



Legislation Text

File #: Ord. 1026, **Version:** 2

City Council Meeting Date: July 13, 2021

To: Mayor and City Council

From: Ben Martig, City Administrator

Consideration of Cable Franchise Ordinance with MetroNet (Second Reading).

Action Requested:

The Northfield City Council is asked to approve the second reading of Cable Franchise Ordinance with MetroNet.

Summary Report:

The Northfield City Council held a public hearing on June 1, 2021, to consider an application from CMN-RUS, Inc., d/b/a MetroNet (“MetroNet”) requesting a cable franchise from the City of Northfield to provide cable services in the City. Attorney Brian Grogan, Moss & Barnett, reviewed and prepared a report regarding the MetroNet application. A resolution was adopted regarding the qualifications of MetroNet to own and operate a cable system in the City (Attachment 3).

Attached is a copy of the MetroNet Cable Franchise Ordinance (Attachment 1) and the Dark Fiber Agreement (Attachment 2). The City Council held a first reading of the Ordinance at the June 15, 2021 meeting and approved the Dark Fiber Agreement.

The City conducted franchise negotiations with MetroNet utilizing the same franchise template document that the City had previously provided to its incumbent cable television operator, Charter Communications a/k/a Spectrum. The goal in utilizing the same base document was to ensure that competing operators will be franchised under similar terms and conditions. The focus of the negotiations was to amend the template document to address MetroNet’s fiber-to-the-premise (FTTP) cable system.

MetroNet proposes to build fiber to each dwelling unit within the City subject to build-out criteria specified in the franchise. The franchise generally requires MetroNet to build to 85% of the dwelling units within the City, subject to certain criteria. There is also line extension obligations which can be used to require additional build out beyond the 85% initial service area. MetroNet has indicated its expectation that it will exceed the 85% within the first two years of construction. However, it is important to note that the contract calls only for 85% coverage of the initial service area within two (2) years.

The Franchise also addresses certain requests from MetroNet regarding permitting and construction standards. Those obligations are outlined within the franchise at Article 5. The goal of these provisions is to speed the granting of construction permits to facilitate the short construction season available in Minnesota and to provide the necessary protections to the City to verify that construction is proceeding in accordance with

applicable code provisions and the terms of the Franchise.

MetroNet has proposed to provide additional dark fiber to the City to address certain communications needs of various institutional buildings within the City. Those buildings and facilities are specified within the Dark Fiber Agreement. In exchange for the construction of these fiber connections, the City has agreed to waive the permitting fees otherwise applicable during construction of the initial service area. The City maintains that the benefit to the City in obtaining the dark fiber exceeds the revenue which may have been generated by the applicable permit fees. Moreover, this dark fiber will address the City's needs for connectivity to institutions that have not been connected through other agreements with alternative providers.

The franchise also includes strong customer service provisions as well as local public, educational and governmental (PEG) access provisions to ensure that local content relative to the City will be available on the cable system. The franchise also contains a number of security provisions including insurance, indemnification and bonding to protect the City's interests over the 10-year franchise term.

Mr. Grogan provided a PowerPoint presentation (Attachment 4) outlining additional provisions in the franchise during the council consideration at the June 15, 2021 meeting. Representatives of MetroNet (John Jensen, VP of Economic Development and Steve Mohr, Project Manager for State of Minnesota) were also present at the June 15, 2021 meeting to present (Attached 5) and answered additional questions.

Alternative Options:

The City can table this ordinance and delay second reading if the City has unanswered questions and desires further clarification before moving forward.

Financial Impacts:

The franchise includes a 5% franchise fee and a 1.25% PEG fee. These requirements are consistent with the existing Charter (Spectrum) franchise and/or consistent with the City's future needs and interests with respect to local PEG programming. These amounts are also permitted to be included in a local cable franchise under state and federal law.

Tentative Timelines:

June 1, 2021 - Public Hearing to consider Cable Franchise Applications

June 1, 2021 - Council Adopted Resolution Regarding the Application from CMN-RUS, Inc. for a Cable Franchise

June 15, 2021 - First Reading of Ordinance Granting a Cable Television Franchise to CMN-RUS, Inc. and approve Dark Fiber Agreement

July 13, 2021 - Second Reading of Ordinance Granting a Cable Television Franchise to CMN-RUS, Inc.

July 21, 2021 - Publication of Ordinance Summary in Northfield News.