

**MINUTES
FORD CITY BOROUGH COUNCIL
PUBLIC HEARING - COMCAST FRANCHISE RENEWAL
LOCATION – FORD CITY BOROUGH BUILDING
DECEMBER 29, 2010**

MEETING SIGN IN SHEET Council President Lux informed everyone addressing council, must sign in on the meeting sign in sheet. All speakers must step to the microphone to speak. Begin with stating your name and address for the record.

CALL TO ORDER Council President Lux called the hearing to order at 6:10 p.m. and advised the audience that the meeting will be audio taped.

Lux asks if there is anyone in the audience audio or video taping the meeting? There was no response.

ROLL CALL John Lux, Ray Klukan, Ron Dillard, Lou Vergari, Paul Harmon and Mayor Mantini were present. Rob Mohny was absent.

ATTENDANCE Solicitor Frank Wolfe, Scott Gaiser - Fire Chief and David Croyle were also present.

PUBLIC COMMENTS - CABLE FRANCHISE RENEWAL
Please refer to attached transcript.

ADJOURNMENT Klukan made a motion to adjourn the hearing. Seconded by Harmon. Motion Carried. 5-0 Unanimous

John M. Lux
Council President

Lisa Bittner
Borough Secretar

minutes
12-29-2010
Cable Franchise Hearing
approved 2-14-2011

FORD CITY BOROUGH COUNCIL

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In re: Public Hearing – Comcast Franchise Renewal

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Verbatim record of hearing at
Ford City Borough Municipal Building
1000 4th Avenue,
Ford City, Pennsylvania,
Wednesday,
December 29, 2010

MEMBERS OF THE COUNCIL

John M. Lux, Sr. – President
Ray Klukan – Vice President
Ronald E. Dillard
Paul Harmon
Lou Vergari

ALSO PRESENT:

Lisa Bittner
Frank A. Wolfe, Esquire, Solicitor

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INDEX TO WITNESS

Case:

Page

In Re: Public Hearing – Cable Franchise Renewal

David Croyle

5

1 PRESIDENT LUX: Okay. This is the public hearing
2 with Borough Council regarding a cable franchise
3 renewal. This public hearing is held pursuant to
4 Section 626 of the Federal Cable Act which sets forth
5 the process for franchise renewal.

6 The Borough's current franchise with Comcast
7 recently expired, and the Borough is beginning the
8 process of renewing the franchise. This public hearing
9 is part of the preliminary portion of franchise renewal
10 in which the Borough reviews the cable operator's past
11 performance and identifies the Borough's future
12 cable-related community needs.

13 As such, as part of this public hearing, we
14 invite comments from any citizens who wish to speak
15 regarding either or both of the aforementioned subjects.

16 Franchise renewal is the best opportunity for
17 municipalities to assert their rights with respect to
18 the cable operators and to obtain important benefits and
19 return for granting the cable operators the right to use
20 its public right of ways.

21 These benefits include: state of the art cable
22 system now and in the future, strong customer service
23 standards, free services to community facilities, better
24 reporting requirements from the cable operator, maximize
25 franchise fees and franchise grant and education on

1 governmental channel, legal protections of the right of
2 ways and better mechanisms to enforce the franchise
3 agreement. These are just some of the potential
4 benefits available through franchising renewal.

5 Citizens may address these items or any other
6 cable-related items that are important to them. We will
7 now open the hearing up to the citizen comments.
8 Anything?

