

City of Rochester Hills
Mayor's Office and Planning and Development Department

To: **City Council**
Mayor Pat Somerville

From: Ed Anzek

Subject: ICCA Meeting with CMN; June 9, 2005, 1:30pm, at Huntington Woods.

Date: June 15, 2005

The main purpose of this meeting was to discuss the concept of minimum funding for public access television and how that affects the cities' eligibility status in terms of voting as representatives on the CMN Board of Directors and the use privileges by their residents of the Public Access facilities.

Representing CMN was former CMN president Charlie Langton, current CMN president Marty Brennan, CMN attorney Rick Rattner, and Acting CMN Executive Director Jay Wienko. All 11 cities were represented. Jason Dale and myself represented Rochester Hills. ICCA Chairperson Cindy Stewart (Troy) and ICCA attorney Tim Currier, Beier Howlett, spoke for the ICCA. Several "producers" were in attendance but provided little input. Mr. Currier began by acknowledging Jason Dale and reminding each of the communities that they are all indebted to Jason for his diligent efforts in discovering problems with CMN's past practices. Tim then went on to offer that with that being behind them there is a need to move forward. He then reviewed with everyone the proposed contract with CMN and the proposed Amended CMN By-Laws that were being offered for consideration and adoption by the Communities. Mr. Brennan left after about ½ hour after receiving a phone call.

Key subjects included votes (who and how many). As it stands now Troy, Royal Oak, and Rochester Hills are entitled to two votes and the other communities each get one. Jane Bais-DeSessa, City Manager Berkley, "one-for-one" based on their experience with SOCCRA. This discussion prompted a few present to demonstrate that the three communities could not "control" the votes of the eleven cities. The second side of the voting question is who gets to vote? Those that pay all (1%), those that pay a portion, those that pay a nominal fee, or those that pay nothing.

After a long debate it was finally put on the floor that a minimal amount (to ensure a community's vote) should be established based on what it takes to support the CMN program on a pro-rated basis (population). Based on the recent RFP that was submitted by CMN, the core figure was announced at \$325,000 to provide a basic program. Mr. Wienko and Mr. Rattner quickly added that the \$325,000 did not include many things and that a better figure would be \$385,000 to which Mr. Rattner added "better make it \$400,000". It was also offered that the communities could request less service than the \$325,000 offered and reduce the proposed costs. At any rate and after more discussion it was calculated that each community needs to pay around 75% of their 1%. The 0.75% equates to our share being around \$85,000 annually (.75 x \$114,000). The basis for debate as to how to measure included population, cable subscribers, and users of the programs.

No consensus was reached among the 11 cities in the ICCA consortium regarding minimum funding and the basis for calculation. For example, Auburn Hills feels the cities with the largest number of cable subscribers should pay the most. Pleasant Ridge offered that it should be based on total population of each city. Neither community showed an interest in considering documented resident usage of public access. It was suggested by one community that every home which has cable is a public access "customer" much like every person in a city is a customer of the fire department even if they do not use fire protection service; however, many present did not believe the two services are comparable.

Without clear unanimity the discussion continued as though population would be the beginning basis for calculations. It was also quickly added that for each community that does not participate the percentage portion increases for those that do. To that end, the City of Rochester Hills' percentage could only go up (Clawson, Pleasant Ridge and Huntington Woods have all gone on record to contribute nothing.)

The key discussion surrounding the By-laws focused on "who" can be a member of the CMN Board of Directors. Art. 4, Sec 3. Qualifications for the ICCA members of the Board of Directors, subsection b) contains a statement with 3 disqualifying positions. The first being the appointee to the board cannot be a City Manager or Township Supervisor; the second being the appointee cannot be a community Representative to ICCA, and the third being that the Director cannot be specifically employed in the area of government or educational channels for the community that appoints them. The fundamental direction argued by the City Manager of Berkley was that all of these qualifiers should be eliminated and the participating communities should be entitled to select whomever they choose without the CMN By-Laws tying the hands of the communities. This seemed to be very clear direction without debate.

Another issue discussed at length was the seemingly high amount of Fund Balance. Mr. Wienko would state no specific number. He would only offer that it was around \$340,000. He added that the fund balance was to be used to buy new equipment over a three-year period (A Capital Replacement Plan). The Plan calls for \$160,000 in the first year and \$60,000 in the next 2 years (a \$280,000 expense leaving about \$60,000 to support operations if necessary or to subsidize on-going operations over the next three years). Mr. Currier added that should CMN not be the contracted provider of Public Access the new contract calls for the equipment to be returned to the communities. A question of equipment compatibility was raised but quickly dismissed due to most believing that because of the vast array of equipment there could never be a plan to buy compatible equipment to what each community now uses.

More discussion focused on the minimal amount of funding for communities to participate. Participation includes representation on the CMN Board of Directors and residents being able to use the Public Access facilities. As the hour drew toward 4:00 pm it was stated by several of the communities that their budgets were done for the year and they were not going to provide any additional monies to CMN. It appears that Rochester Hills and Royal Oak might be the only communities with monies budgeted for 2005 of a sufficient amount to enable CMN to continue in this general level of service that \$325,000 can support.

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Cindy Stewart asked of me what Rochester Hills' position was. I stated that I thought our City Council was not inclined to provide the full 1% due to what they have learned about the mismanagement of the program but more importantly that the other communities were not paying their full 1%. I added that we have been paying the full 1% and could argue that a significant portion of the excessive fund balance should be returned to Rochester Hills. I further added that I did not think our City Council was willing to subsidize at a disproportionate amount the operations of CMN. I also stated that I thought our City Council would be interested in seeing a commitment by CMN to use their fund balance to fund operations and not capital replacement.

The meeting was brought to a close with the understanding that Tim Currier will prepare new language for the Board of Directors qualifications and that some calculations will be prepared demonstrating what each communities minimal amount would be. It was suggested that a new meeting would be called in a few weeks.

Summary

Staff respectfully requests the City Council's input and direction regarding the primary issue of funding and to what level. We have been advised that Troy prefers the ½ of the 1% and that Royal Oak is willing to go along with this level provided we are. Troy, Royal Oak and Rochester Hills are the three largest communities and collectively the full 1% would equate to about \$350,000. We have also heard that some communities would prefer to see the fund balance drawn down and the purchase of equipment deferred until CMN reestablishes themselves as a quality service provider.

Staff will look forward to the discussion Wednesday evening in order that we advise the other members of the ICCA as where we stand and at what level we might provide financial support, 1%, CMN suggested ¾ of 1%, Troy and Royal Oak suggestion of ½ of the 1%, or less and a suggestion that the fund balance be used to sustain a minimal level of service with a reevaluation at some time in the future.

cc: Jason Dale

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