

SPECIAL MEETING CITY COUNCIL SACRAMENTO

MAY 18, 1981

MONDAY

7:00 P.M.

I HEREBY CALL a Special Meeting of the Sacramento City Council on Monday, May 18, 1981, at the hour of 7:00 p.m., to be held at:

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

to meet in Joint Session with the 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. Community Access
2. Other various matters relating to Cable Television

ISSUED: This Thirteenth Day of May, 1981

PHILLIP L. ISENBERG
Mayor

ATTEST:

LORRAINE MAGANA
City Clerk

May 18, 1981

TO: MEMBERS, BOARD OF SUPERVISORS
MEMBERS, SACRAMENTO CITY COUNCIL

FROM: TED SHEEDY, SUPERVISOR FIRST DISTRICT
ILLA COLLIN, SUPERVISOR SECOND DISTRICT
TOBY JOHNSON, SUPERVISOR FIFTH DISTRICT
TOM HOEBER, COUNCILMAN SEVENTH DISTRICT
LYNN ROBIE, COUNCILPERSON EIGHTH DISTRICT

SUBJECT: ALLOCATION OF COMMUNITY ACCESS CHANNELS

We heartily concur in a statement which has been made by many of you during our joint hearings on cable television: local government's only interest in bringing a cable system into Sacramento lies in local use and public service. We want to make very sure that our commitment to a certain minimal level of public service is understood from the outset of the bidding process.

Therefore, we recommend the following actions be taken at the May 18th hearing:

1. Assign a minimum of fifteen (15) channels for community use.
2. Allocate these channels in the following manner:
 - a) Education Consortium -- five (5) channels
 - b) KVIE -- five (5) channels
 - c) Community Use Authority -- five (5) channels
3. Direct City and County staff to report back within thirty days with specific recommendations and language for implementation of this policy.

DISCUSSION:

The present ordinance guarantees only three channels for community use, leaving the actual number to the tender mercy of the bidding process. The fact is that bidders may well include as many as 20 to 30 channels in their proposals (in Dallas 30 were bid; in New Orleans the bid averaged 17, and three bidders proposed 27, 28 and 29 channels respectively; in Cincinnati there are at least 13). But a larger number of channels is by no means certain. In New Orleans, for example, there was one bid with only 6 community use channels, and our present requirement is for only three.

With our unique requirement of imposing banked channels in order to assure compliance with the ordinance, we could well receive proposals

which are adequate in all other respects, but with too few community use channels. Placing a substantial number of community use channels in the ordinance or the RFP now will assure community groups that sufficient channel capacity will be available.

Among the community organizations seeking channel allocations, we view two of them as unique: KVIE and the Educational Consortium. The uniqueness of the Educational Consortium is self-evident. The case for special treatment of KVIE needs to be made more explicit.

Why should KVIE be singled out for special treatment?

First, KVIE is a valuable community resource whose very survival depends upon this channel allocation.

Second, KVIE is the only organization asking for channel allocation which is in the television business -- public service television, which we want to see continued on cable.

Third, assigning channels to KVIE does not obligate us to give channels to every other interest group. Other groups will not cease to exist without cable channels. Other groups are not in the public television business; KVIE alone can serve the interests of diverse community groups by facilitating programming for them.

Finally, assigning channels to KVIE will not affect public access. Public access is a given. It is up to us whether public service television as we know it will exist on cable or, indeed, continue to exist in our community.

We are not suggesting that either KVIE or the Educational Consortium be granted these channels in perpetuity. We want a mechanism developed in which the channels must be put to use within a specified period of time or the channels revert back to the jurisdiction of the Community Use Authority for allocation. We are also asking that another block of five channels be placed in the hands of the Community Use Authority for assignment to other community organizations as they deem appropriate.

We do not want to leave the number of community use channels up to the whims of the bidding process. Bidding can center around hardware, production facilities, willingness to submit to performance standards, etc., -- we want the issue of minimal channel commitment resolved in advance of that process.

