

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2014-079

Approval of the Mt. Hood Cable Regulatory Commission Budget for Fiscal Year 2014-2015

The Multnomah County Board of Commissioners Finds:

- a. The Mt. Hood Cable Regulatory Commission (MHCRC) was formed by Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village (Cities) to advocate for and protect the public interest in the regulation and development of cable communication systems.
- b. The MHCRC has approved a budget for Fiscal Year 2014-2015 and forwarded this budget to Multnomah County and the Cities for approval.

The Multnomah County Board of Commissioners Resolves:

1. The Mt. Hood Cable Regulatory Commission budget for Fiscal Year 2014-2015 is approved.

ADOPTED this 19th day of June 2014.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Deborah Kafoury

Deborah Kafoury, Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

Jenny M. Madkour

By _____
Jenny M. Madkour, County Attorney

Mt. Hood Cable Regulatory Commission

PROPOSED BUDGET FISCAL YEAR 2014-15

Commission Approved: May 19, 2014

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

Toya Fick

Rich Goheen

Leif Hansen

Scott Harden

Carol Studenmund

Norman Thomas

Staff

Mary Beth Henry, Staff Director

Julie Omelchuck, Program Manager

503-823-5385

www.mhcrc.org

MT. HOOD CABLE REGULATORY COMMISSION

OVERVIEW

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

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

Each Jurisdiction appoints citizen representatives to the 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 operating budget. Other Commission resources fund the remaining portion of the approved budget.

2013 ACCOMPLISHMENTS

Conducted Audit of the MHCRC Fund

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 previous year's 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 met this requirement in its FY12-13 financial statements. The MHCRC files its annual audit with the Oregon Secretary of State.

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. Regulatory issues included phone answering standards, closed captioning, information on subscriber bills, service installation, access to reports and records, and other consumer protection issues. In 2013, the Commission assisted in the resolution of 311 complaints. The Commission also concluded a review of Frontier's franchise and PEG/I-Net fee payments for 2008 through 2012. The audit identified one database issue for follow up with the company but no significant issues.

Staff continued informal negotiations to renew the cable services franchise with CenturyLink. The MHCRC also processed a franchise extension in order to provide the company more time to develop its video delivery business model.

Led Advocacy Efforts to Protect Local Authority and Public Services

The MHCRC continues to be active in the Oregon Broadband Advisory Committee's work and attended a meeting with the state Education czar to discuss technology in Oregon's K-12 classrooms. 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 and taxing authority with Oregon's Congressional delegation. Finally staff is keeping abreast of and briefing Commissioners as appropriate on FCC proceedings including the Comcast-Time Warner merger and the Net Neutrality Notice of Proposed Rulemaking.

Engaged in Partnerships to Provide Network Services More Cost-Effectively

The MHCRC facilitates partnerships and network planning, and distributes funds to support the Institutional Network (I-Net). Over 276 schools, libraries and other public agency sites throughout Multnomah County use the I-Net for their data networking and Internet access needs. In 2013, the MHCRC funded four new connections for four agencies: City of Gresham, City of Portland, Portland Public School District and David Douglas School District. The MHCRC coordinated a major upgrade to the I-Net's core backbone, which increased 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 was successfully completed on-time, within budget with no outages or unforeseen impacts on users.

Launched Two Local Channels in High Definition (HD) Format

MetroEast, PCM, Comcast and the MHCRC worked together to implement a major technology change to launch two local channels in a high definition (HD) format, including the channels which carry local government programs. Our community is the first in the nation to have two local community channels delivered in an HD format. The upgrade represents a significant improvement in program delivery, including more flexible technology to support program delivery not only on the cable system but also over the Internet.

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.

Funded Projects to Advance Education and Community-Based Technology

The MHCRC directs the Community Access Capital Grant Fund which provides funds for technology projects to community organizations, libraries, educational institutions and local government agencies throughout Multnomah County. The MHCRC oversaw implementation and compliance for about 25 grant-funded projects during the year. In 2013, the program granted over \$1.7 million for 10 new community-based projects that will leverage over \$2.4 million in matching resources. Highlights of some newly funded projects include:

