



Broadcasting Decision CRTC 2021-211

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Reference: 2021-114

Ottawa, 25 June 2021

Local Radio Lab Inc.

Alliston, Milton and Orangeville, Ontario

Public record for this application: 2020-0880-5

Public hearing in the National Capital Region

27 May 2021

CIMA-FM Alliston, CJML-FM Milton and CKMO-FM Orangeville – Acquisition of assets

The Commission **approves** an application by Local Radio Lab Inc. for authority to acquire the assets of the English-language commercial radio stations CIMA-FM Alliston, CJML-FM Milton and CKMO-FM Orangeville and to obtain new broadcasting licences to continue the operation of the stations.

Application

1. Pursuant to subsection 5(1) of the *Broadcasting Act* (the Act), the Commission's mandate is to regulate and supervise all aspects of the Canadian broadcasting system in the public interest. The public interest is reflected in the numerous objectives of the Act and of the Canadian broadcasting policy set out in subsection 3(1) of the Act. The review of ownership transactions in the public interest forms part of the Commission's regulatory and supervisory mandate under the Act.
2. Local Radio Lab Inc. (Local Radio Lab) filed an application to acquire from My Broadcasting Corporation (MBC) the assets of the English-language commercial radio programming undertakings CIMA-FM Alliston, CJML-FM Milton and CKMO-FM Orangeville, Ontario. Local Radio Lab also requested new broadcasting licences to continue the operation of the undertakings.
3. Local Radio Lab is effectively controlled by Christopher Grossman, who is Canadian, satisfying the *Direction to the CRTC (Ineligibility of Non-Canadians)*, SOR/97-192.
4. The applicant proposed a value of the transaction of \$3,256,716, including the purchase price and leases assumed by the purchaser, and a tangible benefits package of \$195,402, which is 6% of the value of the transaction.
5. Following the close of the transaction, Local Radio Lab would become the licensee of CIMA-FM, CJML-FM and CKMO-FM.

6. The Commission did not receive any interventions in regard to this application.

Issues

7. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that it must address the following:
- whether the transaction is in the public interest;
 - the value of the transaction; and
 - tangible benefits.

Public interest

8. Since the Commission does not solicit competitive applications for changes in effective control of broadcasting undertakings, the onus is on the applicant to demonstrate that the application is in the public interest, that the benefits of the transaction are commensurate with the size and nature of the transaction, and that the application represents the best possible proposal under the circumstances. The Commission must consider each application on its merits, according to the circumstances specific to the application.
9. To determine whether a proposed transaction is in the public interest, the Commission takes into account a wide set of factors set out in the Act, including the nature of programming and service to the communities involved as well as regional, social, cultural, economic and financial considerations. The Commission must be persuaded that the proposed transaction benefits Canadians and the broadcasting system.

Local Radio Lab's position

10. The applicant stated that MBC's rationale for selling the assets of CIMA-FM, CJML-FM and CKMO-FM is to focus its strategy on rural Ontario undertakings. These three stations all serve communities in close proximity to the Greater Toronto Area.
11. Local Radio Lab is owned by Christopher Grossman, an experienced broadcast executive who previously owned Haliburton Broadcasting Group, which operated a group of radio stations in Ontario.
12. Local Radio Lab committed to maintain the current music format (Adult/Contemporary/Gold music) of the three stations, as well as the requirement to devote at least 38% of musical selections from content category 2 (Popular Music) in any broadcast week to Canadian selections.

Commission's analysis and decision

13. The Commission notes that the stations' proximity to each other would enable Local Radio Lab to implement synergies and efficiencies among the stations. In addition, the Commission is of the view that the lack of competing stations in all three markets and the applicant's experience in broadcasting will contribute to the stations' long-term viability.

14. In light of the above, the Commission considers that approval of the transaction would be in the public interest and would meet the objectives set out in subsection 3(1) of the Act.

Value of the transaction

15. As set out in Broadcasting Regulatory Policy 2014-459 (the Policy), the Commission requires the payment of tangible benefits as part of a change in the effective control of all broadcasting undertakings. The value of the transaction is used to calculate the amount of tangible benefits to be paid. To calculate the value of the transaction, the Commission takes into account the value of the transaction as a whole, including the value of assumed gross debt, working capital to be transferred at closing, ancillary agreements and any leases assumed by the purchaser for real property (i.e., buildings, studios and offices) and transmission facilities. The value of leases is calculated over 60 months.

16. Local Radio Lab proposed a value of the transaction of \$3,256,716, which includes the purchase price of \$2,750,000, as well as \$506,716 for lease commitments over five years. The purchaser stated that no long-term debt or working capital would be assumed as part of this transaction.

17. The Commission finds that Local Radio Lab’s proposed value of the transaction is consistent with the Commission’s regulatory framework and policies. Accordingly, the Commission determines that the value of the transaction is \$3,256,716 as per the calculation in the table below.