What we are asking for is a declaration of commitment and an indication of policy direction. In order that we may be absolutely clear on how best to proceed with the implementation of this policy, we are seeking only a motion of intent at the May 18th hearing. We will then request that City and County staff examine the issues involved in this proposal and report back within 30 days with specific recommendations for implementation.

SACRAMENTO INSTRUCTIONAL EDUCATION CONSORTIUM:
Comments on April 21 Draft Ordinance

General: The educational consortium's requests for channels on the subscriber network for school/college, home instruction and the use of interactive channels on the institutional network as well as cable drops at all educational sites (public and private/non-profit schools; the community colleges and the CSUS and Davis programs) have been received by you and your staff (December 1980). In addition, we have expanded on the capability of our public institutions to become operational and fully utilize the channels and cables (April 22, 1981).

Our request for access (channels and cable drops) is based on public policy assumptions for such cable system. The governing boards of the communities to be franchised are making a long-range plan for the use of the cable and are determining what access is reasonable to reserve to the public for its use over the life of the franchise. The governing boards will not want to have to buy back at future inflated rates the rights which should be preserved now. The franchise is a dedication of public property to private use for a fee; the public access is a portion of that public property reserved.

A second assumption is that the franchisee in bidding and building the system makes a one-time contribution to public access through hardware for access and production.

The third assumption has been that the public access users will have a portion of the annual franchise fee to use for maintenance and update of hardware and programming.

A fourth assumption has been that the users of the public access system would through some joint-powers or other official legal framework govern the use of the dedicated channels and the facilities for access and programming.

The following comments on the draft of April 22 for initial CATV franchise are based on these assumptions:

1. We support the requirement that there be three cables.
2. We support the concept that the institutional network be required for all territory in the basic subscriber service area as defined by the ordinance.
3. We support the establishment of a public access governance structure which is appointed by and responsible to an elected governmental entity(ies).
 - 3.1 The proposal that the authority be appointed by the Cable Commission may remove the community use authority from "politics" but it also may result in a non-responsive institution. We support the concept that the cable commission be the basic governance structure for community use. The city/county, however, should be available as a final arbiter for appeal.

- 3.2 The community use definition, page 2 of the April 21 draft should be limited in scope and not include education, public television or government.

The provisions for community use governance and allocation of channels in the initial proposal and from the bank should remain in the ordinance. However, the definition of scope of authority would limit its powers to (fiii) noted above.

Note: The health request could be considered to be a part of the community use with the understanding that health instruction would also be a component of the educational consortium and the technical advisory committee would work to provide some access to instructional channels if appropriate.

- 3.3 The education consortium respectfully recommends that the authority be set up immediately as an ad hoc body with its first appointments made by either the city-county with nominations from the non-profit community organizations now working informally. When the franchise and the Commission are operable the suggested organization could be implemented.

Funding: Funding would be those participating in the same way that the instructional and KVIE have used own staff.

4. The ordinance should allocate specific channels to the component parts of community use as defined:

Education, local government, public noncommercial TV, non-profit institutions and individuals.

Specifically, we request that the instructional consortium be assigned in the ordinance the channels requested in our proposals to you.

- 4.1 and that the public noncommercial TV proposal be given the channels it requests for its programs which will not be in competition with commercial uses.
- 4.2 that the ordinance make necessary reservation for governmental use other than schools and libraries (fire, police, and direct, unedited broadcast of meetings) either in the initial reservation or from the bank.
- 4.3 that the ordinance reserve "3" channels for community use other than instruction, public noncommercial, and government.

5. That the community use authority set up (appointed by the governmental entities) to make the plans for the other segments of public community use; and that it continue to function in regard to these segments of community use in the future with the power to assign from the bank, etc. as described in the ordinance.
6. That there be recognized as functioning under the Cable Commission a public access technical advisory committee which under policy set by the Commission provides for the coordination of service, elimination of duplication and overlap, sharing of expertise and mutual support as well as working with the franchisee to recommend scheduling of facilities and equipment and expertise.
7. That the ordinance recognize the right of the franchisee to request the return of a dedicated channel for non-use, i.e., that the dedication will be agreed on condition that the channels be phased into use within a given time frame.
8. The priority for dedication of channels for noncommercial uses should be decided by the public agencies granting the franchise and not the franchisee. These are public policy issues not matters for planning by the commercial operator.
9. Justification for the priority to the instructional network of the educational consortium.