- **Gresham-Barlow School District** will complete its roll out of Internet Protocol (IP) phones to all classrooms, replacing the existing archaic and unstable phone systems. The state-of-the-art IP system provides teachers a fully functional telephone in every classroom. The telephones also improve security at schools, provide multi-language options for non-English speaking parents and greatly reduce the costs.
- **Corbett School District** embarked on integrating iPad technology into its multi-age and project-based learning model to support individualized learning for its 805 K-8 students. Teachers will use the iPads to integrate technology across core subjects of math, language arts, social studies and science.
- In order to support its move to having a digital device for all students and teachers and also accommodating BYOD (Bring Your Own Device) in the instructional environment, **Centennial School District** is upgrading its wireless infrastructure. The network upgrade will gain a three-fold increase over the current network's speed and coverage areas.
- **Roosevelt High School**, building on its previous MHCRC grant that successfully put iPads in the hands of all ninth and tenth grade students, will complete the school-wide roll out of digital devices for all students. Through this transformative project, Roosevelt High School offers its entire student body, staff and administrators dedicated access to emerging "cloud-based" productivity, communication and curriculum tools.
- **Franklin High School's** Freshman First program and **Madison High School's** Senators Successful Start program focuses on individualized learning opportunities for all 300 incoming ninth graders. Strong teacher collaboration on instruction tied to learning targets for each student will become easier and more effective in an environment where a digital device is available to each student. The project will benefit students and educators by capitalizing on students' fascination with technology to enhance and enliven

instruction and giving teachers real-time information on and collaboration opportunities with students.

- In an effort to address the achievement gap by specifically targeting students who are not on-track to graduate in four years, **Portland Public Schools (PPS)** is providing struggling students access to blended online learning opportunities to recover credits and at the same time changing PPS's educational landscape. PPS has begun implementing a plan for providing blended learning options (defined as students learning both in a "brick-and-mortar" school setting and in an online environment) to high school students. Grant funds will be used to support this plan through implementation of a Learning Management System (LMS).
- **Metro** is consolidating its three data centers, which has service advantages and cost savings, but also introduces a new operating risk of the potential failure of Metro's single network connection. Grant funds will be used to activate a backup network link using pre-existing I-Net fiber to create redundancy for its network.
- Keeping pace with advancements in video editing technology, **Flying Focus Video Collective** is moving to computer-based editing. Flying Focus's own fund-raising and MHCRC grant funds will purchase the computer and other elements needed for this project. Flying Focus volunteer producers, many of whom received initial training at Portland Community Media, will now be able to seamlessly move between the two organizations to create new programs.
- **The Dill Pickle Club**, in partnership with I Have a Dream Foundation, will introduce six high school students to the theories and techniques of video production. Mentored and guided by an award-winning filmmaker, the students will collaborate on short videos about their neighbors, neighborhoods and their own experiences. Project creators hope that students' experience with this project will empower them with a greater awareness of community and critical thinking skills.

Redesigned Grant Program to Address Education Inequities in Multnomah County

Drawing on the work of the All Hands Raised Partnership and the MHCRC's own granting-making trends, the MHCRC engaged in a comprehensive planning process to more strategically focus its grant investments on supporting academic outcomes for all students in Multnomah County. Over this past year, the MHCRC established a framework to develop funding partnerships with each school district in Multnomah County. The framework includes the focus and goals for the initiative, funding criteria, indicators for successful technology implementation in education, and a fund allocation method that considers both size and demographics of a school district. The MHCRC also contracted with Portland State University, Center for Student Success, to assist with research and evaluation design to gauge long-term impact of grant fund investments.

The MHCRC will launch its education initiative in Fall 2014.

MCHRC GOALS AND OBJECTIVES

Adopted: May 19, 2014
Effective: July 1, 2014 – June 30, 2015

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. Conduct an audit of Comcast's franchise and PEG fee payments for the past three years.

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 over the next eight years.*

Objectives

1. Conduct the annual competitive community grants round to continue development of public, educational and governmental uses of cable system technology.
2. Launch the education strategic funding initiative to positively impact continuous progress on academic outcomes developed by the All Hands Raised Partnership as key to student success.
3. Through initiative investments in technology and assessment, support school districts within Multnomah County to understand, implement and share effective instructional practices and strategies, which use technology, to foster improvement in academic outcomes and reduction in the achievement gap.
4. Develop an evaluation and reporting system to measure results and identify improvements.
5. Implement a grants management system to provide efficiencies overall in managing fund allocation, accountability and evaluation of impact.
6. Monitor grant projects to ensure accountability for grant funds.

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 and manage Community Institutional Network (I-Net) partnership and network 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.
2. Manage and ensure compliance with the terms of grant agreements with Portland Community Media and MetroEast Community Media.
3. Monitor and ensure accountability for capital funds paid to Portland Community Media and MetroEast Community Media.
4. Explore creative public and community opportunities arising through local adoption of digital technology for both content development and distribution.
5. Collaborate with organizations, at the federal, state and local levels, to advocate for the community's access to cable system technology.
6. Facilitate activation of additional HD access channels on Comcast's system to ensure timelines are met and subscribers are fully aware of the new channel offerings.
7. Work with Frontier and Reliance Connects on provision of access channels in an HD format on their systems.
8. Facilitate implementation of updates with community media providers and Comcast to video-on-demand protocols and technical requirements in order on 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.
4. Explore the Commission's role related to blended service fiber networks, such as Google Fiber, and engage with member jurisdictions as appropriate.
5. Convene a summit with Portland Community Media, MetroEast Community Media and others to explore the future of the digital commons in an Internet Protocol (IP) world.

