

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

December 2, 1997

6:00 PM

Chairman Pariseau called the meeting to order.

The Clerk called the roll.

Present: Aldermen Pariseau, Elise, Sysyn, Shea, Hirschmann

Messrs.: Alderman Reiniger, Matt Normand, Armand Gaudreault,
Leon LaFreniere, Tom O'Rourke

On motion of Alderman Hirschmann, duly seconded by Alderman Elise, it was voted to enter into non-public session under the provisions of RSA-91:A-3 Paragraph 2 (c) to discuss the denial of licenses to operate taxicabs.

On motion of Alderman Shea, duly seconded by Alderman Elise, it was voted to re-enter public session.

On motion of Alderman Sysyn, duly seconded by Alderman Elise, it was voted to permit the issuance of a license to operate a taxicab to Mark Hannemann pending the results of the drug testing.

On motion of Alderman Sysyn, duly seconded by Alderman Elise, it was voted to permit the issuance of a license to operate a taxicab to Rauland Heman for a 6-month probationary period.

Due to the absence of Shawn Ramos and Lorraine Sullivan, the Committee took no action.

Chairman Pariseau addressed item 5 of the agenda:

Communication from Alderman Reiniger recommending that Section 150.01 of the Housing Code Ordinance, Chapter 150, of the Code of Ordinances of the City of Manchester be amended by deleting paragraph (A) (2).

Alderman Reiniger asked if he could address the Committee informing them of how this all came about.

Chairman Pariseau acknowledged Alderman Reiniger's request.

Alderman Reiniger stated this is a constituent of mine who owns a two-family on Chestnut and he called last summer citing a fairness issue and thought it should be taken into consideration; that his building had been inspected with no violations, was an excellent property, and was not trying to avoid anything; that his neighbor did not have to go through any of the inspections and called the office asking why he did and his neighbor did not have too noting he had no complaints against any City officials; that if he had owned his building continually since 1986 then the would be exempt and he thought that was kind of a strange provision and I'll just tell you that Mr. Kleinschmidt has owned his building since 1972 and he lived there for 15 years then he left and rented his two units and lived elsewhere and then came back two years ago to live, so he has lived there for many, many years and it just happens that his neighbor never left to rent and has been there since 1986, so it seems like a very odd circumstance in the law and I know that in my area of the City, many areas of the City I can walk down streets and point to homes that are owner-occupied during a campaign and the house next to it that's falling apart is not owner-occupied, so I think this is an attempt to address that issue and also address the fairness issue that this gentleman brought forward.

Alderman Sysyn asked is it because in 1986 is when the law came in and that the other guy is grandfathered.

Mr. Gaudreault replied I guess that is what happened, I guess at the time they put this in to help pass the ordinance, for one thing because it mostly came from the Aldermen on the west side that wanted this exception and I think it was put it basically for helping to pass the ordinance at the time and they were hoping that the thing would die out after a while.

Chairman Pariseau stated I don't want to put you on the spot, but what do you think about this request.

Mr. Gaudreault replied I think it's something we'd have to look at. I pulled out a few that were owner-occupied, multi-families and they were sold and when they're sold we go in and inspect them and some of them had have up to a hundred violations like handrails, storm windows, smoke detectors missing. I've pulled out

several and they all had some wiring hanging and a cellar full of debris and those were owner-occupied at one time, but were sold and that's the only way we can see them because we didn't get into them when they were owner-occupied, but evidently that is the way they were.

Chairman Pariseau stated if something is owner-occupied and it's sold and the new buyers rent the two units then Building goes in to inspect it.

Mr. Gaudreault stated once it is sold they need a certificate of compliance for the building.

Chairman Pariseau stated even if I were to live there.

Mr. Gaudreault replied yes.

Alderman Shea stated he did not have to have a certificate of compliance for the 15 years that he lived in the residence correct from 1970 to 1985.

Alderman Reiniger stated that was prior to before the law went into effect.

Alderman Shea stated my concern is if this were to go into effect it would mean that a six-year period before the certificate of compliance would apply to certain dwellings now. In other words, if someone were to occupy a 12-unit type of structure and he would not have to pay either.

Mr. Gaudreault replied if somebody was to buy a 12-unit and was to live there with owner-occupied if you change anything and you change it to that, it wouldn't be inspected until it was sold.

Alderman Sysyn stated that is not right. My brother lives in a five apartment house and it should be inspected like this.

Alderman Hirschmann stated this is for four units or less, correct.

Alderman Reiniger replied in the affirmative.

Mr. Gaudreault stated if you pass it and it's a four-unit and owner-occupied, it does not need to be inspected. The fallacy is that the owner still has to comply with the Housing Code because that is a separate item than a certificate of compliance and the only way we'll get in is when we get a complaint.

