

IMPACT STATEMENT

Legislation title: *Approve the Mt. Hood Cable Regulatory Commission’s FY 2016-17 budget. (Ordinance)

Contact name: Mary Beth Henry

Contact phone: 3-5414

Presenter name: Mary Beth Henry

Purpose of proposed legislation and background information:

To approve the Mt. Hood Cable Regulatory Commission’s FY 2016-17 Budget

The City is a party to an intergovernmental agreement with Multnomah County and the cities of Gresham, Fairview, Troutdale, and Wood Village dated December 24, 1992, as modified by subsequent amendments, creating the Mt. Hood Cable Regulatory Commission. The Intergovernmental Agreement (the “IGA”) establishes the responsibilities and powers of the Commission, as delegated by the various participating jurisdictions. The City Council approved the City of Portland’s participation in the Commission by Ordinance No. 166168, enacted on January 20, 1993. http://www.mhrc.org/docs/about_intergovernmental_agreement.pdf

Under the terms of the IGA each of the participating jurisdictions contributes funding to the operations of the Commission on an annual basis based on a formula adopted by the Commission.

Financial and budgetary impacts:

Portland’s contribution, as outlined in this ordinance, is already included as part of the Mayor’s Proposed Budget. No additional revenue.

Community impacts and community involvement:

The MHCRC Fund Budget is adopted by each of the participating jurisdictions at a formal City Council or County Commission Meeting.

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 |
|------|-------------|-----------------|-----------------|----------------|-------|-------------------|--------|
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MT. HOOD CABLE REGULATORY COMMISSION

Annual Report
2015-16



CITY OF PORTLAND
CITY OF FAIRVIEW
CITY OF GRESHAM
CITY OF TROUTDALE
CITY OF WOOD VILLAGE
MULTNOMAH COUNTY

Who we are

For the past 22 years, the **MT. HOOD CABLE**

REGULATORY COMMISSION (MHCRC) has ensured

that the communities in Multnomah County and the cities of Fairview, Gresham, Portland,

Troutdale and Wood Village are fairly compensated for use of the public rights-of-way by

cable companies. These jurisdictions recognize the efficiencies – both for the companies and

for taxpayers – of having a single commission regulate companies county-wide as the network

infrastructure and services transcend jurisdictional boundaries. In addition, the MHCRC

manages and negotiates many public benefits that support schools, public libraries and

non-profit organizations, whose services and constituencies crisscross the cities and County.

■ Each City Council and the County Commission appoints representatives to the MHCRC.

These eight commissioners, with staff support, commit hundreds of hours annually to deeply

understand complex issues in an ever-evolving technology, regulatory and business-model

landscape. Although this evolving landscape is disruptive in some respects, many community

needs remain unchanged – Needs for local authority over right-of-way and compensation;

a consumer watchdog; platforms for community voices; affordable broadband networks

for schools, libraries and local governments; and local solutions for addressing digital

equity issues. ■ The MHCRC consistently focuses on community needs as its keeps one

foot firmly planted in today's legal landscape to steward existing public benefits, while

stepping out to explore possibilities and opportunities on behalf of the cities, County

and communities it serves.

COMMISSION MEMBERS

Carol Studenmund
Commission Chair

Mike Bennett

John Branam

Sue Dicile

Rich Goheen

Leif Hansen

Scott Harden

Norman Thomas

STAFF

Mary Beth Henry
Staff Director

Julie S. Omelchuck
Program Manager

Rebecca Gibbons
Program Coordinator

Joshua Eddings
Compliance Assistant

Kim Whelan
*Assistant Program
Specialist*



The Reynolds School Board, Superintendent and MHCRC commissioners celebrate the MHCRC TechSmart Initiative investment to close the achievement gap in 6-9th grade math.

By the numbers

\$8.6
MILLION

Collected in cable franchise fees for MHCRC member jurisdictions

330

Subscriber complaints resolved by MHCRC

951

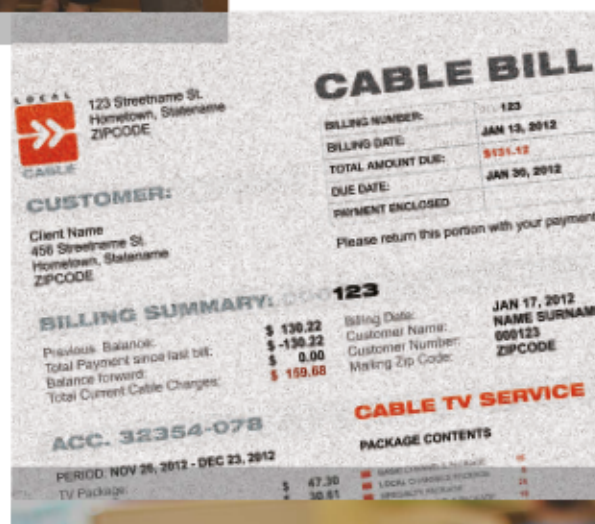
Local residents trained in media and digital literacy