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 2015 Oregon Legislative Session.
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 at the state and federal legislative levels, including efforts 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 FY2014-15 FUND BUDGET

BUDGET PROCESS OVERVIEW

According to the Intergovernmental Agreement (IGA) among the Jurisdictions that created the MHCRC, the Commission must gain approval of its budget by every member Jurisdiction. The MHCRC's Finance Committee developed a detailed FY2014-15 budget in consultation with MHCRC staff. On May 19, 2014, the Commission approved the proposed budget to forward to the Jurisdictions for consideration. The MHCRC provides the proposed budget to the city and County staff in advance of the city councils' and the County Commission's consideration of the budget.

BUDGET NARRATIVE

The MHCRC's FY 2014-15 Fund Budget is presented on page 11.

Nearly all of the MHCRC's resources are funds collected from the cable companies and the expenditures are the disbursement of those funds to the member Jurisdictions, the community 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.

Revenue Resources

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

FY14-15 resources are projected to increase about 9% over FY13-14. The budget also includes a beginning fund balance of little more than \$9 million. Grant funds represent most of the carryover amount and are due to the FY13-14 amount allocated to the MHCRC's newly developed education initiative (described in the "2013 Accomplishments" section on page 4). The MHCRC plans to launch the initiative in Fall 2014 with combined funding from FY13-14 and FY14-15. Grant contracts with school districts will be effective starting in FY14-15.

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. 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.

Operating Budget Appropriation: The MHCRC collects funds from the City of Portland for its share of the MHCRC's operating budget. The other MHCRC jurisdictions' appropriations are 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.

PEG/I-Net Capital Fee: The MHCRC collects 3% of Comcast's, Frontier's and Cascade Access' gross revenues as dedicated funding for the access corporations' capital funding, I-Net infrastructure and community capital grants. A small portion also funds the MHCRC's costs to administer, oversee and disburse the capital funds.

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 grant funds not yet paid to grantees.

Expenditures include:

Nearly all of the MHCRC's expenditures are the disbursement of franchise fees and PEG/I-Net fees governed by the IGA and by the cable services franchises. The significant increase in the Community Capital Grants line item is due to the MHCRC's launch of its education initiative in Fall 2014 (described in the "2013 Accomplishments" section on page 4 and Revenue Resources section on page 8).

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 (detail contained in Appendix 1, page 13).

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 (detail contained in Appendix 2, page 16).

MHCRC Operating Budget: This expenditure represents the total MHCRC operating budget (line item detail contained in Appendix 1, page 14).

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 (detail contained in Appendix 2, page 16).

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 HIGHLIGHTS

Revenues

Cable franchise fee and PEG/I-Net fee revenues are projected to slightly increase in FY14-15.

Community Grants Program

The MHCRC is carrying over to FY14-15 the bulk of the funds available for community grants to support the development and launch of the education funding initiative in Fall FY14-15 (described on pages 4, 8 and 9). As a result, the MHCRC's Fund will have a beginning fund balance of about \$9 million. Most of these funds will be granted in FY14-15 to school districts within Multnomah County under the initiative, thus the projected ending fund balance is about \$2 million.

MHCRC's Operating Budget – Line Item Detail

The proposed budget supports restoring a part-time administrative support position. As you may recall, the MHCRC reduced its staff by 1.5 full-time equivalent (FTE) positions over the past several years, including its part-time administrative support. The budget would restore this position for FY14-15. The “fully loaded” amount to fund the position and related overhead is included as a contingency to allow some flexibility for administrative support due to timing of a position hire (Contingency – 0.5 FTE).

The MHCRC will continue its intergovernmental agreement with PSU Center for Student Success to further develop the education initiative evaluation design, work with school districts' to align grant-funded project evaluation with the MHCRC's initiative model, and support implementation of the grants management system related to data collection, reporting and analysis (Professional Services).

The MHCRC will conduct a financial review of the Comcast franchise and PEG fee payments for Fiscal Years 2011-2013, covering all the jurisdictions. The franchise agreement allows for the audit every three years (Professional Services).

