

Goldwater Introduces Cable TV Bill

By ERNEST HOLSENDOLPH

Special to The New York Times

WASHINGTON, March 7 — Senator Barry M. Goldwater has introduced a comprehensive cable television bill that would permit cities to own and operate cable systems. The bill also contains numerous provisions that are expected to stir debate in the broadcasting community.

Since no comparable bill has yet been introduced in the House, it is considered doubtful that a final cable bill will clear Congress in this session.

Senator Goldwater's bill, the first

comprehensive cable television legislation to be taken up by Congress, contains several provisions that recently have divided cable operators and the local officials who franchise them, such as requirements that cable systems with 20 or more channels must set aside 10 percent of the channels for "public, educational and government use," and another 10 percent for lease to programmers.

In the provision to allow municipal ownership of cable, the local officials would be specifically prohibited from interfering with the content of the programs. Private cable operators have vigorously opposed municipal owner-

ship as an invasion of private enterprise.

Cable operators have recently pressed to be free of regulations, arguing that interference from local officials may impede the development of the industry.

In another area of interest to local governments, the bill would allow the Federal Communications Commission to keep exclusive jurisdiction over the cable TV industry and set ceilings on the franchise fees that communities may charge cable operators.

A provision likely to meet the approval of the sports industry requires

that cable operators black out games in an area within 50 miles of the home club's stadium or arena.

Cable operators would be exempt from compliance with the fairness doctrine and equal-time rules that now govern the broadcasting industry.

Fulfilling a Pledge

Senator Goldwater, an Arizona Republican who is chairman of the Senate subcommittee on telecommunications, became very angry last summer when the Commerce Committee attempted to attach several cable provisions to the telecommunications bill, promising his own full cable bill later. His measure, introduced last Friday, will face hearings before the telecommunications subcommittee in

April.

No companion bill has yet been introduced on the House side, but in recent remarks to the National League of Cities, Representative Timothy E. Wirth, Democrat of Colorado, indicated that he would consider adding cable provisions to his telecommunications bill if the cities and the cable industry can reach some agreement on provisions.

Thomas E. Wheeler, president of the National Cable Television Association, praised Senator Goldwater for introducing a bill that seeks to set a national policy, but added:

"There are parts of the bill which we support strongly, such as authorization for the F.C.C. to establish a reasonable ceiling for franchise fees and deregulation of all but basic rates.

"However, cable operators and others will be concerned about provisions for municipal ownership of systems and requirements for a mandatory channel leasing plan.

"Also, the provision to award sports interests territorial exclusivity could diminish the availability of sports programming on cable television to consumers."

Leonard S. Simon, a spokesman for the United States Conference of Mayors, said the Goldwater bill is a "credible beginning," but said that the bill would need careful study before cities can decide whether it can be supported.

SportsMonday
Monday in The New York Times

SENATE No. 365

By Ms. Amick, a petition (accompanied by bill, Senate, No. 365) of Carol C. Amick and Joseph G. Sakey for legislation relative to fees for community antenna television systems. Government Regulations.

The Commonwealth of Massachusetts

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

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 most
2 recently amended by Chapter 552 of the Acts of 1977, is here-
3 by further amended by striking the section in its entirety and
4 inserting thereof the following: —

5 *Section 9.* No application for a license to operate a CATV
6 system or for renewal, transfer of assignment of such a li-
7 cense shall be considered by an issuing authority unless it is
8 accompanied by an application fee payable to the city or town
9 based on population as follows: for cities and towns up to fifty
10 thousand population, the fee shall be two thousand five hun-
11 dred dollars; for cities and towns from fifty thousand to
12 ninety thousand population, the fee shall be five thousand dol-
13 lars; for cities above ninety thousand population, the fee shall
14 be seven thousand five hundred dollars. A licensee, serving
15 more than two hundred and fifty subscribers, shall on or be-
16 fore March fifteenth of each year, pay to the commonwealth
17 a license fee equal to eighty cents per subscriber and to the
18 issuing authority a license fee equal to five percent of gross
19 operating receipts. All such fees paid to the local licensing
20 authority shall be used exclusively for administration and reg-
21 ulation of cable television by the issuing authority and shall
22 be placed in a separate fund for that purpose. In determining
23 a license fee, the number of subscribers served shall be meas-
24 ured as of December thirty-first of the preceding calendar
25 year.



