

East Bay Charter Township

5

Cherry Capital Cable Counsel- Update

The City of Traverse City

Office of the City Clerk

GOVERNMENTAL CENTER

400 Boardman Avenue
Traverse City, Michigan
49684
(231) 922-4480

FAX

Date: March 27, 2008

Number of pages including cover sheet: 11

Current and Former

To: CCCC Members Fax Number: _____

From: Jean E. Gannon

Phone Number: (231) 922-4480

Fax Number: (231) 922-4485

Remarks: Urgent For your review Reply ASAP Please comment
(please underline one)

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Attached please find a memo and supporting documents from Richard I. Lewis, City Manager. This will be included in the packet for the meeting scheduled for April 16, 2008, at 10:00 a.m. at the Garfield Township Hall, Large Meeting Room.

Please distribute to the following:

Acme – Dorothy Dunville, Clerk
Bingham Township – Russ Ard, Supervisor and Peggy Core, Clerk
Blair – Marilyn Fleis, Supervisor and Betty A. Tharp, Clerk
East Bay Charter – Glen Lile, Supervisor and Susanne M. Courtade, Clerk
Elmwood – Derith Smith, Supervisor and Connie Preston, Clerk
Garfield Charter – Lee Wilson, Supervisor and B. Kay Schumacher, Clerk
Green Lake – Paul Biondo, Supervisor and Rita Dinger, Clerk

Long Lake – Karen J. Rosa, Supervisor and Carol A. Hoffman, Clerk
Paradise – Jessica Sedlacek, Treasurer and Judith Smith, Clerk
Peninsula – Robert K. Manigold, Supervisor and Monica A. Hoffman, Clerk
Village of Kingsley – Adam Umbrasas, Village Manager and Karen Send, Clerk



The City of Traverse City

Office of the City Manager

Governmental Center
400 Boardman Avenue
Traverse City, MI 49684
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tcmanage@traverscitymi.gov



TO: Cherry Capital Cable Council Members – Present and Past
FROM: Richard I. Lewis, City Manager *RL*
DATE: March 26, 2008
RE: Public Access Proposal and Reimbursement

At the February 20, 2008 meeting of the Cherry Capital Cable Council (Council), it was requested that I provide a letter trying to explain what consideration each of the present and former members of the Council need to undertake regarding the funds being held by the City of Traverse City (City). I have purposely waited in sending this letter to see if a proposal regarding public access would be submitted.

Attached is a proposal which has been submitted by the Land Information Access Association. While I have not reviewed the process in detail, a key aspect of the proposal is the transferring of funds outlined in my February 12, 2008 report to this nonprofit for the operations and capital expenditure.

Attached is the final spreadsheet of the above-mentioned report. You will recall that there are three sets of monies being addressed: Public Access, Operational and Capital (.30 Fee). We can only deal with the latter two at this point in time; the first will be dealt with at the time Traverse Area District Library (TADL) ceases the operation of public access on June 30, 2008.

The question before each current and former member of the Council is: Does the public entity want to receive its proportional share of the Operational and Capital funds or is it willing to provide those funds to the vendor for the purpose of providing public access television? So it is clear, the operational portion of the reimbursement could be placed back into your general fund or other special fund that had been created from the 5% franchise fee collected. The capital portion of the reimbursement, by state law, can only be used for capital purchases relating to PEG, so I would strongly recommend that those who are collecting the .30 fee or elect to take this reimbursement create a special fund for these funds.

Under a separate letter directly provided by Mr. William Vockel, he has expressed a difference of opinion relating to the possible disbursement amounts outlined in the February 12, 2008 report. While I will respect his viewpoint, I am not in agreement. On the first point, yes Charter

Communications (or its predecessor) had provided the funds per the franchise agreement. But the franchise agreement also stated that the funds had to be used for the operation of public access television, not to become a source of surplus revenue for Council members. I have spoken with Charter Communications representatives and they do not wish to have the funds reimbursed, but would be willing to have the funds continued to be used for the intended purpose – public access television. They are willing to put this in writing if necessary.

On the second point, all of the members as of July 1, 2005 agreed with the concept that the .30 Capital Fee would be placed into one account and used for the intended purposes. Until the middle of the second year, the only allocation or request was by TCAPS. Only Elmwood and Garfield Townships pursued the installation of video equipment in their governmental facilities. I recall others mentioning ideas, but what happened with those ideas we can leave to another day. The City's request was not just for the City, but was for the development of the Government Channel. This channel can be used by all forms of local government, not just the City. This would beg the question, why is the City being singled out if the project benefits the whole?

The 1993 Intergovernmental Agreement states: "Assets. Should the Cherry Capital Cable Council acquire assets or possess anything of value, an equitable division of such assets shall be made if a participating franchising authority withdraws and such withdrawing agency shall be given its equitable portion" There is no mention of monies having been spent. There is no mention of assets relating to an outside agency. There is no mention of funds spent to benefit the whole rather than an individual public entity. So, I will stand by the methodology used in the February 12, 2008 report.

