

Pittsburgh Cable Communications and Advisory Committee

Two-Year Strategic Plan March 22, 2010

Prepared in conjunction with the Pittsburgh Department
of Information Services and the Cohen Law Group

TABLE OF CONTENTS

	Page Numbers
I. INTRODUCTION.....	1
II. STATEMENT OF PROCESS.....	3
III. MISSION STATEMENT AND CORE VALUES.....	4
MISSION STATEMENT.....	4
CORE VALUES.....	5
IV. STRATEGIC GOALS AND OBJECTIVES.....	5
PEG FINANCIAL OVERSIGHT.....	6
PEG OPERATIONAL OVERSIGHT.....	9
PEG PROGRAMMING OVERSIGHT.....	12
CABLE FRANCHISE OVERSIGHT.....	14
V. CONCLUSION.....	16

I. INTRODUCTION

The years 2009-10 presented a “defining moment” in the history of cable television in Pittsburgh. Three developments fundamentally altered the cable-related landscape during this time. First, the entry of Verizon Pennsylvania, Inc. (“Verizon”) into the cable market gave Pittsburgh residents a choice in cable providers¹ for the first time since the inception of cable television. The Pittsburgh City Council approved a cable franchise agreement with Verizon on September 15, 2009 that gave Verizon the right to compete with the incumbent cable provider, Comcast Corporation (“Comcast”), throughout the City. This new development paved the way for cable competition and the hope that such competition would lower cable rates and improve service.

Second, the City’s cable franchise agreement with Comcast expired on December 31, 2009. Comcast has been the dominant cable provider in the City, and the expiration of its franchise agreement gave the City the opportunity to re-evaluate and renew its relationship with Comcast. Consistent with federal law, this franchise renewal process included reviewing Comcast’s past performance, identifying Pittsburgh’s future cable-related community needs, and, under the direction of Howard Stern, the City’s Chief Information Officer, negotiating a franchise renewal agreement.

The City’s cable-related needs include, among other benefits, an institutional network for public safety communications, strong customer service standards, public, educational and governmental (“PEG”) channels, PEG financial support, a state-of-the-art provision to ensure that City residents receive advanced services in a timely fashion, free services to City facilities, franchise fee revenue, right-of-way protections, reporting requirements and strong legal protections for the City. We anticipate that a new agreement with Comcast will soon be presented to the Pittsburgh City Council for approval.

Third, there has been a change in management and in direction at the City’s public access administrator, Pittsburgh Community Television (“PCTV”). PCTV has been providing public access television services in the City for nearly 30 years. The organization began providing these services in 1981, soon after the City’s first cable provider, Warner Cable, was granted a cable franchise. PCTV officially assumed its public access responsibilities at its current location on the City’s North Side in 1986.

As a public access channel, PCTV provides community-based programming produced by Pittsburgh citizens with the assistance of trained PCTV staff. The public access channel is like a

¹ For years, Pittsburgh residents have also been able to choose among one or more direct broadcast satellite (DBS) providers. These wireless providers are not considered “cable providers”, however, under federal law and their market share in the City of Pittsburgh is relatively small.

“digital soapbox” in which PCTV allows any and all citizens to create programs of individual expression. These programs collectively form a visual tapestry of the local Pittsburgh community. PCTV is funded almost completely by the cable operators through PEG financial support provided to the City.

In recent years, however, PCTV and City leaders identified some weaknesses in PCTV’s model. Its equipment and facilities are antiquated and in critical need of upgrade and/or replacement. PCTV provides 24-hour programming on the public access television channel, but it has not made a strong transition into new media, including internet-based media. While PCTV’s programming focuses on individual expression, many City and local media leaders have encouraged PCTV to supplement this programming with community-based programming that promotes the vibrancy and diversity of Pittsburgh.

There also have been some financial problems at PCTV over the last several years. Until recently, audited financial statements by independent certified public accountants had not been prepared. The station also has not, until recently, submitted financial and operational reports required by the City. PCTV had not amended its by-laws to be consistent with a “Sarbanes-Oxley” format, and its Board did not include certain key committees, such as Nominating/Board Governance, Finance, Audit and Compensation committees.