The instructional network will serve all residents and provide special services to those segments of the community who have been identified as being in special need: homebound, minority, non-English speaking ESL classes; seniors, parent education, etc. It will provide coordination and services between schools, districts and segments, as well as libraries.

10. We respectfully at this time remind the elected officials that private postsecondary education is an area of intense competition-- and the city and county will need to consider who should regulate the fee structure and access for private postsecondary and fee-based public instruction.

RW
May 18, 1981

COUNTY OF SACRAMENTO
CALIFORNIA

May 14, 1981
For meeting of: May 25, 1981

To: Board of Supervisors
Sacramento City Council

From: County Executive

Subject: COMMUNITY ACCESS TO CABLE TELEVISION

INTRODUCTION

On May 4, 1981, a report was submitted on this subject, which in general terms discussed cable as a community communication system. The intent of that report was to briefly summarize in an organized form information previously discussed. For reference, a copy of that report is attached.

Based on the discussion at the meeting relating to channel allocations to community groups, this report is being submitted to provide a framework for discussion and policy direction. As stated in the previous report, community access is one of the major public interest issues associated with cable television. In the final analysis, the issue is how much of the profits from operation of the system will be used to provide a community communications system.

In addressing community usage, we are faced with a two phase problem: 1) what is the best method of determining and guaranteeing the resources required for community use; and 2) what process will be used for allocating those resources initially and during the term of the franchise. Because of the relation of community usage to profit, other aspects of the ordinance must be reviewed including: content control; the "banking" concept; vested rights; and rate regulation.

DETERMINING RESOURCES NEEDED

The basic process is to: determine needs; identifying existing resources; and then determine additional resources needed. The resources include: channels; production facilities and equipment; and staff. Unfortunately, the needs/resources will not remain static. Nor is it clear at this point how much of the resources should come from the operator and how much from the community users.

Our current approach is to set only minimum requirements and then have the applicants submit in their proposals the resources they will commit to community access. The final results under this approach will depend on three documents: the ordinance; the Request for Proposals; and the applicant's proposal.

1. Current Ordinance. The current revised proposed ordinance provisions dealing with community access are contained in a preliminary draft dated April 22, 1981--which was distributed with a cover memorandum from the County Counsel dated April 21, 1981--and are summarized here. The separate definitions for "Public Access", "Educational Access" and "Governmental Access" are deleted and replaced with a single definition of "Community Use Channels" (page 2). The definition of "Basic Service" has been amended to include three "Community Use Channels" (page 1). The minimum requirements are contained in an amended section entitled COMMUNITY AND INSTITUTIONAL USES--INITIAL CABLE TELEVISION FRANCHISE (page 7) and include three Community Use Channels, or the number in the proposal, whichever is greater. The number of channels on the Institutional Network is to be prescribed in the proposal. The production facilities, equipment, and staff are also to be prescribed in the proposal.

2. Request for Proposals. Although it requires redrafting, the original Request for Proposals (RFP) indicates the general approach to be taken. The initial draft is in the cable workbook provided each member of the Board and the Council and the system design and services section begins on page 16. In addition to the text of the RFP, it is proposed to attach position papers from potential community users as recommended by the consultant. Attached is a copy of a letter sent to over 50 groups, plus city and county departments requesting submission of position papers. It is in the RFP that we go beyond the minimums in describing the type of system we are seeking.

3. Applicant's Proposal. The proposal of the selected applicant will become part of the franchise document. The problem at this point, is that no one can predict precisely what will be proposed. Based on discussions with operator representatives and the experience in other jurisdictions, significant resources for community usage will be proposed. We will be faced with two evaluation problems: 1) are the proposals responsive and economically feasible and if not, do we reject all proposals; or 2) if they are responsive, which are the better proposals.

Use of this approach is based on the assumption that it will produce the best system for several reasons: the operators have more experience in system design; the operators are in a better position to project their ability to finance the system; and lastly the proposals are an offer and acceptance (contractual) as opposed to a requirement.

