



## MT. HOOD CABLE REGULATORY COMMISSION

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### MT. HOOD CABLE REGULATORY COMMISSION

MetroEast Community Media, Studio A

May 18, 2009 Meeting Minutes -- [APPROVED](#)

### SUMMARY MINUTES

MINUTES AS APPROVED AT THE JUNE 15, 2009 MHCRC MEETING.

Call to Order: 6:38pm

1. Roll Call.

Commissioners present: Norman Thomas (Chair), Bill June, Sue Dicile, Alan Alexander, Tim Clark, John Kilian, Andrea Cano.

Commissioners absent: Rich Goheen.

Staff: David C. Olson, Director; Julie Omelchuck, Program Manager; Ben Walters, Legal Counsel; Sebastian Rodrigues, Senior Financial Analyst; Rebecca Gibbons, Program Specialist.

2. Agenda Review: A revised agenda was handed out at the meeting.

3. Disclosures: none.

4. Public Comment: none.

5. April 20, 2009 Meeting Minutes

**MOTION:** Dicile moved to approve the April 20, 2009 meeting minutes. Cano seconded.

**DISCUSSION:** none.

**VOTE:** 7-0 passed.

6. April 20, 2009 Mid-Year Work Session Minutes

**MOTION:** Dicile moved to approve the April 20, 2009 Mid-Year Work Session minutes. June seconded.

**DISCUSSION:** none.

**VOTE:** 7-0 passed.

7. FY 2009-2010 MHCRC Proposed Budget

Omelchuck said the proposed MHCRC FY09-10 budget reflects changes to the MHCRC's operating and workload environment as identified at the mid-year work

session in April. Omelchuck said staff and the Finance Committee believe the budget supports the Commission's top priority work areas: maintain the Commission's core responsibility of franchise management, and conduct a high-quality Renewal and Community Ascertainment. Omelchuck said the Commission's budget is impacted by the fact that, for the first time in the Commission's history, the Commission has oversight responsibility for an active franchise that only serves a portion of the MHCRC Jurisdictions. Omelchuck said another factor impacting the budget is the fact that the cable companies no longer fund the renewal process; therefore staff and the Finance Committee have had to find ways to fund the Community Ascertainment within the Commission's Operating Budget. Omelchuck said the budget is also impacted by the depressed economy. Omelchuck said budget reductions have resulted in the loss of the part-time administrative support position. Omelchuck said the Commission is positioned to consider Goals & Objectives in support of the work session priorities and the coming year's budget at the June Commission meeting.

Rodrigues said staff and the Finance Committee recommend Commission approval of the FY2009-10 Proposed Budget for forwarding on to the Jurisdiction for adoption. Rodrigues, referring to the Proposed Budget included in the meeting packet, noted the following budget highlights:

- The Commission's Operating Budget is \$447,801 (a 4% decrease from the current fiscal year)
- A conservative estimate of revenues still projects a 5% increase in franchise fees despite the depressed economy
- The Capital Grant Program has \$1.5 million available for grant funding

#### Portland Community Media

Dicile, MHCRC liaison to PCM, said the Finance Committee did a great job in encouraging greater explicitness, clarity and transparency in PCM's proposed budget. Dicile said she met with Sylvia McDaniel, PCM ED, to gain a better understanding of the organizational transitions taking place at PCM and the budget challenges facing PCM. Dicile said PCM's budget, the draft included in the meeting packet as well as an updated version handed out tonight, appear to have addressed the concerns raised by staff and the Finance Committee. Dicile said she questioned the use of PCM assets and equity to fund operations at the PCM Board meetings. Dicile said that through ongoing communications with PCM's executive team she come to understand the opportunities McDaniel sees for PCM as it transitions, in a down economy, to be more entrepreneurial. Dicile said the MHCRC Finance Committee and PCM's Finance Committee had hoped to meet prior to tonight's meeting however schedules did not allow this meeting to take place. Dicile said it is her expectation that a meeting of the Finance Committees will still take place. Dicile said that she has encouraged PCM to be thinking about how it will track its performance goals so that the executive team will have an early heads-up if midstream adjustments to its plan are needed.

McDaniel, PCM, said this year's budget process has been a learning experience. McDaniel said it's an exciting time for PCM as it moves forward aggressively but cautiously. McDaniel said PCM plans to review the budget monthly to stay abreast of issues as they arise. McDaniel introduced her Leadership Team: Dennis Donin,

Development and Marketing Director; Paul Ventura, Multimedia Education, Training and Outreach Director; Bea Coulter, Programming/Content Development Manager; Andre Stewart, Finance/HR Director; Jason Tait, Production Manager; and, Alain LeTourneau, Multimedia Education & Outreach Manager.

Kilian said he is impressed with PCM's creative approach to developing partnerships.