MHCRC FUND BUDGET
FISCAL YEAR 2014-15

	2012-13 Actual	2013-14 Adopted	2014-15 Proposed
RESOURCES			
E. County Franch. Fees, Comcast	1,328,166	1,349,216	1,384,440
E. County Franch. Fees Mult West, Comcast	98,695	93,135	103,720
E. County Franch. Fees, Frontier & Reliance	229,078	212,358	234,225
Operating Budget Appropriation-Portland	231,641	277,299	288,791
Interest Earned	30,329	42,000	30,000
PEG / I-Net Capital Fee	4,922,765	4,865,979	5,132,946
Grant Project Management Fee	252,276	0 *	
Compliance Revenue	30,000	0	0
Total Resources	7,122,950	6,839,987	7,174,122
Beginning Fund Balance	5,629,723	7,100,259	9,064,245
Total	\$12,752,673	\$13,940,246	\$16,238,367
EXPENDITURES			
Franchise Fee Balance to Jurisdictions	572,752	512,569	533,450
Community Access Pmt, E. County (MetroEast)	934,347	936,944	970,632
Community Access Pmts, Mult. West (PCM)	59,217	53,026	62,800
MHCRC Operating Budget	609,019	822,822	837,399
Access Corporation Capital	1,735,533	1,735,530	1,539,883
I-Net Capital Grants		115,000 *	786,500
Community Capital Grants	1,741,546	700,110 *	8,396,102
Community Capital Grants Contingency	0	0 *	932,900
Total Expenditures	\$5,652,414	\$4,876,001	\$14,059,666
Ending Fund Balance	7,100,259	9,064,245	2,178,701
Total	\$12,752,673	\$13,940,246	\$16,238,367

Projected *

APPENDIX ONE

FRANCHISE FEE REVENUE AND DISPURSEMENT DETAIL

MHCRC OPERATING BUDGET-LINE ITEM DETAIL

BUDGET ALLOCATION BY JURISDICTION

**FRANCHISE FEE REVENUES AND DISBURSEMENTS
FISCAL YEAR 2014-15**

Jurisdictions	Franchise Fees	MetroEast	PCM	Budget Appropriation	Payments to Jurisdictions
Portland	\$6,969,116*		\$845,661*	\$288,791	NA
MULTNOMAH CO., EAST	68,672	41,203		12,720	14,749
MULTNOMAH CO., WEST	104,666	N/A	62,800	N/A	41,866
GRESHAM	1,210,705	726,423		112,677	371,605
TROUTDALE	191,796	115,078		16,499	60,219
FAIRVIEW	116,168	69,701		10,590	35,877
WOOD VILLAGE	30,378	18,227		3,017	9,134
Total, East County	\$1,722,385	\$970,632	\$62,800	\$155,503	\$533,450
Total				\$444,294	

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

FRANCHISE FEE BALANCE TO EAST COUNTY JURISDICTIONS-Prior Years:

Jurisdictions	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Adopted
MULTNOMAH CO., EAST	9,733	8,870	17,502	10,634
MULTNOMAH CO., WEST	35,008	36,444	39,478	37,254
GRESHAM	323,082	310,504	401,195	359,717
TROUTDALE	53,794	56,214	65,886	60,390
FAIRVIEW	31,296	32,438	38,573	34,811
WOOD VILLAGE	8,741	8,038	10,119	9,762
TOTAL	\$461,654	\$452,508	\$572,753	\$512,568

MHCRC OPERATING BUDGET - Line Item Detail
(Includes Capital Compliance Program)

Acct.	Title	FY 2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Proposed
51100	Employees	297,318	285,346	297,557
51700	Benefits	116,794	140,586	133,685
51xxx	Indirect Personnel - Bureau Support	7,000	45,830	28,590
Personnel Services		\$421,112	\$471,762	\$459,832
52100	External Fund Audit	11,790	11,000	12,000
52100	Professional Services	5,886	45,500	82,600
52900	Miscellaneous Services	398	8,700	1,800
53100	Office Supplies	1,924	2,500	2,500
53200	Operating Supplies	1,978	3,600	1,960
54100	Education	4,079	2,400	8,375
54200	Local Travel	1,898	2,600	1,800
54300	Out-of-Town Travel		2,800	2,000
54800	Rent Columbia Square		30,594	29,925
54900	Miscellaneous	56	4,400	1,400
External Materials and Services		\$28,009	\$114,094	\$144,360
6512xx	Print/Distribution	4,946	6,579	6,936
651302	Facilities Services	3,857	1,024	359
6514xx	EBS Services	26,712	27,178	22,777
6515xx	Information Technology (IT)	14,558	14,862	11,353
6516xx	Insurance/Workers Comp	9,936	5,257	4,821
652200	Technical Accounting IA	9,570	12,000	12,000
652233	Legal Services IA	15,311	15,684	15,661
652253	Mgmt Services (Bus Ops) IA		15,000	15,000
Internal Services		84,890	97,584	88,907
572101	GF Overhead (charged direct to fund)	67,149	85,434	25,000
54900	Contingency - General		53,948	79,300
54900	Contingency - 0.5 FTE			40,000
Fund Level Expenditures		\$ 67,149	\$ 139,382	\$ 144,300
Total		\$ 601,160	\$ 822,822	\$ 837,399
Total-Funded by Jurisdiction Appropriation		377,800	\$ 426,614	\$ 444,294

BUDGET ALLOCATION BY JURISDICTION
MHCRC OPERATING BUDGET
FY 2014-15

All member Jurisdictions contribute to the operation of the MHCRC (FY14-15 total: \$444,294). The MHCRC uses a funding methodology adopted by the Jurisdictions. The methodology is based on an agreed upon shared percentage of the MHCRC'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.