What We Do

- █ Advocate for and protect local authority and public benefits in the regulation of cable communications systems.
- █ Ensure communities are compensated for cable companies' use of the public rights-of-way.
- █ Help resolve cable subscriber complaints and provide consumer protection.
- █ Provide technology grants and broadband connectivity for community institutions and non-profits.
- █ Ensure a local voice through community media.

THE MHCRC REGULATES AND NEGOTIATES CABLE FRANCHISES WITH FOUR COMPANIES:

- Frontier Franchise expiration 2018
- Reliance Connects Franchise expiration 2018
- Comcast Franchise expiration 2021
- Century Link Franchise expiration 2021



2015-16 HIGHLIGHTS



Youth from the NW Film Center Heroes Magnificos' spring break film camp access the makerspace technology at the new Rockwood Library Innovation Station funded by the MHCRC Community Grants.

Consumer Protection The MHCRC enforces consumer protection and customer service standards under the cable franchises. Regulatory issues included noncompliance with customer service standards (phone answering, installation and appointment standards), information on subscriber bills, service installation line extensions, service rates and fees (i.e. broadcast TV fee, HD technology fee), and other consumer protection issues. In 2015, the MHCRC assisted in the resolution of 330 complaints.

Cable Competition for Portland Residents While the cities surrounding Portland have had cable TV competition since 2008, no cable competition existed for Portland residents until now. The Portland City Council accepted the MHCRC's negotiated cable services franchise agreement with CenturyLink, a primary phone provider in Portland, and in May 2015, the company launched cable TV service. Not only did Portland gain competition for cable TV services but the MHCRC was vigilant in ensuring that the public benefits of the CenturyLink agreement were similar to and enhanced those in Comcast's franchise.

Protect Local Authority and Compensation

As the regulatory and public policy landscapes change, the MHCRC continued its strategic focus on advocacy in the public interest. The MHCRC kept abreast of the uptick in public policy activity on both local and federal levels. The MHCRC participated in FCC proceedings including the Multi-Channel Video Program Distributors (aka Over the Top video providers that use the broadband connection to the home to deliver video), Municipal Broadband Authority, Set Top Boxes (allows consumers to choose how to access video programming) and Diverse and Independent Programming (ensuring that public, education and government access programming is widely available). The MHCRC also joined an Appeal of the FCC's 621 Order on Reconsideration, which provides that a cable operator may claim as a credit against franchise fees certain in-kind benefits such as services to schools and government buildings as well as certain I-Net benefits.

The MHCRC continued its advocacy for the protection of local community media resources in federal legislation. Locally, the MHCRC worked to protect local authority for use of public right-of-way and taxing authority with Oregon's Congressional delegation as well as State Legislators.

Local Voices and Content through MetroEast and PCM

The MHCRC manages contracts with MetroEast Community Media and Portland Community Media, 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, non-profits, community organizations and government agencies.

Over the past year, hundreds of community organizations took advantage of MetroEast and PCM services. The groups varied widely and included many whose clients traditionally struggle with access to media and Internet technology, such as Voz, IRCO, APANO, iUrban Teen, Northwest Family Services, New City Initiative, Scanner, Los Ninos Cuentan,

El Programa Hispano, POWGirls, Oregon Tradeswomen, Hacienda CDC, League of Women Voters and Rosewood Initiative. MetroEast and PCM also provided media and digital literacy training to over 950 local residents. Through participation by residents and organizations, over 5,000 hours of local, original video programs were produced.

The MHCRC ensured that public dollars and dedicated capital funds provided to the centers were spent to support community services and outcomes and met the restrictions placed on certain funds in cable franchise agreements. The MHCRC also facilitated provision of franchise-required obligations by cable companies that support local programming such as listings in program guides, free video-on-demand programs and local HD channels.

