

**MINUTES FOR THE ad hoc AFN GOVERNANCE STRUCTURE COMMITTEE**  
**Thursday, July 15, 2015**  
**Siskiyou Room, 51 Winburn Way**

**1. Call to Order**

Chair Pam Marsh called the meeting to order at 3:09 p.m. in the Siskiyou Room.

Committee members Jim Teece, Dennis Slattery, Rich Rosenthal, and Bryan Almquist were present. Staff member Mark Holden was present. Committee members Susan Alderson, Mathew Beers, and Vicki Griesinger were absent.

**2. Public Input**

*None.*

**3. Review of Minutes**

**Rosenthal/Slattery m/s to approve the minutes of July 2. Voice Vote: All Ayes. Motion passes.**

**4. Review of AFN Mission Statement**

Marsh handed out copies of the previous two mission statements. Holden stated the 2014 version came from AFN staff. He described the process by which the statement was created.

Rosenthal stated he suggested this topic because the overarching discussion of the last meeting seemed to be turning toward a mission statement for clarification. He wanted to be clear that this is no criticism of the previous statements, but just a way to focus this group's outcomes. He volunteered to create a first draft of a new statement. The group agreed to this proposal.

**5. Review/ Refinement of Evaluation Criteria**

Marsh reviewed the changes she made to the draft criteria from the last meeting in order to come up with the revised version in the packet. The group reviewed her revised criteria and made the following changes or input for clarification:

Criteria #1 (*Provide services that are highly reliable and customer focused*): group would like to be more focused on providing excellence in service and less on the mechanisms for providing services.

Criteria #2 (*Enable AFN to be nimble in a competitive environment*): no changes.

Criteria #3 (*Be governed by stable, dedicated, and knowledgeable leadership*): no changes

Criteria #4 (*Be financially viable, able to pay off past debt and justify new investment*): remove the words, "pay off" and replace them with, "contribute to."

Criteria #5 (*Provide residents and existing and prospective businesses with a competitive option that is committed to community benefit*): group discussed whether benefit is the right word, whether connectivity is a better term. Determined that benefit is focused on being sensitive to the needs of customers, including connectivity, education, development, etc. Rosenthal agreed to use connectivity in the mission statement, to reflect its importance. Group agreed they are okay with continuing to word-smith this criteria throughout the process.

Criteria #6 (*Be resistant to political change or whims*): no changes.

**6. Initial analysis of organizational models**

Marsh stated she would like the group to do a “first blush” review some of the models identified as options to see how they initially rank in the criteria.

**All ranking on a scale of 1 to 5, 1 = low and 5 = high**

*Status Quo model*

Criteria #	Ranking	Comments
1	2-4	Really talking about two different ratings 1 for network, 1 for staff. Overall service is improving but promotions, marketing, and negative community perception all point to a lower rating.
2	1	Could it be any higher? Teece: there is a difference between nimble and agile. The City tries to be nimble but can't with its constraints. Private companies can be selective and test markets on the down-low but government structure doesn't allow this due to public process requirements. Additional constraints determined by the group: Contract length, procurement process, public setting of rates, product development, growth, budget limits, rules vs. flexibility (municipalities make rules, businesses can make offers)
3	1-2	Council is very unlikely to be knowledgeable and frequently lacks stability due to Council member turn over. We're not poorly governed – just structured in a challenging manner. Group decided to change the wording in the criteria from, “dedicated” to “focused.” Criteria now reads: <i>Be governed by stable, focused, and knowledgeable leadership.</i>
4	3	Group discussed the current budget and if we are growing, reducing, or maintaining the debt service payments. Holden stated that the currently goal is to maintain debt service at current level while continuing to make the investments in service improvements started in the last fiscal year.
5	3	Group discussed how many community connections/partnerships are being handled by Teece and his group, not necessarily the City. However, they acknowledge that without AFN strong broadband connectivity wouldn't be here (Charter likely would never be interested in investing in this small community without the competition AFN provided). AFN's competition is likely keeping Charter prices low throughout the valley. Having AFN is also a solid economic development tool. Group acknowledged that the system is deteriorating and without a better product the cost for services doesn't matter (this makes continuing to provide a competitive environment challenging). Holden stated that they fully understand there is a limit on capacity but that the latest projects the City has undertaken should get us closer to having a more competitive product.
6	1	No comments from the group.

