

MINUTES OF REGULAR SESSION
CITY OF HIGHLAND
TELECOMMUNICATIONS ADVISORY BOARD
CITY HALL
1115 BROADWAY
MONDAY, August 13th, 2012

7:00 PM

Call to Order: Chairman George Marron called the meeting to order at 7:05p.m.

Roll Call: Members present: Chairman George Marron, Vice-Chairman Jon Boulanger, Board Member Sharon Rusteberg
Also present: City Manager Mark Latham, Councilman Neill Nicolaides, HCS Director Dan Kennedy, HCS staff member Rebecca Casper, and Bill Kay (Black Twig Marketing Firm)

Minutes: George Marron made a motion to approve the minutes of the July 9, 2012 Telecom Meeting. Sharon Rusteberg seconded the motion; All in favor.

Reports:

A. List of Customer Sign ups & Installs

Dan Kennedy reported a snapshot of the past 3 weeks and stated that HCS is providing 89 new services this month with an average of 21 new customers per week. Kennedy said that the current penetration rate for the number of customers HCS is able to serve is 15% with a churn rate of less than 2%.

B. Connection to Troy update

According to Dan Kennedy, HCS Director, the redundant link to Triad is 95% complete and will be 100% at the end of this week. Completion was scheduled for today but installs pushed this deadline behind schedule. HCS just needs to complete a fiber drop at the Administration building, which was rescheduled from the 13th to the 17th of this month due to work load and HCS installation schedule.

C. Update on RF overlay

Kennedy reported that everything is in place now for the RF overlay, except 5 channels with issues that need corrected (3 of which are affected by a bad card that will be replaced August 14th and 2 other channels have video but no audio). These remaining 5 channels will be corrected and functioning properly by August

15th. Kennedy also explained that the price of the RF Overlay must be the same as the Digital family package due to current contracts.

D. Current Issues

On August 27th at 7:20am HCS's phone provider had an outage until 2:30p.m which affected HCS telephone service. In addition to the phone outage, at 10:30a.m. a fiber got cut by construction crews in Collinsville and so HCS internet went down. Also, HCS has found a lot of customers with bad routers and bad wiring. This is causing a lot of problems. We have been replacing (for free) routers and personally visiting these troubled customers, according to Dan Kennedy. HCS didn't lose any customers from this outage, but 3 large enterprises decided to hold off on signups. Kennedy and HCS Sales Manager Brad Held will be visiting these enterprises again to provide presentations and demonstrate the redundant link once its complete.

Kennedy also said "Something else we are working on is a disaster recovery plan in case such ever happened again. HCS is porting our lines back to Frontier to be on the same network and redundancy as the City. In the case of such an outage in the future our customers could still call our office."

E. Marketing/Sales Update

A. MADISON COUNTY FAIR: Kennedy explained that the HCS booth at the Madison County Fair was a great success. HCS staff signed up 29 new customers during the week of the fair. HCS has since then increased their average number of new customers per week to 21. We are now offering "Chamber Bucks" and a free month of service as incentives for new customers and aggressively calling residents and businesses. Sales Manager, Brad Held, has also been providing businesses with a cost analysis tool to show the differences between competition and HCS. He has experienced a 90% success rate with this approach.

B. CUSTOMER SIGN UP FORM: Kennedy confirmed that HCS now has an online sign-up form for new customers on the HCS website. This has greatly improved customer data tracking and operations work flow.

C. PACKAGE DISCOUNTS:

Kennedy stated that HCS has been providing "Chamber Bucks" and/or free month of service when signing up new customers. Both of these approaches have been working very well for those customers who are stuck in contracts with current providers.

D. NEW RECOMMENDATIONS & REQUEST FOR APPROVAL

a. Dan Kennedy expressed HCS's desire to seek approval from the Telecom Board to have HCS vehicles "wrapped" in improved decals with updated advertising to include "HDTV, High Speed Internet, & Voice Services." Kennedy also recommended the new slogan of "Your hometown provider." The estimated expenditure for these requests would be between \$3,000 and \$10,000 (depending on the number of vehicles).

b. Kennedy is also seeking approval from the Telecommunications Board to hire

outside sales commission-only personnel to help increase the number of new signups per week, in order for HCS to reach its goal. These individuals would work for commission only and would receive a one-time 100% sales commission per customer, based on what that customer's monthly projected bill would be. c. Lastly, Kennedy proposed that we modify the current Sales Manager position to be full time with an adjusted salary of \$8.25 per hour + 100% one-time commission per customer. Kennedy recommends Brad Held to maintain this position and this recommendation would also remove overtime pay.