Digital Equity Digital equity is the social justice goal of ensuring that everyone in our community has adequate access to the Internet, digital skills and technology tools to fully participate in our society and meet everyday needs. For years, the MHCRC has worked with community partners to reduce digital equity gaps through grants and low-cost broadband network capacity for schools, libraries and nonprofits to support digital literacy training and accessible computer technology.

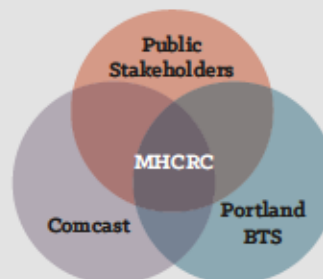
More recently, addressing digital equity has become a foundational issue for communities concerned with dismantling the opportunity gap in education, healthcare, jobs and civic participation. The MHCRC is an active member of the Digital Inclusion Network (DIN) – a consortium of local governments, nonprofits, businesses and others dedicated to reducing digital equity disparities in Multnomah County. DIN was a key player in developing and shaping the Digital Equity Action Plan (DEAP) recently adopted by the Portland City Council and the Multnomah County Commission. The DEAP creates a cohesive framework for our region to address digital equity for people of color, immigrants, refugees, the generationally poor and other marginalized populations.

Affordable Broadband for Schools, Libraries and Local Governments

The MHCRC facilitates partnerships and network planning, and distributes funds, to provide affordable broadband connections for 295 schools, libraries and public agency sites throughout Multnomah County over the Institutional Network (I-Net). In 2015, the I-Net public stakeholder group included: the cities of Portland, Gresham, Troutdale and Wood Village, Multnomah County, State of Oregon court system, Metro, Home Forward, Multnomah County Libraries, Multnomah Educational Service District (including 7 school districts), Portland Public Schools, and Mt. Hood Community College. The I-Net partnership consists of these public stakeholders, Comcast, and Portland's Bureau of Technology Services (BTS).

The MHCRC led meetings and work groups of these public stakeholders to collaborate on a planning framework to collectively provide for their bandwidth and connectivity needs in the future. The group recognized that long-term planning is essential to ensure our public institutions, and the people who rely on them, can continue to access affordable bandwidth and technology tools.

In addition to future network planning, the MHCRC funded current network needs. The MHCRC distributed slightly more than \$208,000 in I-Net funds to support site upgrades and connect six new sites to the network.



By the numbers

295

Public stakeholder sites served by the I-Net

19

Public stakeholders in I-Net partnership

\$208,000

MHCRC funds invested in I-Net infrastructure

MHCRC COMMUNITY GRANTS



Investments to Advance Education and Community-Based Technology

THE MHCRC DIRECTS THE COMMUNITY GRANTS PROGRAM, WHICH PROVIDES FUNDS FOR TECHNOLOGY PROJECTS TO COMMUNITY ORGANIZATIONS, LIBRARIES, SCHOOLS AND LOCAL GOVERNMENTS THROUGHOUT MULTNOMAH COUNTY. FUNDING OPPORTUNITIES WITHIN THE COMMUNITY GRANTS PROGRAM INCLUDE THE TECHSMART INITIATIVE AND COMMUNITY TECHNOLOGY GRANTS. THE

MHCRC OVERSAW IMPLEMENTATION AND COMPLIANCE FOR ABOUT 34 GRANT-FUNDED PROJECTS DURING THE YEAR. IN 2015, THE PROGRAM GRANTED OVER \$7.2 MILLION FOR 14 NEW COMMUNITY-BASED PROJECTS THAT WILL LEVERAGE OVER \$8.2 MILLION IN MATCHING RESOURCES. ■ FUNDS FOR COMMUNITY GRANTS DERIVE FROM THE CABLE FRANCHISES NEGOTIATED BY THE MHCRC. COMCAST, CENTURYLINK, FRONTIER AND RELIANCE CONNECTS CURRENTLY CONTRIBUTE TO THE COMMUNITY GRANTS FUND.



TechSmart Initiative for Student Success – \$19 MILLION OVER 10 YEARS



The MHCRC launched the TechSmart Initiative for Student Success in 2014 and, thus far, has granted a little over \$7.7 million to four public school districts in Multnomah County. The MHCRC plans to strategically invest a total of about \$19 million through 2021 in local public schools to positively impact academic outcomes for all students in Multnomah County.

