

WHAT????????!!!!!!!

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From: **Village of Larchmont** <newsletter@villageoflarchmont.org>

Date: Fri, Nov 5, 2021 at 9:53 AM

Subject: Important Update from the Village Board

To: <smosley@lmc-tv.org>

Larchmont gives notice to withdraw from the tri-municipal Cable TV (CATV) Sharing Agreement

What is the CATV Sharing Agreement?

In the early 1980's, as cable television subscriptions increased, the Village of Larchmont, Village of Mamaroneck and Town of Mamaroneck, entered into a CATV Sharing Agreement (the "Agreement"). The primary purpose of the Agreement was to give the partnering municipalities greater bargaining power with respect to negotiating Franchise Fees with the local cable companies. Secondly, the Agreement established a tri-municipal Cable TV Board of Control (BOC) with equal representation and created a method for the per capita disbursement of cable Franchise Fee funds to the 3 municipalities.

What are Franchise and PEG Fees?

Local governments receive Franchise Fees from cable operators as compensation for the use of public property to run their cables. There are no restrictions on how these Franchise Fees may be used. We also receive PEG Fees for capital purchases related to use of public access channels.

For your information, in 2020 Larchmont's share of the annual Franchise Fees was approximately \$140,000, roughly equivalent to 1% of that year's Village property tax levy. Historically the BOC has supported public access cable by turning over the majority of the Franchise Fee funds to LMCTV (now LMC Media). Additionally, the BOC had about \$1.3M in surplus PEG Fee funds of which Larchmont's share would be \$220,000.

What are Larchmont's Concerns?

The world of communication and media has changed drastically in the 40 years since the Agreement was created. Over the past few years, Larchmont has raised concerns with the BOC regarding its operation, the disbursement of our governmental funds and the future sustainability of revenue as cable subscriptions trend downward.

These are our main concerns:

Operation of BOC

- Other than to the 3 municipalities, the Agreement does not acknowledge how, to whom or for what purpose the Franchise Fee and PEG Fee funds might otherwise be disbursed. There is no statement of the purpose, goals, or mission of the BOC beyond the BOC's management of its relationship with the cable companies.
- In March of 2021, Larchmont requested that \$100,000 of our PEG fee funds be transferred to us for capital expenses to improve the transmission quality of our government meetings which are broadcast on the government access channel. To date, we have not received these funds because of the lack of clarity about procedure within the BOC.

Disbursement of Funds

As noted, the BOC historically has supported public access cable by turning over the majority of the Franchise Fee funds to LMCTV (now LMC Media). They did this without a formal agreement ever being put in place. These governmental funds make up almost 90% of LMC Media's annual operating budget. The PEG funds have also been given by the BOC to LMC Media for capital and equipment expenditures, such as the purchase of a mobile media van. A proposed \$1M expansion of their studio space is currently on the table. In summary, Larchmont's concerns regarding such disbursement of funds are:

- The lack of a written agreement about whether, and to what degree, Franchise Fees will be turned over to LMC Media annually.
- The lack of clear parameters about how LMC Media may use the Municipalities' franchise funds.
- The lack of clear expectations about what services LMC Media will provide to the BOC member municipalities in exchange for these Franchise Fees.
- The lack of a written agreement means that issues of legal and financial liability of the BOC for LMC Media have been left unaddressed.
- Without an agreement in place, there is concern that BOC member municipalities may be expected to supplement dwindling Franchise Fees to fund LMC Media.

To be clear, the issues described here are with the operation of the BOC and the lack of clarity on the financial and legal relationship the BOC has with LMC Media, and not with LMC Media itself.

Why withdraw from the Agreement? And why now?

It has become clear that the CATV Sharing Agreement, which is very limited in scope, does not appropriately address the interests of the BOC members and their constituents.

We have tried to work within the BOC to address our concerns and clarify outstanding issues, but to date we have not made meaningful progress. We anticipate continuing to work with our partners to resolve the issues described above.

However, we are up against two clocks:

1. The period to renegotiate the 15-year term cable franchise agreements is imminent. We want to be in the best position to protect the financial and legal interests of Larchmont's residents in those agreements. It is possible we may need to do this outside of the BOC.
2. The CATV Sharing Agreement requires a one-year notice to withdraw. Therefore, we have reluctantly decided to withdraw from the Agreement by giving the required one-year notice. The Village's effective date of withdrawal will not be until November 8, 2022.

It is the Village's hope that we can address these issues in the next year and we are committed to work with the Town of Mamaroneck and the Village of Mamaroneck to try to determine the best way forward.



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Thank you for Your Continued Support of LMC Media!

Most Sincerely,