I believe this covers everything. I would request that everyone be prepared to have an answer of what they would like to see happen with their share of the reimbursement by the April 16, 2008 Council meeting. I will go into the meeting with the assumption that, unless told otherwise, the recommendation presented in my December 3, 2007 memo to the Council will be followed.

As always, if you have any questions, please feel free to contact me.

Attachments

copy: City Commission



Land Information Access Association

... helping communities sustain their cultural and natural resources

March 21, 2008

CITY MANAGER'S OFFICE

MAR 24 2008

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Coastal Management
Program, Michigan
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University of Michigan

Virginia B. Pierce
Co-owner
EcoLogic

Richard Lewis, City Manager
City of Traverse City
400 Boardman Avenue
Traverse City, MI 49684

Dear Mr. Lewis,

With this letter, I am pleased to present to you and the members of the *Cherry Capital Cable Council* a proposal to host, manage and improve public access television for our area. This proposal to *Renew & Rebuild Public Access Television Services in the Grand Traverse Region* is being submitted by the *Land Information Access Association (LIAA)* with the help and support of a team of community advisors. Together, we are committed to renewing this essential community service to support civil discourse, individual free speech, local cultural development and public education.

LIAA is a Section 501(c)3 nonprofit corporation with 15 years of experience in helping people improve their communities through information, education, participation and the effective use of technology. Throughout our history, we have worked to encourage and support civic engagement, equitable access to information, and inter-jurisdictional cooperation for community development. We firmly believe in the value of public access television in public education, cultural expression, art appreciation, and individual expression.

Please let me know if you have any questions or need additional information. My colleagues and I would be happy to discuss this proposal with you and the Cherry Capital Cable Council.

Thank you for your consideration.

Sincerely,

Joe VanderMeulen, Ph.D.
Executive Director

324 Munson Avenue
Traverse City
MI 49686
(231) 929-3696
fax: (231) 929-3771
www.liaa.org



A Proposal to
Renew & Rebuild Public Access Television Services
in the Grand Traverse Region

Submitted to the
Cherry Capital Cable Council
including the
City of Traverse City
Elmwood, Garfield and Paradise Townships
and Village of Kingsley

Prepared & Submitted by
Joe VanderMeulen, Ph.D.
Executive Director
Land Information Access Association
324 Munson Avenue
Traverse City, MI 49686

March 21, 2008

Introduction

For 15 years, the Land Information Access Association (LIAA) has worked to encourage and support civic engagement, provide citizens equitable access to information, and foster community development across the state of Michigan. Together with the backing of a broad-based *Transitional Citizen's Advisory Board*, LIAA is pleased to present this proposal to help renew public access television in the Grand Traverse Region as an essential community service supporting civil discourse, individual free speech, local cultural development, and public education.

Background

In recent years, public access television in the Grand Traverse Region has been challenged by declining revenues and public support. Although cable franchise fees continue to be collected by most of the municipalities in northwest lower Michigan, only a handful of these local units continue to contribute to public access television known as TV2. At the same time, the *Cherry Capital Cable Council* (4C's) has announced plans to end its oversight and management responsibilities. As a result, the Traverse Area District Library (TADL) has decided to end its role as host to public access television. Therefore, the City of Traverse City has requested proposals from nonprofit organizations to take over the management and operation of TV2.

Proposal Summary

With the enthusiastic endorsement of a well-respected *Transitional Citizen Advisory Board*, the *Land Information Access Association* (LIAA) proposes to help redevelop, re-invigorate, and rebuild public access television in northwest lower Michigan as a respected and valued community resource. We propose to manage and operate both the public access (TV 2) and government access (CH 99) television systems for the benefit of all citizens, fairly and equitably.

Working as a nonprofit community service, LIAA will help create and distribute audio/video content through cable and Internet media that promotes and celebrates local achievement, community education, civic engagement, local culture, art appreciation, and individual citizen expression. As part of these services, we will organize and provide training, technical support, studio and editing facilities to local governments, nonprofit organizations, and interested citizens.

Program Approach & Methodology

LIAA is an established and well-respected Section 501(c)3 nonprofit community-service organization with offices at 324 Munson Avenue in Traverse City. LIAA has a 15-year history of providing a broad range of planning, education and technical services to local governments and other nonprofits in over 100 communities across the State of Michigan. With an emphasis on civic engagement, we have helped citizens, organizations, and local governments all over the state of Michigan work together to improve their communities.

