

COVER SHEET -- AGENDA ITEM #R4

For Commission Meeting: May 23, 2016

“MHCRC FY 2016-17 Fund Budget Proposal”

Finance Committee Recommendation

The MHCRC Finance Committee recommends that the Commission adopt the FY 2016-17 MHCRC Fund Budget and forward it to the member Jurisdictions with a recommendation for approval.

Background

The MHCRC Finance Committee met on January 12 and April 27, 2016, to develop the MHCRC FY 2016-17 Fund Budget recommendation.

The Committee noted that, along with standard cost-of-living type increases, the primary increase in the FY16-17 MHCRC operations budget is under Professional Services. This line item has increased slightly in order to continue development of the TechSmart Initiative evaluation. In addition, the Committee is budgeting the FY 2014-15 year-end balance as contingency to support the transition to a new MHCRC Staff Director in FY2016-17 due to the planned retirement of the current Director. The MHCRC will allocate the contingency amount as necessary to support position recruitment and transition expenses.

Jurisdiction Approval Process

Follows is the current schedule for approval of the MHCRC Fund Budget by the Jurisdictions:

Wood Village, June 14, 2016, 6:00 p.m.
Troutdale, June 14, 2016, 7:00 p.m.
Fairview, June 15, 2016, 7:00 p.m.
Multnomah County, June 16, 2016, 9: 30 a.m.
Gresham, June 21, 2016, 3:00 p.m.
Portland, June 22, 2016, 9:45 a.m. (Time Certain)

Staff will provide each Commission member with a budget packet prior to the city council/County Commission meeting, which will include talking points, the Fund Budget, any jurisdiction-related materials and the MHCRC 2015-16 Annual Report for handout at the meeting.

Prepared By: Julie S. Omelchuck
May 11, 2016



MT. HOOD CABLE REGULATORY COMMISSION

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

PROPOSED BUDGET FISCAL YEAR 2016-17

Commission Approved: DRAFT

Commission Members

Carol Studenmund, Chair

Mike Bennett

Sue Dicile

John Branam

Rich Goheen

Leif Hansen

Scott Harden

Norman Thomas

Staff

Mary Beth Henry, Staff Director

Julie S. Omelchuck, Program Manager

503-823-5385

www.mhcr.org

MT. HOOD CABLE REGULATORY COMMISSION

OVERVIEW

The Mt. Hood Cable Regulatory Commission (MHCRC or Commission) was created by Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village for the purposes of:

- **Advocating for and protecting the public interest in the regulation and development of cable communication systems;**
- **Monitoring and helping resolve cable subscribers' concerns; and,**
- **Facilitating the planning and implementation of community uses of cable communication technologies.**

Each Jurisdiction appoints citizen representatives to the MHCRC. Over the past year, these appointees, with staff support, have committed hundreds of hours to deeply understand the issues and local impacts of an ever-evolving technology, regulatory and business model landscape. They attended numerous MHCRC meetings, committee meetings and work sessions, kept abreast of issues of concern to their Jurisdictions, presented information at city council and county commission meetings, and served as ex officio Board members for Portland Community Media (PCM) and MetroEast Community Media (MetroEast), all in service to the Jurisdictions and their communities.

The MHCRC regulates and oversees cable service franchises with four companies, serving the following areas:

Comcast: Portland, Gresham, Troutdale, Fairview, Wood Village and Multnomah County
Frontier: Gresham, Troutdale, Fairview and Wood Village
Century Link: Portland
Reliance Connects: unincorporated east Multnomah County

The MHCRC contracts for staff and other support services through a services agreement with the City of Portland. The MHCRC funds an equivalent of four full-time (4 FTE) staff positions plus related materials, services, financial and administrative costs. Each member Jurisdiction annually contributes to the MHCRC's operating budget. The Jurisdictions' fund about half the operating budget and other MHCRC resources fund the remaining portion.

The MHCRC consistently focuses on community needs as it remains grounded in today's legal and public policy landscape in order to steward existing public benefits, while stepping out to explore possibilities and opportunities to help ensure a sound and vital digital future for all our communities.

Please refer to the MHCRC's FY 2015-16 Annual Report and website (www.mhcr.org) for more detail about MHCRC activities and accomplishments.

MHCRC FY2016-17 FUND BUDGET

BUDGET PROCESS OVERVIEW

According to the Intergovernmental Agreement (IGA) among the Jurisdictions that created the MHCRC, the MHCRC must gain approval of its Fund Budget by every member Jurisdiction. The MHCRC Finance Committee developed a detailed FY2016-17 budget in consultation with MHCRC staff. On May 23, 2016, the MHCRC approved the proposed budget to forward to the Jurisdictions for consideration. The MHCRC provides the proposed Fund Budget to city and County staff in advance of the city councils' and the County Commission's consideration of the budget.

