

MEETING NOTIFICATION

**May 18, 2020  
6:30 p.m.**

**Due to the State of Emergency declared in Oregon and Multnomah County in response to the COVID-19 virus, the meeting will be conducted via participation by phone or computer. Participants can access the meeting as follows:**

**Join by URL:**

**<https://aspenuc.accessionmeeting.com/j/1167221164>**

**Or iPhone one-tap :**

**+15032129900,,1167221164# (US Toll)**

**Or join by phone:**

**Dial: +1 5032129900 (US Toll)**

**Meeting ID: 116 722 1164**

**AGENDA**

- Roll Call  
(Commission Participation: One or more members of the Commission may attend and participate by electronic means. The public will be afforded an opportunity to listen to the participation.)
- Agenda Review
- Disclosures
- MHCRC Chair – Committee Appointments
- Public Comment (non-agenda items)

**CONSENT AGENDA – NO DISCUSSION**

All items listed below may be enacted by one motion and approved as consent agenda items. Any item may be removed from the consent agenda and considered separately if a member of the Commission so requests.

\*C1. March 16, 2020 Meeting Minutes

**REGULAR AGENDA**

- \*R1. FY20-21 MHCRC Goals & Objectives 10 min
- \*R2. MHCRC FY20-21 Fund Budget 30 min
- Staff Activity Reports and Updates
  - Public Policy/Legislative/FCC
  - Comcast I-Net End-Fund Report
  - Community Needs Ascertainment
  - Comcast Franchise Renewal
  - Comcast Updated Subscriber Count

- Comcast Force Majeure – Phone Answering Standard
- Frontier/Northwest Fiber Transfer/ New Name
- Frontier Bankruptcy Filing
- Other
  
- Committee Reports
  - Finance Committee
  - Jurisdiction Needs Assessment Committee
  - Open Signal Board Appointee
  - MetroEast Board Appointee
  
- New Business; Commissioner Open Comment Meeting Schedule:
  - June 15 – TBD
  - July/August – Recess
  - September 21 - TBD
  - October 19 – TBD
  - November – recess
  - December 21 – Open Signal
  
- Franchisee Activity Report
  - Frontier
  - Comcast
  - CenturyLink
  
- PEG Provider Activity Report
  - Open Signal
  - MetroEast Community Media
  
- Public Comment
  
- Adjourn

\*Denotes possible action item

*Please notify the MHCRC no less than five (5) business days prior to our event for ADA accommodations at 503-823-5385, by the City of Portland's TTY at 503-823-6868, or by the Oregon Relay Service at 1-800-735-2900.*





MT. HOOD CABLE REGULATORY COMMISSION  
Remote Meeting via phone or computer, Portland OR  
March 16, 2020 Meeting Minutes -- DRAFT

## **SUMMARY MINUTES**

Call to Order: 6:30 PM

Chair Hansen reviewed protocols for the meeting as it was held electronically through participation by phone or computer as a result of the State of Emergency declared by Oregon and Multnomah County due to the COVID-19 virus. The meeting was publicly noticed with instructions about how people could participate. Members of the public would be given the opportunity to comment under Public Comment at the beginning and end of the meeting. Commissioners were asked to state their name when making or seconding a motion. MHCRC staff did not receive any requests for ADA accommodations for the meeting. MHCRC staff consulted with the MHCRC legal counsel to confirm that the notice and conduct of the meeting electronically met requirements of Oregon Open Meetings rules.

- Roll Call  
Commissioners Present: Leif Hansen (Chair), Carol Studenmund, Jeff Dennerline, Norm Thomas, Jacquenette McIntire, Scott Harden, Kory Murphy.

Commissioners Absent: Richard Roche.

Staff Present: Elisabeth Perez, Julie Omelchuck, Cinthia Diaz Calvo.

- Agenda Review: none.
- Disclosures: Harden stated he received a letter from Comcast about its performance and services in response to the COVID-19 State of Emergency.
- Public Comment: none.
- CONSENT AGENDA

McIntire removed C1 and C2 from the Consent Agenda because not all Commissioners attended the January MHCRC meeting.

C1. January 27, 2020 Meeting Minutes

**MOTION:** Thomas moved to Item C1. January 27, 2020 Meeting Minutes. Harden seconded.

**DISCUSSION:**

**VOTE: 7-0**

C2. February 22, 2020 Retreat Minutes

**MOTION:** Thomas moved to C2. February 22, 2020 Retreat Minutes. Harden seconded.

**DISCUSSION:**

**VOTE: 7-0**

Regular Agenda

R1. Authorize Moss Adams for MHCRC FY2020-21 Audits

Perez summarized the staff report contained in the meeting packet. She said Moss Adams conducts the MHCRC annual fund audit under a contract City of Portland. The City has decided to extend the contract through the FY20-21 audit. Staff consulted with Thomas as Chair of the MHCRC Finance Committee. He and staff said Moss Adams have provided good service and haven't had any performance issues to date. Therefore, staff recommends that the MHCRC authorize the City to conduct the MHCRC audit under the extended contract with Moss Adams.

