

Mt. Hood Cable Regulatory Commission

PROPOSED BUDGET FISCAL YEAR 2013-14

Commission Approved: May 20, 2013

Representing:

City of Portland
City of Fairview

City of Gresham
City of Wood Village

City of Troutdale
Multnomah County

Commission Members

Sue Dicile, Commission Chair

Mike Bennett

Norman Thomas

Carol Studenmund

Clark Santee

Rich Goheen

Leif Hansen

Staff: Julie Omelchuck, Program Manager
503-823-5385
www.mhcrc.org

**MT. HOOD CABLE REGULATORY COMMISSION
FY 2013-14 PROPOSED BUDGET**

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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 Commission. Over the past year, these appointees have committed hundreds of volunteer hours to fulfill the Commission's mission and to serve the Jurisdictions and their communities. They attended approximately eight Commission meetings and numerous committee meetings, 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).

The Commission 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 Commission contracts for staff and other support services through a services agreement with the City of Portland. The Commission funds an equivalent of 3.5 full-time (FTE) staff positions plus related materials, services, financial and administrative costs. Each member Jurisdiction annually funds a portion of Commission's operational expenses. Other Commission resources fund the remaining portion of the approved budget.

2012 ACCOMPLISHMENTS

Conducted the First Standalone Audit of the MHCRC Fund

As discussed in last year's budget report to the Jurisdictions, a new requirement from the state dictated that the MHCRC's fund undergo a standalone audit. Prior to FY11-12, the MHCRC's fund had been included as part of the City of Portland's annual audit. Moss Adams, the MHCRC's auditor, found that the MHCRC's financial statements presented fairly, in all material respects, the respective financial position of the MHCRC's fund. The audit identified the need for both MetroEast and PCM to be considered "component units" in the MHCRC's financial

statements starting in FY12-13. The MHCRC worked with these organizations so that the MHCRC's financial statements will include the component units starting in FY12-13. The MHCRC filed its audit with the Oregon Secretary of State.

Implemented New Public Benefits in Comcast Franchise Renewal

The MHCRC was successful in renewing a franchise agreement with Comcast, effective Jan. 1, 2012, for a 10-year term, which preserved and increased the significant public benefits provided throughout Multnomah County under the cable franchise. The Commission worked with Comcast and community stakeholders to implement and, in some cases, begin planning new public benefits in the community. These benefits include, among others:

- Funding for community grants nearly double prior annual year amounts, providing critical technology funds for local schools, libraries, nonprofits and local governments to use the Institutional Network (I-Net) and community access channels to support their services;
- I-Net fiber network construction reimbursement formula and reporting;
- Community access channels provided in HD formats starting mid 2013;
- Access channel program titles, schedules and descriptions available to subscribers through web-based program guides and in the menus and functions of the company's set-top boxes; and,
- MetroEast's and PCM's ability to select local, community programming and have it available on Comcast's video-on-demand service at no additional fee for subscribers.

Coordinated Design and Funding Agreements for Local Channels in HD Format

MetroEast, PCM, Comcast and the MHCRC worked together to implement a major technology change to launch the initial two local channels in a high definition (HD) format, including the channels which carry local government programs. The new channels will be available to all cable subscribers in June 2013. Our community is one of the first in the nation to have local community channels delivered in an HD format. The upgrade to an HD format represents a significant improvement in delivery of programming, including a more flexible technology which better supports program delivery not only on the cable system but also over the Internet. A technology upgrade such as this required the cooperation and coordination among all parties, including a shared funding agreement.

Funded and Monitored Upgrades for City Council and County Board Chambers

Portland Community Media worked with the MHCRC and City staff to replace and significantly upgrade the video, audio and presentation systems in Portland City Council chambers, originally installed in 1996. The upgrade addressed closed captioning over the Internet, HD video, and flexibility to support content from a variety of sources and formats.

The MHCRC also provided capital funds to MetroEast Community Media to upgrade the video capabilities at the Gresham, Fairview and Troutdale city council chambers and the Multnomah County Board chambers in mid-2013.

Funded Projects to Advance Education and Community-Based Technology

The MHCRC directs the Community Access Capital Grant program which provides funds for technology projects to community organizations, libraries, educational institutions and local government agencies throughout Multnomah County. The MHCRC oversees implementation and compliance for about 30 grant-funded projects during the year. In 2012, the program granted nearly \$1.3 million for eight new community-based projects that will leverage over \$1.9 million in matching resources. Highlights of some newly funded projects include:

- To increase science interest, engagement, and advanced course enrollment by under-represented minority, female and low-income students, **Grant High School** will fully integrate mobile computing devices (laptops and iPads) into core science curriculum classes. The project also includes intensive teacher professional development throughout all science classes. The project intends to demonstrate that student engagement in core science classes improves when technology is used to support interdisciplinary, project-based curriculum.
- The **Center for Advanced Learning (CAL)** students, high school juniors and seniors from Centennial, Gresham-Barlow, and Reynolds school districts, come to CAL to take advanced courses in four technology-based fields: digital media & design, engineering/manufacturing, medical/dental sciences, and IT/networking & programming. CAL students earn Career and Technical Education (CTE) credits, seen as high-level, project-based “real world” learning experiences, which apply toward graduation from their home high schools. In order to bring its digital media and design course offerings in line with current technology, grant funds will be used to build computer labs, purchase video and still cameras, and provide teacher training in an effort to offer students applied learning skills in digital video production and associated digital communications fields including, graphic design, video, web design, and marketing/communications.
- The **Centennial School District** Server Replacement project uses grant funds to replace and upgrade aging infrastructure crucial to communication between students, staff and the general community and the 1200 computers located throughout its 9 schools. Successful completion of this project will allow the district to maintain current services and provide a path to develop future services with a scalable infrastructure that can meet the increasing technology needs for staff, students and the community.
- Building on a 2011 grant at **Chapman Elementary School** that established a mobile iPad lab used to infuse technology into the reading process in order to build necessary literacy skills for all 3rd grade students struggling with reading, the iPad Literacy Continuation Program will expand device use and share curriculum to 4th and 5th grade students. The project will benefit students and educators by capitalizing on students’ fascination with technology to enhance and enliven instruction.
- Expanding upon its proven summer sessions (Project Youth Doc (PYD) and Animate It!), **Film Action Oregon/Hollywood Theater**, working with local school partners in North and Northeast Portland, will use grant funds to support much needed expansion and upgrades to

existing video and computer equipment to create 70 documentaries and 200 animated shorts for sharing with the broader community through the public access channels.