There are two disadvantages to this approach. First is the uncertainty as to whether our initial perceived needs will be met since the minimums are so far below those needs. Even more significant is the possibility that even though the proposals offer resources, case law or statutory law may make it impossible to enforce the franchise. According to an article in a trade journal, the National Cable Television Association (NCTA), in a response to the U.S. Senate Communications Committee on equal time requirements, suggested that it would be wrong for cities to accept

channels bid by cable operators during the heat of a franchise fight. The article quotes NCTA as saying in relation to recent Supreme Court cases, "that the receipt of public benefits may not be conditioned on the waiver of constitutional rights."

Alternatives to this approach would involve our determining all needs or defining some and allowing the applicants to define the remainder.

1. All Needs. This would require a total community needs assessment before the RFP was released to establish higher minimums. There are consultants available who perform this function. The disadvantage is the time and cost of doing this needs assessment if the operators are going to repeat the process to develop even more liberal proposals.

2. Combination. The KVIE proposal for a distinction between public service and community access is an example of this approach. In effect, those users with well defined needs and resources would constitute one type of user and those users without definite plans for use would constitute a second category, with separate minimums being established for both groups. The problem is in making the initial distinction and in having the operator propose two sets of resources which again includes: channels, facilities, equipment, and staff.

ALLOCATION OF RESOURCES

Restated, the resources are: channels or channel time; production facilities and equipment; staff to assist, train, or actually produce programming; and funds which could be used for equipment and/or canned programming. There is a relationship between these elements, but that relationship will vary between the various community access users. A weekly live cablecast program will require more resources than the simple retransmission of a program produced somewhere else and delivered here by satellite, on tape, or on film. The problem is how to provide for an equitable distribution of those resources when demand exceeds supply.

The ordinance as currently drafted provides that these decisions be made later by the Cable Commission and the Use Authority. The basic provisions of the ordinance relating to the Cable Commission are included in Sub-Chapter 2 of the draft dated March 1, 1981. These provisions were tentatively approved with some modifications--the major one being that non-elected members be permitted to serve. The provisions dealing with community access are included in the draft dated April 22, 1981. The relevant sections are found on pages 14 through 19 and include: COMMUNITY USE AUTHORITY; POWERS OF COMMUNITY USE AUTHORITY; FUNDING OF COMMUNITY USE PROGRAMMING; TIER PLACEMENT OF COMMUNITY USE CHANNELS; COMMUNITY USE MANAGEMENT AND CONTROL; UTILIZATION STANDARDS; and ALLOCATION OF UNCOMMITTED CHANNELS TO COMMUNITY USE. Briefly summarized, these sections provide that: 1) the Cable Commission appoints and removes for cause members of the Use Authority, determines the funding level for the Authority, and allocates uncommitted channels to the Authority; 2) the franchisee

controls and manages the production facilities and equipment, determines tier placement of community access channels over and above those on basic service, and exercises discretion over program content as it relates to defamation, obscenity, privacy, and infringement of copyright, trademark, trade name, service mark or patent; and 3) the Use Authority controls the allocation to community users of the available resources.

Alternative approaches to resource allocation include: making allocations now; distinguishing between public service programming and community access (K.V.I.E.'s proposal); or making the franchisee responsible.

Making allocations now is difficult because: our total needs are not well defined; we are unsure of the resources that will be available; and needs may change over the life of the franchise. Notwithstanding the difficulty, staff interpretation of the meeting on May 4, 1981, is that the Board and the Council wish to seriously consider making specific channel allocations now. Following is a suggested process to accomplish this:

1. Needs Assessment. At this point, the more sophisticated users have been able to define their channel needs with greater clarity and precision. We need to better identify or estimate the needs of other potential users. This means that we take more time to identify these needs (possibly through the use of a consultant) or we make an estimate of some minimum channel requirements over and above the requirements that are relatively more clear. We should also distinguish between community use and commercial uses that should be provided through leased access channels.

2. Reset Minimums. Based on the assessment, new minimum channel requirements will be established in the ordinance. The RFP will explain the basis for the minimums and encourage the operators to propose more channels if they believe the minimums are too low.