The MHCRC TechSmart Initiative provides grants and evaluation resources for Multnomah County school districts to identify effective classroom instruction that uses technology to foster improvement in academic outcomes for all students and

to share the successful strategies across the school districts. The TechSmart Initiative is aligned with the collective effort of the broader community engaged in the All Hands Raised Partnership. The MHCRC is partnering with the Districts to close the achievement gap and make progress on the following academic outcomes key to student success:

- Kindergarten Readiness ■ Third Grade Reading
- Eighth Grade Math ■ Ninth Grade Credit Attainment
- High School Graduation ■ English Language Learners' Annual Progress

The MHCRC has focused about two-thirds of its annual Community Grants fund revenues for the TechSmart Initiative with plans to invest \$8 million in the first three years of the initiative and an additional \$11 million projected through 2021.

The MHCRC works closely with each school district as a planning and funding partner to develop a grant project plan tailored to each individual district's priorities. TechSmart grants have touched on every critical academic benchmark ... from kindergarten readiness to high school graduation. Last year's report highlighted the first two TechSmart Initiative grant investments, at David Douglas and Parkrose school districts. Reynolds School District and Portland Public Schools are two of the newest TechSmart grant recipients.

Technology-Rich Mathematics at Reynolds School District

Grant Amount: \$1,313,554

The Reynolds grant is laser focused on significantly increasing the number of students who have earned core math credits by the end of 9th grade, a critical factor on the way to successful high school graduation. Reynolds found that less than half its students were earning six or more credits by 9th grade, and freshman math is the most frequently failed core class. The TechSmart Initiative grant specifically targets strengthening 6th-9th grade math instruction and increasing student engagement in mathematics through technology-rich instruction. The grant provides critical math teacher supports and classroom technology at the three middle schools and in 9th grade at Reynolds High School. The grant also funds technology for the Project Lead the Way curriculum, a STEM-based, nationwide education program.

In addition to the grant, the MHCRC TechSmart Initiative will provide Reynolds School District with evaluation resources to identify instruction that effectively improves core credit attainment at 9th grade. The MHCRC and the District plan to share learnings about effective instruction with other school districts in Multnomah County.

K-3rd Grade Literacy at Portland Public Schools

Grant Amount: \$5,101,190

Portland Public Schools is in the process of adopting literacy curriculum for PreK-5th grades across the school district. The last time PPS underwent

"The MHCRC is thrilled to invest, along with so many others in the community, in our public schools' effort to develop learning environments and strategies that truly support academic achievement for all students. Through the MHCRC TechSmart Initiative, the Districts will gain critical resources to discover how to best use technology in teaching and learning."

Carol Studenmund
MHCRC Chair

this process in 2007, it did not result in improved outcomes for students in reading achievement. With the support of the TechSmart Initiative investment, PPS is taking a new approach to the K-3rd grade literacy adoption, with the goal to have all students at reading proficiency by 3rd grade and to eliminate the achievement gap.

In order to sustain and scale literacy transformation across the large urban school district, PPS will pilot learning models, infused with technology and teacher supports, in K-3rd grade programs in 20 schools across four years. The first grant year focuses on planning and training with the initial five schools' teachers, instructional coaches, and principals for implementation in school year 2016-17. Five schools will be added each of the following three school years. Both PPS and the MHCRC will deeply invest in dedicated staff and teacher professional development critical to successful technology-rich learning environments. In addition, PPS will conduct continuous evaluation to learn year to year what's working for teachers and students in blended learning practices. PPS plans to build district capacity to sustain the literacy transformation across all PPS K-3rd grade programs in the years following the grant period.

By the numbers

7%

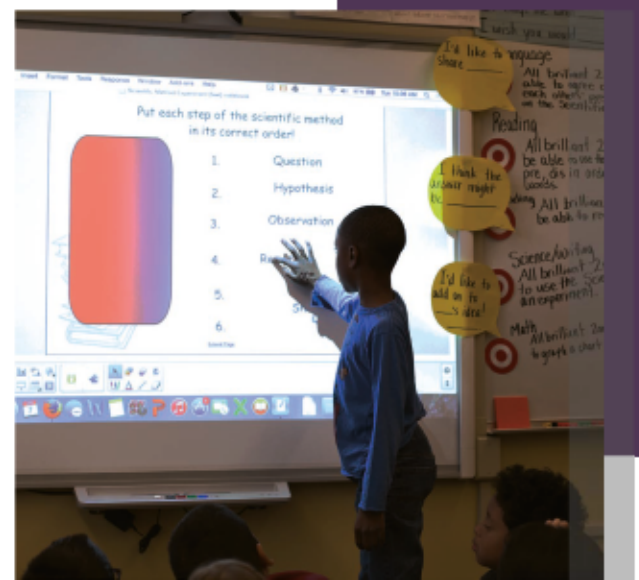
Of Community Grants funds spent for grant administration