City of Portland Appropriations	\$288,791
East County Appropriations	\$155,503
Operating Budget Total:	\$444,294

JURISDICTION		FY 2014-15 Proposed	FY 2014-15 % Allocation
Portland		\$288,791	65.0%
	Subscriber Distribution		
<u>East County</u>	<u>No. Of Subs</u>		
Gresham	22,678	\$112,677	25.4%
Multnomah Co.	2,560	\$12,720	2.9%
Troutdale	3,321	\$16,499	3.7%
Fairview	2,132	\$10,590	2.4%
Wood Village	607	\$3,017	0.7%
East County Total	31,298	\$155,503	35.0%
Total		\$444,294	100.0%

Budget Allocation Comparison

JURISDICTION	FY 2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Proposed
Portland	\$231,021	\$277,299	\$288,791
<u>East County</u>			
Gresham	\$64,260	\$107,025	\$112,677
Multnomah Co.	\$8,156	\$13,540	\$12,720
Troutdale	\$9,321	\$15,498	\$16,499
Fairview	\$6,094	\$10,191	\$10,590
Wood Village	\$1,792	\$3,061	\$3,017
* East County Total	89,623	149,315	155,503
Total	320,644	426,614	444,294

* Note: FY12-13 was reduced by \$75,000 from FY11-12 set-aside for formal process regarding Comcast Renewal franchise.

APPENDIX TWO

ACCESS DISBURSEMENT DETAIL (MetroEast and PCM)

The MHCRC administers two contracts with the community access providers that serve the Jurisdictions. Attachment 1 presents the FY 2014-15 budget for MetroEast Community Media (MetroEast), as adopted by the MetroEast Board of Directors. MetroEast serves the East Multnomah County area. Attachment 2 presents the FY 2014-15 budget for Portland Community Media (PCM), as adopted by the PCM Board of Directors. 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 fund 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	\$ 970,632
Community Access Capital Funding: MHCRC	\$ 619,047
Total	\$ 1,589,679

2. Portland Community Media:

Access Funding: Portland General Fund	\$ 845,661
Community Access Funding: West Mult. County	\$ 62,800
Community Access Capital Funding: MHCRC	\$ 903,201
Total	\$ 1,811,662

APPENDIX TWO – ATTACHMENT 1

METROEAST COMMUNITY MEDIA FY 2014-15 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 2013-14, 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, *Community Hotline*, and its Spanish language companion program, *Comunidad*, live programs 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 public affairs forums, Troutdale's *Summerfest*, Wood Village's *Night Out*, 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 20013-14, 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 continues to pursue the strategic plan it updated in FY 2012-13. 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.

THE NUMBERS

Overall, the FY 2014-15 budget looks similar to previous years. While MetroEast's financial situation remains sound and has improved markedly from the crisis year of FY 2009-10, the impact of the cuts made then continue, including decreased personnel.

Due to changes in the health insurance market, personnel costs are uncertain but overall personnel costs will increase only moderately in FY 2014-15. MetroEast employees will receive small raises. Despite rapidly increasing benefits costs, personnel expenses for the years from FY 2010-11 through FY 2014-15 will have increased by less than 3% per year.

MetroEast operating expenses will increase due to increased costs for reimbursements of local travel and mileage (6131), telephones due to the increased use of mobile technology, particularly for youth programs, education and training (6061) and to keep staff informed about rapidly changing (6061). Some savings will be recognized in postage (6172), marketing and promotion (6174) and printing (6173). Insurance costs have also increased significantly due to the state geologist's prediction of a major earthquake in the next 10 years.

Capital expenditures for production and maintenance equipment (8060) increased significantly in FY 2012-13 as MetroEast upgraded its facilities and equipment to prepare for high definition (HD) cable casting. Following GAAP guidelines, MetroEast will capitalize some salary and benefits expenses (8092). The annual contribution to the building maintenance fund (8016) increases slightly to account for rising costs and the repayment of non-capital funds used for building construction (8090) increases. After allocating significant funds for the transition to HD in the current fiscal year, MetroEast will resume paying down its building loans. MetroEast's building short- and long-term loans were consolidated in FY 13-14 into a single long-term loan.

