



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • (617) 498-9017

OFFICE OF
THE CITY CLERK

April 22, 1981

The Honorable Robert B. Ambler
State Representative
Room 472
State House
Boston, MA 02133

Dear Representative Ambler:

Pursuant to the request of the City Council I am forwarding to you the enclosed City Council resolution relative to Senate Bill Number 480.

As you will note, the City Council adopted this order at its meeting of April 13, 1981 and urges the Legislature to act favorably upon this bill which has had a public hearing before your Committee on Governmental Regulations.

Thank you for your attention in this matter.

Very truly yours,

Paul E. Healy, City Clerk

PEH/dl

Enc. (1)



CITY OF CAMBRIDGE

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OFFICE OF
THE CITY CLERK

April 22, 1981

The Honorable Michael J. Lombardi
State Representative
Room 33
State House
Boston, MA 02133

Dear Representative Lombardi:

Pursuant to the request of the City Council I am forwarding to you the enclosed City Council resolution relative to Senate Bill Number 480.

As you will note, the City Council adopted this order at its meeting of April 13, 1981 and urges the Legislature to act favorably upon this bill which has had a public hearing before your Committee on Governmental Regulations.

Thank you for your attention in this matter.

Very truly yours,

Paul E. Healy, City Clerk

PEH/dl

Enc. (1)



OFFICE OF
THE CITY CLERK

CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • (617) 498-9017

April 22, 1981

The Honorable Denis L. McKenna
State Senator
Room 413B
State House
Boston, MA 02133

Dear Senator McKenna:

Pursuant to the request of the City Council I am forwarding to you the enclosed City Council resolution relative to Senate Bill Number 480.

As you will note, the City Council adopted this order at its meeting of April 13, 1981 and urges the Legislature to act favorably upon this bill which has had a public hearing before your Committee on Governmental Regulations.

Thank you for your attention in this matter.

Very truly yours,

Paul E. Healy, City Clerk

PEH/dl

Enc. (1)



City of Cambridge

8.

IN CITY COUNCIL

COUNCILLOR WYLIE

April 13, 1981

ORDERED: That the Cambridge City Council hereby records itself in favor of Senate Bill Number 480, the same being an act entitled AN ACT RELATIVE TO COMMUNITY ANTENNA TELEVISION SYSTEMS, filed by State Senator Carol Amick and the Cambridge Director of Libraries Joseph G. Sakey and urges the entire Cambridge delegation to do everything possible to secure passage; and be it further

ORDERED: That the City Council also urges Michael J. Lombardi as a member of the Government Regulations Committee to secure a favorable Committee report on the bill.

In City Council April 13, 1981.
Adopted by the affirmative vote of 8 members.
Attest:-Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy".



9.

CAMBRIDGE CITY COUNCIL

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

(617) 876-6800

David A. Wylie
City Councillor

April 13, 1981

RESOLUTION

Cambridge City Council hereby records itself in favor of Senate Bill No. 480, filed by State Senator Carol Amick and the Cambridge Director of Libraries Joseph G. Sakey, and urges the entire Cambridge delegation to do everything possible to secure passage. The City Council also urges Michael J. Lombardi as a member of the Government Regulations Committee to secure a favorable Committee report on the bill.

AS 4/18

(Reprint)

SENATE No. 480

By Ms. Amick, a petition (accompanied by bill, Senate, No. 480) of Carol C. Amick and Joseph G. Sakey for legislation relative to community antenna television systems. Government Regulations.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-one.

AN ACT RELATIVE TO COMMUNITY ANTENNA TELEVISION SYSTEMS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 Section 9 of Chapter 166A of the General Laws, as last
- 2 amended by Section 1 of Chapter 552 of the Acts of 1977, is
- 3 hereby further amended by striking the section and inserting
- 4 in place thereof the following section: —
- 5 No application for a license to operate a CATV system or
- 6 for renewal, transfer, or assignment of such license shall be
- 7 considered by an issuing authority unless it is accompanied by
- 8 an application fee of ten thousand dollars payable to the city
- 9 or town. A licensee, serving more than two hundred and fifty
- 10 subscribers, shall on or before March fifteenth of each year,
- 11 pay to the issuing authority a license fee equal to five per-
- 12 cent of the licensee's gross revenues for the past calendar year
- 13 from all cable services in the city or town. For the purposes
- 14 of this section gross revenue shall mean all forms of considera-
- 15 tion, including initial lump sum payments.

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS
STATE HOUSE, BOSTON MASSACHUSETTS
JANUARY 28, 1981 ROOM 466 11.00 A.M.

I wish to offer some points concerning S480 to support the Act's two major provisions, which are the ten thousand dollar application fee for Cable licenses and the annual operating license fee of 5% of gross revenue.

I The Application Fee proposed in S480

On the first point -- the ten thousand dollar application fee -- I want to strongly impress upon the Committee how widely the present Massachusetts fee structure varies with current practices in other states. We have found that in other cities around the country, application fees ranging from \$10,000 to \$50,000 are routinely and quite willingly paid by prospective operators filing CATV applications. For example, the City of Dallas, Texas, has recently required a \$50,000 application fee.

We have also found that the Cable Television Information Center in Washington, D.C., a non-profit and non-partisan organization, recommends \$10,000 to properly evaluate an application.

Now in amazingly sharp contrast with such fees being paid willingly -- let me repeat willingly -- by those submitting applications elsewhere, the Commonwealth of Massachusetts requires a \$100 fee to file a CATV application. This figure is unrealistic, unfair and unjust and should be revised to the level called for in S480. Just as the Cable Commission has deregulated rates, it should give cities and towns a greater advantage in the processing of license applications. Incidentally, the recent attempt to raise the \$100 figure to \$200 is just as ludicrous and detrimental to the interests of Massachusetts cities and towns.

