

BOARD OF ALDERMEN

ITEM NO. D(6)

AGENDA ITEM ABSTRACT

MEETING DATE: June 1, 2004

TITLE: A Request to Approve Cablecasting Equipment Upgrades and Enhancements

DEPARTMENT: Manager's Office	PUBLIC HEARING: No
ATTACHMENTS: A. Resolution B. Summary of Problems, Solutions, and Proposed Equipment C. Letter to Tom Adams D. September 2, 2003 Abstract E. September 2, 2003 Minutes - Excerpt	FOR INFORMATION CONTACT: Steve Stewart, 918-7315 Richard White, 918-7314

PURPOSE

On September 2, 2003, the Board of Aldermen conducted a work session on suggested cable equipment upgrades and enhancements. The Board requested that Aldermen Alex Zaffron work with staff to review additional options. The purpose of this agenda item is to request that the Board determine a course of action to address needed cablecasting equipment upgrades and enhancements.

INFORMATION

After the September 2 work session, the Town Manager requested that Time Warner Cable implement the PEG (Public, Education, and Government) Capital Charge on behalf of the Town of Carrboro. On October 21, 2003 and January 20, 2004, Steve Stewart and Richard White met with Brad Phillips, Vice President for Government and Public Affairs, and Andi Curtis, Public Affairs Manager, to discuss Mr. Phillip's proposal to provide the equipment upgrades in exchange for a three-year franchise extension and the deletion of the franchise pass through language.

The Town Manager did not receive a response from Mr. Phillips until April 20, 2004. Since that proposal did not agree with previous discussions, the Town Manager declined the offer and again requested via letter that Time Warner Cable implement the PEG Capital Charge (Attachment C).

A summary of the problems, solutions, and proposed equipment is provided (Attachment B). The system in its present condition needs upgrades to protect the town's investment, to increase the dependability of the system, and to broadcast a more professional image and sound. If the upgrades and enhancements are made, it is in the town's best interest to replace the system at one time so that the components are compatible and are covered under warranties. If approved, installation would take place during the Board's summer break.

FISCAL IMPACT:

The estimated cost to implement a complete upgrade could be \$44,362 (Attachment B). The fiscal impact will depend on the extent to which the Board would like to upgrade the equipment. There is no funding in the *FY04-05 Recommended Budget* for cablecasting equipment repairs or enhancements. However, the PEG Capital Charge revenue could fund an installment purchase.

At the September 2 Board meeting, the Board approved requesting that Time Warner Cable implement the PEG Capital Charge. The amount of the monthly PEG Capital Charge to be directly billed per Basic Service Subscriber is 18¢ for years 1-5 and 21¢ for years 6-10 of the Franchise. There are approximately 5,000 subscribers. We are in the third year of the Franchise. Thus for the next two years, this charge would yield approximately \$900 per month or \$10,800 annually and then approximately \$12,600 assuming the number of subscribers remains constant.

If the Town were to buy the equipment using installment purchase financing, an annual revenue stream of \$10,800 would allow the Town to acquire approximately \$31,025 worth of equipment under a three-year lease; \$40,489 under a four-year lease; or \$49,545 for five years.

RECOMMENDATION

The Administration recommends that the Board approve a complete upgrade of the cablecasting equipment using installment purchase financing.