

**COMMITTEE ON ADMINISTRATION/
INFORMATION SYSTEMS**

July 30, 1996

6:15 PM

Chairman Pariseau called the meeting to order.

The Clerk called the roll.

PRESENT: Ald. Pariseau, Sysyn, Shea

ABSENT: Ald. Elise, Hirschmann

MESSRS.: T. O'Rourke, Assistant Solicitor Arnold

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to enter into non-public session for the purpose of discussing an application for a license to operate a taxicab.

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to re-enter into public session.

Chairman Pariseau addressed item 5 of the agenda:

Presentation to be made by Thomas O'Rourke, Continental Cablevision, relative to the transfer application of control of Continental's cable television franchise to US WEST, Inc., and inquiring as to the City's intended process and schedule for acting on approval prior to transfer.

(Note: Copy of transfer application previously forwarded to Committee members and communication from School Superintendent Bernard enclosed.)

Mr. O'Rourke stated he wanted to provide a couple of points of information; that in February of 1996 Continental announced a proposed merger with US WEST, Inc. which was the regional bell operating company which served 14 Rocky Mountain states with telephone service noting it represented the largest merger of telephone operator with a cable operator which they were very excited about and if they were familiar with other telecommunications merger (i.e., Bell Atlantic and NYNEX) it was not uncommon for companies such as their to be joining forces with others; that on May 1st a transfer application had been submitted to the City which included all of the information which was necessary for the City to render a decision regarding the transfer of control of the franchise agreement; that with the merger would be a transfer of control of the agreement, it was

not the sale of the agreement and thought it was important to note that all of the Continental Cablevision subsidiaries of which Continental Cablevision of Manchester was one remained in place; that all of the folks the City had worked with in the past remained in place with the exception of one the General Manager, Mary Colletti who had recently accepted an exciting opportunity outside of the company leading up a cable TV operation in the country of Portugal; that effective August 1st she would be moving over there and would be wiring the entire country for voice, video and data telecommunications services; that they submitted and materials and requested to attend a meeting to answer any questions which might have arisen; that there was a 120 day timeframe from the May 1st announcement; that federal law permitted a municipality, town or city 120 days to act on the application for transfer of control of the franchise agreement noting he was happy to be given the opportunity to come in and see if there were any questions and/or concerns which they could address with respect to the merger; that the 120 day clock which would stop its ticking on August 28th reiterated they were here this evening to talk about the merger, to urge the City to approve the transfer, and to answer any questions there might be; that a couple of major points for what the transfer of the control of the franchise meant for Continental Cablevision of Manchester and for the City; that all of their New Hampshire employees would remain in place, everyone currently working in the customer service, technical, and operations positions would remain in place; that US WEST had agreed and committed to uphold and honor all conditions and elements of all of Continental Cablevision's franchise agreement, so the agreement with the City of Manchester would continue to be honored and in many cases exceeded which they were very happy to report because in other mergers that was not the case, but US WEST had made it very clear that they were committed to honoring everything that Continental, historically had committed to; that they thought that the merger represented a lot of opportunity as far as technological development and also economic development; that they could foresee that the partnership with a telephone provider would facilitate their entry into new areas of business such as telephone service, high speed data service, and they could also foresee that they would need to bring in a lot more employees in New Hampshire to manage those services, to do the installations, to do the repair work, to handle the order taking so they thought that it represented a great thing; that Continental had recently invested quite a bit of money in their Manchester operation with the creation of a digital hub facility and had also consolidated three of their systems which were now based in the City of Manchester; that they had been here two years as Continental noting they previously had many of the folks who were with them from United Cable and were glad to be in Manchester indicating they would be for a long time to come.

Chairman Pariseau stated part of the package received with the agenda was a letter that the School Superintendent Bernard sent relative to the receipt of a signed maintenance agreement for the 16.4 fiber optic municipal institutional network and asked if we had it and if not, asked why not and when would the City get it.

Mr. O'Rourke stated he had not seen a copy of the letter but noted he had been working with the City Solicitor's Office and had faxed over last week the most recent draft of the maintenance agreement; that it was their intention to go ahead and work with the Solicitor's Office and to come to an agreement with them and would commit to signing it prior to the transfer going through.

Chairman Pariseau stated it was not a sale to US WEST but rather a transfer.

Mr. O'Rourke stated there were two different things happening; that one was of the companies merging so in some way it was a sale, however, the Continental management remained in place from their Chairman and CEO Amos Hockstedter right down through their local.

Chairman Pariseau stated he had been looking at the contract currently in place with Continental Cable and the City.

