BACB
Birmingham Area Cable Board
P.O. Box 165, Birmingham, MI 48012
248.336.9445

Mr. Joseph A.Valentine

City Manager

151 Martin Street

Birmingham, MI 48012

February 11, 2015

RECEIVED BY
FEB 17 2015
CITY CLERK'S OFFICE
CITY OF BIRMINGHAM

RE: BACB Annual Report

Dear Mr. Valentine:

The Annual Report for the Birmingham Area Cable Board was recently completed for Fiscal Year 2013-2014. I have enclosed a copy for your information and review.

Please do not hesitate to contact me or Chairperson Elaine McLain if you have any questions regarding this Report.

Very truly yours,

Cathy K. White

Cathy K. White

BACB Executive Director

cc Laura Pierce, City Clerk ✓

Amanda Thomas

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BIRMINGHAM AREA CABLE BOARD
ANNUAL REPORT
FISCAL YEAR 2013-2014

Submitted By:

Cathy K. White

Executive Director

December, 2014

CABLE BOARD MEMBERS

As of December 31, 2014

BIRMINGHAM

Elaine McLain- Chairman

Jeffrey Heldt-Treasurer, PEG Comm. Chair

Cynthia Kelly

Matt McAlear

FRANKLIN

Mira Stakhiv- Vice Chair, Personnel Comm. Chair

BEVERLY HILLS

Mary Ann Verdi-Hus, Cable Action Comm. Chair

Alan Heyman-Secretary

Bob Borgon

Patricia Schneider

BINGHAM FARMS

Mel Ettenson

Background

We continue with varying degrees of competition for cable, internet and phone in our consortium post 2006 Michigan Public Act 480. Comcast/NBCU, as incumbent, is still the only provider to offer service in all four of our communities. As first overbuilder, WOW! wired Birmingham and Beverly Hills in 2011 and has not expanded any further in our area. AT&T continues to offer their U-Verse internet protocol service to a limited number of our residents. The legislature has not updated guidelines for buildout or disclosure for any providers. In effect, competition is still not available to all of our residents as was envisioned by previous local franchise agreements.

2014 was significant in that public notification was given that Comcast and Time Warner Cable intend to merge, pending approval by applicable federal agencies including the U.S. Department of Justice and the Federal Communications Commission. If this occurs, it will likely happen by the end of August 2015. Our traditional cable franchise agreement with Comcast will be transferred to a new company to be formed as a result of the merger known as Midwest Cable/ GreatLand Connections, Inc. Approval of the transfer was given by our four communities subject to conditions recommended by our legal counsel, Beier Howlett. Among these conditions is the caveat that the merger alone shall not be the cause of increases in rates and that all existing terms and conditions of the franchise agreement shall continue to be honored by the new company. We expect that many of the Comcast personnel responsible for complaint resolutions will remain employees of the new company.

Also noteworthy in 2014 is the fact that AT&T and Direct TV also plan to merge into one company pending federal approval.

The current traditional cable franchise agreement with Comcast (or as transferred to Midwest Cable/GreatLand Connections, Inc.) expires in 2015. Negotiations will occur in 2015 with respect to a new agreement and the BACB is committed to protecting our revenue streams in any subsequent agreement.

BCTV Contract

The contract with BCTV for public and governmental programming has been extended through June 2015. The amount paid for BACB production and associated services in FY 2013-14 was $187,425.00. We also paid for Sports production through PEG funds. Negotiations will begin after our Spring budget assessments with the new BCTV Community Affairs Director, Greg Kowalski and our PEG Committee team.

The Board approved the purchase of significant amounts of additional equipment for use by BCTV to enhance the digital format of its programming. Purchases in the amount of $66,343.00 were made from PEG funds for studio equipment and in the amount of $50,569.00 for the production truck. These purchases also replaced obsolete equipment and enables BCTV to continue its high quality filming of municipal meetings, community events and programs and athletic competitions.

Board Committees

The Board has three standing committees: PEG (Public Educational Governmental), CAC (Cable Action) and Personnel committees.