- With little capital funding available to focus on its expanding youth media program, called “Get Reel”, **MetroEast Community Media** turned to the MHCRC for help to fund upgrades to its video projection equipment. Grant funds will be used to purchase video production and editing equipment to bring existing youth programs up to date while expanding the program to provide greater access to new class options by east county students.
- **Wisdom of the Elders (WOTE)** first received grant funds for the Discovering Our Story Project in 2009. WOTE used the funds to record and preserve oral tradition and cultural arts of exemplary indigenous elders, historians, storytellers and song carriers in order to regenerate the greatness of culture among native peoples. Since then the project has seen many successes and gained national recognition for its videos featuring exemplary role models from the regional Native American community that have supplemented mental health and addiction prevention efforts for Native Americans. 2012 grant funding will help WOTE expand and upgrade its equipment and create a recording studio and an edit suite at one of its facilities. The equipment purchased will supplement WOTE’s ongoing use of PCM’s editing equipment and studio.
- **David Douglas School District** (District) is a 10,000 student district in mid-Multnomah County. District schools were early adopters to using I-Net infrastructure to provide for the school’s wide area network connectivity. Today, wireless connectivity on the network has remained at low capacity and serves only district staff. With grant funds, the District plans to provide updated wireless infrastructure throughout the district in order to deliver applications wirelessly throughout each school and expand use to teachers, students, and visitors (non-profit groups, community groups, etc).

Conducted Franchise Compliance to Protect the Jurisdictions’ and Consumers’ Interests

The MHCRC enforces the cable services franchises of Multnomah County, Portland, Gresham, Troutdale, Fairview, and Wood Village. Through a formal hearing process, the MHCRC determined that Frontier had violated a consumer protection requirement by closing its local office and charging subscribers to pay their bills by phone and in person at independent payment centers. The MHCRC required that Frontier pay a penalty, discontinue its charge to pay a bill by phone and refund subscribers who had been charged the fee. The Commission also began a review of Frontier’s accounting records and franchise and PEG/I-Net fee payments for 2008 through 2012. Other regulatory issues included closed captioning, complaint information on subscriber bills, service standards for telephone responsiveness, service installation, compliance access to reports and records, Comcast’s elimination of its analog basic service, and other consumer protection issues. In 2012, the Commission assisted in the resolution of 211 complaints.

Engaged in Partnerships to Provide Network Services More Cost-Effectively

The MHCRC facilitates partnerships and network planning, pursues network assets, and distributes funds to support the Community Institutional Network (I-Net). Over 280 schools, libraries and other public agency sites throughout Multnomah County use the I-Net for their data networking and Internet access needs. In 2012, the MHCRC funded seventeen new connections to the I-Net from four different agencies.

The MHCRC is coordinating a major upgrade to the I-Net's core backbone, which will increase capacity available to schools, libraries, and public agency sites. This is the first such upgrade of the core since the I-Net was built in early 2000. The upgrade should be complete by mid-2013.

Managed Direct Service Contracts for Community Media Resources (MetroEast & PCM)

The MHCRC manages contracts with MetroEast Community Media and Portland Community Media (PCM), non-profit organizations that facilitate use of technology and communications resources by the community in order to promote broad participation in civic and cultural life. These non-profits provide direct services to a diverse group of individuals, nonprofits, community organizations and government agencies. The MHCRC negotiated renewed agreements with MetroEast and PCM for five-year terms. The agreements include more rigorous reporting requirements for the capital funds restricted under federal law and the franchise agreements. The MHCRC also worked with the access centers to determine data that would help the community and the centers gauge the impact of the MHCRC fund investment over the next 10 years.

Led Advocacy Efforts to Protect Local Authority and Public Services

The Oregon Broadband Advisory Council (OBAC) conducted a statewide broadband adoption survey, which followed up on the MHCRC's *Your Voice, Our Communications Technology* study. The MHCRC continues to be active in the OBAC's work and attended a statewide Education Summit on broadband access in Oregon's K-12 schools. At the federal level, the MHCRC advocated for the Community Access Protection Act (CAP Act) which provides more local control and protection of community access resources. The MHCRC also advocated for local authority of rights of way in the FCC's proceeding on Broadband Acceleration and filed comments in the FCC's annual assessment of the status of competition in the market for the delivery of video programming.

MCHRC GOALS AND OBJECTIVES

Adopted: May 20, 2013

Effective: July 1, 2013 – June 30, 2014

The Commission acknowledges that the policy and regulatory work of the Commission 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. Successfully negotiate a cable services franchise agreement with CenturyLink that addresses cable-related community technology needs and interests and consumer protection issues and trends.
4. Conclude an audit of Frontier's franchise and PEG fee payments for the past three years.
5. Monitor Comcast's launch of HD access channels to ensure timelines are met and subscribers are fully aware of the new channel offering.
6. Work with Frontier and Reliance Connects on provision of access channels in an HD format on their systems.
7. Continue to facilitate the implementation of updates to community access provisions in the Comcast franchise, including access programming listed in all electronic channel guides, and updated video-on-demand and live program origination technology.

