



Community Telecast, Inc.
P. O. Box 11558
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CTIOmaha@aol.com
Communitytelecast.com
402-934-1100

Community Telecast, Inc. (CTI22), [IRS 501 (c)(3)] has been the only broadcast cable television company in the metro Omaha area and within 18 states to focus on the community. For our general operations we receive NO tax support from the federal government, State of Nebraska, or local government. We are supported only through membership fees and donations.

November 30, 2012

Thomas O. Mumgaard, Deputy City Attorney
City of Omaha
1819 Farnam Street
Omaha, NE 68183

RE: BUSINESS ACUMEN

Hello, Deputy City Attorney Mumgaard:

During our brief meeting at the CTAC meeting on Tuesday, November 26, 2012 you briefly voiced concerns about CTI22 charging citizens to broadcast on Channel 22. We don't do that. However, clearly, this must be an issue of concern because you briefly mentioned this issue before when my father and I met with you in your office in 2009. Frankly, rather than deal with this issue directly, both the City of Omaha and Cox Communications have allowed CTI22 to be perceived in a negative light. Therefore, let's deal with this issue.

| | |
|---------------------------------|--------------------------------|
| Copy To: Council Members | Garry Gernandt - District 4 |
| Pete Festersen - District 1 | Jean Stothert - District 5 |
| Ben Gray - District 2 | Franklin Thompson - District 6 |
| Chris Jerram - District 3 | Thomas Mulligan - District 7 |

| | |
|---------------------------------|-------------------------------|
| Copy To: CTAC Members | William Gaughan - District 4 |
| Molly Maguire - District 1 | Charles Cogar - District 5 |
| Addie Hardrick III - District 2 | Dennis Lee - District 6 |
| Charles Bruno - District 3 | John Fullerton - District 7 |
| James Adams – At Large | Frances Mendenhall – At Large |

1. As stated in your letter (attached) of October 29, 2008 to Dr. Reynolds, "The public access channels are not "City" channels but are channels provided by Cox as a condition of their franchise. Neither does the City administer the public access system. That responsibility lies with Cox. The City's role is to see that public access is provided and administered in a fair and nondiscriminatory manner and in compliance with the franchise agreement."
2. To reduce its expenses, in December 2000, the City of Omaha agreed to allow Cox to relocate the public access studio from the Center Mall to its office at 11505 West Dodge, thereby enabling Cox to completely eliminate all third-party PEG expenses required to maintain and operate from a separate broadcast facility.
3. The Knowledge Network is broadcast from the UNO campus, and therefore, all facility costs are absorbed within the UNO budget and by the member school districts. Conversely, Channel 22, Cox's "minority affairs channel" is the only PEG channel that operates from a facility it does not own and where it must pay numerous third-parties, including Cox, in order to produce and broadcast content on Channel 22. **Given the City's role to see that public access is provided and administered in a fair and nondiscriminatory manner, why has the "minority affairs channel" been treated . . . differently, particularly when the May 15, 2007 Addendum makes absolutely no reference to a "minority affairs channel" and specifically recognizes Community Telecast, Inc. (CTI)?**
4. In the "Statement of Conditions" for the relocation, Cox agreed that the ". . . new location will be of a digital format that is state of the art at the time the new location is approved by the City Council" but no such agreement was made to upgrade or create a comparable facility for Channel 22. Therefore, the City of Omaha did not require Cox to administer public access ". . . in a fair and nondiscriminatory manner." **Why didn't the City of Omaha do so?**
5. The legal argument can be made, given that it was Cox's responsibility to administer the PEG channels, the responsibility for all costs associated with the administration of Channel 22 should be born by Cox – and not Community Telecast, Inc. But that didn't happen, as when Cox shifted the entire expense for the Community Calendar to CTI22. **Should Community Telecast, Inc. be reimbursed by Cox and/or the City of Omaha for all of our past and current expenses? If not, why not?**
6. Despite recognizing Community Telecast, Inc. in the Franchise Agreement and Addendums, you've stated the City of Omaha has no contract with Community Telecast, Inc. to broadcast content on Channel 22. **Therefore, is the City of Omaha culpable in allowing Cox Communications to transfer the entire cost for producing and broadcasting content on Channel 22 upon Community Telecast, Inc., particularly when there's no agreement for Cox to do so?**
7. With regard to Agreements, in 2000, with both the knowledge and approval of the City of Omaha, TKN, H&W and CTI22 executed an Agreement with Cox Communications that established the following:

TKN, H&W and CTI will not engage in or permit the sale of a) commercials in any of their respective programming or b) the use of any portion of any program or any use of the channel(s) airtime to promote or acknowledge any non-profit or for profit production or programming entity. TKN, H&W and CTI do have the ability to generate operating revenue through the following avenues:

1. Membership dues.
2. Program production fees. These fees shall be detailed in a published production rate schedule that is available to all members. Fees will reflect the organizations actual production costs.
3. Program patron/sponsor acknowledgement at the beginning and ending of programs. Following the method utilized by PBS stations, acknowledgements may briefly recognize the supporting business. This may include the use of pre-produced video pieces. However, sponsor/patron acknowledgements may not include a customer "call to action" or highlight any special deals the business may wish to promote nor should the total time allotted to a patron/sponsor exceed forty-five-(45) seconds per program of any length.
4. Grants that are designated for support of TKN, H&W or CTI or any specific programs on either of these channels.
5. Nothing in the Agreement prohibits TKN, H&W or CTI from running public service announcement for non-profit organizations as long as TKN, H&W or CTI receives no form of compensation or special consideration for the airing or creation of the announcement or the airing of such PSA does not breach any articles of this agreement.
6. Future fund-raising methods that Cox has reviewed and provided permission for its usage.