Mr. O'Rourke stated the control of that license or document was transferred from Continental to US WEST.

Chairman Pariseau asked what would happen if the City did not approve it.

Mr. O'Rourke replied that in the event that the 120 day clock stopped ticking as of August 28th and the City had not taken any decision to render a final decision, the approval would be deemed granted which was one of the reasons why he and Linda were travelling around the State of New Hampshire and some of the communities they served in Maine and talking with the franchising authorities to see if there were any issues such as the one pointed out with the maintenance agreement which would need be resolved in order for it to go through in order to make everyone comfortable with the transfer.

Chairman Pariseau stated as part of the FY97 budget the Mayor had proposed an increase in cable profits back to the City and asked if that could happen with the transfer.

Mr. O'Rourke replied it could not because in order to accomplish an increase in the franchise fee which he thought was what Chairman Pariseau was referring to the Mayor had suggested that in order to realize some additional revenues for the City their franchise fee be increased from four percent where it was currently to five percent; that in order to do that they would need to negotiate an amendment to the existing contract, the existing franchise agreement; that the transfer process was an

opportunity to transfer control of one existing document from one company or name (Continental) to US WEST noting they were not proposing amendments at this time but would be happy to address in the future.

Chairman Pariseau noting Continental was not proposing it asked what if the City were to.

Mr. O'Rourke replied it would be something he would be happy to address in the future, but would not want to introduce an amendment to coincide with the transfer process as they were two separate issues which they wanted to keep separate.

Ald. Shea asked if the timing for introducing an amendment after the August 28th date was what Mr. O'Rourke was suggesting.

Mr. O'Rourke stated they could address it after August 28th and was not suggesting it was a good thing for the City, but it was something that could be addressed after that date noting if the Committee wished he could comment on why he did not think it would be appropriate.

Chairman Pariseau stated he had thought they could perhaps work out a deal as Continental was looking for the City's approval to do what they wanted and the City would try to get what they wanted.

Mr. O'Rourke stated that was something they had been encountering in many of the municipalities they visit, but wanted to reinforce that their position was that the issues were separate noting they were merely interested in transferring the control of the franchise at this time; that the materials they submitted with their transfer application gave a lot of information on the financial, technical, and legal qualifications of US WEST to assume control of the franchise noting that was what this was all about; that it was about US WEST's ability and qualifications to assume control of the existing agreement and it was not about changing conditions.

Chairman Pariseau asked why it was necessary to redo the City's resolution.

Mr. O'Rourke stated the resolution was for two things; that the existing franchise required the City's approval in association with a significant change in control of ownership or change of control of the franchise agreement which was something that those who drafted the agreement thought it was an important element to have in there; that it also served as a written document.

Chairman Pariseau asked Assistant Solicitor Arnold opinion of the merger and asked if they could twist arms and increase the City's portion.

Assistant Solicitor Arnold stated the agreement called for the City to approve such a transfer noting that the contract says "such approval shall not be unreasonably withheld" and thought they could probably argue all night whether trying to tie an increase in the franchise fee to the approval was reasonable or not is what the contract stated.

Ald. Sysyn asked how long was the franchise agreement for.

Assistant Solicitor Arnold believed it was an 10-year agreement which would expire in the year July 8, 2000.

Mr. O'Rourke stated the window for negotiating for a renewal franchise typically began 36 months prior to the expiration date, so the City would be approaching a period where there would be an opportunity to significantly alter, if necessary, and to renegotiate the conditions of the current agreement.

Ald. Shea asked if the four percent franchise fee been in existence for the length of the contract since 1990 or had it been renegotiated upwards or downwards.

Mr. O'Rourke stated since the inception of the document which he was not initially around for was a license they had inherited from United Cable noting it was his understanding that it had always been there.

Ms. Gombar stated it had started in July 1990 and as part of negotiations it was suggested they not enter into a 10-year contract but rather a 5-year and because of the cable industry and telecommunications industry changing too rapidly brought up one item which a lot of people had discussed back then during the 2-year negotiations process which was if the rates were raised, it would come out of the consumers pocketbooks noting that was always the final person who paid it and thought there was a window of opportunity with other corporations getting into the telecommunications industry the phone company and Northeast Utilities was getting into the business noted that was where they should be looking for additional revenue.

Chairman Pariseau recessed the meeting in order to view a video in the Aldermanic Chambers regarding US WEST.

Chairman Pariseau called the meeting back to order.

