

AD HOC COMMITTEE ON AFN GOVERNANCE STRUCTURE

October 30, 2015

3:00 – 5:00 p.m.

Siskiyou Room

51 Winburn Way

- I. **CALL TO ORDER**
- II. **PUBLIC INPUT**
- III. **REVIEW / APPROVAL OF MINUTES**
- IV. **GOVERNANCE MODEL: LEGAL ISSUES**
- V. **ADDITIONAL REQUESTS FOR INFORMATION**
- VI. **ADJOURNMENT**

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MINUTES FOR THE ad hoc AFN GOVERNANCE STRUCTURE COMMITTEE
Friday, October 9, 2015
Siskiyou Room, 51 Winburn Way

1. Call to Order

Chair Pam Marsh called the meeting to order at 3:05 p.m. in the Siskiyou Room.

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

2. Public Input

None.

3. Review of Minutes

Slattery/Almquist m/s to approve the minutes of September 8, 2015 as presented. Voice Vote: All Ayes. Motion passes.

4. Developing a model

Marsh gave an overview of the agenda. The goal is still to get a draft option before Council in November. She requested that the group go back and use the evaluation criteria created at the beginning of the process to re-evaluate any final proposed model.

Group reviewed the commission models which were in the packet (City of Ashland Airport Commission, Medford Water Commission, and the Parks and Recreation Commission.) They discussed the necessity to be very clear as to what decisions would need to go to Council and what would stay with the commission. In general, whatever commission style the group agrees to should meet the following goals and objectives:

- Maximize independence
- Keep focus on AFN
- Help Council and Citizens Budget committee to take recommendations more strongly due to their knowledge

The group discussed proposing a commission similar to the Medford Water Commission (MWC). The biggest difference between the Medford Water Commission and anything we propose is that AFN has debt service, which automatically limits their independence. MWC has its own staff, budget process, etc. and is not dependent on City finances for success.

The group discussed proposing a commission similar to the Airport Commission (AC). The whole reason for this group's process is to take politics out of the running of AFN. The AC mostly operates outside of politics but the code establishing it doesn't reflect this reality. The AC is a fairly good model, but doesn't entirely have a firewall between Council politics and AFN operations.

The group discussed how the airport is currently operated by an outside contractor. They determined that choosing between MWC model and AC model really depends on whether they want to operate AFN as a wholesale or retail seller.

They discussed the following as part of any model:

- Budget – created by the commission, forwarded to Council / Budget Committee for final approval
- Rates – this would be determined by whether AFN ends up wholesale or retail in operation
- Projects – developed and reviewed by the commission and forwarded to Council for final approval
- Personnel – the sharing of resources within the City makes independence complicated. They would prefer that the AFN director be AFN only, and closer to the Parks and Recreation Commission Director in authority, particularly over hiring and firing. No matter what, there should be a very strong relationship between the commission and the AFN director.
- Transparency (public meetings laws) – hopefully getting most of the operations decisions away from televised City Council meetings will reduce the amount of “showing our cards” to our competitors regarding product development, rate setting, etc.
- Marketing – it might be good to get this it into the hands of the ISPs, as the City hasn’t been strong at marketing

Group discussed what the Membership of the commission might be. They discussed needing to have experts on the commission and that there are lots of experts on other commissions. The biggest challenge is that many of the most qualified individuals will have conflicts of interest. Group suggested that ISP connected members should be ex-officio members. Group discussed whether a Councilor should be on the commission as a full voting member and not just as a liaison. They liked the idea but worried it would could cause awkwardness when it came to voting on items at the Council level.

5. Wholesale vs. Retail Operations

Group discussed concerns with current ISP contracts due to lack of performance standards and contract review, end or renewal dates.

Holden handed out potential ISP partner requirements if the group decides to move AFN to wholesale only. The group reviewed his proposed requirements as follows;

Group discussed whether it was okay to have business-level customers be handled by a partner ISP. Determined that as this is where the greatest profit is, it would be one of the few benefits for an ISP to want the contract. They agreed that having two separate ISP contracts, one for business customers, and one for all other customers would be the most appropriate.

Group discussed the suggested requirement of providing a physical location for customer service in Ashland. This is not intended to limit the service area or who may respond to an RFP but rather intended to improve customer service.

Group discussed how best to communicate why we are doing an RFP in order to avoid confusion or concerns that AFN can't be run or is going out of business. Any transition should be as seamless as possible to prevent customers from wanting to leave out of fear AFN is failing. The focus of any wholesale agreement should be on gaining a partnership.

Group agreed that the City Attorney needs to review everything before they move much further on a strategy. There was concern that the group was walking down the path of making AFN a wholesale provider with a single ISP without knowing if it is legally or financially possible. In general, though they agreed that AFN being a wholesaler to a single ISP is the preferred option. Additionally, legal needs to answer the question of what happens to our current ISP contracts. Will they be nullified by putting out an RFP? Do we need to buy their customers? Would their customers be grandfathered in, but no new customers allowed to be gained by non-RFP ISP?

Group discussed whether a single ISP would mean limiting competition. They agreed that the focus at this time is on strengthening AFN and that there are still other options such as Charter, DirectTV, Hunter Communications, etc. Rather than focus solely on competition, this group instead is working on is a more viable option than the scattered options currently in place.

Marsh agreed to meeting with City Attorney David Lohman and see if he could join the group at a future meeting. Group also discussed the possibility of having Finance Director Lee Tuneberg join in on a discussion in order to understand some of the financial hurdles a wholesale ISP with an Airport-like commission running it may start with or encounter. Group discussed the need for an additional meeting after the Attorney (and possible Finance Director) meeting to draft recommendation to Council.

Group discussed current staffing levels. Holden stated that it is unlikely that those would change, even with a solo ISP. Most of the expertise the City has gained from operating AFN would be needed to handle the network side and partnership management. Group discussed how, hopefully, any contract with an ISP would cover our costs including both potential staffing costs and debt service costs. Finance would need to help structure fees in such a way that both the City and an ISP share the pain and the successes of AFN.

Group discussed concerns regarding potential contracts - whether they would be fixed-term or open-ended, and whether the debt service horizon be considered when determining contract length. They determined that having a contract at least as long as our current debt service makes sense.

7. Next steps/ meeting schedule

The next meeting will be October 30, from 3:00 – 5:00 p.m. in the Siskiyou Room.

8. Adjournment

Meeting adjourned at 4:41 p.m.

Respectfully submitted,
Diana Shiplet
Executive Assistant