



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2006-0257

TO: Mayor and City Council Members
FROM: James Rosen, Mayor Pro Tem
DATE: April 5, 2006
SUBJECT: Resolution of Opposition - HB 5898 & SB 1157 Franchise Fees

REQUEST:

Adoption of a Resolution Expressing Support of Local Control of Cable Franchising and Opposition to Michigan House Bill 5895 and Senate Bill 1157.

BACKGROUND:

The Michigan Municipal League provided the following information regarding House Bill 5895 and Senate Bill 1157: *“A bill to provide for state authority to provide cable and video services; to provide for competition in providing cable and video services; and to prescribe the powers and duties of certain state and local agencies and officials.”*

- **Local Control Eliminated:** The elimination of local cable franchising and will require the Secretary of State to grant a statewide franchise, thus resulting in a huge state bureaucracy.
- **Local Communities are Not a Barrier to AT&T:** AT&T is blaming local communities as the reason they cannot enter into the cable business. While every local community and local residents want more cable competition and would quickly allow AT&T into their community, AT&T has refused to negotiate a franchise with any city, village or township.
- **Local Residents Will Lose Current Cable Service:** Allows any cable, or video provider to stop serving any area in a city, village or township based on out-of-state corporate economic decisions. Current law guarantees service to all local residents. We will have communities where cable and phone companies will turn off service to neighborhoods because they are not profitable, basically “cherry-picking” and “redlining” neighborhoods.
- **No “Build Out” Requirement Guarantees Discrimination:** Current law guarantees build-out requirements. AT&T is refusing to negotiate with local communities so they can change the state law to allow them to discriminate against low-value residents. AT&T told their investors that they were going to serve 90% of high-value residents, and only up to 5% of low-value residents, which are generally senior citizens, low/medium income families, minorities, and rural residents.
- **Local Economic Development Guarantees Squashed:** Business owners, developers, and residents view broadband access as an essential service. Cable service is one of the primary methods of getting broadband. The local franchise process guarantees access to all residents

and businesses with their boundaries. AT&T wants to eliminate any economic development certainty in communities negotiating this service.

- **Community Revenues Slashed:** Franchise fees will drop 30% immediately, however, when current franchise agreement is terminated they will be eliminated. This is a \$100 million cut to local governments.
- **Public Access Channels:** Public channels (PEG) to schools, cities, villages, and universities are virtually eliminated due to new barriers.
- **Right-of-Ways Management in Jeopardy:** Bills are void of any right-of-way management obligations.

RECOMMENDATION:

That the Rochester Hills City Council opposes House Bill 5895 and Senate Bill 1157 and affirms its support for the current local cable franchise agreement system and urges federal and state policy makers to only support legislation that:

- 1) Maintains local control of the cable franchise process.
- 2) Ensures build-out requirements so that providers are not able to "cherry-pick" customers.
- 3) Preserves local governments' ability to manage the public rights-of-way.
- 4) Ensures no reduction in direct revenues and that Michigan's Metro Act is preserved.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		