

IMPACT STATEMENT

Legislation title: Grant a franchise to Qwest Broadband Services, Inc. d/b/a CenturyLink to operate a Cable System.

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Purpose of proposed legislation and background information:

The Mt Hood Cable Regulatory Commission via Resolution No. 2015-01 recommends and transmits to the City of Portland a cable franchise renewal agreement with QBSI d/b/a CenturyLink. The MHCRC performs cable franchise negotiation on behalf of the City of Portland through an Intergovernmental Agreement.

http://www.mhcrc.org/docs/about_intergovernmental_agreement.pdf

CenturyLink plans to offer cable TV in competition with Comcast. This will be the first wireline cable TV competitor in Portland's history. The cable franchise renewal is for an 11 year term (August 2015 - December 2026) contingent on CenturyLink reaching certain penetration thresholds.

The fundamental public benefit framework of the CenturyLink franchise is commensurate with the Comcast franchise:

- Cable franchise fees at 5% of gross revenue;
- 3% of gross revenue for public, education, government (PEG)/Institutional Network (I-Net) Capital fund (including funds for community media providers, the MHCRC's community grants, and the I-Net); and
- Access by all cable subscribers to all PEG channels is guaranteed, and the current complement of PEG Access channels and interconnects is secured.

In addition to this, tangible improvements and enhancements have been secured in a number of key areas, for example:

- All PEG channels will be High Definition;
- PEG program listings will be included in all subscriber guides, including web-based and set-top box program guides; and
- The availability and accessibility of PEG Video-on-Demand programming is improved and contractually secured.

MHCRC staff believes the resultant renewed cable franchise represents balanced interests of Century Link and community public benefits, and ensures the a high level of benefits for a reasonable term.

Timeline per Charter requirements:

March 20 DJC* publish franchise - 20 days prior to City Council 1st Reading

April 22 1st Reading of QBSI Renewal Franchise

May 27 **2nd Reading – 30 days after 1st Reading**
July 27 **Effective Date - 60-days after 2nd Reading**
August 26 **Acceptance signed by CenturyLink - within 30-days of Effective Date**

Financial and budgetary impacts:

The CenturyLink franchise provides 5% of gross revenue franchise fees for the General Fund. It also provides funding for school and library data connectivity and technology needs, community media centers and access television as well as a community capital grant program. No revenue estimate is possible at this time since CenturyLink may take existing customers from Comcast or it may attract new customers thereby growing the overall customer base in the City.

Community impacts and community involvement:

The Commission conducted a community needs ascertainment from 2009-2011 in order to ensure that broad and diverse voices of the community were represented. The Commission deployed a multitude of data collection methods, including a scientific phone poll; online surveys; focus group discussions and interviews. Staff relied on that ascertainment during the CenturyLink negotiation as guidance on meeting community needs.

The MHCRC conducted a Public Hearing on January 26, 2015. The Commission heard testimony and reviewed documents that provide details of elements of the franchise agreement. It is staff's belief that the proposed renewal franchise is generally consistent with the MHCRC's community needs ascertainment and adequately addresses the future cable-related needs and interests of the community during the proposed renewal franchise term (eleven years), taking into account the cost of meeting such needs and interests. MHCRC staff believes the resultant renewed cable franchise represents balanced interests of Century Link and community public benefits, and ensures the a high level of benefits for a reasonable term.

Portland Community Media and Comcast are expected to testify.

Budgetary Impact Worksheet

Does this action change appropriations?

☐ **YES:** Please complete the information below.

☒ **NO:** Skip this section

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