

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, SEPTEMBER 7, 1978.

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The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Lila Cockrell, with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, ORTIZ, ALDERETE, PYNDUS, HARTMAN, STEEN, COCKRELL; Absent: NONE.

78-41 The invocation was given by The Reverend Dwight S. Abbott, Harlandale Christian Church.

78-41 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

78-41 CORRECTION TO MINUTES OF REGULAR MEETING OF AUGUST 31, 1978

Mr. Pyndus asked that he be shown present and voting "Aye" on page 13 of the minutes dealing with the two Vested Rights Resolutions. With this correction, the minutes of the Regular Meeting of August 31, 1978 were approved.

The minutes of the Special Meeting of August 31, 1978 were approved.

78-41 RECOGNITION OF NEW COLLEGE INTERNS

Mayor Cockrell asked Mr. Leroy Harvey, Director of Public Service Careers, to step up to the podium to make a special introduction to the Council.

Mr. Leroy Harvey then introduced five college interns in the audience who will be working in different City departments this year. They were:

Donna McNeil, Trinity University
Bobbie Tosco, Trinity University
Gilbert Perales, St. Mary's University
Mr. Mario Trevino, Trinity University
Mr. Jose Castro, Trinity University

Mayor Cockrell on behalf of the City Council welcomed and wished them success in the coming year.

78-41 MARIACHI JUVENIL IMPERIAL

Mayor Cockrell recognized a group in the audience who were representing the Mariachi Juvenil Imperial.

The group announced that the Mariachi Juvenil Imperial recorded a song entitled "San Antonio" and played it for the Council.

Mayor Cockrell on behalf of the City Council congratulated the group on the recording and presented them with a Certificate of Appreciation.

1. CASE 7360 - to rezone the east 50' of the west 100' of Lot 21, Block 30, NCB 1840, 2003 San Pedro Avenue from "E" Office District to "B-3" Business District, located on the north side of W. Woodlawn Avenue, being 100' west of the intersection of San Pedro Avenue and W. Woodlawn Avenue; having 50' on W. Woodlawn Avenue and a depth of 135.08'.

Mr. Gene Camargo, Planning Administrator, explained that this case had been postponed from the meeting of August 17, 1978 since there were not enough Council members present and at that time, nine (9) affirmative votes were needed to approve the recommendation of the Zoning Commission and grant the rezoning. He explained that since that time, some of the opposition has been withdrawn and it will now require only six (6) affirmative votes to approve the rezoning.

No one spoke in opposition.

Dr. Cisneros moved to approve the recommendation of the Zoning Commission and grant the rezoning. Mr. Steen seconded the motion.

Mr. Pyndus stated that one neighbor had complained about the traffic situation in the area and asked about staff's comments on the Case.

Mr. Gene Camargo, referred to the comments made by the Traffic and Transportation Department in the back-up material with regard to parking and access to the building on both San Pedro and Woodlawn Avenue.

Mr. Steen stated he is very familiar with the traffic in the area and expressed the feeling that the rezoning change would not affect the existing traffic situation.

In response to Mr. Alderete's concerns about the access to the building from Woodlawn Avenue, Mr. Carlos Madrid, the applicant, stated closing the access would, in his opinion, be more hazardous. He further explained that the rezoning is intended to get the latter part of the building compatible to the balance of the building and have it zoned completely to business. They also intend to buffer this property from the residential area adjacent to the lot. The adjoining neighbor has indicated that he prefers to have a 10 foot chain link erected instead of a solid screen fence.

After consideration and on roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: None.

AN ORDINANCE 49,784

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS THE EAST 50' OF THE WEST 100' OF LOT 21, BLOCK 30, NCB 1840, 2003 SAN PEDRO AVENUE FROM "E" OFFICE DISTRICT TO "B-3" BUSINESS DISTRICT.

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Mr. Alderete stated that the Council should give direction to the Zoning Commission to review areas in the inner city where redevelopment is taking place with regard to zoning inequities such as existed in this Zoning Case.

Mr. Hartman stated that the Zoning Commission has been waiting for completion of the Land Use Plan to be used in connection with the Master Plan, and a review will be undertaken by the Zoning Commission at that time.

Mr. Eureste stated that more specific directions should be given to staff for example what areas need reviewing, etc.

Mayor Cockrell stated that the Policy and Objectives Committee could review the suggestion and schedule a work session with the Zoning Commission on this matter.

Mr. Hartman stated that the matter should first be dealt with in the Planning Commission and tied in with their Land Use Plan.

78-41 The following Ordinance was read by the Clerk and after consideration, on motion of Mr. Steen, seconded by Mr. Hartman, was passed and approved by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Webb, Ortiz.

AN ORDINANCE 49,785

AUTHORIZING A THREE PARTY AGREEMENT BETWEEN THE CITY, J.C. PENNEY COMPANY, INC., AND SAN ANTONIO JAYCEES TO DEVELOP A PHYSICAL CONDITIONING TRAIL IN BLOSSOM PARK.

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78-41

MR. NEAL PAUL

Councilman Cisneros stated that Mr. Neal Paul, Past President of the San Antonio Jaycees, had been killed in an automobile accident and his funeral had been held earlier in the day.

78-41 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Alderete, Pyndus, Steen, Cockrell; NAYS: None; ABSENT: Webb, Ortiz, Hartman.

AN ORDINANCE 49,786

APPROVING PLANS AND SPECIFICATIONS FOR CONSTRUCTION OF THE GARDEN FOR THE BLIND IN THE SAN ANTONIO BOTANICAL CENTER, AUTHORIZING CONSTRUCTION THEREOF AT THE SOLE EXPENSE OF SAN ANTONIO GARDEN CENTER, INC., RESCINDING CERTAIN SECTIONS OF ORDINANCE 46923 OF JULY 22, 1976, AND DIRECTING REFUND OF THE BALANCE OF \$310.00 NOW HELD IN TRUST FUND 62-018002, "GARDEN FOR THE BLIND PRIVATE CONTRIBUTIONS FUND."

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AN ORDINANCE 49,787

SETTING A PUBLIC HEARING FOR THURSDAY,
SEPTEMBER 21, 1978, AT 3:00 P.M. ON THE
TRANSPORTATION PLAN (INCLUDING THE MAJOR
THOROUGHFARE PLAN) AS A FUNCTIONAL COMPONENT OF THE MASTER PLAN.

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78-41 The Clerk read the following Ordinance:

AN ORDINANCE 49,788

AUTHORIZING SUBMISSION OF AN APPLICATION
TO THE U.S. DEPARTMENT OF HEALTH, EDUCATION,
& WELFARE FOR AN INFLUENZA IMMUNIZATION
GRANT.

* * * *

Mr. Steen moved to approve the Ordinance. Dr. Cisneros seconded the motion.

In response to questions by Dr. Cisneros, Dr. Robert Bell, representing the San Antonio Metropolitan Health District, explained the Ordinance. He stated that the grant is designed to reach those persons above age 65 as well as persons of any age who have a physically debilitating condition. There is no federal grant at the present time designed for children as such.

78-41 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

AN ORDINANCE 49,789

AUTHORIZING A REFUND OF A DOUBLE PAYMENT
OF TAXES IN THE AMOUNT OF \$2,240.63.

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AN ORDINANCE 49,790

APPROPRIATING FROM CERTAIN FUNDS AMOUNTS IN
THE TOTAL SUM OF \$4,181.00 IN PAYMENT FOR
EXPENSES INCURRED IN CONNECTION WITH COUNTRY
SIDE-SAN PEDRO OFF-SITE SEWER, HILLSIDE ACRES
SANITARY SEWER OUTFALL, HOT WELLS RELIEF LINE
PROJECT #37, KINGSTON DRAINAGE #92, NORTHERN
HILLS UNIT 9 OFF-SITE SEWER MAIN, RIVER BEND
PARKING STRUCTURE, SALADO CREEK TRIBUTARY
SANITARY SEWER MAIN (ROSILLO CREEK), STAHL
ROAD SUBDIVISION (ELLISON PROPERTIES) OFF-
SITE SEWER, 36TH STREET IMPROVEMENT, 24TH
STREET IMPROVEMENT, WILDWOOD SUBDIVISION
UNIT 10 OFF-SITE SEWER.

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AN ORDINANCE 49,791

AUTHORIZING THE CITY MANAGER TO EXECUTE A QUITCLAIM DEED RELEASING TWO SEWER EASEMENTS IN NEW CITY BLOCK 6793 FOR A CONSIDERATION OF \$1.00 TO NETTIE LEE DINN.

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78-41 The following Ordinance was read by the Clerk and explained by John Brooks, Director of Purchasing, and after consideration, on motion of Mr. Steen, seconded by Dr. Cisneros, was passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

AN ORDINANCE 49,792

ACCEPTING THE LOW QUALIFIED BIDS OF CHEMICAL AND TURF SPECIALTY CO. AND DOUGLASS W. KING CO. TO FURNISH THE CITY OF SAN ANTONIO WITH GRASS SEED FOR A NET TOTAL OF \$27,932.50.

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78-41 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

AN ORDINANCE 49,793

ACCEPTING A PROPOSAL FROM HONEYWELL, INC. TO PROVIDE TEMPERATURE CONTROL MAINTENANCE AT THE CONVENTION CENTER ADDITION FOR THE PERIOD 7/1/78 THROUGH 6/30/79, FOR A TOTAL OF \$4,286.00.

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AN ORDINANCE 49,794

ACCEPTING THE BID OF FEATHERLITE BLOCK COMPANY TO FURNISH THE CITY OF SAN ANTONIO WITH INTERLOCKING CONCRETE PAVERS FOR A NET TOTAL OF \$7,650.00.

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AN ORDINANCE 49,795

APPROPRIATING THE SUM OF TWO THOUSAND FIVE HUNDRED AND NO/100 (\$2,500.00) DOLLARS AND AUTHORIZING THE PAYMENT OF ALL COURT COSTS OUT OF FUND NO. 62-009, INDEX CODE 500512, IN FULL AND FINAL SETTLEMENT OF PLAINTIFF'S CLAIM IN DAMAGE SUIT CAUSE NO. 78-CI-6308, IN THE 224TH JUDICIAL DISTRICT COURT OF BEXAR COUNTY, TEXAS, STYLED ELADIO ALVARADO VS. THE CITY OF SAN ANTONIO.

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78-41 The following Resolutions were read by the Clerk and after consideration on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

A RESOLUTION
NO.78-41-135

MANIFESTING THE DETERMINATION OF THE CITY COUNCIL THAT MR. JOHN M. MUSSEY HAS VESTED RIGHTS UNDER ARTICLE THREE OF ORDINANCE NO. 48484.

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A RESOLUTION
NO.78-41-136

MANIFESTING THE DETERMINATION OF THE CITY COUNCIL THAT MR. LLOYD W. JARY HAS VESTED RIGHTS UNDER ARTICLE THREE OF ORDINANCE NO. 48484.

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78-41 The Clerk read the following Resolution:

A RESOLUTION
NO.78-41-137

SUPPORTING AND APPROVING THE RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO CONCERNING APPLICATION FOR LEASE OF LIGNITE DEPOSITS AT CAMP SWIFT, TEXAS.

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Mr. Pyndus moved to approve the Resolution. Mr. Webb seconded the motion.

Mayor Cockrell stated that this Resolution is consistent with the Council policy of keeping as many options open as possible for the City's future energy needs.

On roll call, the motion carrying with it the passage of the Resolution, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

78-41 The following Ordinance was read by the Clerk and after consideration, on motion Mrs. Dutmer, seconded by Mr. Hartman, was passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz.

AN ORDINANCE 49,796

APPOINTING AND REAPPOINTING MEMBERS AND ALTERNATES TO THE BOARD OF EQUALIZATION FOR THE 1978 TAX YEAR, SETTING THE PAY OF THOSE SERVING, FIXING THE DATES FOR THE BOARD'S DELIBERATIONS AND DESIGNATING A CHAIRMAN.

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The following persons are hereby appointed to serve as the Board of Equalization for the 1978 Tax Year:

Manuel Chacon, who is designated as
Chairman,
Albert McKnight
Donald Douchelle

The following persons are hereby appointed as alternate members of the Board of Equalization for the 1978 Tax Year:

Armando Aranda
Clarence Williams
Abe San Miguel
Sue Weems

78-41

CABLE VISION FRANCHISE DISCUSSION

Mayor Cockrell outlined the procedure to be used by UA/Columbia and Bexar County Cable Television, Inc., in making their final presentations to the Council.

After Council discussion, the procedure set forth by the Mayor was agreed upon, that being UA/Columbia having 25 minutes to make a presentation; Bexar County Cable Television having 30 minutes for its presentation; with a five minute rebuttal given to UA/Columbia.

Mayor Cockrell then asked the City Staff to make its report to Council.

Mr. Bob Fisher, Administrative Assistant in the City Manager's Office, then reported to the Council on the two franchises under consideration. He made an analysis to the Council, comparing the two companies' proposals including rates, programming features, production facilities and other features. (A copy of Mr. Fisher's written report in on file with the papers of this meeting.)

Mr. Louis Fox, Assistant City Manager, stated that the ordinances as written are addressed to a single franchise. If the Council were to decide to grant a dual franchise, then the ordinances would have to be completely rewritten. He also stated that it is staff's recommendation to Council not to grant dual franchises because of the problems which could arise. He particularly made reference to the buy back provisions required by the City Charter.

The Council then discussed with Mr. Fisher certain aspects of the report he had made to Council.

A presentation was made by UA/Columbia representatives with a review of their intentions if they were granted the franchise. The following persons spoke representing UA/Columbia:

Mr. Cipriano Guerra, Area Representative
Mr. Bob Rosencrans, President of UA/Columbia

A presentation was then made by representatives of Bexar County Cable Television, Inc. (Storer Broadcasting Company) reviewing their intentions if they were granted the franchise. The following persons spoke representing Bexar County Cable Television:

Mr. Bill Michaels, Chairman of the Board of Storer Broadcasting
Mr. Rod Warner, Vice President & Director of Marketing

Mr. John Bourne, Mayor of North Charleston, South Carolina, spoke to the Council regarding the existing franchise which Storer Broadcasting has in his City. He stated that they are doing a good job and providing good service.

Mr. Angelo Drossos, representing the SPURS Basketball Team also spoke.

* * * *

Following the presentations made by representatives of the companies, the Council discussed and asked questions of representatives of both companies.

The debate over this matter lasted approximately three and one-half hours.

The following citizens then spoke to the Council:

Mr. T.C. Calvert stated that a consultant should have been hired to settle key issues in this matter. He also stated that citizen groups have been the ones instrumental in bringing forth important points to the Council regarding cable television. They are still disappointed with both companies' proposals because there are still many questions left unanswered.

Mr. Mario Salas, also stated that a consultant should have been hired. He stated that both companies are lacking rules of regulation in the proposed ordinances. Mr. Salas also stated that a referendum could possibly be held if a franchise is granted by the Council.

Mr. Roger Dubbs, Chairman of Cable Television Committee in the Randolph Area, described all the criteria used to award a franchise. He stated that it was the committee's unanimous choice to award a franchise to UA/Columbia. They recommended that San Antonio also award a franchise to UA/Columbia.

After further discussion, Mr. Pyndus moved to approve the proposal submitted by UA/Columbia and listed his reasons for his action. Dr. Cisneros seconded the motion.

The Clerk read the following Ordinance for the third and final time:

AN ORDINANCE 49,433

GRANTING A FRANCHISE TO UA-COLUMBIA CABLEVISION, INC. TO CONSTRUCT AND OPERATE A CABLE TELEVISION SYSTEM WITHIN THE CITY OF SAN ANTONIO.

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On roll call, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Ortiz, Pyndus, Hartman, Steen; NAYS: Dutmer, Alderete, Cockrell; ABSENT: None.

(A complete verbatim transcript of the proceedings concerning the awarding of the Cablevision Franchise is attached to and made a part of these minutes.)

78-41 The meeting was recessed at 5:35 P.M. and reconvened at 6:10 P.M.

78-41 CITIZENS TO BE HEARD

SECOND ANNUAL CHILI COOK-OFF

Mr. Bill Merriman stated that St. Mark's Catholic Church had provided Council members with a sample of chili to advertise their Second Annual Chili Cook-off to be held Sunday, September 10, 1978 at Raymond Russell Park.

Mr. Alton Moczygemba also invited the Council to attend this function. He stated that all proceeds will go toward the St. Mark's Building Fund.

MRS. FRED IRBY

Mrs. Doris Irby, 7123 Thrushview Lane, spoke representing the Co-owners of the Promenade Complex. She said that this is her second appearance before the Council with regard to their request for a paved curbed street with proper drainage on Thrushview Lane along the eastern periphery which borders their property. She explained the current drainage problem in the area and stated that construction in the area has increased the drainage problems. She has received a report from the Public Works Department which estimates the paving of 600 linear feet of Thrushview Lane to be \$23,000. She asked Council for some help in this matter.

Mr. John Rinehardt, Operations Manager for Public Works, stated that studies have been made on the street. Their estimate to pave the entire street would be \$51,000. The 600 feet which the residents are desiring would be \$23,000. He further explained that the Planning Commission has recently approved a plat for seven or eight units, and they feel that because of the increased traffic, it would be best to pave the entire street.

Council asked that staff through the City Manager investigate available alternative sources of funding for reconstruction of Thrushview Lane. A discussion of the reprogramming of Revenue Sharing Funds and other unexpended funds will also be scheduled at a future "B" Session, and Mrs. Irby will be notified of that meeting.

TEXAS BY-PRODUCTS COMPANY

Mr. John Rodriguez, Immaculate Conception Church COPS, introduced a group of citizens who were present on this matter. He stated that they have tried everything to address the problems of odors from a rendering plant in their area but have not been successful. He asked what legal steps are being taken by the City in addressing this matter. Mr. Rodriguez also stated that he and his family are being sued by Texas By-Product Company because of his complaints against the odors in the area. Mr. Rodriguez further stated that the City Health Department is not doing an adequate job. He said that the City's Legal Department should assist them in this suit.

Mr. John Mackechney, Principal of Frank Johnson Elementary School, stated that the odors in the area interfered with the education of the children in the school. He asked for any help the Council might give in this matter.

Mrs. Josefina Carillo, 1210 Comal Street spoke in Spanish to the Council. She stated that she has lived in the area for seven years, and her children are malnourished because of the strong odors in the area since the children refuse to eat meat.

Father David Garcia, Immaculate Concepcion Church, also spoke on the matter and asked for Council's assistance.

Mr. Nelson Clare, Assistant City Attorney, explained the status of the situation and the City's past efforts in this matter. He stated that it is his recommendation to the Council that the City coordinate with the Department of Public Works to amend the current industrial waste ordinance.

A discussion then took place on the order of the Attorney General and the possibility of the City taking legal measures to address the matter.

After discussion, Mr. Hartman moved that the City investigate the company's receipts showing proof of purchase of certain chemicals to abate the odor and to comply with the Attorney General's order and development of an ordinance dealing with effluent which would be appropriate. Mrs. Dutmer seconded the motion.

After discussion, Dr. Cisneros stated that the San Antonio Independent School District has indicated that it will join in a suit with the City on this matter.

Mr. Eureste stated that health inspectors should be required to make necessary inspections and stated that if need be these inspections could be made daily.

After discussion, Dr. Cisneros made a substitute motion to have staff:

1. Outline the necessary steps to investigate litigation against Texas By-Products and report to Council next week. (Consult with the San Antonio Independent School District.)
2. Check on the Company's compliance with Attorney General's order in particular usage of the chemicals.
3. Prepare amendments to the Industrial Waste Ordinance to require pre-treatment.
4. Prepare an ordinance declaring bad odors to be a nuisance.

Mr. Eureste seconded the motion and asked that health inspectors be present at any briefing the Council will receive on this matter. He further asked that the City Manager give close monitoring to this item.

On roll call, the substitute motion carried by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Ortiz, Alderete, Pyndus.

MR. SAM GODFREY

Mr. Sam Godfrey, Owner of Chapparal Transit, stated that he has an existing contract with the City to provide limousine service from the International Airport to the downtown area. He is receiving, in his opinion, unfair competition from VIA Metropolitan Transit in that they are offering similar service from the airport to the downtown area for 50 cents. He urged the City Council to direct the City Attorney to determine the validity of his contract.

The matter was discussed by Council and referred to the City Attorney for review and a report is to be made to Council in one week.

MRS. ARMANDINA SALDIVAR

Mrs. Armandina Saldivar spoke to the Council regarding certain comments made by the City Manager about the use of the Conference Room. She stated that the rules are not enforced equally and stated that if the rules were applied equally she did not foresee any problem.

Mayor Cockrell stated that a written policy about the use of the conference room should be made with equal treatment for all parties concerned.