Alderman Shea stated that is where there are a lot of problems developing now. How many fees does your department depend on for this.

Mr. Gaudreault replied I don't know what I could come up with for fees, but there are quite a few of these buildings around, I'd say probably fifty, sixty thousand by exempting them. We could figure it out somehow if you wanted. As it is now, the Housing Code Division doesn't carry itself anyway, it's the Building Division that carries the Housing Division.

Alderman Shea stated this circumstance is different, but nothing would prevent someone from moving into a particular residence, establishing a particular residency and for whatever reason decide they're going to move out.

Mr. Gaudreault stated unless we could get the transfer, then we wouldn't know that he moved out.

Alderman Elise stated in this particular case, we're not talking about a 12-family and I know that a lot of people like myself have two-families and actually the whole house is our home and it may be advantageous in terms of owner-occupancy to continue inspections but not have the fee for either the whole building or the owner-occupancy and I'm just talking about the smaller buildings because it's manageable. In terms of having inspection you can still go into the buildings, you'd still be getting the fee for the other apartments, etc..

Chairman Pariseau suggested this item be referred to the Building Commissioner for his review relative to not charging for owner-occupied portion, but the other portion and see if something could be done.

Alderman Sysyn stated you're going to open up a can of worms if you let this go through.

Alderman Shea stated his understanding is that right now a person who lives in a residence for six years continuously does not have to have a certificate of compliance, is that correct.

Mr. Gaudreault replied no. What happens right now is if it is an owner-occupied after 1986 he needs a certificate of compliance every three years and he's inspected every three years.

Alderman Shea stated there is no limitation, if he were to live in it for a particular period of time say six years or ten years he could still not get out of the certificate of compliance, I think that part should be examined. I would say that is unjust, there should be a certain period of time beyond which he doesn't have to have a certificate of compliance if he lives in that continuously.

Mr. Gaudreault stated that was up to the Aldermen, I'd like to know what you'd like me to look at and report back though. If you're looking at one exempting two families from a certificate, are you looking at exempting only the owner's apartment or are you looking at four and under. I need to know what you want me to look at.

Chairman Pariseau replied look at the owner-occupied portion, exempt that from the ordinance. Isn't that what you were saying.

Alderman Reiniger stated no.

Alderman Elise stated I was suggesting looking into that, but Alderman Reiniger has a specific constituent concerned.

Alderman Reiniger stated Mr. Kleinschmidt couldn't make it tonight. He's a good landlord and has no argument about the wisdom about having the inspections done, his problem is that he doesn't think it's fair that he's treated differently from his neighbors just because they happen to be there since '86. You can address the inequities in different ways.

Alderman Sysyn stated by the same token, I live on a non-conforming lot, I could never build a house on the lot I have, but I'm grandfathered because the house was there before '65, so that's almost the same situation, I think.

Alderman Reiniger stated there are probably a lot of landlords getting away with no inspections of apartments that are in terrible shape, could be in the inner-city and I don't think we want that just because they've lived there since '86.

Alderman Shea stated I think we should tighten up the rules rather than loosen them up.

Chairman Pariseau stated I've got a problem. I've invited the people from MediaOne here this evening, so we can discuss the situation with the cable rates and we only have another half-an-hour and asked for a motion to refer it to the Building Department to have them look at Alderman Reiniger's request more thoroughly.

Alderman Elise stated it would be more equitable and there are concerns about older buildings not having been inspected, but consider the owner-occupied fee and continue the inspections.

Chairman Pariseau stated then there's a problem if we send people over to inspect that location we're not generating revenues to cover that guys expenses, we had the Building Department spend numerous hours in trying to determine what's a fair rate and now if you're going to go back and say we're going to inspect the owner-occupied units, complete the inspection, but no charge makes no sense.

Mr. Gaudreault stated there is another way to make it equitable if you want to make it equitable which is to take away all the exemptions.

Chairman Pariseau asked, Alderman Reiniger, can I get a motion to receive and file and then you can bring it back next term.

Alderman Reiniger stated I would prefer to send it to the Building Department for them to study it further.

Clerk Bernier suggested this item be tabled.

Chairman Pariseau stated I don't want to table it, refer it to the Building Department and have them bring it back.

On motion of Alderman Hirschmann, duly seconded by Alderman Shea, it was voted to table item 5 and to refer to the Building Department for further review with a report back to Committee.

Alderman Hirschmann stated I thought a good plan would be to induce owner-occupied units to own property in Manchester, how about if you had a 4-family and there was a program where all four got inspected, but did not charge for the inspection of the owner-occupied unit, but charge for the other three.

Mr. Gaudreault stated we can take a look at that.

Alderman Hirschmann stated we get the enforcement and give them a break at the same time.

Mr. Gaudreault stated we can take a look at that because we'd be looking at the common areas anyway.