9 MR. VERGARI: Okay. I am a citizen.

10 PRESIDENT LUX: Well, your thing was with the
11 library.

12 MR. VERGARI: Yeah. Does that include internet
13 access for the library, free internet access for the
14 library?

15 PRESIDENT LUX: Right. That is something we need
16 to find out about.

17 VICE PRESIDENT KLUKAN: Does that also include --

18 PRESIDENT LUX: That should include here.

19 MR. VERGARI: Here it is already getting free,
20 Lisa says.

21 MR. DILLARD: Well, we should check, okay, to
22 make sure.

23 VICE PRESIDENT KLUKAN: Does that include the
24 whole building, police, fire?

25 MR. VERGARI: That is what we got argument with.

1 PRESIDENT LUX: That is something we are going to
2 have to ask.

3 MR. VERGARI: That is what one of the arguments
4 was.

5 PRESIDENT LUX: Yeah, if it includes everything
6 in the building.

7 MR. VERGARI: That is one of the arguments in
8 that '98 contract.

9 MR. WOLFE: Does it?

10 MS. BITTNER: I don't know. We use Windstream
11 here for our internet access.

12 PRESIDENT LUX: See, that is what we have too.

13 MR. VERGARI: You don't have Comcast? Who uses
14 Comcast?

15 MS. BITTNER: I believe the police use Comcast.
16 I am not sure.

17 MR. VERGARI: Do you get a bill from Windstream?

18 MS. BITTNER: Uh-huh (affirmative.)

19 MR. DILLARD: Yes.

20 VICE PRESIDENT KLUKAN: Yes.

21 MR. VERGARI: Do you get an E-Rate too?

22 MS. BITTNER: An E-Rate? I don't know what that
23 is.

24 MR. VERGARI: We get an E-Rate from Windstream.

25 MR. CROYLE: Can I ask why you are using

1 Windstream versus Comcast for the internet service and
2 why you are paying, you know, an additional premium that
3 technically you shouldn't have to pay?

4 VICE PRESIDENT KLUKAN: No.

5 MS. BITTNER: I don't have an answer for that.

6 PRESIDENT LUX: I don't know. That is just the
7 way it was set up. It's been that way for how many
8 years now?

9 VICE PRESIDENT KLUKAN: That is the same with our
10 internet.

11 MR. DILLARD: We have had Windstream --

12 MS. BITTNER: Way before.

13 MR. DILLARD: -- way before, even before 2000.

14 MR. VERGARI: What the ladies from the library
15 wrote down is --

16 PRESIDENT LUX: Well, that is something we'll
17 have to look into then.

18 MR. VERGARI: E-Rate is a government program,
19 rebate money for schools and libraries for computers,
20 phones and fax. Library Windstream's (sic) phone bill
21 and fax bill, E-Rate credited to the bill. No problems.
22 Comcast is a runaround. No one seems to know or
23 understand E-Rate. They say, "Do it yourself."

24 Whether the Kittanning Library is receiving free
25 Comcast, Ford City Library told on the phone, "This

1 would not last much longer." This says, "That was over
2 a year ago." But this has been since '67.

3 MR. DILLARD: Since '67, Lou?

4 MR. VERGARI: I mean, '07. I am in the past,
5 man, '67.

6 MR. CROYLE: You said Worthington got free
7 internet since '07?

8 MR. VERGARI: No, no. I don't know when. But
9 basically, we know that they get it and the person who
10 said --

11 MR. CROYLE: From Comcast?

12 MR. VERGARI: Yeah. They have been getting it,
13 at least, for a year that they know.

14 MR. CROYLE: Did you mention somebody else that
15 gets it?

16 MR. VERGARI: Kitttanning.

17 MR. CROYLE: Kitttanning?

18 MR. VERGARI: See, after Kitttanning poached our
19 librarian, when she went up there, they got it for free.

20 PRESIDENT LUX: That is the thing we want to
21 question whenever we meet with them. Anything else? Go
22 ahead, Dave.

23 MR. CROYLE: Has anyone asked them about the
24 subscribership drop over the last three years since we
25 know there was 3,000 subscribers that left Comcast in

1 the last three years and how that is going to affect
2 revenues they are bringing into the Borough? Because I
3 saw on your budget, you had projected for revenue from
4 Comcast and franchise fees to the Borough. So, if they
5 continue to drop, how is that going to impact for
6 franchise fees?