Mrs. Saldivar then stated that when the City took over the parking lot at the International Airport a man who was working there was fired. She stated that this particular man had been working for the City previously and had walked off his job with the City. At the same time he had been working on a part-time basis at the parking lot and feels that this is in retaliation for walking off his job with the City.

The Council asked that this particular case be reviewed by the City Manager and a report made to Council.

78-41 MEXICAN-AMERICAN BUSINESS AND PROFESSIONAL WOMENS CLUB

Dr. Cisneros stated that he has been contacted by the Mexican-American Business and Professional Womens Club with reference to a letter that they had received from the Schlitz Company wishing to film portions of their annual Feria Del Rio celebration. He stated that a commercial will be made and run throughout the United States. In view of the additional expenses which they will incur, hiring extra entertainers, etc., they are asking that the City's requirement of fees be waived. The approximate cost would be \$940.00.

Me. Alex Briseno, Assistant to the City Manager, reported on a meeting he had had with representatives of Mexican-American Business and Professional Womens Club.

Dr. Cisneros asked that an item be placed on the Council agenda for next week regarding the waiver of fees for La Feria Del Rio. Mr. Steen seconded the motion.

Mrs. Dutmer mentioned the charges which the Mexican-American Business and Professional Womens Club are charging other clubs for booths at the Feria.

On voice vote, the motion prevailed to place the item on next week's "A" Session agenda.

78-41

"B" SESSION ITEMS

Mayor Cockrell asked that the staff schedule future "B" Session discussions on the Southwest Migrant Building allocation under Community Development Block Grant Funds and also the request made by Councilman Pyndus with regard to "B" Sessions.

78-41

The Clerk read the following Letter:

September 1, 1978

Honorable Mayor and Members of the City Council
City of San Antonio

The following petition was received in my office and forwarded to the City Manager for investigation and report to the City Council.

August 30, 1978

Petition submitted by Humberto Saldana on behalf of his clients, Richard Jose Bela and Elaine Dagen Bela, requesting permission for renovations and additions in connection with the construction of the San Luisito Art Galleries, which will be located in the Market area.

/s/ G.V. JACKSON, JR.
City Clerk

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There being no further business to come before the Council,
the meeting was adjourned at 8:10 P.M.

A P P R O V E D

Lela Cockull

M A Y O R

ATTEST:

G. V. Jackson
C i t y C l e r k

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ADDENDUM TO MINUTES OF SEPTEMBER 7, 1978
REGARDING THE AWARDING OF A CABLE TELEVISION
SYSTEM FRANCHISE TO UA/COLUMBIA
CABLEVISION OF TEXAS, INC.

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The following discussion took place:

MAYOR LILA COCKRELL: On item number 16, we have, of course, the third reading and we have two alternative ordinances and would it be wise, then, perhaps, to read both captions at this time and then we will have motions relative to these. I would like to state, if I may, if you'll hold the reading of the caption in order to state the procedure that will be followed, I'd like to make these recommendations, and if there is no objection this will be the procedure followed. The staff will first make the final report, from staff and then following that we would follow the procedure ordinarily used in a zoning case. The applicant who placed the first application before the City, would in this case go first, would have 25 minutes to make a presentation. The applicant who placed the second application with the City would then have 30 minutes, and then the first applicant would have the 5 minutes of, in effect, rebuttal time. This would be consistent with the procedure that we use in a zoning case and following that then we would hear from any citizen at large not associated with directly with either presentation. There are some citizen groups of who are not directly a part of either presentation. The Council, of course, has the option to ask whatever question they choose. Dr. Cisneros.

DR. HENRY CISNEROS: Yes, Madam, It's not completely consistent with the procedure used in the zoning case, because we never have two ordinances before, and I just wonder the propriety of both ordinances being handled at the same time. I think one ordinance ought to be handled and dispensed with, and then the second one ought to be handled and dispensed with.

MAYOR COCKRELL: Well, I think somewhere or other you've got to give both the opportunity to speak and, perhaps, neither caption should be read until after the Council has heard both and then we might have a motion to place the particular ordinance and at that time have the caption read. Mr. Eureste.

MR. BERNARDO EURESTE: It might be fairer to give each group 25 minutes or 30 minutes and not allow time for rebuttal, I would prefer that. I think it would be fairer to allow the first applicant to make a 25 or 30 minute presentation and then to allow the second applicant to make a 25 or 30 minute application and then go on to the citizens. I don't think they're going to be trying to sell their program, each one of them, and I don't think you need to have time for rebuttal for the first one that presented.

MAYOR COCKRELL: All right, does that procedure suit the Council better? All right, Mr. Hartman is next.

MR. GLEN HARTMAN: I was just going to say, I thought the arrangements that you indicated seemed to be equitable, I think it allows each side of the people equal amount of time, and I think the matter of - if there is no precedent for this kind of thing so we can't say it's like anything else. It's something that we're dealing with here two ordinances at the same time, and I would support the suggestion that you made.

MAYOR COCKRELL: Mrs. Dutmer.

MRS. HELEN DUTMER: I think we're making much ado about nothing. We're all adults. We know what's before us to decide. If we can't sit here and listen to both sides, put down the merits and then make your judgement on it, then I think we're in pretty sad shape, I would say it makes no difference. It goes strictly on the merits that both present and then make up our minds.

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MR. PHIL PYNDUS: Well, I merely wanted to support the procedure that you had set forth INAUDIBLE

MR. JOHN STEEN: I like your procedure, also, Mayor, I don't think it's exactly fair for the first team, so to speak, to present their findings, and their case and have the second team come along and then not allow either one of them a rebuttal, I think it's fairer to allow them a rebuttal, so, I would go along with your plans.

MR. EURESTE: I just try to have us follow something that is logical. We have two different cases before us. On a zoning matter it is one case that's before us, and you have the proponent present on that particular case and then you have the opposition to that particular case. Then it is proper to give time for rebuttal. In this particular situation, we've got two different cases before us, and this is why I felt it would be more equitable just to allow 25 minutes to the first presenter and 25 minutes to the second presenter and then go on to the citizens or whoever else is here to speak for or against or whatever. That's all, and it's not that I'm not trying to hear them out; but I bet it would be more equitable.

MAYOR COCKRELL: I might just comment from the Chair's position that the only advantage I would see to the first procedure that I outlined would be the fact that it would seem to me that there might be an advantage to the person going second if the first presenter did not have at least a one last shot at a comment. But, if there is no further objection, we will follow the procedure that the Chair outlined. So, at this time I'm going to call on Mr. Bob Fisher to outline the final staff work that has been done.

MR. BOB FISHER: As we all know, today ends the six months of discussion on this issue and review of the issue, and we are scheduled to award a final franchise for a cable television operation in San Antonio.

The staff issued a final report to the City Council yesterday in writing, and the report was based on an analysis of the proposals which were submitted a week ago Thursday, August 31st. What's being passed out right now is a scan type of summary of the contents of those proposals. The report dealt more at length with the actual contents and spoke to basically four different sections, the program offerings, rate offerings, comparison of production facilities and some discussion of the tour that I made to various facilities operated by the two companies.

If the Council will look first at the program package section of the summary, you will note that we have UA Columbia continuing to propose these sections of service which are the economy service of 9 channels for \$5 a month; the basic service package of 17 channels for \$6; a full service package of 32 channels for \$7 a month or a dollar additional over the \$6.

Storer is offering a basic service package of 19 channels at a progressive upward rate over a period of three years beginning at \$4.95 going to another .50 to \$5.45 on the beginning of the second year and coming to \$5.95 at the conclusion or the beginning of the third year operation. The full service package of 32 channels is available for \$1.00 additional over the basic price of \$5.95, \$6.45 and \$6.95.

In their pay TV packages, as you'll note, there are two offerings from UA Columbia, three from Storer. The UA Columbia offers the Home Box Office feature at \$6.00 for the first year the subscriber takes it and \$7 thereafter and Fanfare for \$8. Storer offers an economy movie package for \$4, Home Box Office for \$7 and Fanfare for \$8.

In terms of the style of channels being offered, services being offered, the report which you received yesterday went into detail on the various types, and I don't know if the Council wants me to go into that detail also now, very briefly, it shows a synopsis and a comparison as to the general categories of channels and how many are being carried by each company. Unfortunately, the summary can't show you the background

and what the company proposes as alternate programming purposes, when the original purpose isn't being used which is discussed in the report and was offered in the proposals.

The various other miscellaneous features which are on the summary show the various permanent studios, as an example, both companies proposed three; mobile units - both companies proposed two; the cost for access use is free to the users of various access channels. Both companies are offering three percent of gross franchise fee, both companies are offering a million dollars in prepayment, and both companies are offering minority scholarship funds with the UA Columbia stating an amount and Storer not specifying an amount.

In the rate schedule which was done in the final report issued yesterday, we provided an analysis of both companies' rates and tried to do what we could to put them side by side to show you a comparison. To do this, we had to make some assumptions, one of which was the substantial number of customers will take pay service that also take the basic service, this seems to be bearing out in all new systems under construction throughout the U.S. particularly in larger cities, in fact, pay T.V. is what sells cable, so we are assuming in the analysis that we made that a substantial number of customers will take pay, and we add that to the overall cost of the service. Secondly, and I'm referring to in my report of yesterday, page 9 which analyzes the three year showing of cost of both companies and the differential. The second assumption is that the customer, the apparent customer here is the first year customer, in other words, he is a new subscriber at the time that the year shows. That is mentioned because of the Home Box Office costing factor of UA Columbia's which is first year cost of \$6 thereafter a \$7 cost, and if you look at these figures on page 9 of my report it shows a five cent difference in the total cost for the first and the third year and a 45¢ difference in cost for the second year. The figures are actually \$1.05 difference if you don't consider Home Box Office, and that is in the side of Storer.

With these kind of understandings, we analyzed the rates and feel, in the instance when you're accepting Home Box Office as a basic part of the package, rates are very close. There's no doubt about it. If you assume that the person doesn't take it, then there is a substantial difference for the first and second years. For the third, through the fifth years there is a five cent difference in the two companies.

In the section with reference to production facilities, we had not asked the companies up until last week to actually state the type of facilities that they're intending to put in reference to the studio package, the permanent studios, the mobile studios and portable equipment to be used in access purposes. We did ask that; the companies did provide it, and we did transmit that information to local analysts who include the Director of the Television and Production Department at Trinity; the Director of the Radio-Television Department of San Antonio College, and the Assistant Professor of that Department; and the Engineering Supervisor of KLRN. These people were given the production facility packages from both companies without them knowing which company was offering which in order to try to get a return, an unbiased return, which we feel one got. We referred to the Storer information as Company A and the UA Columbia response was designated as Company B. The responses showed essentially that Company B in each one of the written responses that are attached to the report essentially was preparing or proposing a little bit more professional, more comprehensive studio package, also in portable facilities, and that speaks to that.

The balance of my report basically went into the response of the trip that I took on August 6 through August 11 wherein I covered six different facilities, three of which each were owned by each company. I visited Montgomery, Alabama; Charleston, South Carolina; and Thousand Oaks, California, which were all UA, pardon me, all Storer systems and a complex in New Jersey and two cities in the imperial valley area of California which are UA/Columbia systems. The results of that trip are also in the report, and I won't go into the details of those in this.

The ordinance that is under consideration today in regards to which ever one is adopted have amendments which we have finally finalized in their production, and we'll ask - I don't know if the Council would want me to go through all the various amendments right now. Basically, what we've done is to attach, or essentially bring the UA/Columbia Ordinance up to several points that were adopted in the Storer Ordinance because Storer did, in fact, go through two readings. And we did go through several modifications from the original UA/Columbia ordinance which we were able to do. The first set of amendment that I have relates to the UA/Columbia ordinance and they basically become allowed to equalize a myriad of provisions that were in the Storer which are definitely in favor of the City. And I don't, unless the Council wants to hear a multitude . . . there's a lot of very small details, I won't cover them, but they will need to be adopted. I can go over the basic amendments if you would like to hear what those are, or we'll just simply ask that they be adopted with whichever ordinance that is adopted.

I have no further comments. I think you may want to hold off questions until everybody talks, and I'll be pleased to answer any questions at the end.

MAYOR COCKRELL: I see the City Manager's button is pressed.

ASSISTANT CITY MANAGER LOUIS FOX: Madam Mayor, I only have one comment to make about the procedure that the staff used to prepare the two ordinances that were developed, and I'd like to make it clear that these ordinances speak not to a dual franchise but to a single franchise at this time. If the question of dual franchise comes up, I believe that the ordinances would have to be revised substantially. We would have to contact the City Public Service Board to estimate for the City Council how much it would cost to accommodate a dual system. Now, there would be some extensive make-ready requirements for the poles. Also, I think we'd have to address again the pre-payment question. I think each company, in this case, has agreed to supply the City with a up-front amount of one million dollars. I think that if a dual franchise situation exists, they might want to reconsider that, and we might also reconsider that. The other provision that concerns me if a dual franchise exists or develops. The Buy-Back provision or the Buy-Back provision required by the Charter might cause some problems in that if we bought back, if we bought one system and did not buy the other, the City, in a sense would be competing with the other franchises. And I'm not certain, legally, how we could word that so that the situation would be equitable. I have some concerns about that. Anyway, I think those things should be said, and from the staff standpoint, that's the extent of our report. Again, we looked at this, basically, from a single franchise, not a dual franchise position.

MAYOR COCKRELL: All right, there's several Council members who have questions. I would like to ask if staff will be in contact with the Council members and urge that as many as possible return to the Chamber. This is a very important item, and I'd like to try to maintain full attendance of the Council throughout the proceedings. All right, Mr. Pyndus.

MR. PYNDUS: Thank you, Mayor. The staff responded in the area that was in question, Mayor. We've kind of skirted the dual franchise situation, Bob. There's been remarks made that it's not a good situation; it would kill cable television, and just now the City Manager has mentioned that we might be involved in a buy-back situation. And I'm wondering if we would have to be involved in a buy-back situation. Whether we would have to purchase the facilities and whether or not that dual franchising has been investigated as thoroughly as you have investigated these two companies' operations in other cities.

MR. FISHER: Okay, first of all Councilman, the buy-back provision is required by the City Charter. We have to have a provision whether we ever plan to buy it or not. We do have to be allowed to buy it by virtue of the wording of the Charter. What Mr. Fox is saying is that if should ever decide to buy back, we're going to have to buy both of them, and we may never - or if you don't buy both of them, we're going to be competing with the person we granted a franchise to as a municipal function. So, it's either one or the other. It's a difficult question at that point as to what the Council's intentions to do.

MR. FOX: INAUDIBLE my personal opinion
it's not viable to have two franchises.

MR. PYNDUS: Well, this has been stated and the question has been
lurking, you know, where is the proof that a dual franchise is unworkable.

MR. FISHER: Well, the only time we have found dual franchise to be
workable is where the city has been split geographically and half of the
city has granted to one company and half to another or third or whichever.
In that reference, dual franchising can be successful. But any time
that we've seen examples of dual franchising having been let, what
would normally happens is the companies ultimately merge or don't produce
There is only one clear cut example of Alantown, Pennsylvania where it
appears that dual franchising is working, but it's a unique situation,
it wouldn't pertain to San Antonio at all because of the geographic
location and other factors.

MR. PYNDUS: I don't pursue it, Bob, the thing is that I'd like to
eliminate it from my thinking, and yet a new dimension is added when you
say cities can be divided and you can have dual franchising; and it's
just an idea. And whether it's practical or not, I don't know.

MR. FISHER: We recommend against that.

MAYOR COCKRELL: All right, Mr. Ortiz.

MR. ORTIZ: You did a lot of work, Bob, and I had given you a list of
questions the last time, and I was just going over them. But, there
were several points. None of the companies are presently operating
a 35 channel system as proposed here, except for UA/Columbia that
operates a 32 channel system.

MR. FISHER: It was operating at 32 the day I viewed the system. They
have a capability of going 35, but they weren't at that time.

MR. ORTIZ: And Storer - what was the largest number of channels they
had.

MR. FISHER: Twelve.

MR. ORTIZ: Twelve, and that was in what City?

MR. FISHER: In all three cities I visited. Well, Charleston, I think
had 13 channels, one of which was pay T.V.

MR. ORTIZ: And the company that right now has an area that
would be comparable to San Antonio, would that be UA/Columbia?

MR. FISHER: Yes, sir.

MR. ORTIZ: And that's - what city is that?

MR. FISHER: Well, that's about forty different cities in New Jersey,
contiguous, territorial-wise. They are located in two counties in the
Patterson - New Jersey area. The company, basically has franchises
in nearly all the cities. Its geographic size as a Standard Metropolitan
Statistical Area is roughly the size of San Antonio.

MR. ORTIZ: Fine, and on the litigation that Storer is still involved
in. There haven't been any changes in that it's still pretty much what
it was, the litigation is still going on?

MR. FISHER: Yes, sir, the last word that I had was that the City of
Thousand Oaks is working on their final response . . .

MR. ORTIZ: They're still in court.

MR. FISHER: They're still in court.

MR. ORTIZ: And you mentioned something about San Antonio College - four different individuals that reviewed or evaluated the proposals. They didn't know who they were evaluating?

MR. FISHER: Right.

MR. ORTIZ: Company B was UA/Columbia?

MR. FISHER: Yes, sir.

MR. ORTIZ: And is it my understanding that UA/Columbia proposal scored considerably higher by these four professionals?

MR. FISHER: I

MR. ORTIZ: Would you qualify that?

MR. FISHER: I'd ask you to read their statements individually. The statements are attached, and I hate to put words in their mouths. I don't know if any of those individuals might be here today that would want to comment any further. Basically, they compare the two and say that the amount of equipment as proposed by UA-Columbia makes it appear to be a more, a larger scale operation. There were references to the types of equipment being proposed by Storer, being comparable to a more standard cable television production facility. The individual comments are attached, and I

MR. ORTIZ: You're by this time you've been an authority on cable television because you've been connected with it for several years from the first time that GE came along, and that system never materialized. So, I mean, you - we're talking to an expert. Would it be putting you on the spot to ask you for your professional recommendation, staff recommendation on this?

MR. FISHER: It would to an extent. I would refer to my conclusion in my report which is that we feel that we've negotiated and have the best ordinance that you can have to insure that you get the kind of company that you want or the kind of system that you want, rather. I'm not prepared to go beyond that, I don't know.

MR. ORTIZ: My only concern is that whatever system we select and I realize that it's up to a majority vote on this Council who ultimately has to bear the responsibility for the good or the bad in the system that we might select, but I want to make sure that San Antonio has the best system that we can come up with and, you know, I for one, would depend pretty much on your professional expertise in this area. Thank you, Madam Mayor.

MAYOR COCKRELL: Thank you, Mr. Steen.

MR. STEEN: Thank you, Madam Mayor. Rudy, I believe, did you find his summation on that production facilities deal that's on page ten, the second paragraph from the bottom, is the way Bob summarized that. Bob I want to compliment you, too. I think you did a good job. I think you did good to soak all this material and keep your wits about you. I think your material is very good, and I know you want to remain neutral as far as your final report goes. And just reading between the lines, you can't say this, and you don't want to say it, I don't know whether it's true or not, but I kind of think in your report you lean towards one of the cablevision companies more than the other. But, that's just the way I read it. I read your whole report over this morning again and I feel like that you didn't mean to be but you're a little bit prejudiced in one way in this report.

MR. FISHER: I'll just say, I'll let the report speak for itself.

MR. STEEN: Thank you, very much.

MAYOR COCKRELL: Mr. Eureste.

MR. EURESTE: Yes, Madan. I also want to congratulate Mr. Fisher for doing what I think is an outstanding job. He's been working at this for the past few months and had experience from the GE affair, a few years back, and I think it comes through in the report. I was wondering where he picked up all the terminology, you know, but having had been involved in the GE affair back a few years ago, I guess this helped him a lot in working on these two proposals. And I think that the report, if read, would indicate that one proposal outweighs the other in certain areas. In other areas there seems to be similarity; there's not that much difference, but in some of the other areas there is a difference.

I think the item that is referred to on the production facilities is something he spoke of a little while ago does appear on page ten and it stated that all four persons who were given I guess, the A & B description, the description of Company A and the description of Company B as far as production facilities, all the four persons indicated that they felt that UA-Columbia exhibited greater professionalism in their studio design and provided greater capability in meeting broader programming commitments locally. And this is a summary statement of what four are saying, but I think if you were to read the analysis provided by the professionals that were consulted at Trinity University, KLRN, and San Antonio College, and the professionals with those institutions, you will find language that speaks to that summary statement. As a matter of fact, it's more detailed in the letter that was sent out by these four professionals. So, I think, and then if you were to read the report in terms of the site visits that were conducted by Mr. Fisher to some of the facilities that are in operation in different parts of the country that are operated by both companies. I think the - some of the quality aspects what the professionals were talking also comes through. So, I do want to congratulate you. Mr. Fisher works up with the Council and I'm sure that you put him in a very difficult position to ask him to come out and state which one he would favor, but I think the report is a well-written document. I think it's done to the best interest of this Council to arrive at a decision.