Goal II: *Transform the community grants program to focus 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 over the next nine years.*

Objectives

1. Expand upon the current strong, collaborative partnerships with educational organizations and school districts to develop key points of impact for strategic grant investments that target and support collectively impacting achievement outcomes for all students within Multnomah County.
2. Develop funding categories, goals and key indicators for a competitive community

grants program that addresses equity issues and traditionally underserved communities.

3. Align work and resources to implement an educational strategic funding initiative and the competitive grants program for distribution of capital funds derived from cable service franchises.
4. Create an evaluation and reporting system to measure results and identify improvements.

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. Conduct grant-making activities that utilize community access and I-Net Capital funds to support the development of public, educational and governmental uses of cable system technology consistent with the grant purpose and criteria.
2. Monitor projects that have received grant funding to ensure compliance with project goals and objectives and accountability for grant funds.
3. Facilitate and manage Community Institutional Network (I-Net) planning in order to leverage this low cost, high quality resource as a key tool for public organizations to communicate, inform and deliver services to their constituencies.
4. Continue to facilitate the process to upgrade the I-Net core network among Comcast, the Bureau of Technology Services (BTS) and community I-Net users to ensure a transparent and timely cutover of sites to the upgraded system.
5. Manage and ensure compliance with the terms of grant agreements with Portland Community Media and MetroEast Community Media.
6. Monitor and ensure accountability for capital funds paid to Portland Community Media and MetroEast Community Media.
7. Explore creative public and community opportunities arising through local adoption of digital technology for both content development and distribution.
8. Collaborate with organizations, at the federal, state and local levels, to advocate for the community's access to cable system technology.

Goal IV: *Communicate, educate and respond in a timely and accurate 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 them about communications technology policy and regulatory issues and what's at stake for our communities.
2. Support our member jurisdictions in implementing FCC rules and federal laws related to cable and telecommunications.
3. Support and provide resources for the development of Commissioners' education and expertise.

Goal V: *Advocate for continued local authority regarding cable franchises and use of the public rights 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.
3. Prepare for and participate in any relevant legislative activity.
4. Participate in litigation and FCC proceedings on behalf of our jurisdictions' and citizens' interests.
5. Advocate for local interests through participation on the Oregon Broadband Advisory Committee.
6. Advocate for and preserve existing and new public interest benefits, including the Community Access Preservation Act (CAP Act – HR 1746) to preserve PEG channels and funding.

Goal VI: *Operate the Cable Regulatory Office and the Commission efficiently and effectively.*

Objectives

1. Fulfill Intergovernmental Agreement and Rules of Procedure administrative responsibilities.
2. Engage with the City of Portland to explore adjustments to the placement and structure of the MHCRC staff services and funds 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.

MHCRC FY2013-14 BUDGET

BUDGET PROCESS OVERVIEW

According to the Intergovernmental Agreement (IGA) among the Jurisdictions which created the MHCRC, the Commission must gain approval of its budget by every member Jurisdiction. The MHCRC's Finance Committee developed a detailed FY2013-14 budget in consultation with MHCRC staff. On May 20, 2013, the Commission approved the proposed budget to forward to the Jurisdictions for consideration. The MHCRC provides the proposed budget to the Cities' and County's staff in advance of the City Councils' and the County Commission's consideration of the budget.

BUDGET NARRATIVE

The Commission's FY 2013-14 Budget is presented on page 13.

A large portion of the Commission's overall resources are funds collected from the cable companies and the expenditures are the disbursement of those funds to the member Jurisdictions, the community access providers (MetroEast Community Media (MetroEast) and Portland Community Media (PCM)), and the Capital Grant recipients. These disbursements are governed by the IGA and by the cable services franchises.

The total FY 2013-14 proposed expenditure is \$8,804,877, including a contingency of \$1,500,000 for the disbursement of prior year capital grants. FY13-14 resources include \$7,180,606 and \$3,794,609 in beginning fund balance.

The amount of Commission resources from year to year is largely dependent on the gross revenues of the cable companies since franchise fees, the Capital Grant fund revenues and the Access Corporation Capital fund revenues are based on a percentage of the companies' gross revenues.

Revenue Resources include:

Franchise Fees: The Commission collects all cable services franchise fees for Gresham, Troutdale, Fairview, Wood Village and Multnomah County from Comcast, Frontier and Cascade Access cable franchises. Franchise fee revenues from Comcast are anticipated to increase slightly compared to FY 2012-13. Revenues from Frontier's franchise fees are projected to decrease. The MHCRC has conservatively projected the franchise fee revenues 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. The total projected revenues are \$1,654,709 for FY2013-14 compared to \$1,637,134 in FY 2012-13.

Operating Budget Appropriation: The MHCRC collects funds from the City of Portland for its share of the Commission's operating budget. The FY 2013-14 City of Portland share is \$277,299. The other MHCRC jurisdictions' appropriation is collected through the cable services franchise fees.

Interest: The MHCRC collects interest on its fund. Interest revenue is projected to be flat for the foreseeable future.

Capital Revenues: The MHCRC collects 3% of Comcast's, Frontier's and Cascade Access' gross revenues totaling over \$4.8 million as dedicated funding for the access corporations' capital funding, I-Net infrastructure and community capital grants.

Capital Project Management Fee: The MHCRC collects a fee from organizations receiving capital funds derived from the cable services franchises based on a methodology set by the Commission.

Compliance Revenue: The line item contains revenue resulting from any penalties paid by companies related to compliance actions in the previous fiscal year. The MHCRC did not receive any penalty revenues in the current fiscal year.

Beginning Fund Balance: The beginning balance is mainly attributable to funds that have been committed through grant contracts (usually three year projects) but have not yet been paid to the grantee.

Expenditures include:

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 access payments to MetroEast and PCM in accordance with the IGA.

Community Access 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 access services to the community.

MHCRC Operating Budget: This expenditure represents the total MHCRC operating budget (line item detail contained in Appendix One, pages 15-16).