Upgraded Facilities Provided at LIAA

Using its own funds, LIAA will make about \$10,000 of internal building modifications to create an audio/video studio, office space, and production facilities for TV 2 and CH 99 production and management services. Following these improvements, we will move all the modern video production and distribution equipment from TADL to LIAA's building. We will work with Charter Communications to provide the necessary high-speed data transfer infrastructure. LIAA will then take over the maintenance of resources and day-to-day operation of TV 2 and CH 99, accepting overall management responsibilities, including employment of staff, provision of office and studio facilities, bookkeeping and accounting, and program development.

Citizen's Advisory Board to Establish & Maintain Policies & Standards

LIAA's volunteer *Board of Directors* will continue to act as the final authority and primary policy setting body for this and all programs operated by LIAA and its staff members. However, a *Citizen's Advisory Board* will be established to promulgate policies and standards concerning programming and the equitable distribution of access to the resources and services provided for public access television (TV 2). During the first year, a *Transitional Citizen's Advisory Board* will establish its own *By-Laws* including public meeting procedures and procedures for selecting future members with equitable representation from participating municipalities.

Transitional Citizen's Advisory Board:

Christine Maxbauer
David Poinsett
Richard Powell
Thom Paulsen
Raymond Minervini
Doug Stanton
Mary Grover
Megan Crandall
Beth Friend
Derith Smith, Elmwood Twp.
Rep. for City of Traverse City
Rep. for Garfield Township

Production Training & Technical Services Provided

LIAA will work with the *Citizen's Advisory Board* and TV 2 volunteers to establish a truly valuable *Community Media Center* that serves all citizens, nonprofit organizations, and local governments in northwest lower Michigan. The *Community Media Center* will provide free and low-cost access to TV 2 cablecast services, video production training courses, production facilities and equipment, video production services, and general technical assistance (e.g., video on the web). Citizens, local governments, and nonprofit organizations *within the participating municipalities* will be provided access to TV 2 *cablecast* services for free.

Extensive Outreach Efforts to Improve & Increase Local Content

LIAA and the *Citizen's Advisory Board* will work to build new, broad-based community appreciation for public access television and the services provided by the *Community Media Center*. We will work to engage nonprofit organizations throughout the community in developing useful, informative, and educational content for distribution over TV 2 and the Internet. We will assure that citizens can cablecast their views and opinions over TV 2 as part of our commitment to community education and civic engagement. We will also work hard to establish relationships of trust and mutual appreciation with the municipalities of northwest lower Michigan.

Limited Funding from Participating Municipalities

Funding for the operation of TV 2 and CH 99, including the provision of public services and purchase of video equipment, will be provided by: 1. participating municipalities (derived from cable franchise fees), 2. fees for services and rentals (e.g., fees for studio, equipment, and production services), 3. *Community Media Center* membership fees, and 4. grants from private foundations and other granting organizations.

The municipalities now participating in TV 2 and CH 99 are asked to maintain the current level of funding with no increase. This will be the primary source of operational funding for at least one year. During this period, we will work to gain the trust and participation of municipalities throughout the region. If additional municipalities agree to participate, the amount of funding requested from all municipalities may be proportionately lower in coming years.

Funding provided by participating municipalities will help leverage additional grant funds for special projects as well as the operation and maintenance of the *Community Media Center*. The facilities and services provided by the *Community Media Center* will encourage additional video production here in the Grand Traverse Region rather than downstate. For example, as memberships grow and fee-based revenues increase, additional training opportunities and programs will be created for the citizens of our region.

Reliable & Audited Accounting

LIAA will maintain separate and detailed revenue and cost accounting for TV 2, CH 99 and the *Community Media Center*, making semi-annual reports to the participating local governments. These records will be formally audited annually. If, for any reason, LIAA can no longer maintain this public service, all funds remaining will be returned to the participating local governments in a ratio similar to their levels of contributions.

Overall Budget

In the following table, we present a detailed budget for the first year of the new *Community Media Center* for public access and government access television systems. The budget includes costs for the relocation of the existing infrastructure, the replacement of extremely old

technology, and the connection of digital data lines to Charter Communications. The other costs identified include personnel costs, expected to include one full time person and some time from several support staff members (equivalent to less than a ½ time person). We also identify anticipated costs for facility overhead. Finally, we include costs associated with the installation of video capture equipment in the East Bay Township Hall.

LIAA is committed to providing a substantial amount of in-kind material and overhead support to the new *Community Media Center*. As noted, we are requesting access to funds currently available and the continuation of contributions by all the municipalities now participating. We ask that the funding level remain unchanged for the first year of operation (i.e., no increase is requested). Over the coming year, we hope to increase the number of local governments participating fully in this program, assuring the Grand Traverse Community the truly high-quality public access and government access television service it deserves.

