

October 17, 2014

Re: UPDATE
Amendment to the Intergovernmental Cable CATV Agreement
Of the Intergovernmental Cable Communications Authority

Dear City Managers, Mayors and City Council/Commissioners:

As you are aware, the ICCA has been in place for in excess of 30 years. As a Cable Authority authorized by its member communities, the ICCA has had a spectacular record of providing outstanding service to a large portion of Oakland County. However, as stellar as this record may be, the future of the ICCA is in jeopardy. Let me explain.

100% of our operations have been funded by grant monies provided by the cable companies at the inception of the franchise agreements, however, the fund balance for operations is now becoming low.

The ICCA is at a point where we need member communities to provide a funding mechanism in order to continue our operations. Without such funding, the ICCA would be forced to discontinue its oversight duties, as there is no other funding source.

Recently, the ICCA convened a committee to review this issue and to help establish a reasonable baseline to fund the operations of the ICCA into the future. In doing so, many models, indexes and demographic issues will be reviewed in an effort to assure you (our members) that the funding would be fair and equitable to large and small communities.

On September 10, 2014 you received a copy of our initial letter with the then proposed annual membership fee for each community. On October 15, 2014, the City Managers of Rochester and Pleasant Ridge attended the ICCA meeting and requested a revision to the annual membership fee. Their requested revision is to set a lower base for each community with the balance of the membership fee being allocated based on population and franchise fees. That revised schedule is contained herein. The ICCA voted unanimously to adopt this formula and now request that your communities do likewise.

The current Intergovernmental Cable TV Agreement provides as follows:

“F. Payments to Authority – Pay to the Authority a proportionate share of such amount, if any, required by the Authority to enable the Authority to meet its

operating costs and expenses; provided, however, it is the intent of the Parties, and shall be the intent of the Authority, that the Authority's operating costs and expenses, to the greatest extent possible, be paid by the franchisee. For purposes of this section, a Member's "proportionate share", prior to construction of the System, shall be equal to the ratio which such Member's number of dwelling units bears to the total number of dwelling units of all Members based on 1980 census figures of the Oakland County Planning Division, and subsequent to construction of the System, shall be equal to the ratio which such Member's number of subscribers bears to the total number of subscribers of all Members."

At the meeting held last year, this was discussed with managers and cable representatives of each community at which time requests for consideration of a different method of compensation was made to the ICCA. In response to that request, the following revision was suggested:

"F. Payments to Authority- Pay to the Authority a membership fee to enable the Authority to meet its operating costs and expenses. The fee will be established by the ICCA Board of Directors and approved by each member community. The fee will be due annually on December 31 of each year. It shall be the policy of the Intergovernmental Cable Communications Authority to report to each community the level of unassigned fund balance at the end of each yearly operating cycle, as determined by outside audit counsel. The ICCA will be required to convey all audit information to each member community within 30 days of audit approval. The Authority will seek to maintain a level of fund balance sufficient for operations as per the recommendation of audit counsel, however, not more than 125% of annual audited operations. Changes in membership fees shall be based upon the currently adopted fee schedule for each member community. Annual increases, if necessary,

shall be no higher than the annual rate of inflation as measured by the Consumers Price Index provided for property tax calculations or 3%, whichever is less.

UPDATED ANNUAL MEMBERSHIP FEE

ICCA MEMBER COMMUNITY	AVERAGE OF 2011 FRANCHISE FEE AND POPULATION	BASE FEE	Annual Membership Fee
Auburn Hills	1,340	1,000	2,340
Berkley	1,050	1,000	2,050
Clawson	760	1,000	1,760
Ferndale	1,240	1,000	2,240
Hunt Woods	480	1,000	1,480
Oakland Twp	1,050	1,000	2,050
Pleasant Ridge	190	1,000	1,190
Rochester	860	1,000	1,860
Rochester Hills	4,300	1,000	5,300
Royal Oak	3,910	1,000	4,910
Troy	3,920	1,000	4,920
TOTAL FEE	19,100	11,000	30,100

Membership fee will be due by December 31, 2014 and each December 31st thereafter to fund the ICCA Authority.

We are making this request at this time so that you may include an appropriation in the first budget period beginning after December 31, 2014.

A little background:

The Intergovernmental Cable Communications Authority (ICCA) began operation on July 20, 1981. The background regarding the creation of the Authority is set forth in the Intergovernmental Agreement.

“The Parties, being authorized by law to enter into agreements providing for mutual cooperation for the purpose of obtaining mutual benefits and a desire to enter into such an agreement regarding the franchising of a cable communications system. It is the specific purpose of the Parties to provide, for the respective residents and areas represented by them, the most technologically advanced system of cable

communication at the lowest reasonable cost to subscribers. The Parties desire to implement such purpose by the creation of an area cable communications authority whereby the parties constitute themselves into a single cable communications market to be served by a single franchise.

Accordingly, the parties agreed to the creation and establishment of an Area Cable Communication Authority for the administration and oversight of the cable providers.”