34

Active grants in 2015

151

Local classroom teachers supported by TechSmart Initiative grants



Advancing Access to Technology and Training



For the past 17 years, the Community Technology Grants program has provided funding throughout Multnomah County to nonprofits, educators, libraries and local governments to use technology resources to further their missions and services. Through an annual, competitive grant process, the MHCRC funds projects which provide a public benefit in four areas: reducing disparities for an underserved community; increasing community involvement in issues of importance to a community; reducing the cost of providing non-profit or public services; or improving the delivery or increasing the effectiveness of public or non-profit services.

Community Technology Grants are predominantly focused on serving traditionally underserved, ethnically diverse and special needs populations; i.e. Hispanic, African American, Native American, immigrant & refugee, low-income, girls and women (equal opportunity), youth, English language learners, etc.



2015 COMMUNITY TECHNOLOGY GRANT AWARDS

Community Vision \$76,742 Supporting individuals with disabilities through the creation of video job resumes and videos that highlight individuals with disabilities living independently

Flying Focus Video Collective \$1,950 Supporting the distribution of local programming through new and upgraded video archiving technology

Friends of the Children \$218,798 Supporting youth in their learning of science, technology, engineering, arts and math (STEAM) skills using cutting-edge technology alongside skilled adult mentors

Metro \$166,790 Supporting live cablecast of Metro Council meetings to improve our communities' access and engagement in local government

Metro \$72,000 Supporting improved collaboration and reducing costs for a public agency through the implementation of a robust video conferencing system

MetroEast Community Media \$25,827 Supporting live cablecast of the City of Wood Village Council meeting to improve citizen access and engagement

NW Children's Theater & School \$48,292 Supporting access to the arts through live and recorded video productions of plays

NW Film Center \$47,258 Giving voice to young Latinos through the art and craft of digital storytelling

Our United Villages \$34,49 Inspiring creative community projects through video-recorded grassroots community project storytelling

PSU.tv \$101,500 Supporting PSU's non-profit media organization in providing professional level training and experience for students interested in careers in film

The Skanner Foundation \$53,480 Supporting the collection, recording, and dissemination of Vanport survivors' oral histories

Young Audiences of Oregon & SW Washington \$28,384 Supporting arts-in-education using iPads and the development of curriculum designed to teach technology-integrated arts



Focus on Rockwood

No community in Multnomah County has experienced the impact of poverty and racial disparity more than the Rockwood neighborhood. Rockwood's population is growing more quickly than the rest of Multnomah County and is one of the County's most diverse neighborhoods, with one of the highest Latino (24%), non-white (18%) and non-English speaking (22%) populations. Youth in the community are among the highest numbers of students who are economically disadvantaged (based on free or reduced lunch statistics), and highest percentage of English Language Learners of any of the eight area school districts in Multnomah County. In support of community driven efforts to respond to and address the needs of the Rockwood community's changing demographics and a testament to the MHCRC's commitment to reducing disparities, the MHCRC's Community Technology Grant funding in Rockwood is supporting access to opportunity for our community's most vulnerable.



Multnomah County Library – Rockwood Innovation Station \$300,000

In 2014, the MHCRC invested \$300,000 to support expansion of the Rockwood Library to create the Rockwood Innovation Station and provide technology tools for mentor-led learning. The project targets middle school and high school, low-income, racially diverse youth in an effort to excite, engage and prepare them for academic and career success. The project leverages nearly \$1 million in matching support and, having just officially opened in April 2016, is already garnering tremendous community support and involvement.

Friends of the Children – East County Educational Technology Project \$219,000

In 2015, the MHCRC invested nearly \$219,000 in support of Friends of the Children's efforts to break the cycle of poverty for children facing the highest risks by helping them become healthy, productive members of the community. As a result of grant funding, the new 8,500 sq. ft. Friends of the Children facility features interactive remote tutoring capacity, mobile learning, and a high-tech Arts & Science Room to promote technology-based skill development that can lead to educational success and job readiness for the nearly 300 youth engaged over the three-year project.