Proposed Program Budget

Proposed Overall Program Costs

	<u>FY 2008/2009</u> <u>Estimated Costs</u>
Program Personnel	
Public Access Program Manager (2,080 hrs.)	\$ 65,000
Financial Administrator (200 hrs)	\$ 4,000
Information Technology Specialist (320 hrs.)	\$ 9,600
Executive Director (240 hrs)	\$ 9,600
Subtotal	\$ 88,200
Contract Support (480 hrs.)	\$ 16,800
Program Overhead	
Rent & Utilities	\$ 7,500
Phone Services	\$ 600
Internet Access Fees	\$ 12,000
Office Supplies	\$ 1,200
Printing & Publication	\$ 3,000
Insurance & Legal	\$ 2,000
	\$ 60,000
Equipment & Construction (Includes Future East Bay Twp. Install)	
	\$ 25,000
One-Time Relocation & Connection Costs	\$ 25,000
Estimated Total Costs	\$ 216,300

Proposed Overall Revenue

Total Carry Forward Funds	\$ 89,000
Municipal Contributions from Franchise Fees	
Traverse City	\$ 53,000
Garfield Twp.	\$ 51,000
Elmwood Twp.	\$ 15,000
Village of Kingsley	\$ 1,000
Paradize Twp.	\$ 2,500
Subtotal	\$ 122,500
Capital Expense (.30 fee collections) <i>(calculated as 2/3 total for P&G)</i>	\$ 30,800
Revenue From Fees	
Public Access Membership Fees	\$ 2,500
Technical & Production Assistance Fees	\$ 2,000
Studio & Equipment Rental Fees	\$ 1,200
Access Fees	\$ 500
Subtotal	\$ 6,200
In-kind Contributions by LIAA	\$ 17,500
Estimated Total Revenues	\$ 266,000
Proposed Funds to Carry Forward	\$ 49,700

Distribution Allocation Summary

	Operational				Total	%	Final	.30 Fee		Total	
	FY 04-05	FY 05-06	FY 06-07	Total				Current	Alternate	Current	Alternate
Acme Township	\$1,544	\$1,109	\$1,875	\$4,528	7.6%	\$4,164	\$2,700	\$1,224	\$6,864	\$5,388	
Birgham Township	666	0	0	666	1.1%	612	0	0	612	612	
Blair Township	1,448	1,036	1,787	4,241	7.1%	3,900	2,684	1,218	6,584	5,116	
East Bay Township	3,058	1,157	0	4,215	7.0%	3,876	1,230	557	5,108	4,433	
Elmwood Township	1,303	975	1,636	3,913	6.5%	3,598	2,455	1,113	6,053	4,711	
Garfield Township	4,890	3,231	5,425	13,546	22.6%	12,457	8,309	3,766	20,786	16,222	
Green Lake Township	1,427	1,101	1,852	4,380	7.3%	4,028	2,841	1,288	6,869	5,315	
Kingsley Village	0	165	280	445	0.7%	409	420	190	829	600	
Long Lake Township	2,115	1,577	2,050	5,742	9.6%	5,280	3,589	1,627	8,869	6,907	
Paradise Township	0	246	392	637	1.1%	586	600	272	1,186	858	
Peninsula Township	1,728	1,292	0	3,021	5.0%	2,778	1,573	713	4,351	3,491	
Traverse City	5,353	3,511	5,882	14,528	24.3%	13,358	8,549	3,875	21,907	17,232	
Subtotal	\$23,483	\$15,359	\$20,978	\$59,860		\$55,046	\$34,950	\$15,840	\$89,996	\$70,886	
Lease				(4,814)			(19,110)				
Total				\$55,046		\$55,046	\$15,840		\$89,996	\$70,886	

How Do We Make Equitable Distribution of 4C Assets?

Over the past two plus years, most of the governmental units in the Cherry Capital Cable Council (4C) withdrew their membership. Under the *Intergovernmental Agreement of September 7, 1993*, those townships are entitled to an equitable distribution of 4C assets. This claim was formally made by Acme Township in their withdrawal letter dated July 3, 2007. The other townships have made similar requests.

In a letter dated February 12, 2008, Mr. Richard Lewis prepared a comprehensive report explaining the detailed accounting of 4C funds held by the City of Traverse City and presented it at the February 20, 2008 4C meeting. His report separated the funds into three categories: Operational, Public Access Television, and the .30 Monthly Fee (Capital Account). It outlined the data on five spreadsheets:

1. 4C Operational Accounting – FY 1993/94 through FY 2004/05
2. 4C Public Access TV Revenue & Expenditures – FY 1993/94 through FY 2004/05
3. Contribution & Expenditures from July 1, 2005 to June 30, 2007
4. Calculations of .30 Fee Collected and Expended between July 2005 to Present
5. 4C Public Access TV Revenue and Expenditures – FY 1993/94 through FY 2007/08. This is an extension to the second spreadsheet mentioned above with three additional years added. It duplicates material in the other sheets, and makes estimates of fund flows after July 1, 2007, subsequent to the withdrawal of most of the governmental entities.

The table below presents Mr. Lewis' results from the first four spreadsheets.

