

MT. HOOD CABLE REGULATORY COMMISSION

Annual Report  
2017-18



CITY OF PORTLAND  
CITY OF FAIRVIEW  
CITY OF GRESHAM  
CITY OF TROUTDALE  
CITY OF WOOD VILLAGE  
MULTNOMAH COUNTY

# Who we are

For the past 24 years, the **MT. HOOD CABLE**

**REGULATORY COMMISSION (MHCRC)** has ensured

that the communities in Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village are fairly compensated for use of the public right-of-way by cable companies. These jurisdictions recognize the efficiencies – both for the companies and for taxpayers – of having a single commission regulate companies county-wide as the network infrastructure and services transcend jurisdictional boundaries. In addition, the MHCRC manages and negotiates many public benefits that support schools, public libraries and non-profit organizations, whose services and constituencies crisscross the cities and County. ■ Each City

Council and the County Commission appoints representatives to the MHCRC.

These seven commissioners, with staff support, commit hundreds of hours annually to deeply understand complex issues in an ever-evolving technology, regulatory and business-model landscape. Although this evolving landscape is disruptive in some respects, many community needs remain unchanged – Needs for local authority over right-of-way and compensation; a consumer watchdog; platforms for community voices; affordable broadband networks for schools, libraries and local governments; and local solutions for addressing digital equity issues. ■ The MHCRC consistently focuses on community needs as its keeps one foot firmly planted in today's legal landscape to steward existing public benefits, while stepping out to explore possibilities and opportunities on behalf of the cities, County and communities it serves.

## COMMISSION MEMBERS

**Leif Hansen**  
*Commission Chair*

**Mike Bennett**

**Sue Dicile**

**Rich Goheen**

**Scott Harden**

**Carol Studenmund**

**Norman Thomas**

## STAFF

**Ann Goldenberg**  
*Staff Director*

**Julie S. Omelchuck**  
*Program Manager*

**Rebecca Gibbons**  
**Scott Ellertson**  
*Program Coordinators*

**Lexi Meek**  
*Compliance Assistant*

**Tyler Dice**  
*Assistant Program Specialist*



By the numbers

\$9.33 MILLION

Collected in cable franchise fees for MHCRC member jurisdictions

## What We Do

- Advocate for and protect local authority and public benefits in the regulation of cable communications systems.
- Ensure communities are compensated for cable companies' use of the public right-of-way.
- Help resolve cable subscriber complaints and provide consumer protection.
- Provide technology grants and broadband connectivity for community institutions and non-profits.
- Ensure a local voice through community media.



18

Public agencies in I-Net partnership

1,274

Local residents trained in media and digital literacy

### THE MHCRC REGULATES AND NEGOTIATES CABLE FRANCHISES WITH FOUR COMPANIES:

- Frontier *Franchise expiration 2018*
- Reliance Connects *Franchise expiration 2018*
- Comcast *Franchise expiration 2021*
- CenturyLink *Franchise expiration 2021*





## 2017-18 HIGHLIGHTS



**Consumer Protection** The MHCRC enforces consumer protection and customer service standards under the cable franchises. Compliance approaches can include formal or informal resolution with the cable companies. Many are driven by customer complaints. Regulatory issues included company adherence to customer service standards (such as phone-answering timeframes and on-time appointments); information on subscriber bills; fees added to program packages (the Broadcast TV Fee and Sports Fee); and other consumer protection issues. In 2017, the MHCRC assisted in the resolution of 134 complaints.

**Diverse Local Voices and Content** Local access to multi-media technology, training, and content distribution by traditionally underserved communities has been a long-held value of the MHCRC and its member jurisdictions. The MHCRC ensures cable companies provide franchise-required obligations that support community programming, such as listings in program guides, free video-on-demand programs and local HD channels. The MHCRC also manages contracts with MetroEast Community Media and Open Signal, non-profit

organizations that provide direct services to a diverse group of individuals, non-profits, community organizations, and government agencies. Through the financial and franchise support from the MHCRC, MetroEast and Open Signal distributed over 5,528 hours of new local video programming and covered 375 city council and County commission meetings that were available to residents on local channels and on-demand over the cable systems and the internet.

