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; 05/15/17 10:41 AM

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;;;WM Docket 0695

>> GOOD MORNING EVERYONE.

I'M COUNCILLOR CIOMMO.

WE'RE HERE WITH OUR FOLKS FROM
THE GREAT DEPARTMENT OF
INNOVATION AND TECHNOLOGY.

I WOULD LIKE TO REMAINED FOLKS
THIS HEARING IS BEING
BROADCASTED LIVE AND RECORDED
FOR LATER VIEWING ON COMCAST
CHANNEL 8 AND RCN CHANNEL 82.

I ASK FOLK IN THE CHAMBER TO
SILENCE ANY ELECTRONIC DEVICES.

AT THE CONCLUSION OF THE
PRESENTATION AND QUESTIONS AND
ANSWERS WE WILL TAKE PUBLIC
TESTIMONY.

THERE ARE SIGN IN SHEETS TO THE
LEFT BY THE DOOR.

STATE YOUR NAME, AFFILIATION AND
RESIDENCE.

WE ARE HERE, THE FIRST PORTION

OF TODAY'S HEARINGS WITH THE
FOLKS HAS TO DO WITH THE
REINVOLVING FUND DOCKET 0695.
MESSAGE IN ORDER, APPROVING
APPROPRIATION OF \$4,400,000.
THE INCOME OF THE 21st CENTURY
FUND.

ALSO KNOWN AS THE PUBLIC
EDUCATIONAL OR GOVERNMENTAL
ACCESS AND CABLE RELATED FUND.
IN SUPPORT OF PUBLIC EDUCATIONAL
AND GOVERNMENT ACCESS.

WOULD LIKE TO INTRODUCE MY
COLLEAGUE DISTRICT CITY
COUNCILOR MATT O'MALLEY.

AT THIS POINT LET ME HAND IT
OVER TO MIKE LYNCH FOR OPENING
REMARKS.

>> THANK YOU, COUNCILLOR.

THIS THE FIRST TIME WE HAVE COME
BEFORE THE COUNCIL.

THIS IS THE FIRST APPROPRIATION
INTO THE ACCOUNT.

THE FUNDING BEING ESTABLISHED IN
THE SPECIAL FUND HAS BEEN AROUND
FOR SLIGHTLY OVER 30 YEARS.

AS YOU KNOW IT'S DIRECTED

SUPPORT FOR BNMTV.

A PROGRAM AND ENGINEERING
SUPPORT FOR FIBEROPTIC NETWORK
AND REGULATORY SERVICES AROUND
CABLE.

HISTORICALLY THE FUND WAS IN A
TRUST.

IT IS NOW SUPPORTING ACCESS
PROGRAMMING IN OUR OWN NETWORK
SUPPORT.

IT WAS ESTABLISHED BECAUSE OF
THE START LAW CHANGE
APPROXIMATELY TWO YEARS AGO.
WHICH DIRECTED A SPECIAL FUND BE
ESTABLISHED.

AT THIS TIME I THINK A BRIEFING
MEMO ON IT HAS BEEN PROVIDED FOR
THE COUNCILLORS.

IN THE INTEREST OF TIME I WILL
REST WITH THAT.

THERE ARE PEOPLE FROM BOTH
ORGANIZATIONS FUNDED YOU THIS
THE DOLLARS THAT WOULD LIKE TO
HAVE A CHANCE TO MAKE COMMENTS
TODAY.

>> YES, I HAVE TWO LETTERS.
ONE FROM BOSTON NEIGHBORHOOD

NETWORK AS WELL AS -- HOME.

SO I WILL MAKE SURE THEY GET
DISTRIBUTED TO MY COLLEAGUES.

SO THE 21st CENTURY FUND.

WHERE DOES THAT REVENUE COME
FROM AGAIN, MIKE.

>> THE REVENUE COMES FROM THE
THREE CABLE FRANCHISES THE CITY
OF BOSTON HAS.

COMCAST -- AND NOW VERIZON VIOS.
WHERE DOES THE TYPICAL REVENUE
COMING IN, USUALLY WE WILL HAVE
A CAP IS THERE A CAP ON THE
REINVOVING FUND.

>> I'M NOT SURE IF -- FIRST TIME
SEEING A FUND LIKE THIS MYSELF.
I'M NOT SURE THERE IS A CAP ON
IT APPROXIMATELY \$4.5 MILLION A
YEAR COMES IN.

THE IDEA IS THAT MONEY WILL COME
IN, HAS ALREADY COME IN.

IT CAME IN 2016.

IT WILL BE -- FY17 AND EXPENDED
FY18.

>> ARE THESE THE TWO RECIPIENTS
SOLELY, OR ARE THERE OTHER THAN
AO +* GRANTEES.