***Sold entirely model***

Criteria #	Rating	Comments
1	?	There would be no control, as we don't know who would buy it, what would be offered, or even what pieces or parts of the system could be sold
2	?	Possibly more agile because no government control or rules, but no way to score this
3	5	no comments
4	?	Can't sell enough pieces or parts of the system to cover the debt but we would know and be able to budget more solidly the total loss
5	?	?
6	5	No politics if no city control

The group decided that ultimately this is a last resort option, not one that is really viable.

***Public Model - Advisory Commission with an Independent Contractor***

This model would have a dedicated commission, appointed by the Mayor, to vet all decisions, possessing a wider range of responsibilities than an average commission. The daily running of AFN would be contracted out to an independent contractor.

Group discussed differences between how the Airport is currently operated, the current and previous operations of the Golf Course, and Recology as a franchise. *Group decided to add in a Franchise Agreement model for consideration.*

Group questioned whether the ratings of this would be all fives, as that's what we're striving for. Agreed that this model would likely be a step up in terms of being more focused and knowledgeable and, if using a good independent contractor, could have higher quality control due to the terms and conditions established by contract.

Criteria #	Rating	Comments
1	?	Strive for a 5.
2	3	As long as Council has final say in contracts or budgets, this model can't be very nimble. It could be higher than the status quo as contract oversight is important to maintaining high quality.
3	4-5	
4	3+	The intent is that no contract would be valued at less than the debt service and central service costs.
5	3	At least as good at the status quo – what would be the incentive for anyone to take this on? (i.e. lots of debt, very little likelihood of making a profit) The incentive would all depend on the dividing line between City responsibility and contractor responsibility.
6	3	Better than status quo but not a perfect solution (still have to go to Council for budget/contracts/price setting).

***Public Model – Status Quo with Advisory Commission (no independent contractor)***

The advantage to this model rather than just status quo is the ability to appoint people who are more knowledgeable than Council may be. This model may be more nimble than status quo but not more agile.

<b>Criteria #</b>	<b>Rating</b>	<b>Comments</b>
1	2-4	Same as status quo – nothing changes
2	2-3	More nimble thinking if they can make more decisions on a smaller scale rather than all decisions needing to be at Council level. This option doesn't eliminate the need for public meetings laws (i.e. marketing and pricing decisions would still be made in public). This does gain a better knowledge base.
3	3-5	This is the purpose of having a knowledgeable commission
4	3+	More heads in the game could help, but not if everyone appointed specialized only in tech industry. Need people on the commission who also possess business and marketing savvy.
5	3+	A slight improvement on the status quo.
6	3	Insulated by one layer from Council instability. This model helps with changes due to whims but not with larger political changes. This model may help keep council members from going directly to staff.

**7. Next steps/ meeting schedule**

At the next meeting the group will rank criteria for Franchise Agreement, Spin-off, and Utility models.

The group agreed that they are starting to see the strengths and how these can evolve into the best option.

Holden expressed his concern that the status quo model ranking is a current snapshot, not where he thinks it can go but all the others were reviewed as potential futures. Would like the group to consider re-evaluating status quo as to future potential at some point. Group felt it was necessary to review status quo in the present, to get a baseline for understanding the other models.

The next meeting will be July 27, from 3:00 – 5:00 p.m. in the Siskiyou Room.

**8. Adjournment**

Meeting adjourned at 4:58 p.m.

Respectfully submitted,  
Diana Shiplet  
Executive Assistant