**Digital Equity** The MHCRC's longstanding focus on digital equity through grants and low-cost broadband capacity for our public institutions continues to be bolstered by the MHCRC's active participation in the Digital Inclusion Network (DIN), a consortium of local governments, nonprofits, businesses and others dedicated to reducing digital equity disparities in Multnomah County. The MHCRC is also a lead partner in supporting the Digital Equity Action Plan (DEAP), by facilitating a pilot for technology options aimed at extending free Wi-Fi service into low-income neighborhoods. The DEAP creates a cohesive framework for our region to address digital equity for low-income individuals and families, older adults, people of color, people with disabilities, and people with limited English proficiency.

**Affordable Broadband for Public Institutions** The MHCRC facilitates partnerships and network planning, and distributes funds, to provide affordable broadband connections for 316 schools, libraries, and public agency sites throughout Multnomah County over the Institutional Network (I-Net). Currently 18 public institutions participate in the I-Net partnership including: the cities of Portland, Gresham and Troutdale, Multnomah County, State of Oregon court system, Metro, Home Forward, Multnomah County Library, Multnomah Educational Service District (including 7 school districts), Portland Public Schools, and Mt. Hood Community College. The MHCRC distributed slightly more than \$404,000 to support network upgrades and connect new public agency sites to the network.

## Championing an Open Internet

**The Federal Communications Commission (FCC) recently eliminated net neutrality rules and preempted local governments from providing the protections their constituents want for an open and non-discriminatory internet.**

**The MHCRC leverages the collective voice of its six member jurisdictions to champion and protect the public interest in policies and regulations for cable companies' use of the public right-of-way. No issue has galvanized more public demand for action than the FCC's recent repeal of net neutrality protections. This is not a new issue for the MHCRC. The MHCRC has fought for open access to the internet in each of the last three decades.**

### Twenty Years of Advocacy

The MHCRC first raised the issue of "open access" to the internet, a precursor to what's now referred to as net neutrality, in 1998 when the MHCRC recommended, as a condition of an ownership transfer, that AT&T provide "open access" to its internet platform by other internet service providers. This public interest principle was simple: To preserve a free and open marketplace for internet access, applications and content, companies who own and operate internet systems should be compelled to allow unaffiliated service and content providers non-discriminatory access and connections, under fair terms and conditions. The City of Portland and the Multnomah County Commission agreed; AT&T sued. Though the City and County ultimately lost on jurisdictional grounds, the net neutrality issue as we know it today was first raised (and the term "net neutrality" itself was coined) in proceedings that arose following the Portland vs. AT&T case.

Net neutrality grew more critical two decades later as broadband internet became an indispensable component of the economy, education, health-care, and cultural and civic life. First in 2009, then in 2014, and again in 2017, the MHCRC submitted

comments in FCC proceedings in favor of net neutrality protections. For example, in 2014 the MHCRC encouraged the FCC to "remain firm in your support for net neutrality, the principle that prohibits discrimination of content on the internet. We also urge that you apply the same strong non-discrimination standards to any device or method of connection used by consumers to access the internet, including both wireless and wireline. Applying these rules to wireline and wireless networks is essential for extending the proven benefits of the internet to my community."

The FCC adopted net neutrality protections in early 2015, described by former FCC Chairman Tom Wheeler as "clear and bright-line rules." The rules were again challenged in court by near-monopoly internet service providers but were upheld by the U.S. Court of Appeals. Within months of a Commissioner change at the FCC in 2017, the newly appointed FCC Chair proposed repealing the net neutrality rules. The repeal order was adopted Dec. 14, 2017, despite enormous public opposition.

The MHCRC will continue to champion policies for an open and non-discriminatory internet and internet principles protecting the free flow of information over the internet for all our residents.

**US Senator Ron Wyden joined Portland City Commissioner Dan Saltzman, the MHCRC, and community members to denounce the FCC's repeal of net neutrality protections.**



## Timeline

**1998**

MHCRC requires open internet condition

**2009**

MHCRC advocates for open internet

**2015**

FCC adopts net neutrality rules

**2017**

MHCRC opposes FCC net neutrality repeal

## MHCRC COMMUNITY GRANTS



### Investments to Advance Education and Community-Based Technology

THE MHCRC DIRECTS THE COMMUNITY GRANTS PROGRAM, WHICH PROVIDES FUNDS FOR TECHNOLOGY PROJECTS TO COMMUNITY ORGANIZATIONS, LIBRARIES, SCHOOLS AND LOCAL PUBLIC AGENCIES THROUGHOUT MULTNOMAH COUNTY. FUNDING OPPORTUNITIES WITHIN THE COMMUNITY GRANTS PROGRAM INCLUDE THE TECHSMART INITIATIVE AND COMMUNITY TECHNOLOGY GRANTS. THE MHCRC OVERSAW

