

MT. HOOD CABLE REGULATORY COMMISSION

Annual Report
2019-20



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

Who we are

In March 2020, our communities began experiencing a shift that happens when something ceases to be optional and becomes essential. The COVID-19 crisis has not only forced us to realize the extent of our dependency on communications technology systems, but also that these systems are largely shaped by the motivations and design-decisions of the companies that own, make, and provide our digital tools and infrastructure. These systems are also shaped by governmental policies that regulate the way digital systems work. In many cases, the local public good and needs of underserved populations are not considered in decision-making by the companies or government. ■ For 26 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 right-of-way by cable companies. The MHCRC has kept its focus on the public good as it negotiates and manages cable franchises and the community benefits that support schools, public libraries, public agencies, nonprofits, and diverse residents throughout Multnomah County. ■ The eight community members, appointed by the MHCRC-member jurisdictions and supported by professional staff, commit hundreds of hours annually to deeply understand complex issues in an ever-evolving technology landscape. Although this evolution 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 and local media; affordable broadband networks and tools; and local solutions for addressing digital equity issues. ■ The MHCRC continues to steward existing community benefits, while championing policy for the public good to explore opportunities on behalf of the cities, County and communities it serves.

CURRENT COMMISSION MEMBERS

- Leif Hansen
Commission Chair
- Carol Studenmund
- Jeff Dennerline
- Norman Thomas
- Jacquenette McIntire
- Scott Harden
- Kory Murphy
- Richard Roche

ALSO SERVED DURING THE REPORTING PERIOD

- Rich Goheen
- Mike Bennett
- Sue Dicile

STAFF

- Elisabeth Perez
Staff Director
- Julie S. Omelchuck
Program Manager
- Rebecca Gibbons
Program Coordinator
- Bea Coulter
Program Coordinator
- Rana DeBey
Grants Manager
- Cynthia Diaz Calvo
Administrative Specialist



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 right-of-way.
- Help resolve cable subscriber complaints and provide consumer protection.
- Provide technology grants and broadband connectivity for community institutions and nonprofits.
- Ensure a local voice through community media.



THE MHCRC REGULATES AND NEGOTIATES CABLE FRANCHISES WITH THREE COMPANIES:

- Zipty Fiber (formerly Frontier)
Franchise expiration 2022
- Comcast *Franchise expiration 2021*
- CenturyLink *Franchise expiration 2021*



By the numbers

812,855

Population of region served by MHCRC

74%

Of grants support underserved communities

\$8.03 MILLION

Collected in franchise fees for MHCRC member jurisdictions



schools, and nonprofits to connect with those in need. The MHCRC worked with Multnomah County school districts to redeploy classroom devices, funded through the MHCRC TechSmart Initiative, to students who didn't have a computer at home. Teachers at TechSmart-funded schools have reported that the technology and training enabled them to transition more easily to online learning as curriculum and instructional practices already integrated digital content and learning strategies.

Consumer Protection The MHCRC enforces customer service standards and manages regulatory and compliance issues under the cable franchises. The MHCRC negotiated an extension and transfer of franchise from Frontier to Northwest Fiber (now Ziplly Fiber). The MHCRC's due diligence in these processes protected jurisdictional interests and ensured the new company could meet the obligations of the franchise agreement. MHCRC regulatory oversight includes company adherence to customer service standards, advance notification of changes to cable services and rates, and other consumer protection issues. The MHCRC joined public agencies across the nation to challenge proposed changes introduced by the Federal Communications Commission (FCC) that would weaken customer service standards.

Digital Equity Covid-19 stay-at-home orders illustrated the critical need for broadband and access to communications technology to ensure the safety and economic prosperity of all our residents. The sudden transition to online classrooms, teleworking, and healthcare and the lack of affordable broadband connections and technology provided a stark picture of those have and have nots in our digitally connected society.

The MHCRC has a long history of advancing digital equity through grants and low-cost broadband capacity for public institutions. Participation in the Digital Inclusion Network (DIN) – a consortium of local governments, nonprofits, businesses and others dedicated to reducing digital disparities in Multnomah County – has been beneficial for collaborating with cable companies,

Diverse Local Voices and Content Local access to multimedia technology, training, and content distribution by traditionally underserved communities has been a long-held value of the MHCRC and its member jurisdictions. The MHCRC ensures cable companies provide the franchise-required obligations that support creation of locally focused media for noncommercial cable channels. The MHCRC also manages grant agreements with Open Signal and MetroEast, community media nonprofits that provide direct services, at low or no cost, for training and technology tools to support residents in creating video content and accessing the internet. In 2019, these organizations provided 126 trainings to 831 Multnomah County residents.

