

## MARIN TELECOMMUNICATIONS AGENCY

May 10, 2000

Honorable Board of Directors  
Room 325, Marin County Civic Center  
San Rafael, CA

### **SUBJECT: AT&T Franchise Renewal – Review of Board’s Negotiating Points and Status Report on Negotiations**

Chairman Hillmer requested staff at the April MTA meeting for a status report on the AT&T franchise renewal negotiations relative to negotiating points established by the Board in February 6, 1999. Having recently completed a comprehensive community needs public process, the Board identified 8 primary topics to be discussed in the upcoming negotiations. The following issues were identified to be the major priorities in the franchise renewal negotiations:

- Network Improvements (MIDAS)
- Business Services
- Most Favored Nation
- Public Access Producers/Users
- Line Extensions
- Customer Service Standards
- Senior/Disabled Discount
- Interconnections to Novato, West Marin services

Negotiations commenced with four meetings in March 1999. Discussed were the following issues:

- Network Improvements: the construction of an interactive fiber backbone that provides the bandwidth that would greatly increase the speed, applications and utility of the MIDAS network at a lower cost to users.
- Business Services: the need for a fiber backbone that would also enable AT&T to provide more bandwidth to Marin businesses, thus becoming an increasingly important economic development tool for Marin.
- Most Favored Nation: AT&T proposed comparison communities of Newark, Petaluma and the Tri-City area of the East Bay. Examples of comparable communities outside of California were requested for consideration for inclusion in the franchise.
- Public Access Producers/Users: AT&T (then TCI) indicated that it wished to separate public access from local origination at the local facility on Andersen Drive, San Rafael. Because the resolution of the future of public access would require careful balancing with the development of the network improvements (I-Net), funding level of a PEG grant was proposed at \$1.00 per subscriber per month was proposed to meet the needs of the I-Net and public access. A transition period from the present to another location was also discussed.
- Line Extensions - policies for commercial and residential customers: a liberal policy that provides residential customers with voice and data connection within 200 feet and business/commercial customers with 125 feet was agreed upon.
- Customer Service Standards: staff informed TCI/AT&T that we would adopt a Telecommunications Regulatory Ordinance that sets forth minimum consumer protection and service standards. (Ordinance 99-1, adopted June, 1999)

- Senior/Disabled Discount: the voluntary continuation of the current "Life Line Rate" (25% discount for SSI and DSI recipients) was discussed.
- Interconnection with Novato and West Marin: extending the I-Net to areas not covered by the AT&T/TCI franchise area was discussed.

Negotiations resumed on April 10 and 14, 2000 after a hiatus during which County Information Services and Technology (IST) staff and the MIDAS Administrator worked with the AT&T technical team. This is a key item in the negotiation because it effects term of the franchise and the funding level of the PEG grant. During this period the transfer of ownership from TCI to AT&T took place and Pacific Bell proposed an I-Net using DSL.

Discussed were several major priorities or negotiating points identified previously by the Board:

- Network Improvement/I-Net: in a major breakthrough, AT&T informed our team that we can use any provider to connect end-users to the I-Net, not just AT&T. This gives us the ability to both the AT&T I-Net and Pacific Bell's *Pronto* services depending on individual user needs. As a result of the most recent negotiation, MTA's vision of a state-of-the-art, high speed, cost effective network to supplement the existing MIDAS network is close to realization.
- Business Services: @Work, the commercial version of @Home will be provided to Marin businesses.
- PEG Grant: AT&T proposed 75 cents per subscriber as support for the I-Net, public access, education and government programming, countering to our \$1.00 per subscriber proposal.
- Most Favored Nation: MTA Legal Counsel has asked AT&T to provide some examples of comparable communities outside of California that can be considered for inclusion in the franchise agreement.

Negotiations have been productive to date. Additional work on several important issues needs to be done on issues involving the future of public access, the level of financial support and the term of the new franchise agreement. As soon as AT&T indicates they have a response, negotiations are expected to resume.

Respectfully submitted,

MARTIN J. NICHOLS  
Executive Director