

CABLE TELEVISION FRANCHISE ORDINANCE

FOR

CITY OF URBANA, ILLINOIS

AND

_____, 2009

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ORDINANCE NO. _____

AN ORDINANCE GRANTING A FRANCHISE

TO _____, (“GRANTEE”) TO CONSTRUCT, OPERATE, AND MAINTAIN A CABLE COMMUNICATIONS SYSTEM IN THE CITY OF URBANA, ILLINOIS SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM AND THE PUBLIC RIGHTS-OF-WAY; AND PRESCRIBING PENALTIES FOR THE VIOLATION OF THE PROVISIONS HEREIN;

The City Council of the City of Urbana, Illinois ordains:

STATEMENT OF INTENT AND PURPOSE

City intends, by the adoption of this Franchise, to bring about the further development of a Cable System, and the continued operation of it. Such development can contribute significantly to the communication needs and desires of the residents and citizens of City and the public generally. Further, City may achieve better utilization and improvement of public services and enhanced economic development with the development and operation of a Cable System.

Adoption of this Franchise is, in the judgment of the City Council, in the best interests of City and its residents.

FINDINGS

In the review of the request for renewal by Grantee and negotiations related thereto, and as a result of a public hearing, the City Council makes the following findings:

1. Grantee’s technical ability, financial condition, legal qualifications, and character were considered and approved in a full public proceeding after due notice and a reasonable opportunity to be heard;
2. Grantee’s plans for constructing, upgrading and operating the Cable System were considered and found adequate and feasible in a full public proceeding after due notice and a reasonable opportunity to be heard;
3. This agreement is entered into by and between the parties under the authority and shall be governed by the Cable Communications Policy Act of 1984, as amended from time to time, 47 U.S.C. 521 et seq. (the “Cable Act”). ;
4. The Franchise granted to Grantee is nonexclusive.

SECTION 1. SHORT TITLE AND DEFINITIONS

1.1 Short Title. This Franchise Ordinance shall be known and cited as the Cable Television Franchise Ordinance.

1.2 Definitions. For the purposes of this Franchise, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context,

words in the singular number include the plural number. The word “shall” is always mandatory and not merely directory. The word “may” is directory and discretionary and not mandatory.

1.2.1 “Applicable Laws” means any law, statute, charter, ordinance, rule, regulation, code, license, certificate, franchise, permit, writ, ruling, award, executive order, directive, requirement, injunction (whether temporary, preliminary or permanent), judgment, decree or other order issued, executed, entered or deemed applicable by any governmental authority of competent jurisdiction.

1.2.2 “Basic Cable Service” means any Service tier which includes the lawful retransmission of local television broadcast signals and any public, educational, and governmental (“PEG”) access programming.

1.2.3 “Cable Act” or “Act” means the Cable Communications Policy Act of 1984, as amended by the Cable Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, as the same may be amended from time to time.

1.2.4 “Cable Service” or “Service” means (A) the one-way transmission to Subscribers of (i) Video Programming or (ii) other programming service, and (B) Subscriber interaction, if any, which is required for the selection or use of such Video Programming or other programming service.

1.2.5 “Cable System” or “System”, “Cable Communications System.” or “CATV System,” means any facility which is constructed in whole or in part in, on, under, or over any Public Way or public place and which is operated in whole or in part to perform for hire the service of receiving and amplifying Video Programming and redistributing such Programming by wire, cable, or other means to members of the public who subscribe to such service; except that such definition shall not include any system which serves only the residents of one or more apartment dwellings under common ownership, control or management, and commercial establishments located on the premises of such dwellings. A CATV System is classified by reason of the purpose and operation of the facilities; the technology by which the signals are received, amplified, and redistributed, except for necessarily using the Public Way, is not relevant to the determination of whether such a system is a CATV System.

1.2.6 “Change in Control” means that more than fifty percent (50%) of the outstanding equity, or more than twenty-five percent (25%) of the voting power of the Grantee is acquired during the term of the Franchise in any transaction or series of transactions by a Person or group of Persons, none of whom possessed, directly or indirectly, twenty-five percent (25%) or more of such voting power, singularly or collectively, on the effective date of the Franchise.1.2.5 “Channel” or “Cable Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television Channel as defined by the Federal Communications Commission.

1.2.7 “City” means City of Urbana, a municipal corporation, in the State of Illinois, acting by and through its City Council, or its lawfully appointed designee.

1.2.8 “City Council” means the governing body of the City of Urbana, Illinois.

1.2.9 “City Code” means the Code of Ordinances, City of Urbana, Illinois.

1.2.10 “Converter” means an electronic device which converts signals to a frequency acceptable to a Television Receiver of a Subscriber and by an appropriate selector permits a Subscriber to view all Subscriber signals included in the Subscriber’s Service.

1.2.11 “Drop” means the cable that connects the ground block on the Subscriber’s residence or institution to the nearest feeder cable of the System.

1.2.12 “FCC” means the Federal Communications Commission and any legally appointed, designated or elected agent or successor.

1.2.13 “Franchise” “Franchise Agreement” or “Agreement” shall mean this Agreement and any amendments or modifications hereto.

1.2.14 “Franchise Area” or “Service Area” means the present legal boundaries of the City as of the Effective Date, and shall also include any additions thereto, by annexation or other legal means as provided in this Agreement.

1.2.15 “Grantee” means_____.

1.2.16 “Gross Revenue” means any and all revenue derived by Grantee from or in connection with the operation of the Cable System in the Franchise Area to provide Cable Services. Gross Revenues shall include, by way of example and not limitation, revenues from Basic Cable Service, all Cable Service fees, premium, pay-per-view,, Franchise Fees, late fees, guides, home shopping revenue, Installation and reconnection fees, upgrade and downgrade fees, advertising revenue, Converter rental fees and Lockout Device fees. Gross Revenue shall not include refundable deposits, bad debt, investment income, nor any taxes, fees or assessments of general applicability imposed or assessed by any governmental authority. The City acknowledges and accepts that Grantee shall maintain its books and records in accordance with Generally Accepted Accounting Principles.

1.2.17 “Installation” means the connection, by or on the behalf of the Grantee, of the System from feeder cable to the point of connection with the Subscriber Converter or Television Receiver or other terminal equipment.

1.2.18 “Lockout Device” means an option of a Subscriber’s terminal which inhibits the viewing of a certain program, certain Channel, or certain Channels provided by way of the Cable System.

1.2.19 “Other Video Programming” means information that a cable operator makes available to all Subscribers generally.

1.2.20 “PEG” means public, educational and governmental access channel(s).

1.2.21 “Person” means any natural person or any association, firm, partnership, joint venture, corporation, or other legally recognized entity, whether for-profit or not-for profit, but shall not mean the City.

1.2.22 “Public Building” means, Pursuant to 220 ILCS 5/70-501(f), all local government buildings, public libraries, and public primary and secondary schools, whether owned or leased by that local unit of government.

1.2.23 “Right-of-Way” or “Rights-of-Way” means any street, alley, other land or waterway, dedicated or commonly used for utility purposes, including general or utility easements in which the City has the right and authority to authorize, regulate or permit the location of facilities other than those of the City. "Right-of-way" shall not include any real or personal City property that is not specifically described in the previous two sentences and shall not include City buildings, fixtures, and other structures or improvements, regardless of whether they are situated in the right-of-way.

1.2.24 “Right-of-Way Regulation” means any ordinance or regulation of general applicability regarding requirements regarding regulation, management and use of Rights-of-Way in City, including registration and permitting requirements.

1.2.25 “Video Programming” means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 2. GRANT OF AUTHORITY AND GENERAL PROVISIONS

2.1 Grant of Franchise.

2.1.1 The City hereby authorizes Grantee to occupy or use the Right-of-Way subject to the provisions of this non-exclusive Franchise to provide Cable Service within the City, so long as all applicable provisions of the City Code and right-of-way regulations are met, including but not limited to, applicable zoning, taxation, and construction rules and regulations contained in the City Code or regulations adopted pursuant thereto. Notwithstanding the above grant to use Rights-of-Way, no Right-of-Way shall be used by Grantee if City determines that such use is inconsistent with the terms, conditions, or provisions by which such Right-of-Way was created or dedicated, or with the present or reasonably anticipated future use of the Right-of-Way.

2.2. Grant of Nonexclusive Authority

2.2.1 This Franchise shall be nonexclusive, and City reserves the right to grant a use of said Rights-of-Way to any Person at any time during the period of this Franchise for the provision of Cable Service.

2.2.2 Nothing in this Franchise granted by the City shall be construed to prohibit the Grantee from providing services other than Cable Services to the extent specifically permitted by Applicable Laws. The City hereby reserves all of its rights to regulate such other services consistent with Applicable Laws and no provision herein shall be construed to limit or give up any right to regulate.

2.3 Franchise Term. This Franchise shall be in effect for a period of ten (10) years from the date of acceptance by Grantee as required by Section 13 herein, unless sooner renewed, or lawfully terminated in accordance with the terms of this Franchise Agreement and/ or applicable law.

2.4 Previous Franchises. Upon acceptance by Grantee as required by Section 13 herein, this Franchise shall supersede and replace any previous franchise granted by the City and held by Grantee.

2.5 Compliance with Applicable Laws, Resolutions and Ordinances.

2.5.1 The terms of this Franchise shall define the contractual rights and obligations of Grantee with respect to the provision of Cable Service and operation of the System in City. However, Grantee shall at all times during the term of this Franchise be subject to all lawful exercise of the police power, statutory rights, local ordinance making authority and eminent domain rights of City. This Franchise may be modified or amended with the written consent of Grantee and City as provided in Section 12.3 herein.

2.5.2 Grantee shall comply with the terms of any City ordinance or regulation of general applicability which addresses usage of the Rights-of-Way within City, including any Right-of-Way Ordinance, which may have the effect of superseding, modifying or amending the terms of this Franchise.

2.6 Rules of Grantee. Grantee shall have the authority to promulgate such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably necessary to enable said Grantee to exercise its rights and perform its obligations under this Franchise and to assure uninterrupted Cable Service to each and all of its Subscribers; provided that such rules, regulations, terms and conditions shall not be in conflict with Applicable Laws.

2.7 Territorial Area Involved. This Franchise is granted for the Service Area. Consistent with Section 4.6 hereof, in the event of annexation by City, or as development occurs, any new territory shall become part of the Service Area for which this Franchise is granted; provided, however, that Grantee shall only be required to extend Service beyond its present System boundaries pursuant to Section 4.7 hereof. Grantee shall be given a reasonable period of time to construct and activate cable plant to provide Cable Service to annexed or newly developed areas but in no event shall such time period exceed twelve (12) months from notice thereof by City to Grantee and qualification pursuant to the density requirements of Section 4.7 hereof.

2.8 Written Notices. All notices, reports, or demands required to be given in writing under this Franchise shall be deemed to be given when delivered personally to any officer of Grantee or City's administrator of this Franchise during normal business hours or forty-eight (48) hours after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, addressed to the party to whom notice is being given, as follows:

If to City: Mayor
City of Urbana
400 South Vine Street
Urbana, IL 61801

If to Grantee: _____

Such addresses may be changed by either party upon notice to the other party given as provided in this section.

2.9 Competitive Equity.

2.9.1 In the event the City grants an additional Franchise to use and occupy the public right-of-way for the purposes of operating a cable system, the additional Franchise shall be granted in accordance with the Illinois Level Playing Field Statute, 65 ILCS 5/11-42-11, if applicable.

SECTION 3. CONSTRUCTION AND MAINTENANCE STANDARDS

3.1 Registration, Permits, Construction Codes, and Cooperation.

3.1.1 Grantee agrees to obtain a permit as and if required by City ordinances or regulations prior to constructing, removing, abandoning, relocating or reconstructing, if necessary, any portion of its facilities. Notwithstanding the foregoing, City understands and acknowledges there may be instances when Grantee is required to make repairs, in compliance with federal or state laws, that are of an emergency nature. Grantee shall notify City prior to such repairs, if practicable, and shall obtain the necessary permits in a reasonable time after notification to City.

3.1.2 In accordance with the City Code, the City agrees to process any and all applicable permits for the installation, construction, maintenance, repair, removal, and other activities associated with the Cable System in a reasonable and timely manner.

3.1.3 Generally applicable fees and reimbursement paid through the permitting process is separate, and in addition to, any other fees included in this Franchise.

3.1.4 City may issue reasonable policy guidelines to all franchised cable operators to establish procedures for determining how to control issuance of engineering permits to multiple operators for the use of the same Right-of-Way for their facilities. Grantee shall cooperate with City in establishing such policy and comply with the procedures established by the City Manager or his or her designee to coordinate the issuance of multiple engineering permits in the same Right-of-Way segments.

3.1.5 Failure to obtain permits or comply with permit requirements shall be grounds for revocation of this Franchise, or any lesser sanctions provided herein or in any other Applicable Law, subject to the notice and opportunity to cure provisions in Section 9.

3.2 Use of existing poles or conduits.

3.2.1 Grantee shall utilize existing poles, conduits and other facilities whenever commercially and technologically feasible, and shall not construct or install any new, different or additional poles, conduits or other facilities on public property until the written approval of City is obtained. Any proposed Installations to be made on private property shall be subject to the then prevailing City Code regarding such Installations. No location or any pole or wire-holding structure of Grantee shall be a vested interest, and any Grantee poles or structures shall be removed or modified by Grantee at its own expense whenever City determines that the public convenience and safety would be enhanced thereby, and the City is requiring the utilities serving the City to relocate their facilities as well.

3.2.2 The facilities of Grantee shall be placed underground where all utility lines are placed underground.

3.3 Minimum Interference.

3.3.1 Grantee shall locate equipment it will install in the Right-of-Way so as to cause minimum interference with the proper use of the Right-of-Way, and to cause minimum interference with the rights and reasonable convenience of property owners who adjoin the Right-of-Way.

3.3.2 No fixtures shall be placed in any Right-of-Way in such a manner to interfere with the usual travel on such Right-of-Way. In addition, Grantee may enter private property only as permitted by the owner of such private property for the purpose of constructing, operating, maintaining, repairing, and upgrading facilities. Grantee shall use its commercially reasonable efforts to give reasonable prior notice to any adjacent private property owners who will be negatively affected or impacted by Grantee's work in the Rights-of-Way.

3.4 Disturbance or Damage. Any and all Rights-of-Way, or public or private property, which are disturbed or damaged during the repair, replacement, relocation, operation, maintenance, expansion, extension or reconstruction of the System shall be promptly and fully restored by Grantee, at its expense, to substantially the same condition as that prevailing prior to Grantee's work, as reasonably determined by City in accordance with any permit issued by the City. If Grantee shall fail to promptly perform the restoration required herein, after written request of City and reasonable opportunity to satisfy that request, City shall have the right to put the Rights-of-Way back into substantially the same condition as that prevailing prior to Grantee's work. In the event City determines that Grantee is responsible for such disturbance or damage and fails to restore as set forth in this section, Grantee shall be obligated to fully reimburse City its direct costs for such restoration within thirty (30) days after its receipt of City's invoice for such restoration.

3.5 Temporary Relocation.

3.5.1 At any time during the period of the Franchise, Grantee shall, at its own expense, protect, support, temporarily disconnect, relocate or remove any of its property when, in the reasonable opinion of City, (i) the same is required by reason of traffic conditions, public safety, Rights-of-Way vacation, City freeway or Rights-of-Way construction, City alteration to or establishment of any Rights-of-Way or any facility within the Rights-of-Way, sidewalk, or other public place, including but not limited to, installation of sewers, drains, waterlines, power lines, traffic signal lines or transportation facilities; or (ii) a City project or activity makes temporary disconnection, removal, or relocation necessary or less expensive for City. Grantee will perform said temporary disconnect, relocation or removal no later than fourteen (14) days from the date of receipt of written notice from City unless emergency circumstances dictate immediate action by Grantee

3.5.2 Grantee shall, on request of any Person holding a permit to move a building, temporarily raise or lower its wires to permit the movement of such buildings. The actual expense of such temporary removal or raising or lowering of wires shall be paid by the Person requesting the same, and Grantee shall have the authority to require such payment in advance. Grantee shall be given not less than ten (10) days advance written notice from such Person holding a permit to arrange such temporary wire alterations.

3.6 Emergency.

3.6.1 Whenever, in case of fire or other emergency, it becomes necessary in the judgment of the City Manager, police chief, fire chief, or their delegates, to remove or damage any of Grantee's facilities, no charge shall be made by Grantee against City for restoration, repair or damages. Notwithstanding the above, Grantee reserves the right to assert a right of reimbursement or compensation from any responsible party.

3.6.2 Grantee shall carry all federal, state and local alerts provided over the federal "Emergency Alert System" ("EAS") through Grantee's Cable Service in full compliance with FCC requirements to the extent applicable in the event of a public safety emergency, which at a minimum will include the concurrent rebroadcast of local broadcast channels. Grantee shall comply with the "State of Illinois Emergency Alert System State Plan" – as may be amended from time to time. Grantee shall, in accordance with FCC or other applicable regulations, cooperate with the City on the use and operation by the City of the EAS and Grantee shall, within 28 days after the effective date of this agreement, provide to the City Manager and Fire Chief and other City employees designated in writing by the City with: 1) a written copy of the procedures for activating the EAS in the event of weather-related, and non-weather related emergency conditions; 2) the right to transmit an audio override on all channels in the event of disaster or public emergency.

3.7 Tree Trimming. Grantee shall have the authority to trim trees on public Rights-of-Way at its own expense as may be necessary to protect its wires and facilities, subject to any required supervision and direction by City. Any trimming of trees by the Grantee in the Rights-of-Way shall be conducted in accordance with the provisions of the City Code and shall also be subject to such generally applicable regulation as the City Manager or Public Works Director may

establish to protect the public health, safety and convenience. No trees shall be trimmed on private property without the prior consent of the property owner.

3.8 Protection of Facilities. Nothing contained in this Franchise shall relieve any Person from liability arising out of the failure to exercise reasonable care to avoid damaging Grantee's facilities while performing any work connected with grading, regrading or changing the line of any Rights-of-Way or public place or the construction or reconstruction of any sewer or water system.

3.9 Installation Records Grantee shall keep accurate Installation records, maps or diagrams, of the location of all facilities in the Rights-of-Way and public ways. Grantee shall furnish City's Department of Public Works with a map in such format as the City requires indicating the location of its distribution cable within 28 days of the completion of construction. Grantee shall cooperate with City to furnish such information in an electronic mapping format compatible with Autocad or such program as is adopted for standard use by the City and the utilities serving the City after notice to Grantee.

3.10 Locating Facilities.

3.10.1 Grantee shall comply with the lawful application of all applicable provisions of the City Code, state and federal law with respect to the location and screening of Grantee's equipment and facilities installed in the Right-of-Way as applicable on a case-by-case basis. If the location selected by Grantee for a new specific cabinet raises a reasonable public health, safety, and welfare concern, the City and Grantee agree to work together to identify alternative locations, if available, that satisfy any technical specifications or limitations of the facilities or equipment to be placed in the Right-of-Way and that are acceptable to the City.

3.10.2 If, during the design process for public improvements, City discovers a potential conflict with proposed construction, Grantee shall either: (a) locate and, if necessary, expose its facilities in conflict or (b) use a location service authorized to perform locating services within the State of Illinois to locate or expose its facilities. Grantee is obligated to furnish the location information in a timely manner in accordance with Applicable Laws.

3.10.3 City reserves the prior and superior right to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade, widen, realign, or maintain any Rights-of-Way, aerial, surface, or subsurface improvement, including but not limited to water mains, traffic control conduits, sanitary or storm sewers, subways, tunnels, bridges, viaducts, or any other public construction within the Rights-of-Way of City limits. The Grantee agrees to pay all costs associated with removal and relocation of Grantee's facilities resulting from City's work in the Rights-of-Way.

3.11 City's Rights. Nothing in this Franchise shall be construed to prevent City from constructing, maintaining, repairing or relocating sewers; grading, paving, maintaining, repairing, relocating and/or altering any Right-of-Way; constructing, laying down, repairing,

maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work.

3.12 Facilities in Conflict. If, during the course of a project, City determines Grantee's facilities are in conflict, then Grantee shall, within a reasonable time, but in no event exceeding thirty (30) days, remove or relocate the conflicting facility, provided, the other users of the Rights-of-Way serving the City which are similarly in conflict are required to relocate their facilities. This time period shall begin running upon receipt by Grantee of written notice from City. However, if both City and Grantee agree, the time frame may be extended based on the requirements of the project.

3.13 Interference with Utility Facilities. Grantee agrees not to install, maintain or use any of its facilities in such a manner as to damage or unreasonably interfere with any existing facilities of a utility located within the Rights-of-Way and public ways of City. Nothing in this section is meant to limit any rights Grantee may have under Applicable Laws to be compensated for the cost of relocating its facilities from the privately owned utility that is requesting the relocation.

3.14 Collocation. To maximize public and employee safety, to minimize visual clutter of aerial plant, and to minimize the amount of trenching and excavation in and along City Rights-of-Way and sidewalks for underground plant, Grantee shall make every commercially reasonable effort to collocate compatible facilities within the Rights-of-Way subject to the engineering requirements of the owners of utility poles and other facilities, in the case that relocation or extension of Grantee's facilities is approved or required by City.

3.15 Safety Requirements.

With respect to the Cable System of Grantee located in the Right-of-Way and utilized to provide Cable Service:

3.15.1 All construction practices shall be in accordance with all applicable sections of the Occupational Safety and Health Act of 1970, as amended, as well as all applicable state laws, including Title 83, Part 305 of the Illinois Administrative Code, and local codes where applicable, as adopted by the City.

3.15.2 Antennas and their supporting structures (towers) if any shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable state and Municipal laws, codes and regulations.

3.15.3 All of Grantee's Cable System facilities shall be installed, located, erected, constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with good engineering practices. All such work must be performed by experienced maintenance and construction personnel so as not to endanger or interfere with improvements the City may deem appropriate to make, interfere in any manner with the rights of any property owner or unnecessarily hinder or obstruct pedestrian or vehicular traffic.

3.15.4 Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices preventing failures and accidents which are likely to cause damage, injury or nuisance to the public.

SECTION 4. DESIGN PROVISIONS

4.1 Minimum Channel Capacity.

4.1.1 Grantee shall maintain and operate a System that shall provide a minimum of 100 Channels of programming at all times during the term of this Franchise.

4.1.2 All final programming decisions remain the discretion of Grantee in accordance with this Franchise, provided Grantee notifies City and Subscribers in writing thirty (30) days prior to any Channel additions, deletions, or realignments in the manner and to the extent required by federal law and subject to Grantee's signal carriage obligations hereunder and pursuant to 47 U.S.C. § 531-536 and to City's rights pursuant to 47 U.S.C. § 545. Location and relocation of the PEG Channels shall be governed by Section 6 and Exhibit A.

4.2 Interruption of Service. To the extent within Grantee's control in the ordinary course of business, Grantee shall interrupt Service only for good cause and for the shortest time possible, generally to be between the hours of 12:00 AM and 6:00 AM local time as technically and economically feasible. Grantee shall use reasonable efforts to provide notice of any planned outages to those residents who may be affected by any such outage. If Service is interrupted for a total period of more than twenty-four (24) continuous hours to one (1) or more Subscribers in any thirty (30) day period, those Subscribers shall, upon request, be credited pro rata for such interruption.

4.3 Technical Standards. The technical standards used in the operation of the System shall comply, at minimum, with the technical standards promulgated by the FCC relating to Cable Systems pursuant to Title 47, Section 76, Subpart K of the Code of Federal Regulations, as may be amended or modified from time to time, which regulations are expressly incorporated herein by reference. The Cable System shall be designed, constructed, routinely inspected, and maintained to guarantee that the Cable System meets or exceeds the requirements of the most current editions of the National Electrical Code (NFRA 70) and the National Electrical Safety Code (ANSI C2) at such time that the design, construction and/or maintenance is performed.

4.4 Special Testing.

4.4.1 Throughout the term of this Franchise, City shall have the right, upon reasonable prior written notice, to inspect all construction or Installation work performed pursuant to the provisions of the Franchise. In addition, City may require reasonable special testing of a location or locations within the System if there is a particular matter of controversy or unresolved complaints regarding such construction or Installation work or pertaining to such location(s). Demand for such special tests may be made on the basis of complaints received or other reasonable evidence indicating an unresolved controversy or noncompliance. Such tests shall be limited to the particular matter in controversy or

unresolved complaints. Any such special testing shall be conducted at those times reasonable determined by Grantee so as to minimize hardship, inconvenience or interruption to Grantee or to the Subscribers caused by such testing.

4.4.2 Before ordering such tests, Grantee shall be afforded thirty (30) days following receipt of written notice to investigate and, if necessary, correct problems or complaints upon which tests were ordered. City shall meet with Grantee prior to requiring special tests to discuss the need for such and, if possible, visually inspect those locations which are the focus of concern. If, after such meetings and inspections, City wishes to commence special tests and the thirty (30) days have elapsed without correction of the matter in controversy or unresolved complaints, the tests shall be conducted at Grantee's expense by a qualified engineer selected by City and Grantee shall reasonably cooperate in such testing.

4.5 FCC Reports. The results of any tests required to be filed by Grantee with the FCC or placed in Grantee's public inspection file as required by FCC rules, shall also be made available to City or its designee upon written request within ten (10) days of receipt of the written request.

4.6 Annexation. Upon the annexation of any additional land area by City, the annexed area shall thereafter be subject to all the terms of this Franchise.

4.7 Line Extension.

4.7.1 Grantee shall construct and operate its Cable System so as to provide Service to all parts of its Service Area as provided in this Franchise and having a density equivalent to seven (7) commercial or residential units per one-quarter (1/4) mile of feeder cable as measured from the nearest active plant if the extension is to be constructed using aerial plant, and seven (7) commercial or residential units per one-quarter (1/4) mile of feeder cable as measured from the nearest active plant if the extension is to be constructed using underground plant. The City, for its part, shall endeavor to exercise reasonable efforts to require developers and utility companies to provide the Grantee with at least fifteen (15) days advance notice of an available open trench for the placement of necessary cable.

4.7.2 Where the density is less than that specified above, Grantee shall inform Persons requesting Service of the possibility of paying for Installation or a line extension and shall offer to provide them with a free written estimate of the cost, which shall be provided within fifteen (15) working days of such a request. The charge for Installation or extension for each Person requesting Service shall not exceed a pro rata share of the actual cost of extending the Service and Grantee shall not be obligated to extend its System until one hundred percent (100%) of the Persons requesting Service in such area have prepaid their pro rata share of the extension.

4.7.3 Any unit located within one-hundred twenty-five (125) feet of the nearest active plant on Grantee's System shall be connected to the System at no charge other than the Standard Installation charge. Grantee shall, upon request by any potential Subscriber residing in City beyond the one hundred twenty-five (125) foot limit, extend Service to

such Subscriber provided that the Subscriber shall pay the net additional Drop costs in advance.

4.8 Lockout Device. Upon the request of a Subscriber, Grantee shall make available a Lockout Device in accordance with Applicable Law. Grantee's Cable System shall also comply with all FCC regulations regarding cable cards to permit maximum functionality of Cable System.

SECTION 5. SERVICE PROVISIONS

5.1 Regulation of Service Rates. City may regulate rates for the provision of Cable Service, equipment, or any other communications service provided over the System to the extent allowed under Applicable Laws. City reserves the right to regulate rates for any future Services to the extent permitted by Applicable Laws. Any rate regulation undertaken by City shall at all times comply with the rate regulations of the FCC at 47 C.F.R. §76.900 *et. seq.*, as may from time to time be amended. Grantee shall provide a rate discount on the Basic Service tier of programming to all residential senior citizens (65+). To be eligible for the rate discount, the senior citizen must be a "low-income household," as can be verified by the subscriber having an Illinois Cares Rx Card (issued by the Illinois Department on Aging - <http://www.illinoiscaresrx.com/>) or substantially similar program as determined in City's sole discretion.

5.2 Non-Standard Installations. Grantee shall install and provide Cable Service to any Person requesting other than a Standard Installation provided that said Cable Service can meet FCC technical specifications. In such case, Grantee may charge for the incremental increase in material and labor costs incurred beyond the Standard Installation.

5.3 Sales Procedures. Grantee shall not exercise deceptive sales procedures when marketing any of its Services within City. Grantee shall have the right to market door-to-door during reasonable hours consistent with Applicable Laws.

5.4 Consumer Protection and Service Standards. The City and Grantee acknowledge that the customer service standards and customer privacy provisions are set forth in the Cable and Video Customer Protection Law, 220 ILCS 70/501 *et seq.* and in the City Code. Enforcement of such standards shall be consistent with the Cable and Video Customer Protection Law, 220 ILCS 70/501 *et. seq.* The City reserves its rights to enforce customer service standards in accordance with applicable state law including the adoption of a separate ordinance as permitted under state law, and the customer service standards set by the Federal Communications Commission.

5.5 Annual Meeting. Grantee shall participate at the written request of the City in an annual meeting to be held each calendar year with representatives of the City to discuss Grantee's provision of Cable Service within the City and other matters related to Grantee's obligations under this Franchise.

5.6 Local Office. Grantee shall at all times during the term of this Franchise maintain at least one (1) local office in the City or within five (5) miles of the City. The office location must be

staffed during normal business hours by a person or persons capable of receiving inquiries, bill payments, equipment exchanges and related tasks.

SECTION 6. LOCAL CHANNELS AND NETWORK DROP PROVISIONS

6.1 Grantee Support for PEG Access. Grantee shall provide the following support for PEG access within the Service area:

6.1.1 Provision of the Channels designated in Exhibit A of this Agreement for PEG access programming at no charge in accordance with the requirements of Exhibit A.

6.1.2 Financial support of PEG access programming to the extent specified in Exhibit A of this Agreement.

6.1.3 Continuing technical assistance and support for all PEG Channels, including line checks, tests, audio/video adjustments, live feeds, and any other technical issues related to the PEG Channels.

6.2 Subscriber Network Drops to Public Buildings.

6.2.1 Pursuant to 220 ILCS 5/70-501(f), Grantee shall provide free of charge, throughout the term of this Franchise, Installation of one (1) Drop, one (1) cable outlet, and any required terminal equipment, if necessary, and Basic Cable Service and the next most highly penetrated tier of Cable Service offered by Grantee excluding pay-per-view, and pay-per-channel (premium) programming, without charge to the Public Buildings identified on Exhibit A-1 attached hereto and made a part hereof as well as any future Public Buildings so designated by the City. The free Cable Service set forth above shall be used by the Public Buildings in a manner consistent with the government purpose for the eligible building and shall not be resold.

6.2.2 Internal distribution of the free Cable Service in any Public Building will be the responsibility of the Public Building owner. Grantee shall not impose any charges for such additional extensions or outlets with the exception of any additional terminal equipment which may be required.

SECTION 7. OPERATION AND ADMINISTRATION PROVISIONS

7.1 Administration of Franchise. City or any designee thereof shall have continuing regulatory jurisdiction and supervision over the System with respect to Grantee's provision of Cable Services under the Franchise consistent with Applicable Laws.

City, or its designee, may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of the Franchise and Applicable Law.

7.2 Franchise Fee.

7.2.1 During the term of the Franchise, Grantee shall pay to City or its delegates a Franchise fee in an amount equal to five percent (5%) of Grantee's Gross Revenues. Upon ninety (90) days advance written notice from the City to Grantee, City may increase or decrease the franchise fee, and pursuant to said notice and direction, Grantee shall pay to City an annual franchise fee of up the maximum amount permitted by Applicable Law. In the event that at any time during the duration of this Franchise, the City is authorized to collect an amount in excess of five percent (5%) of Gross Revenues, then the City may unilaterally amend this Franchise as long as doing so is competitively neutral after holding a public hearing by ordinance to provide that such excess amount shall be added to the franchise fee payments to be paid by Grantee to the City hereunder, provided that Grantee has received at least ninety (90) days prior written notice from the City of such amendment.

7.2.2 Any payments due under this provision shall be payable monthly. The payments shall be made by the 25th day of each month for the preceding month's fee and forwarded to the City treasurer's office together with a report showing the basis for the computation in form and substance substantially the same as Exhibit B attached hereto. In the event that a Franchise fee payment or other sum due is not received by the City on or before the date due, or is underpaid, then Grantee shall make such payment including interest at an annual rate of twelve percent (12%) or two (2) percent over prime lending rates as quoted by Chase Bank U.S.A or its successor, whichever is higher, computed daily from time due until paid. Any undisputed overpayments made by Grantee to the City shall be returned or credited upon discovery of such overpayment and shall be payable within 60 days of the receipt of written notice from Grantee.

7.2.3 All amounts paid shall be subject to audit and re-computation by City and acceptance of any payment shall not be construed as an accord that the amount paid is in fact the correct amount. Audits may be performed during normal business hours, upon no less than twenty (20) days prior written notice no more than once in any twelve (12) month period and the audit period may not extend back beyond the maximum time period permitted under the applicable state statute of limitations for the State of Illinois for contract claims. If the results of the audit by the City show a discrepancy of more than two percent (2%) in the Franchise fees that were to be paid to the City, the Grantee shall pay for the cost of such audit.

7.2.4 For purposes of the fee to be paid by Grantee under this Franchise, in the case of Cable Service that may be bundled or integrated functionally with other services, capabilities, or applications of Grantee, the fee shall be applied only to the Gross Revenues attributable to Grantee's Cable Service, as reflected on the books and records of Grantee kept in the regular course of business in accordance with generally accepted accounting principles and Applicable Law

7.3 Not Franchise Fees.

7.3.1 Grantee acknowledges and agrees that the Franchise fees payable by Grantee to City pursuant to this section shall take precedence over all other material provisions of the Franchise and shall not be deemed to be in the nature of a tax, and shall be in addition

to any and all taxes of general applicability and other fees and charges which do not fall within the definition of a franchise fee under 47 U.S.C. § 542.

7.3.2 Grantee shall not apply or seek to apply all or any part of any taxes, fees or assessments of general applicability levied or imposed by the City or (including any such tax, fee or assessment imposed on both utilities and cable operators or their services) that do not fall within the definition of a franchise fee under 47 U.S.C. § 542 as a deduction or other credit from or against any of the Franchise Fees or other payments or contributions to be paid or made by Grantee to City pursuant to this Franchise which shall be deemed to be separate and distinct obligations of Grantee, unless otherwise provided for under Applicable Laws.

7.4 Access to Records. The City shall have the right to inspect, upon reasonable written notice of at least twenty (20) days and during normal business hours, or require Grantee to provide within a reasonable time, copies of any records maintained by Grantee which relate to System operations including specifically Grantee's accounting and financial records. In addition, the City shall have authority to arrange for and conduct an audit and copy any and all books and records of Grantee that contain information relating to the Franchise administration in the Service Area. City acknowledges that some of the records which may be provided by Grantee may be classified as confidential and therefore may subject Grantee to competitive disadvantage if made public. City shall therefore maintain the confidentiality of any and all records provided to it by Grantee which are not required to be made public pursuant to Applicable Laws. If required, Grantee shall produce such books and records for City's inspection at Grantee's local office within the Service Area or at such other mutually agreed upon location within the City. To the extent it is necessary for City to send representatives to a location outside of the City to inspect Grantee's books and records, Grantee shall be responsible for all travel costs incurred by City representatives. Grantee shall only be required to disclose these records and documents that Grantee is permitted to disclose by law.

7.5 Reports to be Filed with City. Grantee shall prepare and furnish to City, at the times and in the form prescribed, such other reasonable reports with respect to Grantee's operations pursuant to this Franchise as City may require.

SECTION 8. GENERAL FINANCIAL AND INSURANCE PROVISIONS

8.1 Letter of Credit.

8.1.1 In the event that the City has reason to believe that the Grantee has defaulted in the performance of any provision of this Franchise, except as excused by force majeure, the City shall notify the Company in writing. Within ten (10) days of receipt of a written notice from the City of an alleged violation of this Franchise, Grantee shall provide the City with an irrevocable letter of credit in the sum of Fifty Thousand and No/100 Dollars (\$50,000).

8.1.2 The letter of credit shall provide that funds will be paid to City, upon written demand of City, and in an amount solely determined by City in payment for penalties

charged pursuant to this section. The letter of credit shall be provided by Grantee regardless of whether Grantee disputes the alleged violation. Any failure by Grantee to provide the letter of credit as required herein shall constitute a separate breach of this Franchise. Once the proceeding addressing the alleged violation has been completed, including payments of any amounts due, the Grantee shall be relieved of maintaining the letter of credit until such time as another alleged violation notification is received by Grantee at which time the process shall begin again.

8.1.3 The Grantee shall have twenty-eight (28) from the receipt of an alleged violation to:

8.1.3.1 Respond to the City in writing, contesting the City's assertion of default and providing such information or documentation as may be necessary to support the Grantee's position; or

8.1.3.2 Cure any such default. The time for Grantee to correct any violation or liability shall be extended by City if the City determines that the necessary action to correct such violation or liability is of such a nature or character as to require more than twenty-eight (28) days within which to perform, provided Grantee provides written notice that it requires more than twenty-eight (28) days to correct such violations or liability, commences the corrective action within the twenty-eight (28) day period and thereafter uses reasonable diligence to correct the violation or liability.

8.1.4 In the event that the City finds the Grantee failed to respond to such an alleged violation to cure the default or to take reasonable steps to cure the default, the City shall promptly schedule a public hearing before the City or the City's designee to consider that matter. The City shall provide written notice at least ten (10) days to the Grantee prior to the date of the hearing. The Grantee shall be provided reasonable opportunity to be heard at such public hearing.

8.1.5 In the event that the City, after the public hearing, determines that a continuing state of default exists and that its cure is unlikely or untimely, the City may determine to pursue one (1) or more of the following:

8.1.5.1 assess liquidated damages in accordance with the schedule set forth below and draw upon all or any appropriate part of the letter of credit provided pursuant herein;

8.1.5.2 determine the amount of actual damages to the City of the default and draw upon all or any appropriate part of the letter of credit provided pursuant herein;

8.1.5.3 seek specific performance of any provision in this Franchise which reasonably lends itself to such remedy, as an alternative to damages;

8.1.5.4 pursue the procedures for revocation of the Franchise under the provisions contained herein and Applicable Law;

8.1.5.5 invoke any other lawful remedy available to the City.

8.1.6 In addition to recovery of any monies owed by Grantee to City or any Person or damages to City or any Person as a result of any acts or omissions by Grantee pursuant to the Franchise, City in its sole discretion may charge to and collect from the letter of credit the following liquidated damages:

8.1.6.1 For failure to provide data, documents, reports or information or to cooperate with City during an application process or system review or as otherwise provided herein, the penalty shall be Two Hundred Fifty and No/100 Dollars (\$250.00) per day for each day, or part thereof, such failure occurs or continues.

8.1.6.2 Fifteen (15) days following notice from City of a failure of Grantee to comply with construction, operation or maintenance standards, the penalty shall be Five Hundred and No/100 Dollars (\$500.00) per day for each day, or part thereof, such failure occurs or continues until compliance is attained and payment of the penalty has occurred.

8.1.6.3 For failure to provide the Services Grantee has proposed, including, but not limited to, the implementation and the utilization of the access Channels and the maintenance and/or replacement of the equipment and other facilities, the penalty shall be Three Hundred and No/100 Dollars (\$300.00) per day for each day, or part thereof, such failure occurs or continues.

8.1.6.4 For failure to comply with any of the provisions of this Franchise, or other Applicable Laws for which a penalty is not otherwise specifically provided pursuant to this paragraph (c), the penalty shall be Two Hundred Fifty (\$250.00) per day for each day, or part thereof, such failure occurs or continues.

8.1.7 Each violation of any provision of this Franchise shall be considered a separate violation for which a separate penalty can be imposed.

8.1.8 Whenever the letter of credit is drawn upon, Grantee may appeal such decision to a court of competent jurisdiction. All penalties shall continue to accrue from the letter of credit during any appeal pursuant to this subparagraph (h).

8.1.9 If City draws upon the letter of credit or any subsequent letter of credit delivered pursuant hereto, in whole or in part, the City shall provide written notice of such draw and the Grantee shall replace or replenish to its full amount the same within ten (10) days and shall deliver to City a like replacement letter of credit or certification of replenishment for the full amount stated. This shall be a continuing obligation for any draws upon the letter of credit.

8.1.10 If any letter of credit is not so replaced or replenished, City may draw on said letter of credit for the whole amount thereof and use the proceeds as City determines in its sole discretion. The failure to replace or replenish any letter of credit may also, at the option of the City, be deemed a default by Grantee under this Franchise. The drawing on

the letter of credit by City, and use of the money so obtained for payment or performance of the obligations, duties and responsibilities of Grantee which are in default, shall not be a waiver or release of such default.

8.1.11 Payment of liquidated damages mandated by the City in accordance with the terms of this Franchise shall be considered a cure and full and final resolution of the alleged violation for the time period specified. If the offending issues continue following payment of liquidated damages, the City may consider that as another violation of the Franchise. Nothing herein shall prevent the City from initiating another violation proceeding pursuant to the terms of this Franchise in the event another alleged violation of such provision of the Franchise should arise.

8.2 Liability Insurance. Grantee shall maintain the following types of insurance with companies qualified to do business in Illinois, rated A- VIII or better in the current A.M. Best key rating guide. Prior to commencing work under this contract, Grantee shall provide the City with insurance certificates evidencing such coverage.

8.2.1 Commercial general liability insurance (CGL) and, if necessary, commercial umbrella insurance. Grantee shall maintain CGL, and if necessary, commercial umbrella liability insurance with a limit of not less than \$2,000,000 each occurrence. The CGL insurance shall be written on ISO occurrence form CG 00 01 (or substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, personal and advertising injury, and liability assumed under an insured contract. The City, its officers and employees shall be included as insured under the CGL, using ISO additional insured endorsement 20 10 or substitute providing equivalent coverage and under the commercial umbrella, if any. The insurance shall apply as primary insurance with respect to any other insurance or self insurance programs afforded to the City. There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under a contract.

8.2.2 Automobile Liability. Grantee shall maintain during the term of this Franchise Comprehensive Automobile Liability insurance with a limit of One Million Dollars (\$1,000,000) per occurrence combined single limit for bodily injury, including death, and property damage covering owned, non-owned and hired automobiles used in conjunction with its operations under this Agreement. Such insurance shall name the City as an Additional Insured.

8.2.3 Workers' Compensation Insurance. Grantee shall maintain workers' compensation and employers' liability insurance. The commercial umbrella and/or employers' liability limits shall not be less than \$100,000 each accident for bodily injury by accident or \$100,000 each employee for bodily injury by disease.

8.2.4 Evidence of Insurance. On or prior to the Effective Date of this Franchise, Grantee shall furnish to the City Certificates of Insurance upon each policy renewal evidencing all of the aforementioned types and limits of insurance to be in effect.

8.2.5 Maintenance of Insurance Policies. The liability insurance policies required under this Section 8.2 shall be maintained by Grantee through the term of this Franchise. Each policy of insurance shall provide that it not be cancelled nor materially changed without sixty (60) days' advance written notice to the City.

8.2.6 Alteration of Minimum Limits. The City may, following the Effective Date, increase the minimum limitation(s) of the insurance policy(ies) required under this Section by a percentage not to exceed the percentage increase in the Consumer Price Index for the Chicago Metropolitan Statistical Area as of the Effective Date.

8.2.7 Umbrella Insurance. Should Grantee elect to maintain policies of umbrella insurance, the City shall be named as an additional insured under those policies.

8.2.8 Grantee shall not commence any Cable System reconstruction work or permit any subcontractor to commence work until all insurance required under this Franchise has been obtained. Said insurance shall be maintained in full force and effect until the expiration of this Franchise

8.3. Indemnification

8.3.1 Grantee shall indemnify, defend and hold City, its officers, boards, commissions, agents and employees (collectively the "Indemnified Parties") harmless from and against any and all lawsuits, claims, causes or action, actions, liabilities, demands, damages, judgments, settlements, disability, losses, expenses (including reasonable attorney's fees and disbursements) and costs of any nature that any of the Indemnified Parties may at any time suffer, sustain or incur arising out of, based upon or in any way connected with the Grantee's operations, the exercise of the Franchise, the breach by Grantee of its obligations under this Franchise and/or the activities of Grantee, its subcontractors, employees and agents hereunder. Grantee shall be solely responsible for and shall indemnify, defend and hold the Indemnified Parties harmless from and against any and all matters relative to payment of Grantee's employees, including compliance with Social Security and withholdings. This obligation shall survive the term of this agreement to the extent required to effectuate this provision.

8.3.2 The indemnification obligations of Grantee set forth in this Franchise not limited in any way by the amount or type of damages or compensation payable by or for Grantee under workers' compensation, disability or other employee benefit acts, acceptance of insurance certificates required under this Franchise or the terms, applicability or limitations of any insurance held by Grantee.

8.3.3 City does not, and shall not, waive any rights against Grantee which it may have by reason of the indemnification provided for in this Franchise, because of the acceptance by City, or the deposit with City by Grantee, of any of the insurance policies described in this Franchise.

8.3.4 The indemnification of City by Grantee provided for in this Franchise shall apply to all damages and claims for damages of any kind suffered by reason of any of Grantee's operations referred to in this Franchise, regardless of whether such insurance policies shall have been determined to be applicable to any such damages or claims for damages.

8.3.5 Grantee shall not be required to indemnify City for negligence or misconduct on the part of the City or its officials, boards, commissions, agents, or employees, including any loss or claims related to PEG access Channels in which City participates subject to Applicable Law.

SECTION 9. SALE, ABANDONMENT, TRANSFER AND REVOCATION OF FRANCHISE

9.1 City's Right to Revoke.

9.1.1 In addition to all other rights which City has pursuant to law or equity, City reserves the right to commence proceedings to revoke, as detailed in Section 9.2 below, this Franchise, and all rights and privileges pertaining thereto, if it is determined by City that:

9.1.1.1 Grantee has violated material provisions(s) of this Franchise; or

9.1.1.2 Grantee has attempted to evade any of the provisions of the Franchise; or

9.1.1.3 Grantee has intentionally practiced fraud or deceit upon City.

9.2 Procedures for Revocation.

9.2.1 City shall provide Grantee with written notice of a cause for revocation and the intent to revoke and shall allow Grantee twenty eight (28) days subsequent to receipt of the notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. In the notice required therein, City shall provide Grantee with the basis of the revocation.

9.2.2 Grantee shall be provided the right to a public hearing affording the right to be heard before the City or the City's designee prior to the effective date of revocation, which public hearing shall follow the twenty eight (28) day notice provided in subparagraph (a) above. City shall provide Grantee with written notice of its decision together with written findings of fact supplementing said decision..

9.2.3 Only after the public hearing and upon written notice of the determination by City to revoke the Franchise may Grantee appeal said decision with an appropriate state or federal court or agency.

9.2.4 During the appeal period, the Franchise shall remain in full force and effect unless the term thereof sooner expires or unless continuation of the Franchise would endanger the health, safety and welfare of any Person or the public.

9.3 Abandonment of Service. Grantee may not abandon the System or any portion thereof without having first given three (3) months written notice to City. Grantee may not abandon the System or any portion thereof without compensating City for direct damages resulting from the abandonment, including all costs incident to removal of the System.

9.4 Removal After Abandonment, Termination or Forfeiture.

9.4.1 In the event of termination or forfeiture of the Franchise or abandonment of the System, City shall have the right to require Grantee to remove all or any portion of the System from all Rights-of-Way and public property within City, unless Grantee shall otherwise be engaged in ongoing discussions to sell the System to a prospective grantee whose identity is provided to the City and who confirms such discussion in writing. This information shall be provided to the City Manager and may require that such information be kept confidential.

9.4.2 If Grantee has failed to commence removal of System, or such part thereof as was designated by City, within twenty eight (28) days after written notice of City's demand for removal is given, or if Grantee has failed to complete such removal within twelve (12) months after written notice of City's demand for removal is given, the City Council shall have the right to declare all right, title, and interest to the System to be in the City with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it.

9.5 Sale, Assignment or Transfer of Franchise.

9.5.1 This Franchise shall not be assigned, transferred, or sublet, either in whole or in part, disposed of, transferred in trust, pledged in whole or in part, by voluntary sale, merger, sale and leaseback, consolidation or otherwise, or by forced or involuntary sale, without prior consent of the City, not to be unreasonably withheld, and consistent with federal procedures governing the same. Any sale, transfer, or assignment not made according to the procedures set forth in this Franchise shall render this Franchise void.

9.5.2 Any sale, transfer, or assignment authorized by the City in compliance with federal law shall be made by a bill of sale or similar document, an executed copy of which shall be filed with the City within twenty eight (28) days after such sale, transfer, or assignment. The City shall not withhold its consent unreasonably. The transferee must satisfy the legal, financial, and technical qualifications as established by the Cable Act (47 U.S.C. §537), character qualifications and any other standard permissible under Applicable Laws. Grantee shall reasonably assist the City in such inquiry regarding these qualifications.

9.5.3 In no event shall a transfer of ownership or Change in Control be approved without the successor(s) in interest, if any, to the Franchise agreeing in writing to comply with the terms, obligations, and conditions of the Franchise.

9.5.4 Approval by the City shall be required prior to any transfer or Change in Control, which approval shall not be unreasonably withheld, consistent with federal procedures. By its acceptance of the Franchise, the Grantee specifically agrees that any such transfer

or Change in Control occurring without a prior approval of the City shall be deemed a material breach of this Franchise, provided such approval has been withheld in compliance with federal law.

9.5.5 Grantee shall submit a petition to the City requesting the City's approval before Grantee takes any action in furtherance of accomplishing any such assignment, sale, transfer, or sublet, containing or accompanied by such information as is required in accordance with FCC regulations and Applicable Laws.

9.5.6 The consent or approval of the City to any assignment, sale, transfer, or sublet, shall not constitute a waiver or release of the rights of the City under any ordinance or this Franchise.

9.5.7 Notwithstanding the foregoing, no consent shall be required for the Grantee to: (i) hypothecate, pledge, mortgage, lease or assign all or any part of the Cable System or this Franchise, or any right or interest therein for financing purposes; or (ii) assign this Franchise to any entity or Person, controlling, controlled by or under common control with Grantee.

9.5.8 The Grantee shall reimburse City for all the legal, administrative, and consulting costs and fees associated with the City's review of any request to transfer. Grantee may not itemize any such reimbursement on Subscriber bills nor offset or deduct any reimbursement from any franchise fees or other fees owed by Grantee to City.

SECTION 10. PROTECTION OF INDIVIDUAL RIGHTS

10.1 Discriminatory Practices Prohibited. Grantee shall comply at all times with all applicable federal, state, and City laws, and all executive and administrative orders relating to nondiscrimination including any applicable Human Rights Ordinances contained in the City Code.

10.2 Subscriber Privacy. Grantee shall, at all times, comply with Applicable Laws regarding Subscriber privacy, including but not limited to 47 U.S.C. § 551.

SECTION 11. RESERVED

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 Franchise Renewal. Any renewal of this Franchise shall be performed in accordance with Applicable Law. The term of any renewed Franchise shall be limited to a period no longer than allowed by Applicable Law.

12.2 Work Performed by Others. All applicable obligations of this Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of this Franchise, however, in no event shall any such subcontractor or other performing work obtain any rights to maintain and operate a System or provide Cable Service. Upon written request, Grantee shall provide notice to City of the name(s) and address(es) of any entity, other than Grantee, which performs substantial services pursuant to this Franchise.

12.3 Amendment of Franchise Ordinance. Grantee and City may mutually agree, from time to time, to amend this Franchise. Such written amendments may be made if City and Grantee agree that such an amendment will be in the public interest or if such an amendment is required due to changes in federal, state or local laws; provided, however, nothing herein shall restrict City's exercise of its police powers.

12.4 Compliance with Federal, State and Local Laws.

12.4.1 The terms of this Franchise shall govern Grantee's performance except where Applicable laws preempt such local regulation. In such cases the Applicable Laws shall govern Grantee's performance under this Franchise.