Open School East – Advocating Greatness: Reducing Disparities by Accelerating Academic Achievement for 7th-9th Grade Students \$350,000

Through an upcoming 2016 grant with Open School, the MHCRC continues to support and expand upon its investment in the community. Using early warning indicators that predict how likely a student is to drop out of high school, Open School East (OSE) and its partners (the six school districts in East County) will identify and enroll students in the OSE program. \$350,000 in grant funding will be invested to equip Open School's new facility with mobile digital devices, curriculum, and teacher training supports in order to create a technology-rich learning program that graduates all students and prepares them for college or career, regardless of race, ethnicity, or economic background.

By the
numbers

\$875,520

Awarded
in 2015 for
Community
Technology Grants

\$1.6
MILLION

Leveraged
by Community
Technology Grants

50%

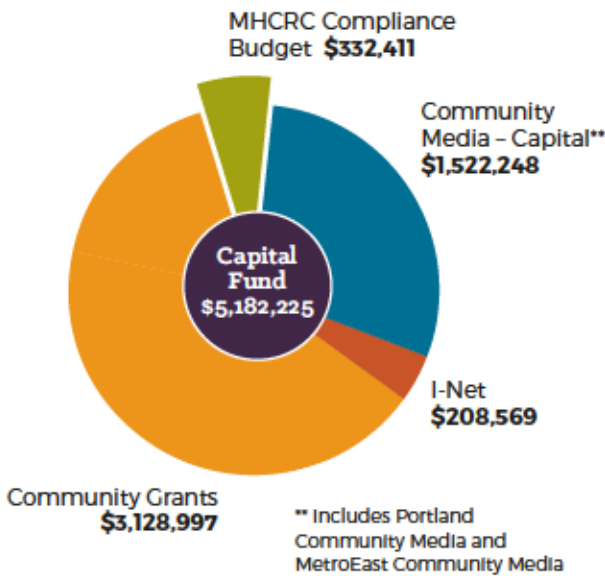
Of 2015 grants
focused on
addressing needs
of underserved
communities

FINANCIAL STEWARDSHIP

FY 14-15 Operating Budget*

(Admin/Regulatory/Compliance combined)

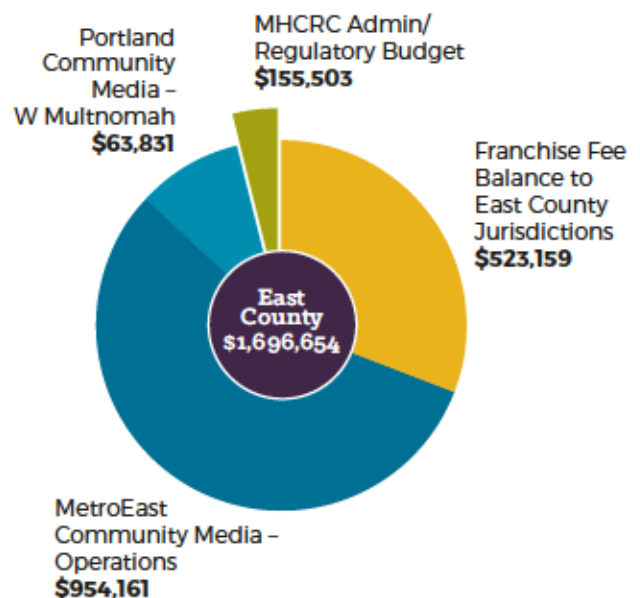
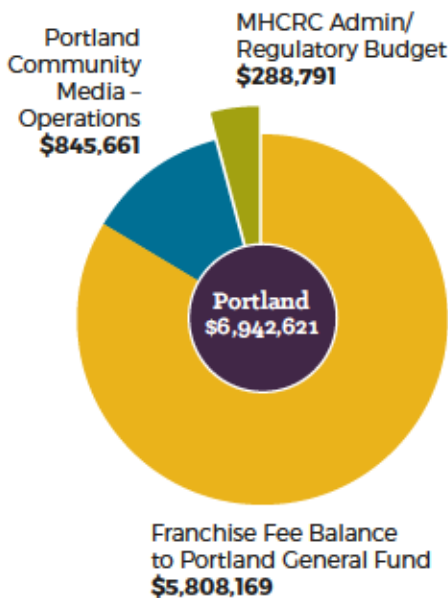
MHCRC CAPITAL FUND ALLOCATIONS



