



Competitive Cable Franchise

City of Northfield, MN

June 1, 2021

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Procedure

- **Purpose of tonight's Council meeting**
 - Review CMN-RUS, Inc. D/B/A MetroNet qualifications
 - Consider resolution approving qualifications
 - Authorize staff to continue franchise negotiations with MetroNet
- **The City is not considering the award of a franchise tonight**
 - Any franchise consideration will occur at separate Council meeting
- **City has followed the Minn. Stat. procedure**
 - Regarding consideration of MetroNet application



Federal Cable Act

One of the stated purposes of the Cable Act is to:

"promote competition in cable communications and minimize unnecessary regulation that would impose an undue economic burden on cable systems."

See 47 U.S.C. § 521 (6) – emphasis added



Federal Cable Act

A franchising authority may award one or more franchises within its jurisdiction:

"except that a franchising authority may not grant an exclusive franchise and may not unreasonably refuse to award an additional competitive franchise."

See 47 U.S.C. § 541 (a)(1) - emphasis added
- codified in the Cable Act as Section 621



Minnesota Statutes

Minn. Stat. § 238.08 Subd. 1(b):

No municipality shall grant an additional franchise for cable service for an area included in an existing franchise on terms and conditions more favorable or less burdensome than those in the existing franchise pertaining to:

- (1) the area served;*
- (2) public, educational, or governmental access requirements; or*
- (3) franchise fees.*



Charter Franchise - Level Playing Field

- **Section 4.1(c)(3) of the Charter Franchise**
 - If City grants a competitive cable franchise
 - *Additional cable franchises granted by the City shall be granted the substantially similar terms and conditions.*



Minnesota Statutes - Process

- **Minn. Stat. § 238.081 Subd. 1** provides that the City must:
 - Publish once each week for two successive weeks in a newspaper of general circulation
 - a notice of intent to consider an application for a franchise
 - Send notice to potential candidates
 - Provide an official application form
 - Follow the state statutory procedure



Franchise Application Timeline

- **May 5 and May 12, 2021**
 - City published Notice of Intent to Franchise
 - Once each week for 2 successive weeks in local newspaper
 - Notice also mailed directly to MetroNet and Charter
 - City published Notice of Public Hearing



Franchise Application Timeline

- **May 25, 2021**
 - Closing date for submission of applications
 - must be at least 20 days from date of first publication of Notice
 - One application was received
 - CMN-RUS, Inc. D/B/A MetroNet
- **June 1, 2021**
 - City holds public hearing regarding franchise applications



Public Hearing

- **Minn. Stat. 238.081 subd. 6**
 - Requires that the City hold a public hearing
 - Affording reasonable notice and a reasonable opportunity to be heard with respect to all applications for a franchise
 - Purpose of this public hearing is for the Council to receive input from interested parties regarding the application



Applicant

- **Applicant**
 - (Grantee) = CMN-RUS, Inc.
 - DBA - MetroNet
- **Parent**
 - MetroNet Holdings, LLC



MetroNet Legal Qualifications

- **CMN-RUS, Inc.**
 - Indiana corporation
 - Licensed to do business in Minnesota
 - In good standing with Minnesota Secretary of State



MetroNet Technical Qualifications

- **Headquartered in Evansville, Indiana**
- **Provides cable, internet and phone**
 - to business and residential customers
 - Florida, Iowa, Kentucky, Michigan, Minnesota, North Carolina and Ohio
 - serves approximately 14 communities in Minnesota
 - Indiana and Illinois - hold state-wide cable franchises
 - serves 35 communities in Indiana
 - serves 23 communities in Illinois



MetroNet Technical Qualifications

- **Offers fiber to the premises (FTTP) build**
- **Will use IPTV technology**
 - No channel bandwidth limitations
 - Once at the residential household
 - signal delivered wirelessly to set top boxes
- **Headend facilities located in Evansville Indiana**
 - Network hub to be located in the City
 - Video transport from Evansville to Northfield
 - via long haul fiber circuits



MetroNet Financial Qualifications

- **No objective standard to rely upon**
 - We are not aware of any state or federal standards
 - To assess the financial qualifications of a competitive cable operator seeking an initial franchise in the City.
- **Reviewed current year financial statements**
 - CMN's parent entity, MetroNet
 - MetroNet's financial statements do not separately provide the financial information for CMN



MetroNet Financial Qualifications

- **Report provides review of financials**
 - MetroNet has had sufficient funding to finance, operate and expand in the past
 - No assurance of future success – risk factors are considerable
 - Determination is based solely upon the MetroNet Financial Statements
 - All financial information considered confidential or trade secret at the request of the applicant



Resolution

- **City to consider adoption of Resolution**
 - Establish findings of fact regarding:
 - CMN's qualifications
 - Legal
 - Technical
 - Financial
 - Authorize staff to negotiate proposed franchise with CMN
- **Any agreed upon Franchise will come back before Council for consideration**



Questions

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