IMPLEMENTATION AND COMPLIANCE FOR 33 GRANT-FUNDED PROJECTS DURING THE YEAR. IN 2017, THE PROGRAM GRANTED OVER \$668,000 FOR 8 NEW COMMUNITY-BASED PROJECTS THAT WILL LEVERAGE NEARLY \$3 MILLION IN MATCHING RESOURCES. FUNDS FOR COMMUNITY GRANTS DERIVE FROM THE CABLE FRANCHISES NEGOTIATED BY THE MHCRC. COMCAST, CENTURYLINK, FRONTIER, AND RELIANCE CONNECTS CURRENTLY CONTRIBUTE TO THE COMMUNITY GRANTS FUND.



### TechSmart Initiative for Student Success – \$19 MILLION OVER 10 YEARS



The MHCRC launched the TechSmart Initiative for Student Success in 2014 and, thus far, has granted a little over \$9 million to five public school districts in Multnomah County. The MHCRC plans to strategically invest a total of \$19 million through 2021 in local public schools to positively impact academic outcomes for all students in Multnomah County.

The MHCRC TechSmart Initiative provides grants and evaluation resources for Multnomah County school districts to identify effective classroom instruction that uses technology to foster improvement in academic outcomes for all students and to share the successful strategies across the school districts. The TechSmart Initiative is aligned with

the collective effort of the broader community engaged in the All Hands Raised Partnership. The MHCRC invests in district efforts to close the achievement gap and make progress on the following academic outcomes key to student success:

- Kindergarten Readiness ■ Third Grade Reading
- Eighth Grade Math ■ Ninth Grade Credit Attainment ■ High School Graduation
- English Language Learners' Annual Progress

The MHCRC works closely with each school district as a planning and funding partner to develop a grant project plan tailored to each individual district's priorities. TechSmart grants have touched on every critical academic benchmark ... from kindergarten readiness to high school graduation.



## Shared Learnings

**After multiple years of implementation for three of five districts, the data is beginning to reveal promising instructional practices that use technology to support students of color, English Language Learners, and students with disabilities.**

### Closing the Achievement Gap

In **REYNOLDS SCHOOL DISTRICT**, after two years of its Middle School math focused grant, students were showing higher math credit attained during 7th grade, across English Language Learners, Special Education students, students of color, and low-income students relative to their comparison group. Results also showed that all TechSmart students earned a significantly higher number of credits in 7th grade than their comparison group.

At **EARL BOYLES ELEMENTARY SCHOOL**, students who were kindergartners in School Year 2014-15 (the first year of the school's grant) exhibit an upward trend in overall achievement, and another year of data will determine whether this trend is sustained. Although the following year's kindergartners appear to be declining in overall achievement, the percentage of English Language Learners and students of color performing at benchmark on literacy skills assessments were higher in kindergarten and 1st grade than outcomes for those students who are not in a student subgroup.

Although **PARKROSE HIGH SCHOOL** students touched by the TechSmart grant are not performing better than their comparison group, when 9th grade credit attainment was broken down by teachers' level of technology integration, students of high-integration teachers earned significantly

more credits in 9th grade than other students. Additionally, the percentage of 9th grade students who were on track to graduate was significantly higher for high-integration teachers. These results suggest teachers using technology with high fidelity to support instruction may lead to improved student academic outcomes.

### Supporting Individual Student Needs

Teachers in all districts emphasized using technology to tailor their instruction for individual student needs. Technology also provided teachers and students flexible access to more diverse learning resources and curriculum content to support a particular interest or stage of learning.

For example, a **DAVID DOUGLAS SCHOOL DISTRICT** 4th grade teacher commented on the use of technology to support students with Individual Education Plans (IEP): "I have a handful of students with IEP and, specifically, I have two autistic students at a 2nd or 1st grade level. They were nonverbal at the beginning of the school year. I have differentiated their learning through use of Chromebooks and seen massive growth in both students." A **GRESHAM-BARLOW SCHOOL DISTRICT** elementary school teacher said she used technology to provide students differentiated language resources: "I have English Language Learners high in academics who just need language help and even my TAG students can extend their knowledge too." Reynolds School District and Parkrose High School teachers highlighted students accessing curriculum materials outside the classroom, which allows teachers to spend more time in class focusing on instruction for students who need extra support.