Alderman Shea asked how much are we talking about.

Alderman Elise replied \$25.00.

Chairman Pariseau addressed item 6 of the agenda:

Communication from Alderman Shea requesting that the issue relative to trash, litter and garbage in neighborhoods be reviewed and report to the Board on suggested solutions.

Alderman Shea stated what I'd like at present is some kind of stiffening of the citations or some kind of penalties...Tim brought up the fact about people that own property that don't live in it and it's in disrepair, but there is a serious problem in terms of garbage and people maintaining a respectable area and right now what happens is if someone doesn't ensure that their garbage is enclosed or in barrels the Highway Department or Health Department gives them a citation, a week goes by and they're given a warning and sometimes it runs six weeks, so I'd like to either increase the fine which is \$25.00 or have these people come to our Committee and say here are the problems we're running into...I've talked to both the Health and Highway Departments and they're saying the same thing.

Chairman Pariseau suggested we invite them to come in and address this issue.

On motion of Alderman Shea, duly seconded by Alderman Sysyn, it was voted to table item 6 at this time and refer to the Health, Highway, Housing Code and whatever other departments might be involved in this matter for review and report back to Committee.

Chairman Pariseau addressed items 7 & 11 of the agenda:

Communication from Susan Eid, Vice President, Corporate Counsel, Media One, regarding franchise renewal proceedings, pursuant to the Cable Communications Policy Act of 1984, Section 626.

Chairman Pariseau stated there was probably no action required at this time on item 7 other than notification that the franchise contract is about due to expire on July 8, 2000.

Chairman Pariseau stated we also wanted to discuss the recent rate increases that MediaOne imposed to the residents of the City a whopping 17 percent, so all of that will be item up in this item number 7.

Chairman Pariseau stated, Tom, I just want to state for the record that the past week has been horrendous. I don't know if it's because I'm Chairman of the Administration Committee or what, but the people of Manchester are upset and they feel that they've been deceive. One week they're told they're getting the three extra channels at no charge and the following ten days we get a 17 percent increase and I don't have an explanation to give these people. So, help us will you.

Mr. O'Rourke stated there are a couple of different issues and in the interest of time, I would like to limit my comments tonight mainly to the area of the rate increase because that is probably the most timely and then perhaps at a later date it might be appropriate for me to come in and address either this Committee or perhaps the full Board to talk about the franchise renewal and that process as well as some of the investments that MediaOne has been making in the City and will continue to make throughout the State. There are a lot of changes going on in technology, in the regulatory landscape and the different services that we as a capable company will be providing. So, I'd like to offer my self as a resource for whatever audience is appropriate to address those future issues, but for tonight I'd like to talk mainly about the rate increase because I think that is the most timely issue. I've prepared some packets of information that I'll share with you and then maybe...I don't know what your schedule is, but it will take me approximately ten minutes to walk you through those and then maybe at that point we could entertain questions, does that sound okay. What I have for you tonight is some information relative to MediaOne's recently announced rate increase for our standard service package that goes into effect on January 1, 1998 and the materials that I have provided in your packets include the customer notification piece as well as a copy of the local franchising authority notification which is sent to the Board of Aldermen and then the third piece in your packet is really what I'd like to spend the most time on because I think it will help to explain how cable companies,

specifically MediaOne are regulated with regard to their rates and also some of the factors that contribute to a rate increase. So, if you refer, just for the moment to the package that looks like this. MediaOne and all cable television providers are regulated at the federal level for their rate setting and MediaOne and many of the larger providers are regulated through a Social Contract method with the FCC. Now, our Social Contract was approved by the FCC back in 1995 and it did a number of things. First, it resolved all of MediaOne's municipal rate cases that were before the FCC at that time, it committed MediaOne to create a low-cost entry level of service and roll back our basic broadcast rate by 15 to 20 percent which we did in 1995. Thirdly, it committed MediaOne to invest \$3.7 billion to rebuild all of our systems by the end of 1999 and here in the City of Manchester we've already experienced one entire rebuild of the system to a 550 MHz platform. In 1998, we will see an additional upgrade of the Manchester system to a 750 MHz system which is the most state-of-the-art system available here in the northeast or anywhere in the country. The investment we've made so far in the City of Manchester totals about \$8.9 million in that first rebuild and we'll be spending an additional couple of million in 1998 as we continue with that rebuild effort. Next to last, the Social Contract committed MediaOne to provide free cable service and high speed Internet service to all of the public schools in our service area and as we make our Internet offering available here in Manchester that's a service that we'll be providing to the schools here as well. And, finally, perhaps the most important part for tonight's discussion is the Social Contract changed the way that MediaOne adjusted its rates and it permitted us to, on any annual basis, adjust one dollar against that capital investment of \$3.7 million, it allowed us to adjust in addition to that dollar for our costs of inflation and increase programming costs and costs for programming added to our existing levels of service and finally it allowed us to adjust our rates based on certain franchising costs that are specific to the community. In Manchester, there are none of those costs reflected in our rate adjustment but an example of that might be costs to activate a local origination channel or equip a PEG access facility or center because our commitment in Manchester to do those things was made prior to 1992, we are not passing those through as an incremental charge to Manchester customers. But, any commitments that were made after the 1992 Cable Act we're allowed to recover in that fashion. So, that's the Social Contract, that's how our company is regulated in terms of how we're permitted to adjust rates. If there are questions at this point, I'd be happy to take them or I can move more specifically into the increase for the City of Manchester.

