



December 5, 2004

Mr. Michael Shea
Baltimore Grassroots Media
Phone: 410.523.0212

Dear Mr. Shea,

Thank you for inviting us to the community meeting around Baltimore's refranchise negotiations with Comcast. Baltimore is a wonderful city, rich with the history and culture. I always enjoy my time there.

I write to you to express my concern that Baltimore is preparing to enter into a long-term cable franchise with Comcast which seriously short-changes its citizens. I have participated in franchise negotiations at the local level in Minnesota, New Jersey, Georgia and New York. Direct experience demonstrates that Baltimore should expect much more than it is accepting. The current time frame is short, so I will give two brief examples to show why the proposed agreement should be reexamined before signing.

Access in New York City, where I most recently negotiated, is well supported because the elected officials understand the dynamic between the citizens and the cable company: people are often frustrated by frequent outages, slow service and ever-escalating rates. They are frustrated by the difficulties a consumer has in negotiating with a monopoly service operating on public lands.

Our Comptroller was clear with me in explaining his support of our efforts. The cable rates are going skyrocket before the ink dries on this franchise agreement. The voting public is going to blow up when the higher rate hits their pocketbooks. They're going to look back and ask, 'Who made this agreement?'

Federal law does not allow elected officials to negotiate cable rates, he pointed out. But it does allow them to negotiate payment in the form of channel capacity, support for PEG facilities and for investment in the community. *The elected official who makes a deal far below what comparable cities negotiate makes himself or herself extremely vulnerable at election time.*

What should Baltimore expect? Staten Island, a community of about 120,000 subscribers negotiated \$6.50-\$7 per subscriber per year for public access operating

expenses for ten years starting in 1999. Plus \$2,000,000 capital to replace equipment used over the first eight years. This is typical of cities with Baltimore's subscriber base.

Consider that this breaks down to around *55 cents per sub per month*. Less than the cost of a can of Coca Cola. About one percent of a \$50 cable bill—and shrinking. Less than the cost of one call to information.

Instead, Comcast proposes to support public access efforts with *33 to 66 cents per year!*

Economic Development. A properly funded Access center in Baltimore would typically employ 20-30 FTE's, many of whom would go on to careers in commercial media, all of whom would pay taxes to the city. It would purchase hundreds of thousands of dollars of technical equipment from local vendors as well as tens of thousands of dollars worth of tapes and other supplies per year. It is a proven fact that every dollar spent on local arts and culture turns seven times in the community before leaving town.

Comcast support would barely cover 1 FTE most years and no expenses.

Channel Valuation. More disturbing is the phenomenal under-appreciation of the value of the channels Baltimore currently owns, but considers giving away. Each channel under the old agreement represented 6 MHz of bandwidth. That is 72 MHz paid to Baltimore under the original agreement. Comcast is digital now, sending the equivalent of ten or more channels in each 6 MHz. Put another way, even if Baltimore kept all 12 channels it currently has a right to, Comcast could “pay” Baltimore its due with only 7.2 MHz of bandwidth Yet they ask for a give back.

As with any contract, it is important to engage technicians familiar with the law, current industry practices and technical potentials. This is especially true for a 12 year cable franchise which obligates your children far into the future in a rapidly changing technical arena which, ultimately, will have great power over your city's ability to compete politically and economically with your competitors in a shrinking global village.

Comcast's highly paid legal department negotiates hundreds of these agreements annually nationwide. They know that every nickel in the franchise is worth a million dollars. Baltimore's public servants will negotiate but once.

Given more time, I would be more than willing to volunteer help at this critical juncture, or to direct you to those who can. But it cannot be done in 24 hours. A brief delay of a week or two would provide time for basic analysis of the PEG section of the franchise. I am sure your elected representatives are good people who want to do the best for the city. Nothing in federal law prohibits them from taking just a few more moments of diligence in this cause.



This examination is better done now, while Baltimore still has options, than done later, when she has only time for regrets.

For Community Media,



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