CITY OF CAMBRIDGE

449 BROADWAY, CAMBRIDGE, MASSACHUSETTS 02138 • TEL. 498 9080

CAMBRIDGE PUBLIC LIBRARY

OFFICE OF CABLE TELEVISION

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365
MARCH 10, 1982 ROOM 466 10:30 A.M.

Joseph G. Sakey JS
Cable Commissioner
City of Cambridge
449 Broadway
Cambridge, Massachusetts 02138

I wish to offer some points concerning S365 to support the Act's three major provisions, which are the application fee schedules for Cable licenses by population, annual operating license fee of 5% of gross revenue to be paid to the issuing authority and the eighty cents (\$.80) per subscriber fee paid to the Commonwealth's Cable Commission.

I. The Application Fee Proposed in S365

On the first point, 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.

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

We have also found that the Cable Television Information Center in Washington, D.C., a non-profit and non-partisan organization, recommends \$5,000. - \$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 population levels called for in S365. 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

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

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.

My final and perhaps my most important remarks on the application fee schedules 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 S365 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

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

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 S365

I would like now to turn to the second important part of S365, the annual license fee of 5% of gross revenue.

The Commonwealth presently requires the operator to pay fifty cents (\$.50) per subscriber to the city or town and eighty (\$.80) per subscriber to the Commonwealth itself. (Compare this with the thirty-five cents (\$.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

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

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 per cent 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 per cent 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

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

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 or town'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 per cent 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 S365 be supported in view of

REMARKS FOR PRESENTATION
TO THE
COMMITTEE ON GOVERNMENT REGULATIONS - SENATE BILL - 365

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.

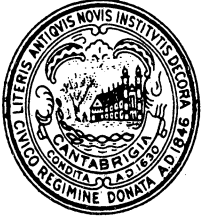
CABLE TELEVISION

A brief review of efforts made by the Advisory Committee and the City in its efforts to involve and educate the citizens to Cable TV.

1 March 1982

1. City Manager's Cable Advisory Committee held over thirty (30) public sessions during its deliberations. The entire study process including the decisions made in the report were all open meetings.
2. The City Manager and Advisory Committee met with all City Department Heads in discussion on Cable TV. This was meeting #1 and held in 1980.
3. A cable brochure written by Advisory Committee was distributed to 10,000 students (arranged by committee member, Oliver Brown).
4. 175 Cambridge citizens, from each section of the City, were interviewed by committee members for a city-wide cable survey.
5. Chairman of the Advisory Committee gave over ten talks to community, civic and church groups on Cable TV: audience total approximate 400.
6. A 16 minute Cable TV film was loaned to over twenty civic groups with over 500 spectators.
7. Cable Seminar by Rice-Richter in cooperation with City Manager & City Department Heads, November 1981.

8. Cable Seminar by Rice-Richter in cooperation with City Manager and private-not for profit human services, health, cultural, arts, etc. Over 150 invitations mailed -- 30 persons in attendance -- November 1981.
9. Cable Seminar by Rice-Richter in cooperation with City Manager and Cambridge Chamber of Commerce for business and industrial leaders. 125 invitations mailed -- 15 in attendance.
10. Chairman of Advisory Committee communicated with approximately 200 citizens via telephone conversations.
11. Cable Seminar by Rice-Richter in cooperation with City Manager for public and citizens of Cambridge February 1982. 150 invitations mailed -- press release to ten newspapers and ten media outlets. 31 in attendance.
12. Rice-Richter city-wide professional telephone survey to 275 randomly selected Cambridge citizens. Cable Survey, February 1982.
13. Wide newspaper & TV coverage on Kalba/Bowen Study & follow-up.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

March 29, 1982

To the Honorable, the City Council:

I am appointing herewith a 17 person Cable Television Advisory Committee to serve the City of Cambridge. This action is taken pursuant to Paragraph 3.02(6) of the State Community Antenna Television Commission's licensing regulations. Names and addresses of the committee members are given in an attachment to this letter.