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

	ACTUAL 2012-13	BUDGET 2013-14	PROPOSED BUDGET 2014-15
INCOME:			
4130 Franchise Fees, Multnomah	\$ 930,790	\$ 927,668	\$ 963,477
4090 Interest	4,937	50	150
4270 Activity Fees/Fees for Service	41,418	15,000	18,000
4200 Other	117,989	6,000	16,000
4172 Capital Funds	756,935	754,700	619,047
4905 Building Loan Reimbursement	91,136	138,383	144,840
4162 Investment Fund Withdrawal	15,000	15,000	22,500
	<u>\$ 1,958,205</u>	<u>\$ 1,856,801</u>	<u>\$ 1,784,014</u>

TOTAL OPERATING INCOME

	ACTUAL 2012-13	BUDGET 2013-14	PROPOSED BUDGET 2014-15
EXPENSES:			
Personnel			
7020 Full-Time Salaries	\$ 555,329	\$ 581,399	\$ 586,667
7030 Part-Time Salaries	109,535	96,935	111,746
7050 Taxes & Fringe Benefits	224,852	217,067	232,804
Total Personal Services	<u>\$ 889,716</u>	<u>\$ 895,401</u>	<u>\$ 931,217</u>

	ACTUAL 2012-13	BUDGET 2013-14	PROPOSED BUDGET 2014-15
Operations			
6020 Accounting	\$17,250	\$ 18,000	\$ 20,000
6041 Consulting	8,567	25,000	25,000
6051 Dues & Subscriptions	9,949	10,000	10,000
6060 Educational Program Acquisition	0	400	400
6061 Education & Training	7,958	4,500	4,500
6062 Business Meals/Related	1,066	1,500	1,500
6064 Events	0	750	1,500
6070 Food	8,777	12,000	13,500
6100 Insurance	21,940	49,000	54,000
6110 Janitorial	5,500	6,500	6,500
6130 Legal	10,478	4,000	4,000
6131 Local Travel & Mileage	2,613	3,000	3,000
6140 Maintenance Supplies	1,028	2,000	2,000
6160 Office Supplies	3,568	4,500	4,500
6161 Operation Supplies	16,435	10,000	14,000
6170 Personnel Recruitment	25	350	350
6171 Phones	9,356	10,000	12,500
6172 Postage	1,828	1,500	2,500
6173 Printing	882	1,200	1,500

6174 Marketing/Promotion	4,056	3,500	3,500
6190 Repairs & Maintenance	23,585	10,000	9,000
6211 Travel	2,674	2,250	2,250
6220 Utilities and Maintenance	30,998	26,000	37,000
6230 Vehicle Maintenance	415	750	750
Total Materials & Services	\$ 188,948	\$ 206,700	\$ 233,750

Capital	ACTUAL 2012-13	BUDGET 2013-14	PROPOSED BUDGET 2014-15
8001 Misc. Debt Expense	\$ 0	\$ 0	\$ 0
8002 Books	48	150	150
8003 Maintenance Supplies	0	500	10,000
8004 Office Supplies	3,603	4,000	4,000
8005 Operation Supplies	7,938	2,500	2,500
8006 Repairs & Maintenance	27,001	9,000	6,000
8007 Media	0	500	4,000
8008 Equipment lease - Debt Reductio	0	0	0
8009 Equipment lease - Interest	0	0	0
8011 Interest Short Term Loans	16,505	18,000	0
8013 Interest Long Term Loan	48,946	56,000	56,854
8014 Debt Reduction - Short Term Loa	0	35,000	0
8015 Debt Reduction - Long Term Loan	32,716	20,000	26,949
8091 Capital Consulting	66,662	52,829	0
8092 Capitalized Wages and Benefits	0	37,735	15,476
8030 Leasehold Improvements	25,609	5,000	10,000
8016 Building Maintenance Fund	13,000	13,500	14,000
8040 Office Equipment	84,222	75,000	75,000
8050 Office Furnishings	2,906	2,500	2,500
8060 Production & Maintenance Equip.	714,468	284,103	246,778
8090 Building Loan Transfer	91,136	138,383	144,840
Total Capital	\$ 1,134,760	\$ 754,700	\$ 619,047

TOTAL OPERATING EXPENSES \$ 2,213,424 \$ 1,856,801 \$ 1,784,014

APPENDIX TWO – ATTACHMENT 2

Date: April 3, 2014

To: MHCRC Finance Committee Chair

CC: Mary Beth Henry, MHCRC Director
Julie Omelchuck, Cable Program Manager
Lisa Faust, PCM Board of Directors, Treasurer
Josh Eddings, OCT Compliance Assistant

From: Cece Hughley Noel, PCM Executive Director

Re: Portland Community Media Budget Submission

Enclosed is the Proposed Operating and Capital Budget for FY 2014-15 approved by the Portland Community Media Board of Directors on March 21, 2014 for review by the MHCRC Finance Committee next week.

There are a few modifications from last year's fiscal budget plan that should be noted.