BUDGET NARRATIVE

The MHCRC FY 2016-17 Fund Budget is presented on page 5.

Nearly all of the MHCRC's resources are funds collected from the cable companies and the expenditures are the disbursement of those funds to the member Jurisdictions, the community media providers (MetroEast Community Media (MetroEast) and Portland Community Media (PCM)), and the Community Grants recipients. These disbursements are governed by the IGA and by the cable services franchise agreements.

Fund Resources

The amount of MHCRC resources from year to year is largely dependent on the gross revenues of the cable companies since franchise fees and the PEG/I-Net Capital Fee (community grants, I-Net and community media capital) are based on a percentage of the companies' gross revenues.

FY 2016-17 Fund resources are projected to slightly increase over FY 2015-16. The budget also includes a beginning fund balance of little more than \$6.7 million. Detail on each Fund resource follows:

Franchise Fees: The Commission collects all cable services franchise fees for Gresham, Troutdale, Fairview, Wood Village and Multnomah County from Comcast, Frontier and Reliance Connects cable franchises. The MHCRC has conservatively projected a slight increase in franchise fee revenues growth based on the rapidly changing video marketplace, even though the cable companies have continued to remain financially healthy. The MHCRC uses both historical franchise fee data and industry documentation to project franchise fee revenues.

Operating Budget Appropriation - Portland: The MHCRC collects funds from the City of Portland for its share of the MHCRC's operating budget. The other MHCRC Jurisdictions' appropriations are allocated from the cable services franchise fees collected by the MHCRC.

Interest Earned: The MHCRC collects interest on its Fund. Interest revenue is projected to slightly decline compared to current year earnings.

PEG/I-Net Capital Fee: All franchised cable companies pay 3% of their gross revenues related to video services to the MHCRC as dedicated funding for the community media providers' capital funding, I-Net infrastructure and community grants (see specific disbursements under Fund Expenditures below). A small portion also funds the MHCRC's compliance program costs to administer, oversee and disburse the capital funds.

Beginning Fund Balance: The beginning balance is primarily capital funds projected to be unspent in FY 2015-16, which the MHCRC plans to expend or retain as contingencies in FY 2016-17.

The FY 2016-17 Beginning Fund Balance projection is attributable to the following:

Interest cumulative balance: \$246,881

Compliance Program carry over: \$692,615

Community Media Capital Fund contingency: \$258,272

I-Net Fund contingency: \$600,000

Community Grants carryover/encumbrances: \$4,090,506

Community Grants contingency: \$800,000

FY14-15 year-end balance from Jurisdiction appropriations: \$20,455

Fund Expenditures

Nearly all of the MHCRC's expenditures are the disbursement of franchise fees and PEG/I-Net Capital Fees governed by the IGA and by the cable services franchises.

Franchise Fee Balance to the Jurisdictions: This line item expenditure is calculated based on the total amount of franchise fees the MHCRC collects and subtracting the amount each Jurisdiction appropriates to the Commission's Operating Budget and the amount of community media payments to MetroEast and PCM in accordance with the IGA (detail contained in Appendix 1, page 7).

Community Media Payments: In accordance with the IGA, the MHCRC distributes 60% of the East County Jurisdictions' franchise fees to MetroEast and 60% of West Multnomah County franchise fees to PCM. These dedicated funds are used to provide media and technology services to the community (detail contained in Appendix 2, page 10).

MHCRC Operating Budget: This expenditure represents the total MHCRC operating budget (line item detail contained in Appendix 1, page 8).

Community Media Capital: The MHCRC distributes funds from the cable companies dedicated to support the capital needs of MetroEast Community Media and Portland

Community Media. These payments are made in accordance with the IGA and the cable services franchise agreements (detail contained in Appendix 2, page 10).

I-Net Grants: Schools, libraries and local governments use the I-Net for their broadband network connectivity. The MHCRC reimburses these public agencies and Comcast for capital costs related to I-Net connections, equipment for use of the I-Net, and network infrastructure and electronics upgrades. The reimbursements are made in accordance with the cable franchise agreements.

Community Technology Grants and TechSmart Initiative Grants: The MHCRC is the grant-making body for the Community Grants program. The Community Grants program has two funding opportunities: Community Technology Grants and the TechSmart Initiative for Student Success. The TechSmart Initiative provides grants and evaluation resources for Multnomah School Districts to identify effective classroom instruction that uses technology to foster improved outcomes for all students. Community Technology Grants are awarded during an annual competitive grant round. Community Grants are made in accordance with the IGA and the cable services franchise agreements.

Community Grants Contingency: The MHCRC annually budgets funds allocated for community grants as a contingency to cover unanticipated community needs and opportunities.