**MOTION:** Harden moved to Authorize Moss Adams for MHCRC FY2020-21 Audits.

Dennerline seconded.

**VOTE: 7-0**

R2. CBG Communications Contract Amendment

Omelchuck referred to the staff report contained in the packet. Staff is recommending amending the contract increasing the dollar amount by \$30,000 and extending the CBG contract through August 31, 2020, to complete work related to the Community Technology Needs Ascertainment.

Omelchuck explained the background in which the Commission developed and adopted a scope of work for the ascertainment consultant in the late 2018. However, staff suffered severe constraints when three or four staff positions became vacant. As a result, the project deadline needed to be extended with additional unexpected items that were not part of the original contract scope. Omelchuck noted that the current budget could absorb the increased amount.

In response to a question from Harden about the developing and vetting of the online survey and formatting the paper copy of the survey, Omelchuck CBG performed more of the work due to staff capacity issues in developing the online survey and a paper version of the survey was not included in the original scope. In response to a question from Harden about using carryover from the past fiscal year instead of legal services amounts, Omelchuck said CBG funding was contained in the consulting line item in the budget, not in the legal services line item.

In response to a question from Hansen about personnel savings, Omelchuck said personnel savings amount would be transferred to professional services in the City's budget process. Hansen said that, with that transfer, both legal and professional services funds would go untouched if the Commission pursued staff's proposal.

**MOTION:** Harden moved to approve the amendment of the CBG Communications Contract. Thomas seconded.

**VOTE: 7-0**

New Business: Hansen introduced MetroEast and Open Signal board appointments to be reestablished in the next MHCRC meeting. Hansen will work with commissioners prior to meeting to assess and reassign candidates for each board.

Public Comment: none.

Adjourn: 7:10 PM

Respectfully submitted,  
Cinthia Diaz Calvo  
Administrative Special II

**MHCRC Committees/Access Board Appointments  
Effective 5.18.20**

<b>Type of Structure</b>	<b>Commission Member(s)</b>	<b>Objective/Project</b>
Finance Committee	Norm Thomas, Chair Leif Hansen Kory Murphy Jacquenetie McIntire, Richard Roche	Develop annual Commission budget; approve annual MHCRC Financial Statements; address MHCRC Fund Audit issues; review fiscal year budget reports; consult on budget issues; make recommendations as necessary. Lead staff person: Elisabeth (Audit)/Julie (Budget)
Jurisdiction Needs Assessment Committee	Scott Harden, Chair Carol Studenmund, Richard Roche, Jeff Dennerline, Leif Hansen	Review Commission services to the MHCRC Jurisdictions. Lead staff person: Elisabeth
Open Signal Board Appointee	Kory Murphy	Serve as the Commission appointed ex-officio Board member to provide liaison to Open Signal Board of Directors, including attending Board meetings.
MetroEast Board Appointee	Jeff Dennerline	Serve as the Commission appointed ex-officio Board member to provide liaison to MetroEast Board of Directors, including attending Board meetings.

**COVER SHEET – AGENDA ITEM #R1**

For Commission Meeting: May 18, 2020

“FY 2020-21 MHCRC Goals and Objectives.”

**Recommendation**

Staff recommends that the Commission adopt FY20-21 Goals and Objectives.

**Background**

Staff developed the proposed FY20-21 goals and objectives, considering issues identified by the Commission at its annual planning retreat held in late February. In addition, staff has included objectives responding to anticipated workload items contained in the MHCRC Finance Committee proposed FY20-21 budget.

Attachment: Draft FY20-21 Goals and Objectives

Prepared By: Julie S. Omelchuck  
May 13, 2020

## MISSION

The Mt. Hood Cable Regulatory Commission advocates for and protects the public interest in the regulation and development of cable communications systems in Multnomah County and the Cities of Fairview, Gresham, Portland, Troutdale and Wood Village; provides consumer protection and complaint resolution assistance to cable subscribers; and participates in the planning and implementation of community uses of communications technologies.

## GOALS AND OBJECTIVES

**Effective: July 1, 2020 – June 30, 2021**

The Commission acknowledges that its policy and regulatory work is undertaken in a dynamic communications technology environment. Consequently, the Commission retains flexibility to modify or revise these Goals and Objectives as may be required from time to time.

**Goal I:** *Effectively administer cable services franchise agreements to serve our member jurisdictions and their residents.*

### Objectives

1. Identify and address franchise compliance issues in response to and, when possible, prior to cable company actions.
2. Provide consumer protection for citizens and subscribers in cable service matters by helping to resolve complaints, enforcing customer service standards and addressing other consumer-related franchise compliance issues.
3. Conduct three-year franchise and PEG/I-Net fees review of payments from Comcast, Century Link and Frontier.
4. Develop franchise terms and community benefits responsive to findings of the Community Technology Needs Ascertainment for inclusion in a renewal franchise with Comcas, which expires December 2021.
5. Ensure cable TV subscribers' and City of Portland interests are addressed with CenturyLink related to expiration of its cable services franchise agreement in December 2021.

