

**10 YEAR FRANCHISE BENEFITS**  
**ORAL PRESENTATION: EAST COUNTY JURISDICTIONS**  
**DRAFT 7/25/12 JSO**

Thank you Carol and Commissioner McKeel. I'm Julie Omelchuck and Rebecca Gibbons with the MHCRC staff.

We're here to present the concrete investments and impacts the cable franchise public benefits have had in our community over the past decade.

The franchise resources are pushed deep into the community. Schools, libraries, nonprofits and local governments, and all their constituents, have relied on franchise resources to support their various missions and services.

The collective impact of these benefits is broad and represents a significant local investment over the past 10 years throughout Multnomah County.

I'd like to show you what that investment has meant here.

**Let's start with Franchise fees:**

2 cable companies currently operate in unincorporated Multnomah County.

Comcast provides service county-wide and has been the dominant provider for many years.

For the past several years, Reliance Connects has also served unincorporated east Multnomah County in the Corbett area.

The cable companies pay 5% of gross revenues in franchise fees for private use of the public right-of-way.

The MHCRC collects the franchise fees for Portland, the east County cities and Multnomah County.

Over the past decade the franchise agreements have generated about \$54 million in franchise fees for the six jurisdictions.

The MHCRC allocates the franchise fee amounts in accordance with the Intergovernmental Agreement  
For Multnomah County, the MHCRC

- Distributes 60% of the fee to the community media centers.
- Retains about 10 % for the approved MHCRC budget
- And provides the remaining 30% to the County for your general fund.

As you can see, the County and the four east county Cities support about 35% of the total MHCRC budget. Multnomah County contributes about \$9,500 annually.

The general fund revenue from franchise fees has increased each year, totaling about \$2.9 million to the County and the four East County Cities over the past ten years.

### **Next up: the PEG Capital Fund**

**In addition to the franchise fee, the cable companies pay 3 % of their gross revenues to a capital fund for public, education and government use of the cable system. These funds are restricted for certain purposes both in the franchise and federal law.**

The Capital Fund represents an investment throughout the County of about \$36 million over the past decade. The Fund has provided capital resources in three areas:

#### **Community Media**

The Community Access Capital Grant program  
Institutional Network or I-Net

### **I'll start with Community Media**

Multnomah County is fortunate to have two vibrant community media centers. Portland Community Media focuses its services in Portland, including the unincorporated County on the Westside.

MetroEast Community Media primarily provides services in the East Multnomah County area. It also produces and airs the Multnomah County Commission meetings.

Because MetroEast is the primary community media center for the County, we are highlighting MetroEast in this presentation.

As you know, MetroEast produces local programming and provides media training.

Over the past ten years, the MHCRC and its jurisdictions have invested \$5.9 million in operational funding and \$4.9 million in capital funds for MetroEast.

A primary benefit of that investment is local video programs produced for and by the community.

Just this past year alone, MetroEast supported production of over 3,800 new, local television programs.

The purely local aspect is what makes this public benefit unique. These shows are as diverse as the residents who produce them. Many go to underlying issues in our communities such as:

civic dialog and engagement, community building and understanding, workforce development, and equity and cultural diversity.

Also, MetroEast's partnerships with local schools and organizations push the media tools and resources deep into the community.

I have a couple of examples here:

MetroEast has a vibrant youth media program which partners with schools in East Multnomah County. MetroEast works closely with teachers to provide media literacy and technology classes and students earn required credits for their work.

The Multnomah Bar Foundation Civic Education Fund partners with MetroEast to produce a series focusing on democracy. The project brings together members of the legal community, Judicial Branch, local non-profits and community members.

For over 10 years, countless community organizations have used MetroEast's "Community Hotline" to share information about their organizations, events and issues. This weekly showcase is available at no charge and is a valuable resource for local non-profits, schools and government agencies.

I call these partnerships going from good to great... Good that MetroEast has these resources... Great that the resources are re-purposed in the community, and help nonprofits get literate in the digital age.

### **Now for the Community Access Capital Grant**

The Community Access Capital Grant provides funding directly to nonprofits, educators and local governments so they can use cable system technology to address their constituencies' needs.

This program has assisted 50 local organizations and agencies, and funded over 115 projects countywide.

I'll hit some highlights about the grants to give you a feel for the depth and breadth of this grant program.

Over \$12 million in grant funds has been invested throughout the County over the past decade. Grantees have added over \$26 million in matching fund resources to their projects.

Most grant funds have gone to educational institutions and Nonprofits groups; and about 10% to local government agencies

Grantees identify the public benefit for their project under four categories funded by the program. About 50% of the grants given were for improving service delivery; another third for reducing disparities to underserved communities; and the remaining to increasing community involvement and reducing costs of public services.

Grant projects must also use the access channels or the I-Net in some way.

Of 115 grant projects: a little over half used video technology for programming on the access channels

1/3 used the I-Net

And 14% used both the I-Net and the access channels.

Grantees also identify the constituency benefiting from the grant project.

As you can see, 50% of the grants have helped organizations address underserved and marginalized communities in a variety of ways. These diverse populations are included on the screen.