BUDGET HIGHLIGHTS

Community Grants Program

With the launch of the TechSmart Initiative for Student Success in Fall 2014, the MHCRC has continued its partnership with the public school districts in Multnomah County to determine strategic grant investments focused on improving academic outcomes for all students. Over \$7.7 million has been granted thus far with a goal to invest about \$19 million through 2021. In FY 2016-17, the MHCRC expects to complete its first round of grants to the public school districts and to begin a second round of smaller grants. In addition, the slight increase in professional services is due to continuing development of the TechSmart Initiative evaluation.

MHCRC's Operating Budget

The proposed operating budget largely represents status quo from the current year budget. The MHCRC anticipates that FY16-17 will be a "future focus" and planning year. Considering the rapidly evolving technology and public policy landscape, and the fact that cable TV subscribers have dropped for two years in a row, the MHCRC is turning its sights on the future. MHCRC intends to work with its jurisdictions, stakeholders and communities to identify needs and opportunities for our broadband future. The budget includes professional services to assist the MHCRC in this endeavor.

In addition, the Committee is budgeting the FY 2014-15 year-end balance as contingency to support the transition to a new MHCRC Program Director in FY2016-17 due to the planned retirement of the current Director. The MHCRC will allocate the contingency amount as necessary to support position recruitment and transition expenses.

**MHCRC FUND BUDGET
FISCAL YEAR 2016-17**

	2014-15 Actual	2015-16 Revised	2016-17 Proposed
RESOURCES			
E. County Franch. Fees, Comcast	1,352,797	1,364,158 *	1,375,613
E. County Franch. Fees Mult West, Comcast	106,387	110,807 *	115,411
E. County Franch. Fees, Frontier & Reliance	237,470	227,892 *	218,701
Operating Budget Appropriation-Portland	288,791	296,435	288,330
Interest Earned	57,577	78,171 *	60,000
PEG / I-Net Capital Fee	5,184,402	5,337,304 *	5,495,853
Total Resources	7,227,424	7,414,767	7,553,908
Beginning Fund Balance	9,464,778	12,057,443	6,708,729
Total	\$16,692,202	\$19,472,210	\$14,262,637
EXPENDITURES			
MHCRC Operating Budget	756,250	952,531	1,002,482
Franchise Fee Balance to Jurisdictions	523,159	548,895	528,635
Community Media Pmt, E. County (MetroEast)	954,161	985,000	961,512
Community Media Pmts, Mult. West (PCM)	63,831	63,061	64,324
Community Media Capital (MetroEast/PCM)	1,522,248	1,500,977	1,648,757
I-Net Grants	208,569	501,220 *	618,200
Community Technology Grants	875,520	941,281 *	800,000
TechSmart Initiative Grants	2,253,477	6,470,516 *	2,319,197
Community Grants Contingency	0	800,000	800,000
Total Expenditures	\$4,634,759	\$12,763,481	\$8,743,107
Ending Fund Balance	12,057,443	6,708,729	5,519,530
Total	\$16,692,202	\$19,472,210	\$14,262,637

Projected *

APPENDIX ONE

FRANCHISE FEE REVENUE AND DISPURSEMENT DETAIL

MHCRC OPERATING BUDGET-LINE ITEM DETAIL

BUDGET ALLOCATION BY JURISDICTION

**FRANCHISE FEE REVENUES AND DISBURSEMENTS
FISCAL YEAR 2016-17**

Jurisdictions	Franchise Fees	MetroEast	PCM	Budget Appropriation	Payments to Jurisdictions
Portland	\$7,450,032*		\$884,797*	\$288,330	N/A
MULTNOMAH CO., EAST	70,166	42,100		13,693	14,373
MULTNOMAH CO., WEST	107,207	N/A	64,324	N/A	42,883
GRESHAM	1,193,542	716,125		108,633	368,784
TROUTDALE	190,046	114,028		18,056	57,962
FAIRVIEW	117,464	70,478		11,566	35,420
WOOD VILLAGE	31,301	18,781		3,307	9,213
Total, East County	\$1,709,726	\$961,512	\$64,324	\$155,255	\$528,635
Total				\$443,585	

* For information purposes only: The MHCRC does not collect franchise fee revenues for the City of Portland or disburse PCM operational funds.

FRANCHISE FEE BALANCE TO EAST COUNTY JURISDICTIONS-Prior Years:

Jurisdictions	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Adopted
MULTNOMAH CO., EAST	17,502	13,430	15,132	15,738
MULTNOMAH CO., WEST	39,478	40,807	42,556	42,040
GRESHAM	401,195	365,348	361,092	384,102
TROUTDALE	65,886	60,671	58,937	61,649
FAIRVIEW	38,573	35,330	36,034	35,744
WOOD VILLAGE	10,119	9,120	9,408	9,622
TOTAL	\$572,753	\$524,706	\$523,159	\$548,895