**Goal II:** *Focus the community grants program on key impacts for addressing needs and equity issues identified through the MHCRC's Your Voice, Our Communications Technology initiative to guide the financial investment of capital funds in the community.*

### Objectives

1. Conduct the annual Community Technology Grants round to continue development of public, educational and governmental uses of cable system technology.
2. Continue TechSmart Initiative grant partnerships with school districts in Multnomah County to implement and share effective instructional practices and strategies, which





## MT. HOOD CABLE REGULATORY COMMISSION

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

Use technology to foster improvement in student academic outcomes and reduce the achievement gap.

3. Conduct the annual TechSmart Initiative evaluation for school year 2019-20.
4. Organize and facilitate the annual TechSmart “shared learning” work session among school districts.
5. Utilize the grants management system, financial models and evaluation tools to provide efficiencies overall in managing fund allocation, accountability and evaluation of impact.
6. Monitor grant projects to ensure accountability for grant funds and project activities.

**Goal III:** *Ensure access to and use of current and new services available through the cable system technology by citizens, local governments and community institutions.*

### Objectives

1. Facilitate Community Institutional Network (I-Net) partnership for public organizations to communicate, inform and deliver services to their constituencies.
2. Work with public agencies, schools, and libraries to develop I-Net obligations in the Comcast renewal franchise responsive to findings in the Community Needs Ascertainment.
3. Monitor and ensure accountability for capital funds paid to Open Signal and MetroEast Community Media.
4. Collaborate with organizations, at the federal, state and local levels, to advocate for the community’s access to cable system technology.
5. Participate in the Digital Inclusion Network and other efforts focused on digital inclusion to aide in capacity-building and partnerships to address findings of the Community Needs Ascertainment.

**Goal IV:** *Communicate, educate, and respond in a timely, accurate, and clear manner to our jurisdictions, cable subscribers and the general public regarding communications technology policy and regulatory issues.*

### Objectives

1. Communicate with jurisdictions’ elected officials and key staff in order to educate and support them about cable franchising regulatory and funding issues and what’s at stake for our communities.
2. Support our member jurisdictions in implementing FCC rules and federal laws related to cable communications systems.
3. Support and provide resources for the development of Commissioners’ education and expertise.
4. Engage Jurisdictions in strategic planning to review the Commission’s role, authority, and structure responsive to the findings of the Community Technology Needs Ascertainment and the changing policy and technology landscape.

**Goal V:** *Advocate for continued local authority regarding cable franchises and use of the public right-of-way by communication providers.*

Objectives

1. Continue cross-jurisdictional collaborations for information-sharing and coordinated strategies on issues of common concern.
2. Participate in statewide committees or groups that address local government authority, management and control of public rights of way, such as the Oregon Broadband Advisory Council and League of Oregon Cities committee.
3. Participate in FCC proceedings on behalf of our jurisdictions' and citizens' interests.
4. Advocate for local authority and public interest benefits at the federal legislative level.

**Goal VI:** *Lead Commission operations efficiently and effectively.*

Objectives

1. Fulfill Intergovernmental Agreement and Rules of Procedure administrative responsibilities.
2. Continue to engage with the City of Portland on the placement and structure of the MHCRC staff services within the City of Portland to ensure transparency and continued provision of a high level of service to MHCRC's stakeholders and communities.
3. Plan and conduct Commission meetings in a way that respects the volunteer nature of Commission positions and is in accordance with Oregon Open Meeting laws.
4. Conduct annual strategic planning and goal-setting process.
5. Conduct annual MHCRC evaluation of staff services.
6. Conduct annual MHCRC Fund Audit and transmit it to the Oregon Secretary of State's Office.
7. Present an annual budget request to the Jurisdictions that supports the Commission's mission and respects the Jurisdictions' budget considerations.
8. Conduct a review of the MHCRC Fund balance within the City of Portland financial system to ensure accurate records and Fund balance.

## **COVER SHEET -- AGENDA ITEM #R2**

For Commission Meeting: May 18, 2020

“MHCRC FY 2020-21 Fund Budget Proposal”

### **FINANCE COMMITTEE RECOMMENDATION**

The MHCRC Finance Committee recommends that the Commission adopt the FY 2020-21 MHCRC Fund Budget and forward it to the member Jurisdictions with a recommendation for approval.

### **BACKGROUND**

Staff and Aaron Rivera (financial analyst assigned to MHCRC and OCT) worked with the MHCRC Finance Committee direction and input to develop the draft FY20-21 MHCRC Fund Budget and supporting documents. The Finance Committee met April 27 and May 11, 2020, to develop the MHCRC FY 2020-21 Fund Budget recommendation for the full Commission consideration.