A middle school teacher commented: "I have every lesson from the year recorded and archived so students can access them anywhere/anytime. They are required to take notes for 'homework' about the content of videos. I can spend more time in class targeting students who need further instruction, and they have become used to using each other as resources through collaborative assignments and tasks. I have a very technology-dependent classroom, and it is a simple, yet effective, method of organizing and maintaining balance in the room."

By the numbers

8%

Of Community Grants funds spent for grant administration

33

Active grants

210

Local classroom teachers supported by TechSmart Initiative grants

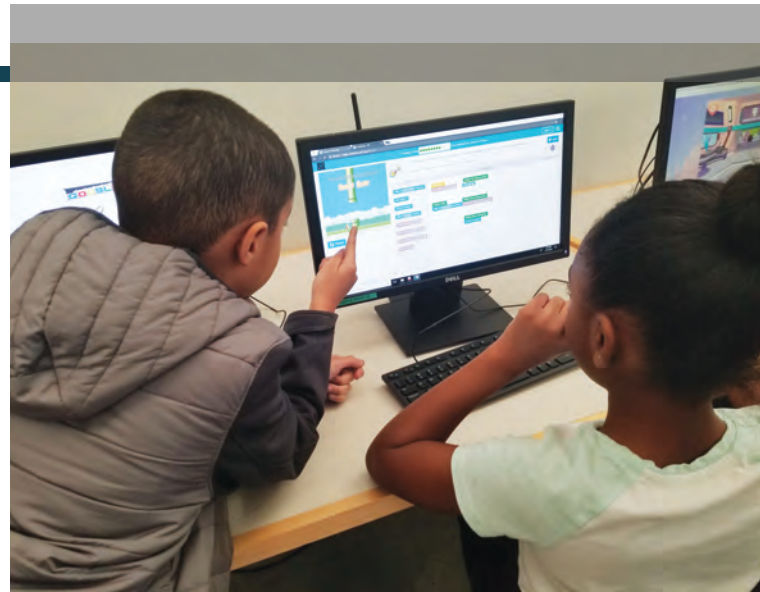


# Creating Technology Access and Training Opportunities

THROUGH AN ANNUAL, COMPETITIVE GRANT PROCESS, THE



MHCRC FUNDS TECHNOLOGY PROJECTS FOCUSED ON PROVIDING A PUBLIC BENEFIT IN FOUR AREAS: REDUCING DISPARITIES FOR AN UNDERSERVED COMMUNITY; INCREASING COMMUNITY INVOLVEMENT IN ISSUES OF IMPORTANCE TO A COMMUNITY; REDUCING THE COST OF PROVIDING NON-PROFIT OR PUBLIC SERVICES; OR IMPROVING THE DELIVERY OR INCREASING THE EFFECTIVENESS OF PUBLIC OR NON-PROFIT SERVICES. COMMUNITY TECHNOLOGY GRANTS ARE PREDOMINANTLY FOCUSED ON SERVING TRADITIONALLY UNDERSERVED, ETHNICALLY DIVERSE, AND SPECIAL NEEDS POPULATIONS - I.E. COMMUNITIES OF COLOR, IMMIGRANTS & REFUGEES, LOW-INCOME PEOPLE, GIRLS AND WOMEN, YOUTH, ENGLISH LANGUAGE LEARNERS - IN ORDER TO BRIDGE THE DIGITAL DIVIDE.



## 2017 COMMUNITY TECHNOLOGY GRANT AWARDS

**Boys & Girls Clubs of Portland Metro Area \$212,436**  
Focusing on low-income students in the Rockwood neighborhood, the grant supports the Club's programs designed to inspire the development of skills necessary for academic and career success in the digital society.

**City of Portland Fire & Rescue \$103,471**  
Providing technology and high-bandwidth connectivity at 28 fire stations so that 675 firefighters can train online at the stations while still being able to "stop, drop" and respond to emergencies.

**Flying Focus \$2,111**  
Supporting the creation of new video programming, produced by community volunteers, focused on activism, community organizing, and featuring underserved communities.