12.4.2 If any Applicable Laws require or permit City or Grantee to perform any service or act or shall prohibit City or Grantee from performing any service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, either party shall notify the other of the point in conflict believed to exist.

12.4.3 If the City and Grantee do not agree that a material provision of this Franchise is affected by such Applicable Law then either the City or Grantee shall have the right to seek review of the provision in question as may be permitted.

12.4.4 If any term, condition or provision of this Franchise or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder hereof and the application of such term, condition or provision to Persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Franchise and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and complied with provided the loss of the invalid or unenforceable clause does not substantially alter the agreement between the parties. In the event such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and City.

12.5 Nonenforcement by City. Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise by reason of any failure or delay of City to enforce prompt compliance. City may only waive its rights hereunder by expressly so stating in writing. Any such written waiver by City of a breach or violation of any provision of this Franchise shall not operate as or be construed to be a waiver of any subsequent breach or violation.

12.6 Rights Cumulative. All rights and remedies given to City by this Franchise or retained by City herein shall be in addition to and cumulative with any and all other rights and remedies, existing or implied, now or hereafter available to City, at law or in equity, and such rights and remedies shall not be exclusive, but each and every right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by City and the exercise of one or more rights or

remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

12.7 Grantee Acknowledgment of Validity of Franchise. Grantee acknowledges that it has had an opportunity to review the terms and conditions of this Franchise and that under current law Grantee believes that said terms and conditions are not unreasonable or arbitrary, and that Grantee believes City has the power to make the terms and conditions contained in this Franchise. Except as provided in Section 12.4 of this Franchise, Grantee agrees that it will not, at any time, set up against City in any claim or proceeding, any condition or term of the Franchise as unreasonable, arbitrary, void as of the effective date of this Franchise or that City had no power or authority to make such term or condition.

In the case of any dispute or question as to the meaning, interpretation, or application of any term, provision, or condition of this Franchise, City, in its reasonable discretion, shall promptly resolve such dispute or question.

12.8 Confidential and Trade Secret Information. Consistent with the Illinois Freedom of Information Act and Applicable Law, the City shall follow procedures for protecting any trade secret and commercial or financial information of Grantee that may be provided to City.

SECTION 13. PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS

13.1 Publication, Effective Date. This Franchise shall be published in accordance with applicable local and Illinois law. The effective date of this Franchise shall be the date of acceptance by Grantee in accordance with the provisions of Section 13.4.

13.2 Choice of Laws. This Franchise shall be construed and interpreted according to the laws of the State of Illinois (without applying the state's conflict of law principles) and federal law, as applicable. Except as to any matter within the jurisdiction of the federal courts, all judicial actions relating to any interpretation, enforcement, dispute resolution or any other aspect of this Agreement shall be brought in Champaign County, Illinois, Sixth Judicial District. With respect to any matter within the jurisdiction of the Federal Court, such matter shall be brought in the United States District Court - Central District of Illinois.

13.3 Miscellaneous.

13.3.1 Grantee and the City each hereby warrants that it has the requisite power and authority to enter into this Franchise and to perform according to the terms hereof.

13.3.2 The headings used in this Franchise are inserted for convenience or reference only and are not intended to define, limit or affect the interpretation of any term or provision hereof. The singular shall include the plural; the masculine gender shall include the feminine and neutral gender.

13.3.3 Grantee and the City shall cooperate fully with one another in the execution of any and all other documents and in the completion of any additional actions including,

without limitation, the processing of permits that may be necessary or appropriate to give full force and effect to the terms and intent of this Franchise.

13.3.4 Nothing contained in this Franchise is intended or shall be construed as creating or conferring any rights, benefits or remedies upon, or creating any obligations of the Parties hereto toward any person or entity not a Party to this Franchise, unless otherwise expressly set forth herein.

13.3.5 To the extent the provisions of this Franchise conflict with any of the provisions of the City Code, the provisions of the City Code shall control.

13.4 Acceptance.

13.4.1 Grantee shall accept this Franchise within twenty eight (28) days of receipt of an executed copy from the City, unless the time for acceptance is extended by City. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes; provided, however, this Franchise shall not be effective until all City ordinance adoption procedures are complied with and all applicable timelines have run for the adoption of a City ordinance. In the event acceptance does not take place, or should all ordinance adoption procedures and timelines not be completed, this Franchise and any and all rights granted hereunder to Grantee shall be null and void.

13.4.2 Upon acceptance of this Franchise Grantee and City shall be bound by all the terms and conditions contained herein.

13.4.3 To the extent lawful and permissible under Applicable Laws, upon acceptance of this Franchise Grantee shall reimburse City for City's reasonable costs associated with processing renewal of Grantee's franchise, including, without limitation, all costs incurred by the City to prepare the City's needs assessment required by 47 U.S.C. 546, financial, legal and technical evaluation costs, notice and publication costs and document preparation and negotiation costs. Any such reimbursement shall not be charged against any franchise fees due to City by Grantee during the term of this Franchise.

13.4.4 Grantee shall accept this Franchise in the following manner:

13.4.4.1 This Franchise will be properly executed and acknowledged by Grantee and delivered to City.

13.4.4.2 With its acceptance, Grantee shall also deliver insurance certificates, as required herein that have not previously been delivered.

Passed and adopted this _____ day of _____, 2009.

ATTEST:

CITY OF URBANA, ILLINOIS

By: _____

By: _____

Its: _____

Its: _____

ACCEPTED: This Franchise is accepted, and we agree to be bound by its terms and conditions.

Date: _____

By: _____

President & Chief Executive Officer _____

Notary:

EXHIBIT A GRANTEE COMMITMENT TO PEG ACCESS FACILITIES AND EQUIPMENT

A.1 PUBLIC, EDUCATIONAL AND GOVERNMENT (PEG) ACCESS CHANNELS

Grantee shall provide City with five (5) analog Channels available exclusively for PEG use ("PEG Channels"). The PEG Channels shall be dedicated for PEG use for the term of the Franchise and the channels shall be allocated for such use as determined in City's sole discretion. All PEG Channels shall be transmitted to Subscribers on the Basic Cable Service tier. The technical quality of all PEG Channels shall be at least equal to the same FCC required technical standards to ensure the same quality as the Channels used by Grantee to retransmit local off-the-air broadcast television stations which are affiliates of the major national broadcast networks. Grantee shall insure that there is no material degradation in the signal that is received by Grantee for distribution by Grantee over the Cable System.

City shall be responsible for all programming requirements, including but not limited to scheduling, playback, training, staffing, copyright clearances, equipment, maintenance and repair, on the PEG Channels.

A.2 RELOCATION OF PEG CHANNELS

Grantee shall not relocate any existing PEG access Channel to a different Channel number unless specifically required by Applicable Laws or unless otherwise agreed to in writing by City. Grantee shall provide at least sixty (60) days prior written notice of such relocation to Subscribers and the City, and Grantee shall reimburse the City for reasonable costs caused by such relocation, including reasonable constituency notification costs.

A.3 FUTURE PROGRAM SELECTION INTERFACES ("WALLED GARDEN")

Grantee and the City recognize that "channel number" assignments may lose some significance in such an environment where the selection of video streams is similar to the point and click method typically associated with a web page on the Internet. Grantee and the City further recognize that during the term of this Franchise, video Programming could be accessed by Subscribers over the Cable System from a graphic interface similar to a web portal. Such a portal, sometimes referred to as a "walled garden" will offer the Subscriber a menu of options, including video Programming. Grantee agrees that if it utilizes such an interface on its Cable System, the City has the right to place an icon of its choosing on the first layer of any "walled garden" or other similar user interface so that Subscribers will have ready access to local non-commercial PEG Programming. At all times, Grantee will treat programming provided by City in a manner no different and with no less functionality than that offered by Grantee to other commercial programmers.

A.4 PEG CAPITAL FEE.

Urbana

a. Upon the effective date of this Franchise, Grantee shall collect from all Subscribers in the Service Area and shall pay to City an amount equal to two percent (2%) of Grantee's Gross Revenues to support PEG capital purchases to be made by City ("PEG Fee"). City shall utilize the PEG Fee to maintain state-of-the-art equipment for use by PEG entities within the City. The PEG Fee shall be remitted by Grantee on a quarterly basis in the same manner as the franchise fee required by section 7.2 hereof.

b. City agrees to expend the PEG Fee solely for capital costs associated with PEG access. City shall be permitted to hold all or a portion of the PEG Fee from year to year as a designated fund to permit the City to make large capital expenditures, if necessary as long as City spends entire amount collected by the end of the term of this Franchise. Moreover, if City chooses to borrow from itself or a financial institution revenue for large PEG access capital purchases or capital expenditures, City shall be permitted to make periodic repayments using the PEG Fee.

c. City shall provide Grantee, upon reasonable advance written request, with an accounting of any expenditures of the PEG Fee to insure such fees are used for capital costs related to PEG Access and not used for operational expenses, such as employee salaries. If Grantee believes City has failed to demonstrate compliance with the expenditure limitations of the PEG Fee, Grantee shall provide City, within thirty (30) days of receipt of such an accounting, notice of Grantee's objections. The Parties shall thereafter meet at the reasonable request of either party to address the objections identified by Grantee. If Grantee reasonably concludes that City has expended the PEG Fee in a manner inconsistent with the limitations imposed herein the Grantee may, after thirty (30) days notice to the City, advise the City of its intention to implement a credit on its next regularly scheduled franchise fee payment in the amount of any expenditure inconsistent with the PEG Fee. If the City disputes Grantee's allegation the City may commence a franchise violation proceeding against Grantee pursuant to the terms of the Franchise. In the event the City commences a franchise violation proceeding against Grantee, Grantee shall hold the disputed monies in a separate interest bearing account until a final order is issued and any appeals exhausted. Any monies so held shall be distributed in accordance with any final order (after exhaustion of any and all appeals) or as City and Grantee might agree.

d. Any cost to Grantee associated with providing any support for PEG access use required under this Franchise and payments made outside this Franchise, if any, are not part of the franchise fee, and fall within one or more of the exceptions in 47 U.S.C. § 542. Such costs may be categorized, itemized, and passed through to Subscribers as permissible, in accordance with 47 U.S.C. §542 or other applicable law. City acknowledges that Grantee's current intentions to exercise its rights under 47 U.S.C. § 542. Grantee expressly reserves the right to assert that any expenditures by the City of the PEG Fee other than for capital costs associated with PEG access is a franchise fee as defined by applicable law. The City expressly reserves the right to assert that any expenditure by the City of the PEG Fee is permissible as a capital cost and is not a franchise fee as defined by applicable law.

A.5 ORIGINATION POINT.

Grantee shall maintain throughout the life of this Franchise all existing return lines that are in place as of the Effective Date in order to enable the distribution of PEG access programming to Grantee's residential Subscribers.

Grantee shall ensure that the System is capable of cablecasting live programming (i.e. program origination capability) from the following locations:

City Hall

Civic Center

Promotions Site

Public Works

Champaign County Jail

Champaign County Courthouse (Elm Street)

Champaign County Courthouse (1601 E Main Street)

ESDA

METCAD

All Fire Stations (except campus station this was originally U of I)

Police Headquarters

ALL Public libraries

All Public and Private High Schools

One additional drop to all Public and Private High School gymnasiums

All Public and Private Middle Schools

All Public and Private Elementary Schools

Parkland College Educational Video Center

One additional drop to the Parkland College gymnasium

University of Illinois Gregory Hall

University of Illinois Foreign Languages Building

If the Grantee makes changes to Grantee's Cable System that require technical modifications to the City's PEG access facilities and equipment, Grantee shall provide any necessary additional headend and distribution facilities or equipment within thirty (30) days so that the City's PEG facilities and equipment may be used as intended with respect to the PEG channels specified herein. Grantee shall be solely responsible for the costs associated with maintenance, repair and any desired technology changes of the signal transport facilities which Grantee is required to provide to transmit the PEG Channels.

A.6 PROMOTION AND ADVERTISING

To the extent permitted by Grantee's billing process, Grantee shall allow the City to place bill stuffers in Grantee's Subscriber statements at a cost to City not to exceed Grantee's cost, no less frequently than twice per year upon the written request of the City and at such times that the placement of such materials would not materially and adversely effect Grantee's cost for the production and mailing of such statements. The City, in its sole

discretion, shall have the option of providing Grantee or its designee with pre-printed bill stuffers or shall determine to pay Grantee in advance for the actual cost of such bill stuffers. Grantee shall also make available PEG access information provided by the City in Subscriber packets at the time of Installation and at the counter in the local office serving the Service Area.

Grantee shall also distribute, at no charge to the City, through advertising insertion equipment, thirty (30) second promotional and awareness commercial spots, on a “run of schedule” basis, produced at the City’s cost and submitted by City in a format compatible with such advertising insertion equipment.

All expenses incurred by Grantee to support the requirements contained within this Exhibit A shall not be deducted from the franchise fee although Grantee shall have the right, consistent with Applicable Law, to itemize costs associated with the provision of PEG access programming as a separate line item on Subscriber’s bills.

EXHIBIT A-1 SERVICE TO PUBLIC AND PRIVATE BUILDINGS

Urbana

City Hall

Civic Center

Public Works

All Fire Stations

All Police stations

ALL Public libraries

Public Works

All state accredited Public and Private K-12 school facilities (including Administrative Buildings and pre-K/Headstart accredited schools.)

Parkland College Educational Video Center

All Urbana Park District facilities

Champaign-Urbana Public Health Department

Cunningham Township & Assessor's Offices

Mass-Transit District (MTD) buildings

Urbana Champaign Sanitary district main office

Federal Courthouse

Sheriff's Office

EXHIBIT B FRANCHISE FEE PAYMENT WORKSHEET

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
	20__	20__	20__	20__	20__	20__	20__	20__	20__	20__	20__	20__
Basic												
Classic												
Digital												
Pay												
Pay-Per-View												
Equipment												
Installation												
Service/Repair												
Guide												
Cable Revenue												
Late Fees/NSF Fees												
Collection/Damages												
Equip Fee												
Ad Sales												
Home Shopping												
Revenue												
Gross Revenue												
Bad Debt												
Total Basis												
Franchise Fee 3 or												
5%												
Total Franchise Fee												

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS
GRANTING COMCAST OF ILLINOIS/ INDIANA/ OHIO, LLC
A FRANCHISE EXTENSION TO AUGUST 31, 2009

WHEREAS, effective March 1, 1994, the City of Urbana, Illinois (“City”) granted a Franchise Agreement for Cable Television Services (“Franchise”) to Time Warner Entertainment Company, L.P.; and

WHEREAS, the Franchise is currently held by Comcast of Illinois/ Indiana/ Ohio, LLC. (“Comcast”); and

WHEREAS, pursuant to Section 47 U.S.C. §546(a) Comcast, or its predecessor in interest, provided notification to the City of Comcast’s intent to seek renewal of the Franchise under 47 U.S.C. §546(a-g); and

WHEREAS, pursuant to Section 47 U.S.C. § 546(a) the City properly commenced franchise renewal proceedings; and

WHEREAS, the City and Comcast have undertaken good faith informal renewal negotiations pursuant to Section 47 U.S.C. § 546(h) but have been were unable to reach agreement on the terms for a renewed franchise; and

WHEREAS, nothing contained herein shall in anyway diminish either party’s rights under the formal renewal process 47 U.S.C. §546(a-g) or applicable state law; and

WHEREAS, the Franchise will expire on or about February 28, 2009; and

WHEREAS, the City does not desire a gap in cable service for its residents nor in Comcast’s authority to provide cable services in the City; and

WHEREAS, both the City and Comcast desire to expressly reserve all of their respective rights under state and federal law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Urbana, Illinois

hereby resolves as follows:

1. Pursuant to Section 1.4 of the Franchise, the Franchise is hereby amended by extending the term of the Franchise from February 28, 2009 through and including August 31, 2009.
2. Except as specifically modified hereby, the Franchise shall remain in full force and effect.
3. The City and Comcast hereby agree that neither waives any rights either may have under the Franchise or applicable law.
4. This Resolution shall become effective upon the occurrence of both of the following conditions: (1) The Resolution being passed and adopted by the City Council of the City Urbana; and (2) Comcast's acceptance of this Resolution within fourteen (14) days from the date this Resolution is passed and adopted.

Adopted by the City Council of Urbana, Illinois, this ____ day of _____, 2009.

CITY OF URBANA, ILLINOIS

By: _____

Its: _____

ATTEST:

City Clerk

CERTIFICATION

I, _____, City _____ of the City of Urbana, Illinois, the custodian of its records, do hereby certify the above is a true and exact copy of a Resolution passed, adopted and approved by the City Council of said City on _____, 2009.

DATED: _____, 2009

By: _____

Its: _____

ACCEPTANCE

Comcast of Illinois/ Indiana/ Ohio, LLC. (“Comcast”), hereby acknowledges the City of Urbana, Illinois Resolution No. ____ attached hereto and hereby accepts the terms, provisions and recitals of the Resolution and agrees to be bound by the Franchise to the extent consistent with applicable laws.

DATED: _____, 2009

COMCAST OF ILLINOIS/ INDIANA/
OHIO, LLC

By: _____

Its: _____

SWORN TO BEFORE ME this
____ day of _____, 2009

NOTARY PUBLIC

RESOLUTION NO. _____

A RESOLUTION ADOPTING CERTAIN CABLE-RELATED NEEDS AND INTERESTS OF THE CITY OF URBANA AS IDENTIFIED IN THE FORMAL NEEDS ASSESSMENT REPORT AND RELATED REQUIREMENTS SET FORTH THEREIN; AUTHORIZING THE ISSUANCE OF A REQUEST FOR FORMAL RENEWAL PROPOSAL FOR A CABLE FRANCHISE, AND CLOSING THE INITIAL STAGE OF FORMAL FRANCHISE RENEWAL PROCEEDINGS

WHEREAS, Comcast of Illinois/ Indiana/ Ohio, LLC.(“Comcast”), currently operates a cable system for the provision of cable service in the City of Urbana, Illinois (“City”); and

WHEREAS, the City commenced a proceeding to review the past performance of Comcast and to ascertain the future cable-related needs and interests of the community; and

WHEREAS, City staff has prepared and the City Council has received a “Formal Needs Assessment Report” (“Report”) identifying the cable-related needs and interests of the community, and recommending requirements to be included in a Request for Formal Renewal Proposal for a Cable Franchise, consistent with federal law.

NOW THEREFORE, THE CITY OF URBANA DOES RESOLVE AS FOLLOWS:

Section 1. The City Council concludes that the past performance of Comcast and the cable-related needs and interests of the City are accurately identified by the Report.

Section 2. The Report is hereby adopted by the City Council as its ascertainment of the cable-related needs and interests of the community. The City Council further adopts the requirements as set forth in the Report.

Section 3. The City Council hereby closes the ascertainment of cable-related needs and interests and the review of the past performance of Comcast contemplated by 47 U.S.C. §546(a).

Section 4. The City Council hereby establishes that the deadline for submission of responses to the Request For Formal Renewal Proposal for a Cable Franchise shall be May 4, 2009.

ADOPTED by the Urbana City Council this _____ day of _____, 2009.

By: _____

Its: _____

Approved as to form:

By: _____

Its: _____

**REQUEST FOR FORMAL RENEWAL PROPOSAL
FOR A CABLE FRANCHISE**

City of Urbana, Illinois

**400 South Vine Street
Urbana, IL 61801**

February 17, 2009

APPLICANT'S RESPONSE TO THIS REQUEST FOR
FORMAL RENEWAL PROPOSAL MUST BE RECEIVED AT THE
ABOVE ADDRESS BY 4:00 P.M. ON MAY 4, 2009

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CITY OF URBANA, ILLINOIS
REQUEST FOR FORMAL RENEWAL PROPOSAL FOR CABLE FRANCHISE

I. INTRODUCTION

A. Invitation to Submit Proposals

Pursuant to 47 U.S.C. § 546(a-g), with this request for formal renewal proposal (“RFRP”) the City of Urbana, Illinois (“City”) invites Comcast of Illinois/ Indiana/ Ohio, LLC. (“Comcast”) to submit a cable franchise formal renewal proposal describing the cable-related facilities, equipment, and services that it proposes to provide in the City during a franchise renewal term.¹ While this RFRP is specifically designed for a cable franchise formal renewal proposal, the City also invites any other interested party to submit a proposal for a cable franchise using the attached forms by the deadline established herein. Applicants other than Comcast responding to the RFRP may read RFRP language such as “upgrades,” “rebuilds” and “renewal term” as applying equally to proposals for a new system with a new initial term.

If an Applicant submits a complete proposal by the deadline that the City has established, the proposal will be evaluated in accordance with applicable provisions of federal and local law. In determining whether a cable franchise renewal should be granted, the City will consider, for example, whether the Applicant’s past performance justifies renewal; whether an Applicant has the financial, technical and legal qualifications to perform as promised during a renewal term; and whether the Applicant has submitted a proposal that is reasonable to meet future, cable-related needs and interests of this community, considering the cost of meeting those needs and interests.

The City is seeking a proposal that:

1. describes, in detail, what services, facilities and equipment the Applicant proposes to provide during a renewal franchise term;
2. demonstrates that Applicant’s proposal will satisfy community cable-related needs and interests capably, creatively, economically, responsibly and in a manner that will provide the benefits of cable communications technology to the residents, institutions, organizations, and businesses in the City now and for any franchise term;
3. shows that Applicant is financially, technically, and legally qualified to hold a renewal cable franchise; and
4. explains why the Applicant believes that renewal is warranted in light of its past performance.

¹ This RFRP will generally refer to Comcast of Illinois/ Indiana/ Ohio, LLC. and all of the predecessor companies which have operated pursuant to the cable franchise entered into on February 28, 1994 by and between Time Warner Entertainment Company, L.P., as “Comcast.”

B. Principles Embodied in the Request for Formal Renewal Proposal

The following principles are embodied in the RFRP:

1. The City has conducted a detailed review to identify future, cable-related needs and interests. Among other things, the City commissioned special studies and surveys; reviewed its own records, and collected information that bears upon cable-related needs and interests. Consumer satisfaction with cable service was considered. A series of “Focus Groups” were held to identify the cable related needs and interests. Information from the cable operator was reviewed, and Comcast was provided an opportunity to submit whatever information it had bearing upon cable related needs and interests. The City conducted hearings where comments were received from the public.
2. A critical concern was that all parts of the cable system remain state-of-the art. In any renewal term, advanced cable infrastructure needs to be available in all parts of the City, and the cable system needs to serve any entity that desires cable services. A cable system should employ state-of-the-art technology so that optimal use is made of the City’s rights-of-way and private property, and so that subscribers are in a position to benefit from advances in cable technology.
3. It is also critical that government and educational institutions have the opportunity to use Applicant’s cable system. The City therefore requires the Applicant to describe its proposals for public, educational and governmental (“PEG”) use in detail, and to explain how it would ensure that the PEG channels and resources promised will be managed in a way that ensures that the needs and interests of the community will be met.
4. High-quality cable service should be available throughout the City to anyone requesting service, on non-discriminatory terms.
5. With the issuance of a cable franchise, Applicant is granted a special right to use the public rights-of-way that is not available to all. The City believes that any grant of a cable franchise can have a substantial effect on the quality of life in the community and upon other potential users of the rights-of-way. Therefore, the City has invoked its right to manage the uses of its public rights-of-way in order to establish a firm and enforceable franchise that adequately protects the public interest.
6. The promises made in any proposal should be enforceable from both a legal and a practical standpoint. Therefore, in evaluating the adequacy of a proposal, the City will, for example, give little weight to promises that are phrased in a way that allows an Applicant to escape or avoid obligations, that are so vague as to be unenforceable, or that are so vague as to allow the operator to avoid obligations while disputing terms. The City does not generally engage in binding arbitration, and will not accept a proposal that makes the cable operator’s obligations contingent upon an arbitrator’s decision. Similarly, Applicant should not seek to add to a superficially conforming proposal conditions that would render the proposal unworkable or cause it to fail to meet the City’s needs and interests. Provisions in this RFRP which require the City’s approval or

direction will be exercised by City in a reasonable manner consistent with all applicable laws.

C. Format of the RFRP; Evaluation of Responses

This RFRP is being issued pursuant to applicable law. It is intended to satisfy all requirements of the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, 47 U.S.C. § 521 et seq. The City reserves the right to modify this RFRP, including the extension of due dates or deadlines established as part of this RFRP and/or request additional information or clarifications from Applicants.

Sections I-III will summarize the critical needs and interests identified by the City for which requirements may be established consistent with the Cable Act. Those sections also identify the requirements that the City has established with respect to those needs and interests. The Cable Act allows the City to establish requirements in an RFRP:

1. “that channel capacity be designated for public, educational or government use, and may require rules and procedures for the use of channel capacity designated....” 47 U.S.C. §531(b).
2. “for facilities and equipment.” The legislative history explains that this includes requirements for institutional networks, studios, equipment for public, educational and government use, two-way networks, and so on. 47 U.S.C. §544.

The Cable Act also states that “A franchising authority may establish and enforce (1) customer service requirements of the cable operator; and (2) construction schedules and other construction-related requirements, including construction-related performance requirements of the cable operator.” The City believes that this language permits the City to establish these requirements unilaterally, and the City does propose to unilaterally establish requirements and conditions related to the use of streets and roads. However, the City has included as part of the RFRP certain construction requirements related to the timing of system construction and the area to be served by the Applicant. To the extent that the franchising authority has the right to require that any franchise be subject to certain conditions, it is the City’s view that an unwillingness to accept these conditions also justifies non-renewal.

To aid the Applicant and so that there is no misunderstanding as to the intent of particular requirements we have set out a Model Franchise for satisfying the minimum requirements. Applicant is not required to follow the Model Franchise in every respect. If Applicant proposes a cable system that differs from the Model Franchise, however, Applicant must explain in detail why it has departed from the Model Franchise suggested by the City, and demonstrate how the Applicant’s proposal will meet the needs and interests embodied in the Model Franchise. If the change would result in some needs and interests not being satisfied, the Applicant must explain in detail why it believes that the change is justified and provide supporting documentation. Applicant must include with its proposal all information on which it intends to rely in making that demonstration.

In addition, Applicant is cautioned that meeting the minimum requirements may be necessary, but not enough to obtain renewal. The Cable Act's legislative history explains that, in evaluating the adequacy of a renewal proposal submitted in response to an RFRP, the issue is whether "the equipment, facilities, and services proposed...are reasonable in light of the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests." H. Rep. 934, 98th Cong. 2d. Sess. at 74, *reprinted at* 1984 U.S.C.C.A.N. 4655 (1984).

In evaluating a proposal the City will also consider whether Applicant's proposal will, in practice, satisfy the future cable-related needs and interests of the community. For example, an Applicant cannot satisfy the facilities and equipment requirements by "providing" them under conditions that may impede their use. An Applicant may be deemed not to have "provided" the required facilities and equipment for PEG use if under its proposal, for example: (1) PEG use of facilities or equipment would be subordinate to other uses; (2) there would be a charge for the use of facilities or channels; (3) the facilities generally would not be available for PEG use at all times; or (4) there are conditions on use of such facilities or equipment beyond the conditions that are imposed by the Cable Act.

It is up to the Applicant to submit a proposal consistent with the foregoing. Applicant is encouraged not only to meet but to exceed the requirements of the RFRP in order to ensure that the cable-related needs and interests of the City are satisfied.² Section III includes application forms which Applicant is to use in submitting its proposal and identifies materials and information the City requires an Applicant to provide in its response.

An application must be responsive to, and be submitted in the format required by, this RFRP and must include all required information. The City reserves the right to reject a nonconforming application or to require Applicant to provide supplemental information or an amended proposal if the Applicant's filing does not conform to the requirements of this RFRP. No proposal shall be considered submitted to the City until all information required by this RFRP has been furnished to the City.

D. Submission of Proposal and Additional Information

Applicant shall submit an original and ten (10) copies of its proposal to the City on the date and at the place indicated on the cover page of this RFRP, in accordance with the instructions set forth in this Introduction and in Section II. In addition, Applicant shall provide an Executive Summary of its proposal, which shall not exceed ten (10) pages (double-spaced). Applicant shall provide ten (10) copies of the Executive Summary to the City. Applicant shall also provide a copy of its proposal and Executive Summary on a computer diskette, with documents in Microsoft Word, Excel, and FileMaker Pro as appropriate for word processing, spreadsheet, and database components.

² The needs and interests identified by the City are more fully described in "The City of Urbana Needs Assessment Report" and in the reports referenced therein.

Applicant has an obligation to update the information required under the heading “Identification of Applicant” and the information required by Forms I and II if the information provided changes while the Application is pending. If Applicant discovers an error in its submission, the City shall be notified of the error as soon as possible. If there is a material change in the financial position of the Applicant or any parent company, Applicant all should notify the City of the change promptly and describe the change in detail.

Applicant will be expected to respond to any requests for additional information concerning the proposal fully and promptly, in accordance with the deadlines specified in such requests. Applicant’s proposals may be rejected, consistent with applicable law, if Applicant fails to provide information required in the form requested or submits false, misleading or incomplete information.

If the City determines that a renewal franchise should be granted, the terms of the proposal will be incorporated into a franchise agreement, as discussed below.

E. Further Information

Questions concerning this RFRP should be submitted in writing no later than 4:00 p.m., May 4, 2009 to Ronald O’Neal, City Attorney at 400 South Vine Street, Urbana, IL 61801. All responses will be issued in writing. However, an Applicant must submit a response to this RFRP by the deadline, regardless of whether the questions asked have been answered.

F. Cable Franchise

As noted above, the terms of an acceptable proposal will be incorporated in a final franchise. The franchise will include other provisions which the City may establish (consistent with the Cable Act), including, but not limited to, provisions regarding the following:

1. standards for operation within the City, including standards for use of public rights-of-way;
2. franchise fees;
3. rates;
4. PEG channels, facilities and equipment;
5. franchise transfers; and
6. enforcement provisions, including requirements for letters of credit, liquidated damages provisions, and provisions for revoking a franchise.

For Applicant’s information, the City is including a proposed Model Franchise as an attachment to this RFRP. The proposed Model Franchise is intended to serve as a model for the final franchise that will be entered into with the City. Applicant should assume that the terms of its proposal, if found acceptable, will be incorporated in a franchise using the language and structure of the attached proposed Model Franchise. Applicant need not discuss the terms set forth in the Model Franchise if Applicant is willing to accept them, although comments on the

Model Franchise are welcome. Applicant shall address the Model Franchise in its response if Applicant demands that changes be made to the Model Franchise as a condition of renewal, or if Applicant believes that a particular provision should have been part of the RFRP itself. If Applicant objects to any particular section of the Model Franchise, it shall identify the section and explain the basis for its objection, including proposed substitute language. The Applicant shall clearly state whether it is willing to accept the section as proposed in the Model Franchise, assuming no amendments are made. If Applicant requires the City to add provisions to the Model Franchise, Applicant must submit language for each provision that it wants added, and explain why it is demanding that the language be added and provide support for the change. Applicant shall clearly state whether it is willing to accept the Franchise without the added language. For example, the Model Franchise is for a term of ten (10) years. If the Applicant insists upon a longer term its proposal shall include specific proof that a longer term is required.

In determining whether Applicant is legally qualified, the City intends to consider whether the Applicant is willing to comply with a Franchise that is acceptable to the City. If Applicant insists on changes to the Franchise or on contract conditions that the City finds unacceptable, the City may deny the request for renewal.

With respect to any provision of the Model Franchise to which the Applicant objects, a conditional response or a failure to state that the Applicant is willing to accept the condition as is will be assumed to mean that the Applicant is not willing to accept the condition, and Applicant's legal requirements and qualifications will be evaluated accordingly. Similarly, where Applicant does not object to a provision, Applicant must be willing to abide by the provision and enter into a franchise containing the provision.

II. APPLICATION FORMS - INSTRUCTIONS AND VERIFICATION

A. Instructions

All questions must be answered and all requested information supplied in the order set forth in the application. Consistent with the Cable Act, there is no requirement under this RFRP that Applicant submit a proposal for specific or broad categories of video programming or other information services. A form is included in this section regarding such services in the event any are proposed. If Applicant makes no such service proposals, it may return blank pages. The application must be verified by signing and returning the Application Form and Affidavit included in Section II(C), Applicant's Affidavit.

Applicant may use the forms provided. Where that is impractical, forms of Applicant's design may be substituted if all requested information is clearly displayed.

Applicant shall begin a new page wherever indicated. Applications shall be as concise as possible without sacrificing clarity and completeness.

The financial pro forma information submitted must be based upon the requirements specified in this document. If Applicant deviates from those requirements, an additional separate

pro forma (which is based on the deviations and explains their impact, in detail) shall be submitted.

Applicant shall clearly differentiate between those elements in a proposal that it is willing to include in any final franchise; those needs and interests which it intends to satisfy through contractual agreements with others; and those which it expects to provide, but which it is not willing to commit to provide.

B. Identification of Applicant

Name of Applicant: _____

Address of Applicant: _____
(Street)

(City, State, Zip Code)

Telephone: _____
(Area Code and Number)

Date: _____

Please provide the name and telephone number of a principal to whom inquiries should be made:

Name: _____

Telephone: _____
(Area Code and Number)

Authorized Signature: _____

Date: _____

C. Applicant's Affidavit

1. This application is submitted in response to the Request for Formal Renewal Proposal issued by the City of Urbana, Illinois. Applicant has read and reviewed the RFRP in preparing its response.

2. The Applicant attests that it has reviewed and checked the information presented, as necessary to determine its accuracy, and represents that it is true, accurate and complete, as required to ensure that the representations explicitly or implicitly made are not misleading.

3. The Applicant recognizes that all representations are binding on it and that failure to adhere to any such representations may, at the City's option, result in revocation of any franchise that may be granted as a consequence of and in reliance upon this application.

4. The Applicant hereby gives the City permission to inquire into the legal, technical, financial and other qualifications of the Applicant by contacting any persons or organizations named herein as references or by any other appropriate and lawful means.

5. The undersigned has been duly authorized to make these representations on behalf of the Applicant.

Firm Name: _____

Affiant's Signature: _____

Official Position: _____

Date: _____

Attest: _____

D. Executive Summary of Proposal

Applicant shall present a clear and *concise* narrative description of the cable system it proposes to provide. Please limit responses to a maximum of ten (10) pages (double-spaced).

The following subject areas shall be covered in the Executive Summary:

- Overview of proposal;
- Ownership and management of system;
- Financial commitments;
- System design and construction;
- Program services and other service(s) (if proposed);
- Public, educational and governmental access;
- The rates Applicant will be able to charge in light of its proposal, as an indication of the costs involved; and
- Other.

The purpose of this section is to provide the reader with an understandable overview of the proposal, not to discuss details that will be covered elsewhere in the application forms.

III. APPLICATION FORMS

Form I. Background and Legal Qualifications

Form I.A. Legal qualifications

1. Applicant shall answer the following questions “yes” or “no.” For purposes of subsections 1(d)-(f), the term “Applicant” refers to: the Applicant; its principals; any entity which owns or controls, is owned or controlled by, or is under common ownership with the Applicant; and any entity which is expected to control or be responsible for, through any arrangement, the management and operation of the cable system serving the City. The term “franchise” refers to a cable franchise, however nominated, or an open video system franchise,

however nominated. The Applicant need not report any case or proceeding where final judgment was rendered ten (10) years or more prior to the date this RFRP was issued. Additionally, the Applicant need not report any franchise revocation that occurred ten (10) years or more prior to the date this RFRP was issued.

(a) Is the Applicant authorized under Illinois law to operate a business, including a cable television business, in the state?

Yes _____ No _____

(b) Does the Applicant hold all federal and state licenses required for the operation of the system?

Yes _____ No _____

(c) Does federal law prohibit the Applicant from holding the franchise?

Yes _____ No _____

(d) Has the Applicant been found by a court or other entity of competent jurisdiction to have violated state or federal laws or regulations regarding, or to have engaged in acts which constitute: discrimination on the basis of race, sex or religion or any other prohibited ground; fraud; embezzlement; tax evasion; bribery; extortion; jury tampering; obstruction of justice (or other misconduct affecting public or judicial officers' performance of their official duties); false or misleading advertising; perjury; violations of laws prohibiting anticompetitive conduct or unfair trade practices (including, but not limited to, violations of the Sherman Act and state consumer protection laws); or racketeering or conspiracy to commit any of the foregoing offenses?

Yes _____ No _____

(e) Has the Applicant ever had a franchise or FCC license revoked for cause where the revoked franchise or license was not reinstated?

Yes _____ No _____

(f) Has the Applicant ever been found by a court or other entity of competent jurisdiction to have made misleading statements to a public body?

Yes _____ No _____

2. If the answer to any of questions 1(d)-(f) is "yes," the Applicant shall specifically describe the facts and circumstances concerning the acts or omissions which led to the decisions, revocation, or findings specified in questions 1(d)-(f). It shall identify with specificity each case, revocation, or finding which led the Applicant to respond affirmatively to questions 1(d)-(f). If the Applicant believes the acts or omissions described in response to 1(d)-(f) should not be

considered in determining whether to grant or deny it a franchise it shall explain in detail the basis for this contention. In reviewing the information, the City shall consider: facts and circumstances which show that the acts or omissions are unrelated to the consideration of the Applicant's willingness to operate a cable system in accordance with lawful requirements; whether the Applicant has fully corrected all harms which flowed from the act or omission; whether the act or omission involved principals of the Applicant; and whether the Applicant has taken adequate steps to ensure that the act or omission will not recur. Particular weight will be given to any failure to correct harms flowing from any past misconduct.

Form I.B. Applicant's Holdings and Present Subscriber Rates

1. Please list all, present holdings (franchises and systems) in which the Applicant or any principal* owns five percent (5%) or more of equity interest. (If additional pages are needed, please reproduce this form). An Applicant that already holds a franchise need only list (1) systems where the franchise was renewed in the State of Illinois last two (2) years; (2) systems now being upgraded or rebuilt in the State of Illinois; and (3) systems where the franchise is scheduled to expire in the State of Illinois next three (3) years.

Location of System			
Date of Most Recent Franchise Award			
Plant Miles of System			
Date First Subscribers Served**			
Date Construction Completed			
Percentage of System Ownership Held			
Holder of Controlling Ownership Interest			
Current Subscriber Rates			
Name and Address of Local Government Officials Responsible for Cable Operations			

* For purposes of this form, "principal" means any officer or director of Applicant, and any person, firm, corporation, subsidiary, joint venture or other entity, that owns or controls five percent (5%) or more of the voting stock (or any equivalent voting interest of a partnership or joint venture) of Applicant.

** In a case of upgrade or rebuild, date first subscriber served by upgraded or rebuilt system.

2. Please list other investments or affiliations, direct or indirect, with any media, entertainment or telecommunications enterprise serving the City in which the Applicant or any principal owns five percent (5%) or more of equity interest.

Form II. Ownership Disclosure
Form II.A. Ownership Information

1. Organizational Structure

_____ Sole Proprietorship _____ Joint Venture

_____ Partnership _____ Unincorporated Association
_____ Corporation _____ Other (explain)

Officers (if Corporation):

President _____

Vice President _____

Secretary _____

Treasurer _____

If Sole Proprietorship, list:

Owner _____

If Partnership, list:

General Partners _____

Limited Partners (if applicable) _____

2. Business Structure

a. If the Applicant is a corporation, please list all members of the Board of Directors, their principal affiliations and their addresses:

b. If the Applicant is a partnership, please list all members of any governing body or management committee, their principal affiliations and their addresses:

Form II.B. Ownership Disclosures

Please fully disclose:

1. The names and positions of all City officers and employees known to the Applicant to have any interest in the entity submitting the application, and the extent of such interest;

2. The names of all officers of the Applicant (if not fully disclosed on Form II.A.) and the names and last-known addresses of all persons who have acted as attorney, broker, consultant, or agent of the Applicant with respect to the franchise application;

3. The name and position of each City officer, employee or immediate family member of any officer or employee to whom or on behalf of whom the Applicant, officer or board member of Applicant; any person in a senior management position for Applicant; and the person or persons who are primarily responsible for the operations of Applicant within the City, has made any gift, donation or political contribution of One Hundred and No/100 Dollars (\$100) or more within three (3) years preceding the filing of the franchise application, the name of the donor, and the amount or value of the gift, donation or political contribution. As to elected city officials, this requirement includes disclosure of donations to their “principal campaign committees” and “authorized committees,” as defined by 2 U.S.C. § 431.

Form II.C. Stock Information

Please answer the following if the Applicant is a corporation.

1. Is the Applicant a publicly held corporation as defined by the rules and regulations of the Securities and Exchange Commission?

Yes No

2. Stock of Corporation:

Class of Stock	Par Value	Vote Per Share	No. Shares Authorized	No. Shares Issued	No. Shares Subscribed	Total No. Stockholders

3. Does the Applicant have any other obligations or securities authorized or outstanding which bear voting rights either absolutely or upon any contingency?

Yes No

If so, submit a statement of (a) the nature of such securities, (b) the face or par value, (c) the number of units authorized, (d) the number of units issued and outstanding, (e) the number of units, if any, proposed to be issued, and (f) the conditions of contingency upon which securities may be voted.

4. Is the Applicant's corporation directly or indirectly controlled by another corporation or legal entity?

[_____] Yes [_____] No

If "yes," please explain.

5. Nationality and State of Incorporation:

Form II.D. Ownership Disclosure

The Applicant must fully disclose all agreements and understandings with any person, firm, group, association or corporation with respect to the Urbana franchise or Applicant's cable system in the City. This includes agreements between local investors and national companies. This includes but is not limited to agreements to lease or sell part of the systems to any person; or to build or install facilities for others in conjunction with the construction of the cable system.

Please append copies of any written agreements made regarding the ownership or control of the proposed system. Please outline any oral agreements or understandings regarding the ownership or control of the proposed system.

If Applicant or any affiliate has sold or leased any part of the system, or capacity on the system to any person, it should identify what has been sold or leased; to whom; and for what purposes.

If Applicant or any affiliate has had any discussions regarding the sale of the system or lease of the system, or capacity on the system to any person, it should disclose these discussions, and describe the status of those discussions.

Form II.E. Limited Partnership

If the Applicant is a limited partnership, please describe the structure of the partnership and identify the general and limited partners and their principals.

Form II.F. Additional Ownership Disclosures

If, in response to Forms II.B.3 or II.E, the Applicant listed other partnerships or corporations that are owned, controlled or managed by another corporation or partnership, then additional forms for II.B.3 and II.E shall be provided for such corporations and partnerships. The same shall be done for each partnership or corporation identified in these additional forms and so on until the ultimate parent of all such entities is identified. Information previously provided on Form II.B need not be repeated here.

Form III. Financial Qualifications and Information

An important element of any response to this RFRP is an adequate demonstration of financial capability to perform. Clear, complete and documented financial information is required for the City to determine the qualifications of the Applicant.

Form III.A. System Financing Plan

Please attach a detailed description of the financing plan for any cable system construction proposed during the period covered by your response to this RFRP. Indicate the source and amount of financing required to complete the construction in each of these categories, including internally generated funds, newly issued equity, newly issued debt, and any other sources. Identify the issuer, and the anticipated terms of any new debt and equity to be issued. In describing the terms of financing, include interest rates, collateral, guarantees, terms and conditions. Documentation must be submitted which corroborates the commitment of funds (where applicable) and lists the name, address, title and telephone number of the appropriate contact person for each organization involved in funding debt or equity. Copies of financing agreements are to be submitted or otherwise made available for inspection at the location indicated in the Instructions. Attach separate pages as necessary.

Form III.B. Applicant's Financial Statements

1. Please attach audited financial statements, including statements of income, balance sheets and cash flow statements, together with any notes necessary to the understanding of the financial statements, for the last five (5) fiscal years for the Applicant's cable system within the City. If audited information is not available unaudited information is to be provided and certified as correct by the Applicant's authorized financial officer. In addition, Applicant shall provide separate information for any affiliate or parent company where necessary to understand the statements for Applicant's system in the City, or where the debt, interest or other obligations or assets or revenue or expenses of such affiliate or parent company are in any way allocated to Applicant's system in the City. Any compensation received by Applicant's owners or related parties from the Applicant - whether in the form of salary, dividends, in-kind payments, fringe or personal benefits, stock options, or otherwise - shall be disclosed as to type and amount in each year.

2. For the last three (3) fiscal years and for each of the entities indicated above, to the extent not provided in the statements identified above, identify:

- (a) Revenue by type. (e.g., basic service, other tier service, pay service, pay-per-view service, equipment rental, installation, advertising, itemized franchise fees or other fees, etc.) and expenses by type (e.g., programming costs, plant maintenance and technical expenses, marketing expenses, customer service expenses, franchise fee expenses, etc.)
- (b) Distribution plant miles, homes passed, subscribers, listed separately, for each service tier, and pay units (at year end and at previous year end if not already included).

As part of your response to this Form, please provide the historical financial data requested above in the same format used in your response to Form III.C.

Form III.C. Pro Forma Financial Projections

The Applicant shall furnish tables following the format below and shall provide the requested pro forma projections for the Applicant’s operations within the City for the proposed franchise term (see Form X) assuming franchises for the territories specified in this RFRP are awarded on July 1, 2009.³ If the system’s assumed revenues or expenses will reflect an allocation of assumed expenses or revenues for some other entity, including, but not limited to, overhead allocations and management fees, pro forma projections for such other entity should be provided as well. The pro forma projections shall include approximately the same line-item level of detail indicated on the attached forms, but particular details of presentation may differ if the Applicant believes that alternatives are more appropriate given its internal accounting practices.

Key assumptions supporting the projections shall be documented and submitted as notes to the pro formas. In particular, assumptions regarding upgrades, PEG requirements, franchise fee expenses, and any other franchise requirements shall be clearly identified and treatment of associated costs or revenues in the financial projections shall be highlighted or explained.

Financial pro formas shall be based upon RFRP requirements. If the application deviates from those requirements, submit separate and additional pro formas showing the financial impact of each difference.

Please provide the following financial projections for each year of the proposed franchise term.

<u>1. REVENUES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
<i>Households in franchise area:</i>			
- total			
- homes passed			
Beginning subscribers			
Net subscriber growth			
Penetration percentage			
New subscriber connects			
Household reconnects			
Subscriber disconnects			
Number of basic subscribers			
Number of subscribers for other tiers			
Number of premium units			
Number of pay-per-view units sold			
<i>Revenue per subscriber:</i>			
Basic			

³ The City recognizes that the franchise may not be awarded on July 1, 2009. In part we chose that date for purposes of convenient analysis. In addition, the term proposed is based on the needs and interests of the City as they exist today. The longer the renewal process takes, the shorter the term may be.

<u>1. REVENUES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Other tiers			
Premium			
Number of subscribers for each premium service offered			
Monthly rate for each premium service offered			
Pay-per-view			
Converter/remotes			
Extra outlets			
Installation			
FM			
Advertising			
Home Shopping			
Other (Specify***)			
TOTAL			
<i>Revenue (annual \$ total):</i>			
Basic			
Other tiers			
Premium			
Pay-per-view			
Converter/remotes			
Extra outlets			
Installation			
FM			
Advertising			
Home Shopping			
Other (Specify **)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>2. STATEMENT OF INCOME</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Revenues			
Operating Expenses			
Programming			
Technical & Plant			
Marketing			
Administration & General			
Other Operating Expenses			
TOTAL OPERATING EXPENSES			
Operating Income			
Less			
Depreciation			
Amortization			
Interest on Debt to Corporate Parent/related entities			
Other Interest			
Other Expenses/(Income)			
Net Income before Income Taxes			
Income Taxes			
Income Tax Credit			
After-Tax Net Income			

Attach information explaining the assumptions upon which these projections are made.

<u>3. BALANCE SHEET</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Current Assets			
Cash			
Cash Equivalents (specify)			
Accounts Receivable			
Inventory			
Prepaid Expenses			
Other (specify)			
Sub-Total			
Property, Plant & Equipment			
Land			
Buildings			
Leasehold Improvements,			
Furniture, Fixtures			
Cable Plant			
Equipment			
Other (specify)			
Less Accumulated Depreciation			
Sub-Total			
Other Assets (specify)			
TOTAL ASSETS			
Current Liabilities			
Accounts Payable			
Accrued Liabilities			
Subscriber Prepayments, Deposits			
Notes Payable - Corporate Parent			
Notes Payable – Other			
Other (specify)			
Sub-Total			
Long-term Debt - Corporate Parent			
Long-term Debt – Other			
Other Liabilities (specify)			
Stockholders' Equity			
TOTAL LIABILITY AND EQUITY			

Attach information explaining the assumptions upon which these projections are made.

<u>4. STATEMENT OF CASH FLOWS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Cash flows from operating activities:			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization			
Changes in current assets and liabilities (non-cash)			
Other (specify)			
Net cash provided by operating activities			
Cash flows from investing activities:			
Capital expenditures for property and equipment			
Other (specify)			

<u>4. STATEMENT OF CASH FLOWS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Net cash provided by investing activities			
Cash flows from financing activities:			
Proceeds from borrowings - corporate parent			
Repayment of borrowings - corporate parent			
Proceeds from borrowings - unrelated third parties			
Repayment of borrowings - unrelated third parties			
Proceeds from issuance of stock or other equity			
Dividends Other (specify)			
Net cash provided by financing activities			
Net change in cash			
Beginning cash			
Ending cash			
Supplemental disclosures:			
Cash paid for interest Cash paid for income taxes			

Attach information explaining the assumptions upon which these projections are made.

<u>5. ANTICIPATED CAPITAL EXPENDITURES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Antennas, Towers, Microwave Facilities			
Headend and Hubs/Nodes			
Cable Plant - Subscriber Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Subscriber drops			
Cable Plant -- Institutional Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Drops			
Interface Equipment			
Converters			
New			
Replacements			
Buildings and Land			
Leasehold Improvements, Furniture & Fixtures			
Program Origination			
Local Origination			
Access Facility			
Other Access Equipment			
Test Equipment, Spares, Tools			
Vehicles			
Data Processing Equipment			
Other (specify)			
Capitalized Overhead			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>6. DEPRECIATION SCHEDULE</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Antennas, Towers and Microwave Facilities			
Headend and Hubs/Nodes			
Cable Plant - Subscriber Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Subscriber drops			
Cable Plant - Institutional Network			
Distribution Plant			
Rebuild/Upgrade of Distribution Plant			
Extensions			
Replacement			
Drops			
Interfaces			
Converters			
New			
Replacements			
Buildings and Land			
Leasehold Improvements, Furniture & Fixtures			
Program Origination			
Local Origination			
Access Facility			
Other Access Equipment			
Test Equipment, Spares, Tools			
Vehicles			
Data Processing Equipment			
Other (specify)			
Capitalized Overhead			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>7. PROGRAMMING EXPENSES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> <u>[to end of term]</u>
Salaries			
Payroll Taxes			
Overtime			
Benefits			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Premium Programming Expenses			
Expanded Basic Programming Expenses			
Basic Programming Expenses			
Royalty Payments			
Program Guides			
Other Programming Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>8. TECHNICAL AND PLANT OPERATIONS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> [to end of term]
(Include data for the subscriber network and any institutional network).			
Salaries			
Payroll Taxes			
Overtime			
Benefits			
Contract Labor			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Repairs & Maintenance			
Pole Rentals			
System Power			
Small Tools & Test Equipment			
Other Plant Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>9. MARKETING</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> [to end of term]
Salaries			
Payroll Taxes			
Overtime			
Commissions			
Benefits			
Outside Marketing			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Advertising & Promotion			
Other Marketing Expenses (specify)			
TOTAL			

Attach information explaining the assumptions upon which these projections are made.

<u>10. ADMINISTRATIVE AND GENERAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> [to end of term]
Salaries			
Overtime			
Payroll Taxes			
Benefits			
Data Processing			
Buildings/Rent			
Maintenance			
Vehicle Expense			
Utilities			
Phone			
Light, Heat/AC			
Power			
State and Local Taxes			

10. <u>ADMINISTRATIVE AND GENERAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> [to end of term]
Franchise Fee			
Postage			
Stationery & Supplies			
Training, Travel & Entertainment			
Professional Services			
Services Purchased			
Insurance			
Bad Debts			
License & Permit Fees			
Management Fee:			
By Recipient			
By Parent			
Corporate Allocation			
Other (specify)			
TOTAL			

Attach information explaining the assumptions upon which the projections are made.