Budget Assumptions

REVENUE

- Revenue Projections include the aggregated funds from the City of Portland Operations and projected Multnomah West Franchise Fees for FY 2014-15 of \$908,461
- We've reduced the projected contributed income to more realistic targets for next year, down from a planned \$100,000 to \$45,000 based on the current plans for grants applications, donor campaigns and our annual dinner and auction.
- Earned income revenue from workshop fees, video production contracts and special educational contracts are projected at FY 2013-14 levels. This very conservative adjustment takes into consideration the changes we saw in contracts primarily with the City of Portland bureaus and agencies that experienced budget belt tightening in the current year and had an impact on our revenue from those sources.
- Our Capital Budget plan includes the replacement of all production computers, office computers and field camera equipment, which have fully depreciated. We anticipate a Return on Investment upon resale of these items at a conservative estimate of \$20,000.

EXPENSES

- The proposed operating expenses are also a significant variance from last fiscal year and assume cost savings realized in the current year.

- Reductions in utilities due to sustainable energy practices, office equipment leases, professional services and bank fees make up a significant portion of these savings.
- In addition, the \$65-74,000 cost associated with the MHCRC Compliance fee from 2012-13 is also reflected in the smaller anticipated expenses in FY 2014-15.
- Finally, a realistic increase in Fundraising Expenses of \$14,000 is consistent with the costs associated with contributed income efforts; contractors for fundraising and grant writing services , materials for our annual auction and dinner and other costs.

We're looking forward to presenting PCM's Proposed Budget for FY 2014-15 to the MHCRC Finance Committee next week and will be pleased to answer any questions about our plan.

Attachments:

PCM Proposed Ops_Cap Budget FY 2014-15.pdf

PCM Capital Plan Narrative FY 2014-15

Portland Community Media
5/15/14
**FY 2014-15 Operating and Capital Budget
SUMMARY**

	ACTUAL 2012-13	ADOPTED 10/18/13 2013-14	PROPOSED 03/21/2014 2014-15
<u>INCOME</u>			
Grants - Government - G & A	993,129	884,505	908,461
Grants - Government - G & A			
Grants - Yahoo Employee Fdtn	5,000		
Contributions - Individuals - Education			
Contributions - Individuals - Fundraising	12,461	15,000	
Contributions - Business & Corporate-	-	85,000	
CONTRIBUTIONS		100,000	45,000
Fee-for-Service - Workshops -		25,000	
Fee for Service -Distribution -		5,000	
Fee for Service - Production -		30,000	
Fee for Service - Production - Municipal	163,372	95,000	
Fee for Service - Workshops -		20,000	
Fee for Service - Workshops - Youth		25,000	
EARNED INCOME - ALL		200,000	125,000
Activity Fees - Production - Distribution	1,845	-	
Duplication Services - Public Info/Produ	240	2,500	
Media Sales - Distribution	1,786	3,000	
Miscellaneous Income - Distribution	1,102	-	
Miscellaneous Income - G & A		3,000	
MEDIA SALES - MISC. INCOME		8,500	20,000
Indirect Capital Management Fees-		99,400	95,230
Released from Restriction (PEG)			
TOTAL INCOME	1,178,935	1,600,905	1,193,691
<u>EXPENSES</u>			
Total Payroll, Tax & Fringes	918,253	959,825	92,500
Total Operating Expenses	336,425	385,400	193,350
Fundraising Expenses		3,000	14,000
Total Operating Expenses			
Total Expenses (Combined Personnel/General Operating)	1,254,678	1,348,225	299,850
Net operating income	(75,743)	252,680	893,841
<u>Other Income (Expense)</u>			
Gain/Loss on Sale of Fixed Assets	10,288	5,000	5,000
Interest & Dividends - G & A	304	1,000	1,000
Gain/Loss on sales of Investment	1,185		
TOTAL ALL OTHER INCOME (EXPENSE)	11,777	6,000	6,000
NET Operating Surplus	(63,966)	258,680	899,841

Portland Community Media
5/15/14
**FY 2014-15 Operating and Capital Budget
SUMMARY**