Access Corporation Capital: The MHCRC distributes funds from the cable companies dedicated to support the capital needs of MetroEast and PCM. These payments are made in accordance with the IGA and the cable services franchise agreements.

Community Capital Grants: The MHCRC is the grant-making body for the community capital grant program and for I-Net infrastructure grants. The grants are made in accordance with the IGA and the cable services franchise agreements.

BUDGET APPROACH

The Commission, like many other publicly funded agencies, has faced unprecedented budget issues for the past several years. In the face of these complex and challenging budget issues, the MHCRC has managed its resources and expenditures to continue providing high quality services to the Jurisdictions and community stakeholders.

Resources:

Jurisdictions' MHCRC Appropriation: The Jurisdictions' appropriation to the Commission for FY13-14 is slightly lower than the appropriation in FY10-11 (three years prior). The MHCRC has been strategic in utilizing other resources to supplement the amounts provided directly by the MHCRC member jurisdictions.

Interest Revenues: The MHCRC uses interest earned on the MHCRC Fund to supplement the Jurisdiction's appropriation in order to provide the services under the IGA. Prior to FY2008-09, the Fund earned more interest revenue than was expended in any given year. However, since that time, the MHCRC has expended both interest earned during the year and a portion of the cumulative balance. The MHCRC has closely tracked the depletion of the cumulative balance combined with dismal interest earnings so as to continue this small, but much needed, resource for the MHCRC.

Capital Project Management Fee: With the culmination of the significant reduction in the Jurisdiction appropriation for FY12-13 and the increasing fiduciary responsibility for over \$4.8 million in MHCRC capital funds, the MHCRC implemented a new fee in FY12-13. The fee covers the direct costs for the MHCRC to ensure restricted capital funds are expended in accordance with the cable franchise agreements and federal law. The MHCRC collects the fee from organizations receiving capital grants.

Expenditures:

Personnel Reorganization: The MHCRC's staff support has been partially reorganized due to the office's merger with another Portland City bureau (Revenue Bureau) and the creation of a dedicated compliance position in late FY12-13 (funded by Capital Project Management Fee). In FY12-13, the MHCRC budgeted contingency for the possible compliance position; those resources have moved into the Personnel Services line item for FY13-14. In addition, the MHCRC has moved some personnel resources (.5 FTE) from Personnel Services to Internal Services, which will provide financial support to the MHCRC from several fiscal specialist positions within the Revenue Bureau. This shows up as a new line item for FY13-14.

Overhead and Internal Service Charges: The MHCRC contracts with the City of Portland (Office for Community Technology) for staff and administrative services. The City establishes internal services and overhead amounts charged to the MHCRC in accordance with City financial policies and, as such, the MHCRC cannot unilaterally set those line item amounts. For the current and upcoming fiscal year budgets, the MHCRC expressed concerns about overhead increases with the Portland Mayor and Council offices. As a result, Portland Mayor Hales has

directed that the City Budget Office work with the MHCRC and other fund stakeholders to address overhead issues related to pass-through and external funds. The MHCRC anticipates that changes will be implemented that result in a reduction in overhead amounts attributed to MHCRC funds.

Workload & Staffing:

Fiscal Administration and Disbursement of Capital Fund: Under the renewed Comcast franchise, the MHCRC plans to grant annually over \$4.8 million for I-Net infrastructure, access organizations capital and community technology grants. This will nearly double the amount the Commission currently administers and grants into the community. In addition, the MHCRC administers operational and capital funding totaling about \$3.2 million annually for Portland Community Media (PCM) and MetroEast Community Media. Events over the past two years and the new requirement for an MHCRC Fund audit have brought into sharp focus the need for increased oversight and accountability under the two community media contracts. The recently renewed community media contracts expand the reporting and accountability obligations of both the centers and the MHCRC.

Transforming the Community Grants Program: The MHCRC have undertaken a comprehensive design process to realign the grant program and disbursement of the increased capital funds to have greater impact on, and be responsive to, the findings from the *Your Vo!ce* initiative and other recent reports documenting disparities in our communities that the MHCRC grant funds could help address. The MHCRC will strategically update programs and implement systems and processes for fund allocation, accountability and evaluation of impact. The MHCRC plans to implement the strategic alignment work in early 2014 in order for grant funds to be distributed under the process in 2014. In addition, the MHCRC plans to implement a more comprehensive and systemic evaluation of grant outcomes in order to better gauge the impact of grants.

Financial Review of Frontier Franchise and PEG/I-Net Payments: The MHCRC will conclude a financial review of the Frontier franchise and PEG fee payments for Fiscal Years 2009-2012, for Gresham, Troutdale, Fairview and Wood Village. The franchise agreement allows for the audit every five years. This will be the first audit conducted for the Frontier franchises in Jurisdictions' service area.

MHCRC BUDGET
FISCAL YEAR 2013-14

RESOURCES	2010-11 Actual	2011-12 Actual	2012-13 Adopted	2013-14 Proposed
E. County Franch. Fees, Comcast	1,184,851	1,250,249	1,268,958	1,349,216
E. County Mult West Franch. Fees, Comcast	87,520	91,909	91,021	93,135
E. County Franch. Fees, Frontier	315,259	244,779	277,155	212,358
Operating Budget Appropriation-Portland	290,635	307,821	245,570	277,299
Interest	32,395	34,960	42,000	42,000
PEG / I-Net Capital	3,145,944	3,947,158	4,865,979	4,865,979
Grant Project Management Fee	0	0	280,000	340,619
Compliance Revenue	0	0	30,000	0
Total Resources	5,056,604	5,857,545	7,100,683	7,180,606
Beginning Fund Balance	5,402,424	4,520,439	5,531,089	3,794,609
Total	\$10,459,028	\$10,377,984	\$12,631,772	\$10,975,215
REQUIREMENTS				
EXPENDITURES				
Franchise Fee Balance to Jurisdictions	461,655	452,507	522,625	512,569
Community Access Pmt, E. County (MetroEast)	891,988	897,017	927,668	936,944
Community Access Pmts, Mult. West (PCM)	52,512	54,665	54,612	53,026
MHCRC Operating Budget	563,464	608,947	796,726	822,822
Access Corporation Capital	1,532,285	1,532,985	1,735,532	1,735,530
Community Capital Grants	2,436,685	1,300,774	3,000,000	3,243,986
Community Capital Grants Contingency	0	0	1,800,000	1,500,000
Total Expenditures	\$5,938,589	\$4,846,895	\$8,837,163	\$8,804,877
Ending Fund Balance	4,520,439	5,531,089	3,794,609	2,170,338
Total	\$10,459,028	\$10,377,984	\$12,631,772	\$10,975,215