**NW Film Center \$85,540**  
Supporting Portland Public School's College & Career Readiness program, NW Film Center's project is designed to expose students from high poverty schools to skills and practices that are critical for future success in high-demand STEAM careers.

**Multnomah County Library \$91,216**  
Developing a Digital Inclusion Resources Database, the project establishes an online database of digital inclusion programs, services, and training tools for use by community organizations working to achieve digital equity for people of color, people with disabilities, and English language learners.

**Outside the Frame \$51,361**  
Assisting youth transitioning out of homelessness in valuing themselves as productive members of society by providing consistent, creative outlets and career-related technology training.

**XRAY.FM \$59,565**  
Building on its successful public affairs radio programming, that covers locally-relevant issues from a diversity of voices and perspectives, the project aims to foster a more informed and engaged community through increased access to content through video.

**Mt. Hood Community College \$62,797**  
Realizing that 74% of its student body comes from low-income households, and over 50% represents first generation college students, the College is developing programs that help these students overcome barriers to educational and career success.



## Responsive to Community Needs

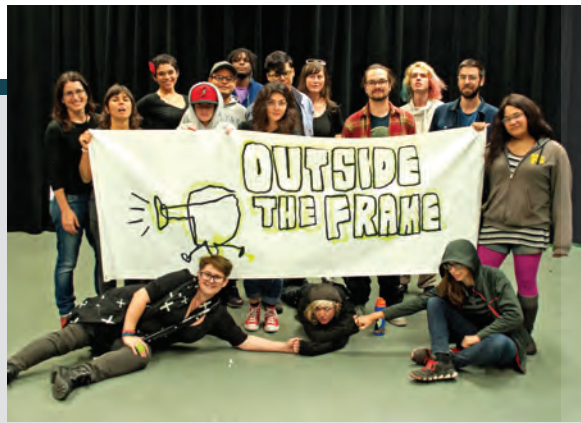
For nearly 20 years, Community Technology Grants have provided an opportunity for nonprofits, public agencies, and libraries to design technology-based solutions that address issues unique to their constituents. The Grant program's responsive-grantmaking structure encourages organizations to use technology in ways that work for them and address real needs of our communities. For example:

### Empowering Youth Transitioning Out of Homelessness with Outside the Frame

The Outside the Frame (OTF) project design was influenced by homeless youth, who expressed the passionate belief that creative outlets and career-related training are critical to making the permanent transition out of homelessness a possibility. OTF supports youth transitioning to self-sufficiency who need soft and technical job skills. OTF provides consistent technology training and intensive film-making internships for the youth to gain resume work experience, leadership, problem-solving and other soft job skills, and, most importantly, a sense of success. Through the program, youth have been emboldened to complete their GED, and pursue higher learning and independent living.

### Building Digital Inclusion Capacity with Multnomah County Library

The community engagement process, which resulted in the Digital Equity Action Plan (DEAP), identified that although local digital literacy trainings and low/no cost computers were offered throughout the County, service organizations had trouble knowing what was available and how to connect residents to these resources. To meet this need, Multnomah County Library is creating a centralized, easily-accessible, free database of digital inclusion programs and services. The Library is harnessing the collective efforts of local partners who serve the DEAP target populations (low income individuals and families, older adults, people of color, people with disabilities, and people with limited English



language proficiency) to test and refine the design of the database.

### Combatting Career Gender Disparities with Curious Comedy Theater

Since 2008 Curious Comedy Theater has been a platform for female comedians to be heard in a field where women face gender disparity. The All Jane Comedy Festival, part of the Curious Comedy Theater, strives to overcome the discrimination in a positive way – by inspiring, encouraging, and showcasing the best and most unique women working in comedy today. Curious Comedy Theater survey results from female comedians indicated a need to extend the All Jane Comedy Festival experience to real-world media and work opportunities. The Theatre offers video production trainings and related work, available only to women, to increase professional experience and exposure to advance the careers of female comedians.

### Addressing Racial Disparity in the Film Industry with Open Signal

Many studies have identified racial disparities in the filmmaking industry. In response, Open Signal developed a transformative career advancement program for Black filmmakers. Open Signal's Black Filmmaker Fellowship supports six emerging filmmakers in a year-long, intensive program that provides classroom training, collaborative and individual production experiences, public screenings, career guidance, networking opportunities, and mentorship from industry professionals. Open Signal also provides professional, industry-standard camera systems, used by film directors and cinematographers, to give the Fellows up-to-date career and practical experience.