11. OTHER OPERATING EXPENSES (specify)

Attach information explaining the assumptions upon which these projections are made.

12. EMPLOYEE ESTIMATES

List by category, by title, and by year the total estimated number of employees that will be employed to provide service in the City. If these employees will also provide service to other franchise areas, identify these areas and the number of subscribers in each. Identify any plans to increase the number of employees during any rebuild or upgrade of a system serving any of these listed franchise areas.

For example:

<u>EMPLOYEES, BY CATEGORY</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u> [to end of term]
Technical and Plant			
Operations			
Plant Manager			
Trunk Technicians			
Other (specify)			
Administrative and General			
Customer Service Representatives			
Other (specify)			

Attach information explaining the assumptions upon which the projections are made.

Form III.D. Financial Goals

A. Attach a brief narrative describing the Applicant's financial goals for the cable system in the City. If the system does not meet these goals, describe how the Applicant will improve financial performance. Any discussion should include, at a minimum, operating assumptions such as rate increases, interest rates, sources of revenue, marketing and operational changes.

Include in the narrative your historical rates of return, on investment for the system, your target rates of return on new cable system investments and your target rate of return for your investment in the system. Explain how these rates were arrived at, and the methodology that you will use in comparing the actual results to these targets. Attach separate pages as necessary.

B. Identify any plans that Applicant or its parent companies has to dispose of the cable system directly (by sale of the system) or indirectly (by merger, spin-off, or any other mechanism that results in a change in control of Applicant or its parents).

Form III.E. Applicant's Accountants

Each Applicant shall provide the name, address, title and telephone number of an appropriate contact person for Applicant's internal financial staff involved in preparing the historical and projected financial statements, as well as any outside accounting firm utilized by the Applicant in preparing the statements.

Name: _____

Title: _____

Address: _____

Telephone Number: _____

Form IV. General Questions Regarding Technical Qualifications

The Applicant shall submit information responsive to the questions below, and such other information as may show that the Applicant is capable of constructing and operating a system that, consistent with the requirements of this RFRP and the Cable Act, meets the needs and interests of the community.

Form IV.A. Previous Experience

1. Has the Applicant ever operated a cable system of the type that it proposes to provide in accordance with this RFRP?

[_____] Yes [_____] No

If the answer is "yes," please describe that previous experience by identifying the location of the system and a person who can answer additional questions regarding that system.

2. Please explain why Applicant believes it should be found to have the requisite technical expertise to operate the system. After providing this explanation, explain in detail:

(a) What steps Applicant has taken, if any, to inspect system drops on a comprehensive basis to determine whether those drops need to be replaced?

(b) What procedures, rules, and customer service quality controls are in place?

3. Please provide copies of the last two (2) FCC technical standards tests conducted, and if not shown clearly on the report, state the date the tests were conducted; provide information showing what steps the company had taken to ensure the testing equipment was accurate, and the date those steps were taken; and provide any additional relevant information concerning the system.

Form IV.B. Summary of Access Operations

Please specify the support, if any, that Applicant proposes to provide to the entity responsible for managing PEG access for each year of the renewal term (not including amounts that would offset the cable franchise fee owed to the City).

Form V. Proposal for System Design and Construction

Form V.A. Performance Standards and Testing

1. Please describe the Applicant's testing program for the subscriber network, including a summary of procedures for initial proof of performance tests, acceptance tests, continuing tests, tests in response to subscriber complaints, and other tests planned. Test procedures should be submitted for all parameters to be tested.

2. Please list the key technical performance standards that will be met by the subscriber network. Include for both the forward and reverse system any parameters for:

Bandwidth: _____

Carrier-to-Noise Ratio _____

Carrier-to-Cross Modulation: _____

Carrier-to-Composite Triple Beat: _____

Hum: _____

In-Channel Frequency Response: _____

System Frequency Response: _____

Signal Leakage: _____

Signal Levels (peak-to-valley, variation over time): _____

Signal-to-Noise: _____

Bit Error Rate: _____

Color Tests (chrominance-luminance delay inequality): _____

Digital video specifications (as adopted in industry practice): _____

Form V.B. System Maintenance Procedures

1. Describe the practices and procedures proposed for routine preventive maintenance, including the type and frequency of system inspection and testing, and the number and qualifications of technical staff by category (head end, system, line, universal rep.) and service facilities.

2. Attach any corporate maintenance procedures that the Applicant proposes to follow during the term of the franchise.

Form VI. Public, Educational and Government Use

Form VI.A. PEG Use Channel Capacity

Please describe:

1. The number of forward/downstream channels to be provided, channel number and tier assigned, and date of availability for each PEG channel proposed or, in the alternative, the percentage of the cable system's maximum channel capacity to be provided for PEG use (including storage capacity on video and computer servers).

2. The spectrum space to be provided for reverse/upstream access uses, and the manner in which the Applicant proposes to provide reverse/upstream capability from locations specified by the City. This description should also delineate the specific equipment to be provided which is associated with signal transmission (*i.e.*, modulators and demodulators).

3. The method (*e.g.*, fiber or coaxial cable) by which the access facilities and the head end will be linked. The description should include the channel capacity in both forward

and reverse directions to be provided between the locations; and the equipment that will be provided to activate the links and to route or switch signals.

4. The conditions, if any, under which channel location will be changed.

5. The conditions under which additional capacity will be provided.

6. Whether the links and equipment provided will permit the entity responsible for managing a channel to:

a. view the signal before it is transmitted to subscribers; _____

b. receive signals originated from distant locations and place these signals on the proper channel; _____

c. receive feeds from other locations and select between feeds to program a channel. _____

d. send feeds to other entities responsible for programming channels. _____

Form VI.B. Access Management

1. Describe the manner in which the Applicant proposes to cooperate and coordinate with any access management entity designated by the City.

2. Please identify any restrictions on PEG use demanded by the Applicant as a condition of providing PEG channel capacity, facilities or equipment.

Form VI.C. Access Facility and Equipment

1. How much does the Applicant plan to contribute for and in support of facilities or equipment for access (1) above and beyond any costs associated with constructing the cable system (including the links between and among access centers and the head end); and (2) above and beyond the franchise fee?

2. If the Applicant does not propose a capital contribution above and beyond the franchise fee:

a. Describe any access facility or facilities proposed by the Applicant including: location; size (square footage); proposed layout of and type of work areas within a facility (i.e., studio, control room, editing suites, office space, etc.); availability of parking; handicapped accessibility; ability to expand in the future, if needed; and any other information which will clearly and concisely describe the facility or facilities proposed for any PEG use by the Applicant.

b. Describe any equipment packages that the Applicant proposes to provide for PEG purposes. The Applicant must set forth the proposed capital equipment budget for the initial equipment package and a budget outlining the replacement schedule for equipment during the term of the franchise. The Applicant should provide detailed equipment lists, and indicate whether the equipment is new or used. If used equipment is proposed, provide the age of the equipment, and a certification from an independent engineer as to the condition of the equipment.

3. When would the support identified above be provided?

4. Describe the conditions under which the Applicant would agree to be bound to provide additional channels, facilities or equipment for PEG use.

Form VI.D. Access Services

1. Please describe the access services the Applicant proposes to provide, or any contribution that Applicant proposes to make to support PEG operations. The Applicant should separately identify each access service it proposes to provide (e.g., training, facilitation, outreach, etc.); who will provide the service; the staff devoted to the service; and the times the service would be available. The description should include any annual budget for the delivery of any access services. The Applicant should assume any such services will be provided in addition to, and not as a part of, the franchise fee paid to the City.

Form VII. Video and Information Services

If the Applicant desires to promise to provide certain broad categories of video and other information services to subscribers as part of its proposal, or demonstrate the manner in which it proposes to deliver a greater variety of programming, it should describe those categories here.

Form VIII. Interactive Services

If the Applicant desires to promise to provide certain broad categories of interactive cable services to residential and business subscribers, it should describe them here.

Form IX. Narrative Summary of Responsiveness to Local Needs and Interests

1. Describe in narrative form your concept of the cable system proposed for the City, including anticipated system development over the life of the franchise. Describe and emphasize particularly those features which are not included in any other section of the RFRP which the Applicant desires the City to consider in evaluating the proposal.

2. If the Applicant proposes to provide any other service, facility or equipment which the Applicant may wish to contend is relevant in determining whether the Applicant's proposal meets the cable-related needs and interests of the community, describe the service, facility or equipment in complete detail; describe how it will be provided, under what circumstances and for what charge.

3. Emphasis should be given to explain why the Applicant believes its proposal is reasonable to meet the cable-related needs and interests of the community, taking into account the cost of meeting such needs and interests.

4. Is the Applicant proposing to provide a system that conforms to the model in this RFRP? If not, identify each and every deviation from the model and the specific reasons for each deviation.

5. Please identify any need and interest identified in the Report or RFRP which Applicant was required to satisfy which Applicant has not satisfied, or explain why Applicant believes that need and interest does not need to be satisfied. If Applicant bases its decision in whole or in part on the cost of meeting the need and interest, it should state the cost of satisfying the need and interest; explain why the cost is too high; and provide supporting documentation.

Form X. Franchise Term

In the space below, the Applicant shall: (1) state the franchise term it seeks; and (2) describe why it believes the proposed franchise term is appropriate, considering expected changes in cable technology. If the Applicant claims that the franchise term it proposes is required for financial reasons, it shall describe in detail those financial reasons, and provide any documentation required (including, for example, financial projections and depreciation schedules) to substantiate that claim. If the Applicant has already provided the documentation in Form III, it may reference that information.

Form XI. Miscellaneous Information

Form XI.A. Analysis and Studies of Demand for Cable Services

The Applicant shall attach copies of any analysis, evaluation or study of demand for cable service in the City, and any analysis, evaluation or study of demand for cable services elsewhere which the Applicant believes is relevant to evaluating whether its proposal is reasonable to meet the future cable-related needs and interests of the community, taking into account the cost of meeting those needs and interests.

Form XI.B. Surveys

1. The Applicant shall attach a copy of any survey of City residents, businesses or subscribers conducted within the last three (3) years regarding cable services, facilities or equipment; or regarding subscriber willingness to pay for any cable service, facility or equipment (including access services, facilities or equipment). The Applicant shall also attach any reports, analyses, studies or other documents regarding such a survey.

2. The Applicant shall attach a copy of any survey of City residents, businesses or subscribers conducted within the last three (3) years regarding a need or interest in voice, video or data services (other than video programming services).

Form XI.C. Compliance

Has the Applicant been informed that it is out of compliance with any provision of an existing franchise with the City?

Yes _____ No _____

If the answer is "yes," will the Applicant take steps to bring itself into compliance?

Yes _____ No _____

If the answer is “yes,” describe those steps.

If the answer is “no,” please explain in detail any Applicant believes its request for renewal should not be denied, based upon past performance, and provide supporting documentation.

Please attach any additional information necessary to respond to the RFRP.

END OF APPLICATION FORMS

ATTACHMENT 1
MODEL CABLE FRANCHISE ORDINANCE

FORMAL NEEDS ASSESSMENT REPORT

City of Urbana, Illinois

February 17, 2009

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A. EXECUTIVE SUMMARY

On February 28, 1994 the City of Urbana, Illinois (“City”) granted to Time Warner Entertainment Company, L.P. (“Time Warner”) a cable television franchise (“Franchise”). Insight Communications, LLC (“Insight”), the successor in interest to Time Warner, sent a letter dated June 15, 2006 (attached hereto as Exhibit A) to the City, requesting renewal of the Franchise. On or about January 1, 2008, Insight transferred its interest in the Franchise to Comcast of Illinois/Indiana/Ohio, LLC (“Comcast”). The City approved this transfer on September 4, 2007, see attached Resolution No. 2007-08-018R, (“Transfer Resolution”)Exhibit B. The City must now decide whether to grant or deny renewal of the Franchise now held by Comcast.

For more than two years the City has been engaged in good faith, informal negotiations, first with Insight and now with Comcast, pursuant to 47 U.S.C. § 546(h) in hopes at arriving at a new franchise agreement.

The City has prepared a Formal Needs Assessment (“Needs Assessment”) which includes reports necessary to discuss and identify the needs and interests of the City and to evaluate the existing cable system operated by Comcast. The City retained Ms. Susan Bisno Massel and Dr. Barry Orton to conduct a Needs Assessment Report; Mr. David Devereaux-Weber, PE and Dr. Barry Orton to conduct a Technical System Audit and a Grounding Inspection Report; and etrok to conduct a telephone survey of cable televisions subscribers titled Community Attitude Toward Cable TV. These reports were conducted while the system was still under Insight’s control but under the Transfer Resolution Comcast agreed to be bound by the findings of the Needs Assessment.

In addition to identifying needs and interests, as part of the preparation of this report, the City has developed certain renewal requirements consistent with the Cable Act 47 U.S.C. § 546 and Illinois state law. As contemplated by the Cable Act, the City has prepared a document requesting that Comcast submit a proposal showing how Comcast intends to satisfy the City’s future, cable-related needs and interests in any renewal term. The obligations that the City requires for adoption are reflected in the Request for Formal Renewal Proposal (“RFRP”), attached hereto as Exhibit G. In the RFRP, Comcast is asked to explain why Comcast believes it should be entitled to renewal and is required to provide certain information that the City will use in evaluating any proposal.

The City believes that these reports are accurate and this report adopts the needs and interests identified in those reports. In connection with the issuance of this report, the City Council has:

1. Adopted the findings of this report, the City’s studies referenced in this report, and the draft RFRP with respect to the needs and interests of the community.
2. Authorized the issuance of the RFRP as attached to this report with a deadline for response of May 4, 2009.

B. SUMMARY OF COMMUNITY CABLE-RELATED NEEDS AND INTERESTS

1. As part of the renewal process, the City requested several studies be performed.

- a. Ms. Massel and Dr. Orton prepared a Needs Assessment Report for the City dated November 2007. This report examines the future cable related needs of Urbana residents as they relate to Public, Educational and Governmental (PEG) Access channels, facilities and programming, and the basic elements of customer service and consumer protection.

The Needs Assessment Report is attached hereto as Exhibit C.

- b. Mr. David Devereaux-Weber, PE and Dr. Orton prepared a Technical System Audit for the City. This report had three principal tasks: 1) review the quality of the cable plant and the signal it delivers to subscribers; 2) assess the quality of the outside plant in terms of public safety in the right-of-way; and 3) conduct a spot check of the grounding of residential cable drops.

The Technical System Audit is attached as Exhibit D.

- c. Mr. David Devereaux-Weber, PE and Dr. Orton prepared Grounding Inspection Report.

The Grounding Inspection Report is attached as Exhibit E.

- d. Etrok prepared a telephone survey of cable televisions subscribers, Community Attitudes Toward Cable TV, dated May 30, 2007. The purpose of this report was to collect data to answer the following questions: How satisfied are the subscribers with the overall performance of the operator? How satisfied are subscribers with operator's services related to installation, repair, picture reception, telephone response, billing and other aspects of customer service? What is the viewership of the four local cable access channels operated by the City of Champaign, Urbana Public Television, the University of Illinois, and Parkland College? What is the level of support for these access channels? What support exists for establishing a new, full-time public access channel?

The Community Attitudes Toward Cable TV is attached as Exhibit F.

2. Summary of studies.

- a. Community Needs Assessment Report. Ms. Massel and Dr. Orton reviewed and analyzed data and information gathered from meetings with the Cable Commission, the Refranchising Committee, and the Public Access Study Committee of the Cable Commission. In preparing the report, they specifically assembled focus groups, interviews with City elected officials and staff, with the staff of the cable operator, and with selected individuals having specific relevant knowledge. Ms. Massel and Dr. Orton also reviewed documents provided by City and participants, and other related materials during the needs and interests assessment. Ms. Massel and Dr. Orton provide the following recommendations.

- (i) **Capital Funding:** Urbana should continue requiring the two percent annual PEG assessment as well as require an additional \$440,000 in capital funding from its cable operator in a renewed franchise agreement. This includes \$240,000 for UPTV facility upgrades and \$200,000 for a joint Public Access or PEG studio if the costs are shared equally with Champaign. This amount should be payable upon renewal, in one lump sum.
- (ii) **Operational Funding:** The City should work with Champaign to fund operations of a standalone joint Public Access or PEG studio. The City should consider budgeting additional franchise fees to cover PEG capital expenses.
- (iii) **PEG Channel Allocation:** The City should review its allocation of PEG channels with special attention given to the University of Illinois' channel, to make sure the channels are in fact being used for PEG programming.
- (iv) **Remuneration:** The entities that are allocated an asset by the City could be required to provide remuneration for that asset. This could include studio space, funding, staff or other resources to meet general PEG needs or specific Public Access needs in the community.
- (v) **Public Access:** The City Should Adopt a One Year Joint Public Access Development Plan.
 - a. Create a Public Access Steering Committee/Advisory Board and Require Each PEG Entity to Contribute to the Public Access Channel;
 - b. Request a Fifth Public Access Channel and Move Public Access Programming to It Immediately;
 - c. Create a Public Access studio in a Neutral, Preferably Low- or No-Rent, Temporary Studio Site;
 - d. Utilize PEG Capital Funds to Equip the Studio and Franchise Fees for Limited Staffing; and
 - e. Urbana Continue Public Access Management for this Year.
- (vi) **High Schools:** Community leaders should meet with high school leadership from both communities to discuss any video curriculum that may exist and ways the City and schools can partner in this regard..
- (vii) **Free Service Sites:** The operator should be required to provide the highest level of basic service to the sites and locations identified in the Needs Assessment Report.

- (viii) Cablecasting Sites: The City should require that live origination capability be provided to specified buildings listed in the Report.
- b. Technical System Audit. Below are Mr. Devereaux-Weber and Dr. Orton's conclusions and recommendations:
 - (i) Mr. Devereaux-Weber found that the cable plant is in "very good technical shape," and noted signs of good repair and operation, with high signal quality and relatively few outside plant problems that could impact public safety.
 - (ii) With regard to residential grounding, the results were more mixed, with violations found in 3 of 11 locations inspected.
- c. Community Attitudes Toward Cable TV. Below are the results of the telephone study conducted by etrok.
 - (i) Most subscribers in Urbana are satisfied with their cable service. Three out of four said they were at least "somewhat satisfied" that they were getting their money's worth from cable. About 88.7% of subscribers said they were satisfied with the operator's overall performance.
 - (ii) The lowest relative levels of satisfaction were recorded by subscribers for "programming," "number channels," and "getting through on the phone" although better than four in five subscribers were satisfied in all categories.
 - (iii) Few subscribers reported problems with their initial installation of service. Turn-over of subscribers is low.
 - (iv) Nearly one in four Urbana subscribers called the operator for repair service in the past two years. Of these, only 59.8 said the repair was made by the next day. Most, 80.6% rated the quality of repair work as "good" or "excellent."
 - (v) Less than a third of subscribers reported some problem with picture quality in the past year. The most common problems were "snowy picture: and "lines on screen."
 - (vi) On average, subscribers experienced a total loss of picture 1.7 times in the past year.
 - (vii) About one-fifth of subscribers had reason to call the cable company in the past six months. Of those, 19.78% report difficulty getting the company on the phone.

- (viii) Most subscribers felt that customer service has “stayed the same” since becoming a subscriber but 16.8% said service had “gotten better” compared with only 3.2% who felt the customer service has “become worse.”
- (ix) Nearly two-thirds of cable subscribers in Urbana watch at least one of the four PEG access channels at least occasionally. In Urbana, Urbana Public Television is the most watched access channel.
- (x) Among the few who gave a favorite access program, Urbana City Council coverage was most often mentioned.
- (xi) Among Urbana subscribers, 71.3% believe it is at least “somewhat important” to maintain the current local PEG access programming.
- (xii) Fewer, 43.2% believe it important to maintain and enhance quality local PEG access programming, even if the cost winds up on the cable bill. Of these willing to pay more to support and maintain PEG access programming, most, 79.1% are willing to pay at least \$1 per month.
- (xiii) Less than a third believe it important to create a new public access channel if the cost winds up on the cable bill. Of those willing to pay more to support a new public access channel, most, 75.6% are willing to pay at least \$1 per month.

C. **BACKGROUND AND PURPOSES OF THIS REPORT**

1. *Why renewal is important and why this report is being submitted.*

Cable television systems operate pursuant to franchises issued by local governments. A franchise authorizes a cable operator to provide cable service, and to occupy public rights-of-way for that purpose. The franchise sets out the terms and conditions under which service is to be provided. Cable service in the City is provided by Comcast. The original franchise term under the existing franchise will expire on February 28, 2009.

When a franchise is about to expire, a City has an opportunity to review the performance of the cable operator, and ensure that the cable operator will meet the cable-related needs and interests of the community for the future. The opportunity is rare because franchises are issued for periods of years. At the time of renewal, the City can establish requirements for system upgrades to ensure that the community has adequate infrastructure. The City can ensure that everyone has real opportunities to originate, as well as receive, local community programming. The City can ensure that service will be reliable and that the cable operator will be in a position to bring the benefits of advances in cable technology into homes and schools. This report is intended to identify the future cable-related needs and interests of the community and based on this information, the City may ultimately determine whether or not Comcast may continue to operate in the City.

Cable systems once served merely to retransmit broadcast television signals. They have now, however, become “a dominant nationwide video medium,”¹ with many companies rebuilding or poised to rebuild their systems into “electronic information highways.” In fact, even though the broadcast networks’ audience share had steadily declined, the cable industry’s penetration has risen to 113.3 million U.S. households.² The development of these electronic highways has the potential to significantly change the way people live, work, and interact with each other by providing users access to vast quantities of information, services and entertainment in a variety of forms. As a result, a local government has a compelling interest in ensuring that a cable system is adequately designed and constructed to help satisfy the community’s cable-related needs and interests; that good service is provided for the price paid; that services are available to all; and that the flow of information is not monopolized by the companies that own the cable networks. These interests are reflected in federal, state and local law.³

The foregoing interests are particularly strong because, in order to operate, cable systems must occupy scarce and valuable public property - property that the public effectively pays to acquire and maintain. Comcast’s cables are on poles and underground in rights-of-way throughout the City. The City, as trustee of the public’s interest in this property, has a compelling interest in ensuring that the companies use this public property in a way that benefits the entire community. This means, among other things, that the City must ensure that public property is used in optimal ways, and that the public receives fair compensation - in the form of franchise fees and other conditions - for the use of its public property to provide cable service. As a matter of law, these interests and others are protected, in part, through the franchising process.

Many in the community no doubt want the City simply to put the franchise up for competitive bid and then award franchises to the best cable operator. That, however, is not an option. State law at 220 ILCS 5/21-301 allows entities seeking to provide cable or video services in a city two options: 1) obtain a state-issued authorization per 220 ILCS 5/21-401; or 2) obtain authorization directly from the city per 65 ILCS 5/11-42-11. Comcast has so far chosen to obtain a franchise from the city and thus the City must follow the requirements of the federal cable act when considering the grant of franchise renewal.

In 1984, the federal government passed a law that was intended to provide cable operators with a fair opportunity to obtain renewal. To that end, the 1984 federal law - the “Cable Act”⁴ - establishes two possible ways a community can respond to a request

¹ H. Rep. No. 862, 102d Cong. 2d Sess. at 50, *reprinted in* 1992 U.S.C.C.A.N. 1231, 1232 (1992).

² www.ncta.com/Statistic.

³ For federal law, *see, e.g.*, 47 U.S.C. §§ 544 (requiring facilities and equipment); § 546(c)(1)(D) (satisfying community’s cable-related needs and interests); § 543 (ensuring reasonable rates); § 541(a)(3) (anti-redlining); § 531 (access channels). For state law, the Illinois Cable and Video Competition Law of 2007, 220 ILCS 5/21-101 et seq. and for local law, the City of Urbana, Illinois Municipal Code.

⁴ 47 U.S.C. § 521 et. seq.

for franchise renewal: informal renewal negotiations and the statutory formal renewal process.

Under the informal process, Congress contemplated that the City and a cable operator will meet informally and attempt to resolve franchise issues through negotiation.⁵ If the issues are resolved a City can, after providing the public with an opportunity for comment, adopt a renewal franchise. An informal proposal can be rejected at any time. The City and Comcast engaged in good faith informal negotiations and were unable to reach agreement.

Alternatively, either the cable operator or the City can invoke the more formal renewal procedures set out at 47 U.S.C. § 546(a)-(g). These “formal” procedures give a cable operator the opportunity for a fair hearing on its renewal proposal. At the same time, the procedures ensure that a City can deny renewal if a cable operator has performed poorly in the past, or is not qualified, or is not willing make a reasonable proposal for meeting the community’s needs and interests for the future. Under the formal process, the City is given authority to define what the needs and interests of the community are. It is up to the cable operator to then submit a proposal that is reasonable to meet the community’s cable-related needs and interests, taking into account the costs of meeting those needs and interests (the focus is the entire community, not just the individual subscriber currently receiving service).

The legislative history of the 1984 Cable Act explains:

The ability of a local government entity to require particular cable facilities (and to enforce requirements in the franchise to provide those facilities) is essential if cable systems are to be tailored to the needs of each community [and the legislation] explicitly grants this power to the franchising authority.⁶

More specifically, the formal renewal process under the Cable Act is a four-stage process.

In the first stage, a City must conduct a proceeding to identify future, cable-related needs and interests of the community, and to review the past performance of the cable operators serving the community.⁷

Once that proceeding is complete, the City may issue a Request for Formal Renewal Proposals (“RFRP”). Because each renewal proposal is evaluated on its own merits, this

⁵ 47 U.S.C. § 546(h).

⁶ 1984 House Report at 26, 1984 U.S.C.C.A.N. at 4663. Congress intended that: “the franchise process take place at the local level where [local] officials have the best understanding of local communications needs and can require cable operators to tailor the cable system to meet those needs.” 1984 House Report at 24, 1984 U.S.C.C.A.N. at 4661. However, the Cable Act does not give local governments unlimited authority to impose conditions on cable operators. For example, it limits local authority to require an operator to carry a specific programming service.

⁷ 47 U.S.C. § 546(a).

RFRP cannot simply be a competitive bidding document.⁸ The Cable Act specifically allows the City to establish the following requirements in an RFRP:

- a. “that channel capacity be designated for public, educational or government use, and channel capacity on institutional networks be designated for educational or governmental use, and may require rules and procedures for the use of channel capacity designated....” 47 U.S.C. §531(b).
- b. “for facilities and equipment.” The legislative history explains that this includes requirements for institutional networks, studios, equipment for public, educational and government use, two-way networks, and so on. 47 U.S.C. §544.

The Cable Act also states that “A franchising authority may establish and enforce customer service requirements of the cable operator, and construction schedules and other construction-related requirements, including construction-related performance requirements, of the cable operator.” 47 U.S.C. § 552. The City believes that this language permits the City to establish these requirements unilaterally in a franchise (or through a regulatory ordinance), along with various other requirements established pursuant to the City’s police and other governmental powers.

In the next stage of the renewal process, the cable operator will submit a renewal proposal in response to the City’s RFRP. “Any such proposal shall contain such material as the franchising authority may require.” *Id.* If an operator submits a timely and proper response,⁹ the City has four months to evaluate the proposal, and decide whether to grant renewal based on the proposal or to preliminarily deny renewal. 47 U.S.C. § 546(c).

Finally, if franchise renewal is preliminarily denied, and a cable operator desires it, the City must commence an administrative proceeding. The four issues that are considered at that proceeding are whether:

- a. the cable operator has substantially complied with the material terms of the existing franchise and with applicable law;
- b. the quality of the cable operator’s service, including signal quality, response to consumer complaints, and billing practices, but without regard to the mix or quality of cable services or other services provided over the system, has been reasonable in light of community needs;
- c. the cable operator has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the cable operator’s proposal; and

⁸ 47 U.S.C. § 546(b).

⁹ The proposal must be submitted by a deadline established by the City. If the operator fails to do so, then its rights are ended.

- d. the cable operator's proposal is reasonable to meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.

This report is being submitted to discharge one of the City's important responsibilities under the Cable Act. With the submission of this report, the City should be prepared to end step one of the formal process. This report reviews the past performance of the cable operator and identifies cable-related needs and interests.

Consistent with the Cable Act, this report identifies needs and interests, and the accompanying RFRP identifies the requirements that must be satisfied in a proposal, in accordance with the Cable Act sections quoted above. In addition to restating some of the key points of this report, the RFRP identifies a "model franchise" that could satisfy the requirements that the City recommends should be established.

While this report identifies needs and interests broadly, not every need and interest identified has been translated into a requirement that is included in the RFRP. That is because the federal law includes some limitations on what may be required in an RFRP.

2. *How the ascertainment was conducted, and how we arrived at our conclusions on cable-related needs and interests.*

As part of the renewal process, the City commissioned four studies. Ms. Massel and Dr. Orton developed a Needs Assessment Report, David Devereaux-Weber, PE and Dr. Barry Orton conducted a Technical System Audit and a grounding inspection report, and etrok conducted a telephone survey of cable television customers titled "Community Attitudes Toward Cable TV" for the City.

3. *Structure of the report.*

The remainder of this report is divided into several parts. In the next part we summarize the City's key future, cable-related needs and interests that have been identified and, where appropriate, the requirements that are associated with those needs and interests. Attached to this report please find a draft RFRP and a Model Cable Franchise Ordinance.

D. IDENTIFICATION OF FUTURE, CABLE-RELATED NEEDS AND INTERESTS

1. *Developments in the Industry.*

The cable industry is changing dramatically. What was once an industry primarily focused on delivering television signals to the home is developing into an industry that is providing a critical part of the "information highway" that is changing the way the people receive information, shop and communicate. Cable now delivers a wide variety of two-way cable services through modern, upgraded cable systems. Cable services will increasingly be showcased through the continued advancement of other significant technological advances, such as digital compression, interactive video, and high-definition television (HDTV).

The potential impact of an advanced cable system on a community cannot be underestimated. For example, in schools accessing the Internet via an advanced cable system's superior bandwidth allows students and teachers to download at speeds 100 times faster than dial-up options. The benefits of this technology are not just confined to the schools. An advanced cable system can provide a small business with high-quality, high-speed access to the Internet. Beyond the Internet, a two-way cable system permits local businesses to interact with local governments and other institutions in ways that save time and cut costs.

The benefits of advanced cable are not just limited to providing new ways to "surf the web." New programming services are developing every year. According to the FCC's most recent report competition in the delivery of video programming, in 1993, there were approximately 100 national cable video networks; by 2006, there were well over 560.¹⁰

However, in order to fully achieve the promise of cable technology, companies such as Comcast must upgrade their networks, to increase capacity, reliability, and responsiveness. This typically requires a system rebuild to take advantage of "fiber optic" technology, which is "an ideal medium for transmitting vast amounts of information – data, graphics, and even video – at high speed."¹¹

There are several reasons why development of information highways ultimately depends on development of fiber-based cable systems. Traditional all-coaxial cable systems have the capacity to transmit large amounts of information, but fiber optic technology provides much greater useable capacity or "bandwidth" -- at least 10 times the capacity now, and as equipment improves, the difference in the capabilities of the two types of systems will become even more dramatic. This additional capacity is critical now for potential high-volume users such as schools, businesses and government.

Signals lose strength significantly as they travel through coaxial cable. As one adds more electronics to increase the capacity of a coaxial system, the system suffers even higher signal losses. To compensate for these losses, which are almost non-existent for fiber optic cable, the coaxial cable signals have to be amplified at regular intervals, and every amplifier distorts the signal. In addition, these amplifiers require regular maintenance and "tweaking" in order to operate most efficiently and effectively; reliable high-quality upstream transmissions are particularly hard to maintain. For this reason and others there are often much higher maintenance costs associated with coaxial, compared to fiber optic cable. And, because each amplifier is a potential "failure point," all-coaxial systems suffer from more outages than well-built fiber-based systems, which require many fewer amplifiers. This makes a difference for the home subscriber, and an even more significant difference for the potential business user, who is often less able to tolerate system failures or signal errors when transmitting video or data.

¹⁰ See Thirteenth Annual Report - Annual Assessment of the Status of Competition in the Delivery of Video Programming, released January, 16, 2009, paragraph 20.

¹¹ NCTA "High Speed Internet Access via Cable," www.ncta.com/broadband.

The cable system serving Urbana has a total of 750 MHz of bandwidth, and uses a design technology called *hybrid fiber coax* or HFC. HFC uses fiber optic cable to distribute signals from the headend to hubs, and then to nodes distributed throughout the area. From those nodes, coaxial cable carries the signals to the homes in the area. When compared to *trunk and feeder*, the previous design technology, HFC has higher channel capacity, higher picture quality, higher reliability and lower maintenance cost.

The next level of technical capacity would be a “Fiber To The Premises” (FTTP) design, which replaces the coaxial cable drops from the neighborhood nodes to subscribers with significantly higher capacity fiber optic cable. This design is what Verizon’s much-hyped “FIOS” (Fiber Optic Service) is based on. In the long run of more than five years, the cable industry will experience consumer pressure to expand bandwidth as more digital video programming is available on the Internet, and as individuals continue to expand their uses of computers to include more functions that require higher upstream capacity, such as gaming and video-conferencing. The logical step, then, would be to move to a FTTP design.

In addition to being upgraded to incorporate fiber, the cable industry is concluding that systems need to be two-way activated. Two-way activation is required for providers to be able to readily offer many advanced, interactive television services – services in which the set top interacts with a server.¹² Cable companies are developing interactive television services which rely on two-way activation, including Interactive Program Guides; Personal Video Recorders; which will deploy features offered by companies like TiVo into the cable set-top box; Video on Demand; Enhanced TV Services which allow consumers to obtain more information about programs and commercials they are watching, for example; access to the Internet over the television set; and locally-oriented interactive sites which “offer customers information which is not available on the Internet but which provides an “Internet-like” interactive experience.”

Interactive television provides a unique opportunity for PEG providers to better serve the community as well. In fact, because of the very nature of PEG – public access allows viewers to actively participate in creating programming, government access allows for increased citizen involvement and participation in government; and educational access involves participation by students in learning – PEG and interactive television “compliment each other because both focus on a specialized interactive community of specific interests in a specific geographic area.”¹³ One application is the interactive Council meeting, which allows viewers at home to participate in Council meetings by text, voice, or video link, depending on technical capabilities. There are several other applications, such as GIS mapping services and enhanced interactive distance learning, as well as enhanced interactive service for government information that is not available on the web. Interactive television functionality can be provided for analog or digital

¹² Ellis, Leslie, “In-Band, Out-of-Band, Whatever it Takes,” Multichannel News, May 28, 2001.

¹³ Afflerbach, Andrew, “Interactive PEG: A Technical Strategy for Implementation”, Community Media Review, the Journal of the Alliance for Community Media, Winter 2000.

television channels and if the technology is present on the system then PEG programmers can utilize the technology to enhance the services they provide to their communities.

Moreover, local franchising authorities (“LFAs”) in many communities are taking advantage of the advances in technology to require cable operators to provide “institutional networks”¹⁴ and to devote significant two-way capacity for PEG use of the system. These requirements can include requirements, for example, for linking schools, libraries and government agencies together, and providing links to the Internet. The goal is not simply to allow these agencies to communicate more effectively internally (or with one another). The goal is to obtain the resources required to provide better services to the public.

The potential benefits of advanced networks to communities are widely recognized, particularly when connected to other communications networks, such as the Internet. As former Vice President Gore noted, in commenting on the cable industry’s commitment to connect all schools and libraries to the Internet: “By connecting our libraries, citizens, young and old, literally will have the future at their fingertips! They will be able to enjoy the marvels of the Internet, which I invented, in the convenience of their local library. And they will have access to vast resources, such as the entire Library of Congress, in the time it takes to click the mouse. Providing access through our nation’s libraries is a critical part of this effort. Recent studies have shown that many Americans, particularly low-income, Blacks, Hispanics and Native Americans, lack access to computers and the Internet at home. If we are to connect all Americans, technological resources must be available in public places, such as our schools and local libraries. We must provide all Americans, no matter what race or age, location, or income level with the tools to explore new worlds or find new jobs!”¹⁵

Of course, not every system will go “high-tech” -- at least not immediately. For some small systems situated in rural, isolated locations, for example, the cost of providing a high-capacity connection to every customer may be prohibitive. But, general industry trends suggest that there are needs and interests in having (1) high-capacity, reliable, high quality, fiber-based (or equivalent) cable systems, with activated, interactive capabilities; (2) a system that includes an I-Net and that devotes a significant amount of capacity for PEG use; (3) a system interconnected to other telecommunications systems, including other local cable systems and the Internet. Further, because of the importance of these systems, a community would be remiss if it did not ensure that all of its citizens have an opportunity to take advantage of system benefits.¹⁶

¹⁴ Institutional networks are communications networks constructed by cable operators to provide service primarily to non-residential customers.

¹⁵ National Cable Television Association, “Cable’s High Speed Education Connection.”

2. *The Ascertainment in Urbana.*

The City's work in ascertaining cable-related needs and interests confirms these points. Indeed, the ascertainment confirms that there is a great need and interest in having advanced cable systems providing service throughout this community.

a. The community.

The City of Urbana is currently home to 36,395 residents, encompassing 14,327 households.¹⁷ Of those, an estimated 18,181 subscribe to Comcast cable television services, or about a 49.9% penetration.

b. Cable-related needs and interests.

See report prepared by Ms. Massel and Dr. Orton attached hereto as Exhibit C.

c. The system.

The cable plant is modern in design and capacity, in "very good technical shape," and in generally good repair. Signal is of high quality and relatively few outside plant problems were found that could impact on public safety. David Devereaux-Weber, PE wrote: "This system may be described as a tight system, meaning that there is no ingress and maintenance is ongoing. This demonstrates a high level of attention to system reliability." Further, "...this system exhibits a few outside plant issues that need attention, but also shows a more-or-less continuous attention to leakage management and ingress control." These findings bode well both for customer satisfaction and for general public safety with regards to rights-of-way.

The City had several technically related questions that merit discussion here. The first issue involves the system's capacity and its future. The system has been upgraded to a total of 750 MHz of bandwidth pursuant to the requirements of the Franchise. Its HFC design is the current state-of-the-art for the cable television industry, allowing a great number of digital television channels to be carried, along with high-speed Internet ("cable modem") service and telephone service. At present, this design meets most subscribers' bandwidth needs.

The next level of technical capacity would be a "Fiber To The Premises" (FTTP) design, which replaces the coaxial cable drops from the neighborhood nodes to

¹⁶ During the 1993 House Oversight Hearings, Chairman Markey stated that "it is essential for the nation to upgrade its telecommunications systems so that digital signals can travel without interruption not just between institutions, but also to the home . . . we must promote this technological advance."

¹⁷ Based on 2000 Census data.

subscribers with significantly higher capacity fiber optic cable. This design is what Verizon's much-hyped "FIOS" (Fiber Optic Service) is based on. In the long run of more than five years, the cable industry will experience consumer pressure to expand bandwidth as more digital video programming is available on the Internet, and as individuals continue to expand their uses of computers to include more functions that require higher upstream capacity, such as gaming and video-conferencing. The logical step, then, would be to move to a FTTP design. The City, however, cannot require such an upgrade in the renewal process, in that federal statutes expressly prohibit franchise authorities from specification of technologies.

Another issue that concerned the City relates to the system's capacity for "return lines" to originate PEG programming from various locations. The City normally only uses a few of these, but there are several more that are required in the Franchise.

The City also asked that unserved areas be identified with the aim of trying to get service where feasible. It has been difficult to get Comcast to pinpoint these areas. After much prodding, Brian Gregory, Insight's director of government relations, wrote: "We cover nearly the entire residential area with service. The one exception may be a few apartments in a commercial area of downtown... If you have any potential customers, residential or commercial, feel free to provide us with their address and we can survey for serviceability." Comcast should now be willing to serve any such residents upon request.

d. Miscellaneous.

(i) Under the Cable Act, there are a number of areas where a community must establish requirements in an RFRP; a number of places where requirements cannot be established; and some areas where the community may act unilaterally. In this case, we propose to establish requirements in an RFRP, as contemplated by the Cable Act. To this end, we have developed a Model Cable Franchise Ordinance which establishes certain contractual obligations Comcast would be required to assume. The provisions that are included in the Model Cable Franchise Ordinance are justified by the City's needs and interests, although in the City's view, certain requirements are not subject to the Cable Act's "needs and interests" test (the requirements involve an exercise of the City's basic police and governmental powers). Among other things, the City concludes:

a. The City is concerned that a long franchise term of 15 years may not serve the public interest, both because the system may become outdated, and because PEG and I-Net requirements may need to be revisited. Changes in law could also require that some obligations be changed. Also,

because the Cable Act protects a cable operator against unfair franchise denial, a shorter term may be more reasonable. The City recommends that the City grant a term of ten (10) years if all the needs and interests identified in this report are adequately met.

- b. A five percent (5%) franchise fee should continue to be charged. This is now a standard part of the “rent” that is charged to cable operators for use of the City’s valuable rights-of-way. By charging rent, we ensure that the cable operator pays a fair amount to use the rights-of-way. A franchise should establish a broad definition of gross revenues which ensures that the cable operator pays the franchise fee based on all revenue which the City is entitled to collect the five percent (5%) fee on. As the five percent (5%) fee limit is a form of “rent,” the City should also have the right to increase the fee if the law changes.
- c. A franchise should include provisions that ensure that the grantee will comply with its obligations, and which ensure that the City bears no cost as a result of the use of the rights-of-way by the cable operator.
- d. A franchise should ensure that the cable operator will use the rights-of-way in a manner that minimizes the risk of damage and undue interference with public and private property. The franchise should ensure that the cable operator’s use is secondary, and therefore should be clear that no property rights or any other implied rights are being granted. The franchise should be subject to conditions that ensure the goals of the City can be satisfied without undue public burden. The franchise must require the operator’s compliance with all local code requirements.
- e. A franchise should ensure that a cable operator will not discriminate against potential subscribers, employees or subcontractors on any unlawful ground.
- f. The system should be required to provide good customer service in accordance with state law. Rates shall be subject to regulation to the extent not prohibited by law.
- g. The City should have the tools to monitor and enforce franchise and ordinance requirements. A franchise should provide those tools, and should require the cable operator to comply with such requirements, including those with which the cable operator disagrees, unless and until the cable

operator has obtained relief in a court of competent jurisdiction.

- h. A franchise is personal in nature and based on an assessment of the unique financial, legal, and technical qualifications of the individual cable operator, along with that cable operator's history of performance. Thus, the franchise should ensure that no one may succeed the grantee's rights, by any means, without the City's permission.
- i. The grantee should be subject to the ongoing exercise of the City's police, regulatory and other powers. The City needs the ability to respond to changing circumstances over time.

E. SUPPORT FOR PUBLIC, EDUCATIONAL AND GOVERNMENT USE.

1. *PEG requirements take several forms.*¹⁸

Franchising authorities can require operators to designate channels for PEG use in an RFRP. LFAs can establish requirements for equipment and facilities -- for example, requirements for studios and cameras. Franchising authorities can establish rules for the management and use of the facilities and channels devoted to PEG use. LFAs can enforce promises for services made by a franchise applicant. In any event, before issuing a franchise, a LFA can insist that the cable operator "provide adequate PEG access channel capacity, facilities or financial support."¹⁹

2. *General trends.*

As Congress noted when it first passed cable legislation:

One of the greatest challenges over the years in establishing communications policy has been assuring access to the electronic media by people other than the licensees or owners of those media. The development of cable television, with its abundance of channels, can provide . . . the meaningful access that . . . has been difficult to obtain.

¹⁸ 1984 House Report at 68, 1984 U.S.C.C.A.N. at 4705 (franchising authorities may require, among other things, "satellite earth stations, uplinks, studios and production facilities, vans and cameras for PEG use").

¹⁹ 47 U.S.C. §541(a)(4).

Almost all recent franchise agreements provide for access by local governments, schools, and non-profit and community groups over so-called “PEG” (public, educational and governmental) channels. Public access channels are often the video equivalent of the speaker’s soapbox or the electronic parallel to the printed leaflet . . . PEG channels also contribute to an informed citizenry by bringing local schools into the home and by showing the public local government at work.²⁰

While there are certainly many communities that have no PEG channels, communities that have concluded that PEG requirements serve important community needs and interests often require three or more channels. That is because the programming interests of the PEG entities that use the channels are diverse. Separating the channels by use allows different user groups to schedule and develop programming of a particular type, and ensures that viewers have a general idea as to the type of programming that will be available on each channel. In addition, providing for adequate access from the outset avoids potential subscriber disruption that could occur if a community begins with too few channels and must displace channels in order to obtain adequate capacity. If it turns out that there is not enough programming the cable operator can use the PEG channel capacity for its own purposes.

The PEG channels can be used to transmit voice, data and video signals to subscribers. It is recognized, however, that channels alone are not enough. Resources must also be available to enable potential users to produce programming. The channels need to be publicized; potential users need to be trained; equipment and facilities need to be available to produce good quality programming (audio and video must be satisfactory); equipment and facilities need to be available to edit programming; necessary facilities and equipment need to be in place in order to send signals to the head end from origination points, and then to subscribers via the head end. It is difficult for access to succeed without these resources. Many franchise agreements contain commitments by cable operators to provide support for PEG access in addition to providing a 5% franchise fee to the community.

PEG use is changing as cable technology changes. Access centers originally were concerned with the provision of video programming, just as cable operators focused on the provision of video programming. A number of access centers are now evolving into community media centers which provide opportunities to take advantage of the Internet and cable’s new technical capabilities to provide diverse, multimedia information to the home (and to provide everyone in the community the opportunity to participate in the Information Age).

²⁰ 1984 House Report at 30, 1984 U.S.C.C.A.N. at 4667.

In sum, the developments in communities that have determined that PEG access can serve important community needs and interests suggests that (a) multiple channels should be devoted to PEG use; (b) operators should provide substantial support for PEG access in addition to the franchise fee; and (c) PEG access requirements should be structured to enable the community to take full advantage of advances in cable technology, including advances in interactivity and in digital capacity.

3. The ascertainment in Urbana showed that there is a strong need and interest in this community in making public, educational and governmental (“PEG”) access programming of the cable system a high priority.

Comcast currently provides the City of Urbana with four (4) PEG access channels. Channel 5 is Champaign’s government access channel which is carried in the City of Urbana to provide news and information regarding the City of Champaign. Channel 6 is Urbana’s government access channel (UPTV), which carries Urbana’s governmental access programming. Channel 7 is an educational channel programmed by the University of Illinois (UI-7) and Channel 9 is an educational channel programmed by Parkland College (PCTV). All four (4) of these PEG access channels are also carried by Comcast in other franchise areas in and around the Champaign/Urbana region.

The Needs Assessment Report, attached as Exhibit C, provides significant information regarding the level of interest and demand for the PEG access channels within the City. The report also demonstrates a need for an additional PEG channel to be dedicated solely for public access programming - for a total of five (5) PEG channels in Urbana. The City has reviewed this matter and has agreed that there is an immediate need for a fifth PEG channel to be dedicated solely for public access programming. While the City intends to cooperate with Champaign and other jurisdictions in the region to facilitate programming for this channel, the need remains whether these adjacent communities directly participate.

The Needs Assessment also specifically addresses questions regarding funding for the PEG access channels. Comcast currently remits an additional two percent (2%) of its gross revenues (over and above the five percent (5%) franchise fee) to support local PEG access programming. The Needs Assessment Report identifies a number of capital expenditures required to support the existing four (4) PEG channels as well as costs to be incurred with the introduction of a new (5th) public access channel. The City agrees in part with the conclusions of the Needs Assessment with respect to the capital funding noted. However, since the time when the Needs Assessment Report was drafted the City has done further investigation and review regarding its capital needs over the next ten (10) years - the anticipated term of any renewed franchise. The City has determined that the costs associated with obtaining sufficient studio space (whether through new construction or refurbishing a new facility) coupled with the capital costs associated with the existing four (4) PEG channels will be substantial and will be far greater than set forth in the Needs Assessment. The City has determined that these PEG capital costs include the following:

1.	Studio construction/refurbishing existing facility:	\$248,000
2.	Facility repair and upkeep over a ten year term:	\$125,000
3.	Initial equipment expenditures necessary to equip the studio for public access productions:	\$140,000
4.	Portable equipment necessary for equipment checkout for public access production:	\$157,500
5.	Internal wiring, lighting, sound, master control and related expenditures for new studio:	\$48,000
6.	Miscellaneous capital required over a ten year term related to a new PEG facility (e.g. microwave uplink for mobile van and related capital purchases):	\$115,000
7.	Fiber optic connectivity (36, 800 feet @ \$12/ft plus hardware and replacement over 10 years) to provide UPTV access to school district, park district, County and Library and support the Open Media Project:	\$561,600
8.	Potable Access vehicle and equipment (does not include any equipment or component replacement over entire 10 year term):	\$250,000
9.	Production equipment for library:	\$45,000
10.	Production equipment for school district (camera upgrades and basic editing equipment):	\$20,500
	Total:	1,710,600

In addition to the above referenced costs related to the public access programming facility, the City will also incur additional capital costs related to its government access programming. These costs include the following:

1.	Replacement of existing cameras at City Hall:	\$56,000
2.	Ten year replacement plan for internal wiring, sound and lighting as equipment fails over the ten year term:	\$30,600

3.	Replacement of master control and editing equipment over ten year term:	\$38,600
4.	Miscellaneous additional capital expenditures related to the government access channel:	\$6,500
	Total:	\$131,700
	GRAND TOTAL:	\$1,842,300

The City currently does not provide capital support to University of Illinois or Parkland College for educational access programming. In an effort to reduce capital expenditures and alleviate the need for an increase in PEG capital spending over the ten year franchise term, the City has determined to maintain this position and provide no capital funding relating to the educational programming. Thus the grand total for PEG capital required over a ten year term is \$1,842,300. This level may increase or decrease as costs vary over the next ten years. Based upon existing payment by Comcast under the 2% PEG fee, the City anticipates that the 2% PEG payments over ten years would total approximately \$1,401,564. Therefore the City concludes that a need exists to maintain the PEG fee at 2% of Comcast's gross revenues over the entire 10 year term of any renewed franchise.

The Needs Assessment Report also identifies requirements for maintaining connections between the master control facilities of the public, educational and governmental programming origination sites so that programming can be carried from those locations to Comcast's headend and thereafter distributed out to the subscribers. The City supports the conclusions of the Needs Assessment Report mandating that those return paths to Comcast's headend be maintained at the highest quality so that there is no degradation in signal quality of the PEG programming.

F. FRANCHISE CONDITIONS AND OTHER REGULATORY ISSUES

In addition to the matters already discussed, a renewal franchise agreement must contain a number of provisions in order to ensure that franchise requirements are properly implemented. Both the franchise agreement and local law must contain provisions to protect the City and its citizens, including cable subscribers, and to enable the City to manage its public rights-of-way fairly and effectively. The City has the authority to establish these conditions unilaterally. However, it is also the case that these conditions serve paramount public needs and interests.

The following brief discussion of certain key provisions is intended to elaborate on some of the reasons underlying those provisions. This discussion is not intended to be comprehensive.

1. *Scope of Grant.*

Federal law draws a distinction between cable systems and telecommunications systems, and suggests that to the extent telecommunications systems are authorized and regulated by local governments, this ought to be done separately from a cable franchise.²¹ In particular, changes in the Cable Act made by the Telecommunications Act of 1996 indicate that the federal Cable Act does not apply to the provision of telecommunications services by a cable operator; that a cable operator is not required to obtain a franchise *under the federal Cable Act* for the provision of telecommunications services; and that a franchising authority may not impose any requirement *under the federal Cable Act* that has the purpose or effect of prohibiting, limiting, restricting, or conditioning the provision of a telecommunications service by a cable operator or its affiliate.²² By restricting these prohibitions to franchises issued under the federal Cable Act, however, Congress indicated its intent to permit state and local governments to require appropriate compensation and to manage their public-rights-of-way through instruments other than cable franchises issued under the federal Cable Act.²³ Thus, it appears to be the intent of Congress that the two be treated separately. For this reason, among others, any renewal franchise for Comcast will only authorize the cable operator to use the City' public rights-of-way for the provision of cable service and to provide such other services as are required to meet its PEG obligations. Comcast may well have the right and authority to provide other services over its system in the City although those services are not governed by a cable communications franchise.