APPENDIX ONE

LINE ITEM SUMMARY AND DETAIL

This section of the MHCRC's budget proposal contains two documents and includes the MHCRC resources that fund the various expenditures and line item detail.

COMMISSION OPERATING LINE ITEM SUMMARY

Fiscal Year 2013-14

	FY 2013-14	FY 2013-14	FY 2013-14
	Proposed Budget	Capital Fund Compliance	Total
MHCRC Operating Resources:			
Jurisdictional Appropriations-Portland	277,299		277,299
Jurisdictional Appropriations-East County	149,315		149,315
Grant Project Management Fee		340,619	340,619
Compliance Revenue	-	-	-
Total	426,614	340,619	767,233
MHCRC Operating Expenditures:			
Personnel	285,346	140,586	425,932
External Materials and services	38,710	64,484	103,194
Internal Materials and Services	46,324	31,160	77,484
Revenue Bureau -Fiscal Admin.Support	43,064	10,766	53,830
GF Overhead	36,523	48,911	85,434
MHCRC Fund Audit	9,833	13,167	23,000
Contingency	22,403	31,545	53,948
Total	482,203	340,619	822,822
Resource less Expenditures	(55,589)	(0)	(55,589)
Interest Allocation	55,589	0	55,589

COMMISSION OPERATING LINE ITEM DETAIL
(Includes Capital Compliance Program)

Acct.	Title	FY 2011-12 Actual	FY 2012-13 Adopted	FY 2013-14 Proposed
51100	Employees	314,419	281,565	285,346
51700	Benefits	136,892	123,883	140,586
Personnel Services		\$451,311	\$405,448	\$425,932
52100	Professional Services	27,252	77,036	45,500
52100	MHCRC Fund - External Audit	0	10,000	11,000
	Rent Columbia Square	0	0	30,594
52900	Miscellaneous Services	1,803	600	8,700
53100	Office Supplies	1,025	1,500	2,500
53200	Operating Supplies	322	3,300	3,600
54100	Education	4,844	2,000	2,400
54200	Local Travel	1,263	1,800	2,600
54300	Out-of-Town Travel	547	1,600	2,800
54900	Miscellaneous	1,646	4,161	4,400
External Materials and Services		\$38,703	\$101,997	\$114,094
	Admin Support Revenue Bureau	0	0	53,830
651201	Print/Distribution	6,686	7,801	6,579
651301	Facilities Services	13,620	14,781	1,024
651401	EBS Services	27,072	26,720	27,178
651504	Information Technology (IT)	12,844	11,970	14,862
651600	Insurance/Workers Comp	10,519	9,915	5,257
652200	MHCRC Fund - Financial Statements	10,000	22,000	12,000
652201	Admin Support -OCT	7,000	7,000	7,000
652233	Legal Advice	15,289	15,311	15,684
Internal Services		103,030	115,498	143,414
572101	GF Overhead	28,549	67,149	85,434
571000	Contingency-General	0	36,634	53,948
571100	Conting: New Position	0	80,000	0
Fund Level Expenditures		\$ 28,549	\$ 183,783	\$ 139,382
Total		\$621,592	\$ 806,726	\$ 822,822
Total-Funded by Jurisdiction Appropriation		479,239	377,800	\$ 426,614

APPENDIX TWO

BUDGET ALLOCATION BY JURISDICTION

All member Jurisdictions contribute to the operation of the MHCRC (FY13-14 total: \$426,614). The Commission uses a funding methodology adopted by the Jurisdictions. The methodology is based on an agreed upon shared percentage of the Commission's operating costs between Portland and the East County Jurisdictions. The East County share is then allocated among Fairview, Gresham, Troutdale, Wood Village and Multnomah County based on the number of cable subscribers in each Jurisdiction.

BUDGET ALLOCATION BY JURISDICTION
COMMISSION OPERATING BUDGET
FY 2013-14

City of Portland Appropriations	\$	277,299
East County Appropriations	\$	149,315
Operating Budget Total:	\$	426,614

JURISDICTION			FY 13-14 Proposed	FY 13-14 % Allocation
Portland			277,299	65.0%
	Subscriber Distribution			
<u>E. County</u>	<u>No. Of Subs</u>	<u>Perc. Distr.</u>		
Gresham	19,302	71.7%	107,025	25.1%
Multnomah Co.	2,442	9.1%	13,540	3.2%
Troutdale	2,795	10.4%	15,498	3.6%
Fairview	1,838	6.8%	10,191	2.4%
Wood Village	552	2.0%	3,061	0.7%
E. County Total	26,929	100.0%	149,315	35.0%
Total			426,614	100.0%

Budget Allocation Comparison

JURISDICTION	FY 11-12 Actual	FY 12-13 Adopted	FY 13-14 Proposed
Portland	\$307,987	\$245,570	\$ 277,299
<u>E. County</u>			
Gresham	\$127,926	\$94,779	\$107,025
Multnomah Co.	\$13,871	\$11,992	\$13,540
Troutdale	\$15,584	\$13,724	\$15,498
Fairview	\$10,275	\$9,025	\$10,191
Wood Village	\$3,596	\$2,710	\$3,061
E. County Total	171,252	132,230	149,315
Total	479,239	377,800	426,614