Under the IGA, all MHCRC member jurisdictions must approve the MHCRC annual budget for it to be effective July 1. If this action is not complete by July 1, the IGA provides that the current fiscal year budget less 10% is in effect until the new fiscal year budget is approved. The MHCRC has gained annual jurisdictional budget approval by June every year since the IGA effective date.

Staff has reserved agenda placement on all Jurisdictions’ meeting agendas. Staff will provide each Commission member with a budget packet prior to the meetings, which will include talking points, the Fund Budget, any jurisdiction-related materials, and the MHCRC Annual Report.

### **BUDGET HIGHLIGHTS**

#### **MHCRC FUND BUDGET (Attachment 1, page 5)**

Franchise Fees and PEG/I-Net Fees: Staff has used trend data and actual revenues through 2ndQ FY19-20 to forecast fee amounts for the FY20-21 budget. The FY19-20 3<sup>rd</sup>Q payments are due May 15 and staff will update budget documents after receipt of these payments if needed. The COVID-19 crisis has created significant uncertainty for forecasting fee revenues for FY20-21 for budget purposes as we won’t know the impact on cable services related to the crisis until August 15 when the 4thQ (April-June) payment is due.

The MHCRC and staff will need to closely monitor payments amounts and notify the Jurisdictions and MetroEast (due to operations payments based on franchise fees) if a steep decline is realized.

Jurisdictional appropriation carryover amounts: The MHCRC franchise administration program did not fully expend the jurisdictional appropriations in fiscal years 2017-18 and 2018-19. The proposed FY20-21 budget allocates the amount to the MHCRC Operations Budget.

Interest Income: The COVID-19 crisis has impacted current and projected interest rates. The interest amount for FY20-21 on the MHCRC Fund is currently projected to be about half the forecasted actual amount for the current fiscal year. This will be another area to monitor as the fiscal year progresses.

FY20-21 PEG Fee Capital Funding: MetroEast and Open Signal: The MHCRC Fund Budget reflects the direction from the Finance Committee to provide a supplemental capital amount to the community media centers for FY20-21 that is more than the normal CPI increase. The resulting increased total amount of PEG/I-Net Capital funding for FY20-21 is \$2,083,120.

## MHCRC OPERATING BUDGET (Attachment 1, page 8)

The MHCRC Operating Budget is comprised of two program level budgets: Franchise Administration and Capital Compliance (see Attachment 2 for details).

The Capital Compliance program budget remains largely status quo for FY20-21, except for the Personnel reduction noted below.

The Franchise Administration program budget reflects the most recent (5.7.20) MHCRC Special Appropriation amount from the City of Portland to calculate the jurisdictional appropriation resources. This amount represents a 9.4% decrease (about \$39,000) from an amount representative of a “current service level” budget.

A corresponding reduction is contained in the Personnel line item. All City of Portland non-represented staff are required to take unpaid furlough days and will not receive cost-of-living or merit increases in FY20-21 due to economic impacts of the COVID-19 pandemic.

Available budget resources for the Franchise Administration program budget are bolstered by under expenditures of jurisdictional appropriations in two past fiscal years, primarily in FY18-19 due to staff position vacancies. The program budget also includes \$147,608 from the MHCRC Fund interest income, which balances the resources to expenditures.

Professional Services: The Operating Budget reflects future-focused planning, one-time projects, and priorities discussed during the MHCRC’s annual planning retreat in February.

In addition to annual “status quo” services (MHCRC annual report, annual retreat, general legal counsel, and franchise fee/PEG fee audits of cable company payments), the Professional Services line item for the Franchise Administration program includes the following:

- \$40,000 – Outside Special Legal Counsel for the Comcast franchise renewal and public policy/advocacy
- \$25,000 – Remaining amount to complete ascertainment work
- \$40,000 – Consulting support for Comcast franchise renewal negotiations
- \$20,000 - Outside financial review of MHCRC Fund (true-up with City’s SAP financial data-reporting/ PEG/I-Net Fee tracking-budgeting spreadsheets/ annual Financial Statements, etc.)
- \$2,000 - Outside management of staff services annual evaluation by Commission
- \$60,000 - Strategic planning services to support Commission review of IGA/ Jurisdictional needs post Comcast/Frontier franchise renewals

Attachment 3 represents the impact on the MHCRC Interest Fund to cover the Franchise Administration program budget. As you can see, even if interest rates drop more than currently projected, the accumulated balance will remain healthy.

Financial services support for the MHCRC: Currently, OCT allocates three program positions to support MHCRC work, half of one administrative position, and one-third of the staff director position (total 3.9 full-time equivalent positions or FTE). The Office of Management and Finance (OMF) currently provides financial and some administrative support services to the MHCRC programs through an interagency agreement. For FY20-21, OCT is proposing to hire a financial analyst, which would support MHCRC work half-time, thus shifting this expenditure from Internal Services to Personnel.

