

MINUTES of REGULAR SESSION  
CITY OF HIGHLAND  
TELECOMMUNICATIONS ADVISORY BOARD  
CITY HALL  
MONDAY, October 13, 2014  
7:00 P.M.

ROLL CALL:

Members Present: Chairman Marron, Vice-Chairman Boulanger, Board Member Rusteberg

Additional Attendees: City Manager Mark Latham, Light & Power Director Dan Cook, City staff members George Stram, Tracey Robinson and Councilman Neill Nicolaides.

CALL TO ORDER:

Chairman Marron called the meeting to order at 6:56 p.m.

MINUTES:

- A. Approval of minutes of the July 14, 2014 Regular Session of the Telecommunications Advisory Board. Both Marron and Rusteberg pointed out errors in the recorded minutes that need to be corrected.

Rusteberg made a motion to approve the April 14, 2014 minutes, as corrected. Boulanger seconded the motion. Motion carried.

REPORTS:

- A. List of customer Sign-ups and Installs.

Latham reported that HCS currently has 1,494 customers, with the most recent month's revenue being \$137,000. This results in a per subscriber revenue amount of \$92, while the goal is \$124. Cook added that there were between 30 and 35 new installs for the month of September.

Latham briefly spoke as to the declining use of residential landlines. He read that only 18% of Americans still have a residential phone line. Consequently, he would like to investigate the possibility of HCS partnering with ATT Cellular to provide cellular service to City residents.

- B. Financials

In Finance Director Korte's absence, Latham discussed current financial data for HCS. The City is still negotiating the IBEW contract. Meanwhile labor costs have decreased due to the loss of one

fiber tech position. Revenue is close to the projected numbers, but expenses are more than planned. HCS is budgeted for \$259,000 for the year and we are already at \$221,000. The largest expenditure is operating supplies. Also, all of the costs of the current build-out are not budgeted.

Cook discussed the costs incurred recently from ONT failures. We've had a rash of ONTs that have "gone rogue" and failed, requiring their replacement. If the failed ONTs are found to be under warranty, the ONTs are replaced by Calix at no cost. Unfortunately, not all of the failed units are still under warranty. We have had to replace between 50 and 70 failed units in the last two months. Nicolaides asked who determines if the ONTs are defective and if Calix reimburses the labor costs for ONT replacement. Cook replied that we have little leverage with Calix to force the issue, as there aren't really any alternatives to Calix ONTs.

Boulangier asked about the overall failure rate of the ONTs. Robinson replied that he has 47 warranted units ready for return. He also estimates that the overall failure rate is less than 5%.

#### C. Update on Construction

Cook provided an update on new construction. All of the conduit has been placed in Willow Creek subdivision in the LCP11 area. Crews are starting on the conduit work in the Faith Countryside area. We've lost about one week of planned construction due to weather. Nicolaides asked about the status of service to the Wilkens apartment complex. Latham replied that Wilkens has already signed an agreement for service with Charter.

#### D. Update on Marketing

Latham next provided the HCS marketing report. We've identified the LCP area with the lowest penetration rates and are sending mailings to all the residents within those areas. We are holding off on more extensive marketing until the current rate structure is reviewed. Due to new content contracts, rates may need to be increased and/or the service tiers may need to be changed. As an example, Robinson said that we will see some off-air channel costs going from zero to \$1.75 per subscriber charge. Any content increases will become effective on January 1<sup>st</sup>. Marron volunteered the Board to have a special meeting in December to discuss content contracts.

Robinson said that Minerva has a software tool that would allow us to see what channels are being viewed, and by how many customers. That may allow us to determine if there are any channels that we pay for that have low viewership rates that could be dropped. While the tool costs \$10,000, there is a free thirty day demo that he could use.

#### E. Update on VOD

Robinson stated that the VOD solution that he looked at, I-Velocity, hasn't yet been certified to work with Minerva middleware. I-Velocity anticipates certification within the next four to six weeks. HCS can't charge subscribers for VOD; it's more of a marketing tool. Although we could

charge an application fee for its use, for example an iPad app. Latham said that we have plans to canvass our subscribers and ask how many are interested in having VOD. COOK stated that we thought I-Velocity offered a free thirty day trial of their VOD solution. However, we found out that the trial only covered five to ten users and that content was restricted.

Robinson informed the Board that the TV Everywhere application now has about twenty channels available.

F. Non Agenda Topics

Rusteberg related the story she watched on Channel 5 regarding the HCS Gigabit Challenge. Latham said that there are fifteen applicants to the challenge, with one applicant being from India.

ADJOURNMENT:

Member Boulanger made a motion to adjourn, seconded by Member Rusteberg. Meeting was adjourned at 7:28 p.m.