2. *Conditions on Use of Public Rights-of-Way.*

One purpose of the franchising process is to protect public property used by private entities from harm and to ensure that the property can be used by others. For example, a grantee may need to cut open a road or bore under it to install or repair a line. Improper restoration can leave a permanent bump or depression in the road, or even cause it to collapse. This is an important public safety issue. Thus, franchises in the City must be subject to conditions regarding the use of the public rights-of-way. It is essential that a renewal franchise continue to protect municipal property and make it safe and available for multiple users, including other utilities. Moreover, use standards and requirements change over time, as do the City's planning goals. The placement of these private facilities in the right-of-way must not be allowed to interfere with the implementation of these new standards, or permit cable grantees to avoid rules or fees that are imposed in connection with various activities in the rights-of-way. Finally, the use of the rights-of-way cannot be allowed to interfere with any public projects. Accordingly, grantees should be required to meet certain minimum standards for use of the rights-of-way to satisfy these goals, and the City must have the flexibility to establish new standards and procedures over time.

²¹ See e.g., 47 U.S.C. §§ 3(43)-(46), 522(6)-(7).

²² See 47 U.S.C. § 541(b)(3).

²³ Cf. 47 U.S.C. § 253(c) (recognizing state and local governments' right to manage the public rights-of-way and to require fair and reasonable compensation).

3. *Term.*

The length of the franchise is primarily a function of allowing the cable operator sufficient opportunity to earn a return on its required investment, while ensuring that (a) the cable operator's performance will be evaluated within a reasonable period of time, so that the cable operator has incentives to maintain its performance at a high level, to ensure that its franchise can be renewed; and (b) to allow the community to reevaluate franchise requirements, in light of changes in technology. Several recent franchises have been granted for terms of 5-15 years. The City has determined that a ten (10) year franchise is appropriate given the needs and interests identified.

4. *City's Exercise of Police Powers and Modification of Applicable Rules and Ordinances.*

The City has the legal authority to utilize its police and other powers to secure and promote the public health, safety, and general welfare of its residents, and to adopt appropriate regulations of businesses over which it has jurisdiction. In particular, because of the technical, economic and regulatory volatility of the cable industry, the City must have regulatory flexibility if it is to meet its duty to the public while still granting renewal franchises. Accordingly, any renewal franchise must preserve the City's police powers and regulatory flexibility to the maximum extent possible.

5. *Reports and Records.*

The franchise is subject to provisions regarding books, records, inspections, reports, and similar requirements. In a new franchise term, the ability of the City to obtain records and reports should not be in doubt and is critical to the effective enforcement of the franchise.

6. *Customer Service Provisions.*

The failure of cable operators to provide good customer service received national recognition in the 1992 amendments to the Cable Act and the minimum customer service standards adopted by the FCC.²⁴ Those federal standards, however, recognize that additional or more stringent standards may need to be adopted by particular localities, based on specific conditions and on the behavior of particular cable companies.²⁵ Illinois State Law now addresses customer protection.²⁶ The City maintains that Comcast must comply with both state law regarding consumer protection and any local code requirements permitted under state and federal law.

7. *Franchise Fees.*

²⁴ See 1992 Act, sec. 2(b)(4)-(5); 47 U.S.C. § 552; 47 C.F.R. § 76.309.

²⁵ 47 C.F.R. § 76.309(b).

²⁶ 220 ILCS 5/Art. 70, Cable and Video Customer Protection Law.

Franchise fees are imposed to help compensate cities for use of their public rights-of-way, property that was acquired and is maintained by each community as a whole.²⁷ However, franchise fees are subject to a form of federal “rent control” that prevents cities from simply charging the fair value of the property that the cable companies use. Charging less than the maximum amount allowed by law would effectively mean that everyone subsidizes cable’s use of the rights-of-way. While the City recognizes that cable subscribers would prefer not to have a franchise fee – because operators itemize the fee on bills, the City also notes the following. First, it is fair to those who DO NOT subscribe to cable to ensure that the companies pay for the public property that they use. Second, the City Council may choose to designate a portion of increased franchise fees – to the extent that the amount collected increases due to, for example advanced services and/or increase in subscribership – to fund public, educational and governmental access operational expenses that will provide substantial benefits to subscribers and to the community at large. Thus, the best approach to the franchise fee is to continue to charge the maximum permitted fee, which for now is 5% of gross revenues.

The City’s experience over the last term suggests that the franchise fee definition should be clear and broad, and consistent with the federal rent limitations. It also further suggests that it should have the clear ability to review all of the cable operator’s financial data.

8. *Insurance Requirements; Indemnification; Bonds; Letters of Credit; No Recourse.*

Franchises typically include provisions that are designed to (a) ensure that the City, and the City’s citizens, bears no risk as a result of a grantee’s use of rights-of-way; and (b) ensure that the grantee complies with applicable requirements, and if it does not, the City can complete the required work and obtain compensation for the damages caused. As to the first point, the grantee can cause damage to public and private property when it is in the rights-of-way. It can create hazards that may lead to lawsuits. It should be clear that the City should bear no risk associated with such suits, and what is more, the City has an interest in assuring that the cable operator has the insurance and other protections in place so that it can be held responsible for the damage that it causes.

In addition, the City needs to enter and use the rights-of-way constantly. The use by the cable operator is an important use, but that use is secondary to other uses. If, by reason of allowing a cable operator to use the rights-of-way, the City were exposed to liability if it caused damage to the cable operator’s property, the City’s potential liability would be enormous and its ability to use its own property limited. In commercial leases, landlords usually require tenants to assume all risks that flow from the occupancy of the building: a landlord doesn’t, for example, agree typically to compensate the tenant for business losses if a roof leaks. The City cannot afford to assume any risks associated with the use of the rights-of-way by a cable operator.

²⁷ See, e.g., City of Dallas v. F.C.C., 118 F.3d 393 (5th Cir. 1997)

Performance guarantees, in the form of letters of credit and bonds, ensure that work that the cable operator promises to perform is performed. If the City's only remedy is a lawsuit, the benefits that are promised will inevitably be delayed and may in many cases be deferred forever. By ensuring that there are funds available the City ensures that the benefits promised are delivered.

9. *Liquidated Damages.*

As a related matter, there are a number of franchise requirements where noncompliance could significantly reduce the benefits of the franchise, and thus harm the City, but where the amount of damages is hard to estimate. Because of this, it is essential to include liquidated damages amounts, and to make it clear that those damages apply from the time a breach occurs. This ensures that the cable operator is not rewarded for non-compliance, and ensures that it does not adopt a policy of only complying when caught.

10. *Termination.*

The City must also have available more serious remedies -- revocation or shortening the term of a franchise -- in the event of a serious breach of performance. Any business relationship depends upon a satisfactory working relationship between the parties; no working relationship can be established and maintained if the grantee lies or attempts to deceive, refuses to comply with key provisions of law or its agreed upon obligations, or repeatedly violates law or its agreed upon obligations.

At the same time, it is important that subscribers not be disadvantaged if a franchise must be revoked. Therefore, a cable operator must be required to ensure continuity of service for a reasonable time until a new cable operator begins to offer service. Any renewal franchise must be subject to these provisions.

11. *Abandonment.*

Any renewal franchise would be granted in return for each grantee's promise to provide service throughout its franchise area in accordance with a franchise agreement. Thus, a renewal franchise must ensure that if for any reason the cable operator stops providing service in accordance with the franchise over all or a part of its system, the City is able to take action to ensure that service continues. In addition, if property is abandoned, the City must be able to ensure that it is either removed, or that the City can take ownership of the property. There is enormous potential risk to the City if property remains in the right-of-way, it is no longer subject to a franchise, and the City does not have the right to dispose of that property as it sees fit (during construction or excavation projects, for example).

12. *Relationship of Remedies.*

The remedies available under a renewal franchise should not be exclusive. The public's compensation for harm suffered should be as complete as possible; therefore, remedies should be available singly or in combination.

13. *Transfers.*

The City's decision to grant a renewal franchise is based on the expectation that the entity to whom the franchise is granted will be the entity that will perform the franchise requirements. In effect, the decision to grant a renewal franchise is a decision to ensure the City's needs and interests are met for the duration of a renewal franchise. Any transfer may affect these and other conditions, and the City may have chosen to deny a franchise to the transferee had it applied. Thus, the City must have the opportunity to review a transfer, to determine the likely impact on the performance of franchise requirements and the community, and to grant, grant with conditions or deny the transfer based on the reasonably predicted impact. For similar reasons, the term "transfer" should be broadly construed to include transactions they may result in the transfer of all or a portion of the grantee's interests in the cable system or the franchise, change in the control of the franchise itself, or similar results however achieved.

This is so because a change of control, as well as a change in the actual holder of the franchise can have enormous consequences for the community. In some cases, the effect may be beneficial by increasing the financial resources available to the community. But a merger could also have the reverse effect, and could result in the transfer of the franchise to an entity that is simply not prepared to satisfy its franchise obligations. While the City could always seek to enforce the franchise, a change that effectively increases the cost to the City of obtaining its contractual benefits harms the City and subscribers. The City has a substantial interest in avoiding these adverse effects.

For this reason, the City has devised a transfer procedure that uses standards for measuring changes in control that are consistent with standards set forth in state and federal law. In addition, the City has developed factors that will be considered in determining whether to grant a transfer which goes to the basic question of determining whether (a) performance is likely to be affected; and (b) whether there is likely to be an adverse impact on the City or the public. The fact that the City makes an adverse determination on any point does not mean a transfer will be denied, but it does mean that the City will be in a position to establish transfer conditions to avoid adverse effects (this might include requirements for corporate guarantees, for additional bonds, or resolving compliance and non-compliance issues so that there is no misunderstanding as to what is and is not required).

14. *Severability.*

A cable television grantee will enjoy special rights to use the City's unique rights-of-way. To ensure that a cable operator does not essentially convert what is valuable City property to private purposes, the City imposes conditions on the grantee's use of the

rights-of-way. This ensures, among other things, that the community at large shares in the benefits which flow from the franchise grant. The grant would not be made if those benefits were not received. Therefore, any franchise agreement must include a provision that makes it clear that if material provisions of the agreement are unenforceable, the City can void or reconstitute the franchise. The cable companies should not be able to retain the benefits of a franchise agreement without providing the corresponding benefits to this community.

15. *Compliance with Applicable Laws.*

Many matters governing the operation and business practices of a cable operator are addressed by federal, state and local laws and regulations. The City's grant of any franchise is based on the assumption that a grantee would comply with such laws and regulations.

16. *Rate Regulation.*

In 1992, Congress determined that it was necessary to protect subscribers from unreasonable rates for cable service and equipment. The current Cable Act and the FCC's implementing regulations, place significant limitations on local governments to regulate service rates. Nonetheless, it is important that the City retain the right to regulate rates where the law permits.

17. *Non-Discrimination.*

The need for provisions prohibiting discrimination among subscribers or persons requesting service is expressly recognized by federal law.²⁸ Federal law also establishes general EEO requirements for cable. These provisions not only establish federal standards, but also permit establishment of additional local requirements. Companies using public property, and obtaining the sorts of benefits from the public that are being provided through the franchise should be subject to the City's general rules regarding non-discrimination, to ensure that the public property is not effectively converted to private use.

²⁸ See 47 U.S.C. §§ 541(a)(3), 543(e).

EXHIBIT A
INSIGHT COMMUNICATIONS, LLC
LETTER DATED JUNE 13, 2006

EXHIBIT B
TRANSFER RESOLUTION

EXHIBIT C
NEEDS ASSESSMENT REPORT

EXHIBIT D
TECHNICAL NEEDS REPORT

EXHIBIT E
GROUNDING INSPECTION REPORT

EXHIBIT F
TELEPHONE SURVEY
COMMUNITY ATTITUDES TOWARD CABLE TV

EXHIBIT G
REQUEST FOR FORMAL RENEWAL PROPOSAL (“RFRP”)

June 13, 2006

VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

The Honorable Laurel Prussing
Mayor, City of Urbana
400 S Vine St
Urbana, IL 61801

Dear Mayor Prussing:

Insight Communications is proud to provide cable television service to the citizens of the City of Urbana, a relationship that we value greatly. We strive to provide the high quality cable television service this community and its residents deserve. We enjoy our relationship with the City, and look forward to serving the community in the years to come. Therefore, as I am sure you can appreciate, Insight is taking the proper steps, well in advance, toward the renewal of our franchise agreement with you, which is due to be renewed on or before February 28, 2009.

Please accept this letter as notice of our desire to renew the franchise, in accordance with the terms of The Cable Communications Policy Act of 1984, as amended, which requires us to provide formal notice of the renewal process as outlined by the Act.

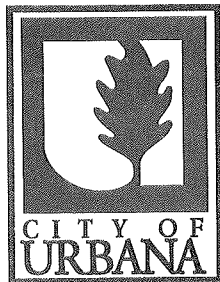
The Cable Act provides for renewal either through an informal process, whereby the cable operator and the franchising authority reach a mutually satisfactory agreement at any time prior to the expiration date, or a more formal process. In addition, under either the informal or the formal process, the Act includes provisions for public participation, including a public notice and hearing to be held within 6 months of the date of this notification. It is our hope that we can reach an informal renewal.

I will be happy to discuss this matter with you, or provide any additional information you may require regarding this notification of commencement of the franchise renewal process. I look forward to continuing our relationship, which, we believe, has benefited the community and residents of the City.

Sincerely,



Melody Brucker
District Vice President



City of Urbana
400 South Vine Street
Urbana, IL 61801
(217) 384-2362
FAX (217) 384-2301

CLERK'S CERTIFICATE

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, PHYLLIS D. CLARK, City Clerk of the City of Urbana, Illinois, and keeper of the records, files and seal of said City, do hereby certify that the foregoing is a true and exact copy of a resolution entitled:

[Res. No. 2007-08-018R] **"RESOLUTION APPROVING PROPOSED CHANGE OF CONTROL OF LOCAL CABLE FRANCHISE FROM INSIGHT COMMUNICATIONS MIDWEST, LLC, TO COMCAST CORPORATION"**

adopted by the City Council of the City of Urbana, Illinois, on the 4th day of September, AD, 2007, as it appears in the records and files in my office remaining.

Given under my hand and seal of said City of Urbana, Illinois, this 14th day of November, AD, 2007.



Phyllis D. Clark

Phyllis D. Clark, City Clerk
by Deborah J. Kolbert

Deputy Clerk

**RESOLUTION APPROVING PROPOSED CHANGE OF CONTROL
OF LOCAL CABLE FRANCHISE FROM INSIGHT COMMUNICATIONS
MIDWEST, LLC, TO COMCAST CORPORATION**

WHEREAS, on or about February 28, 1994, the City of Urbana, Illinois ("City") entered into a franchise agreement for cable television services ("Franchise") with Time Warner Entertainment Company, L.P. which Franchise is now held by Insight Communications Midwest, LLC ("Grantee"); and

WHEREAS, Grantee, through direct or indirect subsidiaries is owned 50% by Insight Communications Company, L.P. ("Insight") and 50% by Comcast Corporation ("Comcast"); and

WHEREAS, according to the Second Amendment to Amended and Restated Limited Partnership Agreement of Insight Midwest, L.P. dated effective April 1, 2007, Comcast, through a wholly owned subsidiary, will acquire the 50% ownership interest in the Franchise and cable television system ("System") currently held by Insight; and

WHEREAS, to effectuate Comcast's acquisition of the 50% ownership interest in the Franchise and System currently held indirectly by Insight (a) the Grantee will assign the System and Franchise to Illinois/Indiana Systems Group, LLC, a wholly-owned subsidiary of Insight Midwest, L.P. and (b) immediately thereafter, TCI of Indiana Holdings, LLC, will obtain the 100% ownership interest in Illinois/Indiana Systems Group, LLC (collectively, the "Transaction"); and

WHEREAS, as a result of the Transaction, Grantee and Comcast have requested consent from the City to the change of control of Grantee; and

WHEREAS, on or about May 28, 2007 the City received FCC Form 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise which requires that the City take action on the proposed change of control within 120 days or on or before August 25, 2007; and

WHEREAS, under the Franchise and applicable law, the proposed change of control requires consent from the City; and

WHEREAS, specifically, section 6.7 of the Franchise requires the City's advance written consent and further requires that the Grantee reimburse the City for its reasonable processing and review expenses (See section 6.7 (F) of the Franchise); and

WHEREAS, on or about June 13, 2006, Grantee submitted to the City a letter requesting renewal of the Franchise in accordance with 47 U.S.C. 546 ("Renewal Request"); and

WHEREAS, the City responded to the Renewal Request by soliciting proposals from qualified bidders to conduct an assessment of the past performance of the Grantee under the Franchise as well as an assessment of the future cable related community needs and interests in compliance with 47 U.S.C. 546 (a) ("Needs Assessment"); and

WHEREAS, as part of the Needs Assessment the City conducted a review of past franchise fee payments made by the Grantee to the City which revealed certain underpayments in violation of the Franchise as set forth in the report prepared by Dr. Barry Orton hereby incorporated by reference and attached hereto as Exhibit A ("Franchise Fee Report"); and

WHEREAS, the City in the process of completing the Needs Assessment and is preparing to conduct informal renewal negotiations with the Grantee pursuant to 47 U.S.C. 546 (h) as well as soliciting a formal proposal from Grantee pursuant to 47 U.S.C. 546 (a-g) in response to the Needs Assessment; and

WHEREAS, the City has expended significant personnel resources and public funds in preparation of the Needs Assessment and will not agree to duplicate those efforts as a result of the proposed change of control; and

WHEREAS, given that the Transaction is scheduled to close on or about January 1, 2008, the City will not agree to process the proposed change of control if it will require that the City must reassess the performance of the

Grantee following the change of control or will require a reassessment of the City's future cable related community needs and interests; and

WHEREAS, Grantee and Comcast recognize that the City has no control over the timing of the Transaction nor its impact on the pending renewal process triggered by the Grantee and therefore Grantee and Comcast are in agreement that the Needs Assessment need not be restarted, modified or supplemented in any way as a result of the Transaction and proposed transfer of control. Grantee and Comcast further agree that neither party will contest the findings of the Needs Assessment on the basis of the Transaction or change of control of Grantee; and

WHEREAS, the City has reviewed the proposed change of control and the legal, technical, and financial qualifications of Comcast proposed to be the new parent company of Grantee following the proposed change of control; and

WHEREAS, based on information provided by Grantee and Comcast and on the reports and information received by City, City has elected to approve the proposed change of control subject to certain conditions as set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

1. That the Franchise is in full force and effect and Grantee is the lawful holder of the Franchise.

2. That Grantee will remain the lawful holder of the Franchise after consummation of the Transaction.

3. That the City hereby consents and approves of the proposed change of control of Grantee subject to:

a. Closing of the Transaction described in information provided to the City by Grantee and Comcast. Comcast shall, within thirty (30) days of the date of closing, notifying the City in writing of the completion of the Transaction.

b. Pursuant to Section 6.7 of the Franchise, Grantee shall, within thirty (30) days of the date of adoption of this

Resolution, fully reimburse City for all of City's reasonable processing and review expenses in connection with the change of control including without limitation costs of administrative review, financial, legal and technical evaluation of Comcast, consultants (including technical and legal experts and all costs incurred by such experts), notice and publication costs and document preparation expenses.

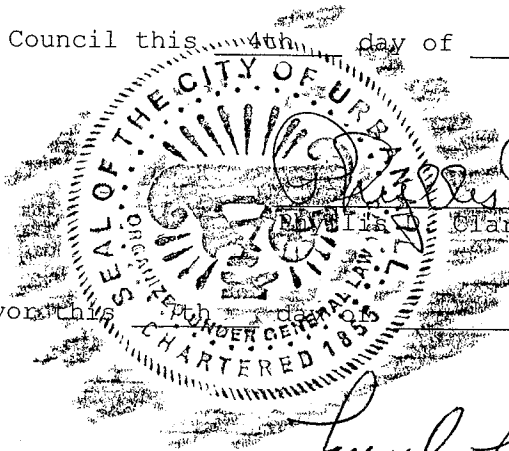
c. With thirty (30) days of the date of adoption of this Resolution, fully reimburse City for all past due franchise fees due, including applicable interest, as set forth in the Franchise Fee Report, attached as Exhibit A.

d. Within thirty (30) days of the date of adoption of this Resolution provide City with a fully executed "Acceptance and Agreement" in the form attached hereto and hereby incorporated by reference in this Resolution.

4. That in the event the change of control of Grantee contemplated by the foregoing resolutions is not completed, for any reason, the City's consent shall not be effective.

This Resolution shall take effect and continue and remain in effect from and after the date of its passage, approval, and adoption.

PASSED by the City Council this 4th day of September, 2007.



[Signature]
Clark, City Clerk

APPROVED by the Mayor this 4th day of September, 2007.

[Signature]
Laurel Lunt Prussing, Mayor

Final Report

Community Needs Assessment

**City of Urbana, IL
In Preparation for Franchise Renewal**

With Insight Communications

**Public, Educational and Governmental Access
and
Customer Service**

Prepared by:

Susan Bisno Massel
Dr. Barry Orton

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I. Executive Summary of Recommendations

The following are our key recommendations. Please remember when considering PEG capital and operational funding that 1) franchise-required PEG capital funding is passed through to customers and is often presented as a line item on the customer bill and 2) cable operators consider PEG operational funds to be included in franchise fees. This information is discussed more fully in the body of the report.

1. Capital Funding: Urbana should continue requiring the two percent annual PEG assessment as well as require an additional \$440,000 in capital funding from its cable operator in a renewed Franchise Agreement. This includes \$240,000 for UPTV facility upgrades and \$200,000 for a joint Public Access or PEG studio if the costs are shared equally with Champaign. This amount should be payable upon renewal, in one lump sum payment. The Cities can and should address capital needs in its renewal negotiations and require the operator to provide PEG capital funding in its new Agreement. For example, the Cities could require \$200,000 each for a total of \$400,000 to be recovered over five years for studio capital expenses. A five year term is a sample term of an agreement to which some operators currently agree. UPTV needs to connect City Hall to the Urbana High School/Junior High School/Indoor Pool Complex, additional portable equipment, more advanced webcasting capabilities, and equipment to prepare for the digital migration in 2009. These capital costs total approximately \$240,000. Capital costs for a new studio will be approximately \$400,000, which Urbana and Champaign should share equally or could split in a 2/3 to 1/3 manner, with Champaign paying the larger share. This is how the Cities have shared some expenses in the past. Ideally, the studio could serve as a PEG studio but it could also serve solely as a Public Access studio. If it served as just a Public Access studio, both communities would have to continue to fund their own Government Access.

If the Cities evenly split the \$400,000 capital funding of a PEG studio over a five year term, an Urbana customer's monthly cable bill could increase by \$.40 and a Champaign customers bill could increase by \$.18 per month. If the Cities chose to split the \$400,000 capital funding of a PEG studio 2/3-Champaign and 1/3-Urbana, then Urbana customers could pay an additional \$.26 per month and Champaign customers could pay an additional \$.23 per month for the same five year period.

Funds for the \$240,000 UPTV capital upgrade could add \$.47 a month onto an Urbana customer's monthly cable bill. Combined with the capital funding for a PEG studio, the net increase could be \$.87 a month (if the two communities split the studio funding 50-50) or \$.73 per month (if the communities require a 2/3-Champaign and 1/3-Urbana split of capital funding).

It should also be noted that the City of Urbana has set aside more than \$200,000, or essentially its share of a 50-50 studio capital funding, in existing PEG capital funds. These dollars could be allocated to the PEG studio, sparing Urbana

customers the additional “pass through” to fund the studio. In addition, the continuation of the two percent PEG fee should not raise Urbana customers’ monthly bills as it is already on the statement.

2. Operational Funding: The City should work with Champaign to fund the operations of a standalone joint Public Access or PEG studio. The City should consider budgeting additional franchise fees to cover PEG capital expenses. There is also a need for the Cities to allocate \$300,000 annually for operations of a PEG studio annually, to be shared equally or on a 2/3-Champaign 1/3-Urbana basis. Ideally, that studio could serve as a PEG studio but it could also serve as solely a Public Access studio. If it served as just a Public Access studio, both communities would have to continue to fund their own Government Access channels as well. Together, the Cities currently collect more than \$600,000 in franchise fees annually, which could cover the operating expenses of a studio and PEG entity. However, the Cities are not using nearly that amount currently for cable-related purposes, and budget the bulk of these funds for other uses.

Urbana now collects approximately \$114,000 annually via a two percent PEG support fee and five percent franchise fee. The City of Champaign is not collecting its allowed five percent of franchise fees; it only collects three percent and it is not collecting the additional two percent of gross revenues it could for PEG support. Though the amount of the PEG grant has varied, \$100,000 annually over the current 15 year Urbana Franchise Agreement is \$1.5 million dollars. It is our recommendation that the City of Champaign strongly consider increasing its franchise fee collection to the allowed five percent even if it is not prepared to collect the additional two percent of gross revenues for PEG support. This would generate approximately \$146,000 more annually for the City immediately. These funds could be used for PEG operations.

Though the amount of the PEG grant has varied, \$100,000 annually over the current 15 year term of the Urbana Franchise Agreement is \$1.5 million dollars. The PEG grant is currently passed through to Urbana’s cable customers. The two percent of gross revenues that Urbana now collects in PEG fees (approximately \$114,000 annually) could be combined with Champaign’s increased franchise fee dollars, to reach nearly the \$300,000 mark annually with each community contributing nearly equally. Of course, the Cities could choose a 2/3 and 1/3 split as well. Under the terms of the current Franchise Agreement (which was entered into in 1994), the PEG fee which Urbana collects could be used to operate a PEG studio. Again, in this scenario, Urbana would have to use some of its franchise fees to fund its remaining Government Access.

3. PEG Channel Allocation: The City should review its allocation of PEG channels with special attention given to the University of Illinois’ channel, to make sure the channels are in fact being used for PEG programming. The University of Illinois is not using the asset allocated to it by City as a PEG channel and the City’s Franchise Agreement leaves the City vulnerable to the cable operator reclaiming the channel. The City should approach the University with its concerns and require that either the channel

carry locally produced programming in addition to SCOLA¹ programming or return the channel for use as a Public Access channel (if that is the choice of the Cities).

4. Remuneration: The entities that are allocated a PEG channel by the City should be required to provide remuneration for that asset. This could come in the form of studio space, funding, staff, or other resources to meet the general PEG needs or specific Public Access needs in the community The University of Illinois and Parkland College receive a channel allocated by the City at no cost. These entities should be asked to contribute to access in some way, like providing resources, studio space, staffing, etc. Further, the communities and entities that use UPTV (currently at no cost) should be asked to contribute to Public Access programming. At the very least, users from the surrounding communities should pay a fee to use the public access facilities. Urbana cannot be expected to continue to provide Public Access to the communities solely at its own expense.

5. Public Access: The Cities Should Adopt a One-Year Joint Public Access Development Plan. We believe that gradually widening community partnerships and reducing the reliance on the City of Urbana will increase the possibility of success and move Champaign and other area communities to more fully support a Public Access channel. There is a genuine need for a fifth PEG channel dedicated to Public Access, and for a nonprofit Community Media Center to manage Public Access resources for the community. However, this will take time. We do not believe that it is currently feasible to adopt the recommendations of the Public Access Study Committee Report in their entirety. It is our belief that to continue to insist on this path, and only this path immediately, will only serve to frustrate the process. Champaign has historically been reluctant to contribute to Public Access, and Urbana may not move forward without Champaign's partnership.

The key elements of our proposal, which should take approximately one year, are:

- Create a Public Access Steering Committee/Advisory Board and Require Each PEG Entity to Contribute to the Public Access Channel;
- Request a Fifth Public Access Channel and Move Public Access Programming to It Immediately;
- Create a Public Access studio in a Neutral, Preferably Low- or No-Rent, Temporary Studio Site;
- Utilize PEG Capital Funds to Equip the Studio and Franchise Fees for Limited Staffing; and
- Have Urbana Continue to Manage the Public Access Channel for the First Year.

It is our recommendation that a “Public Access Steering Committee” or “Public Access Advisory Board” be created, comprised of a representative from each library, both Cities,

¹ SCOLA is a non-profit educational organization that receives and re-transmits television programming from around the world in native languages. These programs are available via satellite, cable TV and the Internet to students of language study, ethnic communities, and anyone seeking a global perspective.

both school districts, the IMC, the University of Illinois, and Parkland College. In essence, the Cities should create a wider Cable Commission to spearhead this change.

We recommend that the Cities require each entity that is allocated a PEG channel— Parkland College, University of Illinois and the two Cities--to contribute to the Public Access Channel in staff time, dollars, production equipment or physical space. It may be that, if Champaign is so inclined, staff or low-rent/no-rent space is all it contributes and Urbana may have to continue to operate the Public Access channel as well as UPTV. The remuneration should be significant, in that a basic channel for exclusive institutional programming is a very valuable commodity that neither Parkland nor the University of Illinois could obtain without an annual cost in the hundreds of thousands of dollars.

Ultimately an independent Public Access management entity is preferable, and the passion for it certainly exists in the community. However, it is clear that Champaign must be convinced to ask its residents to contribute financially to such an organization. For the time being, Urbana should continue to manage Public Access, with the Public Access portion of the studio moving out of City Hall. Ideally, Champaign should contribute Franchise Fees to the operations of this channel and capital funds to the studio equipment. Urbana is used to this responsibility and, until there is a successful independent Public Access entity, there is no other entity to handle the job. Once Public Access flourishes away from Urbana City Hall, with staff committed to its operation, the chances that Champaign and other entities will contribute to the channel's operation will increase. On the other hand, if independent Public Access is not a success, the entire system will have not been disassembled.

6. Customer Service: The City should remain diligent regarding grantee compliance with the consumer protection and customer service requirements of the Ordinance and Agreement. Currently, subscribers are reasonably pleased with the quality of service. We believe much of this satisfaction is due to the fact that customer service functions and staff have been kept on the local level. Therefore, we recommend that the City maintain the local office requirements in its current Ordinance and in its renewal negotiations with Comcast. It should also use its considerable powers of private and public persuasion to prevent either the customer service function or local management authority from being moved out of the community.

While the City of Urbana has not devoted significant resources to oversight of Insight's compliance, the City of Champaign has been highly active in its oversight of Insight's compliance with the key requirements of the Ordinance and Franchise Agreement. These requirements are identical to Urbana's. In the most recent compliance check (2005-2006), for example, the City sent Insight notice of non-compliance with regard to three Sections of the Champaign Code: Section 10-16 (a) (1) regarding telephone response time (Urbana Code Section 24-73 (a) (1)), Section 10-39 requiring "as-built" maps of the system to be regularly filed with the City (Urbana Code Sections 24-80 (a) (2) and 24-81), and Section 10-26 (a) requiring permits for construction in the public right-of-way (Urbana Code Section 24-76 (a)). These last two requirements are crucial to public safety. The City of Urbana also needs to have accurate maps of cable plant in the public rights-of-way for use when permitting construction or in emergency conditions. The City must also maintain tight control over construction and related activities in the ROW, especially as it

relates to traffic and the physical integrity of streets and sidewalks. Champaign has done so; Urbana's oversight has not been as diligent.

We believe that like the City of Champaign, the City of Urbana should more closely monitor grantee compliance with the key elements of customer service contained in the Ordinance and the Franchise Agreement.

7. High Schools: Community leaders should meet with high school leadership from both communities to discuss any video curriculum that may exist and ways the Cities and schools can partner in this regard. There is a lack of participation by the high schools in Urbana. Community leaders should meet with high school leadership to discuss any video curriculum that may exist and ways the City and schools can partner in this regard.

8. Free Service Sites: The City should inform the sites listed in the current Franchise Agreement's Exhibit C that they are to be provided free cable TV connections at the highest level of basic service to assure sites that want this service take advantage of this requirement. Going forward, the list of sites that are offered at least free basic service should include additional government agencies (such as the Park District) as well. The list of sites which Insight reports receives complimentary cable service is Exhibit A "Sites Receiving Free Service." The current requirement includes all City buildings, all public high schools, middle schools, elementary schools, Urbana School District 116, the Champaign School District Unit 4 administrative buildings and the Parkland College Educational Video Center.

9. Cablecasting Sites: The City should inform the public buildings listed in the current Franchise Agreement's Exhibit C that they are to be provided with live program origination capability. A list of the sites which Insight says it is providing with this capability was provided to the City as part of this process and is Exhibit D of this report.

II. Ascertainment Process

The Process

This ascertainment was conducted as part of cable franchise renewal proceedings with the local cable television provider, Insight Communications. Susan Bisno Massel and Dr. Barry Orton conducted the Community Needs Assessment and drafted this report.

The results of the overall needs assessment are presented in this report. It examines the future cable-related needs of Champaign residents as they relate to Public, Educational and Governmental (PEG) Access channels, facilities and programming, and to the basic elements of customer service and consumer protection.

Ms. Massel and Dr. Orton interviewed representatives of the community and its organizations who are users, potential users, or part of a governmental or advisory body overseeing use of the cable system. The on-site visits took place May 17, 2007; June 6 and June 7, 2007; June 14 and June 15, 2007; and August 30, 2007. The names of the participants and dates of contact, both in person and over the telephone, are included in Appendix C "Participants." Input gained through focus groups and one-on-one interviews will be attributed to "participants" throughout this report.

The observations and recommendations in this report are based on information gathered in meetings with the Cable Commission, the Refranchising Committee, the Public Access Study Committee of the Cable Commission; specifically assembled focus groups, interviews with City elected officials and staff, with Insight staff, and with selected individuals having specific relevant knowledge, and review of related documents provided by the City and participants.

Our analysis focused on: 1) the future cable-related needs of the community taking into account the costs of meeting such needs; 2) the relationships between the key persons and organizations with regard to the PEG channels and facilities; 3) the community need for a stand-alone Public Access channel and management of that channel; 4) compliance with the current Ordinance and Franchise Agreement with regard to PEG and to customer service and consumer protection.

To gauge community interest in and use of PEG as well as satisfaction with elements of customer service, the firm of ETROK, Inc. performed a random digit dialing telephone survey of the City's cable subscribers from May 6 - 11, 2007. This survey focused on installation, repair, telephone response and other aspects of customer service; viewership of the four PEG channels; the level of support for these channels and what support exists for establishing a new, full-time public access channel. The survey generated 301 interviews of Champaign citizens. The survey results regarding PEG are presented in Section IV in the subsection titled "Current Subscriber Attitudes Towards PEG". The results regarding customer service are presented in Section IX in the subsection titled: "Champaign Subscriber Satisfaction: Telephone Survey Results". The full results of the survey are contained in Exhibit E "Telephone Survey Results."

III. Regulatory Landscape

The current regulatory landscape is summarized below.

Federal PEG Requirements: Current federal law allows franchising authorities to make certain requests of the cable operator. In awarding a franchise, the franchising authority may require “adequate assurance that the cable operator will provide adequate public, educational and governmental access channel capability, facilities or financial support” (Section 621 (4) (B)). Further, the Cable Communications Policy Act of 1984 §611(b) [531(b)] states that a franchising authority may “require as part of...a franchise renewal...that channel capacity be designated for public, educational or governmental use, and channel capacity on institutional networks be designated for educational or governmental use...” The statute defines public, educational, or governmental access facilities as “channel capacity designated for public, educational, or governmental use and facilities and equipment for the use of such channel capacity.”

Transfer of Current Agreement: In May 2007, the City received documentation from Comcast Communications requesting municipal approval to transfer the City’s Cable Franchise Agreement with Insight to Comcast. According to current federal law and regulations, this process takes approximately 120 days, if no extensions are granted. However, new state law may supersede these requirements. The reasons for this request are outlined further in this report.

State of Illinois Cable Franchising Law: On June 30, 2007, Illinois Governor Rod Blagojevich signed Senate Bill 0678 into law. This law dramatically changed the cable franchising process in Illinois, allowing the state to grant cable service or video service authorization to the incumbent cable operator or to new entrants. The incumbent can choose to continue to operate under a local agreement with a local unit of government or can choose to move to state regulation. Therefore, Insight, and its likely successor Comcast, can choose to either continue with their current municipal agreements or move to state regulation. This process would begin by the company filing an application with the Illinois Commerce Commission. As of this writing, it is not known which course the Champaign cable provider will choose in the long term, but Comcast has stated that it currently plans to continue its local agreements in Illinois. Even if the operator remains with the local agreement, the customer service provisions of the state law apply to all cable operators as of January 1, 2008. Further, with 180 days notice to the local franchising authority, the cable operator can move from a local agreement to a state authorization. AT&T filed the necessary application to be a new entrant with the Commerce Commission in September 2007. However, in either scenario, this report is an important document. If the incumbent provider chooses to renew its local franchise agreement, this assessment will be a key component of the renewal process as federal law continues to apply.

If a new entrant, such as AT&T, or the incumbent chooses to get a state franchise, this report remains an important part of the process. The state law requires that a holder of an authorization provide the same amount of PEG capacity on its network as the incumbent cable operator was required to designate under its franchise terms in effect on January 1,

2007. The law requires the holder and the incumbent to negotiate in good faith to interconnect their networks, if needed, for providing PEG programming on both systems.

Finally, the new law says that the holder shall pay to manage PEG access, upon request, a fee of not less than 1% of gross revenues or if greater, the percentage of gross revenues that the incumbent cable operators pay to support PEG access. The law goes on to say that the percentage of gross revenues that all incumbent operators pay shall be equal to the annual sum of the payments that incumbents in the service area are obligated to pay by franchises or agreements or contracts with the local government of designee for PEG access in effect January 1, 2007, including the total of any lump sum payments required to be made over the term of each franchise or agreement divided by the number of years of the applicable term, divided by the annual sum of such incumbent cable operator's gross revenues during the immediately prior calendar year.

Thus, the City will have to address one or more of the following scenarios:

- Renewal of its Insight/Comcast Agreement and renegotiation of PEG capacity and support in a renewed incumbent Agreement;
- Notice of incumbent authorization to provide cable services under state law and determination of and negotiations for PEG capacity and support that is equal to the incumbent's current requirements;
- Notice of new entrant authorization to provide video services under state law and determination of and negotiations for PEG capacity and support that is equal to the incumbent's current requirements;
- Interconnection of PEG channels between incumbent and new entrant.

IV. PEG: The City of Urbana and Insight Communications

Background

This report is provided as part of the process of renewing the Franchise Agreement between Insight Communications and the City of Urbana. The 15-year Agreement became effective on March 1, 1994, and expires on February 28, 2009. The City originally entered into this Agreement with Time Warner Entertainment Company, which subsequently transferred the Agreement to Insight Communications.

Insight and Comcast Communications announced in April 2007 that the two companies had reached an agreement to divide the Insight Midwest partnership in which Insight and a Comcast subsidiary each held 50 percent. A Comcast press release dated April 2, 2007 states that “By dividing the partnership, which Comcast inherited with the AT&T Broadband acquisition, Comcast will be able to convert its interest in the joint venture from a passive investment to a direct ownership in cash-flow generating cable systems.”

The release went on to say that Comcast expects the new systems to generate approximately \$290 million in Operating Cash Flow. The systems, which include Champaign, pass 1.2 million homes. The systems Insight hopes to acquire pass 1.3 million homes. Insight is the 9th largest cable operator in the U.S. with approximately 1.4 million customers; this agreement would bring approximately 639,000 more basic video customers to the company. Comcast is the nation’s largest provider of cable services with 24.2 million cable customers. This agreement would bring Comcast approximately 684,000 new basic video customers. The City received the required FCC Form 394 from Comcast in May 2007.

Current PEG Channels

Insight cable subscribers in Urbana view four PEG Access channels. Channel 5 is Champaign’s government access channel, CGTV; channel 6 is Urbana’s PEG channel, UPTV; channel 7 is the University of Illinois’ channel, UI-7, and channel 9 is Parkland College’s channel, PCTV. The communities to which Insight provides each PEG channel are attached in Exhibit B “PEG Channels Viewed.” CGTV, UPTV and UI-7 reach eleven separate franchise authorities, which include Champaign, Urbana, six other area municipalities, and parts of three counties. PCTV reaches these eleven jurisdictions and fifteen other communities in Illinois and Indiana.

Current Subscriber Attitudes Towards PEG

Urbana:

Of those surveyed, Urbana subscribers watched CGTV slightly more often than Champaign viewers: 40% watched at least once a month, and Urbana subscribers watched their own UPTV channel at an even higher rate: 44.5% at least once a month, and only 35.8% never watch. Urbana subscribers also watch the Parkland and U of I channels at a somewhat higher rate than Champaign viewers. The Parkland channel is watched by 32% at least once a month and the University of Illinois channel is watched 28.7% at least once a month.

Urbana subscribers support PEG at slightly higher levels than Champaign viewers, as should be expected from their slightly higher viewership levels. 70% of Urbana subscribers believe it is at least “somewhat important” to maintain the current local PEG access programming; nearly 40% of all subscribers surveyed believe it is “very important” to maintain PEG programming.

Somewhat fewer Urbana subscribers, 43.2%, believe it is important to maintain and enhance quality local PEG access programming, even if the cost winds up on their cable bills. Of those Urbana subscribers willing to pay more to support and maintain PEG access programming, most, 79.1%, are willing to pay at least \$1 per month. Slightly more than a third, 34.5%, believe it important to create a new public access channel even if the cost winds up on their cable bills. Of those willing to pay more to support a new public access channel, most, 75.6%, are willing to pay at least \$1 per month.

Champaign:

Of those surveyed, over half of cable subscribers in Champaign watch one or more of the four PEG access channels at least every few months; CGTV is the most watched access channel. CGTV viewership is relatively high, with over a third of Champaign subscribers (37.6%) watching the CGTV channel at least once per month and 18.3% reporting watching weekly; only 46.2% said they never watched. Champaign subscribers watched Urbana Public Television Channel (UPTV) and the Parkland College channel somewhat less often (24.6% at least once a month), and the University of Illinois’ channel slightly less (23.6% at least once a month).

Most Champaign subscribers could not name a favorite PEG program. Among those who gave a favorite access program, Champaign City Council coverage was most often mentioned.

Among Champaign subscribers, a significant majority, two-thirds, believe it is at least “somewhat important” to maintain the current local PEG access programming; half of those, or one-third of all subscribers surveyed, believe it is “very important” to maintain PEG programming. Somewhat fewer, 41.5%, believe it is important to maintain and enhance quality local PEG access programming, even if the cost winds up on their cable bill.

Of those willing to pay more to support and maintain PEG access programming, most, 73.6%, are willing to pay at least \$1 per month. Slightly less than a third, 30.6%, believe it is important to create a new Public Access channel even if the cost winds up on their cable bill. Of those willing to pay more to support a new Public Access channel, 71.7% are willing to pay at least \$1 per month.

Current PEG Channel Funding

Exhibit B of the current Urbana Franchise Agreement requires that the Grantee make the bandwidth of four (4) analog video channels available exclusively for PEG use. Further,

the Exhibit states that the City may request and Grantee shall provide “up to a total bandwidth of eight analog video channels or its equivalent for PEG use.” The Exhibit requires that in order to increase the number of PEG channels, those already being utilized must have new, unduplicated video programming, with each channel cablecasting at least an average of twelve (12) hours per day for the preceding three (3) months.

Exhibit B of the current Urbana Franchise Agreement, entered into in 1994, also allows the City to request a PEG fee assessment to be utilized solely for PEG access equipment, facilities, administration and operations. When this request is made, the Grantee is to pay up to two percent (2%) of the Gross Annual Revenues received by Grantee from operation of the cable system in the City.

Beyond these fees, communities traditionally pay PEG operating costs with franchise fees collected from the cable operator, which can be up to five percent of gross revenues. Therefore, Champaign can in fact collect seven percent of gross revenues to fund PEG access. All franchise and PEG fees are passed along to subscribers, as is further discussed in Section V of this report.

Urbana collects this five percent in franchise fees from Insight and uses them to subsidize PEG operations. In 2005, the franchise fees Insight paid to Urbana totaled \$262, 195 and in 2006 Insight paid Urbana \$274,055 in franchise fees. Urbana also requests the additional 2% of gross revenues allowed under the Agreement. In 2005, Insight paid Urbana an additional \$104,784 for PEG support and \$109,622 in 2006. UPTV’s annual budget is approximately \$131,000. Thus, the City supplements the PEG assessment from the general fund without exhausting its franchise fees.

Historical Allocation of PEG Channels

In April of 1995, the City of Urbana passed a Resolution allocating the use of the four PEG channels provided to the community in its Agreement with Time Warner Cable, the cable operator in the City at that time. The Resolution was the result of a report by the Champaign-Urbana Joint CATV Commission recommending a PEG plan for the City. The Urbana Resolution specifically stated that the PEG channels were to be shared by both Cities and that channel allocation required the cooperation of both cities. The recommended allocation was as follows:

1. Urbana Channel: Council meetings, City department information, School District meetings, Park District recreational meetings, Urbana Free Library Information, and Urbana Community calendar information.
2. Champaign Channel: To use at the discretion of the City of Champaign.
3. Parkland Community Educational Channel
4. Public Access and Educational Channel with the involvement of the University of Illinois.

The plan went on to recommend that the City of Urbana work with the Urbana School District on educational and governmental programming while the Urbana City Council chambers were being renovated in the summer of 1995, to assure City meetings could be covered from the School District buildings.

Following Urbana's adoption of this resolution, Champaign passed a similar document, approving the same allocations.

Current Allocation of PEG Channels

The PEG channels are currently allocated and utilized as follows:

1. CGTV: Governmental Access. This channel is strictly a Government Access Channel for the use of the City of Champaign and other designated government bodies.
2. UPTV: Public, Educational and Governmental Access. The channel provides public access for the communities of Champaign and Urbana and Educational and Governmental access for Urbana residents and organizations. UPTV provides the only Public Access studio in the area.
3. Parkland College Educational Channel: Educational Access. This channel is a communications arm of Parkland College. It features distance learning as well as local programming and serves as a publicity tool for the College. There is a studio at the College that is not open to the public.
4. University of Illinois: This channel carries SCOLA programming, little University-produced programming and no Public Access programming. There is a studio at the University used by journalism students and to a small degree by the area PBS public television station, but it is not open to the public.

Issue: Channel Allocations

Of these four channels, one requires the most attention from the City as a designator of PEG channel use: the University of Illinois channel. This channel is not achieving its PEG mission. This leaves the City vulnerable as Exhibit B of the current Urbana Franchise Agreement states that the PEG channels "shall be dedicated for the term of the Franchise Agreement, provided that the Grantee may utilize any portions of these channels during any time when they are not scheduled for PEG use." This channel is not providing Public, Educational or Governmental access and certainly is not providing Public Access as was stipulated when the University of Illinois was allocated the channel.

A shift in the provision of Public Access appears to have taken place sometime after the Champaign-Urbana Joint CATV Commission PEG plan was drafted. The change resulted in the City of Urbana providing Public Access to both Cities through UPTV instead of the University of Illinois. The City of Urbana passed the 2% PEG assessment on February 21, 1994, so Urbana's commitment to support PEG access pre-dates the City's April, 1995, passage of an ordinance adopting the PEG recommendation. It is

difficult to track the exact path of this change, but one participant reports that Public Access representatives approached the Urbana City Council to have Public Access added to the UPTV scope of responsibilities after the PEG plan was adopted by both Cities. This participant reported that citizens may have made this request because they felt Public Access would have a greater chance of flourishing under the control of the City of Urbana than it would on the University channel. However, that participant also believes there remained an understanding that the University would provide Public Access as well, which it does not do today.

Issue: Municipal Control of Public Access

Though the staff of UPTV was praised by nearly all participants, many also believe that as City employees, it is only logical that tasks like producing City Council meetings would be a higher priority than outreach to the community for Public Access. In its current form, Public Access is a product of the City of Urbana, produced by City employees, with City equipment, by the same staff that covers City meetings and events nearly every night of the work week. This, combined with the fact that there is no studio in either City dedicated solely to Public Access, creates a challenging situation.

Some Public Access participants stated a wide variety of issues with UPTV. The first is the allegation that a City operated Public Access channel is not truly open to all types of programming. The controversy over UPTV carriage of “Democracy Now!”² reveals the passion with which Public Access programming is approached by some members of the community. Many believe former Urbana Mayor Tod Satterthwaite was opposed to “Democracy Now!” carriage. City staff attributes the delay in its carriage to legal, technical and business arrangements required to carry the satellite programming. The show is now carried on UPTV, but the debate its carriage initiated demonstrates the passions felt by public access supporters and, they would say, by its detractors. Initial fees associated with its carriage were paid for by a participant. Other issues discussed by Public Access participants and proponents include the lack of opportunity to use the UPTV studio or cablecast Public Access programming during prime time, Monday through Thursday, due to City meeting coverage.

There is a thirst for an independent Public Access Channel and facilities in Champaign and Urbana. In an effort to address this issue, the Public Access Study Committee (a committee of the Champaign-Urbana Cable Television and Telecommunications Commission) issued a report in November 2005. The report makes a strong case for its findings and lists an impressive list of Champaign and Urbana organizations that responded to the Committee’s Public Access survey. The report recommended four outcomes. They are:

- a) To establish a non-profit Community Media Center which would manage Public Access cable television resources for the entire community;

² Democracy Now! is a national, daily, independent news program airing on over 450 stations in North America.

- b) To obtain at least one additional and separate Public Access channel to be operated by the Community Media Center;
- c) To designate cable franchise fees from both Champaign and Urbana and other participating municipalities to fund Public Access and a Community Media Center; and
- d) To ensure that government and education channels are maintained at a high level and bandwidth is increased.

The Committee presented its report to the Cable Commission, which adopted them on January 18, 2006. The report was then forwarded to both City Councils. The Urbana City Council adopted the report on March 6, 2006. In a study session meeting on May 9, 2006, the Champaign City Council voted to pursue a Public Access channel during renewal negotiations.

Issue: PEG Studio

Urbana, as the lone provider of Public Access in the area, has a small public access studio space (referred to as a mini-studio) in City Hall, adjacent to the City Council chambers. This mini-studio is available to Champaign and Urbana residents to produce Public Access programming, and to Urbana residents and organizations to produce Educational and Governmental access programming. In addition, there are some UPTV members from area towns, whose residents, for the most part, can also view the channel. CGTV has playback equipment and a video-equipped Council Chambers, but no designated studio space. Parkland College and the University of Illinois have studios but they are not open to the public.

Exhibit B of the current Urbana Franchise Agreement states that until September 1, 1995, the Grantee was to make available production facilities for the support of PEG access channels. The facilities to be made available without cost were to include a live studio or videotaped presentations of five minutes or less. This section of the Exhibit lists specific production equipment to be made available. In addition to the facilities, "one fully equipped color studio" was to have been located within the City limits of Champaign/Urbana. The Grantee was also to have provided one mobile production unit with remote origination capability. The next section of the Exhibit states that at any time after the effective date of the Franchise Agreement (March 1, 1994) the City was able to request up to two percent of gross revenues for PEG support. Though the relationship of these two requirements is not spelled out in the Franchise Agreement, more than one participant recalled that the Cities agreed to relinquish the studio requirement for the additional two percent of gross revenues for PEG support. The end result is that for approximately 12 years, the cable operator has not been required to provide a studio for the community. No document was found that memorialized this intent if it was ever actually formalized.

V. Key PEG Findings

There are citizens in Urbana who are extremely dedicated to the four Public, Educational and Governmental (PEG) access channels serving the communities. The commitment to PEG programming is evidenced by the hard work of the citizens on the committees that oversee the use of the channels, and their passion towards community media and community-based expression in the form of video. Though there is much discussion about Public Access programming in these communities and in this report, it is important to remember there are four PEG channels serving this area. Collectively, the PEG channels provide Public, Educational and Governmental programming to the two communities as well as to the surrounding area and should be viewed holistically, as tools that can jointly meet community needs, as well as individual entities.