COMMISSION OPERATING BUDGET - Line Item Detail				
(Includes Capital Compliance Program)				
Acct.	Title	FY 2014-15 Actual	FY 2015-16 Adopted	FY 2016-17 Proposed
51xxx	Personnel	455,752	500,054	506,833
619010	Indirect Personnel - Bureau Support	24,005	29,907	30,000
	Personnel Services	\$479,757	\$529,961	\$536,833
521000	External Fund Audit	12,325	13,000	13,150
521000	Professional Services	100,055	134,700	158,668
529000	Miscellaneous Services	5,925	3,100	3,400
531000	Office Supplies	1,760	2,575	2,600
532000	Operating Supplies	1,578	700	700
541000	Education	7,699	10,725	8,600
542000	Local Travel	643	1,600	1,200
542400	Out-of-Town Travel	3,621	3,800	2,800
548000	Rent Columbia Square	32,451	38,760	39,875
549000	Miscellaneous	2,980	1,400	1,350
	External Materials and Services	\$169,037	\$210,360	\$232,343
6512xx	Print/Distribution	4,379	5,258	4,864
651302	Facilities Services	413	302	279
6514xx	EBS Services	22,842	15,237	13,934
6515xx	Information Technology (IT)	14,900	17,812	17,869
6516xx	Insurance/Workers Comp	4,821	6,846	6,953
652200	Technical Accounting IA	4,440	12,000	12,000
652233	Legal Services IA	15,661	16,811	16,952
652253	Mgmt Services (Bus Ops) IA	15,000	15,000	25,000
	Internal Services	82,456	89,266	97,851
572101	GF Overhead	25,000	25,000	25,000
549000	Contingency - General		69,000	90,000
549000	Contingency - Personnel Transition			20,455
	Fund Level Expenditures	\$ 25,000	\$ 94,000	\$ 135,455
	Total	\$ 756,250	\$ 923,587	\$ 1,002,482
MHCRC Operating Resources:				
	Appropriation from Jurisdictions	444,294	456,054	443,585
	FY 2014-15 Year-end Balance			20,455
	Appropriation from Fund Compliance	332,411	438,513	493,442
	Fund Level Appropriations	\$ 776,705	\$ 894,567	\$ 957,482
	Interest Revenue Allocation	\$ -	\$ 29,020	\$ 45,000
	Year-End Balance	\$ 20,455	\$ -	\$ -

**BUDGET ALLOCATION BY JURISDICTION
COMMISSION OPERATING BUDGET
FY 2016-17**

City of Portland Appropriations	\$288,330
East County Appropriations	<u>\$155,255</u>
Operating Budget Total:	<u><u>\$443,585</u></u>

JURISDICTION		FY 2016-17 Proposed	FY 2016-17 % Allocation
Portland	-	\$288,330	65.0%
	<u>Subscriber Distribution</u>		
<u>East County</u>	<u>No. Of Subs</u>		
Gresham	19,998	\$108,633	24.5%
Multnomah Co.	2,522	\$13,693	3.1%
Troutdale	3,325	\$18,056	4.1%
Fairview	2,128	\$11,566	2.6%
Wood Village	608	\$3,307	0.8%
East County Total	28,581	\$155,255	35.0%
Total		\$443,585	100.0%

Budget Allocation Comparison

JURISDICTION	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Proposed
Portland	\$288,791	\$296,435	\$288,330
<u>East County</u>			
Gresham	\$112,677	\$114,319	\$108,633
Multnomah Co.	\$12,720	\$13,536	\$13,693
Troutdale	\$16,499	\$17,255	\$18,056
Fairview	\$10,590	\$11,493	\$11,566
Wood Village	\$3,017	\$3,016	\$3,307
East County Total	155,503	159,619	155,255
Total	444,294	456,054	443,585

APPENDIX TWO

COMMUNITY MEDIA DISBURSEMENT DETAIL (MetroEast and PCM)

The MHCRC administers two contracts with the community media providers that serve the Jurisdictions. Attachment 1 presents the FY 2016-17 budget for MetroEast Community Media (MetroEast), as adopted by the MetroEast Board of Directors. MetroEast serves the East Multnomah County area. Attachment 2 presents the FY 2016-17 budget for Portland Community Media (PCM), as adopted by the PCM Board of Directors. PCM serves the City of Portland area.

The community media providers receive funding for both operations and capital expenditures. Most of PCM's operational resources come from a grant agreement between PCM and the City of Portland and are not included in the MHCRC's fund budget. MetroEast receives operational resources, in accordance with the IGA that created the MHCRC, based on 60 percent of the cable franchise fees for the East County area. Both organizations receive capital funding from PEG/I-Net Capital Fees dedicated for this use.

A summary of resources provided to the community media centers is included below.

1. MetroEast Community Media:

Community Access Funding: East County	\$ 961,512
Community Access Capital Funding: MHCRC	<u>\$ 659,502</u>
Total	\$ 1,621,014

2. Portland Community Media:

Operating Funding: Portland General Fund	\$ 865,957
Community Media Funding: West Mult. County	\$ 64,324
Community Media Capital Funding: MHCRC	<u>\$ 989,255</u>
Total	\$ 1,919,536

METROEAST COMMUNITY MEDIA

FY 2016-17 BUDGET NARRATIVE

nurturing democracy, inspiring creativity.