7 PRESIDENT LUX: Well, that is something we are
8 going to have to write down and ask them whenever we do
9 get a chance to meet with them.

10 MR. CROYLE: Do they base that franchise fee on a
11 per subscriber base or do they base it just on a
12 municipal, you know, where you have so many polls?

13 PRESIDENT LUX: How do they do that? Do you
14 know, Frank?

15 MR. WOLFE: It is the percentage of sales.

16 MR. VERGARI: Sales, yeah.

17 PRESIDENT LUX: Percentage of sales?

18 MR. WOLFE: I think it is five percent.

19 MR. VERGARI: Yeah.

20 MR. WOLFE: The same lawyers on this one did that
21 last one. I do think five percent is the maximum.

22 MR. VERGARI: That is the maximum, yeah.

23 MR. DILLARD: When we met with our attorney, that
24 was part of the conversation, that they had to go back
25 and figure the numbers of customers that Comcast had

1 here and they were going to give us some numbers and
2 bring it back to us. We haven't had a meeting since
3 that time with our attorney.

4 PRESIDENT LUX: Yeah. They sent us this notice
5 saying we had to have this meeting here, this public
6 meeting.

7 MR. DILLARD: Right.

8 PRESIDENT LUX: And then we can contact them with
9 the information we get from the public meeting, and they
10 will get back with us.

11 MR. DILLARD: Right.

12 MR. CROYLE: Am I able to have a copy of what you
13 read at the initial beginning?

14 PRESIDENT LUX: This here?

15 MR. CROYLE: Yeah.

16 PRESIDENT LUX: Yeah.

17 MR. CROYLE: Thanks.

18 PRESIDENT LUX: Okay. I guess if there are no
19 other comments, this hearing is closed then. Anything?

20 MR. CROYLE: Just another question on the new
21 cable company.

22 PRESIDENT LUX: Yeah, go ahead.

23 MR. CROYLE: Or the new broadband service that
24 will be offered once 911 is all in place by Salsgiver.
25 Do they have to come back on that actually? Is it

1 required they do a franchise fee with you as well or is
2 that optional? I mean, can you waive the franchise fee
3 or has anyone approached you about service?

4 PRESIDENT LUX: Nobody has approached us that I
5 know of, that I am aware of.

6 MR. WOLFE: This is -- I don't know what the
7 future one is going to be, Dave. But this is currently
8 a non-exclusive franchise. So, I would imagine, I guess
9 you can have as many of them as you want. They will all
10 be individual agreements.

11 MR. CROYLE: Have any other companies ever
12 contacted you about being in the Borough?

13 PRESIDENT LUX: No, not that I know of.

14 MR. CROYLE: It is hard to be a reporter and be
15 on the other side of it as well. So, I have to ask the
16 questions. But I think that is it.

17 PRESIDENT LUX: Okay. Then that concludes this
18 hearing, I guess.

19 MR. WOLFE: Do you have information on this other
20 entity?

21 MR. CROYLE: Yes.

22 MR. WOLFE: Do they want to be in the Borough?

23 MR. CROYLE: They are planning on being in the
24 Borough, yes. They are -- I met with them and with the
25 hospital, with Snyders. We had a big meeting. There

1 were like 28 of us that had special interests as to why
2 we would want this to happen because the commissioners
3 had to -- I mean, they are running. They are -- I mean,
4 it's like they had to have reason. So, we, as a group
5 of business entities separately but yet together, came
6 and said, "Yes, this is the reason."

7 For instance, the hospital's reason was because
8 they could not get their radiology files back and forth
9 to Pittsburgh. They just can't do it. There is no
10 system up here big enough to transport the amount of
11 data that has to be transported in a timely fashion.
12 So, they have to double hop it. They have to actually
13 send theirs to Freeport and then they send it on out to
14 Freeport into Pittsburgh.