Oversight and Non-Governmental Access Channels

The Champaign-Urbana Cable Television and Telecommunications Commission acts as an advisory body to the City Councils of Champaign and Urbana. The Commission oversees the construction, development and operation of the cable system, administration of the cable franchise, and monitors and informs the public of telecommunications legislation and policy. The 10-member Commission has four appointed members each from Champaign and Urbana; with one member from each a sitting Council person. In addition, the Chancellor of the University of Illinois and the President of Parkland College each appoint one member to the Commission. Both Parkland College and the University of Illinois make an annual \$1,000 financial contribution to support the Commission.

The Urbana Cable Ordinance establishes both UPTV and the UPTV Commission. The Ordinance states that the administration of the City “shall operate and administer UPTV in all respects, except as specifically reserved to the Urbana Public Television Commission by ordinance.” The Commission is to be composed of nine (9) commissioners--four (4) who are members of the Champaign-Urbana Cable and Telecommunications Commission; one (1) UPTV member; one (1) named by the Board of the Urbana Park District; one (1) named by the Board of Urbana School District No. 116; one (1) named by the Board of the Urbana Free Library and one (1) from residents of the city.

The UPTV Commission is to advise the City administration on the content of PEG access cable policies relating to Urbana Public Television and may suggest changes to policies. The Commission also hears member disputes.

Two of the PEG channels are not operated by either City but by educational entities. One of these, Parkland College, is using its channel efficiently, offering significant levels of Educational Access programming. PCTV is a fully functioning channel that meets the needs of the College, as a communications and publicity arm, and that of the community, bringing locally-produced programming and distance learning to subscribers.

As mentioned earlier in this report, the other educational institution, the University of Illinois, is not adequately using the PEG channel asset allocated to it by the City. As

detailed later in this report, University leadership has been approached with ideas on ways to produce and carry University-related educational programming, but resources have not been allocated to these projects. The University Chancellor's Office reportedly has control of the channel and allocates \$12,000 to WILL-TV (the local PBS public television station) for the technical support of UI-7. Repeatedly, participants used phrases such as "horribly underutilized" and "waste of bandwidth" when describing UI-7. Furthermore, there is no clear line of University ownership and responsibility tied to this channel.

As part of the public input process tied to this franchise renewal, each City held a public hearing as well as inviting the public to email comments about the PEG channels. Neither hearing had more than one resident in attendance. However, the Cable Commission did receive positive emails about the PEG channels and two specifically addressed UI-7. These emails are included in Exhibit C "SCOLA Emails."

One said, "I probably watch channel 7 most regularly, because I like to catch the (subtitled) news from France," and the other stated, "Channel 7's SCOLA programming is a real asset for foreign language learning in our community. Our high school aged children have used it to study French, Spanish and Chinese." The Champaign Ordinance defines Public, Educational or Governmental access facilities as "channel capacity designated for noncommercial public, educational or government use." Though SCOLA is of interest to some residents of the community, it is presented on a PEG channel. UI-7 presents almost no locally-produced programming by a public, educational or governmental entity which many in the community find disappointing. Going forward, this is something that must be examined by the City as it examines channel allocation and the provision of PEG programming. SCOLA programming is also available via the Internet.

The City should approach the University with its concerns and require that either the channel carry some Public Access programming in addition to SCOLA programming (as required in the current Agreements) or return the channel to the City so that it can be reallocated for PEG use. . In addition, the City should seek remuneration for the channel in the form of a possible site for a no- or low-rent Public Access studio.

Finally, there is a lack of participation by the public schools in Champaign. Many communities share resources with schools to achieve goals that benefit all cable subscribers and residents. Often, high schools house PEG studios in their video classrooms. These classrooms are often unused during evenings and weekends, which are exactly the times most would-be producers are available to work on PEG productions. Schools can be wonderful incubators for PEG users, as students are excited to learn video production and their finished products can be aired on the channels. These students can also serve as community producers, vastly increasing the number of trained producers available to assist with PEG and other local video production needs. There is a large void regarding PEG programming activity where the public schools are concerned.

City-Run PEG Access

Each City has chosen to support PEG programming in a different way, and to a different degree. Some citizens appreciate the PEG system as it is currently configured. UPTV offers public access services to citizens from both communities, trains potential users at no cost (there is a nominal equipment deposit) and provides camera operators for live and taped productions. The channel carries programming submitted by residents, as long as they have the legal right to submit it, and aids with editing and creating introductions and closings. Some participants reported that this is sufficient. However, others do not agree.

Urbana collects the maximum amount of allowed fees to support PEG and provides all three lines of programming, Public, Educational and Governmental. However, more than one participant reports that UPTV's priority is Governmental Access, as is discussed in detail throughout this report. Many interviewed for this report, both in one on one interviews and in focus groups, believe that housing Public Access in City Hall is counter-productive and cannot foster Public Access in the communities.

UPTV staff changed during the time this report was written. Staff members Chris Foster and Kali Boyden left to pursue other opportunities. Mr. Foster reported that there had been increases in the number of Public Access members over the years but that "a lot of people sign up to be a member but to get them to actually produce something is the most difficult thing." Mr. Foster saw UPTV as a truly shared PEG channel but acknowledged that Government access had some advantages. He said that there are many live meetings carried on UPTV from Urbana City Council chambers each week and that this programming takes priority over Public Access programming. Details of the schedule are provided later in the report.

Mr. Foster says the channel's programming in terms of hours presented could be accurately described and "G, P and E," with the greatest hours of programming falling into the Government Access category and Educational Access programming qualifying for the least. But, as sure as some participants are that it is impossible for Public Access to flourish on a municipally-run channel, UPTV staff is equally insistent that no municipal representative, staff or elected, ever directed UPTV to make Public Access programming less of a priority.

PEG Funding

Insight reports there are approximately 54,544 Insight subscribers in "the Champaign District," which includes Champaign and Urbana. The company reports that Champaign has approximately 18,900 basic subscribers and Urbana has approximately 8,400 basic subscribers, for a combined basic subscriber count of 27,300. Therefore, the company has approximately half its customers in Champaign and Urbana and the second half in the surrounding communities. It is also noted that as the larger community, Champaign has approximately 2/3 of the combined cable subscribers in Champaign/Urbana.

Current Fees Collected from Insight and PEG Budgets

	<u>Champaign</u>	<u>Urbana</u>	<u>Total</u>
2006 Franchise Fee	\$363,604	\$274,055	\$637,659
2006 PEG Fee	-0-	\$114,774	\$114,774
PEG Budget	\$60,000 ³	\$131,000 ⁴	\$191,000

There is a need for a \$400,000 one time grant for a studio (to be shared equally by each community or on a 2/3-Champaign 1/3-Urbana basis) and an additional \$200,000 each for CGTV and UPTV capital needs. This line item/pass through of PEG capital funding would be for PEG capital and would be in addition to the five percent of gross revenues in franchise fees that is allowed (and also passed through). Urbana now collects approximately \$114,000 annually with a 2% PEG support fee and 5% franchise fees, all of which is passed through on Urbana cable bills. Champaign collects three percent in gross revenues as franchise fees which is also passed through on Champaign cable bills. Though the amount of the PEG grant has varied, \$100,000 annually over the current 15 year Urbana Franchise Agreement is \$1.5 million dollars.

There is also a need for the Cities to collectively allocate \$300,000 annually for operations of a PEG studio annually, to be shared equally or on a 2/3-Champaign 1/3-Urbana basis. Ideally, that studio could serve as a PEG studio but it could also serve as solely a Public Access studio. If it served as just a Public Access studio, both communities would have to continue to fund their own Government Access channels.

Illinois Law:

As already stated, the new Illinois statewide legislation requires the operator to pay the City a PEG support fee of no less than one percent of gross revenues or, if greater, the percentage of gross revenues that the incumbent operator paid the City for PEG support as of January 1, 2007. However, as of this writing, Comcast has stated it has no intention of leaving its local agreements to seek statewide authorization.

Federal Law:

The Cable Act's definition of franchise fees specifically excludes "capital costs which are required by the franchise to be incurred by the cable operator for PEG access facilities." Current FCC regulations allow the cable company to recover franchise-required capital expenditures.

The relevant section of FCC Part 76, §76.985 subscriber bill itemization, states:

(a) Cable operators may identify as a separate line item of each regular subscriber bill the following:

³ Taken from franchise fees currently.

⁴ Exhausts the PEG grant and is supplemented by the City's franchise fees.

- (1) The amount of the total bill assessed as a franchise fee and the identity of the franchising authority to which the fee is paid.*
- (2) The amount of the total bill assessed to satisfy any requirements imposed on the cable operator by the Franchise Agreement to support public, educational, or governmental channels or the use of such.*

Cable operators can add these costs to the monthly subscriber statements and “line item” the amount on the bills. The operator will argue that operating fees are in fact franchise fees, which are already being paid to the communities.

Capital Funds:

If Urbana decided to require funds for its current PEG capital needs in addition to start-up capital funding for a joint stand-alone studio, the total amount would be approximately \$400,000 over a five year term—approximately \$200,000 for one half the capital dollars needed for an Access studio (assuming a 50:50 split with Champaign) and approximately \$240,000 for UPTV capital needs. These capital fees could be collected up front from the cable operator, who could then collect the amount from cable subscribers over a five year term. The five year term is a sample term of an agreement to which some operators currently agree. UPTV has approximately \$200,000 it has “held back,” in preparation for a stand-alone Public Access channel and non-profit entity. These funds could be used for Urbana’s portion of the capital funding for a studio, whether split equally with Champaign or split in a 2/3-Champaign 1/3-Urbana manner.

The City can and should address capital needs in its renewal negotiations and require the operator to provide PEG capital funding in its new Agreement. For example, the City could require \$240,000 for UPTV and \$200,000 for a PEG studio, for a total of \$440,000 to be recovered from subscribers over five years. These amounts should be removed from the subscriber’s bill when the cable operator recovers its investment, so this time period could be shorter if subscriber numbers increase or could be longer if numbers drop dramatically. The cable operator could recover the \$240,000 in PEG studio capital funds by billing subscribers an extra \$.40 a month on Urbana customers’ cable bills and \$.18 per month for Champaign customers’ cable bills (this assumes the Cities require identical, equal capital funds for a studio). If the Cities chose to split the capital funding via a new agreement in the 2/3-Champaign 1/3-Urbana scenario, Urbana customers could pay an additional \$.26 per month for five years and Champaign customers could pay an additional \$.23 per month for that same period. Funds for the \$240,000 UPTV capital upgrade could amount to an additional \$.47 a month on Urbana customers’ cable bills. Combining the capital costs for both the PEG studio and UPTV could mean a net total increase of \$.87 a month if the two communities split the studio funding 50:50 or a total of \$.73 per month if the communities utilize a 2/3-Champaign and 1/3-Urbana split.

The Public Access Study Committee Report does a nice job of laying out the four categories of PEG funding. They are: franchise fees for PEG operations, capital payments for capital funding, PEG grants (which are now provided for in the two current Agreements) and “other funding,” which includes grants and earned revenues. Earned revenues include user fees, charging for event coverage, charging for tape/DVD reproduction, and sponsorship of programming based on Agreement and state law limitations. It should be noted that UPTV currently serves Champaign, Urbana and the

surrounding communities. If all these communities, with a total of 27,300 customers, contributed to a \$400,000 studio, the monthly statement impact over a five year period could be approximately \$.24 a month for each subscriber.

Operating Funds:

We estimate the Cities, either independently or together, would require up to \$300,000 annually in recurring costs to operate a PEG studio to meet both Cities' needs. If either City began a studio independently, these costs might be less, but funding would require a much larger allocation of franchise fees to PEG by each City.

The City of Champaign is not currently collecting its full five percent of franchise fee; it only collects three percent and it is not collecting the additional two percent of gross revenues it could for PEG support. It is our recommendation that the City strongly consider increasing its franchise fee collection to the full five percent even it is not prepared to collect the additional two percent of gross revenues for PEG support. This would generate approximately an additional \$146,000 annually to the City that could be used for PEG operations. The two percent of gross revenues that Urbana now collects with its PEG fee (approximately \$114,774 annually) could be combined with these dollars to nearly reach the estimated \$300,000 annual operating costs of the PEG studio (assuming each community contributes nearly equally). Of course, the Cities could choose a 2/3-Champaign and 1/3-Urbana split as well. Under the terms of the current 1994 Agreement, these dollars could be used to operate a PEG studio. As was stated earlier in the report, City staff recently recommended increasing the franchise fee to five percent but the City Council did not approve the increase.

Existing Non Profit Media in the Community

When examining the idea of adding a non-profit entity to run public access for the Cities of Champaign and Urbana, there are many factors to consider. First, there are already other public, non-profit media producers in the area, besides the four PEG channels.

There is one Public Television station, WILL-TV; two National Public Radio stations (AM and FM); and two additional community-based radio stations. One, WEFT (90.1 FM) is a 15,000 watt full-power non-commercial locally owned radio station. It is based in Champaign, and owned by Prairie Air, Incorporated, a not-for-profit organization. This station sees itself as a radio alternative, serving the diverse communities of radio listeners in East Central Illinois. In addition, there is Radio Free Urbana, or WRFU (104.5 FM). WRFU is an Urbana-Champaign Independent Media Center (U-C IMC) project and fiscally sponsored working group that operates the low-power FM community radio station. The Urbana Socialist Forum initially sought the license for WRFU and that group continues to hold the license, but the WRFU working group operates the station, which is part of the IMC.

This low-power radio station calls itself a "progressive radio station collective committed to social justice, focusing on public affairs issues and the arts." The station reaches Urbana and downtown Champaign, and is a project of the Urbana-Champaign Independent Media Center (U-C IMC). The 100-watt station had been on the air for about 18 months in June 2007, and broadcasts a "random play" of music by local artists as well as public affairs and religious programming. Shows are not given to individuals

but to groups of at least two and each of those two must be a member of the IMC, at an annual cost of \$25, with an additional \$20 fee collected from each person in order to have a show on the radio station. The Center trains users and requires on-air talent to abide by FCC regulations. On-air talent is split between undergraduate and graduate students, including Andrew O’Baill who led our tour. It reaches an audience of approximately 100,000 listeners in Champaign County. WRFU aims to double the amount of airtime available to the public by providing 24 hour a day community-oriented programming. One of the reasons for the creation of WRFU was that “there was more demand for people who wanted to get on the radio than there were slots,” according to Mr. O’Baill. WRFU has approximately 150 shows and approximately 180 people producing radio on a weekly basis.

The IMC is a grassroots organization committed to using media production and distribution as tools for promoting social and economic justice in the Champaign County area. The Center fosters the creation and distribution of media, art, and narratives emphasizing underrepresented voices and perspectives and promoting empowerment and expression through media and arts education. To this end, the IMC owns and operates a Community Media and Arts Center housed in the historic downtown Urbana post office building located at 202 S. Broadway Ave at Elm Street. The center includes a stage, radio station, production studios, art studios, library, and meeting spaces. The IMC is part of the Indymedia network, an affiliation of over 200 media centers across every continent.

The IMC is an interesting and vital member of these two communities. It has been housed in what is referred to as the “old Post Office,” since May 2005. The entity owns the building and continues to lease out part of it to the federal government as a working post office. Its basement houses a group gathering place with used furniture and a cozy meeting area as well as individual tenant, and member offices. The IMC rents space out to local activists entities as a meeting venue. This fosters local organizations and serves as a revenue source for the organization. The working post office brings foot traffic into the IMC and keeps the Center in the public eye. One of the IMC projects housed in the basement is “Books for Prisoners,” which distributes books to jails and prisons in Illinois. There are a total of 10-20 tenants in the building, including a software company that rents out half of the upper floor. The Center operates on a collective basis with tenants running their own projects autonomously. A Board of Directors governs the IMC. Working groups send representatives of the groups--the radio station, the newspaper, the Books for Prisoners—to a steering committee once a month. Working groups at the IMC publish a monthly newspaper called the Public Eye, oversee a video group and publish a website at UCIMC.org. The Champaign-Urbana Wireless Internet Project also known as CUWIN, a group dedicated to providing free community wireless Internet, is also housed in the IMC. There are some paid hourly staff for bookkeeping, tenant management, etc. but the majority of those at the IMC are volunteers. The Center is primarily funded by tenant-income and donations, and receives grants from time to time.

VI. Key Urbana PEG Questions to be Answered:

The key PEG questions to be addressed in this report are listed below with our recommendations.

1. What are the City of Urbana's future PEG needs?

Urbana collects five percent in Franchise Fees from Insight and places these fees in the General Fund. The annual fees collected were:

2005: \$262,195

2006: \$274,055

2007: \$286,502

In addition, Urbana requires the additional two percent of gross revenues allowed under the Agreement. The annual fees collected were:

2005: \$104,784

2006: \$109,622

2007: \$114,538

UPTV's budget is approximately \$131,000 a year. Approximately \$95,000 is used annually to fund salaries and benefits. The remaining funds are used for supplies, training, equipment maintenance and major equipment upgrades. In 2007, approximately \$22,000 was allocated for equipment upgrades. The City supplements the 2% of gross revenues PEG budget with money from its General Fund.

a. UPTV Capital Needs: \$240,000 excluding funding for a new studio and enhanced webcasting in addition to continuation of 2% PEG assessment, which is already built into the Urbana rate. UPTV needs to connect City Hall to the Urbana High School/Junior High School/Indoor Pool Complex, additional portable equipment, more advanced webcasting capabilities, and equipment to prepare for the digital migration in 2009. If the City only requested these funds and no funding for a studio, over a five year term, the estimated per subscriber cost (based on current subscriber numbers, without mark up, excluding the 2% assessment) could be \$.47 a month for Urbana customers. It should be remembered that the City of Urbana has "held back" approximately \$200,000 in its UPTV budget. These dollars could be used to fund nearly all of the City's future PEG needs as identified in this section or could serve as the City's half of a future PEG studio capital funds, funded in some shared manner with Champaign, as is discussed elsewhere in this report. If the City decided to use these funds in either way, this would dramatically decrease the amount the City would seek from the cable operator in the franchise renewal negotiations and thus the amount that the operator would collect from subscribers as a "pass through."

1. Equipment: Upgraded portable/remote equipment. This would allow cablecast of live or taped programming from two additional remote sites in the City. This amount also allows for purchase of a High Definition camera for remote use that would allow for continued upgrade to digital production. Estimated cost \$50,000.

2. Digital Migration: Equipment to prepare for digital migration in 2009.
Estimated Cost: \$100,000 to \$150,000

3. Urbana High School/Junior High School/Indoor Pool Complex: Urbana would like to extend the same kind of connection it is planning for the library to this complex. This is a long distance and would be hard to accomplish with wireless technology. Estimated cost for wireless connection: At least \$15,000; estimated cost for fiber connection: Estimated cost: Approximately \$40,000.

b. Continue 2%: The City should continue to require the 2% PEG assessment, which is an approximately \$114,000 annual contribution.

c. Live Origination Needs: Urbana is planning to invest more capital dollars to increase programming and connectivity in the community.

- Urbana City Hall: Urbana is in the process of replacing and adding cameras in City Council chambers. Cost: \$20,000 (already in City budget)
- Urbana Library Connection: Urbana is in the process of installing a wireless connection between the library (the auditorium) and City Hall. This will allow programming to originate live from the library, be sent to City Hall and then be cablecast to subscribers. Cost: \$12,000 (already in City budget). This will be replaced by fiber in the future.

d. Funding for additional staff and equipment for more advanced webcasting: Urbana does not webcast meetings live. UPTV staff breaks Council meetings down by agenda item using Windows Media Player files. The files are then sent to the IT department and they are placed on the City's website. All City meetings are placed on the website, but not all are bookmarked by agenda item. Estimated Cost: To Be Determined Based on City Plan

e. Studio: The City needs a stand-alone studio to serve the community according to many Urbana participants. This could be done in conjunction with Champaign. Estimated Cost: Up to \$300,000 for recurring rent, staff, and other operational needs and up to \$400,000 for capital expenses.

2. Are the Public Access needs of Urbana being met by the municipally-run Public Access Channel in Urbana?

This is a key question with which both communities are grappling.

The answer is no, but it could be far worse. In the minds of many participants, the City of Urbana's oversight of Public Access limits its potential. But, to say that some Public Access needs are not being met is doing Urbana a disservice. Though the City's provision of Public Access is not perfect, Urbana is the only community "stepping up to the plate," and offering Urbana, Champaign and residents from the surrounding areas a place to create original, local programming.

Public Access has grown in the current arrangement. The Public Access Study Committee Report says that in 2002, UPTV had 12 members. The report says the number jumped to 73 in 2003 and doubled to 146 in 2004. As of May 30, 2007, there were 241 UPTV members. Residents and organizations can join by filling out paperwork and reviewing the applicable Public Access rules. There are no fees to belong to UPTV, but a \$50 equipment deposit is required. The majority of these 241 members are organizations such as the Park District and The Woman's Fund. Of these organizations and individuals, 130 are based in Champaign, 90 are from Urbana and 21 are from the surrounding area, such as Catlin, Foosland, Rantoul, Mahomet, Savoy, etc. These numbers speak volumes about the Public Access community in the two Cities. They show that Urbana is meeting an important need, not only for its own community, but also for Champaign, and, to a real extent, the larger metropolitan area.

However, this question must address not only the number of participants but also the quality of Public Access and the freedom with which programming is produced and cablecast on the channel and public accessibility to facilities. The controversy over carriage of Democracy Now!, participant report of frustration with limited time and space for Public Access production, participant desire for more production staff assistance, and participant and UPTV staff acknowledgement of prime time weekday coverage being largely occupied by City meetings, add up to a genuine need felt by some for a fifth PEG channel dedicated to Public Access and a nonprofit Community Media Center to manage Public Access resources for the community. If, as some allege, Public Access cannot live and thrive when based in a City Hall and run City employees, then the options for change must be considered.

3. Is it fair and equitable that Urbana residents alone fund UPTV's PEG channel while Public Access participants from Champaign and surrounding communities use the channel and its facilities for Public Access without making a financial contribution?

The obvious answer is that the current arrangement is not fair. The next question to ask is does the benefit outweigh the inequity and the cost? To Urbana, the answer has been yes, but only to the extent that the City of Urbana is committed to Public Access run by City employees; this Public Access shares bandwidth, staff time and physical space with Governmental Access programming. Champaign does not contribute to Public Access and several Champaign participants voiced frustration with having to go to Urbana for this service. As the Public Access Study Committee report recommended, all the communities whose residents use UPTV, Champaign just being one of them, should ideally be asked to contribute to Public Access programming. In our judgment, Urbana cannot be expected to continue to provide funding for Public Access to the communities alone. In the long term, the Cities should require the necessary funding from the cable operator(s) to provide a full time Public Access channel and studio to the community and remove it from municipal control. Ideally, the channel and studio will be based at a neutral location and will not share physical space, staff or bandwidth with Governmental Access.

4. Are the current PEG channels allocated correctly to best meet the PEG needs of the community? If not, what can be done to address this situation?

The answer is clear: the allocation of PEG channels is not optimal. The University of Illinois is not providing significant PEG programming to the communities. The University is not providing Public Access programming, as was contemplated in its original allocation, or Educational Access in any meaningful way. The University's carriage of SCOLA on the PEG channel is appreciated and viewed by some subscribers, but does not really provide an additional PEG channel to the larger community. Further, according to the current Agreement, "the Grantee may utilize any portions of these channels during any time when they are not scheduled for PEG use." Should the operator insist that SCOLA is not PEG programming, this channel could be recalled by the cable operator. The entities that are allocated an asset by the Cities should be required to provide access programming and some remuneration for that asset. This could include studio space, funding, staff or other resources to meet general PEG needs or specific Public Access needs in the community.

5. Is it important to have a stand-alone Public Access studio serving the two communities and if so, where could it be located and how could it be funded?

Yes, it is ideal to have a stand-alone studio in a community. It speaks well for these communities that such a robust PEG community has evolved without a stand-alone PEG studio. However, the addition of a Public Access studio would meet an important need, as Urbana's mini-studio is limiting in size, space and accessibility. Placing this studio in a neutral location will be key to its use and the overall success of Public Access in the City.

There are several existing spaces in the communities that might host a studio, if the funding were available, but participants voiced problems with each of them. The first is the University of Illinois' studio which is reportedly underutilized as a classroom. Some participants don't think that the University is a good potential site for a PEG studio, as they say not all residents feel comfortable on campus. This is also the type of arrangement that could also be pursued with Parkland College. The College has a well-equipped studio, which staff reports is used relatively often. Others believe that moving a Public Access channel from City Hall to the University or a College may just be exchanging one controlling entity for another, even if the studio was simply located on campus but not operated as a University or College entity. Considering the University of Illinois' lackluster utilization of the PEG channel it already possesses, that site appears to have little promise. PCTV utilizes its channel and provides a quality PEG channel. The University, however, has an asset that many believe is underutilized. Remuneration by the University to the community for use of the channel could come in the form of a space for a Public Access studio site.

Another possible site is the Independent Media Center in Urbana. This Center is discussed in more detail in this report. Some participants report that this site is seen as "a left wing organization," and that this public perception would keep some citizens from coming to the studio. However, another participant felt that the Independent Media Center would be an ideal location for a Public Access channel, both in terms of physical

location, facility and its role in the community. He stated that Champaign-Urbana has been a center for media activists and “computer-based media innovation” and that bringing a Public Access element into the Center could serve both communities.

The possibility of a City library housing a studio, which has already been discussed, should be explored. Both the Urbana and Champaign libraries offer interesting potential locations for a studio space, as do the High Schools serving the area. As one participant put it, “libraries and PEG access often make nice marriages.”

As has already been stated, the Urbana library has already been approached about this idea. Mr. Foster of UPTV stated that if the Public Access were to move out of City Hall, the City of Urbana would still consider training residents on equipment and carrying Public Access programming.

The City of Champaign is rebuilding its library, with completion expected by Christmas, 2007. This construction project offers an opportunity to discuss locating a studio there, as equipment could be installed during the re-build process. This could be a Champaign community contribution without offering additional funding. This space combined with the part-time year-long intern the City has just funded to produce more community programming could offer Champaign a meaningful way to be part of the Public Access process without having to offer additional funds at this time. Finally, a studio located in a library could serve as a PEG studio, versus solely a Public Access studio. The Douglass branch of the library is already seen as a communications center, with children spending time at the air conditioned library during the summer to read and use the Internet.

Another site in the community that has video equipment and could serve, from time to time, as a site for taping community events and discussions if not a full-blown studio, is the Carle Foundation Hospital in Urbana. This hospital has an educational building called the Forum. The Forum has video equipment; the hospital hosts events in the building and allows other organizations use the space, too.

Finally, a stand-alone PEG studio in rented or owned studio space is a possibility. Below is a very general cost estimate for a stand-alone studio and staff. Ideally, the studio would be co-located in an existing public site such as a library, College, University or school. If not, the estimate below includes rental costs.

Studio Rent and Utilities:	\$100,000 (recurring/operational)
Salaries:	\$200,000 (recurring/operational)
--3 F/T staff persons @ \$50,000 ea.	
--P/T Contractors w/out benefits \$50,000 total	
<u>Equipment (stationary and remote)</u>	<u>\$400,000 (capital costs)</u>
Total for Year One	\$700,000

6. Is there enough support in these two communities to require a fifth stand-alone PEG channel and to create a separate non-profit entity to run only the Public Access channel?

Yes, with two important caveats. One: As has been said throughout this report, Urbana cannot be expected to fund the non-profit entity, facilities and channel operation alone.

Though a segment of the population certainly supports the idea, the City of Champaign and/or other community partners would have to be convinced to help fund Public Access

Two: The historic PEG model trains community residents to be television producers and “become their own crew,” operating the equipment for taped and live presentations and editing when necessary. This work is complex and time consuming, and most citizens do not have the time or inclination to do it. On several occasions, staff of the two Cities, and residents—those in favor of an additional PEG channel and those who are satisfied with the status quo—said that in order to increase the Public and Government Access programming presented on UPTV and CGTV, staff would have to do more of the actual production. As one participant stated, “it is time to change the model; ‘train them and they will come’ has to be updated.”

Currently, UPTV pays camera operators to cover City meetings and some Public Access programming and staff trains residents at no cost. Likewise, CGTV offers channel capacity to its government partners, but the answer is often the same: “We don’t have the time or resources to produce the programming, so we’d like you to do it for us.” One participant (a Public Access proponent and UPTV member) reported that it is difficult for him to remember how to operate the editing equipment and he would prefer staff help him or perform the editing for him. This is a challenge that frequently faces PEG organizations, especially public access, and is true even in communities with dedicated PEG participants.

Any non-profit entity that would be developed would have to be funded appropriately to pay staff that would not only train community producers but also actually cover community events. Some local organizations would pay for this coverage and some could or would not. The current Agreement contemplates additional PEG channels with adequate programming so the newly passed state law would not preclude the operator(s) provision of an additional PEG channel if they choose not to enter into a local agreement.

VII. Proposal: A Phased In Path for a Fifth PEG Channel and Non-Profit Entity Management

We believe that gradually widening community partnerships and reducing the reliance on the City of Urbana will increase the possibility of success and move Champaign and other area communities to more fully support a Public Access channel. We do not believe that it is feasible currently to adopt the recommendations of the Public Access Study Group Report in their entirety. While Urbana's City Council adopted them, Champaign's did not. It is our belief that to continue to insist on this path and only this path immediately will only serve to frustrate the process. Champaign has historically been reluctant to contribute to Public Access and Urbana may not move forward without Champaign's partnership. It is for this reason that we recommend a slower, more phased-in Public Access plan in conjunction with the capital requirements already discussed.

There are many reasons to enhance Public Access and provide an additional PEG channel to Champaign residents. The main ones are:

- The controversy over carriage of "Democracy Now!" and issues around municipal control of Public Access
- Participant report of frustration with limited time and space for Public Access production
- Participant desire for more production staff assistance
- Participant and UPTV staff acknowledgement of prime time weekday coverage being largely occupied by Urbana City meetings

The key elements of this plan, which should take approximately one year, are:

- Create a Public Access Steering Committee/Advisory Board and Require Each PEG Entity to Contribute to the Public Access Channel;
- Request a Fifth Public Access Channel and Move Public Access Programming to It Immediately;
- Create a Public Access studio in a Neutral Temporary Studio Site;
- Utilize PEG Capital Funds for the Studio and Franchise Fees for Limited Staffing; and
- Continue Urbana Public Access Management for this Year.

It is our recommendation that a "Public Access Steering Committee" or "Public Access Advisory Board" be created, comprised of, at least, a representative from each library, both Cities, both school districts, the IMC, the University of Illinois, and Parkland College. Based on the views of each community, there could be representatives from the commissions and committees who have been working in this area (one wants to avoid complete consistency as one is aiming for change in this endeavor) and there should be at least one representative from the public or a non-profit organization who has successfully used Public Access. In essence, the Cities should create a wider Cable Commission to spearhead this change. The Steering Committee or Advisory Board should begin plans for a non-profit Community Media Center/Community Station/Channel which would manage Public Access cable television resources for the entire community.

Ultimately an independent Public Access management entity is preferable, and the passion for it certainly exists in the community. However, it is clear that Champaign must be convinced to ask its residents to contribute financially to such an organization. The City of Urbana says it supports Public Access fully. A successful year of Public Access will position its advocates to address the issue again with the City of Champaign. A non-profit Community Media Center entity, though it may be the preference of many involved, may have to be seen as a next step. It could be addressed in a year, after the new state law takes effect fully and it is seen how the community sustains a fifth Access channel based outside of Urbana City Hall.

We recommend that the Cities require each entity that is allocated a PEG channel— Parkland College, University of Illinois and the two Cities--to contribute to the Public Access Channel in staff time, dollars, production equipment or physical space. It may be that, if Champaign is so inclined, staff or low-rent or no-rent space is all it contributes and Urbana may have to continue to operate the Public Access channel as well as the rest of UPTV. The remuneration should be significant, in that a basic channel for exclusive institutional programming is a very valuable commodity that neither Parkland nor the University of Illinois could obtain without an annual cost in the hundreds of thousands of dollars.

It is our recommendation that the Cities request a fifth PEG channel to be shared by the Cities for Public Access. This is crucial as there is no clear way now for UPTV viewers to differentiate Public Access from Governmental and to some extent Educational Access, as they are all presented on the same channel. There is locally produced programming being produced weekly on UPTV that could be placed on a Public Access channel immediately. This will begin to create a successful Public Access channel immediately.

As has already been stated, Exhibit B of the current Champaign Franchise Agreement requires the operator to make available the bandwidth of four (4) analog video channels available exclusively for PEG use. Further, the Exhibit states that the City may request and Grantee shall provide “up to a total bandwidth of eight analog video channels or its equivalent for PEG use.” The Franchise Agreement requires that the channels already being utilized with new, unduplicated video programming are each cablecasting at least an average of twelve (12) hours per day for the preceding three (3) months. The fifth channel issue will, of course, be discussed as part of the renewal process. However, it is likely that the incumbent or a new operator will present a programming requirement similar to the one in the current Agreement. UPTV Public Access programming should immediately be moved to this new channel, which shall be managed by shared staff and facilities, as determined by the steering committee. The programming could continue to originate from Urbana City Hall, for the time being.

We recommend that the Cities find a neutral location to house a Public Access studio and begin to produce local programming immediately. Area schools, the Urbana Library, University of Illinois and the IMC are possible sites for a temporary Public Access studio. Each of these locations could offer space for one year or longer at no or low cost. Going forward, the City may have to consider funding studio rent with Franchise Fees.

However, Champaign's history makes this unlikely, so a neutral, low rent or no rent site is preferable. In that case, the main expense would be staff and production equipment. Live or taped programming could be cablecast from this site, in conjunction with the operator(s).

It is our recommendation that the City should require additional PEG capital funding from the operator in the renewed Franchise Agreement as is discussed in detail in this report. These funds should be used to purchase equipment for a joint Public Access or PEG studio with Urbana. This equipment includes high definition cameras, editing equipment, lights, server/playback equipment, studio equipment and portable equipment. Even if the City continues to be reluctant to allocate its Franchise Fees to the operations of a studio, the City should strongly consider requiring capital funds in its new Agreement. There are Champaign residents who use Public Access. Further, the results of the telephone survey that was implemented as part of this assessment process, shows Champaign residents are willing to see an increase in their cable bills tied to PEG programming.

For a one-year trial period, Urbana should continue management of the additional Public Access channel, as this system is in place. A new channel would open the possibility for more Public Access programming during the hours when the City currently carries meetings. The fierce debate of the carriage of "Democracy Now!" shows the need for a physical move out of City Hall. Perhaps, though not ideal, this physical move may need to come ahead of the managerial one. There is now, as one participant said, "nowhere for people to go," for Public Access and that has to change. There is simply too much passion and dedication for this type of programming in this community for this situation to remain the same.

VIII. Other Franchise Requirements

1.. Free Service to Public Sites:

The issue of Insight providing free service to public sites was discussed by several participants. Exhibit C of the current Urbana Franchise Agreement states “Grantee shall provide free cable television connections and the highest level of basic service to all City of Champaign buildings, and to all public high schools, middle schools, elementary schools, the Unit 4 Administration Building and Parkland College.

In an email dated July 5, 2007, Insight representatives made the following statement:

“As part of our commitment to support education, Insight provides complimentary accounts to schools for educational programming as part of our “Cable in the Classroom” initiative. Additionally, Insight exceeds the requirements of Exhibit C in our Franchise Agreements by providing complimentary accounts to several other government and community buildings. Please see the attachment for a complete list of buildings.” The attachment is Exhibit A of this report, already listed.

We recommend that the City inform the sites listed in Exhibit C of the current Franchise Agreement that they are to be provided with free cable service and that Insight claims service is now being provided. We also recommend that the new Franchise Agreement include other government agencies, such as the Park District, in this requirement.

2. Live Origination Capability

The issue of live origination points was discussed by many participants. Exhibit C of the current Urbana Franchise Agreement with Insight requires the following public buildings be provided with live program origination capability:

City Hall
Parkland College Educational Video Center
University of Illinois Gregory Hall
University of Illinois Foreign Languages Building
Urbana School District 116 administration buildings
Champaign District Unit 4 administration buildings
Fire Headquarters
Police Headquarters
Library
Public Works Building
High Schools
Middle Schools
Fire Department Substations
Elementary Schools

In an email dated July 5, 2007, Insight representatives made the following statement:

“Insight’s Champaign/Urbana system exceeds the live program origination capability franchise requirements of Exhibit C. The system is capable of providing insertion points at several locations for live programming. Locations include; city halls, Parkland Educational Video Center, University of Illinois Gregory Hall, University of Illinois Foreign Language Building, fire departments, police departments, libraries, public works buildings, schools and the school district administrative offices.”

These sites may be “capable” of live origination but it is not clear if this capability has been activated. The sites Insight reports have live program origination capabilities are attached in a separate file and document as Exhibit D “Live Origination Sites.” We recommend that the City inform these sites of the Franchise requirement that they have the capability to cablecast live and pursue activation of the capability if the sites so desire.

IX. Customer Service

The customer service portion of the needs assessment included three primary elements:

1. Telephone survey of subscribers;
2. Review of compliance with Ordinance and Franchise Agreement requirements; and
3. Meetings and communications with Insight staff and information gathered in focus groups.

The telephone survey primarily showed that subscribers are relatively satisfied, which, in turn, indicates a relatively high quality of customer service being provided by Insight. The fact that nearly five times as many respondents said service had improved in the time they had been subscribers as said it had gotten worse is telling, as is the over two to one proportion of subscribers who had cable elsewhere and thought that the service provided by Insight was better.

We believe that the fact that Insight has kept its customer service representative staff local, rather than regionalized and consolidated elsewhere, is one key reason for these positive results. Our interviews with Insight's local manager, Melody Brucker, validated this position. Ms. Brucker indicated that keeping the CSR staff in-house, in the community and in the local office has contributed both to limiting the turnover of these key staff and to their professionalism, and also assures responsiveness to local weather and system conditions. We feel that the relatively lengthy tenure of Ms. Brucker and several of her key staff has also contributed to service quality in Urbana.

While the City of Urbana has not devoted significant resources to oversight of Insight's compliance, the City of Champaign has been highly active in its oversight of Insight's compliance with the key requirements of the Ordinance and Franchise Agreement. These requirements are identical to Urbana's. In the most recent compliance check (2005-2006), for example, the City sent Insight notice of non-compliance with regard to three Sections of the Champaign Code: Section 10-16 (a) (1) regarding telephone response time (Urbana Code Section 24-73 (a) (1)), Section 10-39 requiring "as-built" maps of the system to be regularly filed with the City (Urbana Code Sections 24-80 (a) (2) and 24-81), and Section 10-26 (a) requiring permits for construction in the public right-of-way (Urbana Code Section 24-76 (a)). These last two requirements are crucial to public safety. The City of Urbana also needs to have accurate maps of cable plant in the public rights-of-way for use when permitting construction or in emergency conditions. The City must also maintain tight control over construction and related activities in the ROW, especially as it relates to traffic and the physical integrity of streets and sidewalks. Champaign has done so; Urbana's oversight has not been as diligent.

It should further be noted that customer service requirements and enforcement are changing in Illinois. The cable and video customer protection portion of the recently passed SB678 applies to all operators, incumbents and new entrants, on January 1, 2008. These customer service and privacy standards go beyond both the current Ordinance's standards and the federal standards, and can be enforced by either the local government or the Illinois Attorney General.

Insight has historically served tertiary markets and, in Urbana, offers a high degree of local customer service. Comcast, now the country's largest cable provider, tends to serve larger geographic footprints and often regionalizes services. For this reason, the City should remain diligent in its transfer and renewal negotiations with Comcast to maintain the local office requirements in the current Agreement. It should also use its considerable powers of private and public persuasion to prevent either the CSR function or local management authority from being moved out of the immediate area.

Urbana Subscriber Satisfaction: Telephone Survey Results

This phase of the customer service needs assessment process involved conducting a scientific sample telephone survey of cable television subscribers in the City of Urbana. This survey measured the level of customer satisfaction with the quality of customer service offered by Insight. Respondents were also asked about their attitudes regarding local PEG programming and their willingness to pay for additional PEG programming and services. Under our direction, Etrok, a Jackson Hole, Wyoming firm, conducted the survey from May 6 through May 11, 2007. Etrok completed 310 telephone interviews with a random sample of Insight Communications subscribers within the City. Etrok conducted an identical survey of 301 Champaign cable subscribers over the same time frame.

The data from these interviews was used to address several basic customer satisfaction questions.

- How do subscribers feel about the overall performance of Insight Communications?
- How satisfied are they with Insight's performance related to installation, repair, picture reception, telephone response, billing, and other aspects of customer service?

Survey results show that generally, most Insight subscribers in Urbana are reasonably satisfied with their cable service, with 88.7% at least "somewhat satisfied" with Insight Communication's overall performance. Few subscribers reported problems with their initial installation of service, and, except for the student population, turnover of subscribers is low.

Urbana subscribers are generally satisfied with their reception, programming, reliability of service, clarity of bills, and the conduct of Insight's employees. The lowest relative levels of satisfaction were recorded by subscribers "getting their money's worth," "number of channels," and "getting through on the phone," although better than 75% of Urbana subscribers were at least "somewhat satisfied" in all of these categories.

Slightly less than one in four Urbana subscribers called Insight Communications for repair service in the past two years. Of these, about 57% said the repair was made by the next day, and over 72% rated the response time "good" or "excellent." Over 80% rated the quality of the repair work as "good" or "excellent." On the other hand, almost 30% of subscribers reported some problem with picture quality in the past year. The most common problem was "snowy picture." On average, subscribers experienced a total loss of picture about 1.7 times in the past year.

About one-fifth of Urbana subscribers had reason to call the cable company in the past six months. Of those, 19.7% reported difficulty getting the company on the phone. On the other hand, 88.5% of those who called Insight reported that the customer service representative they talked to was “helpful and courteous,” and 83.6% said that their “request received proper attention.”

Nearly 17% of Urbana subscribers said customer service has “gotten better” since they became a subscriber; only 3.2% said customer service has “gotten worse.” Among those who had cable in another community, 19% said the cable service provided by Insight Communications is “better,” while only 9.5% said Insight’s service was “worse.”

Champaign Subscriber Satisfaction Comparison: Telephone Survey Results

About 88% of Champaign subscribers said they were at least “somewhat satisfied” with Insight Communication’s overall performance. The largest differences between the Cities involve programming and reception. Urbana subscribers are slightly less satisfied with programming: 80.7% are at least “somewhat satisfied” compared to 85.7% of Champaign subscribers. Satisfaction with reception is reversed, with only 87.4% of Champaign subscribers are at least “somewhat satisfied” with their reception compared to 92.0% of Urbana subscribers. In the other categories of service, the Cities are remarkably similar.

Champaign subscribers are also generally satisfied with their reception, programming, reliability of service, clarity of bills, and the conduct of Insight’s employees. The lowest relative levels of satisfaction were recorded by subscribers “getting their money’s worth,” “number of channels,” and “getting through on the phone,” although better than 70% of Champaign subscribers were at least “somewhat satisfied” in all of these categories.

Only about one in four Champaign subscribers called Insight Communications for repair service in the past two years. Of these, about half said the repair was made by the next day, and over 63% rated the response time “good” or “excellent.” Nearly 79% rated the quality of the repair work as “good” or “excellent.” On the other hand, over a third of subscribers reported some problem with picture quality in the past year. The most common problem was “snowy picture.” On average, subscribers experienced a total loss of picture about once in the past year.

About one-fourth of Champaign subscribers had reason to call the cable company in the past six months. Of those, 28.8% reported difficulty getting the company on the phone. On the other hand, 87.5% of those who called Insight reported that the customer service representative they talked to was “helpful and courteous,” and 83.8% said that their “request received proper attention.”

Nearly 19% of Champaign subscribers said customer service has “gotten better” since they became a subscriber; only 4% said customer service has “gotten worse.” Among those who had cable in another community, 21.8% said the cable service provided by Insight Communications is “better,” while only 8.9% said Insight’s service was “worse.”

City Requirements: Review of Compliance and Evaluation

Broadly speaking, the City of Urbana’s consumer protection and customer service standards are largely modeled from the Federal Communications Commission’s regulations (47 C.F.R. § 76.309) that were promulgated to implement the customer protection and service provisions of the 1992 Cable Television Competition and Consumer Protection Act. (47 U.S.C. § 552) Urbana’s requirements are similar to those adopted by local franchising authorities around the country in the mid-1990s after the FCC’s action. Although both the statute and the FCC regulations allow local requirements to be more stringent than the FCC standards, Urbana largely mirrors the FCC’s, as do the vast majority of local authorities. The Urbana standards are, in effect, the national standards, and meeting them should be normal operating procedure for Insight.

While the City of Urbana has not devoted significant resources to oversight of Insight’s compliance, the City of Champaign has been highly active in its oversight of Insight’s compliance with all the key requirements of the Ordinance and Franchise Agreement, which are nearly identical to those of Urbana. Champaign Code Section 24-73 (f) requires the grantee to provide the City with sufficient information to establish its compliance, and Section 24-73 (g) allows the City to declare a material breach of the Franchise Agreement when there is “a repeated and verifiable pattern of non-compliance with the consumer protection standards of subsection (a) through (e). The current Ordinance provides for enforcement and remedying of violations in Section 24-92 and Section 2.8 in the Agreement also provides the procedure for remedying Franchise violations. Champaign city staff has regularly checked Insight’s compliance with these standards, and, when necessary, has followed up with letters, meetings, and other documentation to assure future compliance with all requirements.

In the most recent compliance check (2005-2006), for example, the City of Champaign sent Insight notice of non-compliance with regard to three Sections of the Champaign Code: Section 10-16 (a) (1) regarding telephone response time, Section 10-39 requiring “as-built” maps of the system to be regularly filed with the City, and Section 10-26 (a) requiring permits for construction in the public right-of-way. Several subsequent meetings and letters specified how Insight was to comply going forward. As far as we have been able to determine, Insight has remained in compliance.

The key elements of the City of Urbana’s consumer protection and customer service standards are:

1. Local office with necessary facilities, equipment and personnel

Requirement: Urbana Code Section 24-73 (a) requires that “...grantee shall maintain an office or offices within the corporate limits of the City of Champaign or the City of Urbana to provide the necessary facilities, equipment and personnel to comply with the following consumer protection and service standards under normal conditions of operations...”

Compliance: With facilities, equipment and personnel located at 303 Fairlawn Drive in Urbana, Insight presently meets this requirement. Insight maintains its executive, customer service, and technical staff at this location, which also serves as an office for

the public to pay bills, return or swap equipment, or sign up for service. The facility also is a warehouse for equipment and houses technical services.

Evaluation: As discussed previously, the very positive results of the subscriber survey are due, in our opinion, in large measure to the fact that customer service representatives (CSR) handling telephone traffic are on-site at this facility. The supervisory distance between these critical representatives to the public and the executive staff is very small: literally 25 or 30 feet. Similarly, the technical staff is right there as well, a huge advantage when it comes to troubleshooting technical or customer service issues. The industry's experience with moving either the CSR or technical staff off-site, or consolidating the CSR function regionally or nationally, has been one of greatly diminished service quality and customer satisfaction.

Recommendation: The City should maintain this important requirement going forward. However, the current language probably could not be used to stop a grantee from moving to a skeletal local staff and office, as many cable operators have done despite identical requirements. The City should be highly alert to any news of such a move, and should use its considerable powers of private and public persuasion to prevent either the CSR function or local management authority from being moved out of the immediate area. Our strong belief is that this is the most important issue in terms of impact on customer service quality.

2. Office open normal business hours and 4 hours on weekends & evenings, with adequate staff to handle payments, service requests, and complaints

Requirement: Urbana Code Section 24-73 (a) (3) requires that: "The business and service office or offices shall be open during normal business hours at least eight (8) hours daily, and at least four (4) hours weekly on evenings or weekends, and adequately staffed to accept subscriber payments and respond to service requests and complaints."

Compliance: The hours the office are open: 8 am – 6:30 pm four weekdays, 9am – 6:30 pm Wednesday, and 8 am – noon Saturdays, are more than fully compliant with this section and go significantly beyond them, as does the staffing of the office.

Evaluation: The hours of operation of this office are more than necessary to meet the requirement, as are the staffing levels. As described above, the staffing issue is a critical one for quality customer service and satisfaction, and the language of this section gives the City a bit of legal ammunition should the grantee seek to move staff off-site.

However, it would prove difficult to enforce the "adequately staffed" standard if a grantee chose to move to skeletal levels rather than the current robust levels.

Recommendation: Maintain this requirement and consider upgrading local office staff requirements beyond current language to include local CSRs.

3. Telephone response: 90% of calls on hold less than 30 seconds and 95% of calls answered before the 4th ring

Requirement: Urbana Code Section 24-73 (a) (1) requires that the grantee provide: "Sufficient toll-free telephone line capacity during normal business hours to assure that a minimum of ninety-five (95) percent of all calls will be answered before the fourth ring and ninety (90) percent of all callers for service will not be required to wait more than thirty (30) seconds before being connected to a customer service representative."

Compliance: Insight's compliance with these requirements has been problematic over the years. The Champaign 2005-2006 compliance check found that Insight had only answered 82.5% of calls in 30 seconds in August 2005, 89.4% in October 2005 and

58.1% in May 2006. The monthly average for the period was only 88.15%, failing to meet the 90% standard. Champaign was informed in February 2007 that Insight had installed a new Interactive Voice Response (IVR) system in the fall of 2006, and that the 30-second standard was being met at a 97% rate in the 4th quarter of 2006. Champaign staff expressed approval of these improvements. The first and second quarter 2007 data provided by Insight showed the company to be in compliance, with the lowest monthly 30-second rates 92.6%, and most near or slightly above 94%.

Evaluation: The first and second quarter 2007 phone data with the new system is very promising. The IVR has eliminated busy signals and minimized call abandonment down to only about 1% on average. It is possible that Champaign's notification and follow-up on this area of non-compliance hastened Insight's purchase of an upgraded telephone response system.

Recommendation: Maintain current language and commence checking compliance with these standards.

4. System "as-built" maps

Requirements: Urbana Code Sections 24-80 (a) (2) and 24-81 require that the grantee maintain a complete and accurate set of "as-built" maps of the system, and file same with the Director of Public Works annually, with updates of substantial changes within three (3) months of such changes being done.

Compliance: In 2006 the City of Champaign found Insight not in compliance with Section 10-39, in that Public Works had received no updates in the previous year. An updated set of maps was provided at a compliance meeting in October 2006, and in January 2007, Insight and the City of Champaign agreed that Insight would send updated maps in electronic format to Public Works on a quarterly basis going forward.

Evaluation: This requirement is crucial to public safety. The City needs to have accurate maps of cable plant in the public rights-of-way for use when permitting construction or in emergency conditions. This violation is perhaps one of the most serious issues that the City confronts with regards to cable franchise oversight.

Recommendation: Maintain current language and check compliance quarterly.

5. Construction permits

Requirements: Urbana Code Section 24-76 (a) requires the grantee to secure all necessary permits before any construction takes place.

Compliance: In 2006, the City of Champaign found Insight not in compliance with Champaign Code Section 10-26 (a). Public Works had received no permit requests in the previous year, and reported problems with an Insight subcontractor regarding traffic control during work on the cable plant. A January 2007 meeting to resolve this issue resulted in an agreement that Insight's work in the public right-of-way without permit will be allowed unless: 1) the work involves significant excavation of the ROW, extensive traffic control or extended lane closures; 2) involves cutting, removal or closure of City streets, sidewalks and other paved surfaces; or 3) impacts the public's ability to use the street, sidewalk or ROW. A detailed procedure for requesting permits was specified in a January 11, 2007 letter from Champaign's Jeff Hamilton, and agreed to by Insight in a January 29 letter from Brian Gregory, Insight's regional director of government and regulatory affairs.