Summary - Distributions per R. Lewis letter to 4C dated Feb 12, 2008

	4C Operations 93 - 05 (spreadsheet 1)	Public Access TV 93 - 05 (spreadsheet 2)	FY 05-06 FY 06-07 (spreadsheet 3)	Capital Account (spreadsheet 4)	Totals
Acme	1,544	0	2,983	2,700	7,227
Bingham	666	416	0	0	1,082
Blair	1,418	1,007	2,823	2,684	7,932
East Bay	3,058	4,413	1,157	1,230	9,858
Elmwood	1,303	1,735	2,610	2,455	8,103
Garfield	4,890	6,223	8,656	8,309	28,078
Green Lake	1,427	0	2,953	2,841	7,221
Kingsley	0	0	445	420	865
Long Lake	2,115	1,104	3,626	3,589	10,434
Paradise	0	0	637	600	1,237
Peninsula	1,729	0	1,292	1,573	4,594
Traverse City	5,333	7,413	9,193	8,549	30,488
 Sub-total	 23,483	 22,311	 36,375	 34,950	 117,119
 Cable Company	 0	 28,578	 0	 0	 28,578
 Total	 23,483	 50,889	 36,375	 34,950	 145,697

Using the data from Mr. Lewis' spreadsheets, I examined the structure and the apparent underlying assumptions to establish what he presented as "equitable" distribution. I came to some different conclusions from Mr. Lewis. I shall present my conclusions first, and then explain my reasoning.

Two important notes should be kept in mind:

1. Both Mr. Lewis' analysis and my analysis cover only the assets held for the 4C by the City of Traverse City. Assets of the 4C held by Traverse Area District Library (TADL) in the form of liquid financial balances and TCTV2 equipment are not included in this analysis, even though they constitute a significant portion of the total assets held by 4C.
2. These analyses include funds received, disbursed, and remaining from the inception of the 4C in September, 1993, through the end of June, 2007. Distributions to departing government units should be based on that time period.

The results from my analysis of an "equitable" distribution are shown in the following table.

Summary - Equitable Distribution of 4C Funds

	4C Operations 93 - 05 (spreadsheet 1)	Public Access TV 93 - 05 (spreadsheet 2)	FY 05-06 FY 06-07 (spreadsheet 3)	Capital Account (spreadsheet 4)	Totals
Acme	1,544	0	2,983	8,071	12,599
Bingham	666	948	0	0	1,614
Blair	1,418	2,297	2,823	8,026	14,564
East Bay	3,058	10,066	1,157	3,676	17,958
Elmwood	1,303	3,956	2,610	(10,564)	(2,694)
Garfield	4,890	14,194	8,656	12,664	40,403
Green Lake	1,427	0	2,953	8,493	12,872
Kingsley	0	0	445	1,257	1,702
Long Lake	2,115	2,519	3,626	10,732	18,993
Paradise	0	0	637	1,794	2,430
Peninsula	1,729	0	1,292	4,702	7,723
Traverse City	5,333	16,909	9,193	(13,904)	17,531
Sub-total	23,483	50,889	36,376	34,948	145,696
Cable Company	0	0	0	0	0
Total	23,483	50,889	36,376	34,948	145,696

Spreadsheet 1: Mr. Lewis and I are in agreement. The distribution of assets in this category is based on the net contribution (contributions less refund) from each of the (then) participating government entities.

4C Operational Accounting FY 93/94 - FY 04/05

(Spreadsheet 1)	Total (Net) \$	Total (Net) %	Distribution \$
Acme	12,452	6.6%	1,544
Bingham	5,371	2.8%	666
Blair	11,437	6.0%	1,418
East Bay	24,658	13.0%	3,058
Elmwood	10,509	5.6%	1,303
Garfield	39,426	20.8%	4,890
Green Lake	11,502	6.1%	1,427
Long Lake	17,053	9.0%	2,115
Peninsula	13,940	7.4%	1,729
Traverse City	42,997	22.7%	5,333
Sub-total	189,345	100.0%	23,483
Interest	23,302		
Affiliate Fees	4,810		
Sub-total	28,112		
Net Operational Income	217,457		
Expenditure	193,974		
Surplus	23,483		
Balance	23,483		

Spreadsheet 2: Mr. Lewis' approach is to distribute remaining assets in this category based on the total contribution of the (then) participants. He includes the Cable Company on an equal basis with the units of government. Here, we take different approaches. I have seen no evidence in the *Intergovernmental Agreement*, dated September 7, 1993, that there is any provision made for contributions from the cable provider to be considered in any distribution. I believe that the cable provider offered to make their "contributions" as a result of negotiations in order to gain the privilege of offering cable service in the 4C area. To my knowledge, there is no legal agreement giving the Cable Provider any rights to distribution under dissolution of the 4C. I suggest that "equitable" distribution to 4C participants includes only the participating units of government. My suggested distribution is shown in the right-hand columns of the following table. Clearly, the governmental units get a larger return if they aren't required to share it with the cable provider.