Attachments

Attachment 1: MHCRC FY20-21 Fund Budget - Proposed

Attachment 2: MHCRC FY20-21 Program Level Budget

Attachment 3: Fund Interest tracking spreadsheet

Prepared By: Julie S. Omelchuck  
May 13, 2020



# MT. HOOD CABLE REGULATORY COMMISSION

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

## MHCRC FUND BUDGET FISCAL YEAR 2020-21 DRAFT - PROPOSED

### Members

Leif Hansen, Chair  
Jeff Dennerline  
Scott Harden  
Jacquenette McIntire  
Kory Murphy  
Rich Roche  
Carol Studenmund  
Norman Thomas

### Staff

Elisabeth H. Perez, Staff Director  
Julie S. Omelchuck, Program Manager  
503-823-5385  
[www.mhcrc.org](http://www.mhcrc.org)

## INTRODUCTION

The Mt. Hood Cable Regulatory Commission (MHCRC) 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;**
- **Providing consumer protection and cable subscribers' complaint resolution; 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 Open Signal and MetroEast Community Media (MetroEast), all in service to the Jurisdictions and their communities.

The MHCRC regulates and oversees cable service franchises with three 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

The MHCRC contracts for staff and other support services through a services agreement with the City of Portland. The MHCRC funds an equivalent of 4.4 full-time (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 focuses on community needs as it navigates today's legal and public policy landscape to steward existing public benefits, while also exploring possibilities and opportunities in our quickly changing technology environment to help ensure a sound and vital digital future for all our communities.

Please refer to the MHCRC's FY 2019-20 Annual Report and website ([www.mhcr.org](http://www.mhcr.org)) for more detail about MHCRC activities and accomplishments.

# MHCRC FY 2020-21 FUND BUDGET

## **BUDGET PROCESS**

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 FY 2020-21 budget in consultation with MHCRC staff. On May 18, 2020, 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 OVERVIEW**

The MHCRC FY 2020-21 Fund Budget is presented on page 5.

Nearly all 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 and Open Signal), 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 largely depends on franchise fee and PEG/I-Net fee payments from cable companies for their private use of public right-of-way to provide cable TV services. Cable company payments are based on a percentage of the company's gross revenues derived from cable TV services. The FY 2020-21 Fund resources are projected based on cable company actual payments through 3<sup>rd</sup> Quarter FY 2019-20. However, the impact on cable companies' revenues from cable TV services due to the COVID-19 pandemic is not yet known. The MHCRC will closely monitor payment amounts and will inform the Jurisdictions of any significant changes to budget projections.

Fund resources also include a beginning fund balance and projected amounts for programs underspent in FY 2019-20. Detail on each Fund resource follows:

Franchise Fees: The MHCRC collects all cable services franchise fees for Gresham, Troutdale, Fairview, Wood Village and Multnomah County from Comcast and Frontier cable franchises. The MHCRC uses historical trend data and actual payments through 3<sup>rd</sup> Quarter FY19-20 to project franchise fees. Trend data shows a year-over-year decrease in fees in the last few years.

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 (detail contained in Appendix 1, page 7).



Due to FY 2020-21 budget challenges faced by the member Jurisdictions due to the COVID-19 pandemic, the MHCRC has reduced the Jurisdictions' amount for the operating budget by nearly 10% from current service level, which includes MHCRC-related employees taking furlough days and receiving no merit or cost-of-living increases in FY20-21. The MHCRC has opted to increase its use of interest revenue to supplement the operating budget and fund certain one-time projects in FY20-21, including Comcast franchise renewal negotiations, a financial review of the MHCRC Fund, and a strategic planning process with the Jurisdictions to guide possible changes to the IGA and the MHCRC after FY21-22. More detail on the MHCRC Operating Budget is contained in Appendix 1, page 8.

Interest Earned: The MHCRC collects interest on its Fund. Interest revenue is projected to decrease, due to the recent sharp decline in interest rates, compared to the forecasted amount for FY 2019-20.

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 capital costs of providing community media and technology services to the community (see specific disbursements under Fund Expenditures below). A small portion also funds MHCRC's compliance program costs to administer, oversee, and disburse the capital funds.

Beginning Fund Balance: The beginning balance is a combination of funds attributable to various resources not expended in FY 2019-20, which the MHCRC plans to expend or retain as contingencies in FY 2020-21.

## **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 MHCRC Operating Budget and the amount of community media payments to MetroEast and Open Signal 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 Open Signal. 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 (resources and line item detail contained in Appendix 1, page 8).

Community Media Capital: The MHCRC distributes a portion of the PEG/I-Net Capital fee from the cable companies to support the capital needs of MetroEast Community Media and Open Signal. 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: In previous years, the MHCRC provided grants from the PEG/I-Net Capital fee for use of the Institutional Network (I-Net) by schools, libraries, and local governments to support their broadband network connectivity needs. The MHCRC reimbursed these public agencies and Comcast for capital costs related to I-Net connections, equipment, network infrastructure and electronics upgrades. However, the MHCRC suspended those in 2019 due to a Federal Communications Commission (FCC) rule change. The MHCRC is a party to a legal challenge of the FCC rule but it has not yet been decided.