>> THERE ARE LEGAL FEES AND
AUDITING FEES AS WELL APPEARING
TO BE DIRECTLY RELATED TO CABLE
SERVICES.

THAT'S A MINOR AMOUNT.

THE BULK GOES TO BOSTON
NEIGHBORHOOD NETWORK TV.

>> RIGHT AT SOME POINT WHEN WE
ESTABLISH THIS, IF YOU WOULDN'T
MIND SHARING THE REVENUE AND
EXPENSES AS THEY GO OUT MAYBE ON
A QUARTERLY BASIS.

>> HAPPY TO DO SO.

>> JUST TO REVIEW THAT.

AGAIN, I THINK YOU EXPLAINED
THIS IS PART OF THE DEPARTMENT
OF REVENUES MANDATE TO -- YOU
SAID EARLIER TRUST FUND.

>> YES, I THINK IT WAS THE
MUNICIPAL REFORM ACT OF 2015 HAD
THIS AS A SMALL COMPONENT OF IT.
THE IDEA WAS I THINK THE
DIVISION OF LOCAL SERVICES MADE
A RECOMMENDATION SAYING THE
BETTER WAY TO HANDLE THE FUNDING
IS IT TO COME IN, THE CITY
ACCEPT IT AND EXPEND IT THAT

WAY.

THEN LATER ON THE INSPECTOR
GENERAL CAME IN AND SAID GRANT
RELATED FUNDING.

THAT'S THE DISBURSEMENT
METHODOLOGY NOW.

THE REST OF THE STATE WILL COME
IN AND DO THIS THE FOLLOWING
YEAR.

SINCE WE'RE READY TO GO THIS
YEAR WE SHOULD CONTINUE TO DO
SO.

>> WE HAVE A NUMBER OF
REINVOLVING FUNDS ASSOCIATED
WITH THE POLICE DEPARTMENT, FIRE
DEPARTMENT, BPS, ETCETERA, SO,
THIS IS ACTUALLY A GREAT
ACCOUNTING METHOD TO TRACK THE
FEES AND OTHER REVENUE SOURCES.
ALSO THE EXPENDITURES.

>> VERY GOOD.

>> LET ME ASK MY COLLEAGUE IF HE
HAS ANY QUESTIONS.

>> SURE, THANK YOU MR. CHAIRMAN.
GOOD MORNING LADY AND GENTLEMEN.
THANK YOU FOR THE WORK YOU'RE
DOING.

WE WILL GET TO YOUR BUDGET
HEARING SHORTLY.

I'M MORE CURIOUS, MIKE S THIS
THE FIRST TIME THE CITY HAS
FACILITATED SUCH A SIGNIFICANT
GRANT OR SIGNIFICANT REVENUE
STREAM TO BNM.

>> NO, COUNCILLOR.

IT'S THE FIRST TIME WE HAVE DONE
IT IN THIS MANNER.

WE HAVE SUPPORTING THEM TO THIS
AMOUNT.

I THINK THIS IS PRETTY MUCH
LEVEL FUNDING FOR THE FIFTH
YEAR.

>> I ASSUME THAT'S THE
SIGNIFICANT PERCENTAGE OF BNMs
TOTAL BUDGET.

>> BNM IS A TERRIFIC RESOURCE.
I THINK QUITE FRANKLY ONE OF THE
BETTER RAN PUBLIC ACCESS
STATIONS IN THE COUNTRY.

CURTIS, I KNOW HE'S RETIRING.
SADDENED TO HEAR, HE DOES
AMAZING WORK.

THE \$4.5 MILLION COMES FROM THE
THREE AND IT'S SPLIT UP BY THE

MARKET.

SO COMCAST PAYS THE VAST
MAJORITY.

>> THAT'S CORRECT.

>> THE SATELLITE TV COMPANIES
DON'T PAY INTO THIS.

>> NO THE SATELLITE COMPANIES
ARE NOT OBLIGATED TO MAKE THIS
FUNDING.

THEY DON'T PRESENT THE
CHANNEL -- FOR THE CABLE
CHANNEL.

>> FAIR ENOUGH.

MY NEXT QUESTION IS LOOKING AT
THE STREAMING SERVICES AND THE
NEW WAYS PEOPLE ARE WATCHING TV.
THAT'S A INTERESTING POINT.

>> IF THEY DON'T OFFER BNM THEY
WOULD MAKE THE CASE THEY'RE NOT
OBLIGATED TO HELP PAY FOR IT
TERRIFIC, I DON'T KNOW -- I
THINK PEOPLE THINK FONDLY AND
SEEM TO DO GREAT WORK, OBVIOUSLY
SUPPORT WE CAN FUNNEL THROUGH
THE CITY TO BNM IS A WORTHWHILE
ENDEAVOR.