MetroEast Community Media is truly local electronic media. MetroEast promotes broad participation in civic and cultural life by building community through effective use and understanding of community media. A non-profit organization, MetroEast provides East Metro residents, community organizations, local governments, and schools free and low cost access to television and other distribution means, media literacy training, and video production.

MetroEast and citizen-produced programming is distributed to over 65% of East Metro households and over 400,000 households in the Portland metropolitan region. MetroEast produces city council meetings and work sessions and other government and community meetings as well as programming used as educational and informational tools at meetings, community forums and in classrooms.

WHAT WE DO

MetroEast produces and facilitates programming with many diverse partners and on wide-ranging topics. MetroEast partnered with over 275 community organizations and facilitated 6,000 hours of local and locally-sponsored programming in FY 2015-16, including:

- Live and taped coverage of East Metro local governments, including city council and planning commission meetings and budget and special hearings as well as the Rockwood Water PUD, and Metro.
- Programs on academic and extracurricular activities in local schools, coverage of school board meetings and programs on school safety, in conjunction with various educational partners.
- Student-led and produced programming for and by students of differing abilities and backgrounds.
- The only regular electronic media coverage of East Metro area events and public affairs.
- Programs such as Candidate Speak Out (a live call-in for local candidates), Community Hotline (also in Spanish), Comunidad, and other programs with community organizations, which foster citizen involvement.
- Local community events such as the Gresham Area Chamber of Commerce's public affairs forums, Troutdale's Summerfest, Wood Village's Night Out, Gresham's Teddy Bear Parade, Senior Showcase, Music on the Air and Holiday Showcase.

HOW WE DO IT

MetroEast provides access to technology, training to effectively use that technology and distribution of programs over cable channels and on the web. For the past several years, use of MetroEast facilities and hours of programming has continued at high levels. In FY 2015-16, MetroEast:

- Offered training to 400 people in 100 classes
- Produced and facilitated 6,000 hours of programming by, for and about East Metro issues
- Included 300 community volunteers who contributed 10,000 hours of their time and talents
- Loaned equipment to residents who created more than 30,000 hours of local programming
- Provide more than 75 hours of staff support to the public each week, an annual total of more than 3,900 hours.

PREPARING FOR THE FUTURE

MetroEast continues high standards of service to the community through implementation of the strategic plan updated in FY 2014-15, with new undertakings being initiated almost monthly.

MetroEast pursues its strategic directions through new activities such as providing training and access to new methods of program distribution and production and producing new programs designed to increase public knowledge about the activities of East Metro local governments and our communities.

MetroEast continues to respond to rapid technological changes and to a rapidly changing community by offering a wide range of classes and training using new video technology (e.g., GoPros and iPad cameras) and providing access to diverse distribution paths (e.g., YouTube, Cloudcast).

THE NUMBERS

Overall, the FY 2016-17 budget looks similar to previous years with one significant difference. Ten years ago, MetroEast used its investment fund (operations funding) to construct its current facility. Over the last decade, MetroEast has used capital revenue from the MHCRC to “repay” the operating fund investment. These repayments have been about 10% of MetroEast’s annual operating budget. The repayment of the initial investment in the facility will be complete in the current fiscal year, creating a potential gap in MetroEast’s FY 2016-17 current service level operating budget.

The MetroEast Board created its investment fund in early 1990 when the federal Cable Act posed a potential decrease in revenues under new franchises. The investment fund was intended to smooth the delivery of services under a new franchise. The Board undertook an intensive process to develop investment policies, interview fund managers, and establish the investment fund. At the time, the Board intended to use the investment fund to provide consistent services over the life of the new franchise (1998) with the intent to spend the fund to zero by the end of the franchise. However, over that time, MetroEast operating (from franchise fees) and capital revenues increase so that services have remained steady and the fund was not spent to zero. The fund currently stands at about \$1.25 million.

It should also be noted that FY 2015-16 MetroEast revenues from franchise fees are slightly below initial projections and have flattened over the years. This trend will, most likely, continue.

The MetroEast Board has chosen to use its investment fund to fill the budget gap in FY 2016-17. The MetroEast Board recognizes the need to develop sustainable and diverse funding. During the coming fiscal year MetroEast will be exploring, analyzing and developing paths to alternative funding. The Board also recognizes that continued withdrawals from the investment fund will not create long-term stability and will be monitoring MetroEast finances closely and responding appropriately.

MetroEast’s overall financial condition remains sound despite these challenges. Expenses for FY 2016-17 will be flat, thanks in part to a small decrease in health insurance costs and a concentrated effort to reduce insurance costs while maintaining all appropriate coverage. The installation of solar panels on the MetroEast facility is expected to lower utility bills significantly but those savings are not reflected in this budget since there’s no reliable record.

