

CABLE TV

Scotts Valley cable contract cut to 10 years

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SCOTTS VALLEY — Councilman Roger Anderson has called Group W's bluff or he's lost Scotts Valley its contract with the cable company.

Anderson's threat to the contract came at Wednesday's council meeting when he, along with Mayor Joe Miller and Councilwoman Barbara Leichter, refused to give Group W Cable a 15-year contract, cutting it back to 10 years.

Anderson and Miller argued that a 15-year contract could mean that Scotts Valley will end up with an outdated system by the year 2001 and not be able to do much about it.

Group W's local general manager, Stewart Butler, said he doubted his company "will find this acceptable."

Butler said the 15-year term was needed by incoming-owners, Century Communications Co., in order to get bank financing to rebuild the present cable system into a 35-channel system with improved quality and extension of cable to another 60 households not presently served.

Councilman Phil Liberty accused the Anderson, Miller and Leichter of raising an "irrelevant" issue that could cost "our citizens years of educational and entertainment television."

He said, "I've talked to a lot of citizens and they want this to go through; they don't want you killing it."

Liberty was the prime mover in Scotts Valley's negotiations with Group W, a departure from the open-bidding process chosen by the city and county of Santa Cruz.

The open-bidding war has delayed the cable-contract in those territories for three years. The issue may be decided in court as Group W is suing on the grounds it has a right to renew its present contracts.

Butler warned the council that a 10-year contract with Scotts Valley may not be acceptable to his company.

Anderson responded, "I'm not overly concerned. If they don't have this contract, they don't have a sale with Century."

Butler said that if his company does accept the 10-year contract it will probably mean a higher monthly charge to customers. He said the company's payback on bank loans will be higher. At earlier meetings, he's said that all such costs are

passed on to customers.

Leichter asked what profit margin Group W makes and what profit margin Century expects. Butler refused to provide the information.

"Gotcha," Leichter told him.

The initial monthly bill for the new service — expected about June, 1987 — will be \$10.25 a month, up from the present \$7.14.

Group W has 30 days to decide if it will accept the contract.

After the meeting, Anderson told Butler, "You'll accept the contract." Butler didn't respond.

Leichter said the cut of five years was justified as the contract lacked other provisions she wanted.

The contract lacks provisions for "lock boxes" so that customers could block out stations they didn't want, Leichter said. "According to this contract, Group W could provide any kind of programming, including the lascivious. We don't have program control and we don't have rate control."

She was the board's negotiator with Group W and said that in spite of the cutback in length of contract, Scotts Valley has been cooperative with Group W in trying to get "an expeditious contract to repair the shoddy system we have."

Butler complained to the press that Leichter in "never once mentioned cutting the contract to 10 years" during the initial meetings with the company's attorney before the contract got to the board-level.

Liberty and Councilman Ray Carl voted against the board's contract offer to show their displeasure with the five-year cut.

As Liberty accused the board majority of threatening "to kill the contract," Leichter accused Liberty of "cheap politicking and scare tactics."

Both are seeking re-election in the June primary.

After the small outbursts were over, Chairman Miller pleaded for the board to keep election politics away from council meetings.

Liberty advised him that as chairman he should intercede and "stop the mudslinging."

Miller said it was difficult knowing just when to step in when the sparks were flying.

Butler said Group W's decision probably will be announced at a press conference within the 30-day period the company has to make its decision.