

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator David C. Olson		2. Telephone No. 3-5290	3. Bureau/Office/Dept. Office for Community Technology
4a. To be filed (date): December 8, 2011	4b. Calendar (Check One) Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: December 6, 2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Grant a franchise to Comcast of Oregon II, Inc. to operate a Cable System for a period of ten years. (Ordinance)

2) Purpose of the Proposed Legislation:

The Mt. Hood Cable Regulatory Commission (MHCRC) administered cable franchise with Comcast was to expire December 31, 2010 but, on the recommendation of the MHCRC, was extended to December 31, 2011.

MHCRC staff completed negotiations with Comcast regarding a renewal franchise and recommends the City of Portland approve a Franchise for a period of 10 years, effective January 1, 2012. Under the Intergovernmental Agreement creating the MHCRC, only the City Council can approve the cable franchise.

The process mandated by the Portland City Charter for adopting a proposed franchise may take up to four months or more, from the date of initial publication. On November 16, 2011 the City approved a temporary, revocable permit allowing Comcast to provide cable services using the public right-of-way without interruption during the adoption process.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

As the Gross Revenues definition of the current franchise and proposed renewal franchises are unchanged in substance, MHCRC and the City rely upon the understanding that Comcast will continue under the new franchise to utilize the historic methodology used by Comcast and its predecessors to calculate and pay such fees to the MHCRC Jurisdictions prior to the effective date of the Franchise.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the *level of confidence*.)

None.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

No.

- **Will positions be created or eliminated in *future years* as a result of this legislation?**

No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☒ **YES:** Please proceed to Question #9.

☐ **NO:** Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

The Comcast franchises provide significant technology and funding resources in Multnomah County communities - for local governments (franchise fees), for schools and libraries data connectivity needs, community media centers, access television, and many others.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

One of the Commission's goals for its community needs ascertainment study was to reflect the broad and diverse voices of our communities. In order to address inclusion, the Commission deployed a multitude of data collection methods, including a scientific phone poll; online surveys; focus group discussions and interviews. Specific groups, organizations and individuals involved in the ascertainment report and associated findings remains posted on the MHCRC website: <http://www.mhcrc.org/yourvoice.html>.

In September, 2011 an overall agreement in concept was reached by MHCRC and Comcast negotiators on most key elements of a renewed Comcast franchise, including community needs and public benefit elements. On the basis of this agreement in concept, the MHCRC held a public hearing on September 26, 2011 on the public benefit elements of the proposed renewal franchise.

c) How did public involvement shape the outcome of this Council item?

Based on the findings of the community needs ascertainment, MHCRC staff subsequently began informal franchise renewal negotiations with Comcast representatives.

d) Who designed and implemented the public involvement related to this Council item?

The Mt. Hood Cable Regulatory Commission and its staff (Office for Community Technology).

e) Primary contact for more information on this public involvement process (name, title, phone, email):

David C. Olson, Director, MHCRC, 503.823.5290, david.olson@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No.



BUREAU DIRECTOR (Typed name and signature)



City of Portland

Office for Community Technology

Broadband & Communications Technology Policy | Cable Regulation & Consumer Protection | Utility Franchises, Licenses & Wireless

185112

Dan Saltzman, Commissioner

David C. Olson, Director


1120 SW 5th Avenue, Room 1305

Portland, OR 97204

City Council
Agenda Item
Staff Supplemental Report

TO: Commissioner Dan Saltzman

THROUGH: Office for Community Technology

FROM: David C. Olson, Director 

DATE: December 8, 2011

RE: Renew Comcast Cable franchise (per formal City Charter process)
(Ordinance, First Reading only)

Requested Placement Date: December 14, 2011, Consent Agenda. NOTE: The substance of this item was previously considered, discussed and unanimously approved by the City Council on November 16, 2011 in the form of a Temporary Revocable Permit (TRP) as an emergency ordinance. The TRP was necessary to provide Comcast authority under the terms of the renewed cable franchise to operate under the agreed-on renewal terms beginning January 1, 2011. However, the formal renewal franchise itself must be adopted via the process required under the Portland City Charter. This requires pre-publication (accomplished November 18th), First Reading (scheduled December 14th), Second Reading and Council vote (scheduled January 18, 2012), with an anticipated effective date of March 18, 2012, at which point the franchise will supersede the previously-adopted TRP. For the record, however, we will replicate with this staff report the substance of the recommendation of the Mt. Hood Cable Regulatory Commission urging Council adoption of the Comcast renewal franchise under the terms of the City Charter.