	ACTUAL 2012-13	ADOPTED 10/18/13 2013-14	PROPOSED 03/21/2014 2014-15
RECONCILIATION TO APPROVED BUDGET			
Transfer to Capital Fund	(83,907)	-	
Bob Hedlund Scholarship	(1,000)	(1,000)	(2,000)
Budgeted Net Income	(148,873)	257,680	897,841
Capital Projects Budget			
<u>Revenue</u>			
PEG Access Grant	978,598	980,830	903,201
Balance of Capital Fund - Carryover	532,074	13,656	76,338
Smart Access Grant Funds	-		
City Hall Upgrade Grant Funds	-		
HD Channel Upgrade Project	-		
Transfer from Operations	-	-	
Total Capital Revenue	1,510,672	994,486	979,539
<u>Capital Project Expenses</u>			
MHCRC Management/Compliance Fee	73,109	64,000	
Building & Building Improvements	7,932	402,396	45,286
Software & Other Intangible Assets	62,819	47,747	44,817
Production Equipment	301,199	221,193	610,665
Office Equipment & Furniture	54,522	7,939	19,370
COMPUTERS	6,738		62,830
Playback Equipment			-
Production Vehicles	414		-
Youth Media Equipment			-
Construction In Progress	734,939		
PCM 10% Management Fee	119,992	99,400	90,300
Capitalized Payroll/Wages	31,244	45,000	15,032
Total Capital Project Expenses	1,392,907	823,675	888,300
SmartAccess Equipments	(108,359)		
City Hall Equipment	(40,490)		
Depreciation (non-cash)	844,698	775,855	775,855
NET CAPITAL SURPLUS (DEFICIT)	(31,084)	170,811	91,239
TOTAL OPERATIONS & CAPITAL INCOME & REVENUE (COMBINED)	2,571,842	2,424,580	2,081,991
TOTAL OPERATIONS & CAPITAL EXPENSES (COMBINED)	2,647,585	2,171,900	1,188,150
NET COMBINED SURPLUS (DEFICIT)	(75,743)	252,680	893,841

A This number is from June 30, 2013 audited Statement of Financial Position (Deferred Grant Revenue)

B The auditor did not take into consideration this is an expense of the capital funding.

PCM Capital Plan: Fiscal Year 2014-15 Projects

FY 2014-15 Goals

The focus of FY 2014-15 is to support existing activities and departments:

1. Acquire new technology to support existing activities (based on long range planning goals);
2. Acquire new technology to support new programmatic activities;
3. Continue with minor facility improvements to staff and public spaces within the facility.

Each capital project accounts for the following GAAP costs: equipment and materials, installation, contractors, testing and initial training. Each project includes contingency.

Capital Projects Budget -- Estimates for FY 2014-15

Building Improvements (Budget: \$45,500)

Ongoing upgrades to staff and public spaces within the facility to improve staff morale, facility function and energy efficiency. This project includes:

- Upgrading existing lighting to LED in staff and public spaces as need is identified;
- Installation of new built-in cabinets in all equipment rooms and storage areas;
- Ongoing facility renovation feasibility planning and implementation.

Business Machines (Budget: \$45,000)

Acquisition of new Apple iMac and laptop computers to support daily business activities.

Closed Captioning (Budget: \$10,000)

Acquisition of closed caption encoder to support community producers and/or production clients who want to include closed caption services (at their own cost) in a program.

Display Devices (Budget: \$35,000)

Improve display devices for onsite and offsite workshops and presentations. Provide more portable options for offsite workshops and presentations. This project includes: classroom monitors, studio floor monitors, lobby monitors, portable mini projector(s), compact portable screen(s).

Dub Station Improvements (Budget: \$7,500)

Install audio mixers to support community producers in copying and encoding live from tape.

Field Production (Budget: \$300,000)

Acquisition of new basic and advanced cameras, tripods and accessories, for all departments, to support training and production of content for air on PCM channels.

Office Equipment and Furniture (Budget: \$5,000)

Acquisition of durable devices to support business function and improve staff morale. Includes purchase of a laminator and small kitchen appliances.

Organization and Efficiency (Budget: \$12,500)

Improve facility organization and efficiency by providing staff with tools and improved storage capacity. Included in this project:

- Acquisition of tool kits for each departmental area;
- Acquisition of rolling storage carts for onsite and offsite transport of equipment and computers;
- Acquisition of new storage bins and systems for equipment rooms.

Outreach Package (Budget: \$2,500)

Equipment to support outreach efforts.

Production Equipment (Budget: \$18,000)

Production equipment in support of established program and department activities. Project includes purchase of microphones, field mixers, studio ladders and other equipment required for onsite or offsite production.

Software and Other Intangibles (Budget: \$5,000)

Software purchases to support existing business, production and training activities in all departments.

Studio Upgrades (Budget: \$250,000)

Ongoing upgrades to improve function and ease of use in Public Access studio facilities. This project includes:

- Acquisition and installation of chromakey cycs and new curtains;
- Acquisition and installation of new CG systems;
- Acquisition and installation of new monitor(s),
- Teleprompter computer and software.

UPS Upgrade (Budget: \$18,000)

Upgrade UPS systems to new models. UPS's provide power conditioning, protection and battery backup for the server room.

Website Development (Budget: \$44,000)

Ongoing development of web accessible tools and apps that expand PCM's ability to serve the community.

PCM Indirect Costs (Budget: \$90,300)

Fee assessed by PCM for indirect costs associated with management of capital projects. (10%)

Projected capital funds for FY 2014-15: \$903,000

Carry forward from FY 2013-14: \$76,338

Total capital funds for FY 2014-15: \$979,338

FY 2014-15 planned projects total: \$952,300