Item	Amount
Purchase price	\$2,750,000
Addition: assumed leases	\$506,716
Value of the transaction	\$3,256,716

Tangible benefits package

18. In the absence of a competitive licensing process for transfers of ownership or control of broadcasting undertakings, the Commission generally requires purchasers to make significant and unequivocal financial contributions to the broadcasting system as a whole and to the communities served by the services in question. These contributions, known as tangible benefits, are defined as direct financial contributions that are made to Canadian content development and represent at least 6% of the value of a transaction for radio services.

19. Pursuant to the Policy, tangible benefits representing at least 6% of the value of the transaction as determined by the Commission must be allocated to the Radio Starmaker Fund or Fonds Radiostar (3%), FACTOR or Musicaction (1.5%), any eligible Canadian content development (CCD) initiatives at the discretion of the purchaser (1%) and the Community Radio Fund of Canada (CRFC) (0.5%). The Commission’s general practice is to allocate payments equally over seven consecutive broadcast years.

20. Local Radio Lab proposed a tangible benefits package of \$195,402 (6% of \$3,256,716), allocated as follows in equal payments over seven consecutive broadcast years:
- 3% (\$97,701) to the Radio Starmaker Fund;
 - 1.5% (\$48,851) to FACTOR;
 - 1% (\$32,567) to an eligible CCD initiative at the discretion of the purchaser; and
 - 0.5% (\$16,283) to the CRFC.
21. The Commission finds that Local Radio Lab's proposed tangible benefits package is consistent with the Commission's regulatory framework and policies. Accordingly, the Commission **directs** Local Radio Lab to pay tangible benefits amounting to \$195,402, allocated equally over seven consecutive broadcast years.
22. The Commission reminds the purchaser that the CCD contribution must be allocated to parties and initiatives fulfilling the definition of eligible initiatives set out in paragraph 108 of Broadcasting Public Notice 2006-158.

Conclusion

23. In light of the above, the Commission **approves** the application by Local Radio Lab Inc. to acquire from My Broadcasting Corporation the assets of the English-language commercial radio stations CIMA-FM Alliston, CJML-FM Milton and CKMO-FM Orangeville, Ontario, and for new broadcasting licences to continue the operation of the undertakings. In addition, the Commission **directs** Local Radio Lab to pay tangible benefits amounting to \$195,402, allocated equally over seven consecutive broadcast years.
24. Local Radio Lab shall notify the Commission of the close of the transaction, and upon surrender of the current licences held by MBC, the Commission will issue new broadcasting licences to Local Radio Lab. The terms and **conditions of licence** applicable to the new licensee are set out in the appendix to this decision.

Secretary General

Related documents

- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006

This decision is to be appended to each of the licences.

Appendix to Broadcasting Decision CRTC 2021-211

Terms, conditions of licence, expectation and encouragement for the English-language commercial radio programming undertakings CIMA-FM Alliston, CJML-FM Milton and CKMO-FM Orangeville, Ontario

Terms applicable to CIMA-FM Alliston

The licence will expire 31 August 2026.

Terms applicable to CJML-FM Milton

The licence will expire 31 August 2022.

Terms applicable to CKMO-FM Orangeville

The licence will expire 31 August 2027.

Conditions of licence applicable to all stations

1. The licensee shall adhere to the conditions set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as well as to the conditions set out in the licence for the undertaking.
2. The licensee shall, as an exception to the percentage of Canadian musical selections set out in subsections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986* (the Regulations), in any broadcast week:
 - (a) devote, in that broadcast week, a minimum of 38% of its musical selections from content category 2 (Popular Music) to Canadian selections broadcast in their entirety; and
 - (b) devote, between 6:00 a.m. and 6:00 p.m., in the period from Monday to Friday of the same broadcast week, a minimum of 38% of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

For the purposes of this condition, the terms “broadcast week,” “Canadian selection,” “content category” and “musical selection” shall have the same meaning as that set out in the Regulations.

Additional conditions of licence applicable to CKMO-FM Orangeville

3. In order to fulfill its outstanding commitments to Canadian content development (CCD) set out in *English-language FM radio station in Orangeville*, Broadcasting Decision CRTC 2014-378, 18 July 2014, the licensee shall, in addition to the basic annual contribution to CCD, set out in section 15 of the *Radio Regulations, 1986* make, by no later than 31 August 2021, a \$500 contribution to the promotion and development of Canadian content.

Of this amount, not less than 20% per broadcast year shall be devoted to FACTOR or Musicaction. The remainder shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives set out in paragraph 108 of *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.

4. The licensee shall identify the radio station as an Orangeville, Ontario radio station, through the broadcast of announcements to that effect throughout the broadcast day, and shall refrain from broadcasting station identification announcements that contain exclusive references to the City of Toronto.
5. In each traffic report and weather report broadcast by the station, the licensee shall include references to Orangeville and Dufferin County, Ontario.

Expectation applicable to all stations

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.

Encouragement applicable to all stations

In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.