MAYOR COCKRELL: Thank you very much. Yes.

MR. FISHER: I wonder if I might add to that. I appreciate your compliments. I'd like to say two things. First of all, in the production facilities, the arrangements to send these documents to the local universities were arranged by Donna McNeil, our new intern in the office and I'd like to thank her for putting that little package together and I'm proud of her for doing that. Secondly, the amendments I mentioned briefly earlier to a large scale are as a result of our dealing with the Inner-Urban Community Coalition which I have to kind of pat them on the back, too. They brought several things out that I think we had somewhat in mind, but the fact that they brought them out, the fact that they're going to be in the final ordinance is a credit to them, and they spent a lot of hours themselves in helping out on this, also.

MAYOR COCKRELL: All right, Mr. Hartman.

MR. HARTMAN: I just want to add my congratulations to those that have been given to Mr. Fisher, for I think having written one of the best staff reports that I've ever seen here, and I mean it seriously, Bob. I think it's a very difficult subject, a very technical subject and I think you're to be commended for it.

MR. FISHER: Thank you.

MAYOR COCKRELL: All right, I do have a little bit further questions about the letters. I have read them very carefully that are attached in the report. I'll start with the letter by Dr. Jean Longwith, page three of her letter. I have read that last paragraph several times. She does state "I'm inclined to believe that Company B will provide more

equipment and better facilities at the central downtown location." Then she goes on to ask the question, "is there any reference anywhere to budget or amount to be allocated for equipment expenditures." She states, "certainly, I wouldn't care to make a judgement based on the comparison of production facilities listed and described here. I hope there are other aspects which make it easier to make a comparison and to reach a decision." I note also that she was asking if there was going to be a public hearing and to let her know. I don't know if you did that.

MR. FISHER: We did.

MAYOR COCKRELL: Fine, So, my reading of the last paragraph of Dr. Longwith's letter is that she states that at the downtown location it appears that Company B will provide more equipment and better facilities but that she did not care to make a judgement based on what was provided in the information. In the second letter, Charles E. Wright, it's very brief and comments, that based on the information he received, he did find Proposal B to be the most adequate. He did note a particular omission that he felt was a capability essential for most television production that he found missing from both companies, and he makes that comment. In the letter from KLRN-TV, my reproduction is not of a very good quality and I have trouble reading it; where do you find in there the final recommendation?

MR. FISHER: The final paragraph states, "Company B has the potentially better studio video set-up with the third camera and character generator which can provide titles, names, etc. superimposed on camera pictures during productions. The extra video tape machine is also a plus in any production situation."

MAYOR COCKRELL: And then it says, "No audio specifics were listed."

MR. FISHER: Right. "The mobile facilities have a character generator and built in studio which is a plus. No public access portable units were listed."

I might mention in the providing of that information to us, UA/Columbia did not give us brand names, they gave us numbers of four cameras as an example; and they had one sentence that said related to studio equipment. A film chain is definitely a very vital part of a studio. We are requiring the company in the ordinance to give us a final listing within six months after awarding the franchise, and we're expecting it to show up in that final listing, which is the detailed listing.

MAYOR COCKRELL: Right. And then in the fourth letter that was included, I noted again this last paragraph which states areas not really clear in either proposal as to certain of the equipment and facilities, which caused me some concern. I'd say for each one. Mr. Hartman.

MR. EURESTE: Point of information.

MAYOR COCKRELL: Excuse me, I will recognize the point of information, Mr. Eureste.

MR. EURESTE: What was that statement, was that that last paragraph?

MAYOR COCKRELL: Yes, I just said that it caused me some concern about the fact that it says that both proposals are unclear, you know, in certain aspects as to whether Central Studios, subsidiary studios and mobile units will be equipped independently or whether the companies anticipate to exchange production equipment among the facilities and so forth.

MR. EURESTE: Okay, I'll speak to that.

MAYOR COCKRELL: Mr. Hartman.

MR. HARTMAN: No, I think that was a carryover from last time.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mayor, in reviewing the recommendations of the independent consultants, I find that they dwell on the equipment and that in the two proposals some of the equipment was not listed by brand name, and they mentioned this, Dr. Longwith particularly, but also she mentioned that it would be more significant and relevant to rather than listing the equipment to be purchased, the trained engineering personnel, and the camera operators, the switching and so forth. It appears that rather than base the contents of these reports on equipment, I think that the trained personnel have a priority, and I think that it could with the assets that both these companies have, multi-million dollar companies, I do not think that they could afford to chinch on the equipment. I think they're going to have to have first class equipment in order to maintain their audience. So, I think in each one of these reports there is a heavy weight given to equipment. And I think the personnel as mentioned by Dr. Longwith is very relevant.

MAYOR COCKRELL: Thank you. Mr. Eureste, did you have anything to say.

MR. EURESTE: No, I just wanted to say that you went letter by letter, and you know in the first letter it is indicated that the person cannot make a judgement, and you know, I can understand the basis or the reason why you cannot make the judgement based on the information that was received. Perhaps, the Council will be making the final judgement, but as to the professional capability of either company to perform, naturally you would have to have submitted to each analyst just a lot more information, and probably might have had to have extensive consultation with the proponents. So, the judgement, I don't think is really critical or that particular sentence that you read. I think what is significant is the second sentence in that last paragraph by Longwith, in which the person is stating that, "I'm inclined to believe that Company "B" will provide more equipment and better facilities at the central downtown location," that is in the concluding paragraph.

And as you stated earlier the second analyst finds that proposal B is the most adequate assuming the equipment is of broadcast professional quality. So, there is a certain condition that's there, naturally they would have to know if, you know, what type of equipment is going to be brought on.

And the third analyst talks about Company "B" having the best studio order setup where they mention that Company "A" had a good basic system with a better than average audio capability. They talk about Company "B" which is the UA/Columbia as having the potential, a potentially better studio video setup which is key; they're talking about video.

The last point or the last letter from the last analyst on that last paragraph that you referred to and this is from Wolfram, it stated that both proposals are unclear, but they're unclear about a specific something, "as to whether central studios, subsidiary studios and mobile units will be equipped independently or whether the companies anticipate to exchange production equipment among the facilities." So, the unclarity or the lack of clarity refers to the exchange of the equipment between the different studios. The person does cite that, Company "A's" proposal of the FP-3040 color Hitachi Camera is surprising. This type of camera is not highly regarded and will be discontinued by the manufacturer," and this is the Storer, this is in the Storer proposal, and that is the analysis that this professional is making. As far as Company "B" which is the UA/Columbia, this analyst is saying that Company "B's" proposal is more comprehensive, and it goes on to mention other things, but the unclarity is to a specific something not to the total proposal of each of the companies.

MAYOR COCKRELL: Thank you, that was, as I recall exactly what I had read when I brought it out. We will now then proceed with the sides having the opportunity, and the first will be the UA-Columbia which will lead off with 25 minutes to use at their disposal, and they'll reserve 5 minutes for a later time. May we have the timekeeper and let me say that we will ask that the proponents have the entire amount at their disposal and may we hold any Council questions until they get through so that they'll have the full time.

MR. EURESTE: Madam Mayor, let me apologize to Channel 5.

MR. STEEN: I think we ought to go ahead and have a third reading of those letters and get that over with.

MAYOR COCKRELL: All right, at any rate, we'll now proceed. Mr. Guerra.

MR. CIPRIANO GUERRA: Thank you, Mayor. First, we're delighted we're finally reaching a decision point. It's been a tough six months. I think that we're satisfied that we're bringing to you the fairly superior proposal. Now, you may have to forgive me a little bit, I may have a little redundancy in my presentation, and it's based partly on the fact that I wasn't sure to what extent the City staff was going to cover the details of their report. I am pleased to see that in the Storer, their last Storer proposal they explained away the word exclusivity which we were very concerned about. The programs that they supposedly only had and the rest of us didn't. And the other area in which they hit pretty hard is the business about; they brought about lowering in rates. I'd like to address that a minute. As you all know in the realities of engaging in a franchise affair like this, in an operation where you're required three readings over a 35 day period, plus a public hearing that there is obviously an impractical approach as to build in some areas where you can make accommodation and adjustments. And I would like to say that in this instance, Storer happened to be the instrument but the instrument could have well been the City Council who raised some issues about the needs of the poor and the lower income groups and the elderly. And we were addressing those.

I would also like to point out that in the amendments that Bob outlined a while ago, one reason our sheet of amendments is longer is because, as you recall, a number of our amendments were proposed at our third reading and our third reading, of course, was not taken up on the day it was scheduled. So, those of course, were incorporated into the ordinance.

I would like now to go ahead and use some material I've prepared highlighting parts of the report, our view of that report and I'm going to use the view graph if you don't mind and it will be over here on your left. Bob outlined the background of course, in our opinion, we hit the ground running. We came here and in the best traditions of the free enterprise system brought your proposal and based on your interests, we made commitments. We made some very big commitments here yet until they're sure they have a franchise. We've already signed - this is not for the Universal City location, mind you which is already under construction or about to come under construction this next week, where we've already signed construction agreements, but in the San Antonio area. We went ahead and made some commitments to try and make sure that we meet our commitments to you to finish this system in three years.

With regard to programming, I think we agree that generally they're very similar. Again, our competitors have made a big to do about some of the items they're proposing. In our opinion, this is not as important. The package I presented to you yesterday, and some of you today, I included examples of the availability of this programming. And I would like to reiterate again. This programming is - has to remain a flexible area because the real service this company can provide, any company will provide is based on satisfying the subscriber. And to that extent, you have to have a flexible program outlined or profiled, and you shouldn't over commit yourself to one version or one particular combination of programs.

With regard to local origination, we're proud that we were noted to have an existing local origination studio which is in fact, will be a sixth TV station in this town. Storer, in spite of its broadcasting experience, proposes and I quote, "a more passive approach" to a local origination studio.

Rates, again, we're not that far apart. And we did - we're close. In my package to you, I included an analysis in numbers to show you what those differences amount to. In my opinion, the amounts are significant, yet they're not overwhelming. We can show you - we showed you, making, I

think, some very logical assumptions that we can exceed the Storer savings by over two hundred thousand dollars for the rates to the subscriber over a five year period. And that's based on the conservative penetration of our Home Box Office rate of sixty-five percent. In the staff report, the staff outlines to you the fact that in the new systems, penetration can run as high as seventy-five, to I believe eighty-five percent. So, if the penetration is higher, the savings to the subscribers over the five year period would be even higher.

With regard to the discounts we offered, that's what holds true. The fact that ours come out ahead of our opposition. There's another difference, however, and that has to do with the equity or the fairness of the type of discount. In our case, we propose a system which allows, which will allow anyone who, in front of whose home the cable first comes, to have a 12 month crack at getting a lower rate. It has nothing to do with where we start, or where we wind up; or where we are in our construction schedule. When the cable comes in front of your house, you have a 12 month period in which you get a dollar break on Home Box Office. The Storer proposal - it is based on the day the first subscriber comes aboard. So, if you're unfortunate enough, as Bob pointed out, to come along 13 months later, you no longer get the dollar break, you get the 50¢ break. We think this lottery-like type of break is not really the fair way to go and serve the citizens because they - it depends on where you live, whether you're going to get a break or not and it depends on where the head-ends are going to be.

Can I have the next slide? You've already covered the production facilities, and I noticed you had this under discussion. I would only like to point out that in responding to that question, I had called as the letter instructed and my interpretation of the instructions that I got was that we didn't need to cite the model numbers but to give a description of the operation. In any case I would like to point out that our New Jersey facility exists. It is not a proposal. It exists, we operate a - what amounts to another TV station on cable in Jersey and that's what we propose to do in San Antonio.

With regard to the visits, again, I think Bob covered that pretty well. The discussion about the number of channels, I think, is a number of interpretation. In the package I gave you there's this little item. This brochure, again, represents an existing system. In the interpretation of the 32 channels comes from the fact that we have some access channels that are not being fully utilized in New Jersey and not from the fact that they're not included as available channels to the public. So, that's a minor point. In visiting our - in his visits, I noted that he also noted that in Charleston, the Storer Franchise failed to meet the ordinance. And there's no such report in our part.

Litigation, was mentioned again and we have none, and we didn't know that Storer had even been subjected to a revocation proceeding in Thousand Oaks in 1972, I believe. And, obviously, the problem didn't clear up. Here in 1978, the action is on again. I just got another report from the local papers up there, and the City has not filed another rebuttal and the City Attorney is quoted as saying, " - then dismisses the punitive damages as a further tactic on behalf of Storer in the continuous attempt to intimidate the City in the granting of an unwarranted rate increase." So that issue is still around. And the courts are there to be used, but I commit to you that it does represent, give you an indication of may of attitudinal or policy positions companies can take in these matters. While we're in that area, Mayor, while I was visiting with you one day, a reporter was there and you said you were going to ask both of us a question. Whether any of us had exerted any undue pressure or made any undue promises, improper promises to anyone. And I can tell you without qualification, we have not done either of these two things, and I wish you would pose the same question publically to our opposition.

MAYOR COCKRELL: Thank you. I have posed it just as I said to you, sir.

MR. GUERRA: In front of a reporter?

MAYOR COCKRELL: I think the reporter was staying with me that particular day, but the question was posed equally.

MR. GUERRA: Thank you. I think in substance, the report shows that as far as packages go, programming proposals, we're not that far apart. There are significant differences; they're not oh, overwhelming. I still feel we have the better package, but I really think that when your entering into a fifteen year relationship, that you, again, ought to take a hard look at the company's history, its policy, its performance and not at its promises. And that's what I'd like to cover now. Storer has made claims about their outstanding programming. Yet, history - the facts show that we pioneered the use of earth stations, the satellites. We operate our own cable TV Station now. We developed and distributed cable programs such as Calliope, Madison Square Garden. Our president takes an active part in non-profit corporation which will bring you the Congress of the United States, and he serves as Chairman of that operation. And it was put together by contributions from the companies. As of the last time I checked, Storer had not chosen to participate and yet it's ironic that one of the two programs, three programs, they propose to bring to you in the latest proposal is the Congress of the United States. Also in the children's channel if you read their report, they bring in Calliope which is ours again. A children's program that we have developed and made available to all cable companies. In their - while we have pioneered things in cable, Storer has consistently opposed relaxation of Federal Communications Commission rules, and I'll cover that in more detail in a minute. Those kind of rules that would affect programming available to cable operators.

When you get down to rates, we both come in promising these low rates. If you compare them with rates of other areas, we both operate, we're way below our rates. This competition has brought us down to, where in the opinion of some people who are experts in analyzing this industry, we are getting close to what is not a, maybe a sound financial position. Yet, if you look at the national average rates, once a company is in operation, not while it's making promises in front of the City Council, the Storer rates are the second highest average rates in the Nation. Ours are below the national average.

I've already addressed the 35 channel item, so I won't cover that.

With regard to company structure and policies, on a national basis, our company is solely devoted to cable. We have no other interest. We do cable operations, programming and distribution. In Storer, cable is a division of that company. That is not its sole job and that's not to say it can't provide good service, but I think what it does say is that we're going to pay a heck of a lot more attention at our top board and management levels in San Antonio as a cable company than in a company where it is under a division or its overall operation.

Locally, again, we're totally independent, our only investors are going to be our employees. Our stock plan for our employees consist of contributing \$2.75 for every dollar they contribute. And they will be the ones who buy stock in UA/Columbia, not just local investors, but the actual employees of the company. Locally, Storer, of course, has investors who have other interests which I submit to you in some cases may be of conflicting interests with the best interest of a good cable company. I've already covered the litigation, I won't cover that again.

On dual franchising, our President, Mr. Rosencrans, will elaborate on that in more detail, but I would again like to remind you that when Storer first came before you, seeking a chance to compete, there was no mention of dual franchising. As I recall on May 19, Chairman Michaels, he admitted that it was a near, and I quote, "near economic

impossibility" to run a dual system. But now, there's a lot of talk about a dual system. On pay cable versus basic cable, again, we're committed to the basic cable concept, and I've included in my package the backup for these two companies' positions. While they are interested in pay for use service and that comes from their President, I think that speaks to company policy with regard to general service to an entire community. Then we get back to the positions before the Federal Communications Commission, and to me, this is one of the most telling areas here. Storer has consistently sided with the broadcast industry in those areas which the cable industry took to the Federal Communications Commission in trying to bring about broader programming, more service to the suburbs and there we have considerable detail which I will show you in the next view graph. This is not a presumption. This is from the record. And I listed in here docket by docket item. They are in your package; I don't know that I want to go over all of them, but some of them propose adoption of restrictive - cable TV sport carriage rules, black-outs; they were for it; we were against it.

Proposed revisions in pay cable programming restrictions. We were for relaxing and eliminating them; they were for strengthening them as opposed relaxation. Proposed bonus late night distance signal carriage - we can bring in distant signals when somebody else isn't using them. We supported it; they opposed it. They allowed some exceptions. In the creation of small systems, we supported it to give them less regulations. Storer came out, not only where they - sort of swing in both ways - but they asked that restrictions be placed on these smaller microwave antenna systems, and so on. This is in your package, I don't want to cover every single item. And I would like to now turn it over to our President, Mr. Bob Rosencrans to address the issue of dual franchising.

MR. BOB ROSENCRANS: Mayor Cockrell, members of the Council, as President of UA-Columbia, it's been my privilege to appear before you many, many times. I think practically everytime we've had some business before you, and we hope this will conclude the present state of our dealings; and we certainly will have full respect for whatever decision you reach. I think, we're very pleased now that the process went the way it did. I think the competition was good for the City; I think it was good for our company. The proposal that has evolved through the staff negotiations will make for a better cable system and from a pure commercial standpoint will create more customers from our standpoint. We think that's a benefit to all parties.

The question of dual franchises is a very serious one. I'm pleased that Mr. Fox said what he did; I think that really disposes of the issue. Fundamentally, both parties and certainly the City was dealing from the concept of a single cable franchise. Everything in there, all the clauses and so forth, relate to a single franchise. And even the agenda today says "or," it does not say "and." So, the whole process would have to begin from scratch. And I've said other times before you that's a way not to have cable television. I think our company has really stood there for the test of time. The visits by your staff to our operations has demonstrated that we not, vis-a-vis Storer, but vis-a-vis any company in the industry, are doing more in the programming end than any company in this industry. The scope of our operations is the most comparable in the nation perhaps next to San Diego to San Antonio.

The technology we use is the most modern. The equipment that the analyst who blindly saw our proposals it was not an accident, they came down 4-0 indicating our choices were superior. We did not specify brands. We were not asked to specify brands. It would have eliminated some of our purchasing power, purchasing ability, as we moved out. Mr. Fisher saw that equipment, saw the technicians you referred to, Mr. Pyndus, saw that expertise in place, saw it in operation. You cannot find that I don't think anywhere else in the country in the cable business but what we have in Northern New Jersey.

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I'd like to go through a few points that we have on the view graph just to talk about dual franchises, to bring forward a few more points that have been repeated over and over but perhaps this is the subject that needs reiteration. Of course, number one, the staff is vehemently opposed to the concept of dual franchises they have said. And they have studied this question and examined voluminous material that had been presented to them. Secondly, all negotiations for this franchise were based on the principal of a single franchise. Thirdly, the dual franchise ploy has been tried over and over again. We faced in our other franchising activities. It's a way for another company to force its way into a negotiation process. As Cipriano did, I would quote again Mr. Michaels, the chairman of Storer, who said early in the game that this is a near economic impossibility. I agree with him and I think that's certainly one of the few times we have agreed perhaps.

Another major point is that a cable system is a unifying force. To have a dual franchise would just tear that apart. It would be divisive, it would not accomplish what it's supposed to, it would not accomplish what it's supposed to do, it would not accomplish what it is doing in other markets. Fifth, the time frame. We have committed to a three year time frame. Which is the proper way to build a system of this magnitude. A dual franchise would, first of all, delay the initiation dramatically. The replacement of poles, the underground, the process would take six to eight years, if ever. It would be no way, again if you don't want a cable television system then that solution is to vote for two. Seventh, two comparable systems would be economically wasteful. After all we have tremendous competition just from the local TV stations operating right here in the market. We are not a necessity, nobody needs our service. There is plenty of competition right here. Secondly, there is plenty of regulation from both this City Council, from the committee that you ultimately, we hope, will appoint, from the city staff and from the federal government. The layers of regulation, the competition really are quite different from any other kind of business where competition makes sense. It's a great word, competition does have its value and we believe in it, but not in this context. We sincerely believe that the economic waste is something to be considered seriously.

