

**WORKSHOP MEETING
OF THE COUNCIL OF THE
CITY OF VADNAIS HEIGHTS
NOVEMBER 20, 2018**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Fletcher at 6:03 p.m.

The following members were present: Mayor Bob Fletcher, Councilmembers: Terry Nyblom, Greg Urban and Craig Johnson. The following member was absent: Councilmember Heidi Gunderson.

Also present were: City Administrator Kevin Watson, Assistant City Administrator Tim Sandvik, Planning/Community Development Director Nolan Wall, Finance Director Bob Sundberg, Fire Chief Ed Leier, City Attorneys Caroline Bell Beckman and Erich Hartmann, and Deputy Clerk Peggy Aho.

Others present were: Jim Dustin and Terry Schwerm, Shoreview

1. Agreement with Ramsey Washington Suburban Cable Commission:

Mayor Fletcher noted that he had asked City Administrator Watson to do some research on the Cable Commission. Fletcher said they had a meeting with Terry Schwerm, Shoreview City Manager. He noted that the Council had a conversation about a year or so ago about the Cable Commission, and what the pros and cons are. Concerned that the pros and cons are not equal.

Watson noted that Terry Schwerm, Shoreview, was in a different cable commission with other municipalities. Watson said he thinks Schwerm will be a good resource about the process to exit the Cable Commission. Council Member Nyblom asked if there is a side-by-side comparison of what the City has versus what Shoreview has. Watson said that he is guessing they are very comparable.

Watson noted that the City has been a member of the Ramsey Washington Suburban Cable Commission since the 1980s. Being a part of a larger group, meant we were able to have more negotiating power with Comcast or whoever the cable provider is. The agreement allows Comcast to operate in the City's right-of-way and the City is paid rent, about 5% of their revenue or \$160,000 to 170,000 a year. \$50,000 of that is paid to the Ramsey Washington Suburban Cable Commission. Watson noted that Vadnais Heights has approximately 2,600 cable subscribers, which is about 12% of the total subscribership within the Commission and that is what our 5% is based on. Watson said each Cable Commission has different percentage.

Watson said that the franchise fees go toward the administration and operation of the Commission. When we get a complaint from a resident, we send it to the Cable Commission and they address it with Comcast. The City puts the revenue into its general fund. The amount was \$117,000 last year.

Watson said there is also a PEG (public education government) fee, which is a grant, provided to from Comcast to the Cable Commission to provide programming. Our agreement is a \$4.62 per month fee charged to cable subscribers in Vadnais Heights. That amount for Vadnais Heights adds up to about \$150,000. This amount goes toward the programming, the production studio, the Council's equipment in the chambers, mobile van, etc.

Jim Dustin said that part of the PEG fee goes to upgrade their studios and systems and equipment upgrades at the cities. Watson said it goes towards programming as it is related to public education and government and related programs and those services are supposed to allow our residents to use the production studio to produce programs on site. The question is it an elaborate operation for a service that we may not have any subscribers taking advantage of? Dustin noted that this is a negotiated number. You have to weigh your amount of money that is going in to see if you can get any more than that so that you have enough to pay for INET services. Comcast pays for INET at this time. Fletcher asked if the City gets information on how that money is spent each year.

Terry Schwerm explained Shoreview's experience with pulling out of their Cable Commission. He noted that they paid approximately double of what Vadnais Heights pays. He said that every city in the metro gets a 5% franchise fee on cable. Each city uses it differently. He said the Commission they belonged to was similar to the Ramsey Washington one. The city was spending a lot of money to renegotiate the franchise and the cable rep was discouraged with it. The city incurred many legal fees. The concept of public access was changing and that the PEG fee was probably too high. Their PEG fee was lower than Vadnais Heights. Comcast was determined to reduce the PEG fee and would be looking at the cities to make up the difference with the franchise fees. Cities were concerned about that. The Commission did not want to do anything about it. Therefore, the city decided to withdraw and were able to negotiate a cable franchise fee with Comcast. Shoreview now has its own agreement with Comcast. They still are able to broadcast their meetings. Franchise fee is the same 5% and their PEG fee has been reduced to \$1.70. Shoreview gets the full amount of the PEG fee back and use that for some of the purposes that the Cable Commission uses it for. He said they have the ability of doing a public access channel if they want to, but have not done so. There has been no feedback from the public on this. They have had no issues with INET. Comcast provides technical services to make sure that the signal goes out through the community.

Council Member Johnson asked Schwerm if in the end after Shoreview made the switch did they come out ahead or behind. Schwerm replied that it depends on the value you place on the public access programming, but money wise they are ahead but there is also additional work for city staff, and, the cable customers' also save a couple dollars a month.

Dustin said that when you challenge Comcast on the various elements it helps the customer. Comcast just jacked up the PEG fee. He said the City's big thing is INET for Vadnais Heights. If we get INET in the next franchise we benefit if not it hurts. Our Cable Commission lawyer fees were about \$17,000 to \$18,000 a year.

Watson said that the City of Maplewood has sued the Cable Commission for rights for redistribution of the franchise fees previously collected because they left prior to the end of the year. Maplewood won that case and they are also suing now for a percentage of the fund balance. Watson said that the JPA says if you leave before the Cable Commission dissolves, you do not get a right to the fund balance. Nyblom asked what affect the Maplewood suit might have on Vadnais Heights. Dustin said because we are still in the Commission they are suing the other cities, and the City of Vadnais Heights is one of them.

Fletcher asked what the status is of the current JPA with the Cable Commission. Watson said that Comcast has just asked for an extension through August 2019. Fletcher said if Vadnais Heights chooses to get out of the Commission it must notify the Commission by October 15 of 2019 to get out by 2020. Fletcher said in either case we want time to negotiate.

Watson said we could possibly negotiate with Comcast as current franchise agreement in place is ours to negotiate with Comcast. Watson asked if it is best to enter into individual agreement negotiations early on when we may have more leverage? Watson said this cable type of service may slowly go away.

Nyblom said that it seems that it would be the goal of Comcast to have each of the cities negotiate on their own. He thinks there is strength in numbers.

Dustin said that maybe as a city, you might try to negotiate, and you are on the best franchise in the metro area. Watson said the FCC passed a rule that any special benefits are taken off the 5%. So we may actually only be getting 2 or 3%. All the Cable Commissions throughout the country are pushing back. Watson said it is better to negotiate with Comcast now before things fall apart.

Fletcher discussed where the fees come from, it comes from people living in the city, and people end up paying more. In general, we cannot say we are making more money from the Commission because it is coming from the people that live here.

Nyblom said in the event 4 or 5 days go by and the meeting is not being replayed who would you call. Schwerm said if the issue is with their equipment, they would have their staff work on it and if it is in the system they would contact Comcast.

Fletcher asked that additional information be provided at the next Workshop including who could provide INET services and how much would it cost.

2. Contract for Lorah Palmer of Palmer ProVisions as Sales/Marketing/Event Consultant at Vadnais Heights Commons from January 1, 2019 through January 1, 2019

Assistant City Administrator Sandvik noted that staff are recommending extending the agreement with Lorah Palmer of Palmer ProVisions for one more year through 2019. Council Member Johnson said that the Council does not have a choice at this time but to extend the agreement. Mayor Fletcher said that the biggest concern the Council has with Palmer is the conflict of interest with her referring other people to other venues. He said that there should be some language in the contract extension that addresses this. We cannot have people being referred to other cities that might have a relationship with her.

Watson noted that the staff will bring this before the Council at the next Council meeting for action.

Adjourned at 6:59 p.m.