In summary, CTI22 has consistently complied with all aspects of the 2000 Agreement: (1) anyone can become of member of CTI22, but Cox has never promoted such; (2) CTI22's production fees are detailed in a published production rate schedule at <http://www.cti22.org/CTI22-ORIG/media.services.htm>; (3) in compliance with the Agreement, and if or when requested by individual program producers, CTI22 provides patron/sponsor acknowledgements at the beginning and ending of programs; (4) CTI22 has only received three-(3) grants in its entire 20-year existence; (5) CTI22 runs more PSAs than all television stations in Omaha combined – and at no cost to any organization or individual; (6) Cox has consistently refused to support any fund-raising methods proposed by CTI22, including a "5K-Walk/Run" to promote health and fitness: <http://www.cti22.org/CTI22-ORIG/Events/CTI22-5K/programs-CTI22-5K.htm>.

8. Unlike Community Telecast, Inc., Cox, a for-profit entity, charges citizens \$50.00 to broadcast content on Channel 109. Conversely, Community Telecast, Inc., a 501 (c)(3) entity, enables citizens to deduct 100% of their broadcast production fees; therefore, there is no cost impact.

In summary, as a disservice to citizens, and as a financial hardship upon Community Telecast, Inc., Cox exercised great business acumen to reduce or eliminate its PEG expenses. As represented by the chart below, instead of pointing fingers at Community Telecast, Inc., if the City of Omaha truly wanted citizens to have "free" public access, why didn't it actually negotiate such with Cox?

| WHO PAYS FOR THE FOLLOWING EXPENSE | COX COMMUNICATIONS 2010 REVENUE: \$14.6 BILLION EMPLOYEES: 60,000 BUSINESS MODEL: FOR PROFIT* | COMMUNITY TELECAST, INC. 2010 REVENUE: \$73,431.70** EMPLOYEES: 0 BUSINESS MODEL: NON-PROFIT |
|--|--|---|
| MORTGAGE / PROPERTY LEASE / RENT | X | X |
| FACILITY MAINTENANCE | X | X |
| FACILITY INSURANCE | X | X |
| EQUIPMENT INSURANCE | X | X |
| PURCHASE / SERVICE / REPAIR OF EQUIPMENT | X | X |
| PURCHASE OF SUPPLIES | X | X |
| INTERNET ACCESS | X | X |
| PHONE SERVICE | X | X |
| VEHICLE MAINTENANCE & REPAIR | X | X |
| VIDEO PRODUCTION FOR COMMUNITY CALENDAR | | X |
| PRO BONO REMOTE VIDEO PRODUCTION | | X |
| STAFF SALARIES | X | |
| COPIES OF PROGRAMS | | X |

* <http://coxenterprises.com/corp/annualreport/ar2010/ops/cei/overview.html>

** Includes \$20,470 income from loans to pay operating expenses and debt service.

As you know, Community Telecast, Inc. receives absolutely no on-going financial support from the City of Omaha, and no financial support from Cox Communications. The aforementioned is not a demand for a handout. On the contrary, as I've documented and presented to the Omaha City Council, CTI22 has successfully used its business acumen to successfully broadcast the most robust tapestry of content of any metro area TV station: more public service announcements promoting metro Omaha community-based organizations, events, and businesses; more original programming involving elected officials; more original, Omaha-based programming for ethnic groups; and more original, Omaha-based religious programming. **We Broadcast the Community!™**

Community Telecast, Inc. does not charge to “make money.” As represented by the above chart, and as clearly documented in CTI22’s finance reports provided to Cox every month for well over a decade, we charge fees in order to produce content and to operate a broadcast facility that *neither Cox or the City of Omaha elected to create or finance for Channel 22*; and to support our unique practice of broadcasting more pro bono content than any other PEG. That’s what we do, and with very little help from Cox or the City of Omaha. Even our attempts to relocate since 2009, at our expense, to enable greater citizen access were intentionally thwarted by both Cox and the City of Omaha with the recent Franchise Agreement. My father did not operate CTI22 to “make money” and neither do I. If at anytime you’d like to see our unreimbursed personal expenses, just let me know – I’ve got a really big folder of receipts!!

However, Addie Hardrick has repeatedly told me of his desire for the PEGs to “make money.” As you might recall, at a CTAC meeting in October 2012 you had to enlighten CTAC members about the legal limitations concerning the operation of PEGs, and “making money” from games shows is problematic at best. Note the following excerpt from my recent email to Councilmen Garry Gernandt:

Date: November 30, 2012 10:33:25 PM CST

To: Gernandt, Garry C. (CCou) <Garry.Gernandt@ci.omaha.ne.us>

*It wasn't until this past Monday that I discovered the City of Omaha was going to pay Cox \$43K to continue running Channel 109/Channel 22 content from their facility through February 2013. So, I asked Hardrick, "Why not save the money for other PEG use, and just have CTI22 to run the content - at no cost to the City of Omaha?" Hardrick responded, "Well, I can make it happen but only if you work out a deal with Elijah Ali." **"What?" I responded.** There I was trying to save the City of Omaha some money, but Hardrick imposed an ultimatum on me in an attempt to cut a deal with someone I've never had any kind of personal or professional relationship. **What a shame.***

Community Telecast, Inc. is committed to enabling even more citizens with equal access, and it’s not about the money.

Have a great day!



Trip Reynolds
President/CEO

CTI22 is public-accessible to all of Omaha!