Recently, PCTV has instituted some major changes to address these issues. In early 2009, it commissioned a Community Needs Assessment, which was conducted by The Buske Group and is reflected in a report dated May 8, 2009. In late 2009, PCTV hired a new Executive Director, John Patterson, who has begun to make important changes in the station’s operations and governance. PCTV is also in the process of adding new Board members with expertise in law, finance, business and non-profit organizations, and is currently in the process of amending its by-laws.

While the weaknesses in PCTV’s model pointed to the need for new leadership and new direction at PCTV, it also pointed to the need for stronger oversight by the City. The ultimate responsibility for this oversight, of course, lies with the Mayor and City Council; however, many years ago, the City created the Pittsburgh Cable Communications Advisory Committee (“PCCAC”), which acts “as an advisory body to Council with regard to the optimal use of the cable communications system in the City.” Pittsburgh Code, Section 425.07(a). PCCAC’s statutory mission is “to promote and develop the best use by the community of the cable communications system...” Id.

PCCAC consists of eleven volunteer citizens, many of whom have backgrounds in television production/management and the operation of non-profit organizations. Nine of them are appointed by City Council and two of them are appointed by the Mayor. PCCAC meets

monthly and, until recently, the meetings primarily consisted of discussions with the regional government affairs director of Comcast regarding current issues of interest. PCCAC would also formally consider cable franchise agreements with the incumbent provider after the agreements were negotiated by the City administration.

Given the developments outlined above, the administration and City Council signaled that PCCAC, consistent with its status as an advisory body to the City, needed a broader role with broader responsibilities to keep pace with these developments. As part of the legislative package approving the Verizon franchise agreement and creating a trust fund to receive PEG support monies, City Council also approved an amendment, sponsored by Councilman Patrick Dowd, calling on PCCAC, in conjunction with the City's Department of Information Services ("CIS"), to develop a strategic plan.

Specifically, Council called for a "strategic plan for the development and use of resources provided by the cable franchise agreement with Verizon for public, educational and governmental (PEG) channel support."² It directed PCCAC to approve the strategic plan by July 31, 2010. It further directed that PEG support funds be allocated pursuant to the strategic plan, and that the strategic plan serve as the foundation for renewing the written agreement between the City and PCTV. This report contains the strategic plan as approved by PCCAC on March __, 2010. It is the result of numerous meetings and many hours of work involving PCCAC and its Strategic Plan Steering Committee; Howard Stern, the City's Chief Information Officer; and the City's strategic planning consultant, the Cohen Law Group.

II. STATEMENT OF PROCESS

Pursuant to the Cable Franchise Agreement ("Agreement") between the City of Pittsburgh and Verizon approved on September 15, 2009, Verizon must provide the City with certain funds for PEG support. The amount of money to be paid is based on a formula negotiated between the City and Verizon and detailed in the Agreement. Resolution No. 2009-1606, approved by City Council on the same day, creates a Trust Fund for receipt and disbursement of these PEG support funds, and authorizes PCCAC to develop a strategic plan³ for the use of these resources.

PCCAC's strategic planning process was launched at its monthly meeting on November 16, 2009, at which time presentations were made by Councilman Patrick Dowd, Director

² City Council's directive to develop a strategic plan was made in conjunction with the approval of the Verizon cable franchise agreement; however, Council presumably wanted the strategic plan to address funds provided by Comcast as well as Verizon, and to include regulatory oversight of Comcast as well as Verizon.

³ Presumably, City Council will create a parallel Trust Fund for PEG support funds received from Comcast pursuant to a franchise renewal agreement.

Howard Stern, PCTV, and the Cohen Law Group. Also at that meeting the Cohen Law Group facilitated a discussion whereby PCCAC members identified concepts crucial to its future mission and core values. In addition, a Strategic Planning Steering Committee was appointed comprised of B.J. Leber, who was appointed Chair, as well as Gregg Ramshaw and Stephen MacIsaac. The Steering Committee was authorized to work with Howard Stern and the Cohen Law Group to develop a strategic plan which would reflect the priorities of PCCAC.

The Steering Committee met on December 10, 2009, where it discussed and refined PCCAC's mission and core values, as well as began to identify critical goals pertaining to PCCAC's regulatory roles. After further revisions, the final mission statement and core values were presented to PCCAC at its December 16, 2009 meeting. After considerable discussion, the mission statement and core values were informally approved by the body.