MARKETING (continued)

Kennedy stated "Our new mail outs for new LCP cabinets are going great. We are averaging 21 signups per week. One barrier we ran across a lot was customers with contracts. Now that we offer chamber bucks or 1 free month, they are signing up with us. We may also propose to lower residential internet prices to be more competitive."

F. Routers:

90% of our problems are customers' routers. We have since purchased our own routers to provide customers and this has helped tremendously. We are decreasing truck rolls and we are then familiar with the customers router and it's ins and outs. We now sell for \$29.95. Dan Kennedy would like to present to the board that HCS have the ability to charge for routers. Marron made a motion to recommend that HCS has the ability to charge for routers and the call will be made by HCS. Rusteberg & Boulanger approved and seconded the recommendation motion.

Operations/Efficiencies:

A. Installations: According to Dan Kennedy, HCS is aiming to decrease overtime through a 3rd party company that will complete the in-home wiring segment of the installs. This would help in order to keep up with the installations and increase the total number of installs completed per day. HCS would do the outside part of the install. We could then do an average of 10-15 installs per day, whereas now we are only able to do about 4-5 installs a day and this has been causing a lot of overtime for the techs. Also, JCCI has agreed to start completing installations of unburied cable in customers yards.

VOICE OPTIONS

Kennedy expressed that HCS and the City are considering 2 new phone providers: Big River or Alhambra Telephone Co., which we have pending proposals with both companies. He also explained that porting telephone lines we would be guaranteed 4 days max instead of 14 days that we currently must allow for.

NETWORK

Calix is our access provider of equipment now and Calix Network is underperforming, causing HCS to have a DOA rate with their product. We have experienced several problems and we have a stack of bad ONT cards. Kennedy

stated that just by replacing these cards at customer sites, we have resolved extensive problems, but Calix doesn't have any explanations as to why. HCS is pursuing an alternative option that will include a buy-back program. Kennedy is confident that operational efficiency will improve by switching. HCS is looking at "Adtran" company to switch to.

BLACK TWIG

Bill Kay proposed examples of new brochures they created for HCS and said he is impressed with HCS's motivation and focuses/goals. Black Twig encourages that we focus less on paper materials like brochures and this will help to keep our costs down too. Bill reported that tonight they took a picture of 500th customer with the TV she won. This will appear in the newspaper and Black Twig likes to focus on such marketing techniques. Bill also encourages that office staff @ HCS ask customers where they heard from us (newspaper, referral, etc). Black Twig will continue to write and release press releases for the Pioneer and Newsleader as it is important to constantly keep the community updated.

Brad Held came up with a free marketing piece. We will get a free logo and advertisement on a racecar (the idea is race=speed=fiber=fast) This will appear on Jason Zobrist's racecar. This car would then be invited to appear at the 175 Jubilee and other such events as another element to market this hometown service. The racecar would also be featured at the Block Party Idea that Brad is working on.

TESTIMONIALS: According to Bill Kay, Black Twig is working on the Block Party idea in the next month or 2. Business testimonials and case studies in which they tell a story of how we saved them "XX" money by switching, etc.

Black Twig and Brad are also scheduled at all the civic organizations (Jaycees, Kiwanis, Optimist, Garden Club, Chamber, Lions Club, Business over Breakfast, K of C, etc to do presentations. Out of 10 he met with at Jaycees, 3 signed up on the spot. These groups cover most of the businesses in town .

Bill Kay recommends the addition of an ipad for sales positions as there is a lot of data collection and signups can be done remotely and on the spot. This would improve efficiency especially in sales.

City manager MarkLatham added that in regards to the "sales commission-only" people is that we need to put in place contracts or such with those people we bring in and make it an understanding that they are not "City employees" or permanent positions. Marron really likes the idea of the commission only sales people, but agrees on the importance to set guidelines.

Marron made a motion to recommend that letter "i" and "ii" and "iii" on Dan Kennedy's report/agenda, all be recommended to City Staff and City Council. Boulanger seconded. All in favor. Rusteberg recommended that for the customers that the sales commission people sign up, those customers that sign up must keep the service for more than 1 month.

NEW REPORTS:

Kennedy explained that he was approached by WQQW Radio. They want to rent space at the HCS facility. Marron is not in favor of the idea and feels we don't want to do that due to plans of future expansion. Data Center space in headend would be okay.

GIGABIT GRANT:

Marron said there is no update on recipients of the Gigabit Grant since last meeting.

LOCAL CHANNEL:

Per Mark Latham, everything is due by the end of this month and we will have an update then.

Adjournment

Marron entertained a motion to adjourn. All in favor. Monday, Sept 10, 2012 will be the next telecom meeting