

**MINUTES of REGULAR SESSION
CITY OF HIGHLAND
TELECOMMUNICATIONS ADVISORY BOARD**

**CITY HALL
MONDAY, OCTOBER 14, 2013
7:00 P.M.**

Roll Call:

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

Additional Attendees: City Manager Mark Latham, City staff members George Stram and Kathleen Mulcrone

CALL TO ORDER

Chairman Marron called the meeting to order at 7:01 p.m.

MINUTES:

- A. Approval of minutes of the September 9, 2013 Regular Session of the Telecommunications Advisory Board

Board Member Rusteberg made a motion to approve the September 9, 2013 minutes. Boulanger seconded the motion.

REPORTS:

- A. List of Customer Sign Ups and Installs

Latham reported that HCS currently has 1,062 customers. Latham noted that the current customer count reflects the number of customers who were disconnected due to owing HCS money. Latham reported that in the past two weeks, HCS gained five sign ups per week. HCS linemen have been catching up with installs during that time. Latham stated that two linemen have been accompanying two Electric linemen to help with construction on LCP01. At this time, only two HCS linemen are doing installs.

- B. Financials

Rusteberg noted that a third of the year has passed and expenses are pretty much on track. Rusteberg stated that HCS is low on revenue. Latham

explained that the major expense, which hurts HCS, is purchasing equipment. Latham: "It's expensive to set people up with HCS services." Latham recently spoke with Scott Bowles, with Spectrum Engineering, who stated that he believes that, in order to break even, HCS should have 1,200 customers at an average of \$124 of revenue per subscriber. Latham: "We've got some marketing ideas that will help us reach that number. We are heading for 1,200 customers."

C. ICN Connection and Avail Feed

Latham reported that HCS is still trying to make the transition to the satellite feeds by December 1. Latham: "We've looked at all kinds of ways to get connected to Chicago--not sure that it is going to happen." Latham stated that, per his memo, Robinson is recommending going ahead and purchasing additional receivers; which will help HCS pick up the additional channels (in the interim time until the fiber connection is made to the head end). Latham explained that by doing this, HCS won't lose customers due to dropped channels. Rusteberg made a recommendation for HCS to use the most economical means possible in order to not lose the channels (in the current lineup) and for the Telecomm Advisory Board to provide direction to proceed. Boulanger seconded the motion. All in favor. Motion carried.

D. FTTH Conference

Latham reported that he and HCS Tech Craig Wasser attended the FTTH conference. Latham stated that by talking with other companies and municipalities, he learned that HCS is not really touting its capabilities and strengths. After attending the conference, Latham believes that HCS needs to increase the Internet bandwidth. Latham: "If you have the capability to increase bandwidth speeds, this is the surest way to surpass our competition." Latham stated the HCS will increase Internet speeds for both business and residential--at no additional cost to the customer.

Latham explained some of the changes he will present to City Council regarding bandwidth descriptions. Latham: "Because the new Internet speeds proposed will be more than DSL, we have changed the name 'DSL Equivalent' to 'Essential.'" Latham stated that increasing the bandwidth will be at no additional cost to HCS since HCS already pays a flat fee. Latham stated that he was inspired by a marketing idea that a company from the FTTH conference implemented. Latham: "They sent out a letter about increasing speeds and how it was a gift to its customers---and that it's not going to cost its customers more. They saw a huge increase in sales." Latham stated that HCS' competitors offer up to 30M. Latham: "Now that we're doing something different, they can't do better unless they decide to build out more fiber." Latham stated that other companies (at

the FTTH conference) sent out letters, which said ‘We’re in your area building and anticipate being complete by June 1. We’d like to get you signed up and pull you in while construction is going on.’ Latham stated that the companies who did this typically got a 30-35 percent penetration rate out of the cabinet. Latham mentioned that, eventually, HCS will send a letter out to the remaining cabinets and find out what the interest is in that area. The area with the strongest interest will be built out next. Latham stated that the sooner HCS starts marketing the increase in bandwidth, the sooner HCS will see customer numbers go up. Latham: “The biggest disappointment is the number of businesses who are not signed up and don’t have the service. Marron: “I think it’s because they are waiting for it to be dependable.” Boulanger noted that, while there are plenty of marketing ideas, HCS needs to have a plan and to determine what ideas are going to have the biggest impact. Latham: “I think once we get news out, people will start signing up because now we will be offering more bandwidth at a better rate. That’s what’s going to separate us from the competition—that’s what we need to focus on.”

ACTION:

A. Approval of RF Filters

Latham stated that currently there is no way to separate the ‘Basic’ and ‘Basic Expanded’ television packages. HCS found filters that will work. Latham explained that there are approximately 70 people who are receiving ‘Basic Expanded’ channels and not paying the full price. Boulanger: “Have HCS contact customers and explain to them that HCS plans to put the filters on. If a customer wishes to stay with their current package, they will have the option to do so—at the correct price.” Marron stated that some of the customers may not even mind because they may not watch all of the additional channels. Boulanger: “Inform them that we know that we’ve been giving them more.” Marron recommended not implementing the process right away—a month or two. Rusteberg suggested informing the customers what channels they will no longer be getting. Marron: “This can be over time. This is not a high priority like getting new customers and the ongoing construction.” Rusteberg made a motion to approve the RF filters and make changes as indicated by the Board. Boulanger seconded the motion. All in favor. Motion carried.

B. Approval of ordinance change for bandwidth descriptions

Boulanger made a recommendation to go with the recommended changes in bandwidth descriptions. Rusteberg seconded the motion. All in favor. Motion carried.

ADJOURNMENT

Boulanger entertained a motion to adjourn the meeting. Rusteberg seconded the motion. All in favor. The meeting adjourned at 7:37 p.m. The next Telecomm Advisory Board meeting will be November 12, 2013.