Over the next few weeks, the Steering Committee began crafting strategic goals and objectives, which were presented in draft form to PCCAC at its January 11, 2010 meeting. Discussion ensued at that time, and all revisions and suggestions were taken into account when an outline of the strategic plan was created. On February 17, 2010 the Steering Committee met again to react to and revise the outline of the strategic plan. The Cohen Law Group then finalized the strategic plan for presentation to PCCAC at its March __, 2010 meeting.

Through an ongoing process over the past several months involving meetings, telephone conference calls, and numerous exchanges of information and draft texts, this final Strategic Plan was completed. The process challenged PCCAC to be expansive and forward-thinking in its role as advisors to the City of Pittsburgh with respect to PCTV and the City's cable systems. The result, this Strategic Plan, is both practical and aspirational.

III. MISSION STATEMENT AND CORE VALUES

The following are the Mission Statement and Core Values decided upon by PCCAC.

MISSION STATEMENT

The Pittsburgh Cable Communications Advisory Committee ("PCCAC") strives to promote the delivery of technologically advanced communications services and quality community programming in a manner that is responsible and fair to the residents of Pittsburgh. PCCAC advises City Council with regard to cable communications systems, oversees the cable franchises granted by the City, and promotes public, educational, and governmental ("PEG") access programming that meets the needs of the community.

CORE VALUES

A. Advisory Capacity

Competition: Competition among cable providers results in technologically advanced services, reduced rates, and improved customer service.

Innovation: The City of Pittsburgh shall be served by state-of-the-art cable communications systems and new advanced services.

B. Franchise Oversight Capacity

Financial Accountability: Fiscal responsibility is fundamental to the successful implementation of cable franchises and PEG programming in the City.

Customer Service: The residents of the City of Pittsburgh are entitled to fair and accountable consumer practices.

Legal Responsibility: The City of Pittsburgh shall be afforded comprehensive legal protections for the City and its residents from cable operators and PEG channel administrator(s).

C. PEG Oversight Capacity

Quality Programming: PEG access administrator(s) shall produce high-quality programming that is relevant to the local community, promotes the City of Pittsburgh, and fosters individual creative expression.

Collaboration: Input from community partners shall be solicited to insure that PEG access programming is inclusive, fosters diverse points of views, and responds to the needs of our community.

Financial Vitality: Sustaining the financial health of the City's PEG channels is instrumental to their successful operation.

IV. STRATEGIC GOALS AND OBJECTIVES

The following are PCCAC's strategic goals and objectives as determined through the strategic planning process.

PEG Financial Oversight

Goal #1

To advise the City of Pittsburgh to disperse funding for public, educational, and governmental access (“PEG”) channels in accordance with PCCAC’s determinations.

Strategic Objectives

1. While it appears that the amount of funds allocated to the City’s Cable Bureau will be sufficient based on the allotments in the Verizon franchise agreement and the anticipated Comcast agreement, review the Cable Bureau’s funding on an annual basis to determine whether it continues to be sufficient to meet its capital needs, and if not, determine the appropriate level of additional funding.
2. Recommend that the City allocate all remaining PEG support money, after the City’s Cable Bureau has been adequately funded, to the public access administrator. The City shall disburse these funds to the public access administrator on a quarterly basis.
3. Should PCCAC determine, after consultation with the public access administrator, that the administrator has been irresponsible in its use of City funds, recommend to the City to withhold disbursements payable to the administrator until such time that the identified problem has been resolved to PCCAC’s satisfaction.

Statement of Intention

Pursuant to the City’s cable franchise agreements, the cable operators serving the City provide it with PEG financial support that may only be used for PEG channels. It is a priority of PCCAC that the City’s Cable Bureau is adequately funded so it can provide capital support for the City’s governmental access channels. Only after the Cable Bureau has been adequately funded will PCCAC advise the City to disburse all of the remaining funds to the public access administrator.

PCCAC supports the designation of PCTV as the City’s public access administrator and the release of all remaining funds to PCTV to achieve the goals in this Strategic Plan. PCCAC also believes that it is essential that the City exercise oversight over the public access administrator’s use of these funds. For this reason, PCCAC will advise the City to disburse funds on a quarterly basis provided PCCAC is satisfied that the public access administrator is utilizing the funds responsibly and effectively.