Evaluation: This requirement is also critical to public safety. The City must maintain tight control over construction and related activities in the ROW, especially as it relates to traffic and the physical integrity of streets and sidewalks.

Recommendation: Maintain current language and check compliance quarterly.

6. Emergency repair staff available 24 hrs per day for major system malfunctions

Requirement: Urbana Code Section 24-73 (a) (4) requires that the grantee provide: “An emergency system maintenance and repair staff, capable of responding to and repairing major system malfunction on a twenty-four (24) hour basis.”

Compliance: Insight certifies that such staff is available on a continual basis, and is fully compliant.

Evaluation: Compliance with this provision has never been an issue. As long as the regional staff remains local, it should not become one.

Recommendation: Maintain current language.

7. Installation staff capable of installing service within 7 days of request

Requirement: Urbana Code Section 24-73 (a) (5) requires that the grantee provide: “An installation staff, capable of installing service to any subscriber within seven (7) days after receipt of a request, in all areas where trunk and feeder cable have been activated.”

Compliance: Insight certifies that such staff is available, and that installations are accomplished within the seven-day period of service request, even during the busy August-September college student move-in period. Insight is fully compliant.

Evaluation: By extending its office services into the vicinity of campus during the traditional student move-in period, Insight has solved what had been a significant problem. Current management has devoted significant resources to regularize the ebb and flow of student disconnections and connections, and the problem has been minimized with the last three years.

Recommendation: Maintain current language.

8. Installations made within four-hour windows

Requirement: Urbana Code Section 24-73 (a) (6) requires: “At the subscriber’s request, grantee shall schedule, within a specified four-hour time period, all appointments with subscribers for installation of service.”

Compliance: Insight maintains its installation schedule on the basis of three daily periods: 8 am-noon, 1-5 pm, and 5-7 pm. Insight is in compliance with this requirement.

Evaluation: Insight goes beyond this requirement to offer an evening period as well.

Recommendation: Maintain current language.

9. Employee and vehicle identification

Requirement: Urbana Code Section 24-73 (n) requires that all employees and agents of the grantee carry photo identification and all vehicles be clearly identified.

Compliance: Insight has been fully compliant with these requirements.

Evaluation: This requirement has not been an issue.

Recommendation: Maintain current language.

10. Service interruptions

Requirements: Urbana Code Section 24-73 (b) requires that scheduled interruptions shall occur with advance notice when possible and preferably between midnight and six

am. Section 24-73(c) specifies that the grantee’s technical staff shall be capable of responding within two (2) hours to a system outage effecting ten (10) percent of the subscribers, within twenty-four (24) hours to outages effecting three (3) or more subscribers, and within forty-eight (48) hours to a subscriber’s picture or sound quality problem. Section 24-73 (d) requires all system-related problems to be resolved within five (5) business days. Section 24-73 (e) requires “appropriate rebates” to subscribers who experience service interruptions of four (4) or more hours.

Compliance: While the City has not checked compliance with these requirements, Insight certifies that it has been fully compliant.

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

11. Subscriber complaints

Requirements: Urbana Code Section 24-73 (h) requires that the grantee file with the City its written procedures for handling and resolving complaints. Section 24-73 (j) gives the City the right to review grantee’s responses to complaints.

Compliance: While the City has not checked compliance with these requirements, Insight certifies that it has been fully compliant.

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

12. Information provided to subscribers regarding standards

Requirement: Urbana Code Section 24-73 (i) requires that the grantee provide each subscriber at installation and thereafter at least once annually “a summary of the minimum consumer protection and service standards” in Sections 24-73 (a) through (e).

Compliance: While the City has not checked compliance with these requirements, Insight certifies that it has been fully compliant.

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

13. Continuity of service

Requirements: Urbana Code Sections 24-73 (k) and (l) require that the grantee maintain continuity of service in such events as the sale, modification, or rebuilding of the system, revocation or nonrenewal of the franchise, or change of control of the grantee. (Section 24-73 (m) allows the City to take over operation of the system in the event that the grantee fails to operate the system for seven (7) consecutive days.)

Compliance: The City has not needed to invoke the powers in subsection (m), in that Insight has been fully compliant with the continuity requirements of subsections (k) and (l).

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

14. Service call records

Requirements: Urbana Code Sections 24-80 (a) (1) and (3) require that the grantee maintain a record of all service calls for the preceding two (2) years and provide the City with a summary of such calls broken out by type and disposition on a monthly basis.

Compliance: The City of Champaign has checked compliance with these requirements; Insight has been fully compliant.

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

15. Programming change notice

Requirements: Section 4.2 of the Franchise Agreement requires the grantee to provide the City with updated list of program services each time a change in the lineup is made, and that subscribers and the City are to be given thirty (30) days written notification whenever the number of program services is reduced.

Compliance: While the City has not checked compliance with these requirements, Insight certifies that it has been fully compliant.

Evaluation: These requirements have not been an issue.

Recommendation: Maintain current language.

Additional Information: Insight Staff and Focus Groups

Beyond evaluating these specific requirements, we made multiple inquiries to Insight to gather additional details regarding billing practices and customer service quality.

In general, customers are billed monthly in advance of service and have up to 12 days to pay. If the bill has not been paid, a warning message is sent on the 15th day. A \$4.95 late fee is assessed after 22 days for accounts that still are unpaid.

Specific subscriber complaints sent to the City are relayed directly to Art Svymbersky, Insight's Customer Service Manager. Insight reports that they usually respond the same day they receive the complaint. Insight does not keep a running tally of the number or nature of customer complaints received directly from the City.

At present, Insight employs 21 Customer Service Representatives (CSR) staff on-site, and 53 technicians. They serve the regional customer base that covers 30 separate franchises, with a grand total of about 55,000 subscribers. All told, the regional operation has about 121 FTE in staff. Insight provides new CSR's with six weeks of training. Additionally, CSR's attend two or three additional training sessions per quarter.

Additional anecdotal evidence from the focus groups indicates the company is providing a reasonably acceptable level of customer service. Due to the overall reports of good customer service in the community and the pending changes in customer service requirements in the state, we do not believe pursuing this issue more fully at this time is a good use of the City's time and resources. Further, as previously discussed, Champaign's annual compliance audit covers the principal customer service requirements.

Conclusions

The survey respondents were relatively satisfied subscribers, which, in turn, indicates a relatively high quality of customer service being provided by Insight. The fact that nearly five times as many respondents said service had improved in the time they had been subscribers as said it had gotten worse is telling, as is the over two to one proportion of subscribers who had cable elsewhere and thought that the service provided by Insight was better.

We believe that one key reason for this result is the fact that Insight has kept its customer service representative staff local, rather than have the function consolidated elsewhere. Our interviews with Insight's local manager, Melody Brucker, validated this position. Ms. Brucker indicated that keeping the CSR staff in-house, and right on premises, has contributed both to limiting the turnover of these key staff and to their professionalism, and also assures responsiveness to local weather and system conditions. We feel that the relatively lengthy tenure of Ms. Brucker and several of her key staff also has helped contribute to service quality in Urbana.

It should further be noted that customer service requirements and enforcement are changing in Illinois. The cable and video customer protection portion of the recently passed SB678 applies to all operators, both incumbents and new entrants, on January 1, 2008. These customer service and privacy standards go beyond both the current Ordinance's standards and the federal standards, and can be enforced by either the local government or the Illinois Attorney General.

Insight has historically served tertiary markets and offers some degree of local customer service. Comcast, now the country's largest cable provider, tends to serve larger geographic footprints and often regionalizes services. For this reason, the City should remain diligent in its transfer and renewal negotiations with Comcast to maintain the local office requirements in the current Agreement. It should also use its considerable powers of private and public persuasion to prevent either the CSR function or local management authority from being moved out of the immediate area.

Appendix A Current PEG Programming Entities

CGTV, Channel 5:

Staff and Mission: The City of Champaign's PEG channel is solely a Government Access channel, which carries a small amount of educational programming in the form of School Board meetings. The mission of CGTV is to provide direct information concerning City government deliberations, functions, services, programs, and activities to the public. CGTV can also be used to share information about the deliberations and decision-making processes of the City's government partners. Staff reports that CGTV wants to be an avenue for the government partners to use their channel but staff will not serve as a production company for those partners. The "scripted presentations," (video packages) the City produces are few in number annually, but staff emphasizes the City is interested in quality over quantity.

There is no public access programming on CGTV, as use is restricted to the City and its defined partners, which include the public school district, the park district, the health department, etc. When a member of the public calls with an idea for Public Access, staff refers them to either UPTV or a local production company. The majority of Public Access calls are requests to place community announcements on the channel.

CGTV has approached its government partners in meetings and letters, encouraging these groups to use the channel. Jeff Hamilton believes the City as a whole is underserved because CGTV's government partners "aren't doing anything, really." For instance, he says the Park District does a large number of events, none of which are covered or promoted by CGTV. Besides the Park District's Board meetings, it hosts community events like Easter egg hunts. While CGTV will cablecast government partner programming, it does not allow partners to use its portable/remote equipment and does not cover their events.

In essence, CGTV offers bandwidth to its partners, but no staff or equipment support to bring that programming to their channel. In one of the focus groups, a Champaign Park District representative said the District would like to have its meetings cablecast on the cable system but wants the meetings to originate from the District's building, instead of having to move to the City Council chambers. The representative also said that there are "parking issues" at Champaign City Hall as well.

In the focus groups, the Carle Hospital representative stated that the hospital has partnered with government entities to get on CGTV with such programs such as "Play It Safe." This show and others are submitted to UPTV for carriage without a government partner, but in order to be carried on CGTV, a government partner is required to sponsor and submit the program.

There is no full time staff assigned exclusively to the operation of CGTV. Two staff members oversee the channel. The more senior staff is Jeff Hamilton who has been with the City of Champaign for five years. He is the City's Telecommunications/Audio-Visual

Technician and his CGTV-related responsibilities ordinarily comprise less than twenty percent of his day-to-day work. He was hired when the City was installing \$250,000 worth of new production equipment in City Hall, to cablecast the City Council meetings live to subscribers. The second staff person at CGTV is Dave Powers, who is the Audio-Visual Intern and works ¾-time for CGTV. Jeff Hamilton says that Mr. Powers is “running the channel.” He schedules programming, takes tapes from partners, plays tapes on the channel, handles post-production, works on the community calendar, etc.

The Champaign City Council recently approved a temporary 20-hour a week, part-time paid internship for one year beginning July 1, 2007. This intern will produce field productions and cover City events. This is seen as a one-year “experiment”. This position will be funded at \$11 an hour from the general fund, costing approximately \$11,000 per year.

Promotion: PEG programming is listed on the TV Guide Channel (channel 19), Insight’s Digital Cable on-screen guide, and on the City’s website. This allows residents to know when PEG programming is cablecast on the channel. To Insight’s credit, the company pays the fees associated with this carriage. However, staff reports that keeping this listing updated is labor intensive. The company also provides commercial-free, digital music to accompany the Bulletin Board free of charge. The News-Gazette, the area’s newspaper, has a TV section with a third of a page about the PEG channels.

Currently, CGTV’s equipment consists of three systems: playback, Council Chambers, and field production equipment.

1) Playback System

CGTV utilizes a 4-channel video server to store and playback almost all of its video programming. The system is controlled by Tightrope Media Systems’ Cablecast automation equipment, which provides database, scheduling, and reporting capabilities. The Bulletin Board system is Tightrope Media Systems’ Carousel system, which can run static informational slides and short videos. The playback system also includes multiple tape and DVD playback devices, which are controlled by a Leightronix Pro8 controller.

2) Council Chambers

Comprehensive live production equipment was upgraded in 2002 to cablecast live meetings from Council Chambers. The new system includes four pan/tilt/zoom cameras, 32 microphones, a VT[4] video switcher/character generator, mix/minus sound system, MPEG video encoder, presentation equipment (LCD projector, ELMO, PowerPoint PC), DVD recorders, and associated equipment. The system is controlled by a series of AMX touch panels. In recent years, the system was expanded to include a telephone hybrid (to allow electronic attendance by Board/Commission members who cannot attend the meeting in person) and a web video encoder to make City videos available on the Web. Any live productions must originate from the Council Chambers, as the City does not have an internal communications system that can send signal back to a “go live” point from elsewhere in the City Hall. When a Board or Commission meets in another part of the building, CGTV uses its portable equipment to record the meeting for subsequent playback on the channel.

3) Field Production Equipment

CGTV has one full size DV professional camcorder, two mini-DV camcorders, and the associated equipment (tripods, microphones, lighting kits, etc.) necessary to capture quality video in the field. However, the City does not have equipment to utilize both cameras at the same time and is limited to one-camera remote productions. Editing is done utilizing the full Adobe Video Collection, including Premiere, Photoshop, Audition, Encore, and After Effects. Though the City has this equipment, CGTV does very little field production work.

Budget: CGTV's budget comes from the City's general fund and the two staff people are paid through the IT department. There is a small AV budget that is used to pay camera operators for Council meetings and repair and maintenance funds for the AV equipment. An average annual budget for CGTV alone, including operations and capital, is approximately \$60,000 per year. This includes equipment, maintenance, the Capital Equipment Replacement Fund (CERF), two part-time staff, and overtime pay for meeting producers for approximately 12 hours per month. Of this amount, \$25,000 goes to the Capital Equipment Replacement Fund (CERF). In the last budget year, CGTV was budgeted \$6000 for equipment purchase and maintenance or miscellaneous needs. The remainder is spent on staffing expenses. As previously stated, the City received \$363,604 in franchise fees from Insight in 2006 and staff is confident that if a piece of equipment fell into disrepair, the IT department or the City Council would approve an expenditure to cover the costs of repairing or replacing the equipment if it exceeds the CGTV budget. Staff says it would be nice to have a studio so it could do more productions, like a City Manager show or a Mayor's Show, but there is no room for such a facility in the current building.

The City's capital budget, which includes CGTV, largely operates on the anticipated shelf life of the equipment. If the City purchases a camera that has a shelf life of five years, CGTV saves 1/5 of the cost of the camera annually, and places those dollars into the CERF account. When it is time to replace that camera, the funds have been set aside in the CERF. CERF funds are usually reserved for items over \$5,000. There are other funds available for smaller purchases. The CGTV budget also has approximately \$6,000 annually to cover computer or equipment needs. Staff estimates that approximately half the CGTV budget annually is for replacement and maintenance and half is for staffing.

Programming: Much of the programming on CGTV is of City meetings that are cablecast live and then replayed at a later date. Nearly all of this video is run off of the City's video server, which serves as the City's playback equipment. Meetings are recorded to DVD for archive purposes and the City receives approximately one request a week for a copy of a meeting. There are approximately five years of meetings archived in this way; only the most recent meetings are kept on the server. A small percentage of this programming is submitted by a government partner.

CGTV regularly carries City meetings (Council, Boards and Commissions), Champaign County Board meetings and Unit 4 School Board meetings. Most meetings are presented live and then replayed. The City of Champaign donated its old camera equipment to the School District and the District pays a local production company to operate the

equipment to improve the production quality of its meetings. A focus group participant reported that the District used to have its IT staff operate the equipment, but the production quality was poor. CGTV staff recalls that the District used to use a security camera without a viewfinder on it to record their meetings. Now the School District uses the City's old pan/tilt/zoom cameras, with a switcher and graphics capability, and has hired a professional crew to operate the equipment.

A review of the programming on Channel 5 for the month of June 2007 includes meetings of: the Neighborhood Services Advisory Board, Historic Preservation Commission, Plan Commission, City Council, University District Advisory Board, Human Relations Commission, Liquor Advisory Commission, Champaign County Board, Unit 4 Board of Education, Public Works Advisory Board, and the Cable Commission. The channel also features a community bulletin board and "Illinois Channel" (taped content on Illinois state government and public affairs). CGTV also cablecast a number of non-meeting, City-produced programs in June 2007, including: Combatting the West Nile Virus, Douglass Square – Welcome to the Neighborhood, A Sparkler Story, Parkland Report: Telecommunications, Allerton, the Midwest, and the English Country House, Champaign Fire Safety, Champaign Risk Watch/Fire Factor, Neighborhood Leaders Update – Parts 1 & 2, Champaign Battle of the Books 2007, CU International Humanitarian Awards – 2006, Police Ride Along Program, Champaign County Saves, Township Town Hall Meeting, and Bienvenidos a la Biblioteca Publica de Champaign. CGTV was also finalizing work on a video about the Public Works Department's snow and ice removal efforts.

Staff believes that CGTV offers quality Government Access programming, and recent honors bear this out. The channel has won three programming awards over the past two years. The channel won First Place and an Honorable Mention in the National Association of Telecommunications Officers and Advisors (NATOA) Government Programming Awards in August 2006 and an Award of Distinction in the Communicator Awards in 2005.

Origination Capabilities: CGTV's playback system is housed in the Champaign City Building and transmitted via fiber optic cable to Insight's headend. A second fiber optic connection also runs from the School District Administration Building to Insight's headend. On the nights of regularly scheduled School Board meetings, Insight automatically switches from the City's transmission to the School District's transmission, and then back to the City's feed at the end of the meeting. All the fiber transmission equipment, fiber optic cable, and its maintenance are provided free of charge by Insight. The City sends the signal in analog format to Insight.

Webcasting: The City does not stream City Council meetings live, but does make recordings available via the Internet. By the end of each workweek, the Council meeting is on the website, bookmarked by agenda item, and available to the public. The City has been doing this since Fall 2006, and considers this an experiment to see how many hits these meetings receive. Based on this response, the City will consider making more City meetings available online as well.

Future Needs: Going forward, CGTV staff believes it needs upgraded portable/remote equipment; a “real studio”; and a better website presence.

Ideally, CGTV staff would like to stream the channel real-time, 24/7. CGTV is carried on a 1.4 T1 connection to the Internet, which lacks the capacity for full-time streaming. That would require a fiber optic connection to the Internet, which the City does not have. Staff would also like to archive more City meetings on the Internet but that is labor intensive. The City also has a storage issue. The University of Illinois hosts the City Council meetings at no charge; the City’s website links to the U of I. The City is actively pursuing fiber optic Internet connections. This could alleviate the bandwidth concerns, offering the City the ability for on-site hosting of archived meetings and live 24/7 streaming. Staff says that the City’s current Internet connection is insufficient to allow the City to stream or host videos for Internet users.

Institutional Network: Staff says the City would like to have an Institutional Network (INET) and will pursue this need in the cable franchise renewal negotiations. The City has retained an engineering consultant to identify the location of fiber optics in the City and design a way to interconnect sites in the City and construct a high-bandwidth City network. A primary goal is to connect the City of Champaign to Champaign County and the City of Urbana. The City hopes to one day possess its own fiber infrastructure.

Though federal law currently allows the City to require the company to construct an INET, companies today are more likely to seek a business arrangement outside of a franchise agreement when constructing a network for a franchising authority. Insight representatives have told the City that the company would not discuss an INET in relation to the Franchise renewal.

UPTV, Channel 6:

Staff and Mission: UPTV is a Public, Educational and Governmental access channel programmed and operated by the City of Urbana. During the compilation of information for this report, both UPTV staff members left to pursue other opportunities. Chris Foster was the full-time UPTV Coordinator and Kali Boyden was the full-time Outreach Coordinator and Production Assistant. Mr. Foster took the position of Program Director of the Parkland College Channel (PCTV) and Ms. Boyden enrolled in graduate school. The other personnel who contribute to UPTV are the paid camera operators, responsible for the production of Urbana City meetings on a part-time basis and City IT staff as needed.

The mission of the channel is to provide the local community with access to their City government meetings, with the opportunity to use their own voice producing Public Access programming. UPTV is the sole provider of Public Access in Champaign and Urbana.

Budget: The annual budget of UPTV is approximately \$131,000. This amount exceeds the 2% of gross revenues for PEG support that the City receives from Insight. The City’s general fund, where the additional 5% of gross revenues in franchise fees are deposited, would need to supplement the UPTV budget in the future. Approximately \$95,000 is

used annually to fund salaries and benefits. The remaining funds are used for supplies, training, equipment maintenance and major equipment upgrades. In 2007, approximately \$22,000 was allocated for equipment upgrades.

Programming: UPTV programming consists of City meetings, informational City programs, Public Access programming, and some additional educational programming. The Government Access programming includes coverage of City meetings, all of which are broadcast live and replayed at a later date, as well as “Illinois Channel.” UPTV cablecasts the Urbana School Board meetings live and replays meetings of the Champaign County Board. Additionally, UPTV produces informational programming about various City departments.

UPTV’s Public Access programming includes a variety of programs, made up of live and taped studios shows, locally produced programs, and non-local, pre-produced programs supplied by members of the public who have permission to submit the programming. The educational programming beyond the School District meetings consists of Annenberg Channel programming as well as programming from NASA and the Music Education Foundation.

Community Bulletin Board: UPTV’s community bulletin board system consists of community announcements, UPTV information, and City of Urbana information. The channel carries community announcements when no other programming is being presented on the channel.

Live Origination Capabilities: Urbana Public Television’s playback system is located in the Urbana City Building and is transmitted via a fiber optic connection to Insight Communication’s headend. The City has just invested capital funds in doubling the size of its digital playback machine. There is also a fiber connection between Insight and the Urbana School District for the purpose of live meeting broadcasts. Scheduling of these broadcasts is controlled at the Insight headend and is switched on and off at the beginning and end of the meetings. Insight also provides two-way coaxial cable connections to the Urbana Library and the Urbana High School giving UPTV the ability to originate live programming from those locations as well.

Live Origination Needs: Urbana is planning to invest more capital dollars to increase programming and connectivity in the community.

- Urbana City Hall: Urbana is in the process of replacing and adding to the cameras in City Council chambers. Cost: \$20,000
- Urbana Library Connection: Urbana is in the process of installing a wireless connection between the public library (the auditorium) and City Hall. This will allow programming to originate live from the library, be sent to City Hall and then be cablecast to subscribers. Cost: \$12,000. This will be replaced by fiber in the future.
- Urbana High School/Junior High School/Indoor Pool Complex: Urbana would like to extend the same kind of connection it is planning for the library to this complex. This is a long distance and would be hard to accomplish with wireless technology.

Estimated cost for wireless connection: At least \$15,000; estimated cost for fiber connection: Approximately \$40,000 (Exclude end user equipment.)

Webcasting: UPTV staff breaks Council meetings down by agenda item using Windows media player files. The files are then sent to the IT department and they are placed on the City's website. Urbana does not webcast meetings live in real time. All City meetings are placed on the website, but not all are bookmarked by agenda item.

Equipment: UPTV playback is controlled with a Leightronix Nexus, a network-controlled video system controller. Most programming is loaded into the Nexus hard drive for playback. Some programming still runs on DVD or VHS players, which are controlled by a Leightronix Pro-8 video controller. The bulletin board is played through Nexus, which provides a web interface to build or load slides.

The City Council Chambers contains three Cameraman Automated cameras with individual controllers. The video switching and graphics are accomplished through a VT[4] unit, which is also used to produce programs in the mini-studio located in City Hall. There are 13 microphones in Council Chambers as well as one in the mini-studio, which are controlled through two Shure audio mixers and an amplifier. Additionally the mini-studio and Council Chambers are wired for ELMO, laptop, and video playback devices for presentation purposes. They are connected to the LCD projector in the chambers.

UPTV has two satellite dishes for programming purposes. One is a large KU band dish utilized to pick up the Annenberg Channel and other programming. The second dish is utilized to play programming from channels that are available on Dish Network such as "Democracy Now!"

UPTV has one Panasonic DV camera, tripod, and wireless microphone system that is used for field production. Two additional Mini-DV cameras are available for Public Access use.

The channel has a Panasonic DV player used to load video into various editors and two Casablanca editing systems and two PC's with Vegas Video.

Public Access Programming and Participants

As of May 30, 2007, there were 240 members of UPTV's public access program. Residents and organizations join by filling out paperwork and reviewing the applicable Public Access rules. There are no fees to belong to UPTV, but a \$50 equipment deposit is required. During the week, equipment can be checked out for 48 hours; on the weekends, members can keep the portable equipment from Friday afternoon to Monday morning. The majority of these 240 members are organizations such as the Park District and The Woman's Fund. Of these organizations and individuals, 130 are based in Champaign, 90 are from Urbana and 21 are from the surrounding area, such as Catlin, Foosland, Rantoul, Mahomet, Savoy, etc. These numbers show that Urbana is meeting an important need, not only for its own community, but also for Champaign and the larger metropolitan area.

Staff is at City Hall from 8 a.m. to 5 p.m., Monday through Friday. Ms. Boyden was at City Hall until 9 p.m. Tuesday through Friday and from noon to 4 p.m. on Saturday. The evening and weekend hours were put into place specifically to address complaints that residents could only use UPTV during the workday. Ms. Boyden was specifically hired for outreach to the community and to increase live productions for the mini-studio. Thanks to her work, there are now three live shows on UPTV each Friday evening. “Tell It Like It Is” is a weekly sports show, “The District” is a monthly Park District show, and “Did You Know?” is a bi-monthly live show sponsored by the Woman’s Fund. Ms. Boyden operated the cameras and produced those shows each Friday evening prior to her departure from UPTV.

The mini-studio is also used to produce and replay taped programming. There are several regularly produced taped programs; one is produced by an organization and individuals produce two others. The Champaign County Farm Bureau produces “Champaign Agriculture Today”. Individuals produce “Israel One” and “Community Planning Conversations”.

UPTV has added facilities, such as the mini-studio, to increase membership. Staff does not see the fact that UPTV is tied to a municipality as an obstacle to Public Access. Staff acknowledges the “delay” of two shows being carried on UPTV, but says there has not been a problem with any other programming. Staff reports that since a new Mayor has been elected, no one has ever directed UPTV about coverage of issues or shows on the channel.

UPTV provides substantial resources for Public Access producers. When a member of the public wants to use the mini-studio to produce a show, the user is responsible for providing the talent and UPTV staff operates the camera equipment. UPTV requires an open and close on each production and the staff often helps the user produce a graphic that meets that requirement.

If a member of the public wants to produce a show in the field, he or she can check out the portable camera and associated equipment. UPTV staff will train the user on the equipment, but the producer has to cover the event and edit the production.

Staff says that though UPTV is a shared PEG channel, Government Access programming takes priority over Public and Educational access. There are many meetings covered live from Urbana City Council chambers each week. The City Council meetings are on Monday nights at 7 p.m.; the first and third Tuesdays of each month the channel carries the Urbana School Board meetings live and the Community Development Commission meets on the fourth Tuesday of each month. Wednesdays are reserved for live coverage of the Historic Preservation, Human Relations Commission, and the Zoning Board of Appeals from City Hall. The Plan Commission is the first and third Thursday and Development Review Board is the second Thursday of each month. There is no meeting coverage on Fridays.

Public Access carriage has evolved into late afternoon coverage that ends when meeting coverage begins. Public Access users have had to accept that some Public Access shows that are scheduled to begin at 9 p.m. or 9:30 pm begin later or are not carried at all when

meetings run late. The channel has slowly moved Public Access programming to the weekend, which used to be largely meeting replays. Now, the morning and early afternoon of weekends carry mostly meeting replays and Public Access programming is carried largely on Friday, Saturday and Sunday evenings. Staff knows that there are issues when public access users want carriage during primetime during the week, but feels that there is ample time on weekdays and on the weekends for this programming.

UPTV Staff is confident that if the Public Access portion of the channel was carried on a fifth PEG channel, UPTV would continue to exist as an Educational and Governmental Access channel.

University of Illinois Channel, Channel 7:

UI-7, Channel 7:

The University of Illinois' Channel 7 (UI-7) is perhaps the most challenging channel to discuss in this report. There appears to be community consensus on, and frustration about, this channel, but not a clear path for addressing it.

Documents reviewed in the creation of this report as well as participant input state that when channel 7 was initially allocated to the University, it was to carry Public Access as well as University programming. Since that allocation, in the mid-1990's, the University has abdicated that role. It may be that this was a conscious choice, or, as UPTV matured and developed, it was thought that the need for Public Access was being met by Urbana. For the purpose of looking ahead, it may not matter. As the communities stand at this crossroads in PEG channel allocation, they must determine whether or not UI-7 is a Public Access or University Access channel. This important City and cable communications asset is not, in the opinion of those interviewed for this report, being fully utilized.

There are several challenges related to UI-7, not the least of which is determining who is actually currently responsible for the channel. WILL-TV, the PBS television affiliate serving the area, provides the technical support for UI-7. The Chancellor's office allocates about \$12,000 annually to the station, as compensation for the technical support of the channel. As the public broadcasting service of the University of Illinois, WILL links thousands of families to National Public Radio (NPR) and the Public Broadcasting Service (PBS). Carl Caldwell, WILL-TV Station Manager, says UI-7 is in all respects the University of Illinois' channel, as opposed to being a channel operated by WILL-TV.

Henry Szujewski, Executive Producer of WILL-TV, agrees that WILL-TV technically supports UI-7. The channel airs some repeat broadcasts from WILL and University students run a live newscast a couple of times a week as part of the broadcast journalism curriculum in the College of Communications. Other than that programming, both Mr. Caldwell and Mr. Szujewski agree the channel is "pretty much a pass through" for SCOLA, which is the foreign language satellite programming carried on the channel much of the time. This programming appeals to the international population at the University, but is not meeting a community PEG need. From time to time, WILL-TV replays events of local interest on UI-7. For example, this occurred during the

contentious “Chief Hearings,” when the university and community debated the use of the University of Illinois’ long-time mascot.

WILL is licensed by the University of Illinois and is formally part of the College of Communications. Mr. Caldwell believes that UI-7 is “horribly underutilized” by the University. He says it is a question of resources and that WILL is having a “hard enough time meeting the financial challenges of programming a full service public television station,” and cannot devote resources to programming UI-7.

The University has a teaching television studio on campus, which journalism students use to produce their newscasts. This studio is adjacent to WILL’s building. WILL uses this campus studio for its nightly weathercast because the studio has a green screen. Other than WILL-TV, no focus group participants and no one else interviewed for this document reported having any access to UI-7 or its studio and facilities, and some complained bitterly about the situation. Several focus group participants affiliated with the University reported no success in approaching the administration for use of the channel, studio or to submit tapes for presentation on the channel.

All programming decisions for UI-7 rest with the campus, meaning either the Office of the Chancellor, Richard Herman or the Dean of the College of Communications, Ronald Yates. It is unclear which entity controls UI-7. Mr. Caldwell says, “There seems to be no sense of ownership” by the campus of its own educational channel. From time to time he receives Public Access inquiries related to UI-7. He usually refers those calls to UPTV.

Mr. Caldwell and Mr. Szujewski say “there is no answer” as to why neither the college nor the administration is producing programming for the channel. Mr. Caldwell has talked at length with Dean Yates about the instructional possibilities of the channel and the studio. But, so far the campus and/or the college have been unable to commit resources to UI-7. During the drafting of this report in the summer of 2007, Mr. Caldwell reported that he had again met with Dean Yates to discuss hiring a new staff person and purchasing a new video server to assist in expanding and diversifying locally produced content on UI-7. A proposal was being submitted to the Office of the Chancellor in late August 2007.

WILL staff would “love the channel to be used as an instructional tool,” for the taping of lectures and prominent visiting speakers, etc. To that end, Mr. Caldwell and his team have proposed the creation of a production team to create this type of programming and program UI-7 in a meaningful way for the University and the communities of Champaign and Urbana. An arm of WILL-TV’s production department does video production work for clients in the community. This is a source of revenue for the station and this could offer an opportunity for programming to be created for UI-7. Beyond that, WILL staff have proposed a separate video production unit for the campus to University leadership. This unit would include a production coordinator, a field producer, a writer and equipment designed to handle video archiving for campus, much of which could be useful as content for UI-7. This offer was made to the Chancellor but the office declined the offer more than once. Mr. Szujewski believes that if the University would agree to fund this type of programming unit, he could program “probably 20 hours per week of

original content” for the channel. Mr. Caldwell says there are examples of successful relationships, in which other PBS stations licensed by Universities provide production support and program content for a University channel. He believes that the University of Arizona has such a partnership. In the past, WILL staff has proposed programming that is not University related, such as coverage of Little League championships, but the University has not approved the project. The only example of local UI-7 programming that any participant could relay during the creation of this report was coverage of Bill Gates’ presentation on campus. WILL staff covers area lectures and places them on the Internet; this programming could also be on UI-7.

WILL-TV has been successful in assigning a student to cover the Student Senate in a one-camera production. The student worked on the WILL-TV crew and received a stipend from the Student Senate to tape the meeting. The student then produced a videotape that could be played back on UI-7. UI-7 does not have automated playback equipment so WILL-TV made “a patch” and assigned its own staff for the Student Senate coverage to be cablecast on UI-7. WILL-TV informed Dean Yates of these plans and that a student association, the Senate, had allocated \$2,000 to pay this student for coverage. That represents the only time that WILL-TV has been approached by a student organization for local, university-produced programming. Dean Yates did not object to this and WILL-TV staff wanted to do it to show “what could be done with UI-7”. The project was a success and will likely be repeated this academic year. It does not require campus resources--a student organization paid the student and WILL-TV supplied the Beta tape, staff and playback equipment. The student used his own camera to tape the meetings. Mr. Caldwell and Mr. Szujewski report that they believe this year, the Student Senate is going to purchase its own equipment.

WILL-TV staff is confident that they could come up with more university-related programming if the University would allocate funds for programming production. Mr. Caldwell reports it has been this way since the mid-1990’s, which is when the channel was allocated to the University as a shared Public Access and University channel.

Walt Harrington is the head of the journalism department. Mr. Caldwell says Mr. Harrington and Dean Yates see the advantages of UI-7 from an instructional standpoint and about a year and a half ago control of the channel “switched from the Chancellor’s office,” to the journalism department with the intent of the college developing programming contact for UI-7. Since then, nothing has happened.

Focus group participants from the University report being turned away when they offer tapes to the university to be put on the channel.

Several participants voiced strong frustration with the lack of access to the channel, saying, “There is no access to the university channel” whatsoever. Participants asked “If it is a University channel, why isn’t it open to departments besides the College of Communications?” Participants also said that the cultural centers should have access to the channel. Cultural centers are student affairs program units culturally specific to certain communities, such as Asian, Hispanic and Native American students. Equally, it was pointed out that studies programs couldn’t use the channel; they are the academic programs, such as Latino studies, African American studies, Asian American studies, etc.

It is a University of Illinois Channel and participants think there should be a process where all units, from on and off campus, should have access to the channel.

The U of I has a problem many universities, and many communities, would like to have. It has a studio, a channel, and affiliation with a PBS-TV channel, communications students, faculty and a wide variety of interesting events on campus to cover. It appears, however, that the University does not have the ability to allocate the resources necessary to utilize the channel.

PCTV, Channel 9:

Parkland College is an example of positive use of a City asset. The College funds the channel and uses it for telecourses and well as community programming. Its view of the channel as a public relations and educational vehicle is positive and allows residents to benefit from a PEG channel without City funding.

Nearly every entity interviewed for this report, in focus groups, individual interviews and meetings with the commissions representing both Cities in this process, said Parkland has utilized its channel well.

Mission and Staff: Parkland College, located in Champaign, is a fully accredited, public Community College established to serve the needs of District 505, the third largest community college district in Illinois. More than 11,900 credit and noncredit students attend the college for its career and transfer programs, community classes and workshops, and online courses. The College is centrally located and accessible to the 54 communities in its district. The facilities include more than 85 classrooms, 60 specialized labs, a library collection of over 120,000 volumes, an FM radio station, an experimental agricultural land laboratory, an art gallery, excellent physical education and recreation facilities, and what is referred to on their website as “an educational TV station,” or Parkland College TV (PCTV).

PCTV’s mission is to “support the College’s goal of providing accessible, comprehensive, educational programming to the residents of District 505, which improves their economic, personal and/or cultural well-being.”

PCTV is part of Parkland’s Department of Distance and Virtual Learning (DVL), under the umbrella of Parkland’s Center for Excellence in Teaching and Learning (CETL). Five staff members are assigned to PCTV. They are: Brett Coup, Director of DVL, Online programs; Michael Coulter, Instructional Technology Systems Technician, DVL; Richard Thompson, Lead Telecommunications Systems Technician, DVL; Dennis Happ, Technical Services Specialist, DVL; and Fay Rouseff-Baker, Associate Vice President for Teaching and Learning, Director, CETL. Only a portion of Ms. Rouseff-Baker’s salary is attributed to Parkland’s overall operation budget. For approximately 20 years, Barbara Gladney was PCTV’s Program Manager. She retired as this report was being written in May 2007, but remains an active member of UPTV. Participants reported that Ms. Gladney often reached out to the community, looking for programming that offered some affiliation with the College. Chris Foster was recently hired to fill Ms. Gladney’s position.

The College's website describes PCTV as a 24-hour cable channel, which delivers telecourses, educational and community interest programming, and announcements about Parkland to District 505 households. It can be viewed on Insight Communications cable channel 9 in Bondville, Champaign, Homer, Ogden, Philo, Sidney, Savoy, and Urbana, and on Mediacom Cablevision channel 10 in Gifford, Ludlow, Rantoul, and Thomasboro, with availability pending in other communities. The website reports that PCTV operates a video production facility that provides training for students and instructional support for faculty.

The channel reaches only 40% of the district; the remaining 60% of homes are served by another cable provider or don't choose to take the Insight service. However, population wise, staff reports PCTV serves the majority of the district. The college would like to be carried fully by Mediacom, another cable provider in the area, but has been unable to negotiate complete carriage by the company.

Capital: PCTV is a PEG channel that is completely funded by the College. PCTV staff reports the channel's annual operations budget is \$160,000 with limited capital expenses in an average year. In the past 18 months, the College purchased digital playback equipment for the channel at a cost of \$60,000.

The College has one studio with three Sony studio cameras, a teleprompter, lighting, an audio mixing board, a character generator, a switcher and an ELMO. There is no rental cost associated with this studio; the College funds the space as part of its overall costs. Staff estimates that the studio is used approximately 50% to 60% of the time; the purchase of the new playback equipment allows staff to playback programming at any time, bringing more authentic 24-hour programming to the channel. The College also has portable equipment, such as mini-DV cameras and Mac-based Final Cut editing systems.

Signal Transmission: Taped productions are sent to the Insight headend via a fiber transmitter in analog format. This is currently the only site from which PCTV programming is sent to Insight. Staff believes that the College could cablecast live from any site on their campus by sending information back to the Video Center using their own internal coaxial system.

Operations: PCTV benefits from the fact that is tied to a revenue-source for the College. The staff responsible for PCTV is also responsible for webcasting and televising classes to students. Primarily, the television channel includes about a half dozen original series produced by the College, distance learning and presentation of special functions such as speakers and some satellite programming. The web portion of the programming also includes telecourses and special function coverage. Neither the webcasting nor television coverage is live; all of the presentations are pre-recorded. The original presentations are seen as a means to reach out to the community to share information and also highlight what the College offers for promotion purposes.

Programming: A typical daily line-up consists of Parkland productions, acquired programs that are primarily Classic Arts Showcase satellite programming⁵, and a community bulletin board. Almost all of the programming on PCTV is professionally produced and much of the original programming is produced in the Parkland studio. Students from the mass communications department tape and produce public affairs shows in the studio. Graphic design and computer animation students work in the studio as well. The latter group also produces programming for the channel. The College is creating a new department called digital media, to consolidate the students into one, updated academic department. The studio is also used to produce shows specifically for the channel, such as: “Cooking Around the World,” “For Arts Sake,” “Live and Learn,” “Parkland Challenge: High School Quiz Bowl,” Parkland Report,” Parkland Voice,” “Small Business 101,” Surrounded by Science,” and “Threads.” All of these shows are produced by College staff and serve not only to inform and entertain but also to highlight the College’s offerings to potential students. Teachers also use the studio to tape classes and lectures that are streamed on the Internet to students.

Parkland offers distance education on a variety of subjects through interactive telecourses and online courses, most of them taught by full-time faculty. The College maintains approximately 100 degree and certificate programs designed for career and job placement or for transfer to programs at four-year institutions. The College confers the Associate in Arts, Associate in Science, Associate in Fine Arts, Associate in Engineering Science, Associate in Applied Science, and Associate in General Studies degrees in an array of traditional and nontraditional disciplines.

Insight Relationship: Staff reports that their overall relationship with Insight has been good, but that recently the company has become “less interested” in giving the College free cable connections. Exhibit C of the current Champaign Franchise Agreement requires Insight to provide free cable television connections and the highest level of basic service to Parkland College, although specific sites at the College are not listed. The City of Champaign’s most recent Cable Television Compliance Check, covering July 1, 2005 to June 30, 2006, finds Insight in compliance with the Agreement.

⁵ Classic Arts Showcase (CAS) broadcasts 24-7 via satellite and is picked up by over 500 Channels in the United States alone. It is available free of charge to PEG channels, PBS, basic cable tiers and non-commercial broadcasters.

Appendix B—Focus Groups and Meetings

The following section of the report includes the detailed accounts of focus groups and meetings with representatives of community organizations and the Cities. A wide range of topics discussed pertaining to the cable-related needs of the Cities. The names and affiliations of the participants are listed in each section as well as in Appendix C. For the most part, participants are those who do, or could, use the cable system to communicate with customers or other institutions.

Summary of Participants View of Current PEG Access Channels

The participants interviewed for this report have wide ranging points of view regarding the current allocations of the PEG channels.

On Champaign not offering Public Access and its use of UPTV as Public Access without contributing financially:

CGTV is closed, as it is “totally government regulated” and “not open to the citizens of the community which poses a problem because those in Champaign have to go to UPTV.”

Champaign is wealthier and “they don’t share” as they are coming to Urbana for Public Access.

Champaign has more money but contributes less to UPTV.

It feels wrong that we have to turn to UPTV for Public Access.

We are a two-city community and “Champaign is just piggy-backing, getting a ride here” as everybody in Champaign interested in Public Access goes to UPTV. If Champaign would be willing to contribute a percent or percent and a half (of franchise fees or gross revenue) the potential for Public Access to grow would be “exponentially that”. The potential is there if the community is willing to move it to the next step.

On UPTV being managed by a local government and located in City Hall:

Many participants could easily understand the issue/challenges with a local government having to be responsible for Public Access in terms of programming decisions.

The UPTV editing room is in Mr. Foster and Ms. Boyden’s office and control room, so if they are running the board for a City Council meeting “you are not coming into edit.” (UPTV staff point out that this is not correct, but as it is a direct quote and illustrates a perception, it is included in this section of the report.)

UPTV staff, though competent, naturally tends to cover the Government Access portion of the spectrum more thoroughly as this is the main concern of their bosses and their

employer. Some focus group participants complained that the Public Access production and equipment training was “on a surface level,” and “wasn’t as detailed as it needed to be.” One gets trained on the equipment, then might not produce programming for a while, and forgets the skills learned several weeks or months earlier.

The (UPTV) Commission is completely advisory versus legislative. This is one of the concerns in terms of the dynamic of the station. By having all three aspects of PEG in one channel that is run by a City, there is a “pecking order” which is Government, Educational and then “what’s left over is P.” The community may want more Public Access programming, but the City of Urbana may feel there is a sufficient amount and there’s “not much room left to go beyond” what’s there now.

During prime time, after work, when a resident would like to work on a production, it is difficult to produce or cablecast programming. The mini-studio is located near the City Council chambers so editing is difficult during a meeting and carriage during those hours is difficult as well.

Luckily the current Urbana mayor is “hands-off” and is in favor of liberal Public Access but the next mayor, “who knows?”

Urbana gets complaints when controversial programming is cablecast, like speeches by Louis Farrakhan. This is an example of why the City and Public Access “don’t mix,” as it looks like the City endorses Farrakhan’s views.

PEG dollars are used by the City for non-PEG items. Examples are new lights for Council chamber or the dollars going into the vehicle replacement fund and being spent on new cars.

On the challenges of public training on production equipment:

The greatest block to utilization of access is lack of technical skills by the public.

There is a great interest and desire on behalf of community groups to be able to “program” their events on the Public Access channel. This includes lectures, speakers, events and more. But, no one has the expertise or the time to produce this programming. Many groups in the community are very supportive of Public Access but they are not able to produce the programming. PEG staff should be able to assist community groups in getting their messages out; this would be of great interest to residents.

There is frustration on behalf of the general public in terms of using the equipment. When you see the product of those who have made regular commitment to creating programming for UPTV, like the Farm Bureau or the Sports Programming on Friday night...this is really popular programming. Public Access can be as popular as the two libraries in town. Public Access has not realized its full potential in the community and the community has not been fully informed. There should be the ability to originate live programming from more sites in the community, including the libraries.

UPTV has tried to address complaints about outdated or difficult to use Public Access equipment.

On more outreach and promotion of UPTV and Public Access:

UPTV could cablecast a five-minute piece promoting Public Access but “they don’t do that and they wouldn’t.”

If there were more promotion of UPTV’s public access program, “they’d run out of time.”

It’s not a conscious thing, an effort to “turn people away,” but people don’t know—even though they may watch or turn to channel 6—or really understand that it is a Public Access station and they can utilize this media tool themselves. People don’t fully understand that this is their TV station.

It’s fair to say that a lot more people would be happy to take advantage of the channel if there were enough staff that they could do “real outreach” to the community. There are many groups that would be very interested in having their events taped or doing public events that would be recorded. Because there’s not more staff, there’s not much outreach about it (UPTV) and it’s mostly word of mouth.

The tactic of UPTV is not to advertise Public Access, to avoid “having to deal with certain situations that may come up.”

On a Public Access studio being housed at the University of Illinois:

The U of I would not be a good host space for the station. An independent Public Access organization could not be housed on the U of I campus or identified as a U of I project. “If you want to have a community channel, the community will not participate if it’s perceived as a U of I entity in any way.” Any connection to the University “taints the project massively, especially with regard to minorities.” Further, any studio location in Champaign would be “suboptimal,” as the bulk of Public Access producers and users would be from Urbana, “without question.” Any location should be accessible to public transit; the location should be “owned and permanent,” so it is not subject to frequent movement.

On a Public Access studio being housed at the IMC:

The IMC would not work politically, which is regrettable. The Post Office, which is the IMC location, would be the perfect location for a Public Access channel location.

On a Fifth Access Channel to be a Public Access Channel and Public Access management by a Community Non-Profit Community Media Center:

There are only so many funders in the area and only so many grants. Is there adequate local support—financial support specifically—for another non-profit entity?

Funding might be easier to get initially to create the non-profit, but could then be a challenge when grant dollars were needed to sustain the non-profit entity. Operating grants are particularly difficult to get, “they are almost gone.”

A media center could be funded by City dollars funded from the cable franchises or a new state law.

The best thing for future growth would be to move the studio to a larger space that is more accessible to the public. “I believe you really truly need a public space for the public to come in and use it.”

Focus Group #1, June 6, 2007, 11 AM

Urbana Residents

1. Allison McLaughlin, Carle Foundation Hospital
2. David Adcock, Urbana School District
3. Barb Stiehl, City of Urbana Public Works
4. Andrew O’Baill, Community Member, WRFU, WEFT
5. Deborah Rugg, Community Activist/Volunteer, Urbana Park District, League of Women’s Voters, YMCA
6. Rex Mundt, Chief, Urbana Fire Rescue

Champaign Residents

1. Imani Bazzell, Urban League
2. Chris Foster, UPTV
3. Brett Coup, Parkland College, Director of Distance Learning (affiliated with Champaign but lives in Savoy, IL.)
4. Mark Kesler, Parkland College

The Urban League has created programming to be presented on PCTV. The League of Women Voters also produces shows.

The Fire Chief has utilized UPTV to a large extent and is very complimentary of their work. He reported that UPTV came to the fire department and worked with them to create a video of the fire fighter training process. Chris Foster reported that he worked with the department to follow the trainees from day one through the end of the process. He took the camera from UPTV and documented the process. In addition, Mr. Foster reported that every year UPTV covers the Fire Fighter Memorial program in Maryland and UPTV carries coverage of the event. This covers all firefighters that have passed away in the past year.

Mr. Coup reported that Parkland designs, develops and produces programs themselves. The programming touches on community organization in as much as they intersect with Parkland. Mark Kesler teaches business at PCTV and does a show on business. A lot of

the talent at PCTV is teachers producing shows about their areas of expertise. He thinks there needs to be greater promotion of these channels.

Right now, PCTV is in a different area than the academic program. The academic program just hired a new instructor and one of the goals is to have more to do with the students. It really never has. The students use the studio as part of their classes but their productions don't make it onto the channel. The same facility is used to make presentations and videos for online courses or telecourses. The telecourses are on PCTV and can be viewed by students. In addition, when nothing else is on, the channel carries the Classic Arts Showcase channel as well as community bulletin board. The channel is on 24/7. The students that use the facility are journalism and production students. Now, computer animation and graphic design students are also using that facility. Mr. Coup feels there is a lot of anecdotal evidence that PCTV is being watched and would like to move more into webcasting. He says that he often hears "I saw this" or "I saw that" on the channel. There was a discussion about the importance of "channel surfing" as a way that people watch PEG channels and some of that would not be possible with webcasting.

The Urbana Public Works department does not create programming for the PEG channel but would like to do so. It is a matter of time and resources. The example of a potential show is one of snow removal. The department gets lots of calls about snow removal in heavy snow and using the channel would be a great way to communicate with the residents.

Several participants commented that CGTV is a great resource and a way they watch City Council meetings.

There was a discussion that Urbana Schools does not do much in terms of video production. There could be more and is something the schools could work on with UPTV.

Ms. Bazzell from the Urban League lives in Champaign and it "always feels wrong that she has to turn to UPTV" for Public Access. She also praises UPTV greatly, using words like "wonderful" and "fabulous." She is a big believer in democracy and serving those who would be underserved, like African Americans, women, etc. She worked with Parkland to videotape a Black Women's Health conference and they have also done in-studio work there. Parkland expects there to be some affiliation with the College. Ms. Gladney would call around and ask people to be involved in events that were tied to Parkland, such as the Black Women's Health conference. Ms. Bazzell feels things have changed a bit at Parkland and that they don't reach out as much as they used to do. She feels strongly that Parkland is "our Community College" that "has a mission, core values, a history, an origin." She feels that Parkland College has lifted the drawbridge a bit and that they are not as easy to "get to" and "work with" for programming as they used to be. She says maybe the response is that "well, you have UPTV." Her overall theme is that people tend to be "voiceless" and live in the shadow of "stereotypes,"—that is who she is here to represent. There may be a lot of counties that Parkland has to serve but there are people without voices who need representation.

Ms. McLaughlin says that Carle hospital has partnered with government entities to get on CGTV with such programs such as “Play It Safe”. These shows can also get on UPTV.

If a disaster committee wanted to do a show, the hospital and fire department reach out to Mr. Foster to create a show. One is in process now. That is easier, “they knew what to do” with UPTV but in terms of getting onto CGTV, the hospital is stymied as they need to get a government partner to sponsor them. These shows can share information and then refer to the community bulletins.

The hospital has an educational building called the Forum. They do events in the Forum and other organizations use the space, too. There is a camera system in the Forum and this is a venue that could be used. The hospital does have an A-V person who covers events and professional programs for the hospital.

There are several other channels in Champaign-Urbana that are public media. There is WRFU, the independent media center’s radio station and sometimes video and WEFT is a community radio station (like a Pacifica station) as well.

There was a discussion about the independent non-profit media center and a fifth channel for Public Access that would be taken from UPTV. Mr. Foster explained that there are sometimes conflicts or problems with content and scheduling when there is a PEG channel.

Ms. Bazzell says her “radar” is going up. It may be that the community has been relying on UPTV and it has gone so well. She states that she’d have to put a lot of work into this and UPTV seems to be so good, she’d hate to move away from that and move to a fifth PEG channel and a new independent Public Access channel.

One person said that “you will always have political problems,” even if you take it away from the cities. There will still be politics and problems in non-profit.