3. Initial Allocation. Initial specific allocations could be designated in the resolution offering the franchise. Such designation should be made on the basis of meeting a utilization standard within a specified time period (a use them or lose them condition).

4. Ongoing Allocation. Administration of the utilization standards and allocation of other resources would remain with the Use Authority as currently envisioned.

The disadvantage of this approach is that channels are only one resource, and the problem of allocating production capabilities and funding still remain. Groups with outside funding will be in a better position to utilize and retain channels. On the other hand, denial of resources by the Authority could force the abandonment of allocated channels. In short, this approach still results in uncertainties.

The second alternative would address some of the disadvantages of the first. As envisioned in the K.V.I.E. proposal entitled Recommendations

for New and Revised Language for the Ordinance, allocation of five channels, a main facility, and use of production and distribution for the five channels, would be made exclusively for public service purposes. Other resources would be matched by the users. The Commission would determine how these resources would be managed. The problem with this approach is making the distinction between public service and community access, and balancing resource allocations between the two categories over the term of the franchise.

The final alternative is to leave community access under the control of the franchisee. This would require a specific proposal as to the resources to be committed and the rules and regulations that would be used to govern access. In conjunction with this approach, we might consider a three percent franchise fee that could then yield some revenues back to the jurisdictions. (This might be possible under the other alternatives also.) The disadvantage of this approach is regulating conformance to the franchise.

OTHER ORDINANCE PROVISIONS

As indicated above, community access is closely related to other provisions of the ordinance. Discussed below are specific areas of the ordinance that need to be considered in conjunction with community access. As a general statement, the basic concern of the operators is the impact of the ordinance on their ability to earn a reasonable profit.

1. Vested Rights. The initial ordinance draft provided limited vested rights to the operator (see page 10 of the draft dated March 1, 1981) and retained future regulatory authority for the Commission. The operators indicated this approach would hinder their ability to find financing, and so this approach was modified to increase the vested rights of the franchisee. (See page 4 of the draft dated April 22, 1981.) The basic change was to increase the vested rights to provide service from Basic Service to those services proposed by the operator and included in the Resolution offering the franchise. Because the additional vested rights limit our future ability to regulate the franchisee, more regulatory authority is being proposed in the ordinance including the "banking" concept and rate regulation.

2. Channel Banking. This concept is contained in the draft dated April 22, 1981, and includes the following sections: UNCOMMITTED CHANNELS (page 11); UTILIZATION STANDARDS (page 17); ALLOCATION OF UNCOMMITTED CHANNELS TO COMMUNITY USE (page 19). Briefly these sections provide: twenty-five percent of the channels on the subscriber network are to be uncommitted; before channels are released existing channels must be utilized approximately 80% of the time; the Commission can prescribe utilization standards for retention of assigned channels; the Commission may, after an application is submitted and a public hearing is held, allocate not more than one uncommitted channel per year to the Use Authority; and the Commission,

after an application is submitted and a public hearing is held, shall allocate to the franchisee not more than three uncommitted channels per year if certain findings are made.

The operators have indicated that the banking concept would be acceptable if the uncommitted channels were available only for use by the franchisee, and that the basis for release is conformance with specifically identified ordinance provisions and not subject to the arbitrary authority of the Commission. To protect their investment, the operators want to be guaranteed access to all uncommitted channels as long as they are in conformance with franchise requirements. There may be disagreement on details, but there seems to be consensus agreement on this basic approach.

The way the "banking" concept is finally approved will impact community access. If uncommitted channels will be available to the Use Authority, the tendency by the applicants will be to minimize the initial community access channels. The greater the number of uncommitted channels required, the greater the tendency. If the uncommitted channels are available only to the operator, then the competition will tend to maximize the community use channels proposed by the operators. Again the number of required uncommitted channels could impact the number of community channels offered. If community access is left to the operator, the uncommitted channels provide both a regulatory feature plus a resource that would be available to meet future community use requirements. Profit considerations also could be incorporated as a part of the release mechanism.