MetroEast continues to be financially strong and this budget continues its history of financial responsibility and stability.

METROEAST FY 2016-17 BUDGET

		ACTUAL	BUDGET	PROPOSED
		2014-15	2015-16	2016-17
	INCOME:			
4130	Franchise Fees, Multnomah	\$ 953,601	\$ 983,000	\$ 961,512
4090	Interest	2,150	150	225
4270	Activity Fees/Fees for Service	10,710	18,000	18,000
4200	Other	36,077	16,000	16,000
4172	Capital Funds	619,047	635,020	659,502
4905	Building Loan Reimbursement	144,840	128,000	0
4162	Investment Fund Withdrawal	0	33,197	180,788
	TOTAL OPERATING INCOME	\$1,766,425	\$ 1,813,367	\$ 1,836,027
	EXPENSES:	ACTUAL	BUDGET	PROPOSED
		2014-15	2015-16	2016-17
	Personnel			
7020	Full-Time Salaries	\$ 629,044	\$ 599,334	\$ 659,721
7030	Part-Time Salaries	76,255	116,539	72,230
7050	Taxes & Fringe Benefits	233,087	238,624	234,224
	Total Personal Services	\$ 938,386	\$ 954,497	\$ 966,175
	Operations			
6020	Accounting	\$ 18,075	\$ 19,000	\$ 20,000
6041	Consulting	30,726	25,000	15,000
6051	Dues & Subscriptions	10,569	8,000	8,000
6060	Educational Program Acquisitio	0	0	0
6061	Education & Training	8,890	3,750	2,500
6062	Business Meals/Related	1,045	1,000	750
6064	Events	0	0	0
6070	Food	13,103	14,000	12,000
6100	Insurance	45,733	50,000	45,000
6110	Janitorial	5,340	6,000	5,500
6130	Legal	2,093	4,000	4,000
6131	Local Travel & Mileage	1,750	1,250	11,500
6140	Maintenance Supplies	265	2,000	1,500
6160	Office Supplies	8,620	5,000	5,000
6161	Operation Supplies	16,862	15,000	15,000
6170	Personnel Recruitment	447	350	350
6171	Phones	8,408	9,000	7,500
6172	Postage	1,364	2,000	2,000
6173	Printing	2,295	2,500	1,000
6174	Marketing/Promotion	11,815	5,000	5,000
6190	Repairs & Maintenance	11,438	10,000	10,000
6211	Travel	4,346	1,500	1,250
6220	Utilities and Maintenance	38,522	39,000	37,000
6230	Vehicle Maintenance	170	500	500
	Total Materials & Services	\$ 241,876	\$ 223,850	\$ 210,350

	Capital	ACTUAL	BUDGET	PROPOSED
		2014-15	2015-16	2016-17
8002	Books	157	150	150
8003	Maintenance Supplies	0	500	500
8004	Office Supplies	1,503	4,000	3,500
8005	Operation Supplies	1,013	2,000	2,500
8006	Repairs & Maintenance	76,096	25,000	25,000
8007	Media	0	2,000	2,500
8008	Equipment lease - Debt Reduct	0	0	0
8009	Equipment lease - Interest	0	0	0
8011	Interest Short Term Loans	0	0	0
8013	Interest Long Term Loan	50,399	56,772	55,000
8014	Debt Reduction - Short Term Lo	0	0	0
8015	Debt Reduction - Long Term Lo	131,405	126,675	125,000
8091	Capital Consulting	0	0	10,000
8092	Capitalized Wages and Benefits	11,688	0	0
8030	Leasehold Improvements	24,605	15,000	90,000
8016	Building Maintenance Fund	14,000	14,500	15,000
8040	Office Equipment	48,646	100,000	125,000
8050	Office Furnishings	3,842	5,000	4,000
8060	Production & Maintenance Equi	107,340	283,423	201,352
8090	Building Loan Transfer	144,840	0	0
	Total Capital	\$ 615,534	\$ 635,020	\$ 659,502
	TOTAL EXPENSES	\$ 1,083,396	\$ 1,813,367	\$ 1,836,027

Portland Community Media

Fiscal Year 2016-17 Budget Narrative

Mission: At PCM we connect people to media technologies and ensure equitable access for communities to share their stories, viewpoints and culture for the purpose of promoting broad participation in our civic and cultural life.

Portland Community Media (PCM) is a nonprofit, public benefit organization dedicated to promoting local, non-commercial media developed and produced in the community, by the community and for the community.

PCM channels reach over 400,000 households in the Portland metro region with gavel-to-gavel coverage of Portland City Council meetings, a variety of local and regional municipal programs and meeting coverage, locally produced talk shows, cultural and arts programs, spiritual programs, and alternative news and information programs.

