “live” from HCTV Head-end at BRCC
 - Videotaped programming played back from HCTV server
 - Special Live Events from Thomas Auditorium2006
- 4th Quarter
 - Hire cable staff
 - Programming planning and review continues
 - Program feed from Historic Courthouse established by Mediacom
 - Hire Cable Monitoring Coordinator

Timeline Continued

■ 2007

- 1st through 3rd Quarters
 - BRCC develops equipment specifications for studio and production equipment
 - Studio equipment Phase I goes out for bid
 - Equipment purchased and delivered
- 4th Quarter
 - Equipment delivered and installed
 - Technology Education and Development Center Studio and HCTV Cable Head-end installed in new building
 - Connection made to other BRCC program facilities

Timeline Continued

■ 2008

- 1nd Quarter
 - Grand Opening of HCTV Studios and Production Facilities
(Technology Education and Development Center – BRCC)
 - Satellite downlink feeds for additional programming established
 - Editing facilities open and functional
 - Video feeds from conference facilities and distance learning classrooms
 - Live video feeds from Historic Courthouse
 - BRCC starts TV production classes
 - Internships established for production assistants to work with municipalities and county staff to enhance cable programs
 - Live studio programs begin