3. Rate Regulation. Initially, we were concerned only with regulating rates for Basic Service. In line with the concept of providing increased regulatory authority now to correspond with increased vested rights for the franchisee, new rate regulation provisions have been drafted. Prior to submission, these provisions are being reviewed with the operators. Briefly, the redrafted sections provide: that if the franchisee does not waive its rights to exemption from rate regulation, then the rates submitted in the proposal cannot be increased until one year after service is available to 100% of the subscribers in the initial service area; for those who do waive, or do not waive but do not exempt themselves, increases are limited to 50% of the percentage increase in the CPI applied to the initial rate; and a process is included for setting rates for new or additional services or tiers. It must be noted that it appears as though the industry will seek state law prohibiting waivers.

The basic question asked by the operators is why we want to exercise rate regulation beyond Basic Service. Staff response has been: 1) to be able to consider proposed rates in award of the franchise; and 2) to be able to limit excess profits since the franchise could be a practical monopoly. Members of the Board and Council may have additional concerns such as leased line access.

Rates and community access are related as they impact profit. Access will increase costs, while regulated rates can limit income (the other variable being number of subscribers). In pursuing the subject of rate regulation, the ultimate issue is profit and how to answer the following questions:

What profit level constitutes a fair rate of return? How is the rate computed, and for what period of time? Who decides what is fair? An alternative to rate regulation (which involves determining which rates are to be regulated), would be some form of profit limit as expressed in a rate of return or a markup on cost of services provided.

4. Content Liability. As indicated, the ordinance provides that the franchisee is responsible for, and therefore has content control authority over, defamation, obscenity, the right of privacy, and the infringement of copyright, trademark, trade name, service mark, or patent. Because of the potential damage awards resulting from violations, the operators wish to be relieved of this responsibility as it relates to community access--particularly if live cablecasting is permitted. Their suggested alternative is to have each community access user responsible for their own programs.

CONCLUSIONS AND RECOMMENDATIONS

Community access is a major factor to be considered in the award of a franchise, but it should be reviewed as it relates to other aspects of the franchise. Following are several general conclusions relative to access and other aspects of the operation of a cable system:

1. Access is a broad concept that encompasses a wide variety of uses and users. At this point, some of the potential users are in a better position to utilize cable because of experience, knowledge and resources. Other possible users are just beginning to explore the communication potential of cable. The basic problem is that access is still an evolving concept and it will require time, effort and resources to make it a reality that provides equitable treatment for all users.

2. Access has a significant price tag that, for the most part, will be paid directly or indirectly from the profits of the franchisee. Within limits, it is assumed that the cost of access will not raise subscriber rates since demand and not cost will be the primary determinant of price. The problem is determining where those limits are to make that assumption valid.

3. Access appears to be a significant public interest concern which the operators acknowledge in their proposals, but want to be able to control after the franchise is awarded in order to protect their ability to earn a fair profit. The problem is that any operator who is awarded the franchise may seek to eliminate or minimize access requirements if they seriously impede their ability to make a reasonable profit.

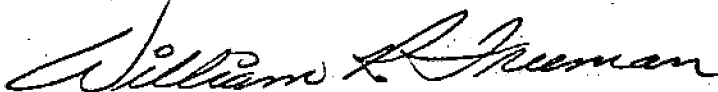
Recognizing the uncertainties involved in access, the following recommendations are made:

1. That a franchise not be awarded if an adequate amount of community access resources cannot be guaranteed;

2. That a process be developed for a fair and equitable distribution of those resources committed to access during the term of the franchise; and

3. That, after completing the public testimony, if the Board and Council wish to make channel allocations to specified organizations, that staff be directed to develop specific recommendations based on the following general criteria: a minimum number be allocated; the ability to use the channel is well documented; and is independent of any other resources to be committed and that if the channels are not fully utilized, they will be reallocated.