Eighth, there are no successful dual franchises operating anywhere in this country. There are a couple, there's one over here in Bryan, Texas, it's a disaster. Allentown was referred to by the staff. We happen to be awarded a dual franchise in New Jersey, in the City of Tenepah. That was two and a half years ago. At this point, there has not been one pole made ready. We, as a company, last week advised the State of New Jersey that controls cable television, that we were withdrawing in the City of Tenafly. We would not build a system there. We felt that it would have a negative effect on our other subscribers on our other operations. They would be subsidizing the excessive cost and the excessive application of people and energy and expense in this single dual franchise situation in Tenafly. So we're putting our position up front that we would not build a dual franchise in Tenafly and the same thing would apply here in San Antonio because it cannot be done. I think that covers the main points I wanted to make, let me just add some other things if I may.

MAYOR COCKRELL: If you would like time information, there is five minutes left.

MR. ROSENCRANZ: The other thing that we consider when we talk about a dual franchise, again, the franchises were prepared in the context of a single operator. We would be in default and the other party would be in default very rapidly under the present franchises if they were both in place. The default would apply to the construction timetable and be a source of litigation that neither we nor the City of San Antonio certainly wants to enter into. We would both be in violation of the line extension policy which was carefully drafted to require us or the other applicants to build a system where there are at least 40 homes per mile. If you cut that in half, you destroy that and someone would be in default very quickly on that requirement. Thirdly, the technical specifications

could not be met. One cable system would interfere with the technical performance of the other. They would be close to each other, the radiation back and forth would interfere with the other, it could not be done, could not be controlled. Lastly, as Mr. Fox has said, the dual franchise would really nullify the recapture provision required by your charter. So you'd have a nullification process there if this were to happen.

So we want to reiterate one more time, you've done a marvelous job of studying the process, your staff has done an exemplary job, thoroughly, as complete as anyone could do it. You have a choice to make. You can choose our company or you can choose the other company and the one you choose will, I'm sure be very pleased and will do the best possible job for the City of San Antonio and for all its citizens. I thank you very much for this opportunity again, to be here before you. And before any questions you may have, I'd like to turn it over for a final summation to Cipriano Guerra. Thank you very much.

MR. GUERRA: Somewhere, I missed a couple of my points. In our final proposal also, I, we did make a very firm commitment to a scholarship fund. We proposed \$150,000.00 fund with \$50,000.00 submitted the first year, and then adding to it till it totals \$150,000.00. That's intended, again, to help relieve some of the unemployment, the characteristics of the unemployed force in this town which consists primarily of minorities. So we feel that that contribution which we specified is an area where we addressed a definite need for the City.

The other thing I failed to point out is, as you know, we have now since we came here, we have not presented successfully seven, acquired seven franchises in the Northeast part of San Antonio Metropolitan Area, in Universal City, Live Oak, Schertz, Converse, Windcrest, Cibolo. We also have permits in the three counties, Comal, Bexar, and Guadalupe. So we're here to stay, we're already operating beginning to construct our taking the long term expense items on that would lead to this construction of this firm.

Again the last point I would like to make is we started out in the negotiations and that left us out hanging bare. And we had another company come along, it comes to the benefit of the City, no question about it. However, if you get down to the point where you see them both equal, then I think in all fairness if you're having trouble deciding just on looking at the proposals which one is better, and it's that close, I submit to you that the fair thing to do is award the franchise to UA/Columbia.

MAYOR COCKRELL: Thank you, sir. All right at this time, we'll call on the representatives of Storer.

MR. PYNDUS: I have a question, Mayor.

MAYOR COCKRELL: We had agreed that the Council would hold their questions till after the presentation.

BILL MICHAELS: Thank you, Mayor Cockrell, members of the Council, my name is Bill Michaels, I am Chairman of the Board of Storer Broadcasting Company which is the parent company of Bexar County Television. My purpose here is not to utilize this easel presentation, the bulk of the presentation will be made by Ron Warner.

MAYOR COCKRELL: Excuse me, sir, could we ask you to, I know you're tall, if you could talk right into the mike.

BILL MICHAELS: My purpose is simply to try to bring this whole matter into a good and clear focus if we possibly can and cut through some of the fog and the diversions and I'd like to get a couple of the diversions out of the way in a hurry, if I may.

First of all, I would like to respond to a question posed by Mr. Guerra which I frankly, or at least partially resent as an uncalled inference, but the answer to his question is No, there have been no undue commitments made with anybody in regard to this franchise.

Secondly, I'd like to talk for a moment about dual franchising. I noticed that they spent a great deal of time on that subject. I will not. I will merely refer to it in the following context. Dual franchising is not our preference, it's not our No. 1 recommendation. Our preference, our objective, our goal in this whole matter is the franchise for Bexar County Television. Our position solely has been if the Council should decide that dual franchising is in order for San Antonio, we don't have any fear of the competitive situation. We believe that our programming structure and that our presentation will stand the cost of competition and that we could and would survive with totally respect for Mr. Rosencrans' opposite conclusion but I do submit to you this as a business judgement and the mere fact that we would be willing and unequivocally agreed to build not delay, not to delay anything but to construct. We think as some frame of reference as to the competence that we have in our presentation and in our programming. So much for the subject of dual franchising.

You do have a tough decision. We never said anything from the beginning, but the fact that you are dealing in addition to us with a reputable company. We respect them as individuals; we respect their operation. We believe that the City of San Antonio will only be making the best of three or the better of two choice when this ordinance is eventually passed, and somebody gets the franchise. I would like to cut through all of these diversionary tactics, all of the confusion, all of the fog, all of these incidentals that have been drawn into the picture and call your attention that essentially when the decision is made, you are going to have to make the decision, in my opinion, on four basic factors - the technology, the programming, the rate structure, and the corporate and the financial structures of the company and the statistics.

Technically, we take our hats off to no one. I was interested in noting that the opposition other than classifying it as an advantage referred to the fact that we are active in television as a disadvantage. I simply do not see it, do not understand it. In addition to our cable facilities, have built and constructed seven outstanding television productions facilities. Whether you call it cablevision, or whether you call it television, or whatever you call it, production techniques, production capabilities are one and the same. We are in the television production business. We're in it in space and any one of our broadcast facilities - we probably handle more local production in one day than the average cable company including ours, is called upon to produce in a month. Technically, we know we have the background; we have the financing we have the experience, we have the production experience, and we think that rather than a liability as it is being pointed out, we think the INAUDIBLE it should be pointed out as an asset for our company rather than as a deficiency. Just a single example, we recently finished an outstanding production facility in Milwaukee and it was such an outstanding piece of modern television production and technology over one single weekend when we had open house, we had over 30 thousand people going through this facility. So, when we're talking about construction facilities and production facilities, and professional capabilities and so on, I think that we certainly do not need to apologize for the fact that we are in television, but consider it an outstanding asset.

This program superiority - I want to touch on only one major factor. Mr. Warner will get into more of the specifics on programming comparisons. I'll touch on only one because frankly, it was considered important enough by our company, and I personally was involved in the negotiations as were Messrs. Lee and Mueller, two of our Senior Vice Presidents. I refer, of course, to the contract with the Spurs which, unexplainably, was completely overlooked or completely ignored in the staff report. We simply cannot let this pass without putting the matter into perspective. Storer began negotiations with the Spurs for rights to their out of town games after negotiations had already broken down with UA/Columbia. There was no contract with UA/Columbia. There were no negotiations.

We negotiated, and eventually concluded a contract that would cost Storer and our Bexar County a substantial amount of money ranging from a minimum of \$200 thousand a year for pick up expenses, for line expenses, for rights and so on and they could very easily run us to \$3 or \$4 hundred thousand a year figure. I call your attention that this is an expense to Storer Broadcasting Company and Bexar County Cable. None of this will be borne by the subscribers. This is furnished as an absolutely no extra cost, 45 games a year. Once and for all, we're not in any way saying that Storer should get this franchise solely because of our commitment to furnish these 45 Spur games each season at no extra cost. We believe we have the best application by any standard disregarding the Spurs game. What we do say is that it's inconceivable that this feature should be denied a place as a program feature of major importance to the tens of thousands of San Antonians who are justly proud of their only major league sports franchise much less not even reported in the significant programming summary by the staff. But some 30 years of experience in sports reporting and sports programming for our radio and television stations across the country, I assure you that the sports fans will not consider the present or the absence of the games a minor factor. We hope and trust that Council will not either. It took long hours of tough negotiations and major amounts of money to accomplish this for our system and the public. Baseball and football seasons are in now, basketball is temporarily at rest and the public is temporarily passive on the subject. When we're in basketball season, and it soon will be the public hunger and activity for this feature will certainly be well demonstrated.

I want to talk for a few moments about rates. They will be discussed in greater detail by Mr. Warner, but I want to speak on a very important facet of this whole rate structure. I don't know whether you noticed, but it certainly or apparently escaped the notice of the staff in its research, there is a very important footnote in the UA/Columbia rate proposal. Storer and Bexar County Cable throughout these transactions in these negotiations, have been preceding on the assumption of what we're all talking about is five years of firm rate proposals, period. Rates that we proposed in the franchise and that's it, whether it's for the cable itself, whether it's for the programming service or whatnot. I call your particular attention to foot note 6 in the proposal from UA/Columbia where, specifically, and in plain and clear english indicates that this does not apply to their premium service rates. Their rate guarantee for the five years applies only to cable. We make the point that this is a major, a significant factor in this whold consideration of rate structure. We are prepared, regardless of the legal technicalities or what; we are specifically openly and hereby committing ourselves to firm 5 year commitments to the City of San Antonio and its public that there will be no rate increases during that period of time. I make a point that very plainly in their application they say that the cost of some FCC technicality that they are not guaranteeing their program feature rate. At the same time you heard the staff report where it indicated that a very high percentage of all cable subscribers do utilize these programmed services. So you're not talking about whether or not approximately 60 or 70 percent of the subscribers are going to be exposed to the potential risk of increased rates simply because the suppliers have increased their rates. I grant you, we have no assurance of what HBO is going to be charging us in 1980, 1981, but I do make a point that this is a calculated risk, a calculated business risk which Storer Broadcasting Company is prepared to take in firming up this franchise and getting the show on the road. If the rate is increased to us, that's too bad, that's our loss. Our rate proposal is still and is still firm to the City of San Antonio and the subscribers.

I'd just like to talk for a brief moment about our company and our rate structure. I don't like to get into this rock throwing business, and I don't like to be here in the position of defending ourselves or throwing stones the other way, but I do represent to you, as far as our corporate history is concerned, we've been in television, radio, cable now for something like 50 years and never have a license revocation. The mere fact that we have run into one City Council, in a length of systems between 80 and 90 systems, with which we have had periodic difficulties. I can only point out to you a characteristic of the City of

Thousand Oaks which may be of interest to you. The City of Thousand Oaks comprised of a very expensive residential community which I'm advised of the average, not the maximum but the average home is priced in excess of \$100 to \$125 thousand ranging up to \$3 and \$4 hundred thousand. We began operating out there since 1963. In 15 years, we have been able to get one 50¢ a month rate increase. Certainly, we have tried every way that we knew how, and we are embroiled in this litigation, we don't particularly like it. We don't enjoy suing; we just have to get their attention. We hope that we can still work it out amicable. As far as the Sarasota thing is concerned, it's been long since settled, we're not appealing anything.

I do not want to use up too much of Mr. Warner's time. He and I will both be available for questions, but I did want to get these major points right out on the table and there can be questions and answers later. Now, Mr. Warner will you please take over.

MR. ROD WARNER: Thank you very much, I'm Rod Warner, Vice-President and Director of Marketing for Storer Cable Television, and before I begin a review of rate comparisons and two applications. One of the major factors that's developed here is the significance of the staff report. It has been referred to by Mr. Guerra. In the process of the remaining part of the presentation we will respond to that. I think it's significant that we begin by addressing one of the final charges that Mr. Guerra made was in his content. He said that in Charleston we were in violation of our franchise. That was a point that was made in Mr. Fisher's report. I'd like to introduce to you now for a few minutes the Mayor of North Charleston, South Carolina.

MR. JOHN BOURNE: Mayor Cockrell, Members of the Council, I'm John Bourne, Mayor of North Charleston, South Carolina. The Storer Cable Company does operate a system in our City, and we think they do a fine job. When Bob came down to North Charleston, of course, he didn't have time to meet with me, we didn't get to talk and I don't believe he had an opportunity to talk with any other City official. He did call me on the telephone one day and we chatted about it but I know of no ordinance violation in the City of North Charleston with regard to our Cable franchise. Some reference was made to the studio there. I have on numerous occasions have had live broadcasts from the studio in North Charleston, haven't done it lately, because I just haven't wanted to, but it's available to us anytime we want to use it. We do broadcast our City Council meetings live every meeting, not only do they broadcast them live, but they video tape them so that they can play them back the next day for those who didn't have an opportunity to see it. So, they are a service-oriented company, and we think it's good in North Charleston, just for the Mayor and members of Council, one of the things that it does for you, gives your rebuttal to those people who say you can never find out what's going in City Hall. Just say turn on the tube; you've got it into your home. We think that they're doing a good job there, and we appreciate the job they're doing, and I feel personally that they would do a fine job for you. Certainly, it's not my position here today to try to tell you what to do. I can't even do that with my own City Council back home, but I have to be very careful about it. But they have done a good job for us, and I believe that they would do a good job for you.

Frankly, we got into the cable business earlier than you did, although we are a much younger City, and the first people who we granted a franchise to were good people. They developed a good system technically, but they just simply didn't have enough money. Things just didn't move along in the right pattern for them, and so they had a difficult time in trying to promote really, and program. So, Storer, in coming into North Charleston really picked up a bad situation in that they had to overcome what was a bad programming image of the previous company. We believe that they turned that around. Their records indicate that they have, and we're very, very pleased with them.

The City of North Charleston is a fairly newly incorporated City; we're just six years old. It's been my privilege of being Mayor of that City since it was incorporated in 1972. A little funny thing that happens in my introduction sometimes, if it's a friend making the introduction they'll say I want to introduce to you, John Bourne, whose the best Mayor North Charleston ever had, and if it's the other side they say, I just want to introduce to you John Bourne, the people of North Charleston don't know what a good Mayor is because he's the only one they ever had. So, we get it both ways, but I just would say that any reference to the system in North Charleston we think that it's working well. We think that they had more difficult job there really coming in. They have the franchise in our sister City, the City of Charleston; and they're working I believe, successfully on getting a franchise in a little City to the north of us. They're working in Mt. Pleasant and other areas. So, they're really trying to bring together a system including basically the tri-county area, Berkeley, Charleston, Dorchester Counties, which we think is the heartland of the South Carolina low country. Thank you very much.

MR. ROD WARNER: Thank you Mayor Bourne, that is symbolic of the actuality versus the theme of the staff report and the charges by Mr. Guerra. Some of the examples because I don't want to take much time on it, we were noted that we were not a member of C-Span who is an organization that funding a satellite transmission of the U.S. House of Representatives; it was on the chart. We are, we have contributed 25 thousand dollars funding to the beginning of that operation. Much information was discussed without any documentation and much of it in the error, we don't know where these national rate averages that we're higher than come from. In my records, we are below national rate averages. We don't know it. We have no interest in pay for view, and so on and so forth. I would like to, hopefully, later on in the time, have time to take you waltzing through the staff report and show you in detail the major omissions and errors. It'll show up in my report.

Very quickly, I want to - Mayor, would you give me what my time is now. Five minutes left. I'll have to do this real quick. I think I can do this again because I won't have time to go through it all but I think I can show you the symbol of what's important because the first few things I'll show you is a theme that goes throughout. I think we're going to show you here with a quick review that the Storer proposal is an outstanding proposal offering the most to both the City and its residents for the lowest cost. First we should address the 9 channels for \$5, the special economy tier offered by UA/Columbia, there it is. In effect, this is not \$5 for 9 channels; it's \$5 for 4 channels because the five local stations I shaded here you can get off the air without cable TV. Storer could have very easily have matched this 9 channel tier, but let me tell you why we didn't. We did not because there will be no consumer interest in paying \$5 for just 4 channels especially when the customer can choose the basic service of 19 channels for about the same price. If you're a customer deciding whether to take this, you'd say, why pay \$5 for 4 channels when I can get 13 or 14 more channels for a similar price, three times the many channels, what we have here is a bird that can't fly in the market place. People will not want it, so we've chosen instead to take the rate of \$4.95 and offer the subscriber 19 channels. That's 14 channels in addition to the 5 local stations to insure to include such attractions as the Spurs, the children's entertainment channel and important access channels, \$4.95 for 10 channels and that's our answer to UA/Columbia's 9 channels for \$5 special economy tier. It's worth a footnote that 9 channels for low-income groups will also defeat the amazing communications capability to the system that's important to them. We're going to hand out reproductions of this after I finish.

We have highlighted here comparison of rates and programming, every dot you see is where Storer remains outstanding either price or programming, I put a red asterisk by the pay TV channels where UA/Columbia noting significantly that they do not guarantee rates on premium television channels. Now that blows staff comparison on pricing, that's in their

analysis. This lack of rate guarantee is one of the important factors not discussed in the analysis provided you by staff, wasn't mentioned. Installation rate differences, our maximum is \$15, theirs is \$25 for most people. Economy movies is still a significant difference for us. The programming comparison are significant also. We noted the Spurs, children's channel again, the children's channel was not mentioned in the analysis by staff. The children's channel is an all day programming of wholesome children's programming with no commercials, programmed from the resources of Storer, programs like Lassie, Hopalong Cassidy, educational programs. An alternative to commercial television that's available and based on lowest base cable rates and this was not mentioned by staff. There are 6 more items here that I note on this one card because they are not offered. There is no commitment from UA/Columbia to deliver those items. What programming you get for these rates is absolutely critical because we are both by ordinance committing ourselves to deliver major program attractions, quite costly programming attractions, and we both are guaranteeing no rate increase on the basic and the full cable service for five years, regardless of what cost increases for these programming items we may have to endure. What you get for what you pay is a very serious matter, that's why this comparison. We will hand out the rest of this. The points are significant, and I think you will find it. I'd like to conclude our presentation for Storer Cable by introducing Mr. Red McCombs.

MR. RED MCCOMBS: Mayor and members of the Council, on the matter of presentation before the area group of Mayor and all out of 30 minutes, I end up with 30 seconds. So maybe at least I have a minute and a half, I would like to say on the comments involving the staff, it's hard for me to understand - I'll just have the question with you. Now, one half of the total staff report involved programming, and with one half of that total report involving programming, no mention was made of the programming of the Spurs. Now, insofar,.....

(BELL RANG)

MAYOR COCKRELL: I'm sorry, I'm sorry Red, I've got to follow the format. Thank you, sir. All right, before I call on the rebuttal, there was one point I think of clarification that I should make because I think a statement and a question was misunderstood or misinterpreted. Mr. Guerra, when he spoke made reference to the fact that I had asked the representatives of UA/Columbia if they had made any particular offers or proposals, I did this simply for the record, for my personal concern. It's the same kind of a question each Council member makes when they take the oath of office in their particular assuming of their official office. And I told them at the time that I would be asking exactly the same question of the other people, that I had no personal reference to it, but I just wanted to ask the question of both groups for my own information. It happened that that day when I was visiting with UA/Columbia people, there was an out of town magazine writer who was accompanying me on all my interviews, and everything that day. And I think Mr. Guerra simply wanted to bring out the fact that there had been some news media in the room and would like for the record for the other answer to also be made before an out of town or in town witnesses of some kind. And so I don't think there was any personal reference to you, sir, and I just wanted to make that statement of clarification.

(FROM THE AUDIENCE - INAUDIBLE)

MAYOR COCKRELL: No, sir, it was set at thirty, was it not? 25? Well, that was in error then, I appreciate your calling. The City Clerk advises me they were both set for twenty-five. No, the initial presentation was for 25; the next had 30 and then to back to the final five minutes. So, if it were set at 25, they are due another 5 minutes. Yes, sir. All right, may I go over this again. The City Clerk has just advised me that both sides were granted just 25 minutes and as we started out we announced that the first presentation would have 25 minutes; the second would have 30 minutes, and then the first would have their additional 5 minutes in the form of rebuttal. And there was a misunderstanding on the part of the City Clerk who set both for 25 minutes. So, there is five minutes still to come and the Clerk has clarified that.