15 So, we are double hopping as well. We send our
16 video signal to Pittsburgh and go out of the server in
17 Pittsburgh because we do not have enough bandwidth in
18 Kittanning. It is just not available. You cannot buy a
19 pipe big enough to bring us out the amount of bandwidth
20 that we need. And Snyders is having the same issue.
21 They can't do it either.

22 So, the larger the users, they approach the
23 commissioner saying, "There is a definite need in this
24 community for broadband application." So, with that in
25 mind, in addition to the 911 issue -- see, 'cause the

1 911 issue, there were two issues: one is they could
2 either do it with using all the microwave towers and
3 microwave everything. That was the one solution. The
4 second solution, which cost \$5,000,000, was to go ahead
5 and put a broadband solution of fiber all through the
6 county.

7 But we were pushing for fiber because the
8 broadband would not give you any other capability to the
9 consumer, to the businesses, to the business community,
10 to the local residents. If they put the fiber in, the
11 business community will have access. The residents will
12 eventually have access. So therefore, out of that whole
13 package of spending an extra \$5,000,000, the
14 commissioners are actually then authorizing an entire
15 fiber network throughout the entire county that will
16 serve not only the 911 needs but will also serve the
17 business needs and the residential needs.

18 And currently, Salsgiver's prices on the cable
19 system is much, much lower than what Comcast or Direct
20 TV and Dish Network are. He has got some phenomenal
21 pricing. So, when this -- of course, the first thing
22 that is going to happen is 911 will get immediate access
23 and they will do their thing and following on the heels
24 of that will be businesses and following on the heels of
25 that will be residential. So, you are probably three to

1 five years, maybe max, of residential, max. But it will
2 hit Ford City before it is going to hit Parker, 'cause
3 they are going to have to build out in Ford City before
4 they have Parker.

5 MR. VERGARI: Does that mean a new cable line
6 through town?

7 MR. CROYLE: A fiber line, not cable, fiber line.
8 What will happen is -- what they are doing in
9 Pittsburgh, they bring fiber right to your house. It
10 brings voice, video and data. So, you have your
11 telephone service, your internet service and cable
12 service all with the fiber line. That is what they are
13 talking about doing.

14 So basically, this would be a public/private
15 partnership actually where the public, through the
16 county, is paying for the initial trunking of all the
17 fiber throughout the county. And then you have the
18 private partnership which comes from the businesses like
19 us, the hospital and Snyders.

20 MR. VERGARI: And how does the public -- I mean,
21 how does the county recoup that? Do they have a way of
22 recouping that money?

23 MR. CROYLE: Yeah. They are getting a percentage
24 based on what is sold through the fiber network. So,
25 yeah, they will get -- I mean, they will -- I saw the

1 amortization sheet of how long it takes them to get it
2 recouped. I don't honestly remember as I am sitting
3 here. I'd have to pay close attention. I could figure
4 it out by now, but they have a whole package in place
5 where they figure how long it would take to combat.

6 But honestly, in my opinion, it is a perfect --
7 it is a perfect thing to happen right now 'cause A, it
8 is going to give a ton of access to the internet which
9 we do not have here. So, from a business standpoint --

10 I mean, think about it. You are trying to
11 attract people up to North Point. Let's just use them
12 as an example. Well, let's use you guys as an example.
13 You want some business to come and take a piece of
14 property here, but they need to transfer files between
15 their main company in Albuquerque and here. They can't
16 do it here. So immediately, you shot them down on
17 communications. They can't even think about coming here
18 because there is not a pipeline big enough to take their
19 communication needs outside of here back to their home
20 office or whatever.

21 Let's just say it is a global home office.
22 Hercules, you know, KPM, they are having the same
23 issues. They can't get out of here. So, what the
24 commissioners are doing and this is one of the few times
25 I will applaud them for future site by saying, okay,

1 let's get the infrastructure in place. They lost the
2 billions of dollars that Betop (phonetic) was going to
3 provide for them. That was wrong. That was thanks to
4 Governor Rendell.