Affordable Broadband for Public Institutions The MHCRC facilitates partnerships and distributes funds to provide affordable broadband connections for 308 schools, libraries, and public agency sites throughout Multnomah County over the Institutional Network (I-Net). Currently 18 public institutions participate in the I-Net partnership including: the cities of Portland, Gresham and Troutdale, Multnomah County, State of Oregon court system, Metro, Home Forward, Multnomah County Library, Multnomah Educational Service District (including 7 school districts), Portland Public Schools, and Mt. Hood Community College. The MHCRC granted nearly \$560,000 to support network upgrades and connect new sites to the I-Net.

Protect Local Authority and Compensation

THE MHCRC LEVERAGES THE COLLECTIVE VOICE OF ITS SIX MEMBER JURISDICTIONS TO CHAMPION AND PROTECT THE PUBLIC INTEREST IN POLICIES AND REGULATIONS GOVERNING THE USE OF THE PUBLIC RIGHT-OF-WAY BY CABLE COMPANIES. THROUGH ACTIVE PARTICIPATION IN PUBLIC POLICY AND ADVOCACY AT THE STATE AND FEDERAL LEVELS, THE MHCRC HAS FOUGHT TO PRESERVE LOCAL AUTHORITY, FAIR COMPENSATION, COMMUNITY BENEFITS, AND CONSUMER PROTECTIONS. THE MHCRC WORKS WITH COALITIONS OF MUNICIPALITIES, CONSUMER ADVOCATES, AND NONPROFITS TO TAKE ACTION ON ISSUES OF LEGISLATION AND POLICY THAT WILL IMPACT OUR COMMUNITIES. THE MHCRC ALSO FUNDS PARTICIPATION IN LEGAL AND REGULATORY PROCESSES TO ENSURE LOCAL GOVERNMENTS AND COMMUNITY PERSPECTIVES ARE REPRESENTED.

Appeal of FCC Cable Order

In 2018, the MHCRC joined a coalition of 35 local governments to fund and file comments opposing a proposed rule, by the Federal Communications Commission (FCC) that could negatively impact local communities to the benefit of cable companies. The rule undermines public benefits negotiated in cable franchise agreements and allows companies to deduct from franchise fees the value of certain benefits, such as community access channels or live video transport of city council meetings. This would result in loss of locally focused, noncommercial media, coverage of government meetings, and training and resources to create local media by residents. The FCC adopted the rule and the Order took effect in September 2019.

The MHCRC has now joined with 47 municipalities across the country to appeal the FCC Order in the 6th Circuit Court of Appeals. Briefs will be submitted through October 2020, and a final decision is expected in 2021.

Protecting Community Television Act

Shortly after the FCC Cable Order was adopted, Senator Markey (D-MA) introduced legislation seeking to clarify the definition of "franchise fees" in the Cable Act. The Protecting Community Television Act would protect funding and cable channel capacity for local, noncommercial media. Representative Eshoo (D-CA) released companion legislation in the House.

The MHCRC sent letters to Multnomah County Representative Earl Blumenauer and Senators

Ron Wyden and Jeff Merkley to provide background on the FCC policy changes and encourage them to support the legislation. Currently, the bill has 36 cosponsors in the House (including Oregon Representatives Blumenauer and DeFazio), and 18 cosponsors in the Senate (including Oregon Senators Wyden and Merkley).

FCC: Advance Notice to Cable Customers

The MHCRC joined a national coalition in opposition to proposed changes in customer service guidelines that could reduce or eliminate the requirement for cable companies to provide customers with advance notice of changes in services, channel line-ups and rates, and eliminate notifications to the MHCRC making it more difficult to enforce customer service guidelines. The coalition has submitted initial and reply comments to the FCC. The issue is ongoing.