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MR. MCCOMBS: Thank God we live in America, the democratic system works. In the staff report one half of the total report eluded to programming and I leave to you the question as to why in something that is so vital, that no mention was made of the Spurs in the programming. In UA's presentation, mention was made of their getting involved into this contract negotiations through the free enterprise concept. It's interesting to see that they would indicate free enterprise but also indicate that they don't want any competition. It also is very interesting to me, to see that in their presentation they indicated that they laid their proposal on the table knowing that they were going to be the only one to make a proposal, but willing to make some accommodations is the word used. Those accommodations amount to approximately 30 million dollars at the present time. So, you draw your own conclusions to that.

Now, insofar, as Charleston, that's been answered.

The comment about entering into a 15 year contract, where the indications were what we want are performances, not promises, and I would say that this is something this Council should be very careful to consider, and I'm sure that you will. Because we're talking about promises and performances, not promises, and I would say that this is something this Council should be very careful to consider, and I'm sure that you will. Because we're talking about promises and performances, and we're talking about performance without the small asterisk that's been brought to your attention.

A pretty good knock was made at local investors. I am very proud to be a local investor. There was an indication made that local investors were not to be a part of UA's proposal. It's interesting that the original contacts that UA made with the Spurs through Mr. Drossos involved the Spurs being a 20% partner with UA/Columbia. When you put the action authorizing Council to negotiate with them, then their interest in local investors suddenly dropped.

Now, when we get down to the bottom of all of this very important decision - one thing I think that's not been touched on enough and that is, whatever your decision - what is Mrs. Housewife going to get in her home. That comes from your decision. What is the product. Now because of time limitations, Rod didn't get to go through this hand out that he gave you. But when you will take the time just to look at the dots, you will see an overwhelming difference in programming. We take issue with the statement that the programming is similar. It is not similar. It is down in black and white. So what is Mrs. Housewife going to get based on your action. That is what is in the contract proposal, this proposal is a matter of a guarantee insofar as Storer is concerned. It is a contract of guaranteed rates; it is a contract of a guaranteed programming service. We think the dots on your handouts there will speak for themselves. We think the pricing structures really speak for themselves, and we would like to also make the comment that we have heard more than we would like to hear in this conversation in granting this franchise. About a big company versus a little company. I submit to you that this is no small undertaking, this is a 30 million dollar undertaking. The size of the companies and the balance sheets are there for you to look at. So, in this case, we're kind of glad to be with the big guys because we know we got some guys that can do what they say they're going to do.

It is Storer's intention to pursue the 14 surrounding cities with a franchise application that is already before them. In closing, there was another comment made, that if both proposals were equal, UA should be granted the proposal. We wholeheartedly agree, that's one place we agree with UA. If these proposals are equal we submit that they should have it; we submit that your careful perusal will indicate a vast difference.

MAYOR COCKRELL: Thank you. All right, you want to pass those materials up to the City Clerk. The materials that can be distributed. All right,

then, at this point, we'll call upon the UA/Columbia people for their 5 minutes.

MR. ROSENCRANS: I don't want to go back into all of the details that have been discussed, but I did want to correct one mis-statement perhaps, Mr. McCombs inadvertantly didn't understand the facts. We never offered the Spurs 20% interest whatsoever. This was requested; we turned that down thinking that would be uneconomic, that it would be improper. And that was the fundamental reason that Mr. Drossos, Angelo, a good friend of mine, sought other companies to bring into San Antonio to get a Cable Franchise. Storer was not the first company contacted; other companies turned down the equity position. Unequivocally, I'm sure Mr. Drossos can confirm that we never offered 20% that was requested. The origin of many of the proposals for the Spur home games, on away games, were stimulated by us but our negotiations fell apart purely on how much we would grant to the Spurs as equity to be part of our package. I think that corrects the record if, I want to be sure that that is clear. Cip, I'd like to turn the rest over to you.

MR. GUERRA: I hope that the Spurs item is taken care of. However, I'd like to answer the question about why maybe the staff didn't address the Spurs. Well, possibly it's because in the very first paragraph of the Storer agreement, they say that this agreement is predicated on Storer getting the franchise. So, if Storer doesn't get the franchise, they don't have an exclusive. It's that simple. And it's clearly stated in their written agreement and I quoted it in my letter, I can't find it at this point . . . here it is. It's dated May 17, 1978, between the Spurs and Storer. Quote. "It is agreed that any formal agreement between the Spurs and Storer Broadcasting is expressly conditioned upon the fact of Bexar County Cable acquiring the cable television franchise for the San Antonio-Bexar County area." No franchise, no exclusivity, it's that simple. Maybe that's why it wasn't addressed.

As far as our inability to guarantee the premium rates - I think we were just being more accurate. The FCC does reserve to itself the right to set those rates. We are not saying that we are not going to hold those rates. We're saying clearly, and it's not a technicality, the regulation, as I understand it says that they have pre-emptive authority over those rates. That's simply what we're saying to you in our proposal.

Mr. Warner wondered where we got this information on pay TV, and their position of premium TV and on national rates. I showed you exerpts, the quote on the pay purview came in a cablevision article, which I extracted and included in my packet to you. The comparison on national rates came from Paul Kagen Associates, industry-wide source of reference information, that's where those figures came from. We have not manufactured any of the information we have cited today, they are right here, and you all have it. Again, a lot of to-do is being made about the differences in programming and again I say to you, I think they are minor. Now we can sit down and go over all these changes in the packet Bob requested. He requested a list where we had to mark each item that we had changed, and if you look into that package, you'll see we made a lot of changes. We can cite differences of things we carry and they don't. We have the classic movies for example, on that \$5, 9 channel system; they don't mention that. We put religious access on the first tier; it's not a big deal, but they don't have it on the first tier. Now, we could go with these little items. I showed you how these materials are all available. Now, they're advertised every month in cable vision magazines, and you simply have to go and decide what your mix is going to be. It has nothing to do with exclusivity, or with - it's a matter of judgement as to what's going to be best for your subscriber, and any cable company is going to be making those changes as they go along.

Reference was made to our proposal being on the table, well, it was, and it's not that competition wasn't expected. In this particular business if you see, again looking at the national information, the overwhelming evidence is that the successful companies are single franchises where the Cities reserve the right to issue the second one some other time. I live in San Antonio. I think Mr. McCombs lives in Olmos Park.

MAYOR COCKRELL: All right, that concludes then the formal presentation. Now we do have several Council members waiting to ask questions. We also have some citizens who are registered, and so I'll start with the Council members and clear away their questions first and then we'll call on the citizens. Mr. Pyndus.

MR. PYNDUS: Mayor, there's three areas that I'm not quite clear, and I'd like to start with the footnote. It has been stated that no guarantee from UA/Columbia against a rate increase for premium channels, and I'd like to ask a question to staff or to UA/Columbia or to Storer. Do they fall under the same no guarantee or does Storer guarantee against a rate increase for premium channels? Or does FCC control both bid proposals?

MR. BOB FISHER: The FCC controls only the pay rates part of the rate structure; we have no jurisdiction in pay rates.

MR. PYNDUS: It has been stated that in the footnote that UA/Columbia could not guarantee the rates for premium channels; does Storer guarantee the rates on premium channels?

MR. FISHER: Yes, sir, they can say they can guarantee it. The point is that we can't enforce a guarantee, and if they choose to raise them, lower them, whatever, it's their option; we can't

MR. PYNDUS: I want to be clear on this, Bob, because we're talking about rates, if one cannot stand to lose in case they get an increase from FCC and the other says we will guarantee it regardless of FCC, there is a basic difference there. Does Storer say that they will stand any increase themselves, and does UA/Columbia say they will not stand any increase, they will let FCC call the price increase?

MR. FISHER: Well, UA/Columbia's proposal submitted last Thursday did not make reference to wording to effect a guarantee. The ordinance that we have on rate structure section on both ordinances, now provides that there will be a five year guarantee on all rates but, then again, the FCC does control that one section. So, technically, our ordinance provides a guaranteed package or provision but we can't enforce that section relating to pay for either company.

MR. PYNDUS: I would like a response from both companies if I may, Mayor.

MR. BOB ROSENCRANS: The preemption by the FCC made it difficult for us to phrase the matter. As Mr. Fisher said, we came up with the original concept of a five year freeze on our rates. We intend to live with that but we didn't feel we could mislead the Council to feel that the FCC couldn't force some change in that aspect of it, but we are fully prepared and we - - our history of rates - - we started pay in 1973 at \$8.00 in New Jersey. It's still \$8.00 in 1978. There's no intention to increase those rates. We will not increase those rates. We will abide by the five year freeze on all our rates.

MR. PYNDUS: You're telling me that in the five year period you will freeze the rates regardless of the FCC ruling?

MR. ROSENCRANS: Well, this gets into a federal-local situation. It's unlikely. It's a very remote situation, but it is the breakdown, the difference between federal control and local control. It's a difficult thing to explain how that will operate but we are controlled as far as we can see, the practical matter, by the ordinance which freezes rates for five years. The only thing that we have done is lower the rates for the first year to \$6 for everyone who takes that HBO service. Our rates are frozen for 5 years - that was our original proposal.

MR. PYNDUS: Thank you, I'd like for Storer to respond if I could, Mayor.

MR. BILL MICHAELS: I'll answer the question but at the same time I'm a little puzzled, I was under the understanding that we were totally restricted from making any modifications whatsoever in the final modified proposal which we submitted. Ours was submitted specifically and still states that we would and will protect on all rates. Footnote 6 on the UA/Columbia specifically says that they cannot guarantee those rates. Now to me it's a matter of plain simple representation, clarification and english that they said on their proposal and they cannot, I don't understand how they can change that position and say today that they will. We will. And have said consistently that we will.

MR. PYNDUS: Thank you. My next question, Mayor, if I may is with reference to the suit and I'd like to ask someone from the Storer corporation to respond to the suit.

MAYOR COCKRELL: Is this the Thousand Oaks suit that you are speaking of? Was there any particular aspect you wanted to ask about?

MR. PYNDUS: Yes, Madam, I have a specific question, we don't have to go into the history of it. The statement that was made in the staff's memo to Council was that Storer Corporation brought a suit against the City of Thousand Oaks asking for \$8 million in damages plus \$1 million in punitive damages for each Council member and to me there is a difference in filing for damages and then to file and cite each individual Council person for punitive damages for \$1 million each. I think it's an overkill and to me I'm trying to find an indication of your behavior in case we get in litigation with you. I find myself in a position of having a million dollar suit filed against me.

MR. WARNER: The Storer circumstance at Thousand Oaks is that we are working the problem out and hope that the litigation will not go any further. Those individual members were named as defendants in the suit, service of process was not had was sought against any of the individual Council persons. In other words, no one is legally in court other than Storer and the City.

MR. PYNDUS: And now to clarify my thinking, the suit has been filed but no litigation has been pressed, but in the suit that was filed there was punitive damages asked of each individual councilman plus other parties. The I have the last question that I would like - would be on the Spurs. The statement was made that a request that the Spurs become a 20% partner in Cable television. I'm trying to get that particular situation straight in my mind.

MR. WARNER: I think Red McCombs should answer that question, he's the closest to that circumstance.

MR. ANGELO DROSSOS: Let me very briefly give you a background of what happened. My good friend, Mr. Rosencrans, Bob, is a good friend. I'm not saying that facetiously. We were negotiating for a contract and lo and behold to the surprise of myself and Bob Rosencrans, we woke up one day and we found out that the City Council surprised us all and gave directions to the City to grant a contract. At this time, we were in the middle of our negotiation. Our negotiation had not ceased and Bob jokingly the next day said, "Well, Angelo, I don't need you anymore." So that was the end of our negotiation. We were not bitter, but I then went into trying to find other companies, I talked to many companies, larger than UA/Columbia, larger than Storer in the Cable Television business. Everyone of them would give 20% interest and in fact it was standard procedure to give 20% equity interest to local people. That was every company I talked to. I made the decision in behalf of the Spurs that it was to the best interest to the Spurs to tie up with Storer because of Bill Michaels' feeling towards San Antonio. Being a San Antonio individual, I would have a better relationship because we were going to be married for a long time. He would be producing our games for a long time. So, I wanted to have a relationship with someone that I wouldn't have problems with. The other people were strangers. Here was a man that was home folks, so to speak, and that's why I took the position

and went forward with Storer. But, Bob is correct. He never did offer a 20% equity interest. He was from the very beginning - it's the policy of UA not to give up an equity interest to the local people or to anyone. UA keeps the entire interest. But, every other company that I talked to would give up the 20%. I hope that answers your question, thank you.

MAYOR COCKRELL: Just a second - does that answer your question, Mr. Pyndus?

MR. MCCOMBS: Well, I'm going to answer as far as I'm concerned, I didn't intend to pass the buck. Angelo briefed me from time to time about negotiations and he is right. I'm sorry that I made that error because I understood that everyone did.

MAYOR COCKRELL: Red, ordinarily, I ask people to come to the microphone, I believe you got on the tape anyway.

MR. MCCOMBS: Well, I'm sorry, it's nothing personally; it's my understanding not that UA but that everyone that was in negotiation was in the same posture.

MAYOR COCKRELL: I believe Mrs. Dutmer had a point of information.

MRS. DUTMER: Well, my only question before it gets away is if everyone offered 20%, why did you finally settle for 8%.

MR. DROSSOS: I'm sorry, can I answer that? I know we're playing a ping pong game here and I'm sorry. Again, it has to do with the situation, do I want - I've got to look at a relationship over a period of 15 or 20 years after I'm gone and the Spurs will hopefully still be here. Bill Michaels has been a long time acquaintance; he's an old time friend. I've rather have something that I know I have right now that I can call on, I can negotiate, the negotiations took a different frame. He wanted to do something, whatever we wanted to do he gave, they were hard negotiations. Our contract as you've seen is a very good contract for the Spurs. I felt that long term I may have done my stockholders a disservice. I felt it was better for us.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mr. Rosencrans, will you respond, first of all the percentage was not meant to be a part of the deal, it was just that most companies were getting 20%.

MR. ROSENCRANS: That's not accurate.

MR. PYNDUS: That's not accurate, would you care to respond.

MR. ROSENCRANS: We have never given any percent for franchise, and we've gotten as many franchises in this country in the past three or five years than any company I know. The same proposal that Angelo - I'm glad, first of all that my veracity was sustained by Angelo's statement and Mr. McCombs' statement now that we never did offer 20%. I'll tell you what my words were though, frankly, I want to go on my own two feet and get the franchise on merit great. If we lose it, I'm not going to walk in with - there's a thing in our industry called the renunciative leader syndrome. To frankly put pressure on City Councilmen because of relationships that go back many years, and we've avoided that because we don't think it's proper because you're going to have applications from four of five companies, you're going to have 20% all over the place and the pressure on a reliable, proper decision by the City Council becomes impossible in that environment. That is the reason we've taken that position. We never once offered 1% to anybody. Negotiations broke down completely on a different basis. I was prepared to pay a fee for a contract to carry the Spurs games very much in the form that has now evolved. A contract would have been available to anybody who got the franchise. I was prepared to do that. We could not agree on the amount of money that would be worth. We're a sports programming-oriented company. We carry - we're the first company to carry Madison Square Garden in the suburban New York area. We're the first company to carry it nationally via satellite because we believe sports play a role in this cable business. That's why I initiated the conversations with Angelo; he had no thoughts of Storer at that point in time.

MR. PYNDUS: Thank you very much and thank you, Mayor.

MAYOR COCKRELL: I wanted to suggest we now have four other Council members, and we've not heard the group of citizens waiting to speak and I would hope each Council member can limit their comments as much as possible or questions. Mr. Hartman is next.

MR. HARTMAN: Thank you, Madam Mayor. I'm going to get back to footnote number 6, and I realize that Council Pyndus pursued this at some length, but let me make sure that I understand what finally came out of the explanation from both sides. Am I correct, am I stating this correctly, and staff, if you would also, staff, Bob, where are you? Bob, if you would take the lead on this, am I correct in stating that the statement that appears in the UA Columbia proposal in footnote 6, "does not apply to premium rate proposal" or words to effect is a statement that merely states in the effect that FCC has pre-emptive authority.

MR. FISHER: Yes sir, I think that's a fair assumption.

MR. HARTMAN: And was it staff's?

MR. FISHER: Yes sir, very much so.

MR. HARTMAN: So it was not a case of saying, we do not guarantee but rather the fact that we cannot guarantee under FCC rule.

MR. FISHER: We can't enforce the guarantee.

MR. HARTMAN: Okay, does everybody agree that is the interpretation of footnote number 6?

MR. WARNER: No, sir.

MR. HARTMAN: Well, I want to get this thoroughly thrashed out because I think it's the key point. I think it's a case of whether UA/Columbia is in effect, saying, we cannot because we're pre-empted by FCC, or is UA Columbia saying, we don't want to, and by the way FCC doesn't let us. I want to get a clear concise understanding of that footnote.

MR. FISHER: Well, in the request for information that we transmitted on the 29th to the two companies, we asked a question as to - under what circumstances would the companies raise or adjust pay TV rates. We did not ask them whether they were guaranteeing those rates or what their status was. The response back from Storer was that they were guaranteeing their rates, but that if they do adjust them that the adjustment would be based on their price from their wholesalers through all the distributors of the programs or the cost of the security devices needed to transmit those programs to individual homes. Basically, UA/Columbia provided exactly the same kind of response; it would be their cost from their wholesalers and did not make any reference at that point to saying either yes or no they're guaranteeing it. Again, we didn't ask them whether they were guaranteeing it. The ordinance in both cases states specifically and it's in the rate section 15 that all rates are guaranteed for five years.

MR. HARTMAN: Okay, so the fact that that was in the basic ordinance and the fact that that was agreed to by both companies it would indicate then

MR. FISHER: Their acceptance of those terms.

MR. HARTMAN: No desire not to guarantee.

MR. FISHER: Right.

MR. HARTMAN: Mr. Rosencrans, do you - is that your understanding, and I also want to ask the same question of the Storer representative?

MR. ROSENCRANS: They're guaranteed by the ordinance, only in an unlikely event, that the FCC flies in here and says you must do something different than that would be federal law versus local law. I guarantee during that five year period.

MR. HARTMAN: Does the Storer representative accept that in the same context and if not, where not and why not?

MR. WARNER: The FCC does not have as this is phrased, a pre-emptive right over pay television rates. They can't dictate to an operator what his pay TV rates are going to be. That's an error both in this understanding and the operator's understanding.

MR. HARTMAN: Let me ask you this, that if in the body of the ordinance, however, there is a five year guarantee clause, doesn't that vitiate your argument?

MR. WARNER: No, it doesn't if there's a footnote in the application that disqualifies it as a reference to that subject. There's a footnote in their ordinance that says that they do not guarantee premium rates.

MR. HARTMAN: Even though the basic clause in the ordinance would still pre-empt that? Or would it pre-empt it?

MR. WARNER: In fact I think that section refers to schedule "B" or "C" which ever it is attached on rates.

MR. HARTMAN: May I ask our legal counsel, what is the - what would be your determination of this particular exclusivity clause, or exclusion clause rather under Footnote No. 6.

CITY ATTORNEY MACON: Let me ask Legal Counsel out in the audience, Mr. Finlay who INAUDIBLE

ASSISTANT CITY ATTORNEY TOM FINLAY: Let me just say that I went over that, and I certainly understood it to be a statement that just meant that they were not because it was understood that any time the FCC could come in you know, if you guarantee it - the rate at \$5.00 the FCC at any time could come in and say No, it's something else, and that was the reason. I was with them when we were negotiating this and talking about it, so I knew the background and maybe I wasn't seeing the forest or the trees or something.

MR. HARTMAN: Are you saying that nevertheless, that it is a matter of fact that the FCC does have that pre-emptive authority, that's the basic fact?

ASSISTANT CITY ATTORNEY FINLAY: Yes, I think so.

MR. HARTMAN: Okay, if I may, I think this for my standpoint, it satisfies my line of question on that point, Madam Mayor, I have one other that I would like to pursue.

MR. WARNER: Mr. Hartman, I think we should stand that we still dispute that point. We object - when this item was checked in the ordinance we checked through our Washington Attorney's Office, we checked with FCC staff, and our position on rate guarantee in that section is just the way I explained it.

MR. HARTMAN: Okay, you're saying that the fact that your proposal does not have the footnote exception. You're saying that you would interpret your lack of footnote as saying, in effect, that we guarantee it and if FCC has pre-emptive authority that may be a problem but we still guarantee it.

MR. WARNER: The FCC does not have pre-emptive authority. Would the FCC come in

MR. HARTMAN: Here we're having a dispute

MR. WARNER: Would the FCC come in and say you have to raise your pay TV rates? That's the only pre-emption that could change their rates.

MR. HARTMAN: Well, I never tried to outguess the governmental bureaucracy, but I don't know

MAYOR COCKRELL: Just a moment, there's someone in the audience that is talking and I would appreciate it if he would be quiet and listen to the person at the podium.

MR. WARNER: We don't believe that this is correct. If what he is saying is true then the FCC would come in and tell them to raise their rates. Can you imagine that?

MR. HARTMAN: Okay, I understand what you're saying, and I understand what the agreement is and I understand what UA/Columbia is saying. So that basically was the purpose for my line of questioning. Madam Mayor if I could just very briefly

MAYOR COCKRELL: Yes, what was your next question.

MR. HARTMAN: The next question pertains to the North Charleston question. I realize that we have the Honorable M. John Bourne here today, and he has made the statement that the staff report was a bit inaccurate. I would just - rereading that particular passage from the staff report - it merely says, "in comparing the operations of the company to the requirements of local franchising ordinance, it appeared that the company was failing to meet certain provisions." I believe that's the disputed paragraph. Is Mayor Bourne still out there? And the staff report goes on to say, "As an example the North Charleston ordinance requires a studio to be operational and fully-equipped. Upon inspection, the area designed for a studio was, in fact, being used for a storeroom. The company does, however, maintain one fixed camera on location at City Hall which the company contends meets the terms of the ordinance." And then it quotes you, Mayor Bourne, saying, "Mr. John Bourne, the Mayor stated that the City was pleased with the Storer operation and was not concerned over the lack of studio facilities at the present time. The Mayor drew attention to the fact that Storer arrived in Charleston by taking over a poorly-operated system and bringing it up to standard, and that this was of greatest importance to the City." I do not necessarily interpret that as meaning that there had been a statement that there's an absolute violation of the franchise, but merely the fact that there was an imprecision as to the carrying out of the franchise, is that what you were saying?

MAYOR BOURNE: Well of course, you've read the full statement. I think the statement that was made earlier did not include the full statement just some reference to the fact that they didn't think they were meeting the requirements of the ordinance, and I want to say that they were. In fact, there is a studio there which I've used many, many times, and I just wanted to make that clear to the Council. So, there would be no misunderstanding. I think when you read the entire staff report, it's fairly accurate.

MR. HARTMAN: Okay, you would then subscribe to the accuracy of the staff report with regards to the Charleston situation?

MAYOR BOURNE: Well, I'm not sure because I haven't read the staff report, but I think that part which you just read would be accurate, yes. In my judgement they do meet the requirements of the ordinance, and the studio is available and would be available if we wanted to use it.

MR. HARTMAN: Yes, it's currently being used for storage, I gather.

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MAYOR BOURNE: Actually, I do not know that.

MR. JIM FAIRCLOTH: I'd like to clarify the point of the quote story. For the record, I'm Jim Faircloth, Operating Vice-President of Storer. The storage is a temporary situation wherein we're undergoing a major installation of converters. Our store room was overstocked; we got in 15,000 new converters, and we're forced to put some in the studio. However, the studio remains in place fully equipped and ready to be operational on a day's notice.

MR. HARTMAN: Every TV studio I've ever seen looks like a store room anyway, so I don't think that's important. Okay, but there's no basic disagreement then on this Charleston . . .

MR. BOURNE: No, I was only concerned that the entire context of that part of the report was in the record.

MR. HARTMAN: Okay, fine, just in observation the statement that was made by the Storer representatives that actually UA/Columbia was advertising a nine channel basic rate versus 4, which it actually was, and then referring to the Storer 19 channel basic rate, I think it should be in all accuracy, that should be advertised as a 14 channel basic rate because the same thing would apply to the 5 local TV stations. So, it was overlooked, but I would assume you would have said it.

MRS. DUTMER: I agree with Mr. Michael's, that we should look at the technology, the programming, the rate structures, and the corporate and finance history. I would like to know - I think I already know a portion of it, but I would like to ask UA/Columbia, now I like your idea of the employees having ownership within your company but up to what figure and what amount can they participate in your company and who owns the controlling interest.

MR. ROSENCRANS: They can, only employees control that fund. I'm one of the trustees as is Mr. Guenther behind me. And we have five trustees appointed by a Board of Directors. Any employee can invest up to 10% of his salary, annually, in that fund. We obligate ourselves to match 2% of that contribution with over 5% now of company funds. In other words 7% in the aggregate of a man's salary goes towards the purchase of company stock. We started this plan about seven or eight years ago. I think 90% of our employees across the country and we have about 600 cable employees own stock in the company. And it's been a marvelous way to retain the good people we have because they have a real interest in the company this way. So, this is our form of local ownership and it will be true in San Antonio. We have 225 employees here, we're hopeful each and every one of them will participate. And they can participate on thirty days of employment. There will be substantial local ownership of UA/Columbia stock right here in San Antonio through that mechanism.

MRS. DUTMER: But, do you have a maximum amount of shares that anyone of your employees can eventually own?

MR. ROSENCRANS: No, no ceiling.

MRS. DUTMER: You limit that by the amount that they can put in per annum?

MR. ROSENCRANS: Yes.

MRS. DUTMER: All right, the second one and you can answer it or not. Who owns the controlling interest in

MR. ROSENCRANS: UA/Columbia? UA/Columbia is a public company. The original ten people which started the company, and I was one of those ten and I was the first President and the first employee of the company in 1962. The ten are still with the company, represent on the board, retain the stock they held at the time. We've since sold stock to the public. We've had several successful mergers with other parties. We have 1,650,000 shares outstanding, and I would say six or seven hundred

thousand shares in the public hands, floating in the market. But no single party, no single individual, no single entity controls or moves the direction of our company.

MRS. DUTMER: All right, then and I have outnumbered it, number 21, but it's the page right after the one where the premium rates are addressed. And, of course, I realize there's a difference between base and premium rates, but then I'm a little disturbed on the next page under security cost, you said that either of these cost factors should change substantially i.e., the actual cost, the security costs, it may be necessary to amend the subscriber rates. What do you mean by that statement?

MR. ROSENCRANS: I think we're just pointing out the kinds of changes that may occur in that area. We've also subject to - the FCC could pass a law tomorrow and say no more premium channels. It's conceivable. I think it's contradictory in the sense of the ordinance that has been drafted, that the assistant city attorney read controls the five year freeze on the franchise.

MRS. DUTMER: Well, correct me. You can tell me if I'm right or wrong. I interpret this to mean if your actual cost or security cost goes up, then you subscriber rates are going to go up.

MR. ROSENCRANS: No.

MRS. DUTMER: I'm wrong.

MR. ROSENCRANS: I want to give you our interpretation of the ordinance as drafted provides for a freeze on those rates for five years, unless and we're just pointing out - in the completely unlikely event that the FCC descends on all of our pay operations and say that you can't do this or you can't do that and you must do something different. I have to point that out because that's the law but it's not controlling this particular situation.

MRS. DUTMER: And I see under Amendment No. 5 in the back of the book here that Section 6-B shall read as follows and pertains to any sale or transfer of the company - that you would give us 45 days notice. Is that part of every contract that you draw up or is there a possibility we're going to go into default?

MR. ROSENCRANS: Well, our company has never changed hands, I don't know how that particular phrase - I'm just being informed, the City asked for that. You're entitled to as much time as you want, it's not going to happen.

MRS. DUTMER: Well, I just wanted to clear some of these things up.

MR. ROSENCRANS: I think that was the City-induced clause.

MRS. DUTMER: Just strictly business, I want to clear these things up before we get into them.

MR. FISHER: It's in both ordinances.

MRS. DUTMER: Fine, fine, thank you, and then another - do you have a site where you're going to install or is there, or are there towers rather, involved in this.

MR. ROSENCRANS: No, well let me qualify it slightly. We have worked out an arrangement with the National Bank of Commerce to use their roof. Our equipment up there will be fully shielded. We will put certain materials around the cover that now exists on the top floor to shield our equipment from where we will have our central transmitting point. We may have, we have a tower in Universal City, I think which will be 150 feet, but it will hardly be noticeable. Primarily for that high point of the National Bank of Commerce, we can avoid towers completely.

MRS. DUTMER: All right, and one more question, again, you can answer, sir, or not. I heard Mr. Drossos say that he would negotiate if the other company did not get the franchise. However, if you were to get it, you would sort of have the big club in your hand. What's to tell us that you'd be fair with the Spurs, if this should occur.

MR. ROSENCRANS: Well, I wrote a letter early in the game to the City Council saying that we're fully prepared to move, to deal with all the points of that franchise with the exception of the equity and the payment for the assistance in securing the franchise. The balance of the terms are certainly acceptable to us.

MRS. DUTMER: Could you offer them much the same as they have now?

MR. ROSENCRANS: Yes.

MRS. DUTMER: All right, that's all for you sir.

MR. ROSENCRANS: Let me just say, May I say that from my point of view the carriage of the Spurs is a very important feature in a cable system, otherwise, I wouldn't have stimulated the discussion two or three months prior to our application.

MRS. DUTMER: Well, we do hold the Spurs in high regard in San Antonio.

MR. ROSENCRANS: And we will carry them. Angelo and I have had brief meetings in this room over the last few weeks. I'm sure that we will carry them on those terms and conditions.

MRS. DUTMER: All right, then I'd like to go to Storer, if I might. A couple of questions and I'll be through. Whoever wants to answer it it's in regard to the rates. All right, Mr. Warner, it was indicated here that Storer would absorb all rate increases that this is . . .

MR. WARNER: Costs to us, yes

MRS. DUTMER: This is a guarantee, all right, to me it isn't real sound business practice unless you're pretty darn sure that those costs are not going to go up because you've got stockholders you're beholden to.

MR. WARNER: We have an idea to project what they might be over the period of the five year freeze on rates and make that business judgement that we can live with what happens.

MRS. DUTMER: All right, I'll just leave that up to you, but that was just a question that seemed a little odd to me that you're willing to absorb all the costs regardless of what they might be.

And the other one, the usurping of the local stations, I've been concerned about the local stations for some time, and it was the first question I asked. And on the usurping of the local T.V. Stations when they are pre-empting a network program you indicate that you will pick up that network program from some other source and play it at the same time that it ordinarily would be playing.

MR. WARNER: Somewhere else in the system, on another channel, not on that channel. So the subscriber would return the choice of whether he wanted to watch what the local station put in place of the network program or watch the network program on some other channel.

MRS. DUTMER: Well, that's precisely what bothers me. If he should decide to look the other way, then our local stations who run a great deal on advertising - and their income is derived from advertising, whereas yours is not. And I'm just wondering whether that would have any bearings on the local stations. Do we have any local people here that could answer it for me.

MR. WARNER: I can speak as a broadcaster because we have broadcast stations

MRS. DUTMER: Fine.

MR. WARNER: In that, normally, when you pre-empt programming on your station for local programming you would pick a weak spot in the network schedule, one of the less popular programs. So, in effect, you would provide something local that would be more popular and get you more ratings than what the network was providing in that time period. So, you're seeking to improve your audience by pre-empting network programming, not many network programs are duds. So, what we are doing by providing this service is that no matter - one thing we've learned in broadcasting, no matter what the program or the size of its audience or how low its audience, somebody has that as their favorite program. So, for those people they could, if they wanted to, they may find a local program more attractive and watch that. But still another channel somewhere in the system, they would have the option. They, in effect, would not have been censored from watching what to them is their favorite program.

MRS. DUTMER: All right, now there's one other question, and then I'd like to have UA's idea on the one that I just asked. But one other question, it's been brought to my attention that we have said that on our, in certain sections of our City, there's a lower income per capita. And these people would not be able to afford cable television. And it has been suggested, and I bring it out to you in the open, that perhaps you would make your money off of connects and disconnects, is this true?

MR. WARNER: No, because to begin with, we have a fair construction policy in that we would serve equally all sections of the City at the same rate. So, the higher income, the lower income would receive service at the same rate. As we turn on subscribers, attract them to the system, our marketing policy is no installation cost, free installation. So, whatever the income of the subscriber, they would not have any installation costs up front. And then, there is no, no matter what the circumstances, there is no charge for disconnecting. In fact, what a cable system tries to avoid is what you just described which in the business is called churn. This constant turnover is a tremendous expense. It costs us more than \$15 to go out there and connect them up, counting the equipment truck, gas time and everything. The \$15 rate that would be charged even after the marketing period gets some of the cost back, but we're - we want to get subscribers, steady customers. And so I don't think that problem is a problem because churn is something the cable industry just hates, and we do too.

MRS. DUTMER: All right, and now if I might ask UA/Columbia what they feel on this program pre-emption.

MR. ROSENCRANS: We happen to completely disagree with that approach. It's really interfering we think, with the local station's affiliation arrangement with the network. It takes the bargaining position away. In other words, if we can step in and acquire that program from the network and play it in competition with them, we have greater respect for the five stations here. They've got a lot of investment in the community. And no matter how well we operate our cable system, there will be at least twenty to thirty to thirty-five percent of the public who will not pick our services. They'll be dependent on those stations. We, in no way want to harm them - it's a little ironic, but in our industry, our cable industry has been accused of trying to undermine the broadcasters. We as cable operators are very sensitive about that issue. We never do that. So, we disagree with that. We will not, we'll leave it up to the network stations to determine what they should carry. What's best from their economic standpoint, what's best for their community responsibility. And so we disagree with that.

MRS. DUTMER: Thank you very much.

MAYOR COCKRELL: Thank you. All right, Mr. Webb.

MR. WEBB: Mr. Rosencrans, your connections are \$25?

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MR. GUERRA: Our final rates after 90 days are higher than Storer's. Now, but the system is designed to try to increase the number of subscribers at the beginning of the installation of the system, so we,

MR. WEBB: \$25?

MR. GUERRA: Sir?

MR. WEBB: It's \$25.

MR. GUERRA: After ninety days. Right, But up to 90 days we go for zero for the first thirty and go half that amount, \$12.50 for sixty days and then it goes up to \$25. It is higher than . . .

MR. WEBB: Does the Public Utility govern cable?

MR. GUERRA: No sir, In Texas, a in a ruling from the Attorney General sometime ago specifically excluded cable from the PUC. Also, by the way it's excluded from sales tax.

MR. WEBB: Did you infer a few minutes ago that the type of discount would be for the 12 month duration starting from that particular time?

MR. GUERRA: First of all, the difference between the two discounts, besides being on different parts of the package, you know, theirs is on the basic service, ours in on the Home Box Office. The difference is the way they designed theirs is tied to the day the first subscriber comes aboard. You know, and from that day they offer a dollar break for 12 months for whoever signs up. So, if you don't live in - if you're not fortunate enough to be near or along a cable street, you won't get that break. When the 12 months are up, you're out of it. With our system we tied it to when the cable comes down our street. Then you have 12 months to get the break. Our break continues for five years, in fact, really for six years.

MR. WEBB: That'll be fine. I understand now. The other question that I wanted to ask you is that you said that your rates are below the national average?

MR. GUERRA: Yes, sir. Our average

MR. WEBB: What's the national average?

MR. GUERRA: Okay, I'll get the right package and I'll cite them for you. These figures were prepared by Paul Kagan Associates, and they do this sort of thing for the industry in the national averages for the combined rates, that's the basic and pay for 1977 is \$15.20.

MR. WEBB: Thank you.

MR. GUERRA: Now, basically. Yes, there's a footnote to all these rates by the way. They have to do with preponderance of these systems, twelve channel systems. So, it doesn't relate back to thirty-five very well, but only the national rates, they're for 12 channel systems. The UA/Columbia average is \$14.85, and mind you, we have out systems averaged out to a higher subscribers per system. The Storer national average according to Paul Kagan is \$16.11. The highest comes from, I believe, Teleprompter who is at \$16.94.

MR. WEBB: Okay, another question I have to ask concerning the scholarship program that's incorporated in your proposal, the payment of \$150,000 for scholarship. How would that be paid off?

MR. GUERRA: Well, we would start out the first year with a \$50,000 injection into that fund.

MR. WEBB: \$50,000?

MR. GUERRA: \$50,000. That would allow it to begin to earn interest. Then we would add over the term of the franchise \$7200 a year, so it finally totals out to \$150,000. And that's for grants for undergraduate and graduate students in communications in this specific field.

MR. WEBB: Yes, I understand. The other two questions that I'd like to ask you because I'd like for you to address the affirmative action and the employment.

MR. GUERRA: All right, in the area of affirmative action, as you recall during our, I believe, second reading, we went ahead and strengthened our proposal which had been inadvertently dropped. In the rewrite of the ordinance we had submitted a draft and committed to adapting, in other words, taking the City's Affirmative Action Plan and changing the wording so it applies to our company, and that was one of the parts that we've added since then is an addressing unemployment and looking for a formula that's equitable. Due to the large variances in the percentages of minorities here in town, there was some good arguments that we tried to adjust it so we didn't use just simply population percentages but population of the unemployed. And that's what we've agreed to. We have agreed to take the count, say from TEC, on the unemployed, look at the ratio percentages, ethnic percentages and then set our goals based on the percentage of unemployed.

MR. WEBB: Thank you. I'd like to have a representative from Storer and ask the same question.

MAYOR COCKRELL: All right, may we ask a Storer representative to respond to the same question?

MR. WEBB: The first question would be - the one concerning the 12 month crack, at leaving the rate saying in response to his . . .

MR. WARNER: Yes, our rates begin with the first day the first subscriber is served. And the \$4.95 applies for a year from that date for all homes passed, all new subscribers in the year that follows, go up to \$5.45 the second year, \$5.95 the third year.

MR. WEBB: And they have a shot at it beginning as soon as the pole is installed in that area?

MR. WARNER: That's right. It goes down the street the same way theirs does. We knock on the door and say that it's available and I'd like to have you sign up, tell them what the rates are, it's free install

MR. WEBB: And how long will they have to hook on before the rate changes?

MR. WARNER: Within the first year, the difference between ours and theirs is that, they go by - if you live on a street the second year they're there the first rates for Home Box Office which by the way is very minor part of the rate schedule. The Home Box Office rate which this discussion revolves around is good if you live on that street their rate is good, the first year, and then it goes up the second year. I think this was incorrectly described in the staff's report. If they talked about veteran subscribers, and that description and the staff analysis does not apply the way Mr. Guerra just described their rate policy.

MR. WEBB: Then how does it apply?

MR. WARNER: You're asking me to explain their plan?

MR. WEBB: No, I'm asking you to explain yours more thoroughly because I haven't yet decided where the dollar difference is.

MR. WARNER: All right, the first year all customers that come on the system will have basic cable at \$4.95. A year later the price goes to \$5.45 so it's possible that if somebody decides not to sign up in the first year and waits till the second year, their rate will be \$5.45, fifty cents more. That's ours.

MR. WEBB: Fine. The next question is UA claims to have a lower rate national average. Yours is purported to be the second highest in the nation, according to Paul Kagen and Associates.

MR. WARNER: I'm familiar with Mr. Kagen. We would have to go back and check that because I haven't seen those figures before. But, I think the principal matter here is that we're talking about San Antonio. And the rates here are guaranteed by Storer for the five years for both basic, full and all three premium services.

MR. WEBB: Is the national average \$15.20?

MR. WARNER: I don't know.

MR. WEBB: Storer's average is \$16.11?

MR. WARNER: I don't know, I'm not sure of that. I have to do some research to find out because we haven't added it up that way to see what the combination of both basic and pay adds up to.

MR. WEBB: Have you researched the rules that the Public Utility is not the ruler in Texas. That is correct.

MR. WARNER: Yes. This brings up again outside control and the FCC matter on rate regulation. In the issue discussed prior, one phase that might clarify the description is that the FCC leaves control of basic cable rates to the City, and the FCC says that's all that the City can regulate. The operator can voluntarily freeze his rates on pay, and that's what we have done. We have - Storer has voluntarily frozen their rates on pay. The City has no jurisdiction on that. That's what they mean by FCC retaining jurisdiction. It means the City does not have jurisdiction over pay.

MR. WEBB: Will you have the ability to sell stock to the employees?

MR. WARNER: We have a type of plan like that for employees on a payroll deduction basis in which they can buy stock at very low rates; we have that.

MR. WEBB: Good. The other - your specs does not specify any minority scholarship fund, it just says yes that you will give some minority scholarship. Can you elaborate further?

MR. WARNER: Yes, I can. Storer in all broadcasting and cable markets have a policy of responding to this need in the community, but we think it not something that should be in a cable television ordinance.

MR. WEBB: Can you site some specific case where you've complied in some other cities.

MR. WARNER: Yes, we have Jim Long with us. He's our executive in charge of this area and so is Mr. Michaels. We have, and speak to this on all of our broadcasting and cable markets where we do respond to this need in the community. We felt it not appropriate for the ordinance.

MR. JIM LONG: My name is Jim Long. I'm Manager of Personnel Development for Storer Broadcasting Company. I repeat, my name is Jim Long and I am Manager of Personnel Development for Storer Broadcasting Company. One of my jobs is to co-ordinate the scholarship programs and training programs for the company. We do not have, as Rod has pointed out, a specified amount of money for scholarships. But, we do have a very liberal scholarship program, training program and tuition reimbursement program for all of our employees. I just might cite for year of 1977 for one of our properties. In Detroit, for example, last year we had 17 scholarships which paid about \$45,000.00 Last year for tuition reimbursement for employees at that particular station we had about \$30,000.00 for one station. And I might go down the list.

MR. WEBB: Is that a portion of the \$45,000.00?

MR. LONG: No, that's separate. Tuition reimbursement is one program. We believe that once employees are hired there ought to be a continuous development and growth. Therefore, all employees are encouraged to improve their education, by continual attending colleges and vocational schools. So, this special tuition reimbursement program at this one particular station was \$30,000.00 that does not include the \$44,000.00 for the 17 scholarships at that particular station.

MR. WEBB: What is your composite figure of the total for your company, for that area, for scholarship funding?

MR. LONG: I would say about \$200,000.00.

MR. WEBB: Final question is in dealing with unemployment and Affirmative Action Plan that you have.

MR. LONG: Our Affirmative Action Plan is based on the Standard Metropolitan Statistical Area and the labor force for minorities and women. That is not a steadfast rule, that was a goal that we established early in the game. Around 1970, most broadcasters had very few minorities and women. So, we had to start somewhere, reestablish this as a goal, but as we review our records, which you are free to review, you will find that we have surpassed the Standard Metropolitan Statistical Area and the labor force at most of our properties. That, too, is one of the jobs I oversee and monitor for the company. Thank you very much.

MAYOR COCKRELL: Thank you, sir. Does that conclude your questions?

MR. WEBB: That concludes. I have one other question I'd like to ask and that is if UA has seen the last sheet that Storer has passed out?

MR. GUERRA: Is that the program sheet, sir?

MR. WEBB: The ones with the dots on it.

MR. GUERRA: No.

MAYOR COCKRELL: Did you have a question?

MR. WEBB: I'd like to hold it so he can look over it.

MR. GUERRA: I still am not clear on just how this Storer discount operates. As I read their proposal, it's page 19, it says from the date the first subscriber is served . . . It's not when the cable comes down your street.

MR. WEBB: I read it, and I was trying to get him to say, but would you read over this, I'm gonna ask some questions about it a little later.

MR. GUERRA: Okay.

MAYOR COCKRELL: Mr. Eureste.

MR. EURESTE: I wanted to ask a question of this gentleman but, the gentleman that was here from the personnel office. 030

MAYOR COCKRELL: From Storer? The Director of Personnel Development.

MR. EURESTE: You say that in the Detroit area your total scholarship fund runs to \$200,000.00? Or what did you say?

MR. LONG: No, I said company wide scholarship programs average about \$200,000.00

MR. EURESTE: Throughout the United States?

MR. LONG: Yes.

MR. EURESTE: Okay, what percent of that would be minority?

MR. LONG: Well this, I'm speaking of the minority scholarship program.

MR. EURESTE: All right, so \$200,000.00 in the minority scholarship program.

MR. LONG: Yes.

MR. EURESTE: How many, and this is for employees?

MR. LONG: These are for college students, students who are enrolled in college.

MR. EURESTE: Not employees of yours.

MR. LONG: No, employees come under tuition reimbursement program.

MR. EURESTE: So, that would be a different program.

MR. LONG: Yes.

MR. EURESTE: Do you know anything about the industry as far as scholarship program for minorities? Is this something that you find in the industry?

MR. LONG: You find it in the industry, but I don't think it's something that is widespread in the industry.

MR. EURESTE: And the lack of Storer to specify, what does that mean for San Antonio?

MR. LONG: That means that should we come into San Antonio we will assess the needs of this community. We'll be concerned about what the community wants. And we will develop scholarship programs based on the needs as we have assessed them and what the community sees as a need.

MR. EURESTE: But the Council doesn't know at this point what that amount might be.

MR. LONG: No, and we don't either.

MR. EURESTE: It could be a lot, and it could be a little.

MR. LONG: We will follow a pattern that we follow in other markets. I'm quite sure it will exceed what I think UA Columbia has proposed.

MR. EURESTE: But we're not sure.

MAYOR COCKRELL: Does that conclude, Mr. Eureste?

MR. EURESTE: It does conclude my line of questioning.

MAYOR COCKRELL: Thank you sir, Mr. Steen.

MR. STEEN: Thank you, Madam Mayor. One of the questions I'm asked about every other day is when will the first person receive cablevision? Now, if we award a franchise today to one of the two companies, when is the first person going to receive cablevision?

MAYOR COCKRELL: Okay, does UA/Columbia want to answer?

MR. ROSENCRANS: Well, we have already; we're many steps ahead. We have filed with the Federal Communication Commission our entire microwave plan. It's on public notice right now. We can have our microwave in place probably within 3 or 4 months. Then we can build simultaneously at the 8 hubs and the central hub and our target, a very realistic target. Well, I think I have to qualify this by virtue of the potential of referendum and when that might occur. We can do a lot of things in anticipation of that referendum being successful. But, I would believe that we will be seeing the Spurs on UA/Columbia next, not all but some subscribers will be seeing the Spurs on UA/Columbia next fall.

MR. STEEN: Next fall, that's September?

MR. ROSENCRANS: Yes, next year. It could happen more quickly if certain things worked out well, but we're way ahead in terms of our facilities, in terms of getting those underway.

MR. STEEN: One other question on . . .

MAYOR COCKRELL: Did you want to ask the other company or did you have another question you wanted to ask them.

MR. STEEN: One other question, does the so-called 5 year rate freeze that we're talking about, does that incept at the time that the franchise is granted or does that start when the first subscriber signs up for cablevision?

MR. ROSENCRANS: Five year freeze Cip, how does the franchise, the ordinance read?

MR. GUERRA: From the date we're issued the certification.

MR. ROSENCRANS: Date of certification. I think that's true of both.

MR. STEEN: Thank you very much.

MAYOR COCKRELL: All right.

MR. WARNER: In Storer's case, to answer the last question first, it's from the day the first subscriber is served.

MR. STEEN: Not from the time that we grant the franchise.

MR. WARNER: That's right.

MR. FISHER: That's true of both ordinances. The answer from UA was not . . . it's the same for both ordinances, from the day we sign in the first subscriber.

MR. STEEN: Thank you.

MR. WARNER: For Storer, the answer on first subscriber served is 9 months from the day you award it to us.

MR. STEEN: Thank you very much.

MAYOR COCKRELL: All right, would it be possible for us to hear the citizens at this point or did you want to continue, fine. All right, yes on the subject we still have citizens waiting to speak. At this point, we will then call on the first citizen, Mr. T.C. Calvert.

MR. T.C. CALVERT: Madam Mayor and Council, Mr. Hartman, I appreciate what you brought up a while ago because what you said about the rate and premiums is the pulse of what the Citizens Communications groups has been trying to get through to the Council all along, and is a main concern of the citizens of the City. I just want to go on record saying that we told you so, today. And kind of reflect back to what George McGovern and the State of Massachusetts did when the election came down there. That we came to you and we told you to bring in a consultant on these fine points that are coming up, such as the one Mr. Hartman asked a while ago. Because these are the key issues where the big whale comes in and swallows us up like a little minnow, these are key things.

Now, on the regulation and the Public Utility Commission, no the FCC does not come in and tell you that you can raise your rates or you can decrease your rates. But, this Council has the power to regulate and to stimulate the fact with the State of regulating this cable television company. If we don't regulate them we're going to be in big trouble, and it can be done. Neither company hit on that at all. There is a way that they can be regulated. If we don't regulate them, we're going to have Lovacas, we're going to have the same thing we've been having with a lot of these other corporate giants in the State of Texas.

Another thing that I'd like to say is that neither company still has not come forth and told you about coming to the citizens of the community and that we have been the ones that have pushed forth the new things that are in the ordinance that have not yet at ever one time come out. The Citizens Communication groups are the ones that have put a lot of things in the ordinance that worked closely with Bob Fisher and staff to bring things to the light that have never been brought forth. We've done research; we've done our homework and there's still a lot of it unanswered questions. At this point, the citizens of the City still are completely dissatisfied with both companies because there has not been anything stated where they can be regulated. And if we take it to the State and the Attorney General's Office there is a place where we can. If we don't, we're going to be unprotected. They'll just come in and raise rates anytime they get ready to. That's all I have to say at this point, and I'm still doing some research, we're still spending our own money and time and energy and efforts, staying up late hours at night researching these companies. But, there's still a lot of unanswered questions. And we are at this point, Madam Mayor, exploring the fact of setting up some type of commission to regulate these fellows cause if we don't with their sharp way of coming down here they're going to swallow us up like a giant whale.

MAYOR COCKRELL: Let me say to T.C. and to the others that we do appreciate the time that you have put in, I verify the fact that you have come down to City Hall, you've brought ideas; you have made suggestions that have been certainly incorporated and given the very serious consideration in the final ordinance that was developed. And I do want to thank you.

MR. CALVERT: Thank you, Madam Mayor.

MAYOR COCKRELL: All right, Joyce McMullen. She's not here? All right, Mr. Mario Salas is going to take her place.

MR. MARIO SALAS: First of all, let me make it clear that I'm the Chairman of the Intra-City Urban Communication Coalition. And up until this, all of the times that we spoke before this body, we've made it perfectly clear that in the first d-a-m place, there should have been a consultant here. I mean look at all this, this ain't the only question that was brought up at this point. I don't even know what the point was. And nobody up here knows what the communications law is. Jane Macon ain't a communication lawyer. You have to have, I think there's three or four lawyers in this whole town that know FCC law. And it's a shame that we're sitting here, don't have a consultant, we've got people arguing back and forth about something the FCC means. And none of us

know what's going on. Inasmuch as the City has not taken the initiative to bring in a consultant firm to help draw up an ordinance, we feel that both companies are severely lacking in terms of offering rules that are binding to keep them from jacking up rates and having ourselves another CPSB on our hands. But have proceeded these last days and so forth along the lines that we should try with the companies to try to get as much as we could for the citizens of San Antonio. And so we've negotiated with both. And in our discussions, are found out a number of things about cable and have learned some things about the FCC. But we haven't learned very much, and not to be disrespectful to Bob Fisher, Bob Fisher doing a real good job and so forth. But Bob Fisher doesn't know a whole lot about this. He's been very helpful. But he doesn't know a whole lot about these things. He's traveled all over the place, maybe, he wants to be the consultant. But, he doesn't know a whole lot about what's going on on these things and like I said there's three FCC lawyers in this town.

Now, I'd like first of all to say that when UA/Columbia first came here, they came in with what \$7.50 and so forth. That's too high. So, we had another company come in and then you have, you know, people lowering the prices all over the place. You know, we question that. First of all, they have the citizens in mind when they came in with this \$7.50 in the first place. We said that they didn't. They should have come in lower in the beginning. By the same token, Storer has a good thing in terms of, UA has a good proposal in terms of offering a definite figure for foundations. We say that's good. Storer, we don't give that to. Now, you can go along and say which company is the best and which company is the worst and which one's better than the two. And number one, the consultant people that Bob Fisher that got a letter, that sent a letter to Bob Fisher, they talk about the technical aspects. But they didn't talk about anything other than that. So what if Kawasaki camera is better than a Suzuki whatever. That's fine, let's have that. But what consultant say about the . . . INAUDIBLE . . . What does the consultant say about the foundations and affirmative action programs and so forth. It's just not right. And so, we're saying that a competitive bidding should have been done in the very beginning. We're saying that there should have been a consultant. We're saying that at the same time that we did fight hard to get the things that we got in both ordinances in terms of minorities programming, affirmative action, wiring, and other areas, and so forth. We see that at this time, UA has a slight edge over Storer, and we've agreed with that position. But at the same time, we say that with a reservation. That UA ain't gave us what they should have given us. And we think that as the citizens we deserve much more, and we still say that we should have a consultant. We still say this stuff should be thrown out and we should have competitive bidding, and it just ain't right.

One particular thing I'd like to make this public that we didn't like. I wish Storer would screen their friends. Last week, we had some guy coming in speaking in favor of Storer proposal, I might add that that guy was one of the main persons that stopped the Black Coalition Mass Media from . . . INAUDIBLE . . . in 1974 license to renewal at a local radio station. Which subsequently led us to file a petition to deny against that station. I wished they would watch who they, you know, I don't mind people speaking in behalf of so and so maybe did it as a citizen, fine. But, they ought to watch who speaks in their behalf, especially people who aren't concerned with the community at all.

MAYOR COCKRELL: I am going to have to call time.

MARIO SALAS: In conclusion, I would say, if you make a decision on the two companies, fine, make a decision. There's going to be a referendum, regardless. We're going to be back probably, again, more either in November or April, and we want competitive bidding. We're not going to change from that position. Thank you.

MAYOR COCKRELL: Mr. Armstead, Mr. Victor Soto.

MR. T.C. CALVERT: He's forming a referendum at this time.

MAYOR COCKRELL: All right. Okay, there were some people on the next page, and if they were here, several are signed up under the name of organizations, Storer Cable TV. And I think we, perhaps, should waive them because they were not made a part of the official presentation. Have I - Let's see, there's one person who is not signed in that category. Roger Dubbs. Was he on a specific the half, of either one of the proposals.

MR. MICHAELS: Point of order on that, Madam Mayor.

MAYOR COCKRELL: Yes, sir.

MR. MICHAELS: We certainly acquiesce on the other ruling of the Chair, but Mr. Dubbs appeared as a witness for UA/Columbia.

MAYOR COCKRELL: Oh, he did? Fine.

MR. MICHAELS: At the first or second reading, and I think in all fairness if he speaks, we should also speak.

MAYOR COCKRELL: Fine, yes sir. Well then, if we may, we would like to then, just waive all of these. There were four persons signed up here for Storer, and I presume, then, you were on behalf of UA/Columbia and if they were not made as a part of the specific proposal, then I think, perhaps, we might just waive all of these, if that's agreeable.

MR. ROSENCRANS: I think there's some confusion. Mr. Dubbs is no witness of ours. He's an independent citizen who happens to be involved in the franchising process in the outer areas. I think it's very relevant - what he has to say may be relevant to your deliberations. He's not our . . .

MAYOR COCKRELL: If we hear him, then we'll also have to hear the other four, who are also citizens.

MR. ROSENCRANS: Well, if they're members of the company, I'd think you're right, but if they are independent citizens I suppose that they're right. I think, I don't know.

MR. MICHAELS: Mr. Dubbs appeared for UA/Columbia and was introduced by Mr. Rosencrans at the first or second hearing.

MR. ROSENCRANS: That's another error. No, he's a citizen to be heard who appeared voluntarily. We did not ask him to be here.

MR. MICHAELS: his recommendation was for UA/Columbia.

MR. ROSENCRANS: We did not ask him to be here. He did it out of his own volition.

MR. MICHAELS: INAUDIBLE there's no difference.

MAYOR COCKRELL: All right. There are five additional citizens. Did we want to hear all of these citizens or just the two? All right, then we'll hear all the citizens. Jim Faircloth.

MR. JIM FAIRCLOTH: Madam Mayor, I am part of the Storer group.

MAYOR COCKRELL: All right, fine. Is Harold Null also in the same category? All right, fine, Jim Long, were you officially part of the company? Yes, right, we've heard from Mr. Long, and then, we'll now call on Mr. Roger Dubbs.

MR. ROGER DUBBS: Madam Mayor, Members of the Council, my name is Roger Dubbs and I'm Chairman of the Cable TV Committee for the Randolph Region. I'd like to share with you our efforts in awarding a cable

franchise. To begin with our committee put together a franchise that was acceptable to the cities of Universal City, Live Oak, Schertz, Converse, Windcrest, Selma and Cibolo. Also it was the committees' responsibility to recommend the company that should be awarded the franchise. The companies considered were Communication Properties of Austin, Texas; Communication Services of Manhattan, Kansas; UA/Columbia of San Angelo, Texas; and Storer Broadcasting Company of Miami Beach, Florida. All of the companies except Storer had made formal applications for a franchise, and Storer had written indicating they were going to make an application for a franchise. The Cable TV Committee of the Randolph Region was unique and talented in many areas with a high level of communication expertise. It included two local business persons; an educator who is also a radio engineer with KCOR; the Senior Vice President of the Randolph National Bank; a full Colonel on active duty with the Air Forces heading up Air Training Communication Electronic Department; a retired three star General who was AACOG's man of the year, he is also a fellow in the institute of Electrical and Electronic Engineers and has been active in cable TV affairs on a national level since 1972 and was consultant for many years to concept the international satellite communication system. Colonel Monk, General Blake and myself have been and are officers and directors of chapters of the Armed Forces Communications and Electronic Association. In addition, the Committee consisted of the Mayor, Pro-Tem of Windcrest, who is also the Vice President of Coca Cola; the news editor of the San Antonio Light, who represented by vote; a Councilman and the City Manager of Selma; the Assistant City Manager of Schertz; and the Mayor of Converse who is also associated with the Southwest Research Institute. As for myself, I have had over thirty-five years of communication experience as a military officer and an Engineering Manager with American Telephone and Telegraph.

In making our determination as to which company should be recommended for awarding of franchise, we considered financial soundness, the franchise fee arrangements, studio and technical support, construction time table, system design, engineering competence, type service area density, service rates, metropolitan interface and management accessibility.

At our last committee meeting, we concluded it with a written ballot rather than an oral vote. The tabulation of that vote showed that UA/Columbia was the unanimous choice of the eight committee members present. As matters now stand all seven cities of the Randolph area have awarded a Cable TV franchise to the UA/Columbia, and construction has started to provide service next year. Including these unincorporated areas authorizing UA/Columbia to operate in - this amount to about 40,000 homes.

The reason I am here is that the Randolph Cable TV Committee would like to share the benefits of our work, which exceeded more than 1000 hours, one thousand accumulative hours, and recommends that San Antonio awards its cable TV franchise to the UA/Columbia company. By doing so, San Antonio and its metropolitan area will benefit by the economies of scale that will occur. Thank you very much.

MAYOR COCKRELL: Thank you. Sir, I'd like to ask you a question if I may, what rate did you get for your franchise?

MR. DUBBS: You mean for our franchise?

MAYOR COCKRELL: The basic rate.

MR. DUBBS: The basic rate is \$7.

MAYOR COCKRELL: I see, for how many channels? Is that for the 18

MR. DUBBS: Yes, that's for the 18 channels and I believe it's \$8.45 for the 36 channels. However, our franchise does carry an amendment now that if San Antonio awards a franchise here do we have the option of the lower rates in our area out there also?

MAYOR COCKRELL: You mean, if we award a franchise to the same firm.

MR. DUBBS: Yes.

MAYOR COCKRELL: I see, so in other words, it would definitely be to your financial advantage if San Antonio went with the same company.

MR. DUBBS: Well, I'm not sure if that's so because I'm a firm believer that it's necessary and important that we create a positive economic atmosphere for the companies to operate in our areas. I think that the rates that have surfaced have become, have come out because of competitive features and for a period of time, they're going to operate on a marginal level until such a time that they can make it a profitable operation.

MAYOR COCKRELL: Thank you, Let's see is there anyone else who wants to ask any questions.

MRS. DUTMER: Yes, I do.

MAYOR COCKRELL: You have other statements.

MRS. DUTMER: I had my light on for later, but sir, did Storer submit that bid?

MR. DUBBS: No, Madam, they did not. They wrote a letter to us and said they were planning to submit an application. We do not have one, but we do have a copy of what Storer was proposing to you, folks, and we assume that it would be the same as offered out in our area there.

MRS. DUTMER: Thank you.

MAYOR COCKRELL: In other words, the \$4.95 that we got is what you assume you would get?

MR. DUBBS: Well, the total franchise as we saw it, the proposal made to you, we assume that same sort of proposal was made out in our area also.

MAYOR COCKRELL: Fine, Thank you. All right, Mr. Wiggins is the next person, but you're also with the company, is that right?

MR. WIGGINS: Yes, but I would like to just answer two brief points, if I may, Madam Mayor.

MAYOR COCKRELL: Well

MR. WIGGINS: Did we determine, did we not, that we could go ahead and talk for the representative, inasmuch as Mr. Dubbs had

MAYOR COCKRELL: Actually, Mr. Dubbs, I think he was speaking from a little different point of view on behalf of a City.

MR. WIGGINS: May I clarify two points? Do I have that permission? They concern, specifically, statements made by Mr. Dubbs concerning Storer. I'll abide by your...

MAYOR COCKRELL: Let me just say, I think we should not, just to be fair. We said that the company's representatives would not be accorded additional time. And I think the only person that we had was the one citizen who was speaking from another city, another coalition.

MR. HERSHEL BERNARD: Mayor, I had signed up, but I've got good tidings to this tired, august body. I'm going to waive my time.

MAYOR COCKRELL: Fine. As a matter of fact, there may be another page floating around. I hadn't even found your name here, to tell you the truth. So, if you're signed up, you're signed up on some other sheet

than the one I've got. But, I appreciate your waiving it at any result. All right, we have now called on all the ones who were on the citizen sheets which I had been given on this subject. At this point we have several Council members still asking for questions. Mrs. Dutmer.

MRS. DUTMER: Yes, one of the questions that I wanted to ask a while ago and then all this scribbling I lost track of it, and this is that we are dealing here, we're using terminology of Storer but actually we're dealing with the Bexar County Cable Television, Inc. If there should be any default, who can we hold legally responsible?

MAYOR COCKRELL: All right.

MR. FISHER: Mrs. Dutmer, the ordinance provides that when Bexar County Cable - they have to accept the terms of the ordinance after it's passed. We also require the parent company, which is Storer Broadcasting, to additionally accept exactly the same terms and conditions and if neither one of them or either one of them don't accept it, then everything becomes null and void.

MRS. DUTMER: Well, this is where I was a little bit confused because of the stock set-up or what is it that we're having to deal with two companies rather than one.

MR. FISHER: It's also in the UA ordinance that there is a local coporation. UA Columbia of Texas which is wholly owned subsidiary of the UA...

MRS. DUTMER: All right, that's the question I asked of UA, then, who is holding your stock, and I didn't get any answer. They told me there were no local interests.

MR. ROSENCRANS: As Bob said, that's a wholly owned subsidiary, it's one and the same, and the mother parent company is UA Columbia Cablevision, which is the parent, guarantees all, everything of UA Columbia of Texas. It's merely a company to receive this franchise which is fully supported and fully responsible. It's one and the same company.

MRS. DUTMER: I see what you're talking about, but I think it's a little ridiculous to deal with the underdog or throw a...inaudible...name when you could be dealing with the parent company direct.

MR. ROSENCRANS: We will put our name on the franchise when in effect you have the parent on the franchise.

MAYOR COCKRELL: All right. Mr. Eureste.

MR. EURESTE: I'm goint to pass for right now, Madam Mayor.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mayor, I am ready to proceed with the decision, and I'm wondering if this is the appropriate time to make a motion.

MAYOR COCKRELL: All right, I think there are several other persons who are registered. Could we first go through all the questions and then get to the motion? If there are any other questions I would like to hear those first before we get to the motion. Mr. Alderete, did you have any questions?

MR. JOE ALDERETE: Are you saying there are other persons registered to speak?

MAYOR COCKRELL: No, I just want to hear any other questions for clarifi-

cation from Council Members before we actually get into the motion.

MR. ALDERETE: If I could ask, I think it was Mr. Long from Storer. Is that correct?

MAYOR COCKRELL: Yes, Mr. Long, from the Storer firm.

MR. ALDERETE: You stated something, Mr. Long, that caught my attention, that is that you had set forth a goal as far as equal employment of minorities and women, and that this goal had not only been met, but exceeded. Okay, excuse me, my interest is what, more clearly defines your goal and how you've exceeded that goal. You said something about Statistical Metropolitan and I didn't...

MR. LONG: Yes, I think all of us are aware of the fact of the broadcast industry along with many other industries, Women and minorities for all practical purposes are not in those industries. I don't think our company was any different than any other company or organization in broadcasting. We, too, had very few women and minorities until EEO and the FCC asked all companies and industries to develop programs of equal opportunity and affirmative action. So, we established initially as our goal to come up to the labor force in employment and training of women and minorities. This is our initial goal. We had to start somewhere. After we obtained that goal to come up to this point, we still have a program of equal opportunity for all people and in so doing we hire now qualified people without regard to race, creed or color or national origin and as a result of this we have exceeded what was our original goal that we established early in the equal opportunity era. This is what I meant.

MR. ALDERETE: You mentioned dollar figures, and I just want to clarify in my own mind, you said that you had approximated \$200 thousand as far as scholarships are concerned, that you think the company has put forth and then aside from that you're still talking about tuition paid for employees, is that in addition to...

MR. LONG: That is addition to - We have a company-wide tuition reimbursement program to encourage all employees to seek further training wherever they can to improve their skill.

MR. ALDERETE: What do you feel is the investment the company has made in that tuition reimbursement?

MR. LONG: For the past year our company employees went to school. I think we spent around \$30 thousand for tuition reimbursement. It varies from year to year and all employees are free to choose and go whenever they select.

MR. ALDERETE: So, could I accurately surmise that you are investing, maybe, approximately \$230 thousand annually into the education of either prospective employees, by that I mean college students that go through the training process, or in-house employees that go seeking to further their education.

MR. LONG: That's right.

MR. ALDERETE: Thank you.

MAYOR COCKRELL: I wanted to ask first if there are any other persons who have questions. Mr. Eureste. Mr. Webb.

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MR. WEBB: Yes, getting back to the flyer that was passed out by Storer a few minutes ago. I gave a copy to Cip Guerra, and I wanted to get some replies from him. Basically, I'm sure that by now you have analyzed the last - let's go to page two, if you will. Would you elaborate on the first six, seven items.

MR. GUERRA: The Spurs, children channel training broadcast, sir?

MR. WEBB: Yes, sir.

MR. GUERRA: Well, as I said with regard to the Spurs, if Storer doesn't have a franchise and you heard Mr. Rosencrans say we'll work out with...

MR. WEBB: You can really skip that one, if you'd like and go on to the next.

MR. GUERRA: We have it in our proposal.

MR. WEBB: Go to the next one.

MR. GUERRA: The children's channel - we do not have set aside, specifically, a children's channel, but we bring our own Calliope program which is a children's education channel distributed nationwide, and we put it on our local origination channel. In Storer's proposal, our own Calliope program is part of the children's channel.

MR. WEBB: In layman's terms, what does that really mean?

MR. GUERRA: It means that they've taken some of the material; they've taken our program as distributed by UA Columbia and added to it from their files as they stated; they have selected certain films or are going to select certain films and programs that they have in storage, older syndicate material. By the way, most of that is available and is on the air now through some of the independent stations.

MR. WEBB: In other words, you don't feel that that's a plus?

MR. GUERRA: No, sir, I don't.

MR. WEBB: You think that's just regularly and ordinarily, is that...

MR. GUERRA: No, I think it's a little different, yes, it does have, it takes our channel and adds something to it, yes.

MR. WEBB: Is Trinity broadcasting that?

MR. GUERRA: Trinity broadcasting, in our opinion, is again, maybe a somewhat redundant. As I read the description of it, it brings in some of the CB and Christian Broadcasting Network and People That Love material and combines it, but you also have that in your other religious channel. We bring two religious channels, basically they're bringing four.

MR. WEBB: The other one is the one I think I'm more concerned with. I've worked with the blind and trained a few blind people, and I've noticed that you are not offering anything for them.

MR. GUERRA: No, we didn't happen to pick Talking Books for the Blind. It's an audible more rather than video item in this case, obviously, and it can be put on an FM channel. We don't have that on our FM, but then we have 31 channels in our FM, and I believe they have 20. In other words, we have other stations we brought in rather than the talking books

for the blind.

MR. WEBB: Okay.

MR. GUERRA: Suburban access? That's implicit in the subhead end system where you have subheadend, we're going to have about eight subhead ends. You have the ability to inject programming upstream from those head ends so it's built into our system. You know, the ability for suburbs to originate material and crank it into the system.

MR. WEBB: Okay, and, again, you go back to that. You skip down to about nine, where it says Black Community Access, Local Religious Access. You already stated that you didn't have that up in item number three.

MR. GUERRA: No, sir, we have black community access and we have local religious access. In fact, we have it in the basic tier rather than in the full service tier. It will be available to more people.

MR. WEBB: Basic service?

MR. GUERRA: Yes, sir. Our local religious access is in our basic tier while on Storer's it's in the full service tier. We have the black access community channel.

MR. WEBB: Okay, another question that I'd like to ask you that I asked the other group, and that's how much money does your total minority scholarship fund give each year?

MR. GUERRA: I don't know what our total is. First of all, they are a bigger company.

MR. WEBB: Can Mr. Rosencrans answer that, maybe better than you, Cip?

MAYOR COCKRELL: Mr. Rosencrans.

MR. ROSENCRANS: We have, in our three systems that happen to be on the border - Laredo, Yuma, El Centro. We have a very high percentage of Mexican-American employees that we have had them long before EEO ever was legislated into the...

MR. WEBB: Total dollars, Mr. Rosencrans.

MR. ROSENCRANS: We have been sending our people to school for the past 15 or 18 years. In terms of what the exact amount of money was this year I can only estimate without going back to each system because we are a very highly de-centralized organization. I can find out, my guess would be over-all, the company probably invests from \$100 to \$150 thousand a year in that type of thing. How much goes to minorities, we really have not calculated it that way, we don't like to think in terms of...

MR. WEBB: I know there have been citizen groups that have been talking with you about these kind of things, and I thought it was important, apparently you didn't..

MR. ROSENCRANS: We thought it was so important that we put forward the proposal that Cip Guerra described before.

MR. WEBB: And according to Storer, that amount that you stipulated is very, very small.

MR. ROSENCRANS: Well, that's for only this system here. Storer, I think, was talking about their entire corporation which includes many broadcast stations, radio stations and a number of cable systems, so on a unit basis...

MR. WEBB: You just said yourself the total amount of around - how much did you figure?

MR. ROSENCRANS: \$100 to \$150 thousand, but you break that up into units, it's much more per capita. I think if you divide it over the number of employees each of us have, our numbers would be pretty...

MR. WEBB: Okay, then give me a total figure of the whole system, that's what I asked you for.

MR. ROSENCRANS: Well, I said I'd have trouble giving you that figure.

MR. WEBB: Well, if you guess at \$150 thousand, what would be your over-all figure, what would you guess on your over-all figure, you follow me?

SEVERAL PERSONS AT ONCE: That is the over-all figure.

MR. ROSENCRANS: It's not all to minorities, no. I didn't mean to say that.

MR. GUERRA: I believe the trouble that we're having is that \$150 thousand cited twice. The \$150 thousand, I believe that Mr. Rosencrans is citing the total for our company which is smaller than Storer, plus we have \$150 thousand we have specifically identified for one system in San Antonio, Texas.

MAYOR COCKRELL: All right. Fine. Does that conclude your question?

MR. WEBB: That did it.

MAYOR COCKRELL: I have one question of Mr. Rosencrans. We have discussed a wide range of may, many issues that are involved in this decision. I tend to concentrate on the bottom line. And that is, of course, the price the home owner is going to pay. Now, in your basic package, you offer a package at \$6.00. The Storer proposal offers the basic package \$4.95. Now, included in their package is the Storer - is the Spurs as one of the options offered or one of the inclusions. Now, you have made this statement that should your firm get the franchise, and Storer not get it, it would certainly be your intent to include the Spurs in your program offering. Is it your intent that this would be in your basic package or would you be intending to have this as an extra pay item over and above the basic package?

MR. ROSENCRANS: No, the games we're contemplating, the same games that Storer is talking about - 45 - would be in our basic package. I think, if I may, just amend, you said \$4.95, that is applicable only to the first group of subscribers. It's a very short line, we're here with a 15-year franchise, and our \$6.00 service would include the Spurs. It's in here, as a matter of fact, it's item 17. It's clearly in there where it would be placed.

MAYOR COCKRELL: So, based on, of course, your ability to negotiate a contract with the Spurs, it would be your intent to have it in the basic package.

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MR. ROSENCRANS: That's correct.

MAYOR COCKRELL: All right. Then -

MR. ROSENCRANS: Not our intent, that would be, really, our committment to put it there.

MAYOR COCKRELL: All right. Thank you so much. Although you do not have a contract, you would assume that you could get one.

MR. ROSENCRANS: I'm very sure we can get one.

MAYOR COCKRELL: All right, thank you. All right, I think now we are ready for any motions that any Council Member would have. And Mr. Pyndus, were you the first one to make a motion?

MR. PYNDUS: I'm number four, Mayor, do I go first?

MAYOR COCKRELL: Well, I think the others yielded to your motion.

MR. PYNDUS: Well, Mayor, in weighing the merits of both companies from a business standpoint and trying to wipe out personalities, I found that both companies are financially capable of providing the service. I think the rates are competitive, and I think the programs are similiar. I think what they are offering to the community is closely identical. There are several areas that prompt me to lean one way or the other. And one area that I'm very uncomfortable with is Storer's suit. It has an \$8 million suit for damages. However, in addition to the \$8 million suit for damages against a City Council, it also has \$1 million punitive damages against each Council member, and this suit is pending today. And this give me an insight into the character of that operation. And I'm not not comfortable with it.

I've also reviewed the opinions of the four legal independent analysts that graded UA Columbia higher than they did Storer Corporation. And I think that it's the duty of this City Council to do what is best for this community. And that not only includes those who can't afford pay television, but it includes those people in this community that cannot afford pay TV cable television. Now, Storer's approach to free television, to networks that are now offering free television to the citizens of this community is an aggressive approach. They will go in competition, they will pre-empt some of the programs that are offered today on a free basis. And, as such, jeopardize the free standing of local television network people. And on the other hand, I find that UA Columbia has a more generous approach. They're inclined not to compete directly and not to jeopardize as greatly free television as it exists today. And I move that this Council adopt the proposal, accept the proposal of UA Columbia.

DR. CISNEROS: Second to that.

MAYOR COCKRELL: It is moved and seconded. I think we better read the ordinance that pertains to this motion.

The Clerk read the following Ordinance:

AN ORDINANCE 49,433

GRANTING A FRANCHISE TO UA-COLUMBIA CABLEVISION OF TEXAS, INC. TO CONSTRUCT AND OPERATE A CABLE

September 7, 1978

jrh

TELEVISION SYSTEM WITHIN THE CITY OF
SAN ANTONIO. (Amendment #1, JUNE 29,
1978).

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MAYOR COCKRELL: All right, is there any further discussion? Clerk will call the roll.

MR. FISHER: Mayor, could I - I'd like to make sure for the record that the amendments that we have in the package be also adopted with the motion.

MR. PYNDUS: So moved.

DR. CISNEROS: Second.

MAYOR COCKRELL: All right. That would be included, then, in the original motion as made by the proponent.

MR. ORTIZ: Yes.

MR. ALDERETE: No.

MR. PYNDUS: Yes.

MR. HARTMAN: Yes.

MR. STEEN: Yes.

MAYOR COCKRELL: No.

DR. CISNEROS: Yes.

MR. WEBB: Yes.

MRS. DUTMER: No.

MR. WING: Yes.

MR. EURESTE: Yes.

CITY CLERK: The motion carried.

MAYOR COCKRELL: All right, the motion carried. I would simply like to state that in voting no, I felt that the Storer proposal was a better proposal as I evaluated it, and I also felt that the rates offered to the consumer was a lower rate and offered more, and that's why I voted as I did.

MR. HARTMAN: Madam Mayor, I would also like to state that this, I think, is perhaps been one of the most difficult questions that this Council has ever had to address, and I think, speaking for myself, it's been one of the most thoroughly discussed proposals that we've had in the three and one half years I've been on the Council. And, I think, likewise, as Mr. Pyndus has stated, I think that both proposals were quite good, both were quite competitive. I think it was a case of having to go beyond comparison of the two proposals. I think that it's like hiring an individual in your office. You, first of all, look at the credentials of both, and they come up equal and then you have to go look at the references. And I think that in the case of UA Columbia, I think the references, if I may paraphrase that term or use it in a broad sense, perhaps, came a bit stronger. One might say it's sort of like, you know,

Hertz and Avis, Hertz is number one and bigger but maybe Avis tries harder. So, I feel that this was a very difficult decision, but one that I'm comfortable with.

MAYOR COCKRELL: Fine. Mr. Eureste.

MR. EURESTE: Yes, Madam. You indicated the reason that you voted against the motion. And I would just like to note for the record that eight members of the Council voted for the motion, and I don't think that eight members of this Council could be that wrong in terms of their judgment and the judgment they used in arriving at the decision that they arrived at. The prices are not that different when you get down to the bottom line. And I think it's just, for me, it was a matter of presentation, organization, the way the proponents came across and the kinds of questions that still remain unanswered as we went through the hearing and through the presentations that were made before. They had different styles in presenting, and that, I think, does have something to do with the impact that it has on the Council. So, I voted for the proposal. I think UA Columbia told us something a little bit better than Storer, and I would hope that UA Columbia is able to live up to what they told us.

MAYOR COCKRELL: Fine, thank you. Mr. Ortiz.

MR. ORTIZ: Madam Mayor, I simply want to say that Mr. Fisher did a lot of work. Many, many nights I saw him working up til 11:00 and 12:00 midnight up there. And he was criticized many times by one of the cable companies and other persons, but I want to personally vouch for the very hard work that he did. I think that the research that he did was very good, and I know that he couldn't defend himself, but I would like to defend him if that's needed and say that he did an outstanding job. And I'll support your research and your work that you did.

MAYOR COCKRELL: Thank you, Mr. Ortiz. I'm sure Mr. Fisher appreciates that. Mrs. Dutmer.

MRS. DUTMER: Yes. I voted no, I don't apologize, but I will hold you to what you told me about the Spurs contract.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: Yes, Madam. I'll simply say that I think the record will show that through the years that Council has made the right decision today. A decision in the best interest for the citizens of San Antonio. And I look to the UA Columbia company to perform on this point forward.

MAYOR COCKRELL: Mr. Steen.

MR. STEEN: Thank you Madam Mayor. I certainly agree with Mr. Pyndus' very articulate summation of the situation. I think he did a good job in summarizing everything that's gone on for the past few months. I also want to go back to the fact of what Bob Fisher said in the background material of his report on page one. And that is that the UA Columbia people came to us in mid-March and said, you know, we would like to construct and operate a cable television system in this City. And at that time the Council had four options, just like Bob said here in his report. The third option was negotiate the best possible deal with UA Columbia. That was instructions that the City Council gave to the staff at that time. I thought it was rather wrong that we allowed other people to come to the situation before we finished with UA Columbia. I thought we should have heard them out, and if we didn't like their report or their proposition we should turn them down and invite those

other people and do whatever they wanted to do. But I do go back to that, and I think we did have a moral situation in that the City Council did say at that time for the staff to negotiate with UA Columbia and, they said nothing about anybody else or any other company at that time. That's one of the reasons that I voted for Mr. Pyndus' motion.

MAYOR COCKRELL: Mr. Webb.

MR. WEBB: I am sure that San Antonio, the total City of San Antonio, will, in fact, as a result of the competition, as a result of the many things that have happened here today, will have one of the finest cable television companies in the whole United States. I'd like to say that maybe if Bexar County Communication System had a little bit more hold on Storer and their problems that they've had in the past, we might would have had, maybe, even a much, even more closer. It was very close, I have to let you know that it was a real close vote, a real hard decision for me to make. I made my decision based on the things that were in the best interests of Mrs. Consumer. But, I'd like to say this to UA Columbia, that I'll be around.

MAYOR COCKRELL: Mr. Alderete.

MR. ALDERETE: Gentlemen, you fought a good fight. And I respect that. I didn't always agree with your tactics. But, you did win. I will be, as the other members on this Council, holding you accountable to it and hope that you come forth with your commitment and your promises to this community, that I will be looking for them very closely in the future.

MAYOR COCKRELL: I would like to just make one other comment. I think it's very nice that San Antonio was able to be neighborly and save the citizens of Universal City area a dollar a month in their service charges through the process that went on. Congratulations Mr. Rosencrans.

MR. ROSENCRANS: I just wanted to express our appreciation to the entire Council for the patience and the diligence with which you pursued this matter. Regardless of how you voted, our commitments to you are on the record, and we take them very seriously. Whatever we said we will deliver on, to the very best of our ability and as quickly as we can. So, please call us on anything that you've thought we said or intended to say or meant to say. We're going to deliver. Again, thank you very much. I want to congratulate our opponents, Storer, on a tough battle, and I think we're all the better for it. I appreciate all the time you've given us and we look forward to spending many more days with you. Thank you very much.

MAYOR COCKRELL: Fine. Mrs. Dutmer.

MRS. DUTMER: Yes, I'd like to ask T. C. and Mario, are you going forward with your referendum?

MR. MARIO SALAS: The way it looks now, yes.

MAYOR COCKRELL: That concludes a very heavy item of considerable thought and time. I think the Council deserves about a five minute recess if we - a ten minute recess before we proceed

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