

Government's role in Cable TV debated

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SANTA CRUZ — County supervisors are backing off from pushing for a "limited partnership" with Group W Cable, while the city of Santa Cruz is going for it.

A "limited partnership" would allow local government to share in profits made by the cable operator if those profits exceed 18 percent after taxes.

Supervisors also are shying away from calling for a publicly-controlled corporation that would be responsible for development of public access and local programming in the cable system. The city still has this in mind.

Both the county Board of Supervisors and the Santa Cruz City Council Tuesday called for negotiations to begin with Group W for a new cable system to serve the city and the unincorporated area from Live Oak to Scotts Valley.

Under current agreement with the city and county, Group W's franchises to serve these areas expire in 1986.

But while the city and county are jointly negotiating with Group W, they will be going into negotiations with slightly different thrusts.

Bending under public pressure Tuesday, all five supervisors backed off from County Administrative Officer George Newell's suggestions the county try to negotiate a limited partnership and establishment of a publicly-controlled Cable Usage Corporation.

But this doesn't mean these two objectives won't be voiced during negotiations. The City Council, in a 7-0 vote with Councilman Joe Ghio expressing reservations about the limited partnership, agreed to go into negotiations pushing for a limited partnership and a Cable Usage Corporation, among other objectives.

But the county and city won't totally be at opposite poles. Both the Board of Supervisors and the City Council agreed it's important to negotiate for a cable system that's comparable with what Group W has installed in other communities where it faced competition in bidding for the franchises.

Under an agreement with the city and county, Group W was allowed to submit its proposal without competition.

Under his limited partnership proposal, Newell suggested Group W be allowed an 18 percent return on its equity. Any profits above that to a certain amount would be shared with local government. All profits above that limit would go to local government.

The idea behind such a partnership is to take away any incentive for Group W to raise rates excessively.

Warnings against government involvement in the cable business came to both supervisors and councilmembers from such conservative groups as Associates for Good Government, Alert Santa Cruz and the newly-formed Cable Action.

Conservatives say they fear a limited partnership would allow the cable company to buy off local government when any complaints were aired by government officials about service.

The conservative groups also attacked an analysis of Group W's proposal done by the law firm of Rutan and Tucker as being unprofessional and biased against the cable company.

City officials expressed surprise over an attack on an analysis that had the objective of protecting citizens against any unfair proposals by Group W.

Under the limited partnership proposal, local government wouldn't be directly involved in management. Bob McKenzie, a local accountant who helped form Cable Action, said it is "idiocy" to think one could enter a partnership without getting involved in management.

Douglas McConnell of Associates for Good Government warned a limited partnership could mean government getting into the books of the cable company.

Councilman Michael Rotkin assured McConnell later, "You're damned right we're going to have to look into their books."

Councilman Spiro Mellis emphasized he's against public ownership of the cable system.

"Public ownership is a euphemism. We're really talking about government-owned, banana republic, cable television. . . ." Frank O'Connell of Associates of Good Government told supervisors.

"Someday, it might be in the hands of a less benevolent despot than (Supervisor) Gary Patton," O'Connell added.

But Keith Rolle of Santa Cruz Cable Action Network warned against not having public involvement in the cable system.

"They (Group W) don't care about Santa Cruz County. . . All they care about is shipping profits to the corporate headquarters," Rolle told supervisors.

The only way to ensure against excessive profits and high rates is through local control, he maintained.

While Supervisor Robley Levy said a limited partnership would "prevent (rate) gouging in the future," Supervisor E. Wayne Moore Jr. spoke vehemently against government involvement.

"The county reaping profits makes us no better or worse than any monopoly reaping profits. . . I would much rather see this competition (for the cable franchise) reopened, than to have this partnership," Moore stated.