



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: January 4, 2024

Subject: NMTC Merger Discussion

The North Metro Telecommunications Commission (NMTC) met on Wednesday, December 20 and received word that the Blaine City Council would like the Commission to explore a possible merger of the NMTC with CCX Media, or another Communications Commission. The Commission requested each of its representatives to bring this discussion to their City Council's to gain input on whether to proceed with contact CCX Media to see if there is interest in exploring a merger.

NMTC was created through a Joint Powers Agreement in 1980 to provide coordination of administration and enforcement of the member cities' franchise agreements, produce and broadcast video programming for the member cities, make video production facilities available to the citizens of the member cities, to promote the development of locally produced cable television programming, and ensure equitable service levels for the citizens of the member cities.

There are currently seven members of the Commission: Spring Lake Park, Blaine, Centerville, Circle Pines, Ham Lake, Lexington, and Lino Lakes. The Commission is governed by a seven member Board of Directors, with each City appointing a director to represent it. The voting is weighted, based on the number of subscribers each community has. The City Administrators/Managers of each member community form an Operations Committee to advise the Commission on day-to-day operational matters.

This request from the City of Blaine was precipitated due to a number of factors. First, the regulatory landscape is shifting, resulting in less available franchise fees and PEG fees available for community television operations. NMTC is in the informal process to negotiate a new franchise agreement, which, due to FCC rulings, will generate less revenue per subscriber than we currently receive under our expiring franchise. Second, residents have many options for cable TV service other than through a traditional provider like Comcast. Satellite TV and streaming services provide the same options, yet do not generate franchise and PEG fee revenues for the Commission. While NMTC's operations are financially sustainable today, will they continue to be in the future? Other Cable Commissions are asking similar questions. Finally, with NMTC Executive Director Heidi Arnson's retirement this month, this conversation should happen before NMTC recruits for its next Executive Director.

The next step would be to make a formal request to CCX Media to see if there is interest in exploring a merger. If there isn't, we would likely continue moving forward. If there is, the two Commissions would then need to outline a due diligence process to explore this question further.

Complicating the decision is a RFP that NMTC received from the City of Fridley for meeting services. This RFP could lead to Fridley exploring joining NMTC, which would add additional revenues to assist the sustainability. NMTC could also explore reaching out to other unaffiliated cities to determine their interest in joining the Commission.

Staff is seeking direction from the City Council on how you would like Councilmember Goodboe-Bisschoff and I to proceed.

If you have any questions, please do not hesitate to contact me at 763-784-6491.