THAT'S ALL I HAVE, THANK YOU,

CHAIRMAN.

>> ONE FINAL QUESTION.

CAN YOU GIVE US A STATUS REPORT
ON THE FIOS IMPLEMENTATION.

>> YA, WOULD I BE HAPPY TO DO
THAT.

WE ARE, I HAVE A FEW REMARKS FOR
OUR BUDGET HEARING ON THAT
TOPIC.

THE -- THE INITIAL CABLE
FRANCHISE WAS GRANTED IN
DECEMBER OF LAST YEAR.

THAT WAS THE FINAL REGULATORY
PIECE NECESSARY FOR VERIZON TO
BEGIN OFFERING CABLE TELEVISION
SERVICE FOR SALE IN BOSTON.

THAT FRANCHISE APPLIES TO THE
INITIAL SERVICE AREA WHICH
CONSISTS OF WEST ROXBURY, DORE
CHESTER AND THE DUDLEY SQUARE
AREA OF ROXBURY.

ANSWER A ZONE HAS BEGAN
INSTALLATION WORK IN ALL OF THE
AREAS.

THEY BEGAN THE CONSTRUCTION WORK
IN ANTICIPATION IT HAD AND NOW
OFFER SERVICE FOR TENS OF

THOUSANDS OF HOUSEHOLDS IN THE
NEIGHBORHOODS.

THEY DON'T HAVE AN EXACT COUNT
FROM THEM UP TO DATE BUT THEY'RE
CONTINUING TO BUILD AT A PRETTY
RAPID CLIP.

WE SEE INTEREST IN THE MARKET
AND ANECDOTAL HEARING FROM
CONSTITUENTS THEY SEE
COMPETITION FOR THEIR BUSINESS.
THAT CONTINUES TO MEET OUR
EXPECTATIONS FOR THE PACE OF
BUILD OUT.

WE'RE EXCITED TO SEE VERIZON IN
THE FUTURE EXPANDED TO
INCORPORATE MORE IN THE SERVICE
AREAS.

>> THOSE AREAS DON'T HAVE RCN AS
WELL OR DO THEY?

>> I THINK SOME AREAS HAVE
POCKETS OF RCN.

RCNs FOOT PRINT IS NON
CONTINUOUS.

YOU HAVE AREAS OF THREE OR FOUR
BLOCKS WITH RCN SERVICE AND THEN
NOTHING FOR A HALF MILE.

I THINK THERE IS SOME OVERLAP.

IT IS -- NOT INCORRECT TO SAY
NOW THERE ARE PEOPLE WHO HAVE
THREE CHOICES.

HOPEFULLY THAT WILL BE A LARGER
SHARE OF THE PUBLIC.

>> ABSOLUTELY A GOAL, I'M SURE.

YOU SEE ANY ANECDOTAL DECREASES DECREASES
IN PRICING, ESPECIALLY IN THE
AREAS WHERE THEY'RE ON-LINE?

>> IT'S TOUGH TO GET ACCURATE
INFORMATION ABOUT PRICING.

SO MUCH OF THE PRICING IS DONE
AS SPECIAL OFFERS THAT ARE ONLY
MADE AVAILABLE TO PEOPLE --

>> RIGHT.

>> SO, IT'S TOUGH TO NOTE.

WE ARE HEARING ANECDOTALLY FROM
PEOPLE THEY SEE AGGRESSIVE
RETENTION ON THE PART OF THE
INCUMBENT PROVIDERS OFFERING
SPECIAL RATES AND PACKAGES.

THEY SEE AGGRESSIVE PROMOTIONAL
PRICING FROM VERIZON.

WE ARE ALSO SEEING CONTINUED
BUILD OUT OF -- INVESTMENT IN
THE INFRASTRUCTURE.

VERIZON ANNOUNCED GIGABIT

SERVICES IN BOSTON.

WE HAVE SEEN COMCAST ROLL OUT
HIGHER SPAOETSDZ IN OTHER PARTS
OF THE COUNTRY.

WE EXPECT THAT TO COME TO BOSTON
AS WELL AS A WAY TO MAINTAIN A
COMPETITIVE POSITION.

>> THANK YOU, ALL FOR THIS
TESTIMONY.

I WILL ADJOURN THIS HEARING.
AS IT PERTAINS TO DOCKET 0695,
THE MESSAGE IN ORDER APPROVING
APPROPRIATIONS FOR \$4,400,000
FOR THE INCOME OF THE 21st
CENTURY FUND.

KNOWN AS PUBLIC EDUCATIONAL OR
GOVERNMENTAL ACCESS, CABLE
RELATED FUND.

THIS HEARING IS ADJOURNED.

>> THANK YOU, COUNCILLOR.