By the numbers

**\$668,497**

Awarded for Community Technology Grants

**\$2.9**  
MILLION

Leveraged in matching resources

**1,389**

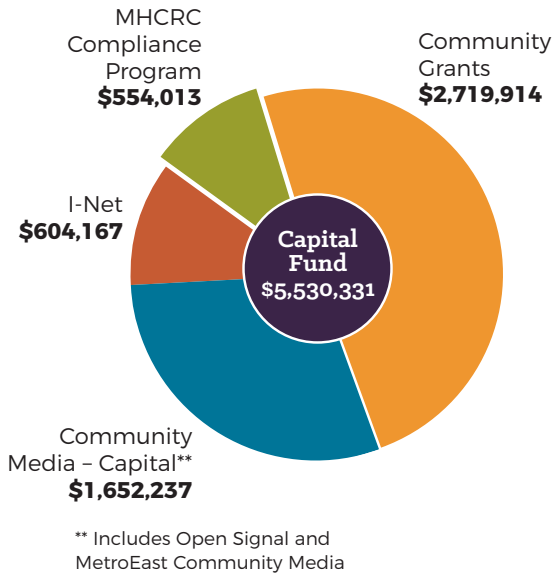
Youth/adults served by 2017 grants

# FINANCIAL STEWARDSHIP

## FY 16-17 MHCRC Operating Budget\*

(Admin/Regulatory/Compliance combined)

### MHCRC CAPITAL FUND ALLOCATIONS

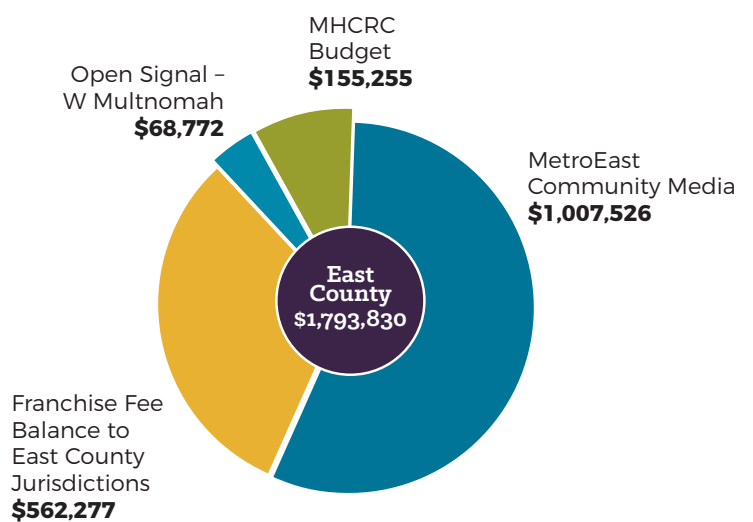
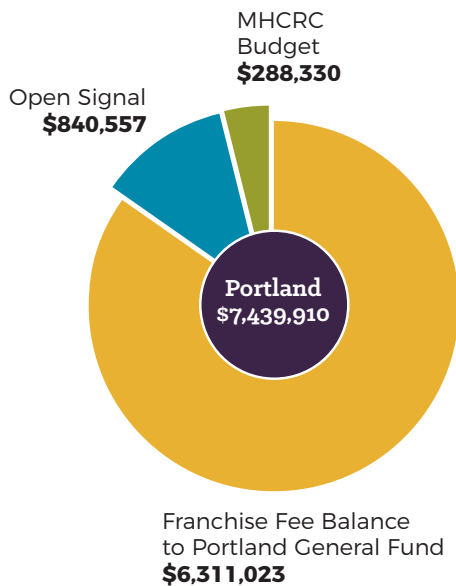


Revenues	Budget	Actual
City of Portland Appropriation	\$ 288,330	\$ 288,330
East County Appropriations	155,255	155,255
FY 2014-15 Year-end Balance	20,455	20,455
Interest Revenue Allocation	45,000	
Capital Fund Compliance/Admin	493,442	554,013
<b>Total Revenues</b>	<b>\$ 1,002,482</b>	<b>\$ 1,018,053</b>