Focus Group #2, June 6, 2007, 2 PM

Urbana Residents

1. Laura Auteberry, Champaign Park District

Champaign Residents

1. Tom McDonnell, Parkland College
2. David Leake, Parkland College
3. Seamus Reilley, Parkland College
4. Rick Atterberry, University of Illinois, Cable Commission Chair
5. Roger Grinnip, IT Director, Champaign Schools, Unit 4

The Champaign Park District would like to have its Board meetings on the cable system. CGTV has offered to carry the meetings live from the Champaign City Council meetings but the Park District has declined. The District wants its meetings to be cablecast from

its own building, the Bresnan building. Ms. Auteberry says there are parking issues at Champaign City Hall as well.

Parkland's mission is to focus on promoting programs that have to do with the College. It also provides satellite programming that is educational in nature and uses the channel for telecourses or "the original distance learning." Parkland also provides original local programming, such as the Parkland Report, and one about the cable franchising issues currently. Some shows are carried on CGTV and PCTV.

The College recently covered some sporting events for the community and sold the DVD's for "boosters" as a fundraising drive. Parkland College has a mass communications curriculum and some student productions, such as end of year final projects, are cablecast on PCTV. Parkland also has a radio station. Each year, about 24 students go through the mass communications courses.

PCTV would like to work with Champaign High Schools to offer courses to high school students for Parkland College credit. There was a discussion of the fact that PCTV is used as a vehicle for community outreach on behalf by the Community College. There are several shows the college produces, both by PCTV staff and by teachers that offer community information of general interest but do highlight the College. PCTV has two full time staff and teachers also pitch in on programming.

There are 9,400 students in the Unit 4 Public School District. There are two high schools, one alternative school, three middle schools, and 11 grade schools. Mr. Grinnip reports that the schools have spent about \$494,000 to build fiber to connect several school buildings. This was done with grant monies.

The Champaign schools are starting to use video in teaching. They now have a "green screen" program. They tape a student while he/she makes a presentation. The teachers put up pictures of the subject matter behind the students, while the students will make the presentation. Students who have a fear of public speaking, and cannot present a report in front of a group; have the confidence to present the report in front of a camera. As of now, there is no collaboration between Parkland College and the schools, but there could be. The schools do not have an internal video system so no one ever sees these tapes!

The Champaign schools have two production quality Sony cameras and they are starting to do some editing. The Boardroom has mounted cameras. They do not edit the School Board meetings. The School Board meetings are presented live on CGTV and the District pays Prairie Production Group, a local production firm, to actually cover the meetings live and produce a DVD for playback on CGTV. Prairie Production Group charges the district a discounted rate of \$50 an hour. The District's IT staff tried to do the coverage themselves but did not have the technical expertise.

There was a discussion of Insight's Channel 2 covering more sports in the community. Mr. Atterberry says Insight may not actually be producing the sporting events, but they are selling time on the channel for other entities to carry these events.

The “elephant in the room is the U of I channel”. There was a discussion of the SCOLA international programming on the U of I channel. WILL-TV, the PBS station, was also discussed. A participant stated that the Chancellor’s Office is supposed to be looking into use of channel 7, the U of I channel. Participants echoed comments heard throughout the focus groups that the U of I channel is underutilized and has no local, original programming.

WILL-TV has “an amazing studio.” The students are reportedly starting to use the WILL studio. There was also a discussion of WEFT, which is a community radio station, and WRFU, another community radio station. U of I has a journalism program but Southern Illinois is known as the video production school.

Mr. Atterberry explained that when the Campbell family gave the University money for a studio, they did not give money to operate the studio. There was a discussion that this is a common problem at universities.

There are a lot of communities in the state that have no PEG tools at all. Mr. Grinnip says that he believes the greatest block to utilization of access is lack of technical skills by the public. He believes that if there were more promotion of UPTV’s Public Access program, “they’d run out of time.” Mr. Atterberry believes they are getting there now. There was a discussion of copyright laws in terms of PEG channels carrying performances and the right to music.

There was a discussion about a fifth PEG channel and a non-profit entity. All participants could easily understand the issue/challenges that exist with a local government having to be responsible for Public Access in terms of programming decisions. One participant says that from her perspective as a fundraiser in the community, there are only so many funders in the area and only so many grants. She wonders if there will be adequate local support—financial support specifically—for another non-profit entity. Mr. Grinnip, who lives and works in Champaign, is also concerned that funding might be easier to get to create the non-profit, but could then be a challenge when grant dollars were needed to sustain the non-profit entity. Specifically, the participants agreed that operating grants are particularly difficult to get, with one person stating, “They are almost gone.”

There was a discussion that a non-profit could be funded by city dollars funded from the cable franchises or a new state law.

Overall, the participants felt that the cost for Insight service has gone up and the value has gone down. One of the participants discussed advanced technology that could short-circuit traditional cable, moving from traditional cable to a web streaming technology where most information is transmitted online. There was a discussion that Champaign already puts their agendas online and residents can go to the meeting and choose the agenda item of interest and view only that portion of the meeting.

Mr. Grinnip says 65% to 70% of students have some computer and form of Internet in their homes, though some only have dial-up service. There was also a discussion of the competitive pricing of satellite Internet services versus cable modem service.

Focus Group #3, June 7, 2007, 10 AM

Urbana Residents

1. Durl Kruse, retired elementary school principal; representing AWARE; Champaign-Urbana Citizens for Peace and Justice; the Channing-Murray Foundation. He lives in Urbana, is a Cable Commissioner, and an Urbana representative on the Refranchising Committee

Champaign Residents

1. Giraldo Rosales, Assistant Dean of Students at University of IL; former Champaign City Councilman; was on Cable Commission as an elected official and will now be on as a private citizen.

2. Kathy Reiser, University of Illinois, Works in Champaign at one of the U of I extension offices.

3. Randall Cotton, Member of the Public Access Study Committee

Mr. Rosales brings up the University of Illinois channel and says, “there is no access to the university channel” whatsoever. It only provides SCOLA, a foreign language channel. If it is a University channel, he asks why it isn’t open to other departments besides the College of Communications. The cultural centers don’t have access to it. Cultural centers are student affairs program units culturally specific to those communities, such as Asian, Hispanic, and Native American. They are on campus. Studies programs can’t use the channel; those are the academic programs, such as Latino studies, African American studies, Asian American studies, etc. Mr. Rosales says Carl Caldwell runs WILL (the PBS channel) and another participant states “that’s all very nebulous as to the access to and availability on that channel.” It is a University of Illinois’ channel and he imagines that there should be a process where all units on campus would have access to the channel. Ms. Reiser chimed in that perhaps the off campus units should have access to the channel as well. “It is very closed,” according to Mr. Rosales. He adds that CGTV is also closed, as it is “totally government regulated “and “not open to the citizens of the community” which he says then poses a problem because those in Champaign would have to go to UPTV. He was under the impression that UPTV charged fees for usage/submission.

Ms. Reiser sees some value in the SCOLA programming as it carries international programming (Latvia, Greece, France, Lithuania, etc. offer half hour news programs) but would also like to see locally produced programming as well. She had never really thought about access to the U of I channel by units across campus. No one knows how the University got the channel.

Mr. Kruse spoke passionately about access programming in the communities. He said that there is a \$50 deposit to use the equipment but the other fees have been waived to encourage people to use UPTV. UPTV staff has the best of intentions and work hard for the community. But, they are City employees; their bosses are City employees within the City government. When push comes to shove, when there is a choice of what needs to be done first or second, the City work gets done first. If the Council Chambers need to be re-wired at the same time that UPTV needs something, the City needs come before the Public Access needs. He thinks that is inherent by the employment structure. Mr. Kruse also says the City of Urbana defines the budget and how those monies are spent. It's not really, technically, a part of the UPTV Cable Commission's job to get into monetary items, although they've pushed themselves into that and asked questions. Technically, budgetary concerns and items/priorities about how money is spent are overseen by the City Council. He thinks the City (and City Council) has been able to impose certain priorities within the administration to, for example, hire the community outreach person a couple of years ago, looking at "is it the Cable Commission that has much voice or is it the administration?" Mr. Kruse says the UPTV Commission is strictly advisory, to handle complaints, to recommend and develop guidelines for use of the station and changes to those. He says the UPTV Commission's job is "pretty minimal" and that they meet four times a year.

Mr. Cotton says the UPTV Commission advises the mayor and sometimes the mayor ignores them.

Mr. Kruse repeats that the Commission is advisory versus legislative and he thinks that is one of the concerns in terms of the dynamic of the station, as it is now set up. By having all three aspects of PEG in one channel, basically, there is pecking order: G, E and then "what's left over is P." He says the community may want more P but the City may feel there is a sufficient amount and there's "not much room left to go beyond" what's there now. In terms of community organizations that have used PEG Access, he speaks on behalf of AWARE, an anti-war, anti-racism group; as well as Channing-Murray which has a social justice committee. There are a lot of activities in the community and there is a lot of interest and desire on behalf of community groups to be able to "program" their events on the public access channel. This includes lectures, speakers, etc. Channing-Murray is a small Unitarian, Universalism campus center that has a wealth of different programs but no one has expertise or time to become "tech savvy" with media. He says there are many programs and events that would be of interest to certain segment of the community. This applies to AWARE and to other groups in the community. These groups are very supportive of Public Access but are not able to do it nor are they very likely to be able to do it. The current staff is not likely to be able to do production. He would like staff to be able to assist community groups in getting their message out and he thinks it would be of great interest in terms of the diversity of the community.

Mr. Kruse thinks the training at UPTV is "on a surface level" and "wasn't as detailed as it needed to be." He has found cutting and pasting to put transitions in his program to be "pretty frustrating". He says UPTV changed their program to a more user-friendly program. He found it frustrating as a total novice to bring tapes in to UPTV. He forgets the production skills he's learned between times and he now asks the staff to do it for him.

Mr. Kruse would also like to be able to go live from sites in the community, such as the libraries. There was a discussion of live sites in the City. The participants said the Champaign School Board meetings are not done well, with bad audio and video or the two not correctly synced. There was also a complaint that the meetings do not always appear as scheduled.

Mr. Kruse thinks there is still a wealth of untapped interest by community organizations and non-profits that want to use Public Access. There is great potential and some of the limitations are that the access channels are all bundled together in one channel and so the priorities aren't always there to extend that Public Access growth as much as it potentially could be.

Ms. Reiser says that if the University is re-thinking its channel, she would like the 900 Registered Student Organizations (RSO's) to have access to it as well. Students might also be a good resource for production help. She doesn't know if there are students interested in radio and TV but they might like some experience in community media. She believes there is a student production lab that is located adjacent to WILL. She thinks that studio is limited to students studying radio and TV at U of I. She thinks SCOLA programming may be offered on the Internet and that might be a better way to get that programming.

Mr. Cotton does not believe the community really has a Public Access channel. He believes they have a Government Access channel that gives Public Access "kind of when it's convenient." He says the mayor runs the channel, as that is what the chain of command is. He believes it is susceptible to political influence, based on the personal political opinions of the mayor that affects programming. He says that by the municipal code, the mayor of Urbana is in charge and he thinks this is "very vividly illustrated" with the "Democracy Now!" issue. He was the one who originally came to the UPTV Commission but then the previous Mayor who had never really been involved started coming to the UPTV Commission meetings and said he didn't want it on. The UPTV Commission voted in favor of carrying "Democracy Now!" Supporters got 1,200 signatures asking for the show to be placed on UPTV and had to get a City Council resolution to overrule the mayor. This was one of the key issues in his not being re-elected. Mr. Cotton believes there is a clear dysfunction in trying to combine a channel between Government and Public Access. He says "we really need to have our own Public Access channel run by an independent, community-oriented board." He also says this "arrangement" also affects a lot of the issues we have been talking about, such as training to use equipment, equipment not being up to date and difficult to use, the issues of people not being aware of the fact that it is possible to broadcast live in the community. It's not known because why would the city employees go out of their way to get more work for themselves and draw away from the duties given to them by their bosses in the City government? The two purposes—City Access and Public Access—are at odds. Since the City runs access, it "contravenes the purpose of Public Access."

He thinks it would be a relatively simple thing to have kits people could check out to go live from anywhere in the community. Plus, he thinks it's important to have staff to eliminate the "technical barrier" to people producing programming for public access. Mr.

Cotton thinks people are in effect “turned away” by being discouraged, and that the UPTV Public Access equipment is not close to state of the art. He believes that Public Access, “the training and the equipment, play second fiddle.” To say it’s an afterthought or lip service is speaking too strongly, he says, but sometimes it can feel that way whether it’s a program from outside or whether you’re trying to create your own program.

Mr. Kruse doesn’t think it’s a conscious thing, an effort to “turn people away.” What he thinks is happening is that a lot of people don’t even know--though they may watch or turn to channel 6—or really understand that it is a Public Access station and they could utilize this media tool themselves. He doesn’t think people fully understand that this is their TV station. Mr. Cotton said UPTV could air a five-minute piece promoting Public Access but “they don’t do that and they wouldn’t.” Ms. Reiser points out that UPTV cablecasts information about the public having access to the channel on the community bulletin board. Mr. Cotton thinks very few people sit and watch the bulletin boards. He’d like to see engaging dynamic advertisements about Public Access that the public can use free of charge. He thinks this doesn’t even occur to them (UPTV staff) because “their thoughts are elsewhere”.

Mr. Kruse sees frustration on behalf of the general public in terms of using the equipment. But, he says that when you see the product of those who have made regular commitment to creating programming for UPTV, like the Farm Bureau or the Sports Programming on Friday night, it can be really popular programming. In his mind, Public Access can be as popular as the two libraries in town. He believes that Public Access has not realized its full potential in the community and the community has not been fully informed.

Mr. Kruse says the other issue that is really important is that they are a two-city community and “Champaign is just piggy-backing, getting a ride here” and everybody in Champaign who is interested goes to UPTV. He believes that if Champaign would be willing to contribute a percent or percent and a half (of franchise fees or gross revenue) the potential for Public Access to grow would be exponential. He says the potential is there if the community is there and willing to move it to the next step.

Ms. Reiser says from her perspective, it is a three-city community as Savoy is a quickly growing community. There are probably 6,000 to 7,000 residents and by the next census, there may be 10,000 residents. She says you can pass from Champaign to Savoy and “not be aware of it,” so for all practical purposes, the Village and the two Cities are all part of one large community.

Taking the politics aside, she thinks it’s great that Urbana offers Public Access. It is the only one of the four that offers public access on the channel.

Mr. Rosales says he wants “real Public Access” within the next franchise agreement. He wants the public to decide. He thinks the University will not let some organizations use their channel because some are political in nature. The Chancellor has told staff they cannot talk to the media; all media inquiries must be sent to public affairs or public relations. No one else can speak for the U of I; he speaks today for the citizens of

Champaign and says the UPTV Commission serves at the purview of the mayor. Mr. Cotton notes that luckily the current Urbana mayor is “hands-off” and is in favor of liberal Public Access but the next mayor, who knows? Besides wanting to increase fees for staff, Mr. Rosales would like a \$500,000 self-standing studio, as well as for Parkland and U of I students. This would have a schedule of programming with literature going out. Urbana residents feel that Champaign is wealthier and “they don’t share” as they are coming to Urbana for Public Access. Mr. Rosales feels Champaign has more money but contributes less to UPTV.

Focus Group #4, June 7, 2007, 2 PM

Urbana Residents

Terri Scott Adcock, Parkland College
Dennis Roberts, Urbana Councilman
Pete Resnick, Cable Commissioner

Other:

Tony Foster, Urbana Fire (lives in St. Joseph and works in Urbana)

Champaign Residents

Al Kagan, AWARE
Marsha Grove, Champaign Public Library Director
Carol Innskeep, Urbana Library, Reference Staff
Patsy Petrie, University of Illinois, Department of Regional Planning

A participant was surprised that there was the availability to “go live” from sites in the Cities. Others chimed in that they did not know about the go live abilities and Ms. Innskeep said she thinks the Urbana library is “pending” connection.

There was a question about the ability to cablecast live from the auditorium (Pollard Auditorium) at Carle Hospital or the Forum. It has recording facilities but this group does not think they have go live abilities from the Carle hospital site.

Mr. Kagan said they are eager to get equipment and “get some help” right now. Mr. Resnick explained the staffing situation at UPTV, and that staff will train residents on the equipment, fixed and remote. He says the call-in facilities are partially functional.

Ms. Innskeep says it’s fair to say that a lot more people would be happy to take advantage of the channel if there were enough staff that they could do “real outreach” to the community. There are many groups that would be very interested in having their events taped or holding public events that would be recorded. Because there’s not much staff, there’s not much outreach about it (UPTV) and it’s mostly word of mouth.

Mr. Resnick says the other problem is that during prime time, after work when you (a resident) want to go do something like that (work on a production) the City Council is

meeting or a Commission is meeting and you are not getting on the air during those periods of time because there is someone in the City Council chambers and they are obviously being broadcast. This interferes with you getting that time. After work is not the best time to talk to UPTV staff.

Mr. Roberts says the best thing for future growth would be to move to a larger space where a larger group could meet for recording. He says the space should be more accessible to the public. He believes you really truly need a public space for the public to come in and use it. There are facilities that are associated with Parkland and U of I, but that fact alone—that there is administrative oversight—is daunting—to small groups to come in and use them.

Ms. Petrie says that the Parkland and the U of I studios are not viable options for members of the public to use as Public Access facilities. Ms. Adcock agrees. She says and Parkland is a forerunner of distance education; in the early days Parkland was hooked to High Schools and now the college has gone more on line. She thinks the Parkland channel communicates what's happening at Parkland to District 505. She thinks the channel's mission is to communicate faculty initiatives, high school outreach, community education, and equine programming.

Mr. Roberts says that he lived in Tucson, Arizona, where they had a proactive and developed Public Access studio. He took classes there and participated in a live broadcast on that channel. He says there is nothing similar in the least in this community. Anybody including, almost homeless people, were editing and had their own shows in Tucson. They had the interest, took the time to get trained and had the lifestyle to allow them to produce extensive programming.

Mr. Resnick says that currently the editing room is the UPTV staff's office, so if they are running the board for a City Council meeting residents cannot edit.

There was a discussion of the difficulty of editing and that this is often where people quit in the PEG access work. That is why good facilities mean everything to people.

Ms. Petrie mentioned that when cable first came into the community, that space next to the cable office was a studio. She did then use that equipment and studio. Over time, that opportunity was eliminated. Ms. Petrie has a TV show on UPTV, called Community Planning Conversations, which airs twice a week. When she runs the Planning Institute at U of I, she gets the talks taped and they are then cablecast on UPTV and are also streamed on the Internet. She negotiates with Jack Brighton of WILL-TV, because they carry the programming on their server.

Ms. Petrie says there are some missing components of the four PEG channels. She has had long conversations with Mr. Brighton about this; she feels there are administrative blocks at the University. There are many interesting individuals in the community from local to national speakers who are paid "enormous honorariums" to speak. When she tapes them, these speakers are on UPTV but that is very limited. Because of the University's view of channel 7, only Bill Gates is covered on channel 7.

The criteria imposed by WILL-TV is itself is prohibitive. There are mechanisms that are being lost from the educational perspective for the benefit of this whole community.

Ms. Petrie has brought in big names (Richard Florida is an example) and she couldn't get programming on channel 7.

Mr. Resnick says the ironic thing is that people are told Channel 7 and WILL-TV require such high production standards and what Channel 7 runs all day is "the worst production value there is, which is SCOLA." It is in terrible condition and the broadcast quality is horrific. He thinks they (the University) are wasting this channel.

There was a discussion that Champaign could partner more with Urbana to create a stronger Public Access community. The group said Champaign is a larger, wealthier community. Mr. Resnick thinks in Champaign there is much more pressure to "lower the taxes" and in Urbana there's much more pressure to "increase the services."

They don't think there's enough staff to work at a professional level. AWARE feels they won a victory by getting "Democracy Now!" carried on UPTV every morning. Mr. Kagan complained that the screen sometimes goes blank and that this happened often, especially when it first came on. He said he called Mr. Foster at UPTV and was offered an explanation. Mr. Resnick says Mr. Foster is basically a City staff person and the City doesn't have folks manning Public Access around the clock.

Ms. Innskeep says she listens to WEFT, which offers great local media. She feels like there are many other voices on a local level heard from in their community. She named the Korean, Hispanic and senior community as communities that could be heard from with a larger, fully staffed Public Access station. This requires staff to reach out to these communities. She thinks there are so many benefits of youth learning about television production, media, etc. They are consumers and can learn a lot from technology. She would like to see young people get more involved in technology and media and thinks it is a great interest to them. She says there is less interest in filming events in the library and more interest in bringing people to the building.

Ms. Grove says many nationally known authors don't allow themselves to be videotaped. She says that they had an African American teens group and at the end of their ten sessions, they each came up with songs, and skits, spoken word. That is the type of thing that people would use for coverage if UPTV would cover it. She thinks if it was available to them, they would use it.

Mr. Resnick says there was a live connection from the site for years but they are pending a live feed again.

The fire department uses UPTV to promote the Carbon Dioxide Protection Act. They put an announcement on the community bulletin. UPTV also helps with training. They tape a speaker and the tape is then circulated among the sites or they just put the tape on UPTV and firefighters are directed to watch channel 6. Mr. Resnick says "they have a good deal." If police and fire need something, Mr. Foster will cover their events.

CGTV taped the Champaign library “Battle of the Books” and it is so hard to get staff to do that. The library does not want to go into the production business and they don’t have staff to do this.

Mr. Roberts says there needs to be outreach to let public know UPTV exists, but if the outreach succeeded, UPTV staff would be overwhelmed right away.

Ms. Petrie asks why there hasn’t been more communications between the University and the local schools.

There should be a mini-studio in each school. Ms. Petrie says that this was happening when there was a cable operator studio in town. She would also like to get these educational opportunities to the elderly. This is a good reason for more collaboration between the four channels. She’d also like senior citizen and low income discounts on cable service. She says when there was a studio in town, members of the public taped Little League games. Loss of that studio derailed the process. Ms. Petrie voiced support for free cable connections to public sites. Both the Cities need fiber desperately.

Mr. Foster says the Fire department does not get cable service free—they pay for Basic service.

Appendix C
Meeting Participants

May 17, 2007

Refranchising Committee

Chris Foster, City of Urbana, IT Dept.

Jeff Hamilton, City of Champaign, IT Dept.

Durl Kruse, Urbana Appointee

Barbara Gladney, Urbana Appointee

Rick Atterberry, C-U Cable Commission

Bill DeJarnette, City of Urbana, IT Dept.

Trisha Crowley, City of Champaign, Legal Department

Ron O'Neal, City of Urbana, Legal Department

May 30, 2007

City of Champaign

Jeff Hamilton, CGTV (via telephone)

May 30, 2007

City of Urbana

Chris Foster, UPTV (via telephone)

May 30, 2007

University of Illinois, Professor of Communications

Robert McChesney (in Madison, WI)

June 6, 2007

Focus Group #1

Urbana Residents

Allison McLaughlin, Carle Foundation Hospital

David Adcock, Urbana School District

Barb Stiehl, City of Urbana Public Works

Andrew O'Baoill, Community Member, WRFU, WEFT, etc.

Deborah Rugg, Community Activist/Volunteer, Urbana Park District, League of Women's Voters, YMCA,

Rex Mundt, Chief, Urbana Fire Rescue

Champaign Residents

Imani Bazzell, Urban League

Chris Foster, UPTV

Brett Coup, Parkland College, Director of Distance Learning (affiliated with Champaign but lives in Savoy, IL.)

Mark Kesler, Parkland College

June 6, 2007

Focus Group #2

Urbana Residents

Laura Auteberry, Champaign Park District

Champaign Residents

Tom McDonnell, Parkland College

David Leake, Parkland College

Seamus Reilley, Parkland College

Rick Atterberry, University of Illinois, Cable Commission Chair

Roger Grinnip, IT Director, Champaign Schools, Unit 4

June 6, 2007

Champaign-Urbana Cable Television and Telecommunications Commission

Rick Atterberry

Peter Resnick

Karen Walker

Durl Kruse

Danielle Chynoweth (via telephone)

Tom McDonnell

June 7, 2007

Focus Group #3

Urbana Residents

Durl Kruse, retired elementary school principal; representing AWARE; Senior Citizens for Peace; the Channing-Murray Foundation. He lives in Urbana and is the Urbana representative on the Refranchising Committee

Champaign Residents

Giraldo Rosales, Assistant Dean of Students at University of IL; former Champaign City Councilman; was on Cable Commission as an elected official and will now be on as a private citizen.

Kathy Reiser, University of Illinois, Works in Champaign at one of the U of I extension offices.

Randall Cotton, Member of the Public Access Study Committee

June 7, 2007

UPTV Staff

Chris Foster

June 7, 2007

Focus Group #4

Urbana Residents

Terri Scott Adcock, Parkland College

Dennis Roberts, Urbana Councilman
Pete Resnick, Cable Commissioner

Champaign Residents

Al Kagan, AWARE
Marsha Grove, Champaign Public Library Director
Carol Innskeep, Urbana Library, Reference Staff
Patsy Petrie, University of Illinois, Department of Regional Planning

Other:

Tony Foster, Urbana Fire (lives in St. Joseph and works in Urbana)

June 12, 2007

Urbana Councilwoman, Cable Commission and UPTV
Danielle Chynoweth (via telephone)

June 14, 2007

Tour of Parkland College Television
Brett Coup, Director of Distance and Virtual Learning (DVL), Online programs
Richard Thompson, Lead Telecommunications Systems Technician, DVL

June 14, 2007

City of Champaign
Jeff Hamilton

June 14, 2007

UPTV Commissioner
Durl Kruse

June 14, 2007

UPTV Commission and Public Access Study Committee
Barbara Gladney
Durl Kruse
Randall Cotton
Danielle Chynoweth (via telephone)
Chris Foster
Jeff Hamilton

June 15, 2007

UPTV Commissioner
Barbara Gladney

June 15, 2007

WILL-TV (regarding UI-7)
Carl Caldwell, Station Manager
Henry Szujewski, Executive Producer

June 15, 2007

Independent Media Center, Tour of Facilities with Barbara Gladney
Andrew O'Baoill
Brian Dolinar, Public Eye Newspaper

June 18, 2007

Independent Media Center
Sascha Meinrath (via telephone)

June 29, 2007

City of Urbana, Information Technology
Bill DeJarnette (via telephone)

July 5, 2007

Champaign County, Senior Assistant State's Attorney
Susan McGrath (via telephone)

July 7, 2007

UPTV Commission
Greg Boozell (via telephone)

August 30, 2007

Urbana Mayor
Laurel Lunt Prussing

Urbana City Councilwoman
Danielle L. Chynoweth

August 30, 2007

Champaign Mayor
Gerald Schweighart

Champaign City Manager
Steve Carter

Champaign Information Technologies Director
Fred Halenar

Champaign Telecommunications/AV Technician
Jeff Hamilton

Champaign Deputy City Attorney
Trisha Crowley

Final Report

Technical System Audit

**Cities of Champaign and Urbana, IL
In Preparation for Franchise Renewal**

With Insight Communications

Prepared by:

**David Devereaux-Weber, PE
Dr. Barry Orton**

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I. Executive Summary

The technical audit of the Insight cable television system serving the Cities of Champaign and Urbana, Illinois had three principal tasks: 1) review the quality of the cable plant and the signal it delivers to subscribers; 2) assess the quality of the outside plant in terms of public safety in the right-of-way; and 3) conduct a spot check of the grounding of residential cable drops. The audit was conducted by David Devereaux-Weber, PE, and supervised by Dr. Barry Orton.

On May 17, 2007, Mr. Devereaux-Weber conducted the signal quality tests. On June 6, he surveyed the outside plant to check on visible safety issues. On August 21, working with building inspection staff from both Cities, he conducted the spot checks of residential grounding.

As the reports that follow show, **Mr. Devereaux-Weber found that the cable plant is in “very good technical shape,” and noted signs of good repair and operation, with high signal quality and relatively few outside plant problems that could impact on public safety.** In his words, “This system may be described as a *tight system*, meaning that there is no ingress and maintenance is ongoing. This demonstrates a high level of attention to system reliability.” Further, he reports that: “...this system exhibits a few outside plant issues that need attention, but also shows a more-or-less continuous attention to leakage management and ingress control.”

With regard to residential grounding, the results were more mixed, with a few code violations found in Urbana (3 of 11 locations inspected), but a significantly high proportion of violations found in Champaign: 9 of 12 locations inspected. The Cities should notify Insight of all violations found, and cite each code violation. A re-inspection of the violations should be done, and Champaign should consider a wider program of inspection in light of the high proportion of violations found. Insight should also be required to conduct its own wider survey of residential grounding and report its findings and any mitigation work it conducts.

II. System Performance and Safety

David Devereaux-Weber, P.E.

2529 Gregory Street

Madison, WI 53711-1928

Telephone: (608) 576-2599

Email: dave@ddwsvcs.com

Senior Member, Society of Cable Telecommunications Engineers

June 25, 2007

On May 17, 2007, I, David Devereaux-Weber, PE (DDW) traveled to Champaign, Illinois and Urbana, Illinois to review the technical operation of the Insight Communications cable television system serving the Cities.

I met with technical staff from Insight Communications at the headend, which is on South State Street near the corner of Fox Drive, reviewed copies of Insight's most recent proof-of-performance test, and, with the Insight technical staff, spot checked measurements at two test points. The Insight staff I worked with were Jim Lee and Steve Southy.

The cable system serving Champaign and Urbana has a total of 750 MHz of bandwidth, and uses a design technology called *hybrid fiber coax* or HFC. HFC uses fiber optic cable to distribute signals from the headend to hubs, and then to nodes distributed throughout the area. From those nodes, coaxial cable carries the signals to the homes in the area. When compared to *trunk and feeder*, the previous design technology, HFC has higher channel capacity, higher picture quality, higher reliability and lower maintenance cost.

The test equipment used included a Hewlett Packard 8591C Spectrum Analyzer. We did not measure Carrier-to-Composite-Triple-Beat, because such measurements require turning off the channel to measure the triple beat products in the area normally occupied by the channel. Insight Communications has a strong policy against any unplanned outages.

The Carrier-to-Noise ratios we measured were all well above the FCC minimums, as would be expected in a system carrying digital services. These measurements were very similar to the measurements made in the two most recent Proof-of-Performance measurements. I am very confident that the Proof measurements are representative of actual conditions.

I observed all channels on a television set at four locations: The company office, the headend, and the two test points below. At no time did I see evidence of ingress from over-the air transmissions, including channel 19, where public and business radio signals often leak into a

Champaign and Urbana Technical System Audit 11/5/07

cable system from loose connectors or cable shield faults. This means that the system is well maintained. Loose connectors or cable shield faults can occur on almost a daily basis, so the lack of such issues means a constant attention to maintenance. This system may be described as a *tight system*, meaning that there is no ingress and maintenance is ongoing. This demonstrates a high level of attention to system reliability.

There was also no sign of the so-called *Venetian blinds* effect, which is caused by Composite Triple Beats. CTB occurs when amplifier levels are adjusted too high, or when some channels are amplified more than others.

The proof-of-performance measurement results signify a good quality signal. It is my opinion that the June 2005 Proof-of-Performance results accurately reflect the state of the cable system, and that the system exceeds FCC technical rules.

The outside plant of the cable system is a mix of unjacketed coaxial cable installed in the 1980s era and jacketed coaxial cable installed more recently. Making coaxial cable with an outer jacket protects the aluminum shield from the corrosive effects of acid in rain and from road salt aerosols. In my experience, corrosion of unjacketed coaxial cable occurs more often in cable installed close to highly trafficked roads. The result of corrosion is radial cracking of the aluminum sheath of the coaxial cable, and this radial cracking often occurs adjacent to expansion loops formed where cable enters or exits devices, and at the connector itself. The result of such cracks would be signal ingress and signal egress (signal leakage).

The decision to replace unjacketed cable with jacketed cable is a question of engineering economics and cable life. Certainly in the system in Champaign and Urbana, there were no signs of signal ingress (the interference on channel 19 or on channels used for over-the-air television in Champaign/Urbana).

On June 6, 2007, I did a spot survey of the outside plant. I found that, in general, the plant was in good repair. I found two instances of broken lashing wire: In Champaign near the intersection of Daniel St. and James St. and near the intersection of Armory Ave. and S. First St.

On South Mattis Ave. south of Kirby Ave., I was unable to find a bond between the electric vertical ground conductor and the cable television strand. There is a cable television power supply at this location, and the power supply was grounded properly.

In Champaign, at the north end of Stratford Dr., where the street ends at a field, there may be insufficient clearance between the ground and the cable.

On S. Russell St., between Healy St. and Green St., the cable television cable appears to be too close to the electric power line.

In Champaign, on State St. between Beardsley Ave. and Eureka St., there is a coil of fiber optic cable that is leaning against a telephone cable.

On State St., between the railroad track and Maple St., there is insufficient clearance between CATV and telephone.

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In Urbana, at 305 Colorado, Ave., the CATV appears to be too low over a driveway.

Overall, this system exhibits a few outside plant issues that need attention, but also shows a more-or-less continuous attention to leakage management and ingress control. This system is in very good technical shape.

David Devereaux-Weber, P. E
(Wisconsin Professional Engineer License 28619)

Champaign and Urbana Technical System Audit 11/5/07

Appendix A

**MEASUREMENTS
Kirby Ave. & Staley Rd.; Champaign**

Impairment	Channel	Measured Value	1/24/07 Proof	7/6/06 Proof	FCC Specification	Difference 5/07 Meas. to FCC
Carrier-to-Noise (dB)	2	46.7	None ⁵	None ⁵	43.0	3.7
Carrier-to-Noise (dB)	6	48.5	None ⁵	None ⁵	43.0	5.5
Carrier-to-Noise (dB)	78	47.5	None ⁵	None ⁵	43.0	4.5

**MEASUREMENTS
Crystal Lake Dr. & Cunningham Ave.; Urbana**

Impairment	Channel	Measured Value	1/24/07 Proof	7/6/06 Proof	FCC Specification	Difference 5/07 Meas. to FCC
Carrier-to-Noise (dB)	2	50.9	49.7 ²	48.7 ²	43.0	7.9
Carrier-to-Noise (dB)	6	50.8	48.9 ³	48.8 ³	43.0	7.8
Carrier-to-Noise (dB)	78	50.8	48.9 ⁴	49.4 ⁴	43.0	7.8

Notes:

1. Composite Triple Beat not measured because it causes an outage.
2. Nearest Channel C/N Measured on Ch. 3.
3. Nearest Channel C/N Measured on Ch. 17.
4. Nearest Channel C/N Measured on Ch. 72.
5. Test Points are located at system extremities.

Appendix B

CARRIER-TO-NOISE AND COMPOSITE TRIPLE BEAT

The carrier-to-noise-ratio (C/N or CNR) is the ratio between noise, the random snow or static present in electrical components, and the carrier, which is the electrical signal that "carries" the television picture. As this ratio increases, less snow is seen in the picture.

The carrier-to-noise ratio can be different on each channel, because the signal loss in the cable used increases as the frequency of the channel. Cable television amplifiers can be adjusted to compensate for this. My experience is that the "worst case" situations occur on the lowest and highest channels, so I am confident that these measurements are a good way of characterizing the C/N performance of the system.

The composite-triple-beat (CTB) ratio is a measurement of the distortion caused by the cable television equipment. CTB describes one way in which distortion can occur in cable television systems. Triple-beats are combinations of three signals. Many different combinations can fall at a particular frequency. CTB measures the sum of all the triple-beats that occur at a particular frequency. In a cable system, the worst-case situation occurs near the center of the spectrum used. This measurement is a good way of characterizing the distortion of a cable system. The commonly accepted method of measuring this distortion is to measure the strength of a particular channel, then to turn off the channel and measure the amplitude of the CTB distortion products.

CTB is related to the number of channels present. It is not a serious challenge in 300 MHz systems. It becomes more critical when bandwidths rise above 400 MHz. Several methods are used to control CTB, including Harmonically Related Carriers (HRC), feedforward amplifiers, parallel hybrid amplifiers, and amplifier cascade reduction by using fiber optic distribution. In modern systems, parallel hybrid amplifiers have become the most commonly used technology.

C/N and CTB are related: an engineer can improve C/N performance by increasing the signal levels, but this also increases distortion. Likewise, an engineer can improve distortion performance by decreasing signal levels, but this makes the C/N ratio worse. In fact, the compromise between noise and distortion is one of the more important parts of cable system design. To improve a system, the amplifiers could be replaced with a different type of amplifier that has better noise and distortion performance, or by reducing the number of amplifiers in a cascade (typically by using fiber optic distribution).

C/N and CTB are flaws in analog pictures, and can cause problems with digital signals, including digital cable, cable modem service, and cable telephony. Digital signals have a fault in that they do not degrade gracefully. When the number of transmission errors (the Bit Error Rate) exceeds a small threshold, the digital service stops working. This is sometimes called the digital cliff. As a result, when a cable system starts offering digital services, the system must be operated with higher quality and reliability than a system that carries only analog signals.

III. Residential Grounding

David Devereaux-Weber, P.E.

2529 Gregory Street
Madison, WI 53711-1928
Telephone: (608) 576-2599
Email: dave@ddwsvcs.com
Senior Member, Society of Cable Telecommunications Engineers

September 24, 2007

Dr. Barry Orton
4718 Lafayette Dr.
Madison, WI 53705

Dear Barry,

On Tuesday August 21, at your instruction, I went to Champaign and Urbana, Illinois to inspect the grounding of a selected set of cable television installations. This project is part of the technical system audit of the Insight system, which is a phase of the franchise renewal process community needs ascertainment being done for the Cities by yourself and Susan Bisno Massel as subcontractors for Moss and Barnett.

In both locations we used the National Electrical Code as our reference. The National Fire Protection Association publishes the National Electrical Code. NFPA publishes a new version about every 2 years. From the NFPA Web site: "The NEC protects the public by establishing requirements for electrical wiring and equipment in virtually all buildings." Faulty electric wiring can cause electric shock or fire.

Wiring inspection is complex. Some time ago, the NEC depreciated the use of a water pipe as a primary ground electrode. As a result, CATV Grounding that was compliant prior to that NEC change may not be compliant with the version of NEC currently in force, but may be "grandfathered" unless the installation is changed in a significant way.

As published by the NFPA, the NEC is only advisory. In order to make it a requirement in a municipality, a state legislature or local municipality must adopt the NEC. Such legislation is for a particular version of the NEC, and such legislation may describe changes and additions to the published NEC. In Illinois, the NEC is adopted at the municipal level. Both Champaign and Urbana have adopted the NEC into local Code.

In the morning, I worked with Tim Mecum, an Electrical Inspector from the City of Urbana. We inspected the cable television grounding at the following 11 residences with cable service. Mr. Mecum chose the locations.

1. 1004 Delaware; CATV Ground is OK.
2. 1603 Wiley; CATV Ground is not OK; poor job of scraping paint off conduit.

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3. 1601 Wiley; CATV Ground is not OK; separate ground rod - not bonded to building ground system (electrical, telephone, water).
4. 505 E Washington; CATV Ground is OK.
5. 916 S Maple; CATV Ground is OK.
6. 806 S Weber; CATV Ground is OK.
7. 311 W. Washington; No CATV ground found; electric rewiring underway.
8. 608 S. Race St.; CATV Ground OK.
9. 604 S. Race St.; CATV Ground OK.
10. 507 W. Green; CATV Ground OK; old CATV box hanging; needs to be removed or re-attached.
11. 509 W. Green; CATV Ground OK.

Urbana Summary: 3 violations of 11 locations inspected.

In the afternoon, I worked with Susan Salzman from Neighborhood Services Department of the City of Champaign. We inspected cable television grounding at the following 12 residences with cable service. Ms. Salzman chose the locations.

1. 511 S. Elm; CATV Ground OK.
2. 506 W. Green; two CATV drops; one CATV Ground OK; one CATV Ground not OK – poor paint scraping under ground clamp.
3. 505 W. Green; CATV Ground OK.
4. 1010 Broadmoor Dr.; CATV Ground not OK – loose ground strap on hose faucet.
5. 1206 Broadmoor Dr.; CATV Ground not OK – ground rod diameter too small and ground rod not bonded to grounding system.
6. 1809 Southwood; CATV Ground OK.
7. 1802 Crescent; CATV Ground not OK; no ground found.
8. 911 Mattis; CATV Ground not OK; no ground found.
9. 907 Mattis; CATV Ground not OK; no ground found.
10. 903 Mattis; CATV Ground not OK; no ground found.
11. 809 Mattis; CATV Ground not OK; no ground found.
12. 807 Mattis; CATV Ground not OK; ground rod diameter too small.

Champaign Summary: 9 violations of 12 locations inspected.

Digital photographs of these inspections are attached.

I recommend that Insight be directed to remedy the non-compliant locations and that the locations be re-inspected when complete. Due to the relatively high proportion of violations found in Champaign, I also recommend that the City consider a program of additional inspections.

Respectfully submitted,

David Devereaux-Weber, P. E.

IV. Discussion and Recommendations

The cable plant is modern in design and capacity, in “very good technical shape,” and in generally good repair. Signal is of high quality and relatively few outside plant problems were found that could impact on public safety. David Devereaux-Weber, PE wrote: “This system may be described as a *tight system*, meaning that there is no ingress and maintenance is ongoing. This demonstrates a high level of attention to system reliability.” Further, “...this system exhibits a few outside plant issues that need attention, but also shows a more-or-less continuous attention to leakage management and ingress control.” These findings bode well both for customer satisfaction and for general public safety with regards to rights-of-way.

The Cities had several technically related questions that merit discussion here. The first issue involves the system’s capacity and its future. The system has been upgraded to a total of 750 MHz of bandwidth pursuant to the requirements of the Franchise Agreement. Its HFC design is the current state-of-the-art for the cable television industry, allowing a great number of digital television channels to be carried, along with high-speed Internet (“cable modem”) service and telephone service. At present, this design meets most subscribers’ bandwidth needs.

The next level of technical capacity would be a “Fiber To The Premises” (FTTP) design, which replaces the coaxial cable drops from the neighborhood nodes to subscribers with significantly higher capacity fiber optic cable. This design is what Verizon’s much-hyped “FIOS” (Fiber Optic Service) is based on. In the long run of more than five years, the cable industry will experience consumer pressure to expand bandwidth as more digital video programming is available on the Internet, and as individuals continue to expand their uses of computers to include more functions that require higher upstream capacity, such as gaming and video-conferencing. The logical step, then, would be to move to a FTTP design. The Cities, however, cannot require such an upgrade in the renewal process, in that federal statutes expressly prohibit franchise authorities from specification of technologies. Further detailed discussion of this issue should be between the Cities and their attorney for the renewal process, Mr. Grogan, in that the topic involves the renewal negotiations.

Another issue that concerned the Cities relates to the system’s capacity for “return lines” to originate PEG programming from various locations. The Cities normally only use a few of these, but there are several more that are required in the Franchise Agreement. Exhibit C requires the following public buildings be provided with live program origination capability: City Halls, Parkland College Educational Video Center, University of Illinois Gregory Hall, University of Illinois Foreign Languages Building, Fire Headquarters, Police Headquarters Libraries, Public Works Buildings, High Schools, Fire Department Substations, Elementary Schools, Middle Schools.

When queried, Insight stated: “Insight’s Champaign/Urbana system exceeds the live program origination capability franchise requirements of Exhibit C. The system is capable of providing insertion points at several locations for live programming.

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Locations include; city halls, Parkland Educational Video Center, University of Illinois Gregory Hall, University of Illinois Foreign Language Building, fire departments, police departments, libraries, public works buildings, schools and the school district administrative offices.” The sites Insight reports have live program origination capabilities are attached to the PEG report as Exhibit D, “Live Origination Sites.” These sites may be “capable” of live origination but it is not clear if this capability has been activated. The Cities should inform these agencies that they have the capability to cablecast live and pursue activation of the capability if the organizations so desire.

The Cities also asked that unserved areas be identified with the aim of trying to get service where feasible. It has been difficult to get Insight to pinpoint these areas. After much prodding, Brian Gregory, Insight’s director of government relations, wrote: “We cover nearly the entire residential area with service. The one exception may be a few apartments in a commercial area of downtown... If you have any potential customers, residential or commercial, feel free to provide us with their address and we can survey for serviceability.” Insight should be willing to serve any such residents upon request. Since the Cities have no legal oversight over commercial access to cable, the issue would be best discussed with Mr. Grogan in relation to the renewal negotiations.

As expected, the issue of grounding of residential installations has proved problematic. Only a few code violations were found in Urbana (3 of 11 locations inspected), but a significantly high proportion of violations were found in Champaign: 9 of 12 locations inspected did not meet code. Six of the nine had no grounding whatsoever. The Cities should cite Insight for all code violations found; a re-inspection of the violations should follow. Champaign should consider a wider program of inspection in light of the high proportion of violations found in the City. Further, Insight should be required to conduct its own system-wide survey of residential grounding and report its findings and any mitigation work it conducts. The public safety concern here must be emphasized; lack of grounding is a significant violation of City code.

Beyond these serious grounding problems, the Cities should be reassured that the cable plant itself is currently in good repair, of modern design, and a reasonably safe occupant of the public rights-of-way. It is our opinion that much of the credit should go to Insight’s local management and technical staff, who have had autonomy to establish local quality practices. The question for the future is whether Comcast will maintain these standards. The Cities’ answer will come in two forms. One will be when another such technical audit is commissioned, which we recommend doing in three to five years. The second answer will only come if Comcast does allow technical quality to significantly deteriorate: subscribers will let Council members of both Cities know loud and clear with a deluge of phone calls and messages.

David Devereaux-Weber, P.E.

2529 Gregory Street
Madison, WI 53711-1928
Telephone: (608) 576-2599
Email: dave@ddwsvcs.com
Senior Member, Society of Cable Telecommunications Engineers

September 9, 2007

Barry Orton
220 Lowell Hall
610 Langdon St
Madison, WI 53703

Dear Barry,

Here is the report on the grounding inspection in Champaign/Urbana.

Dave

Cable Television Grounding Inspection in Urbana and Champaign, Illinois

**September 21, 2007
Urbana**



1004 Delaware; grounded to the ground rod used for the building electric ground; ground is OK.



1603 Wiley; not very good job of scraping paint off conduit; otherwise OK.



1601 Wiley; Separate ground rod- no bond to building ground system (electrical, telephone, water).



505 E Washington; grounded to building electrical ground; OK.



916 S Maple; ground OK.



806 S Weber; Bond to power entrance; OK.



311 W Washington; remodeling taking place; no cable television ground or bond found.



608 S. Race St.; ground OK.



604 S Race; Multiple Dwelling Unit; ground OK; box missing cover; ground wire enters building; unable to enter building to check.



606 S Race; ground wire enters building; no response, unable to enter to check.



507 W. Green; Old box hanging; ground OK.



509 W. Green; ground OK

Champaign



511 S. Elm; Multiple Dwelling Unit; ground OK.



506 W. Green; two cable television drops; the one with the box has a ground clamp for which the paint was not scraped off very well.



505 W Green; Grounding OK.



1010 Broadmoor; Loose pipe strap on hose faucet; not OK.



1206 Broadmoor; Ground rod too thin and not bonded to building system ground; not OK.



1809 Southwood; Ground OK.



1802 Crescent; No ground found; not OK.



911 Mattis; Multiple Dwelling Unit; No ground connection; not OK.



907 Mattis; Multiple Dwelling Unit; No ground connection; broken lashing wire on cable behind building; not OK.



903 Mattis; Multiple Dwelling Unit; No ground connection; not OK



809 Mattis; Multiple Dwelling Unit; No ground connection; not OK.



807 Mattis; Multiple Dwelling Unit; Grounded, but rod too thin and no bond to building ground system; not OK

Report to the

**City of Urbana,
Illinois**

**Community Attitudes
Toward Cable TV**

**A
Telephone Survey
of
Cable Television Subscribers**

Research by **etrok**

May 30, 2007

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I. Executive Summary

From May 6 through May 11, 2007, under the direction of the City of Urbana, Illinois, and its consultants, Brian T. Grogan, ESQ, Professor Barry Orton and Susan Bisno Massel, **etrok** conducted 310 telephone interviews with a random sample of Insight Communications subscribers within the City of Urbana. Simultaneously, etrok conducted an identical survey of City of Champaign cable subscribers.

The data from these interviews were used to assess several research questions. How satisfied are subscribers with the overall performance of Insight Communications? How satisfied are subscribers with Insight Communications' services related to installation, repair, picture reception, telephone response, billing and other aspects of customer service? What is the viewership of the four local cable access channels operated by the City of Champaign, Urbana Public Television, the University of Illinois, and Parkland College? What is the level of support for these access channels? What support exists for establishing a new, full-time public access channel?

Results

Results of this study lead to the following conclusions:

- ❑ Most Insight Communications subscribers in Urbana are satisfied with their cable service. Three out of four said they were at least "somewhat satisfied" that they were getting their money's worth from cable. About 88.7% of subscribers said they were satisfied with Insight Communication's overall performance.
- ❑ The lowest relative levels of satisfaction were recorded by subscribers for "programming," "number of channels" and "getting through on the phone" although better than four in five subscribers were satisfied in all categories.
- ❑ Few subscribers reported problems with their initial installation of service. Turn-over of subscribers is low.
- ❑ Nearly one in four Urbana subscribers called Insight Communications for repair service in the past two years. Of these, only 56.9% said the repair was made by the next day. Most, 80.6%, rated the quality of the repair work as "good" or "excellent."
- ❑ Less than a third of subscribers reported some problem with picture quality in the past year. The most common problems were "snowy picture" and "lines on screen."

I. Executive Summary

- ❑ On average, subscribers experienced a total loss of picture 1.7 times in the past year.
- ❑ About one-fifth of subscribers had reason to call the cable company in the past six months. Of those, 19.7.8% reported difficulty getting the company on the phone.
- ❑ Most subscribers felt that customer service has “stayed the same” since becoming a subscriber but 16.8% said service has “gotten better” compared with only 3.2% who felt that customer service has “become worse.”
- ❑ Among those who had cable in another community, 19.0% said the cable service provided by Insight Communications is “better.” Only 9.5% said Insight’s service was “worse.”
- ❑ Nearly two-thirds of cable subscribers in Urbana watch at least one of the four PEG access channels at least occasionally. In Urbana, Urbana Public Television is the most watched access channel.
- ❑ Among the few who gave a favorite access program, Urbana City Council coverage was most often mentioned.
- ❑ Among Urbana subscribers, 71.3% believe it is at least “somewhat important” to maintain the current local PEG access programming.
- ❑ Fewer, 43.2%, believe it important to maintain and enhance quality local PEG access programming, even if the cost winds up on the cable bill. Of these willing to pay more to support and maintain PEG access programming, most, 79.1%, are willing to pay at least \$1 per month.
- ❑ Less than a third believe it important to create a new public access channel if the cost winds up on the cable bill. Of those willing to pay more to support a new public access channel, most, 75.6% are willing to pay at least \$1 per month.