Chairman Pariseau stated I see what you're trying to say or do, but we need something as a Board to convince the general public that you're doing them a favor. All this is nice, but what I get out of it is you say you're providing free service to schools but the rest of us are paying for it, right.

Mr. O'Rourke stated I don't think that's the case. I think that in any business if you say are you providing a free service there are costs associated with providing that service to the extent that we absorb the costs for materials and donate our labor, we are providing that for free. At some point, is there a contribution that's being made by subscribers throughout the State, yes.

Alderman Hirschmann asked why is it that MediaOne continuously comes to this Committee and says this is what we're doing, why don't you ever come to this Committee and say here's three things that we could do, what would you like to do. Everything you bring before us is done. In the spring you came to us and you changed the channel selection, gave us a sports channel in favor of a Nickelodeon or something like that and there was an increase then from what I can remember, wasn't there.

Mr. O'Rourke replied the last time we adjusted our rates was in January of 1997.

Alderman Hirschmann stated yes, that's right, on this Committee and now here you are in December with another change but you're not coming to us telling us about it, you're telling us here it is, it's done and the City of Manchester, I don't think got into a contract with you as a sole vendor for you to come and tell us this is what you're going to get. This is suppose to be a two-way relationship and I want you to take this back to Susan Eid, the Chairman of the Board of Mayor and Aldermen wants to open this contract up, he said it in public on TV at the last meeting, Channel 40 and Public Access he said maybe it's time that MediaOne is sent a message from the Board of Mayor and Aldermen to open this contract up for a public bid and on our next agenda low and behold you guys want to talk about the Social Contract, but before you want to talk about it you want to put all of these changes - three dollars per household times 60,000 households a month, that's a quarter of a million dollars a month profit in your pocket on this City alone. I don't care about the Disney Channel, okay. Thank you very much for giving it to me, I'm never going to watch it. I'm going to tell all of the Board of Mayor and Aldermen to get PrimeStar for twenty-five bucks. My cable bill is \$42.00 a month. So, you're here to hear from this Committee, you wanted to hear questions. I don't have questions, I have statements and the statement that you're going to bring back is the Board of Mayor and Aldermen aren't happy right now. Why don't you come to us and ask us what we want.

Mr. O'Rourke stated I think that on some occasions we do that and on some occasions we don't. I think that your comment about reopening the contract to investigate that is particularly timely given that we've just announced the opening of the renewal window and those negotiations can begin at any point. So, we stand ready to do that. Our contract with the City of Manchester expires about three years from now. There is nothing that prevents us from reaching an early renewal agreement and having that renewal kick in prior to the expiration date of this existing contract. So, I think that there are a number of negotiables and there is a good opportunity for some of the two-way partnership that you talked about, however, I do need to caution you that there are some areas due to the changes in regulations that really are not negotiable items in the renewal process. So, I don't want to set the level of the expectation to be too high.

Alderman Hirschmann interjected I don't have any expectation whatsoever right now with MediaOne. You guys are going to give us whatever you want and you're going to charge us whatever you want and you're going to justify it with the FCC regulations and you're going to say here it is and you guys have a very aggressive campaign to upgrade your networks and all that and we get charged for it. What if we don't want to upgrade our network in this City, what if we don't want these extra channels. This letter says you're gearing towards youth. Well, there's a lot of senior citizens and they don't want all this stuff. They want low conservative rates.

Mr. O'Rourke stated I think that we absolutely do provide several different lower levels of service that are appropriate for the seniors.

Alderman Hirschmann stated you'd better get on the marketing campaign and tell them about it.

Chairman Pariseau stated that is an issue that I'd like to address that one of the good things of this increase is that the basic cable service went down to \$6.38.

Mr. O'Rourke stated it actually went down to \$5.84. This is actually the third year in a row that we've seen a decrease in that basic level of service which is extremely popular among the seniors.

Chairman Pariseau stated you don't get that message out to the seniors. What does this basic service include. I understand it's Channel 2 to 21.