Respectfully submitted,



WILLIAM R. FREEMAN
Assistant County Executive

WRF:emw
Attachment

23E-A28

COUNTY OF SACRAMENTO
CALIFORNIA

May 4, 1981

To: Board of Supervisors
Sacramento City Council

From: County Executive

Subject: COMMUNITY ACCESS TO CABLE TELEVISION

INTRODUCTION

Community access is one of the major public interest issues associated with cable television. In the final analysis, the issue is how much of the profits from the operation of the system will be used to provide a community communication system. That system breaks down into the following components: the users of the system; the producers of programs; the methods of production delivery; the audiences to be served; and the financing of the programming production and distribution.

The purpose of this report is to discuss in general terms the various aspects of community access. The report does not propose definitive answers to all the questions related to access. It does explain why the proposed ordinance provides for a mechanism to resolve the questions as we proceed.

USERS

In terms of local access, there is no single community with a unified purpose. Users will include individuals, groups, government and the cable operator; and their purposes will range from entertainment to education to the delivery of information. In some cases the goals of various users may overlap creating problems of conflict or duplication.

1. Cable Operator. The primary motive for the cable operator to be involved in local programming is economics. Narrow interest programming may stimulate subscribership and help sell advertising.
2. Government. The major uses in terms of citizen communication will involve the delivery of information and the delivery of services. Internally, training and data transmission will be important uses.
3. Community Organization. The uses of cable will vary with the multitude of community groups that exist. Their different purposes and resources will result in different community communication needs.
4. Individuals. Conceptually cable replaces the soap-box in the park. It is this use that has the greatest potential for controversy in terms of program content.

PRODUCERS

Many of the users will produce programming at the local level; however, a significant amount of programming will be available from the national level. In addition to the cable operator, existing local producers include K.V.I.E., the educational community, small independent producers, and to a limited degree government. With the anticipated production facilities, equipment, and training to be provided by the operator, local groups can become producers. The quality of production will vary depending on the level of professionalism that is available.

DELIVERY

Programming can be live or taped and can be cablecast or taken off-air and retransmitted over the cable system. Off-air programming--which can include satellite, microwave, low power stations, or commercial stations--could be taped and then cablecast later. The delivery method (which may depend on the programming source) tends to cloud the definition of local access. For instance, should programs produced by a national organization and delivered via satellite be carried on a local access channel?

AUDIENCES

Those who want to use local access should realize there are disadvantages as well as advantages. The basic advantage is narrow interest cablecasting that can be directed to the general public or to special segments of the public which can breakdown along geographical, ethnic, cultural, or special interest lines. The disadvantages are: 1) not every household will be on cable, and 2) local access programs will have to compete with a wide variety of other programs.

FINANCING

While some local users will be able to fund their programming to some degree, the bulk of local access costs will be financed by system operating revenues. Initially these revenues will be from subscribers, but in time will include leased line and advertising income. The assumption in our approach to community access is that the subscriber rates will be the same with or without access. The assumption is that demand will be the primary determinant of price--not cost.

CONCLUSIONS AND RECOMMENDATIONS

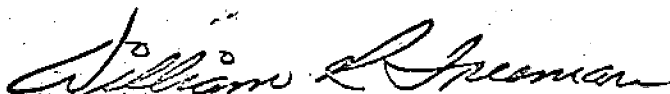
Community access is a concept that is still evolving, and therefore detailed decisions at this point are inappropriate. While the concept is exciting, the

reality is that a great deal of time and effort will be needed to make it work. The proposed ordinance reflects this reality by establishing a general framework to govern the development of community access. The need now is to establish a mechanism that will be capable of dealing with the issues of community access over the life of the franchise.

Therefore, it is recommended that the ordinance as finally drafted retain the concept of providing a method to allocate resources to meet changing community access needs, as opposed to committing resources now.

An additional point that needs to be addressed is the impact that "banking" will have on the number of access channels originally offered by the operators. The greater the number of channels in the bank, the lower the number that will be available for the operator to offer for community access purposes. Between K.V.I.E. and the Educational Consortium a need for nine or ten channels has been requested. We may not know the impact of the bank until the proposals are actually submitted.