5 MR. VERGARI: Betop?

6 MR. CROYLE: Betop money that they should have
7 had for this project. They applied. They were in the
8 running. They went to the second level and lost it. It
9 was because the governors in the states decided what the
10 final products were going to be. Obviously, Armstrong
11 County got zero. Harrisburg got a lot, but Armstrong
12 got zero.

13 MR. VERGARI: Philadelphia got a lot.

14 MR. CROYLE: So, thank you, Governor Rendell.
15 But anyway, this is a great -- they said, "Okay. Let's
16 go and let's bite the bullet and let's make this happen.
17 We have to do it for 911." There are just multiple
18 reasons why it is important. I applaud them for doing
19 it, because that is foresight.

20 Because otherwise, the whole business climate of
21 building a business in Armstrong County, not that it
22 rests on this, this is one pivotal point 'cause if you
23 can't get out, you know, for your communication needs,
24 what major company would even think about putting some
25 kind of satellite industry here if they can't serve the

1 communications?

2 So, the hospital, I mean, they are having fits.
3 They are just up there -- they've got every which way
4 and they've got so many communication lines between here
5 and Pittsburgh. It is not funny. But they just can't
6 get enough to get out of the hospital.

7 So, in the middle of the night -- I mean, you go
8 up for -- if they have to do a scan on you in the middle
9 of the night, an emergency scan, they have to send --
10 they have to actually pay the radiologist to come from
11 Pittsburgh up to read it, because they can't get the
12 file down there. And you, as a consumer, get screwed
13 because your insurance company gets attacked and they
14 won't pay it all. They say there is no need. They will
15 pay the remote fee. They won't pay the guy to come up
16 here.

17 So, one of two things happen: either they don't
18 come up because your insurance won't approve it and so
19 you lay there for, you know, -- they could have done
20 something six hours ago and now you have to lay there
21 and possibly die over it because they couldn't get
22 communications out of the county to read it. This is a
23 really important thing.

24 But on the backs of that, you are going to end up
25 with a cable TV service with an additional group that

1 will provide it for you.

2 MR. VERGARI: It will be fiber though?

3 MR. CROYLE: It will be fiber, yeah.

4 MR. WOLFE: It can be Verizon though?

5 MR. CROYLE: Well, it will be like Verizon. It
6 is not going to be Verizon. It is going to be Salsgiver
7 because Salsgiver owns the --

8 MR. VERGARI: My son that lives in New York City,
9 I mean, he doesn't have cable. I mean, he doesn't have
10 Comcast or anything. He gets everything -- everything
11 is on his internet. He has a big screen TV, digital TV
12 and it is internet, movies, TV, everything, you know?

13 MR. CROYLE: Yeah. And see, one of the things
14 and this is the sad thing -- are we still in the meeting
15 or are we off the meeting?

16 MR. VERGARI: Maybe we ought to adjourn.

17 VICE PRESIDENT KLUKAN: Yeah, maybe we should
18 adjourn.

19 MR. CROYLE: Yeah. What I am saying, I don't
20 really want this before the meeting.

21 VICE PRESIDENT KLUKAN: Motion to adjourn.

22 MR. HARMON: Second.

23 PRESIDENT LUX: Motions are made and properly
24 seconded. All those in favor, say, "Aye."

25 (All Board members present indicated in the

1 affirmative.)

2 PRESIDENT LUX: Opposed?

3 (No response.)

4 PRESIDENT LUX: Motion passed. The hearing has
5 ended.

6

7

8 (The hearing terminated at 6:30 p.m.)

9

10

11

12 I hereby certify that the proceedings and
13 evidence taken by me in the above-entitled matter are
14 fully and accurately indicated in my notes and that
15 this is a true and correct transcript of same.

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Heidi Hawk, Reporter

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