Mr. O'Rourke replied that is what is will be under our new lineup that becomes effective tomorrow. If you look at page 4 of the attachment it shows the basic

broadcast tier, it's priced at \$5.84 and it includes all of the off air or broadcast signals as well as our locally originated programming. The second tier above that is the Cable 1 tier that's price at \$4.22, I think it's sometimes helpful to look at these packages separately because when we read the headlines in the newspaper we hear about the most popular level of service which is the standard service and that includes multiple tiers and while we have seen an increase in that service there are still opportunities to purchase a variety of tiers below that level and I think that this year even more than any year before we're providing more choices for our customers and really asking them to pick and choose what package is right for them.

Chairman Pariseau stated, Tom, say I have the basic cable service for \$5.84, I got this \$6.38 from Rick Martin and he's also told people that in addition to this \$5.84 they can pick anything else they want, any channel to go along with the basic service from 2 to 21 and if they wanted Channel 38, the holy roller station they could have that included.

Mr. O'Rourke stated we don't offer all of our channels on an a-la-carte basis as you've suggested, but we have started experimenting with a-la-carte offerings. In our new choice package, for example, we do offer the History Channel, SpeedVision, FOX Movies, and the Cartoon Network on an a-la-carte basis. If you'd like you could purchase one of those at 95 cents in addition to any level that you buy or you could purchase all of them for the cost of \$3.95 for the total package. So, we're moving towards choice and when we talk about upgrading the networks and why are investing in this technology. I think that the most important thing to remember is that this new technology allows for this choice to occur. Five years ago we had standard service, that was it. You could buy it or you could choose not to buy it. Today, we have six, seven, eight, nine choices that are available for customers and because our network has been expanded we are able to provide that.

Chairman Pariseau stated, Tom, when you first took over United Cable, I was paying eleven dollars plus a month. Now, you're telling me that I'm going to be paying \$25.83 a month for what, to pay for your technology. I don't want it.

Mr. O'Rourke stated it's a combination of things. It's not only to pay for the technology and I think that you raise a really good point because when you talk about the time when then Continental Cablevision acquired the United Cable system here in Manchester it wasn't apples to apples. Our upgrade allowed us to add programming so that what you were paying eleven dollars for at that time...

Alderman Pariseau interjected I'm paying \$25.00 now.

Mr. O'Rourke continued by stating that except you've seen probably 15 to 20 services added; that this year alone you've seen 8 services added to your standard service package and there's certainly some value there.

Alderman Pariseau stated but, Tom, I guess I'm like the majority of the people in Manchester, I don't want anymore. I can only watch one channel at a time. I don't need these different levels of service and the thing that ticked me off was the phone calls I got saying that we're going to be giving you three new channels - Disney, Animal Planet, and some other Sports Channel, I believe he said it was, it wasn't you it was somebody from your facility though at no charge and he said no additional charge.

Mr. O'Rourke stated I think that probably was a real serious mistake. Anybody who I spoke with personally, I indicated as I always indicate that MediaOne adjusts its rates annually. We adjust our rates on January 1st, we've done this for the past five years and I would never suggest to somebody that I was giving them a channel and there would be no cost associated with that because I know that one of the factors that contributes to a rate increase is additional channels. So, I sincerely apologize for misrepresentation that was made to you. I would never suggest that to anyone that additional channels would not bring in additional charges.

Chairman Pariseau stated I was flabbergasted when you left a message on my answering machine the following Friday and then I get a phone call from *The Union Leader* reporter calling Monday telling me about the rate increase, it just blew my socks off and I don't think it's really fair for this tier level; that we as a whole have to foot the bill. I really don't need any more cable, I'm all cabled out and the majority of the people in Manchester are all cabled out. So, I don't know what's going to happen and I think that whoever is sitting on the committee to renew the contract that something ought to be said that we want input in whatever increases you propose and it's really gotten out-of-hand. If you were at my house and answering the phone calls, not only from the people in Ward 9 city-wide, it's sinful, it really is and I don't know what the answer is and I still don't know what the answer is. Because of your technology we're going to be paying more.

Mr. O'Rourke stated I think that in many ways it's an education issue, Alderman, there isn't enough opportunity for us to explain to customers why we do the things we do and if this Committee could assist us in providing the appropriate forum, I'd be willing to participate in anything that we could pull together because it's something that I hear not only in the City of Manchester but throughout the State and I am sympathetic to the calls that you take because quite frankly, I'm taking them as well and I would like to be more pro-active in the way that we communicate and educate not only constituents like your Committee, but all of our customers. So, to the extent that maybe you can help us in pulling together some public forums, I'd be happy to participate.

Chairman Pariseau stated when cable first came into the City we were romanced to death about eliminating the antennas, they're unsightly, they cause problems in severe stormy weather and snow and all this other stuff, get cable you'll be better off. Well, we can't afford it anymore and I think that we ought to look at bringing back the antennas for \$130.00, one-time shot we're better off and I'm not saying that to boycott MediaOne, but there's got to be a better working relationship between the City and your people.