PEG Financial Oversight

Goal #2

To require the public access administrator to explore and obtain new and/or enhanced funding sources for the operation of the public access channels in addition to its funding acquired through the City's Cable Franchise Agreements with Verizon and Comcast.

Strategic Objectives

1. By the end of the first year of a two-year agreement between the City of Pittsburgh and PCTV, encourage PCTV to have acquired new or enhanced funding sources in the amount of at least eight percent (8%) of its total revenue. PCTV shall make a presentation to PCCAC at the end of the first year to report on its progress in meeting this goal.
2. By the end of the second year of the two-year agreement between the City of Pittsburgh and PCTV, encourage PCTV to have acquired new or enhanced funding sources in the amount of at least fifteen percent (15%) of its total revenue. PCTV shall make a presentation to PCCAC at the end of the second year to report on its progress in meeting this goal.

Statement of Intention

PCCAC believes that the greater the community involvement in the operation of the City's public access channels, the more successful the public access channels will be. To that end, PCCAC will encourage the public access administrator to solicit and acquire funds from sources in addition to the funding provided by the City. PCCAC believes the public access administrator cannot and must not rely entirely on the City for its financial support. Increased funding beyond the funding designated in the City's cable franchise agreements needs to come from outside sources. Moreover, with an increase in outside funding, more community organizations and individuals will be vested in the success of these channels. These efforts will serve to increase awareness and use of the public access channels throughout the City.

PEG Financial Oversight

Goal #3

To ensure that the public access administrator utilizes and expends funding provided by the City of Pittsburgh in a fiscally responsible manner.

Strategic Objectives

1. Require the public access administrator to submit an annual budget by a date certain and specified, year-end financial statements to PCCAC on an annual basis within 30 days following the close of its fiscal year.
2. Require the executive director and financial officer of the public access administrator to make a presentation on a quarterly basis to PCCAC regarding its financial stewardship of funds received by the City.
3. Authorize PCTV to obtain annual independent, external audits performed by certified public accountants. Such audits shall be paid for out of the public access administrator's budget.
4. Require the public access administrator to implement and maintain internal financial controls and record-keeping consistent with best practices applicable to non-profit organizations.
5. Incorporate effective enforcement mechanisms into the agreement between PCTV and the City of Pittsburgh to insure that PCTV operates in a fiscally responsible and legally sustainable manner.

Statement of Intention

One of PCCAC's core values is financial accountability of the public access administrator. As discussed in the introduction to this Strategic Plan, the public access administrator has had financial problems over the last several years. While these financial problems are in the process of being corrected by the new leadership at PCTV, PCCAC believes that it is important to obtain greater information and perform more oversight of the financial status of the public access administrator. PCCAC will implement more stringent reporting requirements on the public access administrator in an effort to insure that all City funds are utilized in an efficient and responsible manner.

PEG Operational Oversight

Goal #1

To prepare an agreement with PCTV designating it as the City's public access and educational access administrator for a two-year tenure, recommend the agreement to the City for approval, and monitor compliance.

Strategic Objectives

1. Complete negotiations between the City and PCTV and produce an agreement no later than May 31, 2010.
2. Recommend the agreement for approval by Mayor and City Council.
3. Require PCTV to provide PCCAC with quarterly reports or presentations regarding its operations consistent with the requirements of the agreement and the goals of this Strategic Plan.
4. During the twentieth month (20th) of the new PCTV agreement, PCCAC shall appoint a steering committee to undertake a review process to determine whether PCTV has complied with the terms of the agreement and whether its designation as the City's administrator should be renewed.

Statement of Intention

PCCAC recognizes that the role of the public access administrator is important to the City and that the most capable and effective public access administrator should be designated by the City to operate its public access channels. While PCCAC acknowledges that one option for selecting an effective public access administrator is by inviting new proposals, due to PCTV's long history as the City's designated public access administrator, PCCAC is recommending that the City renew PCTV's designation on a two-year basis. PCCAC will advise the City to enter into a two-year agreement with PCTV that includes identifiable and measurable obligations on behalf of PCTV. Upon completion of the agreement, PCCAC will review whether PCTV successfully satisfied the terms of the agreement and made acceptable progress in meeting the goals of this Strategic Plan. It will then determine whether PCTV's designation should be renewed or whether a search should be conducted to obtain a new public access administrator.

