



FROM THE OFFICE OF THE CITY MANAGER

November 10, 2014

To: Mayor and City Council Members

From: Brian Kischnick, City Manger

Subject: City Council Member Questions and Responses

I have discussed questions advanced by Mayor and Council with Staff, and responses are attached. Thank you for asking questions in advance of the meeting.

Subject: I-7 ICCA Funding Formula (Introduced by: Cindy Stewart, Community Affairs Director)

Question/Response:

1. Couldn't this be assessed as a user fee to cable households vs. a new tax on all residents?

No. The By-laws of the ICCA require that each community be assessed a fee for the operation of the Authority. Each household receiving Cable TV (as per the franchise agreement) pays a 5% fee to Troy for the operation and management. So, actually Troy is paid already via this 5% for the management of the ICCA and other Cable related matters, through language in the franchise.

No. The cable providers are required to pay the City of Troy a franchise fee in the amount of 5% of the gross revenues as defined under Act 480 for their use of the City's rights of way. The cable companies pass the franchise fee onto each of its cable customers. So, in effect, the cable households in Troy are already paying the 5% franchise fee which goes to the City. In addition, the cable providers are paying a 1% public access, educational and governmental fee (PEG fee) in addition to the 5% franchise fee. This is also passed on by the cable providers to the cable households who, in fact, are paying the 1% PEG fee.

2. Who are the representatives from our community?

This is a matter of determination of the Troy City Manager to determine who is the representative on the ICCA board, as per the requirements of the bi-laws. Cindy Stewart is the ICCA Rep for the City of Troy and the Chairperson of the ICCA. Board seats are elected among the ICCA reps each year.

3. What does the ICCA do? Is there a website I can visit? perhaps I missed something in the background materials

The ICCA acts as the oversight authority for each of the Eleven Member Communities, and is charged with managing the franchise agreements, consumer protection issues as per Troy's Consumer Protection Ordinance. The ICCA is also charged with the dealing with the large task of assuring Troy and its residents that the Cable TV, plant and equipment and the operation of the cable channel is in keeping with all Federal, State and Local requirements. Lastly, we audit the Cable Providers for compliance with the requirements of the franchise and to assure TROY AND ITS COUNCIL that it is receiving Quarterly ALL of the monies required to be paid to TROY in its Franchise fees. **TROY STANDS TO LOSE THOUSANDS WITHOUT THIS OVERSITE.**

The ICCA is not charged with operating a website, nor is it responsible to do so. The ICCA is the oversight Authority for your community.... The cop/detective watching that all that is due Troy is done with respect to the Franchise agreement.

The ICCA has Substantial background data to support all that we do on behalf of Troy, and the monies that have been saved.

4. Is there a good financial benefit for having this authority for the city? If we opted out of this authority, in your opinion, would it develop a more competitive environment for the consumers in Troy or worse? I read through the agreement, but other than overseeing an industry, I didn't see any direct benefit for us. Can you give me the reader's digest version of the reason behind the Authority.

The ICCA consortium was formed back in 1983. The first direct financial benefit each community receives is the benefit of the economy of scale in performing the oversight function through this consortium. For each community, the oversight by itself would be extremely costly. Many communities that do not belong to consortiums perform no oversight function on the cable providers and risk losing thousands of dollars in revenue as well as enduring poor customer service. Currently, the ICCA provides oversight for all three of Troy's cable television providers, Comcast, WOW!, and AT&T. In the past, the ICCA has conducted technical audits of the cable television providers' broadcast systems, financial audits, and franchise fee reviews. The franchise reviews, in and of themselves have resulted in hundreds of thousands of dollars being returned to the ICCA communities for the underpayment of franchise and PEG fees by the cable providers. Without this oversight, these underpayments would have continued unchecked resulting in a substantial financial loss to all of the communities.

c: Mark Miller, Director of Economic and Community Development
Lori Grigg Bluhm, City Attorney
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