



MT. HOOD CABLE REGULATORY COMMISSION

1120 SW Fifth Ave. #1305 • Portland, OR 97204

Phone: (503) 823-5385 • Fax (503) 823-5370

Email: www.mhrc.org

Serving Multnomah County and the Cities of Fairview, Gresham, Portland, Troutdale and Wood Village

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MetroEast Community Media, Studio A

October 19, 2009 Meeting Minutes -- **APPROVED**

SUMMARY MINUTES

MINUTES AS APPROVED AT THE DECEMBER 7, 2009 MHCRC MEETING.

Call to Order: 6:30 pm

- Tim Clark Service Recognition: Alexander presented Clark with a letter and plaque commemorating his service on the Commission.
- Welcome Clark Santee: Alexander welcomed Santee, who replaced Clark as the Wood Village representative.
- Welcome Leif Hansen: Alexander said Hansen is scheduled to be appointed to the Commission by the Portland City Council on October 21. Hansen will be replacing Bill June on the Commission.

- Roll Call.

Commissioners present: Alan Alexander (Chair), Andrea Cano, Sue Dicile, Norm Thomas, Clark Santee, John Kilian.

Commissioners absent: Rich Goheen

Staff: David C. Olson, Director; Mary Beth Henry, Deputy Director; Julie Omelchuck, Program Manager; Ben Walters, Legal Counsel; Rebecca Gibbons, Program Specialist.

- Agenda Review: Alexander added 'Comcast Rate Increase Effective January' to Staff Activities Reports.
- Disclosures: none.
- Public Comment: none.
- **CONSENT AGENDA**
 1. Approval of the June 15, 2009 Meeting Minutes
 2. Approval of the Community Access Capital Grant: 2009 Contract Agreement with Hosford Middle School
 3. Approval of the Retreat Facilitation Contract with Paula Manley Consulting.

MOTION: Dicile moved to approve the Consent Agenda as presented. Cano seconded.

DISCUSSION: none.

VOTE: 6-0 passed.

- **REGULAR AGENDA**

R1. Grant Agreement with Caldera for Youth Program Involvement in Ascertainment Process

Omelchuck said the MHCRC's approved Goals and Outcomes for the Community Needs Ascertainment included the need for documenting the ascertainment process and for providing the broader community with a "report" on the results and findings of the data collection and assessment. Omelchuck said that through discussions with the Ascertainment Committee, CBG Communications (the ascertainment consultant), and various community stakeholders, a proposal evolved to engage Caldera's Careers in Creative Technology youth program in visually documenting the phases and process of the *Your Voice-Our Communications Technology* initiative and creating an easy to understand and accessible Report to the Community. Omelchuck said Caldera's Careers in Creative Technology program provides at risk youth selected by schools throughout Multnomah County with professional mentors from the arts, design and multi-media fields. Omelchuck said Caldera and MHCRC staff proposes to integrate the *Your Voice* initiative into Caldera's program curriculum to provide Caldera students with a "real world" project.

Dicile said the Committee agrees with staff that this partnership is the best fit for the scope of services needed.

MOTION: Kilian moved to approve the Grant Agreement with Caldera for Youth Program Involvement in the Ascertainment Process. Dicile seconded.

DISCUSSION: none.

VOTE: 6-0 passed.

R2. CBG Communications Contract Amendment – Technical Assistance for Comcast Franchise Renewal Negotiations

Omelchuck said the Ascertainment Committee, in a strategic move to broaden the pool of potential applicants, chose to separate the community needs and interests ascertainment scope of work from the development of specific cable-related public benefit provisions in its Request for Proposals (RFP) process last spring. CBG Communications, Inc. was hired as a result of the RFP process. Omelchuck said CBG Communications Inc. brings a specific skill set to the table with regard to proven experience in developing cable-related public benefits and developing franchise language related to technical aspects of a proposed franchise agreement. Omelchuck said staff and the Ascertainment Committee believe an amendment to CBG Communications Inc. contract to include additional tasks associated with this second phase of work (Section 3 of the Amendment) is the most efficient and effective use the Commission's time and resources. Omelchuck referred to the staff cover sheet included in the meeting packet for further details about the amendment.

Dicile said CBG Communications president, Tom Robinson, is the best in the business for this scope of services.