MHCRC Customer Service Line

The MHCRC enforces customer service guidelines with cable providers operating in MHCRC jurisdictions within Multnomah County. One part of this role involves providing a means for cable customers to contact the MHCRC directly if they are having difficulty resolving an issue with the cable providers' customer service department. If you are having difficulty resolving your issue with the cable provider contact MHCRC staff: 503-823-5385 or email: mhrcinfo@mhrc.org

By the numbers

268

Local classroom teachers supported by TechSmart Initiative grants

\$4.8 MILLION

Collected from cable companies to support grants, I-Net, and Community Media

831

Local residents trained in media and digital literacy

MHCRC COMMUNITY GRANTS

Investments to Advance Education and Community-Based Technology

THE MHCRC COMMUNITY GRANTS PROGRAM PROVIDES FUNDS FOR TECHNOLOGY PROJECTS TO COMMUNITY ORGANIZATIONS, LIBRARIES, SCHOOLS, AND LOCAL PUBLIC AGENCIES 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 29 GRANT PROJECTS DURING THE YEAR. FUNDS FOR THE PROGRAM DERIVE FROM THE CABLE FRANCHISES NEGOTIATED BY THE MHCRC. COMCAST, CENTURYLINK, AND FRONTIER (ZIPLY FIBER) CONTRIBUTE TO THE COMMUNITY GRANTS FUND.



Creating Technology Access and Training Opportunities

The Community Technology Grants provide funding, through an annual application process, to nonprofits, libraries, and local governments to use technology resources to further their missions and services. Seventy-four percent of the grants focus on supporting traditionally underserved, ethnically diverse, and special needs populations to address disparities in access and use of multimedia and digital technology. In 2019, the program granted \$388,586 for seven new community-based projects that will leverage over \$613,000 in matching resources.



2019 COMMUNITY TECHNOLOGY GRANTS

City of Fairview \$32,540

Through an upgrade of its video and closed-captioning technology for council chambers, the City of Fairview is supporting greater accessibility and broader participation in its decision-making processes.

Multnomah County Library – Computer Kiosks \$122,360

New kiosks at the Central Library lobby offer patrons quick self-checkout of computers in multiple languages. The increase in the number of mobile computers also supports people with disabilities to better use the variety of library workspaces designed to meet patrons' differing needs.

Junior Achievement of Oregon & SW Washington \$31,286

JA BizTown is a model city where students take on various jobs to explore career opportunities, one of which is the BZTV news station. The grant provides up-to-date video production technology for 4-6th graders to gain real-world experience in multimedia careers.

Outside the Frame \$35,000

Outside the Frame, focused on serving LGBTQ youth transitioning out of homelessness, is expanding its filmmaking program through internships, opportunities for equipment check-out, new studio space, and weekly training workshops taught by film industry professionals.

“Welcome to Computers” Teaching Kit \$19,196

The successful “Welcome to Computers” program, designed by Multnomah County Library, MetroEast Community Media and Free Geek and hosted by community organizations, is better supporting program graduates by aligning the digital literacy curriculum and the take-home computers provided to participants who complete the training.

MetroEast Community Media \$114,830

Based on a year of product research focused on modernizing scheduling software for cable TV channels and internet streaming, MetroEast decided to develop an open source software to collaborate with media centers across the country on cost-effectively updating functionality and security going forward.

NW Alliance for Alternative Media & Education \$33,874

Building on its *Keys, Beats, and Bars* program at MacLaren Youth Correctional Facility, Northwest Alliance is partnering with social service organizations to engage youth leaving prison in supportive environments aimed at reducing recidivism. The program provides hands-on, experiential learning for music and video production at multiple locations.



TechSmart Initiative for Student Success — \$16 MILLION OVER 8 YEARS

THE TECHSMART INITIATIVE FOR STUDENT SUCCESS IS COMING UP ON ITS FINAL TWO SCHOOL YEARS OF STRATEGIC INVESTMENTS IN SIX LOCAL SCHOOL DISTRICTS' EFFORTS TO CLOSE THE ACHIEVEMENT GAP AND MAKE PROGRESS ON ACADEMIC OUTCOMES KEY TO STUDENT SUCCESS. THE MHCRC CREATED THE TECHSMART INITIATIVE IN 2013 AND FUNDED THE FINAL GRANTS THIS YEAR FOR A TOTAL INVESTMENT OF A LITTLE OVER \$16 MILLION.