Mr. O'Rourke stated he was happy to read in **The Union Leader** today that US WEST was on track noting there had been some questions as to the financial obligations or arrangements regarding the transfer and stock prices and wanted to let the Committee know that everything that Continental and US WEST were committed to was to making the deal happen; that it was their intention to have the deal completed by year-end 1996; that they had developed some great relationships at US WEST, things had been going smoothly and had been receiving the approvals from

municipalities they had been visiting across the country and contrary to what may have been reported on television or in other newspapers noted the deal was going through, they were on track and the merger would be completed by year-end.

Assistant Solicitor Arnold noted that the federal law calls for the City to provide an answer within 120 days with the contract calling for 90 days and wondered if they could mutually agree otherwise that it will answer within the 120 days.

Mr. O'Rourke replied that that was fine with them; that the City may have received some of the material a little late because there was some confusion over the mailing and reiterated August 28th was the date; that the Massachusetts Cable Television Commission had appointed a fellow Charles Beard as Special Magistrate to take a look at the binders they had submitted as well as the financial, legal and technical qualifications noting Mr. Beard had issued a report after having done some investigation on the transfer of control and US WEST's ability to assume control and was something he could share with other members of the Board and the Solicitor's Office if they were interested in seeing it.

On motion of Ald. Sysyn, duly seconded by Ald. Shea, it was voted to recommend approval of the transfer of ownership, subject to the receipt of the 16.4 fiber optic municipal institutional network maintenance agreement.

Chairman Pariseau addressed item 6 of the agenda:

Ratify and confirm poll conducted June 25, 1996 relative to a request from the Director of Parks, Recreation, and Cemetery that the fee for a fair license by those vendors attending the annual fireworks display on July 3rd be waived.

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to ratify and confirm the poll conducted.

Chairman Pariseau addressed item 7 of the agenda:

Communication from Leo Bernier, City Clerk, submitting an amendment to Sec. 17 3/4-7 Department authorized to issue citations and seeking the Board's approval that such authority be granted to the City Clerk Office.

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to recommend approval of the ordinance and that it be referred to the Committee on Bills on Second Reading for technical review.

Chairman Pariseau addressed item 8 of the agenda:

Communication from Deputy City Clerk Bergeron and Assistant City Solicitor Arnold submitting recommended changes to Chapter 27 Weights and Measures.

On motion of Ald. Sysyn, duly seconded by Ald. Shea, it was voted to recommend that the ordinance be deleted in its entirety.

Chairman Pariseau addressed item 9 of the agenda:

Communication from Deputy City Clerk Bergeron, relative to reduced or waived license fees for Nonprofits.

Clerk Bernier stated over the last several weeks many calls had been received by nonprofit organizations relative to the Sesquicentennial Committee and planned events; that when talking about nonprofits, those organizations not holding property should perhaps be exempted such as the Little Leagues, however, an organization such as OPTIMA should perhaps pay or say a penny sale at Memorial High School, but anyone who owned property should not be exempt.

On motion of Ald. Sysyn, duly seconded by Ald. Shea, it was voted to recommend approval and refer to the Committee on Bills on Second Reading for ordinance preparation.

Chairman Pariseau addressed item 10 of the agenda:

Communication from Chief Favreau recommending an increase in Animal Shelter fees.

On motion of Ald. Sysyn, duly seconded by Ald. Shea, it was voted to recommend approval and refer to the Committee on Bills on Second Reading for ordinance preparation.

Chairman Pariseau addressed item 11 of the agenda:

Communication from Julien Olivier, Francofest '96, requesting permission to place several banners in public places of the City to include at least one banner across a Downtown street.

On motion of Ald. Sysyn, duly seconded by Ald. Shea, it was voted to recommend approval for the placement of a banner on Hanover Street as well as a few other areas, subject to the review by the Building Department and Risk Management.

TABLED ITEMS

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to remove the following item from the table for discussion.

Communication from Continental Cablevision regarding a change in programming in the Manchester area.
(Tabled 5/21/96)

On motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to receive and file the communication from Continental Cablevision.

Discussion relative to the establishment of a Board of Directors for Channel 40 as governed by the Continental Cablevision contract.
(Tabled 4/16/96)

This item remained on the table.

NEW BUSINESS

Chairman Pariseau in reference to a copy of a letter he received from the Tax Collector praising Mr. Tony Shaffer of the Information Systems Department for his programming of the City's Municipal Agency Program requested that a letter be forwarded to Mr. Shaffer.

There being no further business to come before the Committee on Administration/Information Systems, on motion of Ald. Shea, duly seconded by Ald. Sysyn, it was voted to adjourn.

A True Record. Attest.

Leo R. Bernier
Clerk of Committee