MOTION: Thomas moved to approve an amendment to the CBG Communications, Inc. contract to include technical assistance for the Comcast franchise renewal negotiations in the scope of work. Santee seconded.

DISCUSSION: none.

VOTE: 6-0 passed.

R3. Verizon/Frontier Transfer (Information Only)

Olson said staff continues to cooperate with MACC staff to offset the workload and financial burden of the transfer. Olson said staff has taken the lead in developing the financial report on the transaction (including Frontier's financial qualifications). Olson handed out a copy of the financial report prepared by Michael Katz, MHCRC financial consultant. Olson said staff had initially planned a public hearing for this MHCRC meeting however the parties (Frontier and Verizon) still have not completed or confirmed many of the key arrangements to provide the most basic necessity to enable Frontier to take over the Verizon FiOS cable system, including fundamental transport and programming arrangements. Olson said confirmation of this information is critical in order for the process to proceed and for the Jurisdictions to be assured that Frontier will be able to provide continuous, uninterrupted cable programming to existing and future Verizon FiOS customers. Olson said staff tentatively suggests the MHCRC reserve time on the December 7 meeting agenda for a public hearing on the transfer. Olson said the public hearing will take place if Verizon submits the necessary information allowing enough time to negotiate the necessary conditions of any approval scenario, should adequate information be received.

Olson said it is the MHCRC's responsibility to judge whether the buyer has the legal, technical and financial backing to live up to the terms of the franchise agreement in place with the seller. Olson said Beery, Elsner & Hammond have been hired as outside legal counsel on the transfer.

Referring to the financial report, Olson said Frontier is nowhere near the size or scope of Comcast or Verizon; however Frontier has better debt/cash flow ratios. Olson said that should the transfer be accepted then Frontier, while three times bigger than it was, will still not come close to the scale or scope of Verizon or Comcast. Olson said one of the main factors of entering into a franchise agreement with Verizon was the confidence that Verizon was here to stay. Olson said the report concludes with the assessment that while the new Frontier looks in reasonable financial health for the near term, the long term health is questionable.

Olson expressed appreciation to Thomas and Kilian for their involvement as liaison on this issue.

Gene Eng, Verizon, said he was pleased with cooperation of staff and MACC staff to move the discussions forward.

R4. Media Centers Annual Activity Reports (Information Only)

- MetroEast Community Media - Rob Brading, Executive Director MetroEast Community Media, discussed various exciting and successful projects and events. He showed video clips of several PSA's and programs produced through MetroEast. He discussed MetroEast's plans to launch its radio station feature local music. Alexander thanked Rob for MetroEast's good work in the community and the collaborative efforts with the MHCRC.
- Portland Community Media – Sylvia McDaniel, Executive Director Portland Community Media, used a PowerPoint presentation to describe the strategic direction

PCM is taking with its SmartAccess centers in order to fulfill its mission. McDaniel said the new model of service offering will help to reduce disparities and improve overall service delivery, will take PCM out into the communities, will eliminating a one-size fits all approach to media training and will refocus and extend outreach activities to niche audiences that consist of underserved and persons of color. Alexander thanked Sylvia for PCM's good work in the community.

- Staff Activity Reports and Updates

- Ascertainment Update: Omelchuck said the scientific survey launched and staff has scheduled the first focus group for October 29. Omelchuck said that through the partnership with Caldera, staff has been working with a marketing/design firm called reActive to develop a visual center (logo, color palette, etc.) for the ascertainment process.
- FCC/Legislative Developments: Henry said that through her various affiliations she is helping to educate the new members of the Federal Communications Commission about community media and local issues. Henry said the National Broadband Plan proceedings are being watched closely as the outcome of these proceedings will impact local authority to roll out public broadband. Henry said comments are due November 6. Henry said that under proceeding out of New York State, initiated by a petition submitted by Level 3, the IRNE is directly under attack as well as the City of Eugene for its fee and tax structure. Henry said that in the first three months of this year the telecommunications industry spent \$24 million on 500 lobbyists. Henry said there will be an opportunity in January for urban areas to get low power TV licensing.
- Comcast FM Band Technical Solution Report: Olson said the Commission, at its June meeting, approved a recommendation that the City of Portland amend its West Portland franchise to allow Comcast to discontinue delivering the FM band over the cable system contingent on a technical solution being available, free of charge, to all those who request it. Olson said the City of Portland approved the amendment and Comcast notified West Portland residents via a bill message in advance of disconnecting service on September 1. Olson said that since service disconnection, a total of nine subscribers have requested the technical solution. Olson said staff continues to monitor implementation and that Comcast is to provide monthly reports on subscriber contact through December and then quarterly reports through the term of the franchise.
- Verizon Rate Increase – October 1 / Comcast Rate Increase – January 1: Olson said one of the benefits in a competitive market was supposed to be rate relief. Olson said Multnomah County residents are not experiencing rate relief. Olson said Comcast and Verizon rates are essentially the same and keep rising. Olson said Comcast has issued its second rate increase in less than a year. Olson said Comcast rates have increased nearly 10% this year with zero inflation. Kilian said Verizon's marketing slogan is right – this is FiOS, this is big – and should be interpreted as big in terms of cost.