APPENDIX THREE

FRANCHISE FEE REVENUE AND DISBURSEMENT DETAIL

**FRANCHISE FEE REVENUES AND DISBURSEMENTS
FY 2013-14**

Jurisdictions	Franchise Fees	Net Budget Appropriation	MetroEast	PCM	Payments to Jurisdictions
Portland		277,299			NA
GRESHAM	1,166,856	107,025	700,114		359,717
MULTNOMAH CO., EAST	60,436	13,540	36,262		10,634
MULTNOMAH CO., WEST	93,135	N/A	N/A	55,881	37,254
TROUTDALE	189,719	15,498	113,831		60,390
FAIRVIEW	112,505	10,191	67,503		34,811
WOOD VILLAGE	32,058	3,061	19,235		9,762
Total, East County	\$1,654,709	\$149,315	\$936,944	\$55,881	\$512,569
Total		\$426,614			

FRANCHISE FEE BALANCE TO EAST COUNTY JURISDICTIONS-Prior Years:

Jurisdictions	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Adopted
GRESHAM	308,528	323,082	310,504	386,117
MULTNOMAH CO., EAST	9,611	9,733	8,870	14,359
MULTNOMAH CO., WEST	32,791	35,008	36,444	36,408
TROUTDALE	51,185	53,794	56,214	64,129
FAIRVIEW	29,311	31,296	32,438	37,310
WOOD VILLAGE	8,215	8,741	8,038	10,551
TOTAL	\$439,641	\$461,654	\$452,508	\$548,874

APPENDIX FOUR

ACCESS DISBURSEMENT DETAIL (MetroEast and PCM)

The Commission administers two contracts with the community access providers that serve the Jurisdictions. Attachment 1 presents the FY 2013-14 budget for MetroEast Community Media (MetroEast). MetroEast serves the East Multnomah County area. Attachment 2 presents the FY 2013-14 budget for Portland Community Media (PCM). PCM serves the City of Portland area.

The access 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 budget. MetroEast receives operational resources, in accordance with the IGA that created the Commission, based on 60 percent of the franchise fees for the East County area. Both organizations receive access corporation capital funding from franchise resources dedicated for this use.

A summary chart of Access Resources is included below.

1. MetroEast Community Media:

Community Access Funding: East County	\$ 927,668
<u>Community Access Capital Funding: MHCRC</u>	<u>\$ 754,700</u>
Total	\$ 1,682,368

2. Portland Community Media:

Access Funding: Portland General Fund	\$ 829,893
Community Access Funding: West Mult. County	\$ 55,881
<u>Community Access Capital Funding: MHCRC</u>	<u>\$ 980,830</u>
Total	\$ 1,866,604

Attachment 1

METROEAST COMMUNITY MEDIA BUDGET

FISCAL YEAR 2013-14

METROEAST COMMUNITY MEDIA FY 2013-14 BUDGET NARRATIVE

MetroEast Community Media, East Metro's truly local electronic media, pursues its mission of building community through media by promoting broad participation in civic and cultural life through the 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 the medium of television and other means of distribution, 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 classroom settings.

WHAT WE DO

MetroEast produces and facilitates programming with many diverse partners and on wide-ranging topics. MetroEast partnered with over 225 community organizations and will facilitate about 4,500 hours of local and locally-sponsored programming in FY 2012-13, 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.
- Working with educational partners in East Multnomah County to produce programs on academic and extracurricular activities in local schools, coverage of school board meetings and programs on school safety.
- Working with students from elementary through secondary schools to develop student-produced programming for students of differing abilities and backgrounds.
- The only regular electronic media coverage of East Metro area events and public affairs.
- Fostering citizen involvement through programs such as *Candidate Speak Out*, a live call-in for local candidates, and *Community Hotline*, a live call-in program where community organizations provide information and answer questions about their services.
- Coverage of local community events such as the Gresham Area Chamber of Commerce's benefit breakfast and public affairs forums, Troutdale's *Summerfest*, Wood Village's *Night Out*, Fairview's *Chili on the Green*, Gresham's *Teddy Bear Parade*, *Senior Showcase*, *Music on the Air* and *Holiday Open Studio*.

HOW WE DO IT

MetroEast provides these services by creating access to technology, training to effectively use that technology and transmission of the programs created 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 20012-13, MetroEast anticipates that it will:

- Offer training to 750 people in 150 classes
- Produce and facilitate 4,500 hours of programming by, for and about East Metro, its residents and their concerns and issues
- Have 300 volunteers give 10,000 hours of their time and talents to MetroEast and the community
- Loan equipment to community members who are creating programming for and about the East Metro area for more than 2,200 days
- Provide more than 75 hours of staff assistance and support to the public each week, an annual total of more than 3,900 hours.

PREPARING FOR THE FUTURE

Working with the results of the MHCRC's needs ascertainment and its own survey of East Metro nonprofit public benefit organizations, MetroEast recently updated its new strategic plan. The plan continues MetroEast's high standards of service to the community by adopting new production and transmission technologies and providing training on how to use them. Implementation of the plan began in late 2010 with implementation of new aspects taking place on an almost monthly basis. MetroEast's strategic plan includes the following strategic directions:

- Collaborating to showcase diverse music, arts and cultures through partnership projects and arts programming distributed on multiple platforms
- Building multimedia literacy in our communities through youth media and community-centered training and volunteer development
- Catalyzing local content across platforms by expanding local content, making use of social media and continuing coverage of local government activities
- Making a difference by finding new and improving existing tools for evaluation
- Promoting MetroEast's services through a branding and communications campaign
- Strengthening the team and the organization through staff, board and resource development

MetroEast pursues these 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.