#### MetroEast Community Media

Brading, MetroEast, said MetroEast's budget includes a new income category to address a building loan transfer. Brading said MetroEast could not find a bank that would finance the full construction loan for the new building. Brading said MetroEast took out a construction loan to cover partial construction and used its investment fund to secure a line of credit. Brading said the line of credit was limited to a percentage of the investment fund. Brading said that the depressed economy has hurt MetroEast's investment fund and subsequently limited MetroEast's ability to draw on the line of credit. Brading said MetroEast has paid off a significant amount of the line of credit. Brading said MetroEast used non-capital funds to support construction of the new building and is now moving capital funds over to cover the imbalance.

Brading said the budget personnel line item reflects one less staff person. Brading said a staff member left MetroEast and the position vacated will not be filled in the coming year. Brading said salaries have been frozen and that MetroEast will not be contributing to staff 401K plans this year (historically MetroEast has contributed 7%). Brading said the budget also reflects operating expense reductions such as postage and printing costs. Brading said the OLLIE project (a partnership project with PCM) has dissolved. Brading said MetroEast sees the FY09-10 budget as a 'crisis one-year budget'. Brading thanked his staff for stepping forward to address the organization's fiscal challenges.

Clark, MHCRC liaison to MetroEast, said the Board was faced with difficult budget decisions.

Kilian said he was disappointed with quality of MetroEast's competitive grant submission.

**MOTION:** Alexander moved to approve the FY2009-10 Proposed Budget and forward it to the Jurisdictions for adoption. Dicile seconded.

**VOTE:** 7-0 passed.

8. Preliminary Funding Decisions for the 2009 Community Access Capital Grant Staff distributed a summary of the preliminary funding choices submitted by Commissioners.

Omelchuck gave an overview of the grant application review process, Commission preliminary decision-making, and grant contracting processes.

Dicile proposed awarding preliminary funding to Portland Public Schools Television Services, Portland YouthBuilders, Caldera, Sellwood Middle School, Ethos, Wisdom of

the Elders, Portland Public Schools Voice Project and Multnomah Education Service District.

**DISCUSSION:**

Alexander said he supports funding to PCM for the SmartAccess project. Alexander said the SmartAccess project is the necessary next step to PCM's Access 2.0 project.

Dicile said she supports funding to MetroEast for the Better Access to Government project. Dicile said the grant presents significant benefit to east county citizens.

Cano said she supports funding to the Center for Intercultural Organizing. Cano said the project proposes to reach an underserved population in need of communications tools.

June asked why organizations like the Center for Intercultural Organizing don't use PCM.

In response to a question from Dicile, Cano said the Center for Intercultural Organizing serves citizens county-wide.

Kilian said he appreciates the Commission's approach to balance funding by spreading funds throughout the county. However, Kilian said the Commission should not dismiss the fact that east county organizations didn't submit as many grants as their Portland counterparts. Kilian said he appreciated the MHCRC Portland representative's attention to equal access to the funds.

June said each school grant is a distinct opportunity and merit funding.

**MOTION:** Alexander moved to approve preliminary Community Access Capital Grant funding for Portland Public Schools Television Services, Portland YouthBuilders, Caldera, Sellwood Middle School, Ethos, Wisdom of the Elders, Portland Public Schools Voice Project, Multnomah Education Service District, Portland Community Media, the Center for Intercultural Organizing and MetroEast Community Media Better Access to Government Project. June seconded.

**DISCUSSION:** Walters said the motion directs staff to enter into contract negotiations with each organization mentioned. Walters said staff has identified deficiencies in the MetroEast Better Access to Government grant that will need to be addressed in contract negotiations. Walters said staff may need to come back to the Commission for further direction if contract negotiations fail to resolve deficiencies.

Alexander said the understanding is that if staff is unable to negotiate a contract then the MetroEast grant will not be funded. Walters affirmed.

**VOTE:** 7-0 passed.

9. Staff Activity Reports and Updates

- Comcast Telephone Statistic Cure: Omelchuck said Comcast has met the telephone answering standard during the cure period provided. Omelchuck said the standard has remained above the benchmark to date.
- Verizon Non-Compliance Notice: Omelchuck said staff issued a non-compliance notice for failure to meet installation standards. Omelchuck said the cure period ends June 4. Omelchuck said staff will report at the June meeting on the status of this issue.