Alderman Hirschmann stated the letter we got addressed to us was from Andover, Massachusetts, are the decisions made in Andover as to the Manchester market, what channels you're going to add up here, where is that decision made.

Mr. O'Rourke replied some of the decisions in terms of what channel additions we see are made locally and when I say locally I'm talking about our New Hampshire operations which are headquartered in Manchester and Portsmouth. Many of the decisions about the national networks that are added to our service are made at our regional headquarters in Andover.

Chairman Pariseau stated they would need to recess the meeting in order for the special meeting of the Board of Mayor and Aldermen to convene.

On motion of Alderman Shea, duly seconded by Alderman Elise, it was voted to recess the meeting.

Chairman Pariseau called the meeting back to order.

Chairman Pariseau stated, Tom, I think you were going to go to page 4.

Mr. O'Rourke stated I guess what I would like to do is try to walk you through some of the different tiers if that would be useful for members of the Committee

and then take any additional questions you might like at that point. I had mentioned the breakdown of the basic broadcast tier which is the lowest entry level of service priced at \$5.84. If you look at the next page our Cable Tier 1 which is a separate tier includes about 8 different services and that's priced at \$4.22, that is part of this entire standard service package that we've discussed and that can be purchased either with or without the basic broadcast level of service. Finally, on the next page demonstrates the offerings and the different programming services that are available in our Cable 2 Tier and that is the third part of this standard service package. It consists of the basic Cable 1 and Cable 2 priced at \$15.77, this includes the largest number of the satellite delivered services and that is again an option that can be purchased in association with the basic broadcast service and Cable 1 or just with basic broadcast or with basic broadcast and a premium or any of the other choices that we've discussed and finally, the last page is latest mini-tier offering that we have introduced and I think that this is probably the best example where we're speaking to creating choices because if you remember we used to have the standard service package and that was your choice, you bought it or you didn't buy it. Today we have 4, 5, 6, 7, different offerings...this tier includes some of the most requested services that are new channels - The History Channel, Sci-Fi, SpeedVision, FOX Movies, and the Cartoon Network. Rather than lumping these onto standard service we've broken them out separately into a tier of their own and said if customers are interested in buying this they can choose to buy it. If they're not, we're not going to add them to the standard service and drive that rate, we're going to introduce a new choice, hence the name "New Choice Tier". Those services are priced at \$3.95 for the package or you can select them individually at 95 cents apiece. So, here's an example of a different way of doing business and I think that this really is an indicator of the direction that MediaOne's going in. We're not just going to be adding all of the new channels that we provide to one level of service and increasing that monthly bill, we're going to be introducing different menu options, so that you can choose these or not choose them and I think that when you look at some of these services and maybe combine the \$3.95 package with the basic broadcast package that would be real appealing to folks on a limited income. They could get these most popular services plus all of their broadcast reception and local programming for about ten dollars a month and ten dollars a month is a lot different from twenty-eight. So, to the extent that I can explain to you folks and to customers what are the different packages available, I'm happy to do that.

Alderman Shea stated, Tom, one of the problems is that there is so much repetition of material on TV, in other words, I know you give us selectivity but there is so much repetition...if there was more selection at a different tier it might make more sense, I don't know, I'm just using that. I flip through the channels sometimes and it seems that they're selling goods on one channel, you turn to the next one and they're selling some other different goods, there are three or four or five channels that seem to be overlapping, why is that.

Mr. O'Rourke replied we do have some repetitive services and I think that where we see the most of that is in some of the broadcast affiliates. Many of those are must carry channels, we are forced to make a spot for them on our line up and to the extent that we have to carry them, our hands are tied because if they are local broadcast channels and they can deliver enough signal to our reception facility regardless of the content of whatever content they offer, we're forced to set aside a channel spot for them. So, that may explain some of the repetition, but I think the point that you make it kind of brings me back to the question we had about who's making the decisions about what are the services that you're adding and how can we add some things that aren't repetitive. I'll tell you that as MediaOne examines the different new channels that are available to add, what we're looking for is high concentrations and percentages of original and exclusive programming and I think that when you look at things like The History Channel, SpeedVision, The Home & Garden TV Network, these are new services that are producing original programming that you can't find anywhere else, so that's what we're looking for when we're making programming decisions.

Chairman Pariseau stated, Tom, getting back to this lady who spoke to this Rick Martin at your location, she tells me that if she paid \$6.38 for basic service she could also have CNN, she could also buy CNN. Is that what you refer to with that 95 cent deal.