Thomas asked Comcast to explain the HD Technology fee. Inouye said he would investigate and report back to staff.

Dicile asked about how the service protection plan is calculated.

- NATOA National Conference Report: Henry completed a successful year as president of NATOA. Henry said that even though attendance was down the organization was still able to cover costs. Olson said the content was excellent.
- Verizon/Comcast/Cascade Access Quarterly Customer Service Reports: Gibbons said the cable companies, under the terms of the Customer Service Standards, are required to submit quarterly reports detailing whether or not they are meeting standards. Gibbons said that in past years staff has included copies of the report in the meeting packet. Gibbons said that with the entry of Verizon, both Comcast and Verizon mark these reports confidential. Gibbons said staff does not agree that these reports contain confidential information under Oregon law; however staff, given current workload, does not have time to embark on a process to investigate and challenge this statement. Gibbons said staff will take a closer look at this issue once the ascertainment is complete. Gibbons said in the meantime staff has reviewed reports from Comcast, Verizon and Cascade Access and everything is in compliance.
- 1st & 2nd Quarter 2009 Complaint Report: Included in the meeting packet.
- FY10-11 Budget Process: Henry said the Finance Committee is scheduled to meet December 9.
- Electronic Distribution of MHCRC Preliminary Meeting Agendas: Omelchuck said staff has successfully put into place a process for electronic distribution of the preliminary meeting agendas. Omelchuck said staff has received only positive feedback.
- Other: Omelchuck, referring to the articles included in the packet about Verizon subscriber complaints, said staff has received at least one complain that fits the situation described in the news article.
Olson introduced Tim Crail, Commissioner Fritz's liaison to the Cable Office.

- Committee Reports

- Finance Committee: none.
- Community Ascertainment Committee: none.
- Grant Evaluation Committee: none.
- I-Net Liaison: Alexander said the edge device upgrade has been completed. Alexander said some stakeholders will need additional equipment on site to take advantage of the increased bandwidth capacity.
- PCM Liaison: none.
- MetroEast Liaison: none.

- New Business

Alexander noted the upcoming meeting schedule.

Alexander asked Commissioners to review the Committee and Liaison structure included in the meeting packet. Alexander said he would appoint Committee and Liaison positions at the December 7 meeting.

Thomas said he continues to participate on the Telecommunications Committee with the League of Oregon Cities.

- Franchisee Activity Report

Cascade Access: none.

Comcast: Inouye said the satellite companies are some of Comcast's biggest competitors because these companies don't carry the PEG channels and are not regulated by the local community.

Verizon: Deede said he met with staff on various issues and continues to follow up on outstanding information needs. Deede said it has been decided that he will continue on as the local liaison as a Frontier employee should the transfer be approved. Deede reported Verizon has met all customer service standards for 3rd quarter. Deede said Verizon has a promotion running in honor of Spanish heritage month.

Dicile asked Deede if Verizon has built out throughout the franchise area. Deede said the build is not complete but that Verizon is on track to complete by due date.

- PEG Provider Activity Report

McDaniel said Comcast sponsored a PCM event in memory of Debbie Luppold. Olson said the community has experienced a sense of loss and grief at the passing of Luppold.

- Public comment: none.

Adjourn: 9:07 pm

Respectfully submitted,

Rebecca Gibbons
Program Specialist