Grant Funding School Years

DISTRICT	SY 14-15	SY 15-16	SY 16-17	SY 17-18	SY 18-19	SY 19-20	SY 20-21	SY 21-22
DDSD	Initial	Initial	Initial	Initial	Supplemental	Supplemental	Supplemental	Supplemental
Parkrose	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial
Reynolds	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial
PPS	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial
GBSD	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial
Centennial	Initial	Initial	Initial	Initial	Initial	Initial	Initial	Initial

Initial Grants Supplemental Grants

The TechSmart Initiative aligns with the collective effort of the broader community engaged in the All Hands Raised Partnership and focuses on the following key academic outcomes: Kindergarten Readiness • Third Grade Reading Eighth Grade Math • Ninth Grade Credit Attainment • High School Graduation • English Language Learners' Annual Progress.

The MHCRC partnered with Multnomah County school districts on 10 grant-funded projects and evaluation resources to identify effective classroom instruction that uses technology to foster improvement in academic outcomes for all students.

TechSmart principals, district teaching and learning staff, and technology integration coaches attend an annual gathering, organized by the MHCRC, to share successful strategies across districts. In addition, through connections made at the annual event, the 15 technology integration coaches from all districts formed an ongoing professional learning cohort that meets regularly throughout the school year.

TechSmart districts and schools also participate in assessment activities to gauge progress and identify learnings. Pacific Research & Evaluation conducts the assessments on behalf of the MHCRC and the annual school-year reports are available at <http://www.mhcr.org/community-grants/impact-evaluation>.

TechSmart Grants Summary*

DISTRICT	FUNDED	GRADE	FOCUS AREA
David Douglas	2014 2018	K-3 4-6	Kindergarten Readiness, Reading Math
Parkrose	2014	9-12	9th Grade Credit Attainment High School Graduation
Reynolds	2015 2018	7-9 9-12	8th Grade Math 9th Grade Credit Attainment 9th Grade Credit Attainment High School Graduation
Portland Public	2015 2019	K-3 K-3	Reading Reading
Gresham-Barlow	2016 2019	K-3 6-8	Reading Math
Centennial	2018	7-9	Math & Science 9th Grade Credit Attainment

*All TechSmart Grants also focus on English Language Learners annual progress

MHCRC COMMUNITY GRANTS



Your Voice, Our Communications Technology Study Underway

THE YOUR VOICE, OUR COMMUNICATIONS TECHNOLOGY INITIATIVE CONDUCTS AN IN-DEPTH STUDY EVERY 10 YEARS IN THE COMMUNITIES OF FAIRVIEW, GRESHAM, PORTLAND, TROUTDALE, WOOD VILLAGE AND MULTNOMAH COUNTY. THE STUDY GATHERS LOCAL DATA ON COMMUNICATIONS TECHNOLOGY AND SERVICES AND IDENTIFIES FUTURE NEEDS AND INTERESTS OF OUR COMMUNITIES. THROUGH SURVEYS, FOCUS GROUP DISCUSSIONS, WORKSHOPS, AND INTERVIEWS, THE MHCRC ENGAGED DIVERSE COMMUNITY MEMBERS TO SHARE THEIR PERSPECTIVES AND EXPERIENCES. THE STUDY'S FINDINGS AND

COMMUNITY INPUT WILL INFORM LOCAL RESOURCE AND FUNDING DECISIONS TO ENSURE EVERYONE BENEFITS FROM THE OPPORTUNITIES, SECURITY, AND PROSPERITY THAT RESULT FROM BEING CONNECTED.

Gathering Community Voices

The MHCRC concluded the "Gathering Community Voices" phase of the *Your Voice* study in April 2020, including local data collection. The methods universally included strategies to support participation by people of color, people living with disabilities, and seniors.

Over 1,500 individuals throughout Multnomah County participated in surveys or in-person discussions. The study also incorporates input from 450 businesses who responded to a survey for Multnomah County's 2020 broadband feasibility study. The study combines this local data with other national and regional studies to help us better identify current and future issues, needs, and barriers to participating in our digitally connected society. Although some analysis has been completed yielding preliminary findings, the comprehensive report and findings will be presented to the community starting in July 2020.

The *Your Voice* study delved into our communities' uses of and access to communications technology and services, and the

implications those have on individuals and society as a whole. Areas explored included:

- A deeper understanding of barriers for known disparities in technology access and adoption for people of color, people living with disabilities, and seniors.
- The potential role of local government in addressing barriers and supporting communications technology needs of the community.
- How community media and broadband internet technology have changed locally over the past 10 years.
- Future trends in communications technology and potential impacts and opportunities for local communities.