Respectfully submitted,



WILLIAM R. FREEMAN
Assistant County Executive

WRF:emw

23E-A27

COUNTY OF SACRAMENTO
OFFICE OF THE COUNTY EXECUTIVE



BRIAN H. RICHTER
COUNTY EXECUTIVE

April 10, 1981

To: POTENTIAL USERS OF CABLE TELEVISION

As a follow-up to the recent cable seminar, the purpose of this memorandum is to request that you prepare a position paper on your use of a cable system. Attendance at the seminar is not a requisite for submittal of a paper. To aid you, this memorandum deals with three topics: 1) what a cable system is; 2) what the franchising process is; and 3) what we need from you and how the information will be used in the process.

WHAT IS CABLE TELEVISION

Simply stated the system is a two-way cable that carries video, audio, and data signals. We anticipate that there will be two separate networks; a subscriber network to homes and other subscriber locations; and an institutional network to public facilities, schools and commercial institutions.

A franchise will be awarded by the county and the cities to a company which will permit the use of streets and easements for installing the cable. The successful franchise will provide studio facilities, equipment, personnel and one or more channels for community access to the system. This will provide the opportunity for individuals and groups to cablecast (as opposed to broadcast over the air) their messages to the community. However, there are two real limitations: 1) not every household will be connected to the cable; and 2) your message will be competing with a wide variety of other programs available to the cable subscriber.

WHAT IS THE FRANCHISING PROCESS

The county and the four cities are proceeding with the expectation that each will award a franchise to the same operator so we will have a single system. The county is the lead agency, but joint policy hearings are being conducted with the Sacramento City Council. Basically the steps in the process are:

1. Adoption of a regulatory ordinance by each jurisdiction.
2. Approval by each jurisdiction of a Request for Proposals (RFP).
3. Evaluation of the proposals by the consultant.
4. Selection of a franchisee by the Board of Supervisors and the Sacramento City Council.
5. Administration of the franchise and community access by a Cable Commission.

The current timetable (which is subject to modification) calls for release of the RFP on July 1, 1981, and award of the franchise early in 1982.

HOW CAN YOU UTILIZE CABLE

At this point, we need you to provide an initial answer to this question. Specifically, we are requesting that you develop the following information:

1. An Inventory. Various organizations in the community already produce television programs. Start with an inventory of any video or audio production equipment you have; determine if members of your group possess any skills that might be utilized; and ask your national organization if programming is available.

2. Existing Communication. Your group may already have a communication program in place (e.g., public service spots; a newsletter; or a national publication). The question you should ask is whether the cable system could be used as an alternate or additional distribution method.

3. New Communication. Are there additional or new communication needs that could be met by using the cable? Do you want to educate, inform, activate, involve, or serve people?

Whether it is existing or new, list the possible uses you can foresee and then estimate the number of hours a week you believe you could effectively program.

There is no guarantee that we can meet everyone's perceived needs. However, we will include your response in the RFP giving the potential operators a starting point to assess community access needs. They will respond to those needs in their proposals.

Remember, this is an initial effort. It is not your last chance to address your needs, but we need you to be as thorough as possible.

Once you have completed your inventory and defined your possible uses; please submit them in writing, no later than 5:00 p.m., Monday, May 4, 1981,

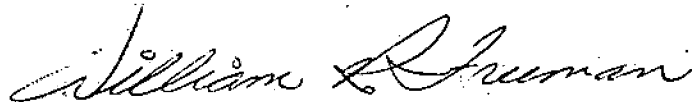
to:

William R. Freeman
County of Sacramento
Administration Building
700 H Street, Room 7650
Sacramento, CA 95814

Position papers prepared by other organizations are available for your review. These include papers prepared by community groups in another city as well as the papers submitted here by KVIE and the Educational Consortium. If you missed the seminar on March 31, 1981, we might be able to schedule more such informational sessions. You may wish to attend a weekly meeting of a citizens group that has been organized to follow the cable process. The group meets each Wednesday at noon in the conference room on the seventh floor of the County Administration Building at 700 H Street. If you have questions or need further information, please call me at 440-5883.

Again, two points:

1. The better the community prepares these papers, the better the proposals from the potential operators.
2. This is the initial step; be prepared to follow-up with continued effort.



WILLIAM R. FREEMAN
Assistant County Executive

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