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. Grants are funded through the PEG/I-Net Capital fee revenues from the cable companies and are made in accordance with the IGA and the cable services franchise agreements.

The Community Technology Grants provides funding, through an annual, competitive grant process, to nonprofits, libraries, and local governments to use technology resources to further their missions and services. Nearly 75% of current grants focus on supporting traditionally underserved, ethnically diverse, and special needs populations – such as communities of color, immigrants and refugees, low-income people, girls and women, youth, English language learners - in order to bridge the digital divide.

The TechSmart Initiative is an eight-year, \$16 million funding partnership with six school districts in Multnomah County to provide grants and evaluation resources for districts to identify effective classroom instruction that uses technology to foster improved outcomes for all students. Initiative grant projects with the districts will wrap up in school year 2021-22 and the final impact report is planned for publication by December 2022.

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

**MHCRC FUND BUDGET  
FISCAL YEAR 2019-20**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Proposed</b>
<b>RESOURCES</b>				
E. County Franch. Fees, Comcast	1,390,189	1,336,912	1,250,329	1,266,277
E. County Franch. Fees Mult West, Comcast	109,078	106,701	102,428	99,275
E. County Franch. Fees, Frontier	224,846	226,288	228,441	157,411
Operating Budget Appropriation-Portland	281,036	304,998	314,826	294,418
Interest Earned	184,274	291,297	238,842	150,000
PEG / I-Net Capital Fee	5,196,878	4,791,334	4,269,431	3,282,585
<b>Total Resources</b>	<b>7,386,301</b>	<b>7,057,530</b>	<b>6,404,297</b>	<b>5,249,966</b>
Beginning Fund Balance	6,663,998	7,266,195	3,232,096	3,151,332
Unspent FY19 Comm Technology Grants	0	0	800,000	297,488
Unspent FY19 TechSmart Initiative Grants	0	0	3,440,426	6,913,886
Unspent FY19 Comm Grants Contingency	0	0	800,000	0
<b>Total</b>	<b>\$14,050,299</b>	<b>\$14,323,725</b>	<b>\$14,676,819</b>	<b>\$15,612,672</b>
<b>EXPENDITURES</b>				
MHCRC Operating Budget	857,792	656,303	1,116,781	1,254,868
Franchise Fee Balance to Jurisdictions	530,356	503,730	462,973	450,652
Community Media Pmt, E. County (MetroEast)	969,020	937,920	888,698	855,967
Community Media Pmt, Mult. West (Open Signal)	65,446	64,021	60,022	57,812
Community Media Capital (MetroEast/OS)	1,726,301	1,469,042	1,504,299	2,083,120
I-Net Grants	189,884	568,179	960,000	0
Community Technology Grants	110,459	0	1,600,000	1,197,488
TechSmart Initiative Grants	2,334,845	0	5,298,617	6,913,886
Community Grants Contingency	0	0	800,000	800,000
<b>Total Expenditures</b>	<b>\$6,784,103</b>	<b>\$4,199,195</b>	<b>\$12,691,390</b>	<b>\$13,613,793</b>
Net Change in Fund Balance	7,266,195	10,124,530	1,985,430	1,998,879
<b>Total</b>	<b>\$14,050,299</b>	<b>\$14,323,725</b>	<b>\$14,676,819</b>	<b>\$15,612,672</b>

## **APPENDIX ONE**

**FRANCHISE FEE REVENUE AND DISBURSEMENT DETAIL**

**MHCRC OPERATING BUDGET-LINE ITEM DETAIL**

**JURISDICTIONAL APPROPRIATIONS BY JURISDICTION**

**FRANCHISE FEE REVENUES AND DISBURSEMENTS**

**FY20-21 Estimate**

<b>Jurisdictions</b>	<b>Franchise Fee Revenues</b>	<b>MetroEast Appropriation</b>	<b>Open Signal Appropriation</b>	<b>MHCRC Budget Appropriation</b>	<b>Payments to Jurisdictions</b>
<b>Portland*</b>	<b>\$5,343,986</b>		<b>\$936,857</b>	<b>\$294,418</b>	
MULTNOMAH CO., EAST	69,920	41,952		14,046	13,922
MULTNOMAH CO., WEST	96,353	N/A	57,812	N/A	38,541
GRESHAM	1,055,311	633,187		113,652	308,472
TROUTDALE	172,042	103,225		17,486	51,331
FAIRVIEW	101,278	60,767		10,162	30,349
WOOD VILLAGE	28,060	16,836		3,202	8,022
<b>Total, East County</b>	<b>\$1,522,964</b>	<b>\$855,967</b>	<b>\$57,812</b>	<b>\$158,548</b>	<b>\$450,637</b>
<b>Grand Total</b>	<b>\$6,866,950</b>	<b>\$855,967</b>	<b>\$994,669</b>	<b>\$452,966</b>	<b>\$450,652</b>

\*Information purposes only: MHCRC does not collect franchise fee revenues for or disburse Open Signal operational funds from the City of Portland.