| | Amended Budget | Actual |
|-----------------------------------|-------------------|-------------------|
| Revenues | | |
| City of Portland Appropriation | \$ 288,791 | \$ 288,791 |
| East County Appropriations | 155,503 | 155,503 |
| Capital Fund Compliance/Admin | 393,105 | 332,411 |
| Total Revenues | \$ 837,399 | \$ 776,705 |
| Expenditures | | |
| Personnel Services | 471,242 | 455,752 |
| Revenue Division - Fiscal Support | 28,590 | 24,005 |
| MHCRC Fund Audit | 12,000 | 12,325 |
| External Materials and Services | 151,110 | 156,712 |
| Internal Services | 88,907 | 82,456 |
| General Fund Overhead | 25,000 | 25,000 |
| Contingency | 60,550 | 0 |
| Total Expenditures | \$ 837,399 | \$ 756,250 |
| Year-end Carryover | | \$ 20,455 |

*Un-audited budget report. For the MHCRC Fund audited financial statements, visit the MHCRC website: http://www.mhcr.org/wp-content/uploads/2014/07/FY15-MHCRC-Statements_FINAL.pdf

CABLE FRANCHISE FEE DISBURSEMENTS



Efficient Operations

About 5% of total cable franchise fee revenue collected was spent for MHCRC operations. In addition, the MHCRC spent about 7% of the capital funds to administer community grants, the I-Net, and the two community media centers' contracts. The MHCRC funded an equivalent of four staff positions plus related materials, services, financial and administrative costs through its service contract with the City of Portland Office for Community Technology. About half the MHCRC's operations funding was provided by the member jurisdictions and half was funded by other MHCRC resources.

Clean Audit of the MHCRC Fund

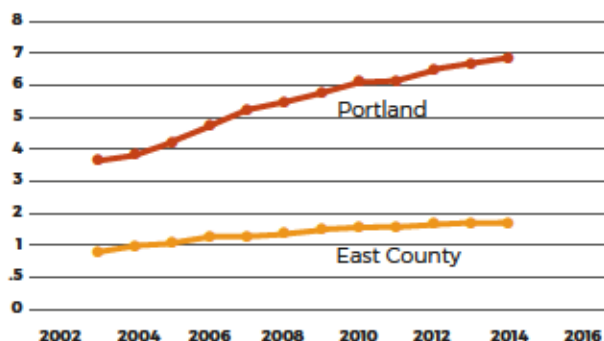
The FY14-15 audit results produced no adjustments, indicating that funds were properly accounted for. Moss Adams, the MHCRC's auditor, found that the MHCRC's FY14-15 financial statements presented fairly, in all material respects, the respective financial position of the MHCRC's fund. The MHCRC filed its annual audit with the Oregon Secretary of State on time.

Revenue Growth Slows – Subscribers Decline

Despite relatively little change in numbers of cable TV subscribers over the past ten years, cable franchise fee revenues grew from about \$5.6 million to \$8.64 million in the same time period. Cable franchise fees are paid by the companies based on their gross revenues derived from cable TV services. The increase in the amount of fee revenues is primarily due to companies increasing their TV service rates and premium service subscriptions. However, in the past couple years, revenue growth has begun to flatten and the number of cable TV subscribers in the MHCRC service area has declined. The MHCRC anticipates no growth or a slight decline in revenues related to cable franchise fees for the near future.

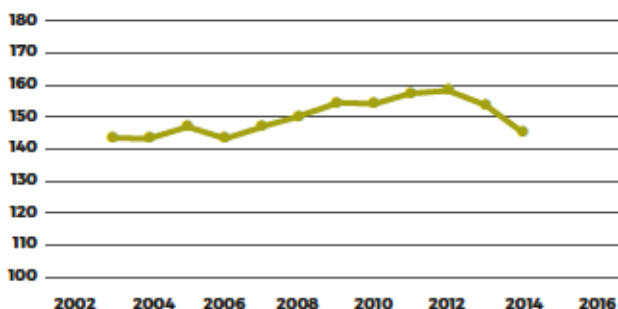
CABLE FRANCHISE FEES

in millions of dollars



CABLE TV SUBSCRIBERS

in thousands



By the numbers

5%

Of cable franchise fees spent for MHCRC operations

\$5.1 MILLION

Collected from cable companies to support grants, I-Net, and community media

88%

Increase in cable franchise fees over last ten years



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Photos: p2, NW Film Center; p4, NW Documentary; p6, Film Action Oregon