I. RECOMMENDATION.

Grant a franchise to Comcast of Oregon II, Inc. to operate a cable system for a period of ten years as recommended by the Mt. Hood Cable Regulatory Commission (MHCRC).

II. BACKGROUND.

Having carefully considered this matter, and having completed a substantial community technology needs ascertainment and lengthy franchise negotiations with Comcast on your behalf, the Mt. Hood Cable Regulatory Commission (MHCRC) respectfully recommends that City approve a renewal franchise with Comcast consistent with the recommended franchise attached to this memorandum, together with all exhibits, letter agreements, and accompanying documents. The MHCRC has formally arrived at this recommendation by adopting MHCRC Resolution No. 2011-03 (attached) recommending



and transmitting to the City of Portland a cable franchise renewal agreement with Comcast of Oregon II, Inc.

III. FINANCIAL IMPACT.

Comcast will continue to pay its franchise fees of 5% of gross revenues and PEG fees of 3% of gross revenues.

IV. LEGAL ISSUES. None

V. CONTROVERSIAL ISSUES. None

VI. LINK TO CURRENT CITY POLICIES:

http://www.mhcr.org/docs/about_intergovernmental_agreement.pdf - MHCRC Intergovernmental Agreement

<http://www.mhcr.org/docs/FranchAgree-WestPortlandFran.pdf> - West Portland Franchise Agreement

<http://www.mhcr.org/docs/FranchAgree-EastPortlandFran.pdf> - East Portland Franchise Agreement

VII. CITIZEN PARTICIPATION.

Beginning in 2008, the MHCRC, on behalf of all member MHCRC Jurisdictions, conducted a cable franchise renewal process pursuant to the applicable provisions of federal law 47 U.S.C. §546. The process was authorized by MHCRC Resolution No. 2008-02 (adopted April 21, 2008). Pursuant to this process, a community needs ascertainment report ("Your Voice, Our Communications Technology") was prepared in April, 2010 for review and consideration by the MHCRC, the Jurisdictions, Comcast and the citizens, cable subscribers and stakeholders of MHCRC communities. The ascertainment report was for the purpose of reviewing Comcast's performance under the existing cable franchise agreements (which Comcast began operating in 2002), and identifying cable-related needs and interests of the community which should be met in a renewed franchise agreement, taking into account the cost of meeting such needs and interests. Comcast was at all relevant times provided notice of the development of the ascertainment report and was provided a reasonable opportunity to comment on the results of the report. The ascertainment report and associated findings remains posted on the MHCRC website:

<http://www.mhcr.org/yourvoice.html>.

Based on the findings of the community needs ascertainment, MHCRC staff subsequently began informal franchise renewal negotiations with Comcast representatives. Negotiations continued through September, 2011 when an overall agreement in concept was reached by MHCRC and Comcast negotiators on most key elements of a renewed Comcast franchise, including community needs and public benefit elements. On the basis of this agreement in concept, the MHCRC held a public hearing on September 26, 2011, on the public benefit elements of the proposed renewal franchise.

VIII. OTHER GOVERNMENT PARTICIPATION.

The MHCRC recommends that the elected bodies of each of the MHCRC member Jurisdictions consider and take action approving the proposed renewal franchise (and associated exhibits and letters of agreement).

IX. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? _ Yes

WHAT IS THEIR BUSINESS LICENSE NUMBER? __ 704088

IS THEIR ACCOUNT WITH THE CITY CURRENT? __Yes

IF NOT, HOW MUCH IS OWING? _____