The 11 member communities (listed on this letterhead) have benefited greatly by the ICCA. For 30 years the Authority has provided management oversight of the franchise agreements. In doing so, the ICCA has been successful in assuring our elected officials and residents that payments and credits due our member cities and customers are returned in a timely fashion. A few examples are listed on the attached spreadsheet that exemplify the work effort of the ICCA.

On a day-to-day basis, the ICCA monitors the administration of cable franchise contracts with Comcast, Wide Open West, AT&T, and without public access provider, Community Media Network (CMN). The ICCA coordinates assistance from the various providers for the public events held in each of our communities as well as responds to complaints by our citizens with respect to cable television services. We have been active with other municipal organizations in lobbying for changes to the Michigan Uniform Franchise Act as well as being responsive to the Michigan Public Service Commission with respect to the experiences of our member communities.

The Authority is charged with conducting audits of the signal strength, clarity and noise to signal ratios and other industry standards to insure the best practices are used in allowing the best quality picture to come to each individual household. The ICCA was instrumental in the development and implementation of a (CPO) Consumer Protection Ordinance that helped define standards of customer service that were expected from our Cable Providers including standards for notifying our residents of changes in service or billing. This ordinance was adopted by all 11 member communities and saved thousands of dollars in legal fees for its development. Once again we are undertaking a franchise and PEG fee review of three (3) cable providers to check if there are any under-payments since the last review.

Summary to date

No monetary contributions have been sought or received by any of the member communities for the operation of the ICCA in the past 33 years. The ICCA has had a long history of providing high quality oversight to you. These developments at state level pertaining to franchising have left communities more vulnerable than ever before. We believe that a strong Cable Authority is critical in providing quality cable services to our citizens.

The ICCA has a very small operating budget primarily for legal services and audit purposes. We have no salaries and no overhead and generally meet once a month. The current audited fund balance is \$32,523 as of December 31, 2013. This will be enough operation for approximately two (2) years, however, the ICCA will be utilizing a sizeable portion of these

remaining monies for the cable providers to determine whether each provider provided the proper reimbursement to the member cities through the franchise agreements.

The ICCA Board, therefore, requests that you adopt the attached Amendment to the Intergovernmental Cable CATV Agreement which will provide that a membership fee shall be payable by each community to the Authority so it will be able to meet its operating cost and expenses.

If you need additional information, please do not hesitate to let us know. We will be more than happy to provide packets to all of your counsel/Commission/Board of Trustees, if desired. We have attached a Resolution for your review and approval for your governing body. We are hoping that the Resolution and Continuation Agreement can be presented and accepted by all member communities by December 31, 2014.

Very truly yours,

Cindy Stewart

Cindy Stewart,
Chairman, ICCA

RESOLUTION

Moved By _____ Supported By _____

WHEREAS, the ICCA deems it necessary to amend its Intergovernmental CATV Agreement to reflect a needed change in Section VI. Responsibilities of Members subparagraph F. Payments to Authority.

NOW, THEREFORE, IT IS HEREBY MOVED that the ICCA does hereby approve of the Amendment to its Intergovernmental CATV Agreement, Section VI. Responsibilities of Members, subparagraph F. Payments to Authority, a copy of said Amendment being attached hereto, and incorporated herein by reference.

AYES: _____

NAYES: _____

ABSENT: _____

PRESENT: _____

AMENDMENT TO INTERGOVERNMENTAL CATV AGREEMENT

THIS AMENDATORY AGREEMENT is made this _____ day of _____, 2014, by and between and among the municipalities and other political subdivisions of the State of Michigan (hereinafter “Parties” or “Members”) who are or who become signatures hereto.

W I T N E S S E T H:

WHEREAS, the parties hereto did on _____ enter into an Intergovernmental CATV Agreement; and,

WHEREAS, pursuant to the terms of Article XVI. Amendments of said Agreement, the parties specifically retained the right to modify said Agreement; and,

WHEREAS, the parties presently desire to modify and amend the original Intergovernmental CATV Agreement as is hereinafter set forth;

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

“VI. Responsibilities of Members -

F. Payments to Authority- Pay to the Authority a membership fee to enable the Authority to meet its operating costs and expenses. The fee will be established by the ICCA Board of Directors and approved by each member community. The fee will be due annually on December 31 of each year. It shall be the policy of the Intergovernmental Cable Communications Authority to report to each community the level of unassigned fund balance at the end of each yearly operating cycle, as determined by outside audit counsel. The ICCA will be required to convey all audit information to each member community within 30 days of audit approval. The Authority will seek to maintain a level of fund balance sufficient for operations as per the recommendation of audit counsel, however, not more than 125% of annual audited operations. Changes in

membership fees shall be based upon the currently adopted fee schedule for each member community. Annual increases, if necessary, shall be no higher than the annual rate of inflation as measured by the Consumers Price Index provided for property tax calculations or 3%, whichever is less.

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All other provisions contained in the original Intergovernmental CATV Agreement dated _____, including all amendments, are hereby affirmed and the parties hereto have executed this Agreement as of the day and year first written above.

In the Presence of:

CITY OF _____

By: _____
 Its: _____