PROPOSED BUDGET
METROEAST COMMUNITY MEDIA
FY 2013-14

		ACTUAL 2011-12	BUDGET 2012-13	PROPOSED BUDGET 2013-14
	INCOME:			
4130	Franchise Fees, Multnomah	\$ 1,114,159	\$ 917,688	\$ 927,668
4090	Interest	104	100	50
4270	Activity Fees/Fees for Service	29,434	18,000	15,000
4200	Other	204,145	7,500	6,000
4172	Capital Funds	652,936	707,416	754,700
4905	Building Loan Reimbursement	119,551	91,136	138,383
4162	Investment Fund Withdrawal	0	12,000	15,000
	TOTAL OPERATING INCOME	\$ 2,120,329	\$ 1,753,840	\$ 1,856,801
	EXPENSES:	ACTUAL	BUDGET	PROPOSED
		2011-12	2012-13	BUDGET
				2013-14
	Personnel			
7020	Full-Time Salaries	\$ 542,651	\$ 564,009	\$ 581,399
7030	Part-Time Salaries	103,164	92,604	96,935
7050	Taxes & Fringe Benefits	221,426	190,417	217,067
	Total Personal Services	\$ 867,241	\$ 847,030	\$ 895,401
	Operations	ACTUAL	BUDGET	PROPOSED
		2011-12	2012-13	BUDGET
				2013-14
6020	Accounting	\$ 17,080	\$ 18,000	\$ 18,000
6041	Consulting	20,479	22,500	25,000
6051	Dues & Subscriptions	14,430	10,000	10,000
6060	Educational Program Acquisition	0	400	400
6061	Education & Training	4,752	3,200	4,500
6062	Business Meals/Related	1,710	1,300	1,500
6064	Events	0	1,000	750
6070	Food	11,217	11,500	12,000
6100	Insurance	44,247	51,000	49,000
6110	Janitorial	5,340	7,200	6,500
6130	Legal	2,389	4,000	4,000
6131	Local Travel & Mileage	3,155	2,500	3,000
6140	Maintenance Supplies	3,142	1,835	2,000
6160	Office Supplies	6,120	4,186	4,500
6161	Operation Supplies	13,295	9,701	10,000
6170	Personnel Recruitment	369	450	350
6171	Phones	8,152	7,500	10,000
6172	Postage	1,668	1,600	1,500
6173	Printing	1,244	1,500	1,200
6174	Marketing/Promotion	3,213	5,000	3,500
6190	Repairs & Maintenance	11,766	8,522	10,000
6211	Travel	1,725	2,250	2,250
6220	Utilities and Maintenance	21,714	23,500	26,000
6230	Vehicle Maintenance	947	750	750
	Total Materials & Services	\$ 198,154	\$ 199,394	\$ 206,700

PROPOSED BUDGET
METROEAST COMMUNITY MEDIA
FY 2013-14

	Capital	ACTUAL 2011-12	BUDGET 2012-13	PROPOSED BUDGET 2013-14
8001	Misc. Debt Expense	\$ 0	\$ 3,750	\$ 0
8002	Books	399	150	150
8003	Maintenance Supplies	0	500	500
8004	Office Supplies	4,181	3,914	4,000
8005	Operation Supplies	281	2,602	2,500
8006	Repairs & Maintenance	2,963	6,823	9,000
8007	Media	0	1,500	500
8008	Equipment lease - Debt Reductio	0	0	0
8009	Equipment lease - Interest	0	0	0
8011	Interest Short Term Loans	17,441	10,500	18,000
8013	Interest Long Term Loan	51,711	53,000	56,000
8014	Debt Reduction - Short Term Loa	0	75,000	35,000
8015	Debt Reduction - Long Term Loa	10,666	10,666	20,000
8091	Capital Consulting	0	0	52,829
8092	Capitalized Wages and Benefits	0	0	37,735
8030	Leasehold Improvements	3,789	5,000	5,000
8016	Building Maintenance Fund	12,500	13,000	13,500
8040	Office Equipment	62,503	65,000	75,000
8050	Office Furnishings	1,054	2,500	2,500
8060	Production & Maintenance Equip	220,493	417,375	284,103
8090	Building Loan Transfer	119,551	36,136	138,383
	Total Capital	\$ 507,532	\$ 707,416	\$ 754,700
	TOTAL OPERATING EXPENSE	\$ 1,572,927	\$ 1,753,840	\$ 1,856,801

Attachment 2

PORTLAND COMMUNITY MEDIA BUDGET

FISCAL YEAR 2013-14



2766 NE MLK JR. BLVD.
PORTLAND, OR 97212

PH [503] 288-1515
FX [503] 288-8173

www.pcmty.org

May 14, 2013

Mary Beth Henry, Manager/Director
Office for Community Technology &
Mt Hood Cable Regulatory Commission
111 SW Columbia, Suite 600
Portland, Oregon 97201

Dear Mary Beth,

We are submitting the Proposed FY 2013-14 Operating and Capital Budget for Portland Community Media for review by the Mt. Hood Cable Regulatory Commission. Portland Community Media is continuing to plan for diversification of funding resources in this proposed budget. Total anticipated income for operations in the proposed budget is \$1,590,505 and \$993,418 for capital revenue (with an estimated \$12,588 carryover for projects begun in FY 2012-13) for a combined Operating and Capital Budget of \$2,230,923 and an anticipated combined surplus of \$145,261.

Historical tracking has informed our decision to estimate earned income from workshop fees, fee-for-service video production services and youth media spring and summer camps at \$220,000 anticipated for FY 2013-14. Revenue from these sources has continued to grow over the last two years; income has tripled for Youth Media services in the last three years.