4C Public Access TV Revenue & Expenditure - FY 93/94 - FY 04/05

(Spreadsheet 2)	93 - 05 Total Contribution	% of Total	Balance Distributed to All	% of Government Subtotal	Balance Distributed to Units of Government
Acme	0	0.0%	0	0.0%	0
Bingham	9,712	0.8%	416	1.9%	948
Blair	23,527	2.0%	1,007	4.5%	2,297
East Bay	103,114	8.7%	4,413	19.8%	10,066
Elmwood	40,527	3.4%	1,735	7.8%	3,956
Garfield	145,391	12.2%	6,223	27.9%	14,194
Green Lake	0	0.0%	0	0.0%	0
Long Lake	25,806	2.2%	1,104	5.0%	2,519
Peninsula	0	0.0%	0	0.0%	0
Traverse City	173,203	14.6%	7,413	33.2%	16,909
Sub-total	521,280	43.8%	22,311	100.0%	50,889
Cable Company	667,720	56.2%	28,578		
Total	1,189,000	100.0%	50,889		
Public Access Expenditure	1,189,395				
Surplus	(395)				
Refund	51,284				
Balance	50,889				

Spreadsheet 3: Mr. Lewis and I are in agreement. . The distribution of assets in this category is based on the net contribution (contributions less refund) from each of the (then) participating government entities.

Contribution & Expenditures from July 1, 2005 to June 30, 2007						
(Spreadsheet 3)	FY 05/06	% of Contribution	Distribution	FY 06/07	% of Contribution	Distribution
Contributions:						
Acme	15,866	7.2%	1,109	16,614	8.9%	1,875
Blair	14,833	6.7%	1,036	15,834	8.5%	1,787
East Bay	16,564	7.5%	1,157	0	0.0%	0
Elmwood	13,951	6.3%	975	14,492	7.8%	1,635
Garfield	46,245	21.0%	3,231	48,072	25.9%	5,425
Green Lake	15,757	7.1%	1,101	16,412	8.8%	1,852
Kingsley	2,363	1.1%	165	2,478	1.3%	280
Long Lake	22,569	10.2%	1,577	18,162	9.8%	2,050
Paradise	3,509	1.6%	245	3,470	1.9%	392
Peninsula	18,491	8.4%	1,292	0	0.0%	0
Traverse City	50,255	22.8%	3,511	50,352	27.1%	5,682
Sub-total	220,403	100.0%	15,399	185,886	100.0%	20,977
Expenditures:						
PA TV - TADL	(195,892)			(155,325)		
Actual for 4C Ops	(15,190)			(18,794)		
Sub-total	9,321			11,767		
Interest	6,078			9,210		
Balance for refund	15,399			20,977		

	FY 05/06 - FY 06/07	% of Contribution	Distribution
Contributions:			
Acme	32,480	8.0%	2,983
Blair	30,667	7.5%	2,823
East Bay	16,564	4.1%	1,157
Elmwood	28,443	7.0%	2,610
Garfield	94,317	23.2%	8,656
Green Lake	32,169	7.9%	2,953
Kingsley	4,841	1.2%	445
Long Lake	40,731	10.0%	3,626
Paradise	6,979	1.7%	637
Peninsula	18,491	4.6%	1,292
Traverse City	100,607	24.8%	9,193
Sub-total	406,289	100.0%	36,376
Expenditures:			
PA TV - TADL	(351,217)		
Actual for 4C Ops	(33,984)		
Sub-total	21,088		
Interest	15,288		
Balance for refund	36,376		

Spreadsheet 4: Mr. Lewis and I take different approaches in analyzing the distribution of Capital funds from the .30 fee collected by Charter from their subscribers. What I have done is to debit each governmental account (2 Yr Total Capital Expenditure) from their amount contributed for the benefit they received in Capital Equipment. I also allocated payments for TCAPS and TADL-TCTV2 equipment (Adjustment) across all of the governmental units based on their Total Contributions over the 2 year period (July 2005 to June 2007). The impact of this approach is to spread the cost of Capital Expenditures proportionally on all governmental units.

In contrast, Mr. Lewis' approach gave significant benefit to those governmental units which had already spent capital monies, even in excess of their original contributions. It is difficult to support Mr. Lewis' approach in this calculation as being "equitable."