- Cascade Access Service Launch: Omelchuck said Cascade Access notified the MHCRC that it launched service on May 12 in the Corbett Area. Omelchuck said Cascade Access does business under the name Reliance Connects. Omelchuck said the current service area covers about 90 homes, with one active service order. Omelchuck said service includes 35 HD channels and Cascade Access reports another six channels coming on line soon. Omelchuck said staff is meeting with Cascade Access to review compliance requirements next week.
- Legislative/Congressional Developments: Olson said the Federal Communications Commission will soon have a new Chairperson and member appointment. Olson said Interim Chair Copps has taken an activist role and the new appointments will present a very different federal regulatory environment.
- Commissioner Re-appointments: Omelchuck said Kilian has been reappointed for a three-year term. Omelchuck said Alexander is scheduled for reappointment by the Portland City Council on June 10 and Cano's reappointment by the County has yet to be scheduled.
- Election of MHCRC Chair and Vice-Chair: Omelchuck reminded Commissioners that election of the Chair and Vice Chair will take place at the June meeting. Omelchuck said Thomas has termed out as Chair.
- Contract re: Comcast Performance Evaluation for Franchise Renewal: Omelchuck said staff hopes to have a proposal for a contract for consulting service for performance review of the current Comcast franchise as part of the renewal process for Commission consideration at the June meeting.
- Annual Retreat Date: Omelchuck said staff will be inquiring about a date for the fall annual retreat. Thomas suggested a late October timeframe.
- Comcast Request for Franchise Variance: FM Radio: Olson said Comcast has requested a franchise variance to discontinue providing FM band. Olson said Comcast has proposed a technical solution for anyone in the West Portland area who will be impacted by the discontinuation of the FM band over the cable system. Olson said staff may have a proposal for Commission consideration at the June meeting.
- Verizon/Frontier Proposed Ownership Transfer: Olson said Verizon and Frontier have announced an ownership transfer. Olson said that Frontier will triple in size after acquiring Verizon territory. Olson said he has sent the transfer provisions of the franchise to the Commission via email. Olson said the process is triggered by a formal request from Verizon. Olson said the transfer represents a huge amount of unexpected work load that is not covered under the Commission's current legal counsel agreement. Olson said colleagues in Washington County must undergo the same transfer consideration process so staff has begun informal communications with area local regulatory bodies to consider a cooperative regional approach to the transfer.  
In response to a question from June, Olson said a transfer is restricted to an inquiry on the technical, legal and financial viability of the buyer. Olson said that this does not preclude addressing compliance issues, however.

- Other: none.

#### 10. Committee Reports

- Finance Committee: none.
- Community Needs: Dicile said responses to the RFP were excellent.
- Grant Evaluation Committee: none.
- I-Net Liaison: none.
- PCM Liaison: none.
- MetroEast Liaison: none.

#### 11. New Business

Thomas noted the upcoming meeting schedule.

#### 12. Franchisee Activity Report

Verizon: Deede said Verizon is drafting a response to the non-compliance notice. Deede said Verizon recently announced that it is transferring its FiOS system in fourteen states to Frontier. Deede said Frontier is mindful of the local franchise obligations. Deede said there is a process with set procedures to follow to complete a transfer. Deede said leadership teams from both Verizon and Frontier will look to meet with staff and the Commission in the near future.

Deede was advised that if Verizon or Frontier were interested in addressing the Commission then staff should be contacted to schedule time on the Commission's June 15 agenda.

In response to a question from Kilian regarding subscriber notice of the transfer to Frontier, Deede said the Verizon marketing group is preparing to notify subscribers.

Cascade Access: none.

Comcast: Inouye said Comcast is seeking an amendment to the West Portland franchise for carriage of the FM band in order to recapture bandwidth. Inouye said Comcast recently launched a Digital Economy tier that is priced between Digital Starter and Limit Basic and consists of Limit Basic channels plus an additional 20 channels. Inouye said the Digital Economy package includes one digital box and access to pay-per-view and is priced at \$39.95 (\$29.95 if more than one service). Inouye said Comcast has started its migration of Standard Basic channels (channels 31-71) to the digital platform in West Portland. Inouye said East Portland will transition in mid-June. Inouye said Comcast is not increasing equipment charges this year.

#### 13. PEG Provider Activity Report

Portland Community Media: McDaniel said PCM will increase its public hours on July 1 to 42 hours/week and will extend the hours by 10-15 hours/week by taking appointment-only requests. McDaniel said Chef Julian made it to the Today Show. McDaniel said the Ellen Degeneres and Conan O'Brien shows have also contacted PCM to schedule interviews with Chef Julian. McDaniel said PCM has launched a new program on POP 29 focusing on issues of relevance to Generation X and Y. McDaniel said the program features five hair stylists and takes place in a beauty school.

MetroEast Community Media: Brading said MetroEast is hosting *Music on the Air* tomorrow. Brading handout out copies of a video produced by Loren Coulter for MetroEast's Volunteer Appreciation event. Brading said the Alliance for Community Media is convening July 15-18 in Portland. Brading has been selected to serve on the Oregon Community Foundation's Portland Regional Leadership Board.

14. Public comment: none.

Adjourn: 8:16pm  
Respectfully submitted,

Rebecca Gibbons  
Program Specialist