Steady growth in Media Education has been a result of diversified training opportunities, such as script writing and acting for the camera, as well as skill building workshops for new and upgraded equipment. Partnerships with nonprofit organizations, especially those who serve marginalized community members, have increased through our SmartAccess program and our new partnership with Comcast to deliver basic internet training.

In order for PCM to respond affirmatively to the new scope of services described in our Grant Agreement, we've modified the level of support for personnel expenses to support key staff positions in the current fiscal year. A slight modification to the anticipated total personnel expenses in FY 2013-14 retains the current staffing structure but plans for COLA increases to regular employees. The total cost for personnel in the proposed budget of \$946,869 includes wages, payroll taxes, and fringe benefits (medical, dental, life and disability insurance) for regular and on-call employees.

Significant savings in general operational costs for materials and services were identified in the adjusted operating budget for FY 2012-13, which carries over into anticipated expenses for these items in the proposed FY

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2013-14 budget. We also anticipate some decreases in operating costs associated with utilities because of the energy saving audit conducted by the Energy Trust for our LED lighting upgrade. Although we've received a rebate for that project that was applied to the current year operating income, we don't yet know what savings in electrical service costs we can expect in the coming year.

In addition, we believe we will experience some need to adjust costs for health benefits and insurance associated with implementation of the Affordable Care Act provisions, the specifics about those cost changes will not be known until September or October 2013.

We're confident that the Proposed FY 2013-14 Operating and Capital Budget for Portland Community Media is in alignment with our fiscal policies, allows us to meet the obligations and responsibilities of our contracted scope of work and the MHCRC/City of Portland Grant Agreement. We anticipate continuing our trend of managing cash endurance and contributing to our reserve fund for fiscal health.

Sincerely,

Cece Hughley Noel
Executive Director

CC: Kohel Haver, PCM President
Lisa Faust, PCM Treasurer

DIVERSE. INDEPENDENT. LOCAL

Portland Community Media

4/23/13

Proposed FY 2013-14
Operating and Capital Budget

	ADOPTED 2011-2	ADOPTED 2012-3	ADJUSTED 01/22/2013 2012-3	PROPOSED 2013-4
INCOME				
Grants - Government - G & A	952,606	932,807	922,807	884,505
Contributed Income - Individual/	100,150	110,000	120,000	125,000
Earned Income- Fee for Service	190,000	147,000	185,000	220,000
Miscellaneous Income	12,324	11,500	31,000	8,000
TOTAL INCOME	1,355,230	1,211,307	1,594,807	1,590,505
EXPENSES				
Personnel Expenses				
Total Payroll, Tax & Fringes	808,429	844,093	937,464	946,869
Operating Expenses				
General Admin. Operations	116,350	103,900	88,000	87,500
Fundraising Expense		500	3,000	3,000
Parking - G & A	1,200	1,200	1,200	1,200
Printing and Postage	8,000	5,000	4,000	4,500
Professional Services	52,000	68,500	62,500	58,500
Recruitment - G & A	400	400	200	200
Repairs: Outside Services - Shared	30,650	18,650	10,500	15,500
Security Services	1,950	1,500	1,500	1,500
Small Tools Equipment & Supplies	24,150	23,040	18,500	18,500
Training & Education - Shared	2,000	2,000	2,000	2,000
Travel & Mileage - Shared	7,000	7,000	6,000	6,000
Utilities	37,500	33,500	30,500	28,500
Vehicle Fuel & Maintenance	4,500	5,500	5,500	6,500
Total Operating Expenses	285,700	270,690	233,400	233,400
Total Expenses (Combined Personnel/General Operating)	1,094,129	1,114,783	1,170,864	1,180,269
Net operating income	261,101	96,524	87,943	37,988
Other Income (Expense)				
Gain/Loss on Sale of Fixed Assets - G	1,200	5,000	5,000	5,000
Interest & Dividends - G & A	1,140	1,100	1,100	1,100
Other Income (Expense)	2,340	6,100	6,100	6,100
Adjusted NET Income	263,441	102,624	94,043	44,088
RECONCILIATION TO APPROVED BUDGET				
Transfer to Capital Fund	(44,000)	(44,000)	(83,907)	0
Bob Hedlund Scholarship Fund	(3,357)	(1,000)	(1,000)	(1,000)
Budgeted Net Income	216,084	57,624	9,136	45,088
Capital Projects Budget				
Revenue				
PEG Access Grant	923,675	914,577	914,577	980,830
Balance of Capital Fund - Carryover	600,000	200,000	38,812	12,588
Transfer from Operations	44,000	44,000	83,907	0
Total Capital Revenue	1,839,535	1,158,577	1,037,296	993,418
Expenses				
MHCRC Management/Compliance Fee	0	0	68,502	64,000
Building & Building Improvements	85,000	105,000	105,000	402,398
Software & Other Intangible Assets				47,747
Production Equipment	455,800	553,000	472,406	221,193
Office Equipment & Furniture	100,000	25,000	25,000	7,939
Playback Equipment	340,000	150,000	100,000	0
Production Vehicles	0	150,000	120,000	0
Youth Media Equipment	5,000	10,000	10,000	0
PCM Indirect Costs Fee			91,400	91,400
Capitalized Payroll/Wages	66,400	32,400	32,400	70,718
Total Capital Project Expenses	1,052,200	1,025,400	1,024,708	905,393
Depreciation (non-cash)	577,257	781,007	775,855	775,855
NET CAPITAL SURPLUS (DEFICIT)	468,875	103,177	12,588	88,025
TOTAL OPERATIONS & CAPITAL INCOME & REVENUE (COMBINED)	3,096,955	2,485,641	2,308,103	2,230,923
TOTAL OPERATIONS & CAPITAL EXPENSES (COMBINED)	2,512,146	2,215,183	2,105,172	2,085,662
NET COMBINED SURPLUS (DEFICIT)	584,809	175,503	202,931	145,261