Mr. O'Rourke replied no. CNN isn't available at that price point, there are a limited number of channels that are available a-la-carte and those include the New Choice Channels which are History, SpeedVision, FOX Movies, and Cartoon Network today. I think what we are moving towards depending on how...this is sort of a trial to see how it goes, what we're moving towards is trying to provide more choices like that, but I don't think we'll ever get to a point where we have a hundred percent a-la-carte selection because at that point we would probably have to price the services at a rate that customers wouldn't be able to afford it.

Chairman Pariseau asked what would I get for \$9.79, that's the \$5.84 plus the \$3.95.

Mr. O'Rourke replied you would get everything that is listed on the basic broadcast tier page, all of your local broadcast channels, the locally produced programs including our local origination channel and Manchester Community TV and you would also get all of the channels that are listed on the last sheet here under New Choice and that includes History, SciFi, SpeedVision, FOX Movies, and Cartoon Network.

Chairman Pariseau stated so for \$9.79 I could get all of that and if you wanted to add to that the Cable Tier 1 you could get about nine additional channels for \$4.22, so still under fifteen dollars and you've selected the package you're most interested in.

Chairman Pariseau asked will this be made available to the elderly citizens of Manchester.

Mr. O'Rourke replied it's available today to any subscriber.

Chairman Pariseau stated you need to get the message out, but I don't think you're information is as clear as how you've presented it here tonight.

Mr. O'Rourke stated I think sometimes we try to present a lot of information in a...too much information at once. One of the things we have done with our most recent rate adjustment is we've provided to every customer this package which highlights and it's a lot of information as you can see, but it includes information about all of the tiers that are available at what price point and which packages they can offer. Another thing that we have provided most recently in the last week, you should have received this at home is information about the new channel lineup because when you go home tonight and turn your TV on tomorrow you're going to find that the channels where you are used to having them are not there anymore.

Chairman Pariseau asked why do I have four stickers with the same information.

Mr. O'Rourke replied in case you lose one. We want you to put them on your remote control, on the TV on the refrigerator, wherever you need to go.

Alderman Hirschmann stated I don't dispute your tiers of service and things like that, what's coming into question is an increase of \$3.95 a month and I see the breakdown for that increase. I'm assuming you have a customer base in Manchester of about would you say 60,000.

Mr. O'Rourke replied I'd say it's probably closer to about forty-five.

Alderman Hirschmann stated because I did the math on 45,000 at \$4.00 a month and you're going to reap a quarter of a million dollars a month times 12 months, that's another \$2.5 million out of this market for this increase and what I see here is what happened to us with our electric bills, with Seabrook, these are stranded costs. You're building a big thing here. We didn't ask you to build it. You're putting new channels in, we have a Committee that...you should come to this Committee and have a meeting and ask us, an interactive meeting with the City of Manchester do you want another channel. We have the Manchester Water Works that provides water to this entire community, they did not pass on an increase this year. Their base is bigger than your base and they were able to do that. What we're looking for is to maintain costs. You want to provide us with Internet service with 150 channels, with broadband is the way, whatever it is. We're on a different course here, we want to maintain costs in this City and have an adequate service and what we need is a communication...

Alderman Sysyn interjected, but you don't need to have all of that, do you.

Alderman Hirschmann stated while we don't have to purchase all of the tiers of service from you, I'm not disputing that, but we are all getting the increase of \$4.00 a month, everybody.

Mr. O'Rourke stated only those customers that purchase the standard service package are being impacted by as much as \$4.00 a month.

Alderman Hirschmann stated okay, so if you paid \$22.00 a month, it's going to go up to \$25.83, that's a \$3.95 a month increase and what the breakdown is you're investment commitment which who knows what that is, millions of dollars that we're subsidizing, is that what's happening, okay. Inflation...39 cents, I can agree. If you came to me and said we have a 39 cent increase per household, I would agree with that. But, where you're taking all the heat is \$4.00 a month to every citizen of Manchester having on their cable bill, they don't...and that's why I made that comment earlier that Chairman Wibby himself said that we have to take a look at the cable issue and the gentleman that you saw at the microphone tonight that was State Rep. David Boutin from our Legislature who's now filing a bill on

behalf of the City and other cities to make sure that your cable company and all the others that operate in the State are all playing on a fair ground and I don't agree with this increase and I'd like you to send that back to your Andover office and all future increases that you intend to give the City, you have a meeting with us, ask us what we want. Don't give us Disney Channel, we didn't ask for that. Disney Channel and \$4.00 a month, we don't want that.

Mr. O'Rourke stated if I could respond to that real quickly. I can tell you that this method of rate regulation for MediaOne brings us to the end of 1999, so we will see a year from now an increase or adjustment utilizing this same model.

Alderman Hirschmann asked when do we get the decrease.

Mr. O'Rourke replied it could be next year. At the end of 1999 this method of rate regulation expires and what's introduced at that point it remains to be seen, but that is where we are for the next year.