Format of This Report

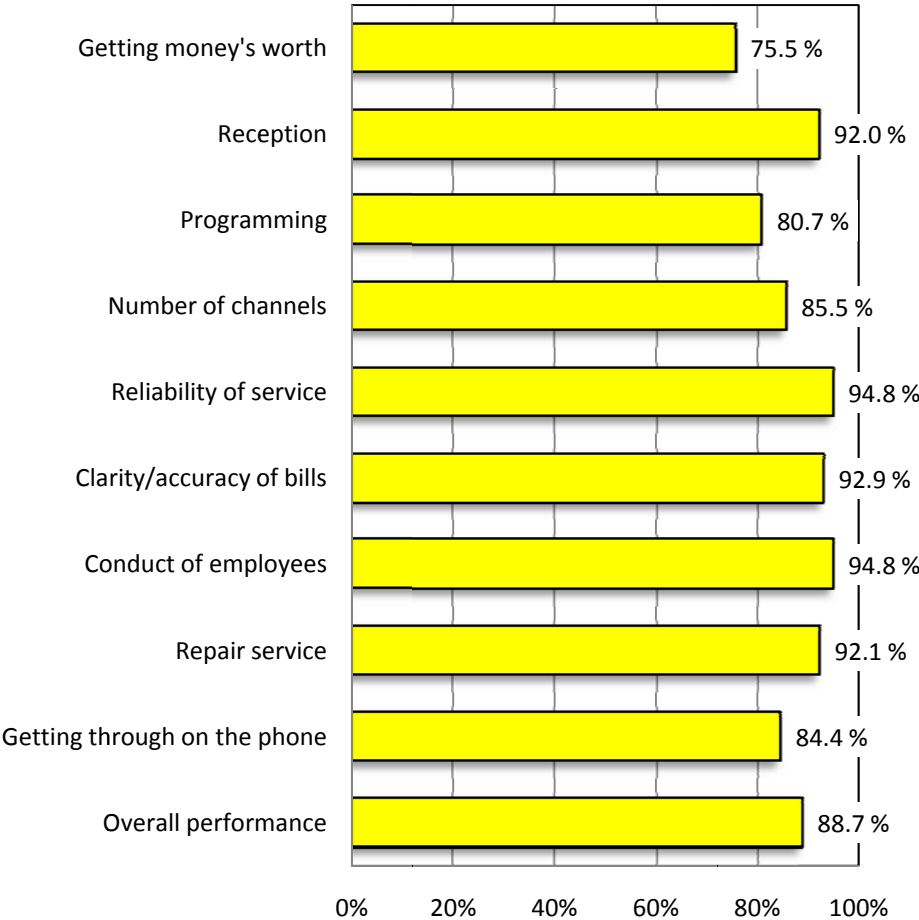
A detailed discussion of all survey results is presented in the following Sections II, and III. Methodology used to conduct this research is presented in Appendix A. Throughout this report, subscriber responses are presented in charts. The data upon which the charts are based can be found in corresponding tables in Appendix B. Open-ended responses to certain questions are listed in Appendix C. Appendices B and C also contain the results of the Urbana survey conducted simultaneously.

II. Satisfaction with Cable

Overall Satisfaction

A majority of Urbana cable subscribers reported satisfaction with their current cable service. [Chart 1 below and corresponding Tables 1, 1A and 1B in Appendix B.]

Chart 1: Satisfaction with Cable Service



Three out of four subscribers of the Insight Communications service, 75.5%, said they were “very satisfied” or “somewhat satisfied” they were “getting their money’s worth” from cable service, including 25.2% who said they were “very satisfied.”

Rating the “overall performance” of Insight Communications, 88.7% were at least “somewhat satisfied,” with 31.3% of subscribers “very satisfied.”

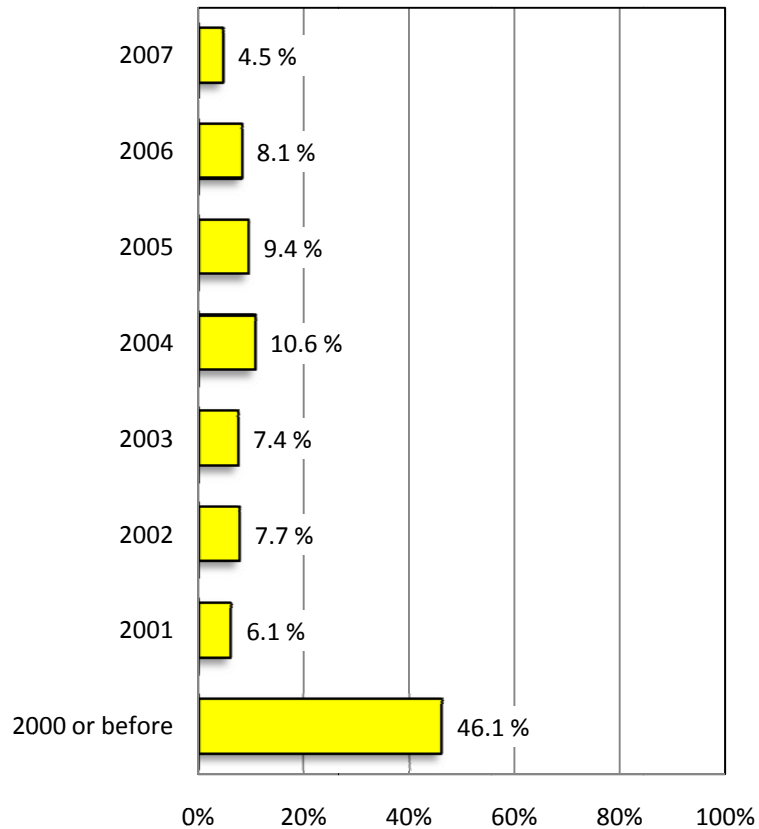
Among the individual categories of service, relatively lower satisfaction was recorded for “programming,” “number of channels” and “getting through on the phone” although better than four out of five subscribers were satisfied in all categories.

Detailed subscriber responses regarding installation, repair service, picture reception, customer service and telephone response are presented later in this section.

Installation

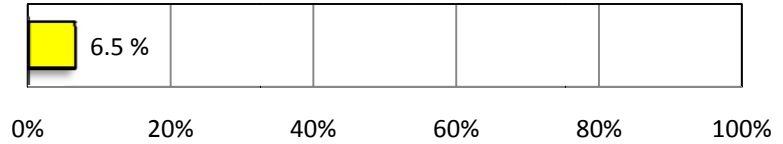
Nearly half of subscribers started receiving cable service at least seven years ago, confirming a low turn-over or “churn” rate among Urbana subscribers.

Chart 2: Year First Subscribed



Only 6.5% of Urbana subscribers said they had problems with the installation of their cable service.

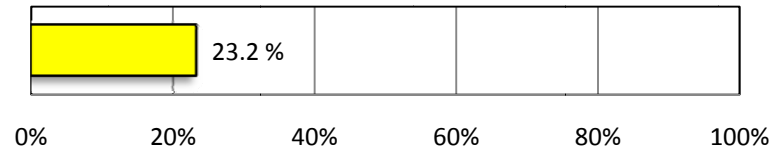
Chart 3: Had Problems With Installation



Repair

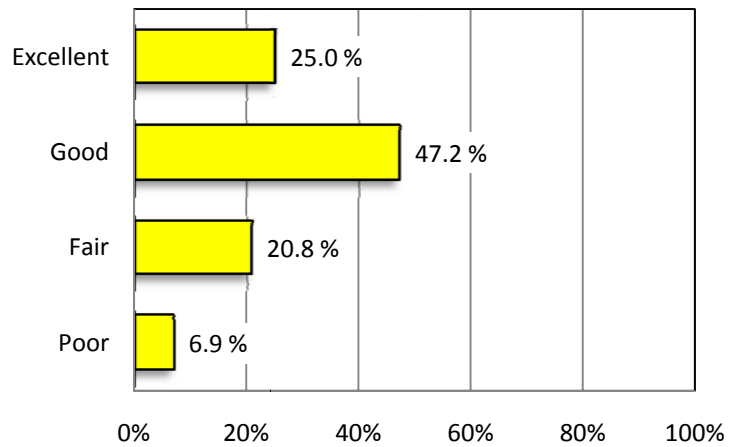
Nearly one in four Urbana subscribers said they called Insight Communications within the past two years for repair of service, for reasons other than problems with system-wide blackout or power outages.

Chart 4A: Subscribers Needing Repair in Past 2 Years



Of those reporting a problem, nearly three-quarters of subscribers felt the response time was “good” or “excellent.”

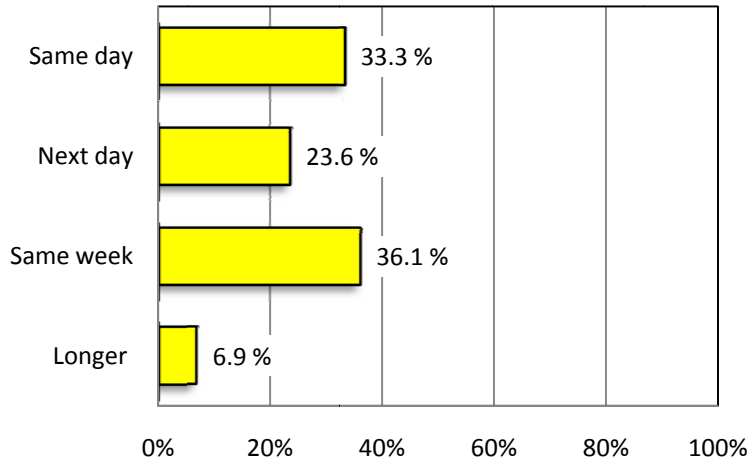
Chart 4B: Rate Repair Service Response Time*



* Of those needing repair service.

Among subscribers requesting repair service, only 56.9% said the repair was made by the “same day” or “next day.”

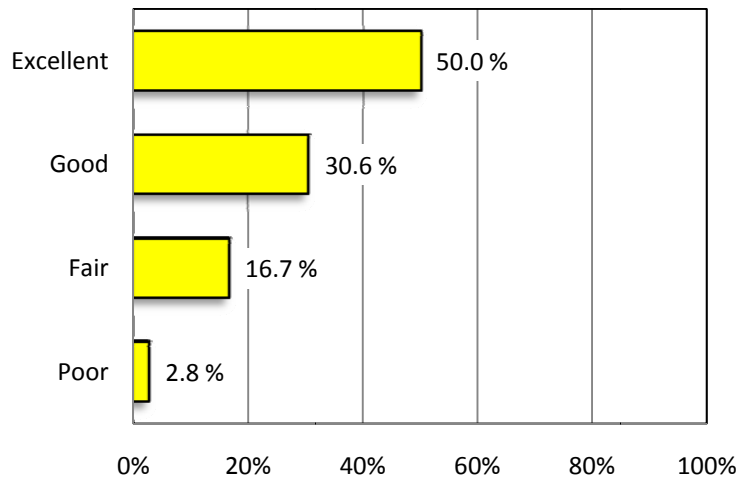
Chart 4C: Repair Service Response Time*



** Of those needing repair service.*

Most subscribers, 80.6%, rated the quality of repair work as “good” or “excellent.” Only 2.8% rated the repair work as “poor.”

Chart 4D: Quality of Repair Work*

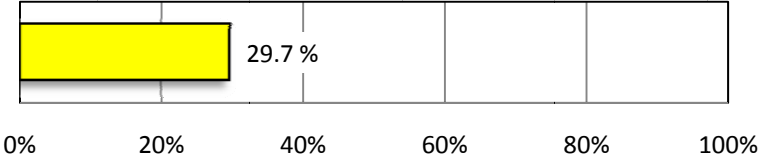


** Of those needing repair service.*

Picture Reception

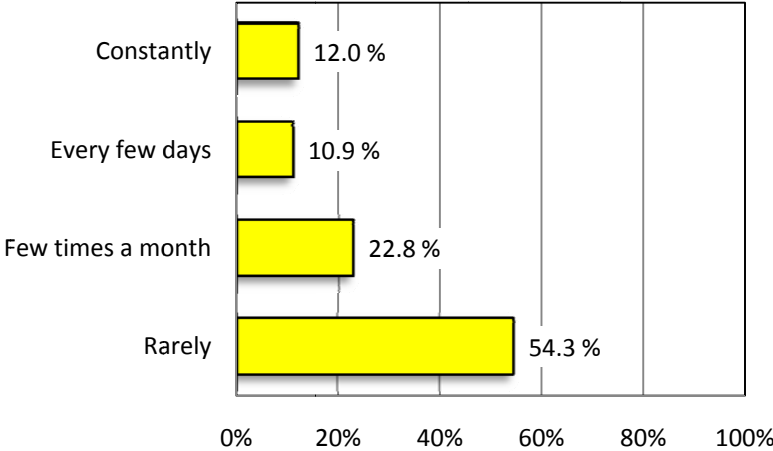
Less than one-third of Urbana subscribers said they had problems with picture clarity or reception in the past year.

Chart 5A: Clarity or Reception Problems in Past Year



Of those having a problem, 22.9% said the problem occurred “constantly” or “every few days,” with 12.0% reporting the problem occurred “constantly.”

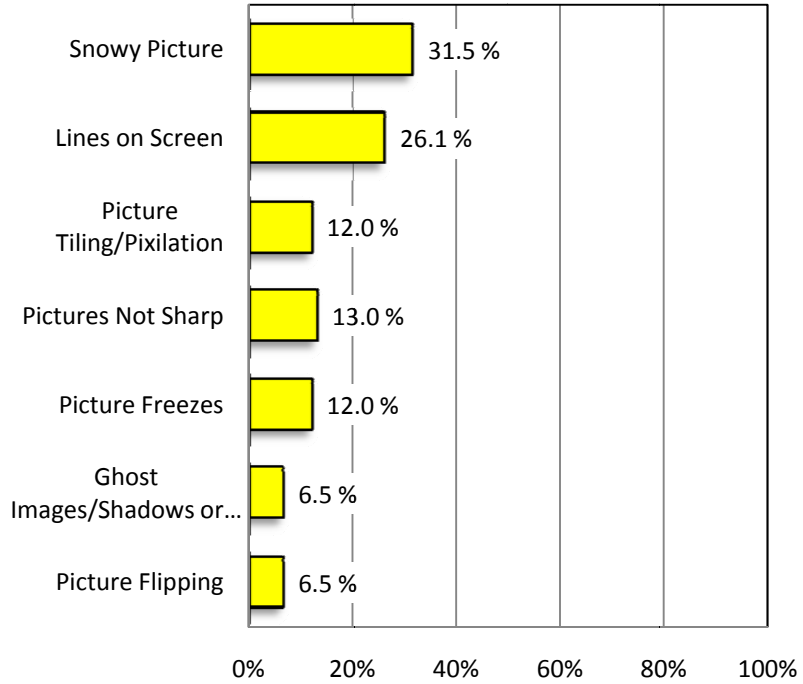
Chart 5B: Problem Occurred...*



* Of those who had reception problems in past year.

The most common problems for subscribers were “snowy picture” and “lines on screen.”

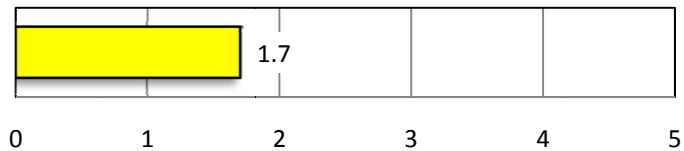
Chart 5C: Type of Problem Experienced*



** Of those who had reception problems in past year.*

On average, subscribers report that their cable service had gone out completely, for 30 minutes or more, 1.7 times in the past year.

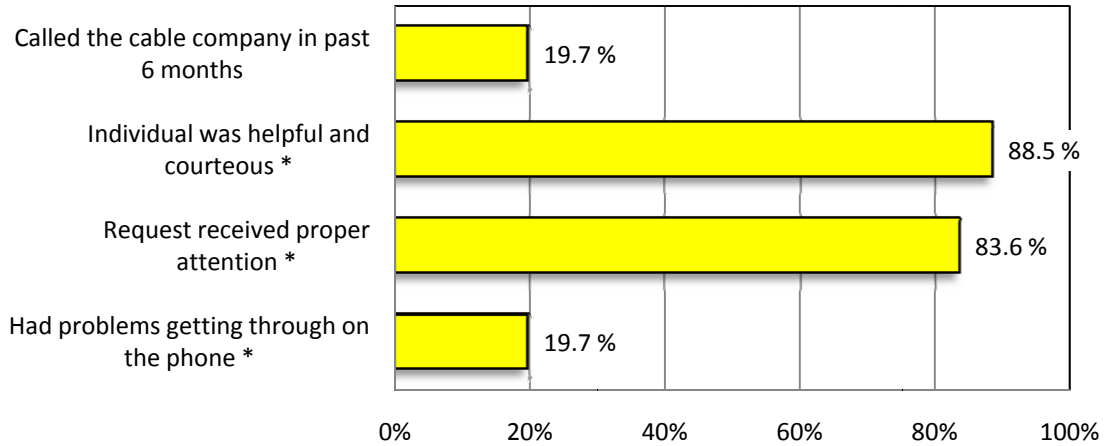
Chart 5D: Number of Times of Total Loss of Picture (30 minutes+) in Past Year



Telephone Response

One-fifth of Urbana subscribers, 19.7%, had a reason to call Insight Communications in the past six months. Of these, most, 88.5% reported that the cable company employee they talked with was helpful and courteous, with 83.6% saying their request received the proper attention. Of the one-fourth who called, 19.7% had trouble getting through on the phone to Insight Communications.

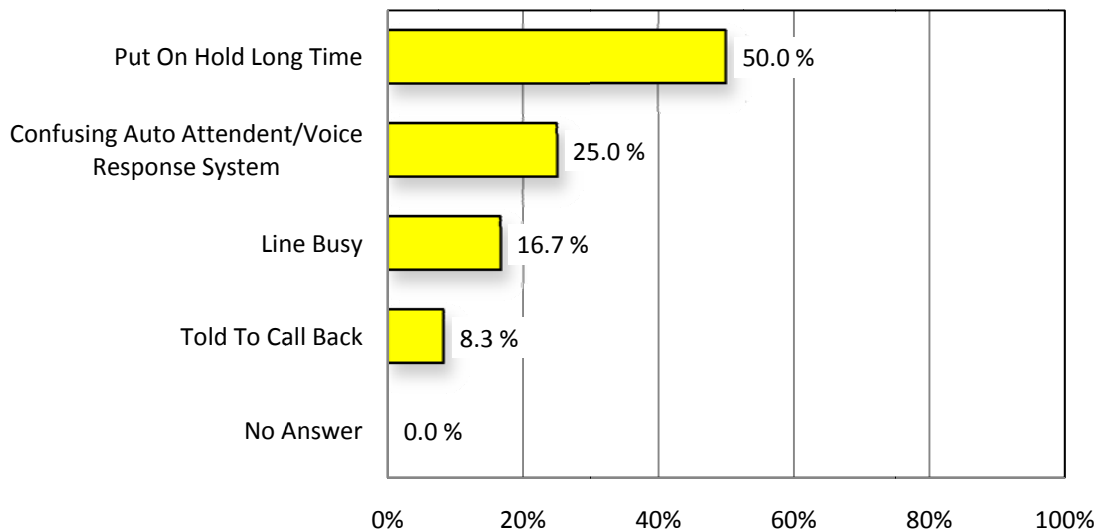
Chart 6A: Telephone Response



**Of those who called company on phone.*

Among those having a problem getting through, “Put on Hold Long Time” was an issue for half, while the cable company’s new automated voice response system was an issue for another 25.0%.

Chart 6B: Telephone Problems*

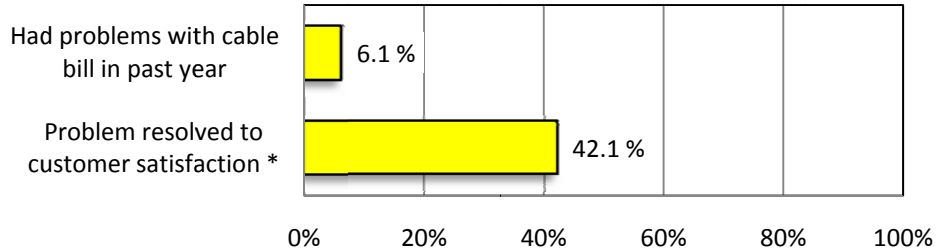


** Of 19.7% of those who had problem getting through on phone.*

Billing

Problems with billing errors were few with just 6.1% reporting problems. Of those, less than half, 42.1%, said the problem was resolved to their satisfaction.

Chart 7: Billing Problems

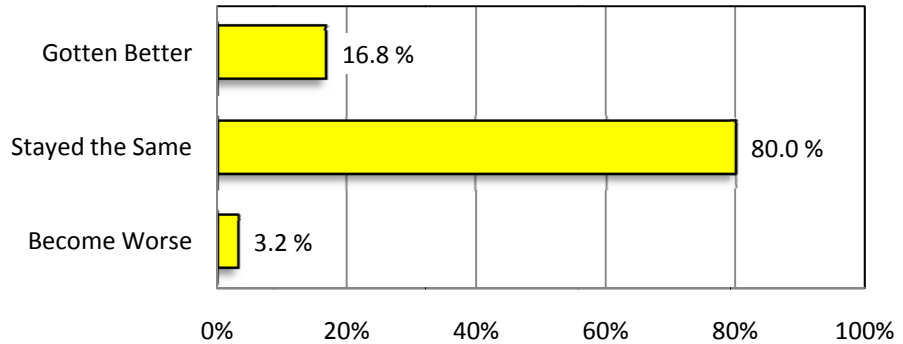


**Of those who had billing problem.*

Changes in Customer Service

Subscribers were asked if, since becoming a subscriber, they believe the Insight Communications customer service has “gotten better,” “stayed the same” or “become worse.” Most subscribers felt that customer service has “stayed the same,” but 16.8% said service has “gotten better” compared with only 3.2% who felt that customer service has “become worse.”

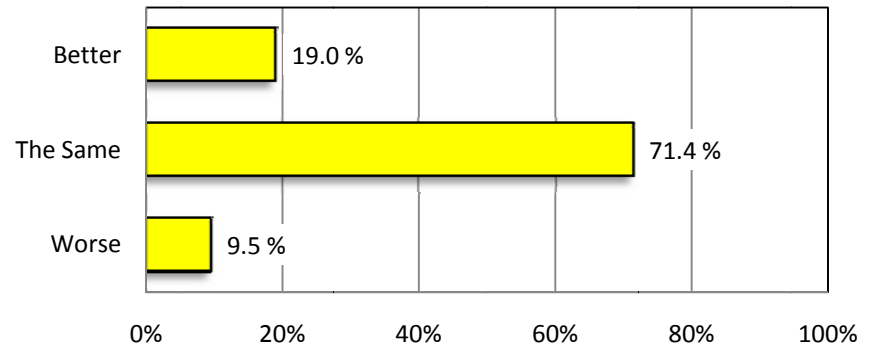
Chart 8: Changes in Customer Service



Local Cable Service Compared With Service in Other Communities

A third of Urbana subscribers, 33.9%, said they had subscribed to cable in another community. Of those, 19.0% believe the cable service provided by Insight Communications is “better,” while 9.5% said the Insight service is “worse.”

Chart 9: Cable Service Provided by Insight is...*



** Of 33.9% who subscribed to cable in another community.*

III. Local Cable Programming

Viewership of PEG Access Channels

Insight Communications currently carries four local PEG access channels: Champaign Government Television-Channel 5; Urbana Public Television-Channel 6; University of Illinois-UI7-Channel 7; and Parkland College-Channel 9. Over half of cable subscribers in Urbana watch the four PEG access channels at least occasionally. In Urbana, Urbana Public Television is the most watched access channel.

Chart 10A: Viewership of Champaign Government Television-Channel 5

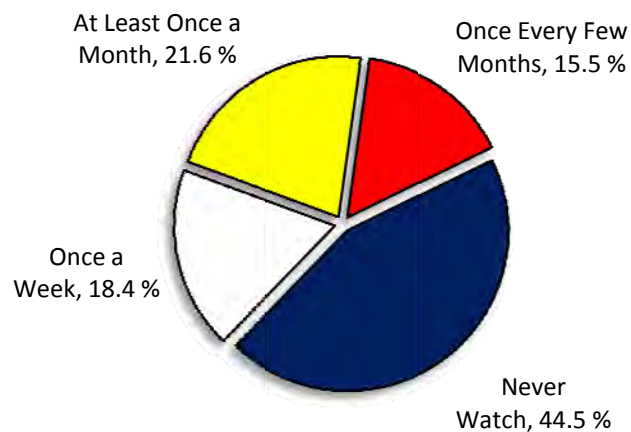


Chart 10B: Viewership of Urbana Public Television-Channel 6

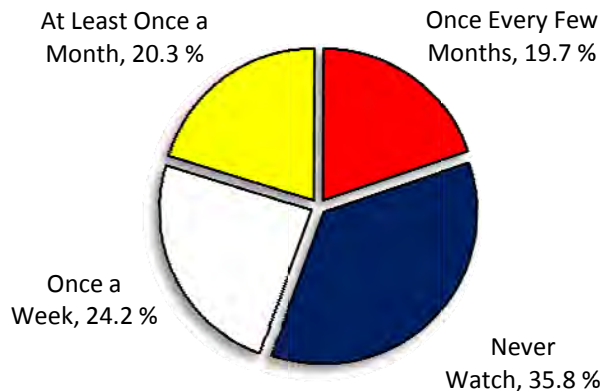


Chart 10C: Viewership of University of Illinois-Channel 7

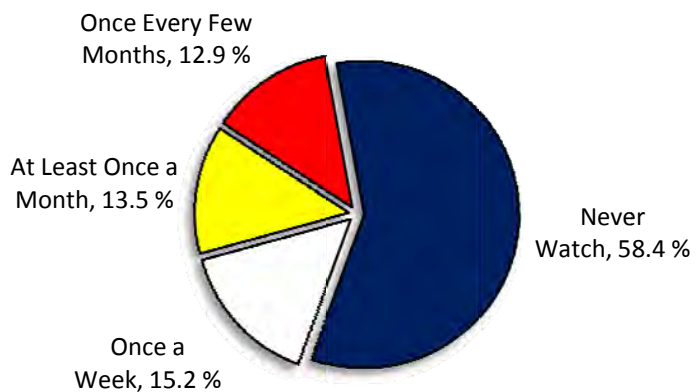
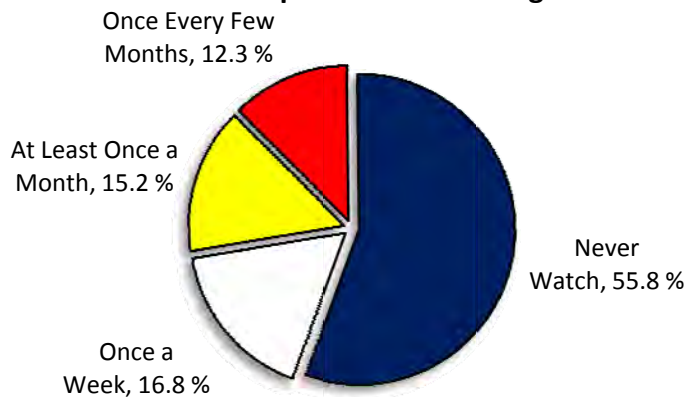


Chart 10D: Viewership of Parkland College-Channel 9



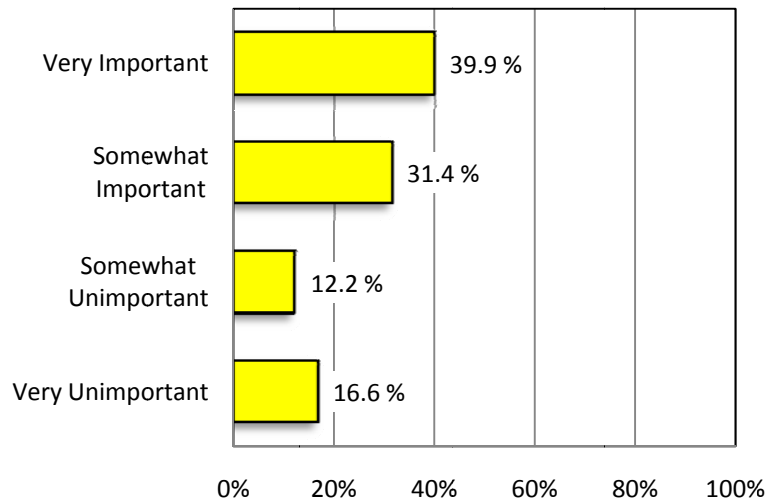
Favorite PEG Access Program

Most Urbana cable subscribers do not have a favorite access channel program. Of those that do, coverage of the Urbana City Council meetings was most often mentioned. [See, Appendix C, page C-4.]

Support for Current PEG Access Channel Programming

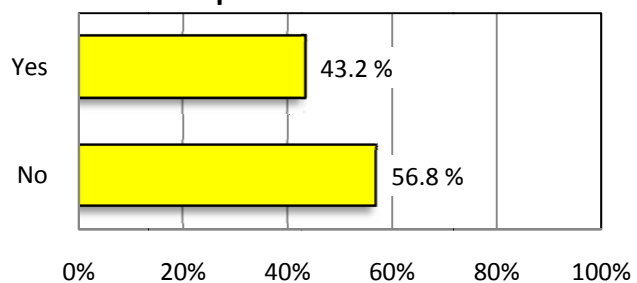
Among Urbana subscribers, 71.3% believe it is at least “somewhat important” to maintain the current local PEG access programming.

Chart 11A: Importance of having PEG Access Channels 5, 6, 7 and 9



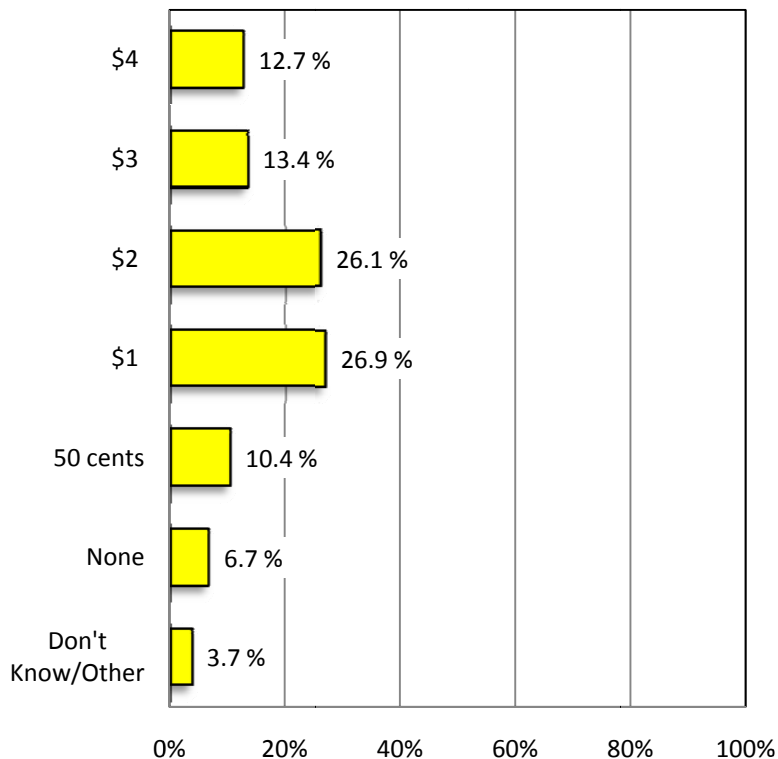
Fewer, 43.2%, believe it important to maintain and enhance quality local PEG access programming, even if the cost winds up on the cable bill.

Chart 11B: Think It Important to Maintain and Enhance Quality Local Programming, Even If Cost Winds Up on Cable Bill



Of these willing to pay more to support and maintain PEG access programming, most, 79.1%, are willing to pay at least \$1 per month.

Chart 11C: Level Willing Per Month To Support Local Access Channels

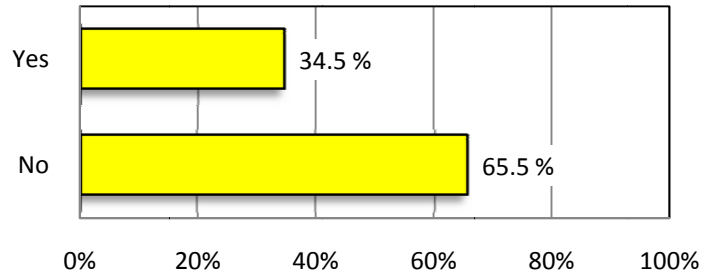


** Of 43.2% willing to pay extra to support local channels.*

Support for A New Public Access Channel

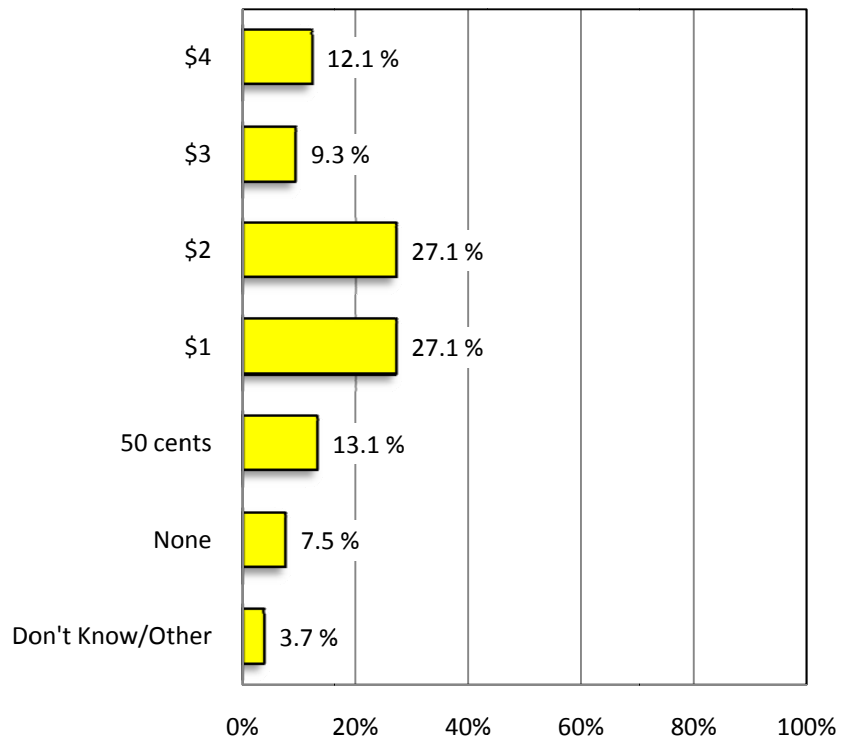
Champaign and Urbana are considering establishing a new, dedicated public access cable channel on which local resident and organizations of both cities may create and telecast their own local programming. Less than a third believe it important to create a new public access channel if the cost winds up on the cable bill.

Chart 12A: Think It Important to Create New Public Access Channel, Even If Cost Winds Up on Cable Bill



Of those willing to pay more to support a new public access channel, most, 75.6% are willing to pay at least \$1 per month.

Chart 12B: Level Willing Per Month To Support New Public Access Channel*



* Of 34.5% willing to pay extra to support new public access channel.

Appendix A: Methodology

Data were collected by telephone interviews in May, 2007. The interviews were conducted by trained interviewers under the supervision of **etrok Research**.

The samples were created from a systematic random sample of phone numbers selected from Urbana addresses from the most recent telephone directory. The last four digits of each number were replaced with a random number to ensure unlisted phone numbers were included in the sample. The resulting numbers were stored in a computer database and randomly ordered for use by interviewers.

The questionnaire for the subscriber survey was converted to CATI—Computer Assisted Telephone Interviewing—format. Each interviewer read questions and recorded responses using interconnected computer workstations.

The interviews were conducted from May 6 through May 11, 2007. Only adults 18 years of age or older were interviewed. Only Urbana cable subscribers were interviewed. A total of 310 interviews were completed with male and female adults from Insight Communications subscribing households. Simultaneously, **etrok** conducted an identical survey of City of Champaign cable subscribers.

Keep in mind the limitations of sample surveys when interpreting the results. Each number is only an estimate. The actual population value may vary. The error associated with the 310 subscriber sample used in the analysis is approximately $\pm 5.5\%$. The error values are higher (worse) where lower sample sizes are used, and lower (better) where average responses other than 50% are encountered. Smaller samples may be encountered for refusals of a single question.

The questionnaire in this study was developed by **etrok** with City of Urbana and City of Champaign officials and their consultants, Brian T. Grogan, ESQ, Professor Barry Orton and Susan Bisno Massel.

Appendix B: Data Tables

NOTE: This appendix presents tables of data for the May 2007 survey of a random sample of Urbana cable subscribers. For comparison, the tables also contain data from the identical survey of Champaign cable subscribers conducted at the same time. The tables also list under the heading "TOTAL" the combined results for the two surveys. The "TOTAL" results are essentially the mean average of the two surveys.

However, the results under "TOTAL" are not precisely the same as the results of a random sample survey of all subscribers in both cities. This is because the samples of the two surveys are about the same (301 for Champaign and 310 for Urbana) whereas Champaign has several times the number of cable subscribers as Urbana. To achieve an overall result, one could weight the two survey results in proportion to the number of cable subscribers in Champaign and Urbana. This was not done because the objective of the surveys was to achieve the best survey results for each city, not the combined area. Moreover, in this instance, the difference from weighting the two survey results to achieve an overall result would be minimal compared to the results shown under "TOTAL" herein and would fall within the margin of error for these two surveys.

TABLE 1: Satisfaction With Cable - Insight Communications

Somewhat or Very Satisfied:			
	Champaign	Urbana	TOTAL
Getting money's worth	72.8 %	75.5 %	74.2 %
Reception	87.4 %	92.0 %	89.7 %
Programming	85.7 %	80.7 %	83.2 %
Number of channels	83.7 %	85.5 %	84.6 %
Reliability of service	92.4 %	94.8 %	93.6 %
Clarity/accuracy of bills	90.3 %	92.9 %	91.6 %
Conduct of employees	93.3 %	94.8 %	94.1 %
Repair service	92.3 %	92.1 %	92.2 %
Getting through on the phone	83.5 %	84.4 %	84.0 %
Overall performance	88.0 %	88.7 %	88.4 %

TABLE 1A: Satisfaction With Cable - CHAMPAIGN/Insight Communications (Detail)

	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
Getting money's worth	26.6 %	46.2 %	19.6 %	7.6 %
Reception	37.9 %	49.5 %	9.6 %	3.0 %
Programming	27.2 %	58.5 %	11.6 %	2.7 %
Number of channels	29.9 %	53.8 %	13.3 %	3.0 %
Reliability of service	37.9 %	54.5 %	5.6 %	2.0 %
Clarity of bills	35.5 %	54.8 %	8.0 %	1.7 %
Conduct of employees	38.5 %	54.8 %	5.3 %	1.3 %
Repair service	36.3 %	56.0 %	6.4 %	1.3 %
Getting through on the phone	30.8 %	52.7 %	10.4 %	6.2 %
Overall performance	31.9 %	56.1 %	10.0 %	2.0 %

TABLE 1B: Satisfaction With Cable - URBANA/Insight Communications (Detail)

	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
Getting money's worth	25.2 %	50.3 %	18.7 %	5.8 %
Reception	45.5 %	46.5 %	7.1 %	1.0 %
Programming	29.7 %	51.0 %	14.8 %	4.5 %
Number of channels	34.2 %	51.3 %	11.3 %	3.2 %
Reliability of service	40.6 %	54.2 %	4.5 %	0.6 %
Clarity of bills	39.7 %	53.2 %	5.5 %	1.6 %
Conduct of employees	40.3 %	54.5 %	4.2 %	1.0 %
Repair service	42.7 %	49.4 %	5.4 %	2.5 %
Getting through on the phone	38.4 %	46.0 %	12.2 %	3.4 %
Overall performance	31.3 %	57.4 %	8.7 %	2.6 %

TABLE 2: Year First Subscribed

<i>Year first subscribed:</i>	Champaign	Urbana	TOTAL
2007	3.7 %	4.5 %	4.1 %
2006	10.0 %	8.1 %	9.0 %
2005	8.3 %	9.4 %	8.8 %
2004	8.0 %	10.6 %	9.3 %
2003	5.3 %	7.4 %	6.4 %
2002	4.0 %	7.7 %	5.9 %
2001	8.0 %	6.1 %	7.0 %
2000 or before	52.8 %	46.1 %	49.4 %

TABLE 3: Cable Installation

	Champaign	Urbana	TOTAL
Had problems with installation	7.6 %	6.5 %	7.0 %

TABLE 4: Repair Service

	Champaign	Urbana	TOTAL
Called company for repair within two years	25.2 %	23.2 %	24.2 %
Response time: *			
Excellent	25.0 %	25.0 %	25.0 %
Good	38.2 %	47.2 %	42.6 %
Fair	26.3 %	20.8 %	23.6 %
Poor	10.5 %	6.9 %	8.8 %
Repair was made: *			
Same day	23.7 %	33.3 %	28.4 %
Next day	27.6 %	23.6 %	25.7 %
Same week	43.4 %	36.1 %	39.9 %
Longer than same week	5.3 %	6.9 %	6.1 %
Quality of repair work: *			
Excellent	28.9 %	50.0 %	39.2 %
Good	50.0 %	30.6 %	40.5 %
Fair	15.8 %	16.7 %	16.2 %
Poor	5.3 %	2.8 %	4.1 %

* Of those calling for repair.

TABLE 5: Picture Reception

	Champaign	Urbana	TOTAL
Clarity or reception problems in past year	37.5 %	29.7 %	33.6 %
Problems occur: *			
Constantly	14.2 %	12.0 %	13.2 %
Every few days	15.9 %	10.9 %	13.7 %
Few times a month	22.1 %	22.8 %	22.4 %
Rarely	47.8 %	54.3 %	50.7 %
Problems experienced: **			
Snowy Picture	36.3 %	31.5 %	34.1 %
Lines on Screen	16.8 %	26.1 %	21.0 %
Picture Tiling/Pixilation	15.0 %	12.0 %	13.7 %
Pictures Not Sharp	13.3 %	13.0 %	13.2 %
Picture Freezes	10.6 %	12.0 %	11.2 %
Ghost Images/Shadows or Double Images	7.1 %	6.5 %	6.8 %
Picture Flipping	7.1 %	6.5 %	6.8 %
Number of times of total picture loss (30 minutes+) in last year			
Mean Average	1.2	1.7	1.5

* Of those experiencing clarity or reception problems.

** Of those experiencing reception problems, more than one response allowed.

TABLE 6: Telephone Response

	Champaign	Urbana	TOTAL
Called the cable company in past 6 months	26.6 %	19.7 %	23.1 %
Individual was helpful and courteous *	87.5 %	88.5 %	87.9 %
Request received proper attention *	83.8 %	83.6 %	83.7 %
Had problems getting through on the phone *	28.8 %	19.7 %	24.8 %
Phone problem: **			
Confusing Auto Attendant/Voice Response System	39.1 %	25.0 %	34.3 %
Put On Hold Long Time	34.8 %	50.0 %	40.0 %
Line Busy	21.7 %	16.7 %	20.0 %
No Answer	8.7 %	0.0 %	5.7 %
Told To Call Back	0.0 %	8.3 %	2.9 %

* Of those calling cable company in past 6 months.

** Of those having a phone problem, more than one response allowed.

TABLE 7: Billing

	Champaign	Urbana	TOTAL
Had problems with cable bill in past year	5.3 %	6.1 %	5.7 %
Problem resolved to customer satisfaction *	62.5 %	42.1 %	51.4 %

* Of those having a billing problem.

TABLE 8: Changes in Customer Service

Since becoming a sub, customer service has:	Champaign	Urbana	TOTAL
Gotten Better	18.9 %	16.8 %	17.8 %
Stayed the Same	77.1 %	80.0 %	78.6 %
Become Worse	4.0 %	3.2 %	3.6 %

TABLE 9: Cable Service in Other Communities

Compared to previous cable service, cable service in Urbana is*:	Champaign	Urbana	TOTAL
Better	21.8 %	19.0 %	20.4 %
The Same	69.3 %	71.4 %	70.4 %
Worse	8.9 %	9.5 %	9.2 %

* Of 33.6% having also subscribed to cable in other community.

TABLE 10: Viewership of Access Channels

Watch Champaign Government Television

Channel 5:	Champaign	Urbana	TOTAL
Once a Week	18.3 %	18.4 %	18.3 %
At Least Once a Month	19.3 %	21.6 %	20.5 %
Once Every Few Months	16.3 %	15.5 %	15.9 %
Never Watch	46.2 %	44.5 %	45.3 %

Watch Urbana Public Television

Channel 6:	Champaign	Urbana	TOTAL
Once a Week	10.6 %	24.2 %	17.5 %
At Least Once a Month	14.0 %	20.3 %	17.2 %
Once Every Few Months	17.3 %	19.7 %	18.5 %
Never Watch	58.1 %	35.8 %	46.8 %

University of Illinois -- UI7

Channel 7:	Champaign	Urbana	TOTAL
Once a Week	11.6 %	15.2 %	13.4 %
At Least Once a Month	12.0 %	13.5 %	12.8 %
Once Every Few Months	13.3 %	12.9 %	13.1 %
Never Watch	63.1 %	58.4 %	60.7 %

Parkland College

Channel 9:	Champaign	Urbana	TOTAL
Once a Week	11.6 %	16.8 %	14.2 %
At Least Once a Month	13.0 %	15.2 %	14.1 %
Once Every Few Months	17.3 %	12.3 %	14.7 %
Never Watch	58.1 %	55.8 %	57.0 %

TABLE 11: Importance of Maintaining PEG Access Channels

How important is having local government, educational, and public access programming on cable TV like those available on channels 5, 6, 7 and 9?:

	Champaign	Urbana	TOTAL
Very Important	32.5 %	39.9 %	36.3 %
Somewhat Important	33.9 %	31.4 %	32.6 %
Somewhat Unimportant	15.2 %	12.2 %	13.6 %
Very Unimportant	18.4 %	16.6 %	17.4 %

Think that maintaining and enhancing quality programming on local community channels is important, even if some of the cost winds up on your cable bill.

	Champaign	Urbana	TOTAL
Yes	41.5 %	43.2 %	42.4 %
No	58.5 %	56.8 %	57.6 %

Level willing to pay per month to support local access channels.*

	Champaign	Urbana	TOTAL
\$4	7.2 %	12.7 %	10.0 %
\$3	7.2 %	13.4 %	10.4 %
\$2	23.2 %	26.1 %	24.7 %
\$1	36.0 %	26.9 %	31.3 %
50 cents	9.6 %	10.4 %	10.0 %
None	12.8 %	6.7 %	9.7 %
Don't Know/Other	4.0 %	3.7 %	3.9 %

** Of those who think maintaining PEG access is worth supporting.*

TABLE 12: Support for New Public Access Channel

Think creating a public access channel is important, even if some of the cost winds up on cable bill.			
	Champaign	Urbana	TOTAL
Yes	30.6 %	34.5 %	32.6 %
No	69.4 %	65.5 %	67.4 %
Level willing to pay per month to support a new public access channel.*			
	Champaign	Urbana	TOTAL
\$4	6.5 %	12.1 %	9.5 %
\$3	7.6 %	9.3 %	8.5 %
\$2	18.5 %	27.1 %	23.1 %
\$1	39.1 %	27.1 %	32.7 %
50 cents	18.5 %	13.1 %	15.6 %
None	8.7 %	7.5 %	8.0 %
Don't Know/Other	1.1 %	3.7 %	2.5 %

** Of those who think a new public access channel is worth supporting.*

TABLE 13: Demographics

	Champaign	Urbana	TOTAL
Married	59.1 %	64.2 %	61.7 %
Own home	72.1 %	73.2 %	72.7 %
Gender:			
Male	39.1 %	38.0 %	38.6 %
Female	60.9 %	62.0 %	61.4 %
Average years of residence	17.8	20.9	18.9
Average number of people in household	2.6	2.6	2.6
Average number of children under 18	0.8	0.8	0.8
Average age	45.9	45.3	45.6
SAMPLE SIZE	301	310	611

Appendix C: Open-Ended Responses

Question 5b: OTHER Problems with Picture Quality

Champaign Subscribers

Blank pictures
Blank screen
Cable was out
Channels will just go out
Goes blank for a few a seconds during the show
HD Problems
Lack of sound
Loss of cable altogether
Loss of picture
My television broke
No audio or video
No picture
No picture at all
No picture at all
No reception
No signal
Not come in with the picture
Nothing specific
One of the wires has static
Outage during stormy weather
Picture goes completely out
Reception is choppy

Some channels are unperceivable
Something happens to the cable and I don't even get the cable
Sound problems
The digital information was not printing on the screen, everything was to announced -- The names of programs were not there, nor the times of the programs
Video on demand does not work
Weather
Weather related
When guy next door uses his hand radio I get interference

Urbana Subscribers

Audio and video is poor quality
Blackout
Cable going out
Cable outage
Can't hear on 11 and the volume
Channel not available at this moment
Channel will go off
Channels don't come in sometimes
Disconnected cables
Goes black
It's just not clear
Lose reception
Loss of service -- Poor reception
Lost all picture
No lights, no service
No picture
No reception, takes a while to resolve
No signal
Not big problems
On demand not working
Picture goes totally out
Power goes out
Shuts off
Station blackout
TV is old
Video totally disappears
Weather disturbance outed service

Question 10d: OTHER Problems Getting Through to Cable Company

Champaign Subscribers

Disconnected

Had to call the supervisor on his cell phone

Only one number for all problems, so direct calling to a department is not available. The information, because of the outage in my current area, is not available

Refuse to talk to her. Person was really rude

Talked to Jaime - he told her that there will be a 20 dollar fee, and she didn't agree with me about that

Too many buttons to hit to get to the right department, much less the right person

Urbana Subscribers

Menu structure

Question 12e: Favorite Local Access Program on Either Channels 5, 6, 7 or 9.

Champaign Subscribers

Champaign City Council Meetings (17)

Champaign City Council meetings - channel 5

Champaign City Council

City Council Board Meeting

City Council County Board

City Council meeting for Champaign

City Council Meeting. Channel 5

City Council meetings

City Council Meetings

City Council Meetings

City Council meetings

City Council meetings

City Council Meetings on channel 5

Council meeting

Council meetings

Council meetings

Council meetings

The City Council

All of channel 6 programming
All of channel 7
All programming on 5
All programming on 6
Allerton
Black History
Champaign School Board meetings
Channel 5 for the City Illinois stuff - governor
Channel 7
Channel 9 High School Kids Quiz Bowl
Charlie Rose on 13. News
Cosco Arts Showcase on 9
C-SPAN
Democracy
DR. Who
Gardening
Illinois Gardner
International News
News
None, I don't watch them
Not sure of name, a bunch of politicians
Parkland
Parkland
Parkland Connection
Parkland Connections
Parkland Radio
Parkland Voice
Parkman Debate or something like that. Channel 9
Program 5 Champaign Government
Public meeting that you can go to like channel 5 - local things going on
Public meetings
School board champion
Surrounded by Science
Travis Smiley
The Price is Right
USA Today
WCIA News

Urbana Subscribers

Urbana City Council Meetings (12)

City Council
City Council
City Council

City Council meeting
City Council meetings
City Council meetings
City Council meetings
City Council meetings
City Council meetings, channel 6
Urbana City Council
Urbana's City Council
Local city council
Champaign City Council Meetings (2)
City Council meetings, channel 5
Champaign City Council
7 UITV
Art
Arts
Channel 3 WC
Channel 5
Channel 6, City Government show
Channel 7, Scolla
Channel 9
City government
City meetings, School meetings
College Programming
CSI- Miami
Democracy Now (3)
E Television
Ellen
Five into Six
Foreign Language on channel 7
Heroes
International News (2)
Like them all
Meetings
Meetings
Mother Angelica on EWTN
News PBS
NOVA (3)
Parkland
Parkland Challenge
Parkland Channel 9, I don't know what show
Parkland Channel and the University
Parkland Information
Parkland stuff

Parkland's
PBS News Hour at 6 PM Daily
PBS programming
PC TV
Performing Arts on Channel 9
Reno 911
Science programs
Smoking Ban Debate on Channel 5
Special debates
The Guy who goes to different places
The Office
The Parkland Challenge, Channel 9
The Price is Right
University 6
UPTV
Urbana city government
Urbana government
Urbana planning meetings

Appendix D: About etrok

etrok is a Wyoming-based consulting and research firm providing a variety of services to public and private sector clients throughout the United States in the areas of communication and telecommunication. Established in 1988, the people behind etrok represent decades of first hand, practical experience in research, management, media, advertising and public policy development.

Public opinion surveys for local governments and other clients are one area of expertise. **etrok** also provides consulting and research services in the areas of telecommunication policy and applications, market analysis and government regulation of cable TV.

etrok is also publisher of Cable TV LawManager, the leading computerized rules service for the cable industry since 1990. Available by subscription, Cable TV LawManager is a Windows application providing the full text of the Telecommunications Act of 1996, the cable acts of 1992 and 1984, FCC rules plus the full text of key FCC reports and orders, all in an easy to use and fully searchable format. The program is updated at least 10 times a year to ensure subscribers have the latest rules and orders on their computer screen. For more information about Cable TV LawManager, go to www.etrok.com.

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