

AGENDA and NOTICE OF MEETING
CITY OF HIGHLAND
TELECOMMUNICATIONS ADVISORY BOARD

CITY HALL
1115 BROADWAY
Monday, April 08, 2013
7:00 P.M.

ROLL CALL:

Members Present: Vice Chairman Jon Boulanger, Board Member Sharon Rusteberg

Additional attendees: HCS Director Dan Kennedy, City Manager Mark Latham, Councilman Neill Nicolaides, City staff members Tracey Robinson and Kathleen Mulcrone, HCS staff members Craig Wasser, Darin Jansen, Eric Liening, and John Deluca

CALL TO ORDER:

Vice Chairman Boulanger called the meeting to order at 6:59 p.m.

MINUTES:

Rusteberg made a motion to approve the minutes from the March 11, 2013 meeting. Boulanger seconded the motion.

REPORTS:

A.) List of customer sign up and installs

- a. HCS Director Kennedy reported that HCS is averaging 3 customers per day through general call-ins. HCS is currently focusing on the MDU projects and trying to have them completed as quickly as possible. Kennedy stated that he will start meeting weekly with each property owner. And from those conversations, HCS will determine how many residents are interested in the services in each area. These numbers will dictate which areas are built out first.

There was some discussion about the ongoing audit. Kennedy reported that, due to the audit conducted, HCS found customer billing discrepancies. Kennedy stated that he wants to notify customers by letter explaining that these discrepancies have been identified and will be fixed. Kennedy asked the Board when would be an appropriate time to send the letter; in six or twelve months. Rusteberg recommended that HCS should wait until the audit is completed and discrepancies are corrected before a letter is sent out—“Just to make sure everything is billed

correctly.” Rusteberg suggested HCS completing the audit/notification process in 6 months. Latham: “People need to be notified that their bill will be corrected and adjusted soon. Moving forward, bills should start reflecting discounts/promos received as well as the original pricing. Before, customers weren’t seeing what their discount would be based off of the original price, they only saw the bottom line. HCS need to remedy the clarification of billing and discounts on customers’ bills so that customers can see why they were billed a certain way.” Rusteberg asked whether HCS anticipates losing customers because of the change. Kennedy answered that HCS expects to lose a few due to the audit. However, the idea is to have a clean slate; the goal is to make things equal for everyone. Kennedy: “It is easier to track this if we get audited down the road. Moving forward, HCS will make sure everything is documented and promos are kept on file for each individual customer.” It was decided that, by the next meeting, the Telecomm Board will review a drafted letter to send to customers explaining billing changes and adjustments.

Kennedy reported that moving billing functions to City Hall has worked out very well. Kennedy said that this is due to City Hall staff being familiar with dealing with payments, service disconnects, order entries, non-pay functionalities, batching, etc.

Kennedy informed the Board that HCS is exploring a business relationship with Shaun Voegele regarding the local access channel. Kennedy has had a few discussions with Shaun about providing commercial and/or content through channel 3. Per the discussions, HCS would receive 10 percent of the proceeds out of the arrangement. Currently, Voegele has provided some test content for the channel and will be sending more content for the channel later this week. Kennedy: “The idea is that they can do documentaries, commercials, etc. Shaun will be able to showcase businesses in Highland and other content as well. For example, ‘Focus on vehicle maintenance’ or ‘What to do this spring for your plants.’ These items would then be sponsored by local businesses.” Kennedy noted that this would allow HCS to go out of Highland and approach businesses outside of the community who may want to come here and advertise particular services. Rusteberg questioned whether the 10 percent that HCS would receive off of the content produced by Voegele. Rusteberg: “Seems like maybe we should get 20 percent.” Latham explained that 10 percent per month is very typical and standard in that industry. Kennedy stated that the goal is to showcase everything in Highland first. Latham said that it is also HCS’ intention to work with the high school and their AV club to record (and sponsor) local sports games.

Latham introduced the four HCS technicians who were in attendance. There was some discussion about the employment of HCS technicians and the possibility of going from four full-time technicians on staff to two. Latham: “The technicians have been funded with the bond money. Currently, there is not enough bond money to support four technicians. Although we plan to build out the remainder of the community, how we would like to be able to do this is to move two of the technicians from fiber over to the electric department. They would be able to help expand the fiber infrastructure when needed. The purpose is to balance the budget. At this time, it looks as though we are in the red. HCS can’t continue to function like that. Keeping two techs on a full-time basis next budget year will only drive HCS into the red even further.”

Latham mentioned that another issue is that two HCS employees have decided to leave. The City has been interviewing individuals but, so far, no decisions have been made. Latham: "When things start turning around where HCS can afford to hire back the two technicians full-time, the City will do that."

Latham pointed out that it was anticipated that most customers would take the triple play and the average revenue generated per customer would be \$124. Latham: "If you multiply \$124 by 1,200 customers, HCS would have reached its goal by the end of this year. Unfortunately, this has not been the case. HCS is averaging \$80 per customer. Which means instead of needing 1,200 customers, it will take HCS 1,600-1,800 customers in order to cover the costs. As a result, HCS had to make difficult decisions in order to operate. It was not anticipated that this would happen." Latham mentioned that although HCS hasn't been doing any marketing, they are still gaining three customers per day which presents an overall savings to improve the budget.

There was some discussion regarding if the fiber installation schedule has a backlog (1-2 months), what kind of protocol will be put in place. Kennedy: "In the event that there is a need for more technicians, two technicians will transfer back and forth from the electric department to the fiber department and be paid as a fiber technician to complete that work. When work is caught up, the two technicians will go back to the electric department and function as groundsmen. We will only do this if absolutely needed." Rusteberg noted that at the beginning of the project, the initial need for four technicians was for the construction and build out. But since now construction is slowing down; HCS doesn't have enough money for the build out. However, there are more installs. Rusteberg questioned whether the budget includes making the bond payments. Latham confirmed that it does. Rusteberg asked how many customers are needed to become positive. Latham stated he that will ask Kennedy to check on this. Latham stated that he would like for HCS to focus on acquiring business customers to offset the low average revenue per customer on the residential side. Kennedy explained that, "If we execute the plan properly, HCS be cash flow positive next year----including making all bond payments."

Kennedy addressed the subject of when the Pay Per View channels will be available. Kennedy: "We are working out the billing side of it; should be coming out relatively soon."

Kennedy reported that Avail is what HCS is using for a lot of the channels on their headend. Recently, Avail has changed from satellite feed to a terrestrial feed. Kennedy has been in discussions with ICN for awhile, who will be moving HCS' connectivity from the AT&T link over to ICN. In addition, the school will be HCS' first co-location customer; they are moving their servers into HCS' headend facility.

ADJOURNMENT

Rusteberg entertained a motion to adjourn the meeting. Boulanger seconded the motion. The meeting adjourned at 7:36 p.m. Next Telecomm Advisory Board will be May 13, 2013.