Expenditures	Budget	Actual
Personnel Services	\$ 506,833	\$ 453,674
Revenue Division - Fiscal Support	30,000	28,166
MHCRC Fund Audit	13,150	13,150
External Materials and Services	219,193	175,266
Internal Services	97,851	93,955
General Fund Overhead	25,000	0
Contingency	110,455	38,000
Encumbrance carryover	0	99,748
<b>Total Expenditures</b>	<b>\$ 1,002,482</b>	<b>\$ 901,959</b>
Year-end Balance	\$ 0	\$ 116,094

\*Un-audited budget report. For the MHCRC Fund audited financial statements, visit the MHCRC website: <http://www.mhcr.org/wp-content/uploads/2018/05/FY17-MHCRC-Financial-Statements.pdf>

### CABLE FRANCHISE FEE DISBURSEMENTS



### Efficient Operations

About 5% of total cable franchise fee revenue collected was spent for MHCRC operations. In addition, the MHCRC spent about 8% of the capital funds to administer community grants, the I-Net, and the two community media centers' contracts. The MHCRC funded an equivalent of four staff positions plus related materials, services, financial and administrative costs through its service contract with the City of Portland Office for Community Technology. About half the MHCRC's operations funding was provided by the member jurisdictions and half was funded by other MHCRC resources.

### Clean Audit of the MHCRC Fund

The FY16-17 audit results produced no adjustments, indicating that funds were properly accounted for. Moss Adams, the MHCRC's auditor, found that the MHCRC's FY16-17 financial statements presented fairly, in all material respects, the respective financial position of the MHCRC's fund. The MHCRC filed its annual audit with the Oregon Secretary of State on time.

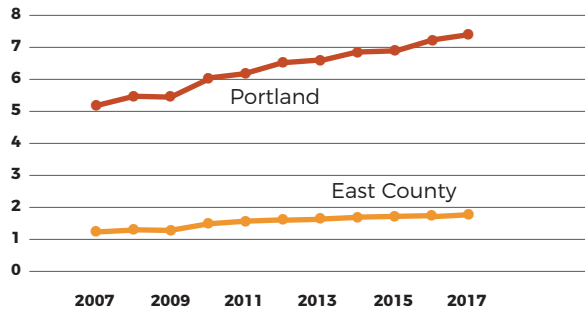
### Revenue Growth Slows – Subscribers Decline

Despite the number of cable TV subscribers being almost the same as 10 years ago, cable franchise fee revenues grew from about \$6.4 million to \$9.2 million in the same period. Cable franchise fees are paid by the companies based on their gross revenues derived from cable TV services. The increase in the amount of fee revenues is primarily due to companies increasing their TV service rates and adding fees, charges, and premium service subscriptions.

But a dip is beginning to develop in cable franchise fee revenues to the jurisdictions. In the past few years, revenue and subscriber growth has flattened; and, for FY17-18, the MHCRC anticipated a slight decline in revenues. The first two quarters of FY17-18 revenues were down about 4% from the previous fiscal year. CenturyLink recently announced it is no longer marketing its cable TV product, which may add this decline.

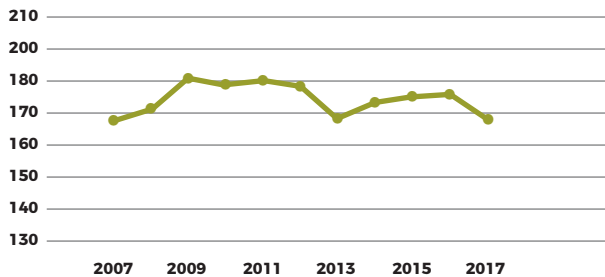
### CABLE FRANCHISE FEES

in millions of dollars



### CABLE TV SUBSCRIBERS

in thousands



By the numbers

5%

Of cable franchise fees spent for MHCRC operations

\$5.5 MILLION

Collected from cable companies to support grants, I-Net, and community media

2.4%

Increase in cable franchise fees from last year





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PHOTOS Portland Community Media, dba Open Signal: cover upper right; MetroEast Community Media: cover lower right, p1 upper, p2; Outside the Frame: p1 lower, p7; North/Northeast Business Association dba Soul District Business Association: p4; Portland Public School District: p5, Boys & Girls Clubs of the Portland Metro Area: p6