I'd like to highlight a couple of our many grants.

The MHCRC funded several projects at high schools with high free/reduced lunch populations and students of color, including high schools in most districts within Multnomah County:

As you can see, in all but one high school, more than 50% of the students are on free and reduced lunch programs.

In addition, students of color make up 50% of the student bodies at seven of the nine high schools funded.

Another high impact grant was in support of the Gateway domestic violence service center in mid-Multnomah County. Grant funds enabled the Center to acquire a video system that allows victims of domestic violence to apply for restraining orders at the Center instead of at the Court house in downtown Portland. This system has created a safer and more accessible way to use this critical legal process.

An example of a nonprofit grant is

The Global Voices Project, at the Center for Intercultural Organizing.

This project provided immigrants and refugees throughout the County with media tools to frame and provide voice to issues impacting their communities.

The MHCRC has also funded a number of grants that provide workforce development opportunities throughout the County. About 36% of grants awarded support these types of programs.

Grants have included distance learning, online access to job applications, and training in areas such as software certification, creative industries, construction, engineering and architecture.

**The next public benefit is the Institutional Network or I-Net.**

The I-Net has had a profound impact in the ability of our public institutions to provide high level services and contain costs.

I-Net is a separate fiber network contained within Comcast's system and connects nearly 300 public institution sites within Multnomah County. The I-Net also interconnects to the City of Portland's IRNE network, expanding its reach.

This pie chart shows the nine stakeholder organizations that currently use the I-Net.

As you can see, the schools are the largest users, reaching all seven school districts in the County. Multnomah County is the second largest user, including all libraries.

This network has only been possible for the past ten years through a successful partnership among these four groups:

Comcast built, owns and maintains the I-Net.

Portland's Bureau of Technology Services provides network services to public agencies. Public agencies pay monthly service fees to fund I-Net operations and collaborate on network planning. AND

The MHCRC funded the network infrastructure from the I-Net Capital Fund.

The MHCRC also has plays the critical role of facilitating this partnership and keeping it cohesive over the past ten years, and now into the future.

Over \$12 million in I-Net Capital Funds paid for the I-Net infrastructure, including fiber connections to all sites. This is a significant public investment in the network.

### **So why has this investment in the I-Net been so critical?**

Through the MHCRC's Your Voice assessment, we heard how the bandwidth needs have, and continue to grow exponentially for our public institutions.

Almost every school, library and local government function touches the I-Net in some way:

For instance: the I-Net supports

Phone service in every classroom for every teacher

Connections for local and state court systems

Public Internet access at libraries

Access by the public to local government information

The Metropolitan Educational Service District tells us that the bandwidth needs for its 75 school sites doubles approximately every 18 months.

Multnomah County Library reported that its public Internet computers are in use over 85% of the time, serving nearly 95,000 people last year.

The I-Net partnership has enabled a unique network that is both affordable to cash-strapped public institutions and scalable to meet ongoing and growing network needs.

When the I-Net was lit up 10 years ago, public institutions went from using T1 lines to 100 mb connections...71 times more bandwidth. Now those connections are at 400MB, with a couple at 1 Gigabit.

You don't have to be a technical expert to understand that this network has been able to meet the growing needs of these organizations.

Another bottom line benefit of this I-Net partnership is that we've been able to keep the network affordable.

In fact, when public agencies transitioned to the I-Net in 2002, users reported either no cost increase for tremendous increase in bandwidth, and many were able to reduce actual costs by up to a 30%.

Since 2002, I-Net rates have remained stable and predictable for our public institutions.

I want to provide some present-day context about affordability.

We asked the public agencies to estimate what they might pay commercially for network services. You can see that our schools, libraries and local governments would be paying 2 to 3 times more for the services they currently receive through the I-Net partnership.

Another way we've been able to keep this affordable is that public agencies share service costs at 25 sites. For example, the Multnomah County health clinics, nonprofit after-school programs and a school district all share costs when located at a school. Obviously much more affordable than each paying for a separate connection.

**The last benefit area to discuss is the MHCRC's work in consumer protection and regulation in the public interest.**

The MHCRC has helped residents with cable concerns, both individually and more broadly, through franchise enforcement activities.

As far as individual complaints, the MHCRC has assisted in the resolution of nearly 5,000 complaints over the past ten years.

In looking at a broader view, the MHCRC has addressed 75 consumer protection issues.

For instance these issues have included:

Use of private property by cable companies

Clarity and accuracy of Subscriber bills

Subscriber privacy concerns, AND

Customer service issues, such as appointment windows and telephone answering

To end our presentation, we come back to franchise fees.

The MHCRC has undertaken three franchise fee audits in the past ten years. The audits recovered almost \$319,000 in underpaid fees compared to a total audit expense of \$30,000.

That's our look back at our work and accomplishments in delivering the public benefits of the franchise agreements to our communities.

Again, thank you for inviting us to highlight the concrete investments and impacts these have had in our communities over the past ten years.

Carol and I are happy to answer any questions you may have.