



Legislation Text

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**File #:** 18-017, **Version:** 1

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**City Council Meeting Date:** January 9, 2018

**To:** Mayor and City Council  
City Administrator

**From:** Kurt Wolf, IT Manager

Discussion of consideration for Authorizing Cable Access PEG Fee Increase and an extension of the existing Charter Spectrum cable franchise agreement

**Action Requested:**

The Northfield City Council will discuss the authorization for a \$ 0.25 increase to the PEG fees charged to subscribers of Charter Spectrum, which holds the current franchise contract with the City of Northfield. In addition, the Council will discuss extending the existing cable franchise agreement with Charter Spectrum until the end of the calendar year 2018.

**Summary Report:**

The City of Northfield proposes to increase the amount of PEG fees collected by Charter Spectrum and distributed quarterly to the City of Northfield in the amount of \$.25 per subscriber. This is the maximum amount of increase in a one-year period. The City also proposes to extend the existing Charter Spectrum cable contract until the end of the calendar year 2018

Background Information

The current Charter Spectrum cable television contract, signed in February 2003, is a 15-year contract, and will expire on February 18, 2018. Staff proposes to ask for an extension of the current contract until the end of the calendar year 2018. During 2018, a new contract with Charter Spectrum will be written to reflect current technology needs. We have contracted with Brian Grogan, attorney for Moss and Barnett, for his expert guidance in writing a new contract with Charter Spectrum.

As a part of the existing contract with Charter Spectrum, we have the ability to increase the amount of fees collected by Charter for the City of Northfield by a maximum of \$.25 per year, to a maximum of \$1.25, to be used to support public, educational and government access (PEG). PEG fees are collected from every cable subscriber in Northfield. That amount collected per subscriber is currently \$.75 per month. By increasing the PEG fees by \$.25, the additional amount that will be raised will be approximately \$10,000 per year.

Currently, PEG fees are used to pay the existing agreement with Northfield TV (NTV), administered by Paul Hager. Currently NTV broadcasts from cable channels 180 and 187. PEG fees go towards office rental, Internet monthly service and staff time needed to program channels. Staff proposes to use the additional PEG fees to purchase up-to-date equipment for the broadcasting of NTV programming, with the possibility of housing and maintaining this equipment in the AV room in Council Chambers, City Hall. Staff also proposes to negotiate a contract with Paul Hager for his services. Presently there does not appear to be a contract with Paul

Hager, but there is an agreement, passed by City Council in 2005. As the PEG fees have not increased since 2005, the amount paid to Paul Hager to administer NTV has not increased in 13 years.

Based on recent years, the number of cable subscribers has held steady; for the near future, we would expect that trend to continue. Currently PEG fees bring the City approximately \$30,000 per year.

**Alternative Options:** If PEG fees remained at the current \$.75 per user per month, no improvements to NTV will be possible. If the current Charter Spectrum contract expires without the extension, it is possible that franchise fees and PEG fees will not be distributed to the City of Northfield.

**Financial Impacts:** Each Charter Spectrum subscriber will pay an additional \$.25 per month, for a total of \$3.00 per year increase to their cable bill. For the City, the \$.25 increase per subscriber per month will total approximately \$10,000 per year for public access television.

**Tentative Timelines:** The current Charter Spectrum contract requires a 90 day notification for increases to the PEG fee.