Since 1981, we have provided equipment and training courses for individuals and organizations to utilize cablecast and other forms of media distribution as a means of communication, civic involvement, artistic and cultural expression and community development.

Since 2009 we have actively sought out and engaged underrepresented and marginalized groups, bringing training and resources to them and to the community centers and non-profits that serve them.

Our curriculum and services have grown to include a variety of cable television and Internet based technologies with a focus on educating and empowering the community to understand and utilize these tools effectively.

Our Program Areas

Public Access

PCM provides the Portland community with access to creation tools. These tools include professional quality cameras, editing systems, laptops, and two live studios. Tools are available for community members to create content for distribution on PCM channels and over the Internet.

In Fiscal Year 2015-16 PCM community producers reserved PCM equipment for thousands of hours of production:

- Approximately 54,109 hours of field camera use,
- Approximately 2,139 hours of studio use,
- Approximately 89,716 hours of laptop editing use.

Distribution

In Fiscal Year 2015-16 PCM cablecast approximately 8,683 hours of new programs from all sources, which is approximately 24 hours of new programs containing locally relevant content each day.

Approximately 752 hours of these new programs were coverage of municipal meetings, hearings and events produced by PCM staff. Of the remaining 7,931 hours, approximately 56% of those programs were produced by PCM community producers, 21% produced by community producers within the

Portland metro region, and 23% were national or international content sponsored locally by community members.

PCM manages 6 channels in the Portland metro region. PCM maintains 2 interconnected channels between Portland and East Multnomah County, and manages a large, interconnected channel between 4 counties (Multnomah, Clackamas, Clark and Washington) in the Portland metro region allowing greater coverage and visibility for content of regional interest.

Education and Engagement

PCM provides education to Portland area non-profits, community groups, individual adults and youth. In Fiscal Year 2015-16 PCM provided video production, content creation and Internet training to approximately 386 adults and 104 youth for a total of 490 individuals certified to produce programs for PCM channels.

PCM workshops include: studio production, field camera, editing, lighting, audio, animation, Internet basics, and web-based content creation and distribution training.

PCM is a participant in the Digital Inclusion Network and continues to collaborate with the group in development of the Digital Equity Action Plan.

Government Productions

PCM Multimedia Services staff produce approximately 752 hours of new programs each year. Of these programs, approximately 359 hours are gavel-to-gavel coverage of Portland City Council meetings cablecast and streamed live throughout the Portland metro region. The remaining hours include coverage of City of Portland and regional municipal meetings and events.

Fiscal Year 2016-17 Planning

Developing Strategy

PCM future program and fund development will focus on refining programmatic vision, auditing and maximizing cultural relevancy, and increasing capacity to support increased service delivery across all public-facing departments.

We will also continue to develop PCM's Equity and Digital Inclusion initiatives via the addition of a director-level staff member overseeing the cross-departmental alignment and amplification of said programming. PCM's Digital Inclusion Initiative builds upon existing, successful methodologies for community engagement and will tailor training and support to the needs of the community.

PCM Board and Staff will finalize and begin implementing a new strategic plan. The plan will support PCM in creating programs that meet the needs of the community, that ensure we are establishing and achieving measurable goals, that support our Digital Inclusion efforts, and that develop new, sustainable funding sources.

Capital Improvements

PCM will focus on renovation of the building to support future growth of the organization. Capital improvements will support programmatic activities and services.

Fiscal Year 2016-17 Budget Notes

The Proposed Budget for Fiscal Year 2016-17 is similar to the current year budget with some minor changes identified below.

Income

We anticipate an increase in development around corporate contributions due to the prioritization of fund development and our Executive Director's experience. We averaged the last 3 years earned income to arrive at the estimated earned income for FY 16-17. We don't anticipate significant miscellaneous income in this Fiscal Year.

Personnel Expenses

In FY 16-17, Personnel expenses are itemized in the budget document for greater transparency. Directors and Managers are included in the Salaries line item. Regular and On-Call staff are included in the Wages line item. Total Personnel expenses identify a 3% increase for staff.

Operating Expenses

There is an increase in the Dues & Subscriptions line item to allow for additional memberships that might be needed as the organization continues to grow.

There is an increase in the Marketing line item to support advertising and promotion of PCM services and programs.

There is an increase in the Professional Services-Other line item to support growth of the organization.

There is a decrease in the Recruitment line item because there is minimal need for recruitment.

There is an increase in Training and Education for staff professional development to meet the needs of a growing organization.

There is an increase in the Travel and Mileages to support the increase in Training and Education for staff.

Capital Projects

PCM will focus on building improvements and acquisition of technology to support programmatic activities.

In fiscal year 2016-17 PCM will undertake renovation of the building.