**EMENTS to EAST COUNTY JURISDICTIONS - Prior Years:**

<b>Jurisdictions</b>	<b>FY 2016-17 Actual</b>	<b>FY 2017-18 Actual</b>	<b>FY 2018-19 Actual</b>	<b>FY 2019-20 Adopted</b>	<b>FY 2020-21 Proposed</b>
MULTNOMAH CO., EAST	19,120	17,900	16,382	15,866	13,922
MULTNOMAH CO., WEST	45,848	43,632	42,098	40,014	38,541
GRESHAM	388,290	363,362	337,012	314,158	308,472
TROUTDALE	61,738	60,401	55,899	52,546	51,331
FAIRVIEW	37,435	35,620	33,667	32,279	30,349
WOOD VILLAGE	9,846	9,441	8,502	8,110	8,022
<b>TOTAL</b>	<b>\$562,277</b>	<b>\$530,356</b>	<b>\$493,560</b>	<b>\$462,973</b>	<b>\$450,637</b>

**MHCRC FY20-21 OPERATING BUDGET - Line Item Detail**

	FY 2017-18	FY 2018-19	FY 2019-20	FY20-21
Title	Actual	Actual	Adopted	Proposed
Personnel - MHCRC Admin	497,774	339,589	580,553	629,633
Indirect Personnel - Bureau Support	34,540	10,870	0	0
<b>Personnel Services</b>	<b>\$532,314</b>	<b>\$350,459</b>	<b>\$580,553</b>	<b>\$629,633</b>
External Fund Audit	13,150	10,060	15,000	15,000
Professional Services	96,074	166,975	284,000	362,000
Miscellaneous Services	4,755	2,563	9,000	9,000
Office Supplies	1,832	2,123	1,000	400
Operating Supplies	1,546	0	400	400
Education	11,462	8,394	15,775	14,775
Local Travel	555	0	600	600
Out-of-Town Travel	4,744	2,743	10,400	10,400
Rent Columbia Square	37,677	41,744	38,076	0
Miscellaneous	882	1,440	800	800
<b>External Materials &amp; Services</b>	<b>\$172,677</b>	<b>\$236,042</b>	<b>\$375,051</b>	<b>\$413,375</b>
Fleet Services	0	0	120	0
Print/Distribution	8,365	3,918	4,012	2,799
Facilities Services	287	310	313	45,359
EBS Services	13,223	8,548	0	0
Information Technology (IT)	22,685	21,022	17,642	15,614
Insurance/Workers Comp	7,406	6,876	7,000	5,673
Technical Accounting IA	6,350	5,575	9,000	9,000
Mgmt Services (Bus Ops) IA	25,000	8,333	21,590	0
Other	878	15,220	0	0
<b>Internal Services</b>	<b>84,194</b>	<b>69,802</b>	<b>59,677</b>	<b>78,445</b>
GF Overhead (charged direct to fund)	0	0	0	25,000
Contingency - General	0	0	101,500	108,415
Encumbrance Carryover	38,085	0	0	0
<b>Fund Level Expenditures</b>	<b>\$ 38,085</b>	<b>\$ -</b>	<b>\$ 101,500</b>	<b>\$ 133,415</b>
<b>Total</b>	<b>\$ 827,270</b>	<b>\$ 656,303</b>	<b>\$ 1,116,781</b>	<b>\$ 1,254,868</b>
Admin Expenses	425,962	330,971	586,548	727,881
Compliance Expenses	431,830	325,332	530,232	526,988
Appropriation from Jurisdictions	455,118	469,228	484,348	452,951
Year-end Balance - Carry over	2,500	12,409	80,000	127,322
Appropriation from Fund Compliance	519,688	325,332	530,232	526,988
<b>Fund Level Appropriations</b>	<b>\$ 977,306</b>	<b>\$ 806,969</b>	<b>\$ 1,094,580</b>	<b>\$ 1,107,261</b>
Interest Revenue Allocation	\$ -		\$ 22,201	\$ 147,608
<b>Year-End Operations Balance</b>	<b>\$ 31,656</b>	<b>\$ 175,666</b>	<b>\$ -</b>	<b>\$ -</b>



## APPENDIX TWO

### COMMUNITY MEDIA DISBURSEMENT DETAIL (MetroEast and Open Signal)

The MHCRC administers two grant agreements with the community media organizations that serve the MHCRC-member Jurisdictions. MetroEast Community Media (MetroEast) serves the cities and communities of Gresham, Troutdale, Fairview and Wood Village and east Multnomah County areas. Open Signal serves the City of Portland and the west Multnomah County areas.