The seventeen members of the Cable Television Advisory Committee constitute a highly-talented and well-diversified group of citizens.

I have appointed Joseph G. Sakey, Commissioner of Cable TV for the City of Cambridge, Chairman of the Cable Television Advisory Committee. Mr. Sakey's strong background and interest in communications, as well as his demonstrated leadership abilities, qualify him particularly for this function.

My request to the committee is that it move forward on the basis of the following reports:

"A Cable Television Report and Program
for the City of Cambridge, Massachusetts"
September 1980.

"Construction Feasibility Study"
January 1982.

"Economic Feasibility of Municipal
Ownership of Cable TV" to be submitted
in April 1982.

It is my express wish and intention that the Cambridge Cable Television Advisory Committee move forward with vigor and that we reach the initiation-of-licensing process in July 1982.

Enclosed herewith you will find:

CABLE TELEVISION ADVISORY COMMITTEE

CAMBRIDGE, MASSACHUSETTS

| | | |
|------------------------|--------------------------|----------|
| Berge Ayvazian | 12 Arrow Street | 661-2624 |
| * Oliver S. Brown | 159 Thorndike Street | 498-9253 |
| Patrick Centanni | 60 Sixth Street | 547-1955 |
| * Frank Cullen | 55 Boylston Street | 876-0170 |
| * Richard Kelly Fields | 171 Chilton Street | 727-2252 |
| Stan Franzeen | 65 Pleasant Street | 354-2474 |
| George Haddad | 18 Gibson Street | 354-0986 |
| * Gregory W. Hill | 122 Sherman Street | 661-6910 |
| * John B. Hudson | 371 Harvard Street | 868-5463 |
| * Alfred W. LaRosa | 118 Thorndike Street | 868-0374 |
| * John P. McGannon | 56 Chestnut Street | 547-0635 |
| Alida O'Loughlin | 42 Brattle Street | 547-6789 |
| Edward O. Owens | 130 Fawcett Street | 876-2700 |
| Joseph G. Sakey | Cambridge Public Library | 498-9080 |
| Herbert F. Vetter, Jr. | 73 Upland Road | 547-9077 |
| Jane Wainwright | 17 Gray Gardens East | 864-2094 |
| * William F. Zachmann | 70 Chilton Street | 661-1773 |

* Members of the first advisory committee

To the City Council (cont.)

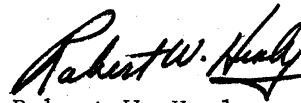
March 29, 1982

1. U.S. Senate - Cable TV Bill on Municipal Ownership.
New York Times 8 March 1982.
2. Massachusetts Senate Bill No. 365 - An Act relative to
Cable TV systems:
 - a. \$7,500. application fee for cities over 90,000
population.
 - b. 5% of gross revenues to issuing authority.
3. A memorandum on efforts made by the City to date to
educate the public to Cable Television issues.

I extend both my thanks to the committee for its volunteer service in this area of great significance to Cambridge, and my best wishes for its success. The road will not be an easy one, and the Executive Department will stand ready to provide assistance in any way possible.

Mr. Sakey intends to contact the committee in the near future to arrange an initial meeting.

Very truly yours,



Robert W. Healy
City Manager

RWH/b

Agenda Item Number Two

A-49

Re: appointment of a 17-person Cable Television
Advisory Committee.

In City Council,

March 29, 1982

3/29/82

- Placed
ON
FILE -