PEG Committee

The PEG Committee is charged with oversight and development of programming on the public access and governmental channels as well as reviewing proposed grants for PEG infrastructure. Jeffrey Heldt is the Chairman; membership is open to any Board member, and representatives of BCTV and the Birmingham Public Schools participate on a regular basis. Live broadcast, as well as re-broadcast, of local governmental meetings continues on the Governmental channel. The Public channel provides opportunities for local citizens to produce their own programs, as well as to broadcast/re-broadcast parades, lectures, concerts and other events of community interest. Re-broadcast of Groves versus Seaholm athletic contests, both boys and girls, is now in its fourth year and is an especially popular undertaking. Comprising its contribution to the "E" in PEG, the Cable Board has made significant contributions to help fund the broadcast infrastructure for the Birmingham Public Schools.

CAC Committee

The Cable Action Committee was formed to follow up on Board initiatives and cable provider commitments at the monthly meetings and drive special projects. Subscriber complaints are reviewed and legal/legislative issues and new initiatives are discussed. Mary Ann Verdi-Hus is the Chairman. Projects for this year included implementation of a new fund balance policy and segregation of PEG and franchise fee revenues and expenses. Discussions involved PEG and municipal support services grants, financial matters, cable provider merger implications, transfer of the cable franchise agreement to Midwest Cable/GreatLand Connections, Inc., website updates and long term planning.

Personnel Committee

The Personnel Committee was formed to address personnel issues and fill Board vacancies and complete performance evaluations of the Executive Director. Mira Stakhiv is the Chairman. The Personnel Committee met in March of 2014 to conduct the first annual review of the new Executive Director's job performance.

Audit

Plante & Moran, PLLC conducted the annual audit of Board financial operations. The audit included review of the financial activities performed by Beverly Hills, which acts as the BACB fiduciary agent. The audit also reviewed activity on the Birmingham Bloomfield Credit Union (designated funds to purchase capital equipment for PEG-related activities) and our Multi Bank Securities account (institutional investments).The Independent Auditor's Report indicated that the BACB's financial statements received an unmodified audit opinion for 2013-2014, which is the highest level given. After consultation with our auditors, we have also re-affirmed the process in determining franchise fee and PEG fund balances.

Grants

The Board provided a total of $128,211 in grants during the fiscal year. Municipal support services grants were awarded to the four communities: Birmingham received $53,309.44, the Village of Beverly Hills received $1,723.80, Franklin received $5,236.64 and Bingham Farms received $1,677.00. PEG grants were also awarded as follows: Birmingham received $21,208.00, Beverly Hills received $36,560.00, and Franklin received 7,144.61 (given to the Franklin Historical Society for technology upgrades to the Kreger House). BASCC was given a grant to pay for cable and internet services. Grants were awarded to

the Franklin-Bingham, Birmingham and Beverly Hills Police and Fire Departments to support essential security internet services.

In addition, Administrative Grants from franchise fees, per our Interlocal Agreement, were also returned proportionally to each BACB community. These amounts were much higher than usual this year because of the Board's effort to utilize its fund balance to return excess franchise fees from prior years based on more detailed accounting procedures.

Complaints

Written complaints to the BACB increased significantly in FY 2013-2014. There were approximately 57 formal complaints, compared to 36 the previous year. Our ED accepts all calls and website complaints including informal actions, wherein residents decline to record formal action. Complaints involved pricing/billing, poor service, service interruptions, long wait times on Comcast 1-800 numbers, calls being shifted overseas, missed appointments (without compensation) and downed/unburied wires in the rights-of-way. Subscribers are still encouraged to call their provider first in an effort to resolve disputes. The BACB continues to accept and process complaints from our residents. We have streamlined the escalation process. WOW!, Comcast and AT&T have escalation teams to promptly deal with residents' problems and are often resolved within 24 hours.

Since the empowerment of the Michigan Public Service Commission to administer PA 480 and deal with complaints, our process has expanded. As directed, we offer a link to the MPSC website (video/cable) for access to their informal complaint process online. A written response from the provider is expected within 10 days and sent directly to the consumer. The complaint is deemed closed or resolved on behalf of the MPSC after notification to the subscriber without regard to the subscriber's satisfaction. Any further pursuit by the subscriber may result in an update to the original filing or referral to the formal process (legal and financial hurdles). Those who remain unsatisfied have been referred to the FCC for consultation. Just recently the FCC announced its new initiative to accept cable complaints, the details of which have not yet been specified.

Fiscal Year Budget

The Board is expected to receive $822,000 in franchise and PEG fees this fiscal year. This includes $320,000 in franchise fees and $502,000 in PEG fees. PEG fees are designated funds and may only be used for purchase and maintenance of capital equipment. We have added a line-item budget expense for technical consulting related to accounting and technology issues.