PEG Operational Oversight

Goal #2

To insure that the PEG access channels utilize state-of-the-art video and audio production equipment and facilities consistent with its funding.

Strategic Objectives

1. Require the public access administrator to explore existing production equipment resources in the community before deciding to purchase new video and audio production equipment.
2. Require the public access administrator to present a two-year capital plan to PCCAC for acquiring new equipment that is consistent with the needs demonstrated in the 2009 PCTV Community Needs Assessment within six months of the approval of this Strategic Plan.
3. Require the public access administrator to investigate new facility rental and/or purchase options prior to the expiration of its current lease.
4. Encourage the public access administrator to maximize its opportunities for content distribution to include utilizing new technologies.

Statement of Intention

PCCAC believes that state-of-the-art equipment and facilities are critical to the successful operation of a public access channel. Pursuant to a Community Needs Assessment conducted by the public access administrator in 2009, it was determined that much of the current equipment being used is out-dated and is in need of repair or replacement. In addition, the current building where the public access channel is located is no longer adequately serving its needs. PCCAC believes that, for a public access channel to garner significant viewership, it needs to utilize state-of-the-art equipment and technology. To that end, PCCAC encourages and supports efforts on behalf of the public access administrator to replace and upgrade its equipment and/or facilities, so long as such purchases are demonstrated to fit within the public access administrator's budget.

PEG Operational Oversight

Goal #3

To launch a second public access channel no later than March 31, 2011 that is dedicated primarily to community and educational programming rather than to individual expression.

Strategic Objectives

1. Direct the public access administrator to develop the City's second public access channel as a channel that promotes Pittsburgh, emphasizes the City's neighborhoods, highlights the diversity of the City's population, and includes educational programming.
2. Advise the City of Pittsburgh to provide written notice to Verizon and Comcast of its intention to launch a second public access channel at the appropriate time.
3. Instruct the public access administrator to make appropriate arrangements to be able to produce programming for this second public access channel from remote locations.
4. Require the public access administrator to collaborate with community partners, including local non-profit media organizations, for both production and programming assistance.
5. Direct the public access administrator to explore partnerships for providing educational programming in the local academic community including public, private, and parochial schools, community colleges, and universities.

Statement of Intention

While the historical purpose of the City's public access channel has been to provide a meaningful electronic venue for citizen expression, PCCAC recognizes that this programming often lacks broad appeal to City residents. PCCAC recognizes the value of individual expression programming, but it also recommends that the City launch a second public access channel dedicated exclusively to community and educational programming. PCCAC encourages the public access administrator to collaborate with community partners in order to enhance and improve the operation of the channels, and to insure that its programming promotes the vibrancy and diversity of Pittsburgh.

PEG Programming Oversight

Goal #1

To insure that public access programming is high-quality, relevant and meets the needs of City residents.

Strategic Objectives

1. Encourage all producers of PEG programming to meet high-quality technical production standards.
2. Direct the public access administrator to assign better time slots to programs with higher production quality.
3. Require the public access administrator to include programming on the second public access channel that is relevant to the Pittsburgh community and reflects the diversity of the City's neighborhoods and its population.
4. Encourage the public access administrator to produce programming consistent with preferences identified in the 2009 Community Needs Assessment.
5. Require the public access administrator to collaborate with local non-profit media partners in the production and cablecasting of relevant programming.
6. Encourage the public access administrator to develop the capacity to create programming from remote locations.

Statement of Intention

PCCAC recognizes that, in order to increase viewership on the public access channels, the programming on those channels must be relevant to a broader cross-section of City residents. To that end, PCCAC encourages the public access administrator to recruit community partners for input and programming ideas, to produce content promoting and highlighting the City and its neighborhoods, and to increase the visibility of the public access channels. PCCAC also recommends that public access programming meet high-quality technical standards in order to attract more viewers.

PEG Programming Oversight

Goal #2

To utilize the City's public access channels to provide educational programming and training opportunities for the community.

Strategic Objectives

1. Encourage the public access administrator to launch a Youth Media Program to engage the City's youth to produce programming that captures our community through the eyes of teenagers and young adults.
2. Support the public access administrator's efforts to complement current media production training courses in the City by offering its own unique training courses such as web design, podcasting and blogging.
3. Require the public access administrator to reach out to the Pittsburgh Public Schools as well as private and parochial schools and local colleges to determine whether it can forge partnerships for relevant educational programming.
4. Encourage the public access administrator to explore the possibility of working in conjunction with local community colleges to provide GED course offerings on the public access channels.