Calculations of .30 Fee Collected and Expended from July 2005 to Present

(Spreadsheet 4)	2 Yr Total Contributed	% 2 Yr Total Contributed	2 Yr Total Capital Expenditure	2 Year Net Contributed	Adjustment	Allocation Split
Acme	11,924.0	7.7%		11,924.0	(3,852.6)	8,071.4
Blair	11,856.9	7.7%		11,856.9	(3,831.0)	8,025.9
East Bay	5,431.2	3.5%		5,431.2	(1,754.8)	3,676.4
Elmwood	10,845.6	7.0%	(17,905)	(7,059.4)	(3,504.2)	(10,563.6)
Garfield	36,702.6	23.8%	(12,180)	24,522.6	(11,858.6)	12,664.0
Green Lake	12,546.9	8.1%		12,546.9	(4,053.9)	8,493.0
Kingsley	1,856.7	1.2%		1,856.7	(599.9)	1,256.8
Long Lake	15,855.0	10.3%		15,855.0	(5,122.8)	10,732.2
Paradise	2,649.9	1.7%		2,649.9	(856.2)	1,793.7
Peninsula	6,946.5	4.5%		6,946.5	(2,244.4)	4,702.1
Traverse City	37,761.0	24.5%	(39,464)	(1,703.0)	(12,200.6)	(13,903.6)
Sub-total	154,376	100.0%	(69,549)	84,827.3	(49,879)	
TCAPS	0.0		(35,373)			
TCTV2 - TADL	0.0		(14,506)			
Sub-total	0		(49,879)			
Total	154,376		(119,428)	84,827	(49,879)	34,948.3
Total Contribution			154,376.3			
Total Expenditures			(119,428.0)			
Account Balance			34,948.3			

The "Adjustment" is figured by taking the % 2 Yr Total Contributed by Governmental Units multiplied by the Expenditures for Non-contributors (TCAPS & TCTV2-TADL). This distributes the expenditures for non-contributors proportionally over the contributing governmental units.

The "Allocation Split" is figured by taking the "2 Year Net Contributed" less the "Adjustment."

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March 20, 2008

Acme Township Board of Trustees
Bingham Township Board of Trustees
Blair Township Board of Trustees
East Bay Township Board of Trustees
Elmwood Township Board of Trustees
Garfield Township Board of Trustees
Green Lake Township Board of Trustees
Village of Kingsley Board of Trustees
Long Lake Township Board of Trustees
Paradise Township Board of Trustees
Peninsula Township Board of Trustees
Traverse City City Commission
Grand Traverse County Board of Commissioners

Dear Ladies and Gentlemen:

Subject: Distribution of Cherry Capital Cable Council (4C) Funds

At their February 20, 2008 meeting, the Cherry Capital Cable Council (4C) received a comprehensive report from Richard Lewis regarding the closing out of funds for the 4C. His report outlines 4C receipts and expenditures for the period from 1993 to the present. While it accounted for all 4C funds that were held by Traverse City, it did not include any accounting for the assets (funds and equipment) held by the Traverse Area District Library (TADL) as the 4C agent operating public access TCTV2.

In April, the 4C is expected to meet and consider proposals for a successor entity to pick up the public access function of TCTV2. Many have assumed that a successor to TCTV2 would be entitled to acquire the assets automatically upon the dissolution of the 4C. However, the 1993 Intergovernmental Agreement established the 4C only to coordinate franchising and to jointly regulate cable television; it made no provision for public access television, education television, or government television. It actually states, "Should the Cherry Capital Cable Council acquire assets or possess anything of value, an equitable division of such assets shall be made if a participating franchising authority withdraws and such withdrawing agency shall be given its equitable portion."

That means that government support for a successor to TCTV2 is a decision to be made by each individual unit of government. For government units, the decision to expend funds on public access television in place of some other pressing need (fire and police protection, the senior center, environmental protection, etc.) depends on the relative costs and benefits to its community.

You've all heard the term "PEG TV". Until recently, it comprised only NMC (the "E" standing for Educational) & TCTV2 (the "P" standing for "Public Access" & the "G" standing for "Governmental", consisting only of TC City Commission meetings and TADL Library Board meetings).

Traverse City has recently created government television (Cable Channel 99) to offer excellent public transparency of government meetings by presenting them live and in scheduled replays. Traverse City, Elmwood Township, Garfield Township and Grand Traverse County are using this venue, and other units are considering participation in this low-cost and effective communication. CH99 = "G", now.

TCAPS is operating its education television station (Cable Channel 98), offering local school events as well as broadcasts of the TCAPS Board meetings. NMC operates its education television station on Cable Channel 12. So, CH98 & CH12 together now = "E", of PEG TV. That leaves TCTV2 as "P".

