



COUNCIL WORK SESSION

Tuesday, March 3, 2015

6:30 p.m.

Coon Rapids City Center

Conference Room 1

Call to Order

Pursuant to Minnesota Statute 13D.04, subd. 2, the City Council will meet in work session to discuss the following:

- 1.
- 2.

Other Business

Adjourn



City Council Work Session

1.

Meeting Date: 03/03/2015

Subject: CTN Studios HD Upgrade, Internal Loan

Submitted For: Eric Strouse, Production Manager

From: Matt Stemwedel, Assistant City Manager

INTRODUCTION

At tonight's regular meeting (March 3, 2015), the City Council will be asked to consider authorization of an internal loan of \$950,000 for the purpose of funding several significant upgrades related to CTN Studios. The project would be funded with a loan from the Revolving Construction Fund to be repaid over ten years. City staff desired to provide the Council with a brief overview of the projects and an opportunity to ask any questions before formally considering this proposal.

DISCUSSION

The City's cable franchise with Comcast was recently extended to December 31, 2019, which will maintain the Public, Educational and Government (PEG) fees at \$2.23 per cable subscriber. Currently, \$1.54 of the \$2.23 fee goes into the City's Public Communication Fund and \$0.69 pays for past equipment loans to the City as part of the existing franchise. After July 31, 2015, the entire \$2.23 PEG amount will be included as revenue to the Public Communication Fund since there are no equipment loans addressed in the extension. Therefore, annual PEG funding will increase from approximately \$225,000 to \$300,000. PEG income is intended to be used for capital expenditures.

Included in the cable franchise extension are two high definition (HD) channels. Programming could begin this spring for one of the HD channels and the second one in January 2016. Staff plans to begin utilizing HD for community programs around the 1st of June this year. The second channel would be utilized for city government programming to begin televising January 2016.

In order to broadcast in HD, the majority of the cable television equipment will need to be upgraded. The large production truck is already fully HD capable and was paid for with PEG fees via a \$750,000 internal loan which expires in 2020. The remaining items to be upgraded include the master control/playback, the edit suites including central storage, the studio control room and sets, the small truck and the City Council chambers control room. The preliminary cost for the entire project is \$950,000 and would be funded by an internal \$650,000 loan to be repaid with the increased PEG fees and \$300,000 of the Public Communication fund balance. Staff will be doing most of the equipment installation to save costs. The loan would be an internal loan from the Revolving Construction Fund.

There are a number of benefits to doing the upgrade, including:

- a. Completing the the entire HD upgrade at one time will have pricing benefits and integration while allowing for a smoother transition.
- b. The current equipment is almost 20 years old. The studio/small-truck cameras are from 1996 and have burnt pixels in the image which can no longer be repaired. The Council Chambers switcher was replaced with a used switcher that also is in need of replacement.

c. Additional annual revenue of \$20,000 to \$60,000 could be generated with the upgrade through production services and rental projects because of the increased capacity. Additionally, having two HD capable trucks would help alleviate project conflicts between production services (Snocross, Gophers Hockey, Twin Cities Live) and local community television shoots.

Cost breakdown estimates and enhancements:

1. Master control/playback - (\$100,000) would allow for CTN to cable cast in HD and for increased functionality. This would replace several computers as well as the failing playback video server.
2. Facility/Editing system - (\$115,000) would add a fifth edit suite and more storage for HD, providing faster access and better asset management. Furthermore, it would add better quality control and signal monitoring.
3. Studio control room/small truck - (\$560,000) would replace the nineteen year old studio cameras, a computer and would increase flexibility. Additionally, it would now allow for studio production while both trucks are in use.
4. Studio HD Sets - (\$60,000) - would provide a new look for older sets and reorganize the thirteen year old studio layout.
5. Council chambers - (\$115,000) - would replace failing production equipment and improve audio and presentation capabilities. In 2009, an audiovisual upgrade already made it HD ready.

The total cost for all of the improvements is estimated to be \$950,000.

RECOMMENDATION

Council is asked to provide any feedback regarding the proposed upgrades and internal loan.



City Council Work Session

2.

Meeting Date: 03/03/2015

Subject: Potential New Cable Franchise

Submitted For: Steve Gatlin, City Manager

From: Matt Stemwedel, Assistant City Manager

INTRODUCTION

The City has been approached by CenturyLink regarding their desire to apply for a cable franchise. This request sets forth a quasi-judicial process and certain procedures that must be followed by the City. Staff and the City's cable attorney, Michael Bradley, will provide the City Council with a brief overview of the process and the steps that will be required.

DISCUSSION

City staff met with representatives from CenturyLink on Thursday, January 22, 2015. At this meeting, CenturyLink presented their desire to apply for a cable franchise with the City to provide cable television services. In order to consider this request, or any other similar requests, the City must follow a certain procedure as identified in the Minnesota Cable Act (Minnesota Statute Chapter 238). At tonight's regular City Council meeting the Council will be asked to consider approval of a "Notice of Intent to Franchise." This notice will set forth a process and timeline for cable franchise applications. The recommended timeline for the process includes:

1. March 3, 2015 - Council considers approval of issuing the Notice of Intent to Franchise. This notice will then be published in the official city newspaper for two consecutive weeks.
2. April 3, 2015 - franchise applications are due to the City.
3. April 21, 2015 - the City will hold a public hearing at its regular City Council meeting to consider any applications that have been received.

If an application is received, the City would then commence another process to negotiate the terms of the cable franchise and to introduce a new franchise ordinance.

RECOMMENDATION

This item is intended to provide the City Council with an overview of the Notice of Intent to Franchise process and an opportunity for them to ask questions regarding this process.