Statement of Intention

PCCAC recognizes that, in addition to producing individual expression and community-focused content, an important role of the public access channel is to create training opportunities for City residents to learn about television and media production through traditional and new technologies. PCCAC will encourage efforts by the public access channel administrator to create training courses available to the City's residents in these areas.

PCCAC also recognizes the potential value of educational programming through the City's local schools. PCCAC acknowledges that the City's young people are uniquely capable of learning and utilizing new technology for media production. The public access administrator should develop a separate Youth Media Program to enhance opportunities for youth to study and to become involved in community-produced programming.

Cable Franchise Oversight

Goal #1

To insure that Verizon of Pennsylvania, Inc. complies with all of its material obligations in its cable franchise agreement with the City of Pittsburgh.

Strategic Objectives

1. Within three months of the approval of the Strategic Plan, PCCAC shall prepare an inventory of the major material obligations that Verizon is required to fulfill in its franchise agreement with the City.
2. PCCAC shall provide regular oversight to ensure that the obligations identified above are satisfied. This includes requiring that all material reporting and other requirements are met as well responding to citizen complaints against the cable operator.
3. PCCAC shall direct a Verizon representative to provide periodic presentations to the body regarding any new relevant developments as well as the company's progress in satisfying its franchise obligations.

Statement of Intention

In order for Verizon to provide cable service to City residents, it was required to obtain a cable franchise agreement from the City of Pittsburgh, which is the local franchising authority ("LFA"). As the LFA, the City has legal authority and responsibility over the public rights-of-ways. The cable franchise agreement that the City negotiated with Verizon imposes numerous obligations on the cable operator. PCCAC believes it is essential, pursuant to its cable franchise oversight capacity, to periodically review whether Verizon is meeting its obligations as set forth in the cable franchise agreement and advise the City accordingly. PCCAC believes that it is important that the LFA is vigilant in monitoring the cable operator in order to insure compliance with the terms of the cable franchise agreement.

Cable Franchise Oversight

Goal #2

To insure that Comcast Corporation complies with all of its material obligations in its cable franchise agreement with the City of Pittsburgh.

Strategic Objectives

1. Within three months of the approval of a cable franchise renewal agreement with Comcast by City Council, PCCAC shall prepare an inventory of the major material obligations that Comcast is required to fulfill in its franchise agreement with the City.
2. PCCAC shall provide regular oversight to ensure that the obligations identified above are satisfied. This includes requiring that all material reporting and other requirements are met as well responding to citizen complaints against the cable operator.
3. PCCAC shall direct a Comcast representative to provide periodic presentations to the body regarding any new relevant developments as well as the company's progress in satisfying its franchise obligations.

Statement of Intention

In order for Comcast to provide cable service to City residents, it was required to obtain and renew its cable franchise from the City of Pittsburgh, which is the local franchising authority ("LFA"). As the LFA, the City has legal authority and responsibility over the public rights-of-ways. The franchise renewal agreement that the City negotiates with Comcast is expected to impose numerous obligations on the cable operator. PCCAC believes it is essential, pursuant to its cable franchise oversight capacity, to periodically review whether Comcast is meeting its obligations as set forth in the cable franchise agreement and advise the City accordingly. PCCAC believes that it is important that the LFA is vigilant in monitoring the cable operator in order to insure compliance with the terms of the cable franchise agreement.

V. CONCLUSION

This Strategic Plan is a product of the hard work and insightful analysis of PCCAC's Strategic Planning Committee and Howard Stern, the City's Director of Information Services. It is intended as a guide for PCCAC to successfully oversee new initiatives for the public access administrator and recommend enforcement of the franchise agreements with the City's cable operators over the next two years. In identifying and articulating PCCAC's goals and objectives, the Steering Committee attempted to create realistic expectations based on objectives that are feasible to accomplish in this limited time period.

A strategic plan is not a legally binding document, but rather a road map to the future. The expectation is that, having engaged in an intense strategic planning process, PCCAC will become an even more knowledgeable and active oversight and advisory body to the City of Pittsburgh with respect to its public access channels and its cable systems.