Are there other forms of public communication which provide greater coverage and accessibility than public access on cable television? While TCTV2 coverage on Charter Cable extends over eleven Northwest Michigan counties, not all of these areas are fully served by Charter Cable. In many cases (for example, much of Leelanau County) there is no cable service available. Even where cable service is available, many individuals choose satellite tv or regular over-the-air broadcast instead of cable. Those people do not benefit from free "public access" television, but they can take advantage of an alternative – the internet. There is now a rapid cultural shift in entertainment viewing from television to computer screens. A study in October by Nielsen Media Research found that one in four internet users had streamed full-length television episodes online in the previous three months. When one popular television show, "The Office," began its fall season, 20% of its viewers watched online. Online viewing, in addition to being available to a greater audience, has the advantage of being on-demand. Grand Traverse County has indicated that it intends to make links to its recorded meetings available on its website. That's public transparency of government activity. It's astoundingly cheaper (vs. even 5 or 10 years ago) to download a prerecorded video off a web site, as more people do it than ever before, as bandwidth costs are falling geometrically. Not only can cable subscribers see your township meeting (if they tune in when it's scheduled by the TV station), but even non-subscribers can too, and they can do it at a time & place of their choosing. No computer? Go to the library & log on there. Downloadable "video on demand" of free "content" (e.g. your township meeting) will be hard to beat, as future broadband expands and costs drop. A few (\$15/mo.) dollars buys huge bandwidth (2,000 GB) already.

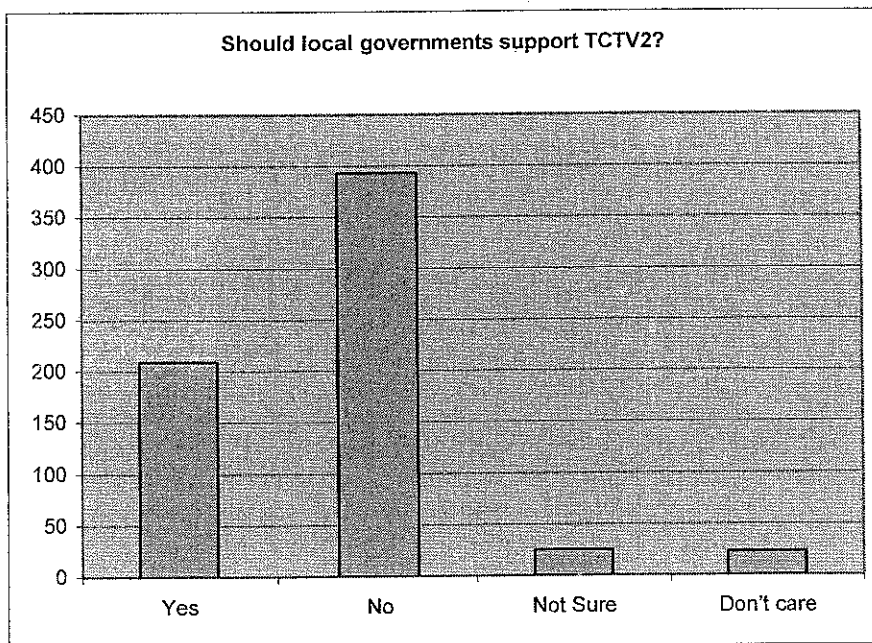
Should local governments or private individuals fund a public access successor to TCTV2? On July 13, 2007 the *Record-Eagle* followed an editorial ("Public access TV needs a big push") with an online opinion poll. These data show that local people clearly prefer private support over government support of public access television.

July 13, 2007 R-E Online Opinion Poll

Should local governments support TCTV2?

Yes	209	32%
No	393	60%
Not Sure	25	4%
Don't care	23	4%
Totals	650	100%

Data as of Thursday, August 9, 2007



Even these numbers probably overstate next year's appeal of TCTV2, because then it was both "P" & "G" (and in 2007, the variety and number of governmental meeting greatly increased on TCTV2). Now, it'll just be "P", since the governmental meetings moved over to CH99 (the "G"). There may be more public support for "G" than for "P" if a "forced choice" poll / questionnaire were to be run again in 2008.

Could a successor to TCTV2 provide both government and public access programming? Bundling these two functions would return us to the dilemma that TCTV2 experienced – how to serve two distinctly different missions. Staffing requirements for community outreach, producer assistance, and scheduling would be significantly larger for the public access portion of the station than for the government program side. The success of the startup government channel (Channel 99) gives evidence that a low cost government channel would end up subsidizing a bundled/commingled entity.

If public access television is supported by local government, what oversight and control will be exercised by the governing board? You can judge how effective the 4C's oversight of TCTV2 has been over the past two years. How will a new board improve on that record?

In summary, your decision to expend funds on public access television in place of other pressing needs (fire and police protection, the senior center, environmental protection, etc.) depends on your assessment of the relative costs and benefits of each alternative to your community. How to get the greatest amount of "value" per dollar for your taxpayers, in ways that they perceive value, is the challenge.

Very truly yours,

William P. Vockel

Enclosure:

"How Do We Make Equitable Distribution of 4C Assets?"

Copy to:

Mr. Richard I Lewis, City Manager, Traverse City

Mr. Michael McGuire, Director TADL

Ms. Donna Fike, Government Relations Manager – Charter Communications