To be more specific about how the present fee structure is unrealistic, unfair and unjust, let me point out some of the costs which cities and towns have to bear in inviting and subsequently reviewing and evaluating applications.

To begin, there is a substantial cost to the cities and towns in the preparation of specifications for the system to be operated -- a task requiring legal, engineering and technical expertise, not only to spell out the specific details of the desired cable system, but also to protect the city's or town's interests in its relationships

with the eventual operator.

Next, with the receipt of eight or ten applications (a typical response to an invitation) there may be, collectively, upwards of thirty thousand pages to be read and evaluated. Once again there has to be painstaking review by lawyers, engineers and technicians in order to do a proper, effective and self-protective evaluation. Legal attention is especially important, since improper or incomplete review of applications could lead to expensive lawsuits should an award be contested, or should there be controversies over unspecified questions arising later between the city or town and the cable system operator.

With the present application fee, Massachusetts municipalities have to carry practically the entire costs of specification preparation and application review. This is unfair and punitive -- our cities and towns deserve no less than what others in the rest of the country require, and what cable operators willingly pay. (Again, I want to emphasize to the Committee that word "willingly".)

My final and perhaps my most important remarks on the ten thousand dollar application fee relate to the financial plight of cities and towns as Proposition 2 1/2 begins taking its effect. It is only fair and just that

the Committee support S480 so that municipalities can at least recover a major part of the costs they will have run into even before a cable system can be set up. In most cases, the proposed fee may not be enough to cover costs, but it seems a fair one, when compared with application fees collected in cities located in other states.

II The Annual License Fee proposed in S480

I would like now to turn to the second important part of S480, the annual license fee of 5% of gross revenue.

The Commonwealth presently requires the operator to pay fifty cents (\$0.50) per subscriber to the city or town and eighty cents (\$0.80) per subscriber to the Commonwealth itself. (Compare this with the thirty-five cents (\$0.35) per subscriber which New England cable operators pay annually to their regional association.)

These amounts are ludicrous when we see what the going license fees are elsewhere and when we consider that the FCC recommends fees up to 5% of gross revenues (a limit which the FCC may in fact lift to let communities negotiate their fees. The FCC would not consider such deregulation unless they felt that cable operators could afford it.)

I recently read that the City of Columbus, Ohio

receives a license fee of 6%, apparently established before the FCC recommended limits. I also learned recently in the RAND Corporation publication "Cable Television, a Handbook for Decision Makers", of a city which actually negotiated a license fee of 36% of gross, which continued to remain in effect after FCC rates were established! This is admittedly an unusual case.

In general, the picture is that throughout the country most cable operators are voluntarily paying five percent of gross revenue for the privilege of operating in a city or town. It is a recognized cost of doing their business. Ours is the only state with an unrealistic fee like fifty cents per subscriber. There is a huge difference between fifty cents per subscriber and the recommended five percent of gross revenues. Must Massachusetts cities and towns expect less than communities in other states? Must we permit cable operators to realize additional profits while our taxpayers are denied badly-needed revenue?

We ought to think for a moment about what the city must do to set up and operate a cable system. Streets must be dug up; traffic is inconvenienced; public works crews must take on extra work. City employees must work closely with system installers and operators at additional costs.

Large amounts of money must be spent to monitor and enforce contract and license agreements. All these things cost a lot of money, which should not be borne by the city or town. A fee of fifty cents per subscriber is not going to make a significant difference. In the words of the City Solicitor of San Diego, California, the cable system's annual license fee is not a tax levied on the operator, but a form of rent he is being asked to pay for the use of the city's streets. Why should our Massachusetts streets rent for any less than streets in the rest of the country? Are Massachusetts streets worth less?

Let's take a realistic look at what's happening in Cable TV. It is a growing industry. Trade journals and financial pages in our newspapers agree on the promise of an "oil well" bonanza for the cable operator. The successful applicant for a city's cable system will have a monopolistic enterprise with great potential profits, especially in the larger cities and towns. Throughout the country, the operator willingly pays up to five percent of gross revenues for his annual license -- and, in some cases as noted, an even higher percentage.

With our present rigid state regulations, Massachusetts cable operators stand to benefit while the citizens of

the Commonwealth will lose revenue and be denied relief from taxes. And this, I remind you, is in the era of Proposition 2 1/2, which will actually cause cutbacks in city and town incomes. It is only fair, Members of the Committee, that S480 be supported in view of its financial benefits to our taxpayers.

Cable system licenses at the new and more realistic level proposed will benefit cities like Cambridge, Lynn, Newton, Springfield, Boston, Worcester, and Waltham, and towns like Lexington, Winchester, and Brookline. Indeed, all of the cities and towns in the Commonwealth will benefit, as interest in Cable TV grows -- as it certainly will in the opinion of business and economic experts.

Joseph G. Sakey
Chairman
City Manager's Cable Television Advisory Committee
City of Cambridge
449 Broadway
Cambridge, Massachusetts 02138

Home Address:
60 Forest Street
Lexington, Massachusetts 02173



City of Cambridge

8.

IN CITY COUNCIL

COUNCILLOR WYLIE

April 13, 1981

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Adopted by the affirmative vote of 8 members.
Attest:-Paul E. Healy, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script, reading "Paul E. Healy".

Order # 8

5.201

C. Wylie re: City Council in favor of HB
#480 entitled AN ACT RELATIVE TO COMMUNITY
ANTENNA TELEVISION SYSTEMS.

Senators & Rep notified
4/22/81 (dl)

In City Council,

April 13, 1981

@ 4/13/81 # 8

C. Wylie

Order

Adopted

4/13/81

Copy sent to City
Clerk for draft petition.