Alderman Elise stated I just wanted to make a couple of comments. I do think that conferring with the Committee on Administration ahead of time before these things are released to the public would be very helpful. I know that we've stressed this when Continental was buying out the previous company; that helped up tremendously in terms of reacting to calls that we get from customers and our constituents and it just helps overall public relations areas. Two, your communication of the new packages now is going to be crucial for us as well as for you in terms of public relations...communicating to people that they do have a choice and they can scale down their packages right now for things that they might not want, I think is going to be crucial. One of the things that I might add is that I've been here for six years and this company took over the cable contract and I must say that since your company has taken over we have had a decrease in complaint calls from constituents on a variety of things. There is an overwhelming decrease in complaints from people on service, etc. This is an opportunity...when your company came in we didn't have a choice of price packages, we had to pay one package period. There was no lower tier or higher tier, you had to pay individual movie channels, things like that. So, there is an opportunity here for people to scale down their packages for things that they don't want and things that they don't have to have that extra cost. Myself, my children do like the Disney Channel and I know just in terms of purchasing the Disney package separately it would be at least another \$10.00 on my bill and I know that at this particular time I don't have to do that, but that's my personal individual case and so I think in terms of going forward with this it is going to be crucial for your company MediaOne as well as the Board of Mayor and Aldermen to communicate with us more often as well as get out the message that you do have a

choice and if you don't want this whole package with the increase you can scale down.

Alderman Shea asked, Tom, what is the process if somebody either wants to scale down or scale up, what should they do.

Mr. O'Rourke replied they can call our office and speak to any one of our representatives and we can adjust their level of service or if they want more information about what channels are included in what package, or what are the different packages that are available we have people who are happy to walk them through that.

Chairman Pariseau stated, Tom, thank you and I apologize if you felt you were on the hot seat.

Mr. O'Rourke stated I appreciate the invitation to come out and talk to you and your comments are well-taken. I'm also looking forward to working with Representative Boutin who I spoke with a little bit earlier today on his study committee because I think it provides us with an opportunity to do some education and some outreach and maybe start communicating in ways that we haven't done before, so I see that as a great opportunity for us and I'm sure that he will and I will continue to keep you folks posted on the progress that is made with that committee.

On motion of Alderman Shea, duly seconded by Alderman Hirschmann, it was voted to receive and file item 7.

Chairman Pariseau addressed item 8 of the agenda:

Communication from Claudia Lee, Executive Director, First Night New Hampshire, seeking permission to hold "First Night Concord/Manchester" on Wednesday, December 31, 1997.

On motion of Alderman Elise, duly seconded by Alderman Sysyn, it was voted to approve a fair license subject to meeting conditions set forth by the City Clerk's Office.

Chairman Pariseau addressed item 9 of the agenda:

Communications from Attorneys Pestle and Miles regarding the federal preemption of local zoning of cellular, radio, and television towers and providing suggested form letters to be sent to Congress and the FCC.

On motion of Alderman Shea, duly seconded by Alderman Elise, it was voted to table item 9.

TABLED ITEMS

On motion of Alderman Elise, duly seconded by Alderman Hirschmann, it was voted to remove item 10 from the agenda:

Communication from Alderman Elise relative to her suggestion of making Manchester more “business friendly”.

(Note: amended proposal submitted by Alderman Elise on 5/6/97 and communications from Mr. Shea and Ms. Golz in support of such proposal enclosed.

(Tabled 12/17/96)

On motion of Alderman Elise, duly seconded by Alderman Hirschmann, it was voted to receive and file item 10.

On motion of Alderman Shea, duly seconded by Alderman Hirschmann, it was voted to remove items 11, 12 and 13 from the agenda.

Communication from Thomas O’Rourke, Continental Cablevision, (MediaOne), advising that effective May 1, 1997, monthly charges for converter boxes and remote controls will increase slightly, while the rates of installation and service visits will decrease.

(Note: communication from the Assistant City Solicitor dated 10/21/97 enclosed.)

(Tabled 5/20/97)

Proposed Procurement Ordinance submitted by PBS in consultation with the City Solicitor and City Clerk.

(Note: revised draft ordinance submitted October 21, 1997.)

(Tabled 7/29/97)

Communication from the Deputy Finance Officer requesting the Board consider issuance of a City policy as follows:

establish a threshold on the amount of inventory a department can carry from one year to the next such as setting an upper limit of 1% of the department's operating budget, exclusive of restricted items or 5% of a department's non-salary line item.

(Tabled 7/29/97)

On motion of Alderman Sysyn, duly seconded by Alderman Elise, it was voted to receive and file items 11, 12 and 13.

There being no further business to come before the Committee, on motion of Alderman Sysyn, duly seconded by Alderman Elise, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee