



## MAYOR & COUNCIL COMMUNICATION

**DATE:** February 24, 2015  
**REGULAR**  
**ITEM #** 17

**AGENDA ITEM:** Ramsey/Washington SCC - Comcast Transfer; **Resolution No. 2015-11**

**SUBMITTED BY:** Adam Bell, City Clerk

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Ramsey/Washington Suburban Cable Commission  
Executive Director Tim Finnerty  
Lake Elmo Cable Commission Representative Ginny Holder

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### **SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Clerk
- Report/Presentation..... Tim Finnerty
- Questions from Council to Staff..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Ramsey/Washington Suburban Cable Commission

**FISCAL IMPACT:** Any potential fiscal impact is unknown at this time.

### **SUMMARY AND ACTION REQUESTED:**

The City Council is respectfully requested to approve Resolution No. 2015-011, A Resolution Conditionally Granting The Consent To The Transfer Of Control Of The Cable Television Franchisee And Cable Television System From Comcast Corporation To Greatland Connections, Inc. by taking the following action:

*“Move to approve Resolution No. 2015-11 conditionally approving the Comcast transfer.”*

### **LEGISLATIVE HISTORY:**

As part of the Time Warner/Comcast merger, Comcast plans to spin off the cable systems in the Twin Cities area to a new company, Midwest Cable, operating as GreatLand Communications, and apparently most of the day-to-day operations of the company will actually be handled by Charter Communications. The companies have requested approval of this from the Cable Commission and its member municipalities.

For more detail and information on the proposed transfer R/WSCC Executive Director Tim Finnerty will be available for questions at the meeting. Please also refer to the attached R/WSCC transfer memo.

**BACKGROUND INFORMATION (SWOT):**

**Strengths** The R/WSCC has taken great care in drafting conditions for approval that protect Lake Elmo residents and customers, including extension of Comcast service to the Sanctuary neighborhood.

**Weaknesses** Neither Comcast or Midwest/GreatLand have provided information requested by the communities that would allow for a full review of the transaction. The information that is available – largely, information that was contained in SEC filings – suggests that Midwest/GreatLand’s ability to provide adequate service, meet local needs, and correct past performance issues is questionable. Essentially, the consultants suggest that in the initial years, the company will have negative cash flow, and few options for obtaining the credit required to invest in communities in the Twin Cities area. The merger may create bankruptcy risks.

Much of the day-to-day operation of the cable system will be handled by Charter Communications. Charter has a very bad customer service reputation. According to J.D. Power, in the North Central Region, Charter ranks below Comcast in customer service ratings <http://www.jdpower.com/press-releases/2014-us-residential-television-internet-telephone-service-provider-satisfaction> (in other parts of the country, Charter ranks just above Comcast). It is not clear that Midwest/GreatLand will have any real ability to ensure that customer service is adequate.

**Opportunities** This situation provides an opportunity to consider the current franchise agreement and Lake Elmo’s status in R/WSCC.

**Threats** There may be significant transitional service issues that affect consumers, and the companies have yet to provide any meaningful information that addresses the transitional issues adequately. The transfer may require significant increases in rates, or reductions in customer service or capital investment. Comcast and Midwest/GreatLand could sue communities that deny the transfer if they believe that the transfer was unreasonably denied.

**RECOMMENDATION:** Based on the aforementioned, the staff recommends the following motion:

***“Move to approve Resolution No. 2015-11 conditionally approving the Comcast transfer.”***

**ATTACHMENTS:**

1. R/WSCC Comcast Transfer Memo
2. Transfer Agreement
3. Guarantees
4. Resolution No. 2015-11, A Resolution Conditionally Granting The Consent To The Transfer Of Control Of The Cable Television Franchisee And Cable Television System From Comcast Corporation To Greatland Connections, Inc.