Portland Community Media Proposed FY 16-17 Budget
Operating and Capital Budget Summary
Budget Summary
5/11/2016

	Actuals FY 14-15	Adjusted Budget for FY 15-16	Proposed Operating Budget for FY16-17
<i>INCOME</i>			
Grants - Government	\$ 911,263	\$ 930,709	\$ 887,059
Grants - Other Temporary Restricted		\$ -	\$ 50,000
Grants - Other Non-Restricted		\$ -	\$ -
Contributions-Corporation	\$ 26,400	\$ -	
Contributions - Restricted (B&H Scholarship)			\$ 1,000
Contributions-individual	\$ 7,741	\$ 1,000	\$ 5,000
Earned Income - All	\$ 204,683	\$ 151,723	\$ 166,895
Capital Overhead	\$ 97,091	\$ 104,000	\$ 148,388
Miscellaneous Income	\$ 74	\$ 38,000	\$ -
Total Revenue	\$ 1,247,252	\$ 1,225,432	\$ 1,258,342
<i>EXPENSES</i>			
<u>Personnel Expenses</u>			
Salaries	674,242	1,001,275	299,004
Wages	62,455		453,723
Payroll Taxes	79,247		79,343
Fringe Benefits	85,702	96,311	109,049
Capitalized PR, Taxes and Bene	(5,703)	(15,000)	(15,000)
Total Payroll, Tax & Fringes	895,943	1,082,586	926,119
<u>Operating Expense</u>			
Bad Debt	1,505	-	-
Bank Charges	6,386	7,500	5,000
Board of Directors' Expense	547	2,000	2,000
Copier Lease & Maintenance	2,520	2,680	2,680
Crew Food	732	3,620	3,620
Dues & Subscriptions	4,290	4,138	6,138
Equipment Lease & Rental	3,347	1,500	1,500
Fees (Annual Report, Non-profit filing)	1,115	380	380
Hospitality	10,239	5,187	5,187
Insurance	34,875	38,000	38,000
Interest Expense	92	-	-
Internet & Telephone	28,754	24,669	24,669
Maintenance	14,641	18,620	18,620
Miscellaneous Expense	8,896	680	680
Parking	2,647	4,830	4,830
Postage & Shipping	1,173	1,278	1,278
Marketing	120	3,000	20,000
Professional Services Accounting & HR	27,654	24,708	11,010
Prof. Svcs: Auditing & Tax Prep.	16,300	19,600	19,600
Prof. Svcs: Legal Services	669	10,800	10,800
Prof. Svcs Other	33,726	10,300	13,300
Recruitment	395	19,500	1,000

**Portland Community Media Proposed FY 16-17 Budget
 Operating and Capital Budget Summary Budget Summary
 5/11/2016**

	Actuals FY 14-15	Adjusted Budget for FY 15-16	Proposed Operating Budget for FY16-17
Repairs	8,369	9,260	9,260
Security Services	837	636	636
Software Expense	3,456	1,800	1,800
Small Tools & Equipments	185	330	330
Supplies	5,965	7,330	7,330
Training & Education	7,490	7,754	15,508
Travel & Mileage	8,962	5,064	10,128
Utilities	29,770	38,816	38,816
Vehicle Fuel & Maintenance	4,061	5,048	5,048
Total Operating Expense	269,718	279,028	279,148
 TOTAL EXPENSE	 1,165,661	 1,361,614	 1,205,268
Net Operating Income (Deficit)	81,591	(136,182)	53,075
 <u>Other Expenses</u>			
Transfer to Capital Account	(36,800)	(107,766)	(91,228)
Net Operating Surplus (Deficit)	44,791	(243,948)	(38,153)

Portland Community Media Proposed FY 16-17 Budget
Operating and Capital Budget Summary
5/11/2016

	<u>Actuals FY 14-15</u>	<u>Adjusted Budget for FY 15-16</u>	<u>Proposed Operating Budget for FY16-17</u>
	<u>Actuals FY 14-15</u>	<u>Proposed Capital Budget for FY 15-16</u>	<u>Proposed Capital Budget for FY16-17</u>
<u>Capital Projects Budget</u>			
Revenue	903,201	952,531	989,255
Balance of Capital Fund Carryover	30,000	30,000	50,000
Transfer from Operation	36,800	61,480	91,228
Total Capital Revenue	970,001	1,044,011	1,130,483
<u>Capital Expenses</u>			
Land & Land Improvement	-	114,111	2,500
Building & Building Improvement	72,261	309,400	420,000
Production Equipments	568,902	284,900	402,400
Computers	120,314	44,000	60,800
Vehicles	-	15,600	-
Office Equipment & Funitures	25,786	64,000	2,200
Software & Other Intangibles	184,549	60,500	75,500
Capitalized Wages	5,703	47,500	15,000
Capital Overhead	124,269	104,000	148,388
Total Capital Expenses	1,101,784	1,044,011	1,126,788
Net Capital Surplus (Deficit)	(131,783)	-	3,695