The community media organizations receive funding for both operations and capital expenditures. Most of Open Signal's operational resources come from a grant agreement between Open Signal and the City of Portland and are, therefore, not included in the MHCRC's Fund Budget (the amount is included below for informational purposes). 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 Multnomah County area. Open Signal also receives an amount in accordance with the IGA for the west Multnomah County area. Both organizations receive capital funds from the MHCRC Fund Budget, derived from PEG/I-Net Capital fee.

Both MetroEast and Open Signal are nonprofit organizations with governing Boards of Directors. These Boards annually develop and adopt budgets. FY2020-21 draft budget summaries are included in this Appendix to provide more detail for the community media expenditures in the MHCRC Fund Budget.

#### **SUMMARY OF COMMUNITY MEDIA DISBURSEMENTS**

##### **MetroEast Community Media:**

Operations Funding: East County Franchise Fees	\$ 855,967
Capital Funding: MHCRC	<u>\$ 833,248</u>
Total	\$ 1,689,215

##### **Open Signal:**

Operations Funding: Portland General Fund	\$ 936,857
Operations Funding: West County Franchise Fees	\$ 57,812
Capital Funding: MHCRC	<u>\$ 1,249,872</u>
Total	\$ 2,244,541



**INSERT ME/OS BUDGET SUMMARIES HERE**

**COMMISSION OPERATING BUDGET BY PROGRAM**

**Fiscal Year 2020-21**

	Franchise Administration	Capital Fund Compliance	Total
<b>ating Resources:</b>			
Jurisdictional Appropriations - Portland	294,418		294,418
Jurisdictional Appropriations - East County	158,533		158,533
Capital Fund Admin Allocation		526,988	526,988
FY 2017-18 unspent appropriation	31,656		31,656
FY 2018-19 unspent appropriation	95,666		95,666
Interest Income	147,608		147,608
<b>Total</b>	<b>727,881</b>	<b>526,988</b>	<b>1,254,869</b>
<b>ating Expenditures:</b>			
<b>Personnel Services</b>			
Personnel	\$358,943	\$270,690	\$629,633
<b>External Materials &amp; Services</b>			
External Fund Audit	5,550	9,450	15,000
Professional Services	228,000	134,000	362,000
Miscellaneous Services	5,000	4,000	9,000
Office Supplies	220	180	400
Operating Supplies	200	200	400
Education	9,275	5,500	14,775
Local Travel	300	300	600
Out-of-Town Travel	9,400	1,000	10,400
Miscellaneous	350	450	800
<b>Internal Services</b>			
Fleet			-
Print/Distribution	1,462	1,337	2,799
Facilities Services	23,690	21,669	45,359
Information Technology (IT)	8,155	7,459	15,614
Insurance/Workers Comp	2,963	2,710	5,673
Technical Accounting IA	3,330	5,670	9,000
GF Overhead (charged direct to fund)	13,750	11,250	25,000
Contingency - General	57,293	51,123	108,415
<b>Total</b>	<b>\$727,881</b>	<b>\$526,988</b>	<b>\$1,254,868</b>
Resources less Expenditures	\$0	\$0	\$1

## MHCRC Fund – Interest Revenue

Updated: May 13, 2020

<b>Interest Fund Balance - history</b>					<i>A=Actual</i>
<b>Earnings and Expenditures by Fiscal Year</b>					<i>E=Estimated</i>
<b>Fiscal Year</b>	<b>Interest Earned</b>	<b>Net Admin. Expenditures</b>	<b>Change</b>	<b>Cumulative Balance</b>	
			Beginning Balance	\$196,968	A
2005-06	\$100,333	(\$99,294)	\$1,039	\$198,007	A
2006-07	\$171,764	(\$92,312)	\$79,452	\$277,458	A
2007-08	\$181,699	(\$92,771)	\$88,928	\$366,386	A
2008-09	\$126,158	(\$109,703)	\$16,455	\$382,842	A
2009-10	\$71,976	(\$98,233)	(\$26,257)	\$356,585	A
2010-11	\$32,395	(\$109,045)	(\$76,650)	\$279,935	A
2011-12	\$34,324	(\$129,708)	(\$95,384)	\$184,550	A
2012-13	\$30,329	(\$66,281)	(\$35,952)	\$148,599	A
2013-14	\$43,567	\$0	\$43,567	\$192,165	A
2014-15	\$57,577	\$0	\$57,577	\$249,742	A
2015-16	\$91,898	(\$4,949)	\$86,949	\$336,691	A
2016-17	\$136,434	\$0	\$136,434	\$473,126	A
2017-18	\$184,274	\$0	\$184,274	\$657,399	A
2018-19	\$291,297	\$0	\$291,297	\$948,697	A
2019-20	\$ 238,842	(\$22,201)	\$216,641	\$1,165,338	E
2020-21	\$ 150,000	(\$147,608)	\$2,392	\$1,167,730	E
2021-22	\$ 150,000	(\$25,000)	\$125,000	\$1,292,730	E