The study, first and foremost, will inform the cable franchise renewal processes as current franchise agreements are renegotiated in 2021 with Comcast and 2022 with Frontier (now Ziplly Fiber). Data and findings from the study will also help inform decision-making and allocation of resources by elected officials, public agencies, libraries, community media organizations, front-line service providers, and nonprofits.

Primary uses of the study results include:

- Identifying key community benefits for inclusion in cable franchise agreements.
- Informing Phase II of the *Digital Equity Action Plan* (DEAP), a collaboration among the City of Portland, Multnomah County, Multnomah County Library, and the participants of the county-wide Digital Inclusion Network (DIN).
- Updating cities' and county strategic plans and public policies for addressing the digital divide and broadband availability.

- Developing responsive community media and digital inclusion services provided by the community media service providers: Open Signal in Portland and MetroEast Community Media in Gresham.

Where to Find the Study

The study is anticipated to be released in July 2020 followed by public presentations of key findings at MHCRC member-jurisdictions' city council and County Commission meetings. Findings will also be available through the MHCRC website: www.mhcr.org.

COMMUNITY TECHNOLOGY NEEDS STUDY

Preliminary Highlights

Nearly all the data collection for the study was completed prior to the stay-at-home and other safety measures due to COVID-19 being in place. The data provides a unique snapshot in time before almost every aspect of our lives quickly changed. The overall study findings have yet to be finalized. The following are a few preliminary highlights from our community's participation in various data collection activities:

- Currently available government-subsidized phones and service do not support basic phone calling and internet needs. (community engagement report)
- Forty-six percent (46%) of residents said they were aware of the local community access channels provided over the cable channels and two-thirds of those watch the local programming. (telephone survey)
- People of color were more aware of local community programming, watch it more often, and place a higher level of importance on it than respondents overall. (online survey)
- Trusted entities to educate and train about communications technology include public libraries, nonprofits that work with specific communities, and known community members. (community engagement report)
- Privacy continues to be an important issue for people: "Protections against sharing or sale of personal information" tested at a 95% importance level and "no monitoring of service without authorization" at a 94% level. (telephone survey)

- Roughly one in five households have no broadband internet in the home (18%). (telephone survey)
- Fifteen percent (15%) of residents with broadband internet in the home indicated that the amount they pay for service causes them to sometimes delay or avoid other important bills or purchases, including food/groceries (49%), utilities (21%), clothing (19%), and gas (7%). Persons of color and people living with a disability are more likely to experience this hardship than overall respondents. (online survey)
- People living with a disability and persons of color find it more essential than general respondents that local government work to ensure that all persons have affordable access to the internet at home and have a choice of more than one internet service provider. (online survey)



FINANCIAL STEWARDSHIP

FY 18-19 MHCRC Operating Budget*

(Franchise Administrative / Capital Compliance Combined)

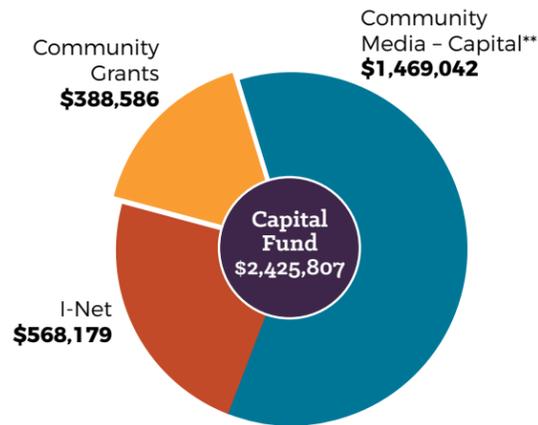
Revenues	Budget	Actual
City of Portland Appropriation	\$ 304,998	\$ 304,998
East County Appropriations	164,230	164,230
FY 2016-17 Year End Balance	12,409	12,409
Interest Revenue Allocation	95,744	0
Capital Compliance Allocation	527,665	481,091
Total Revenues	\$ 1,105,046	\$ 962,728

Expenditures	Budget	Actual
Personnel Services	\$ 524,953	\$ 339,589
Revenue Division - Fiscal Support	37,958	10,870
MHCRC Fund Audit	15,000	10,060
External Materials and Services	315,441	225,982
Internal Services	96,694	69,802
General Fund Overhead	25,000	0
Contingency	90,000	0
Encumbrance carryover	0	80,000
Total Expenditures	\$ 1,105,046	\$ 736,303

Year-end Balance	\$ 0	\$ 226,425
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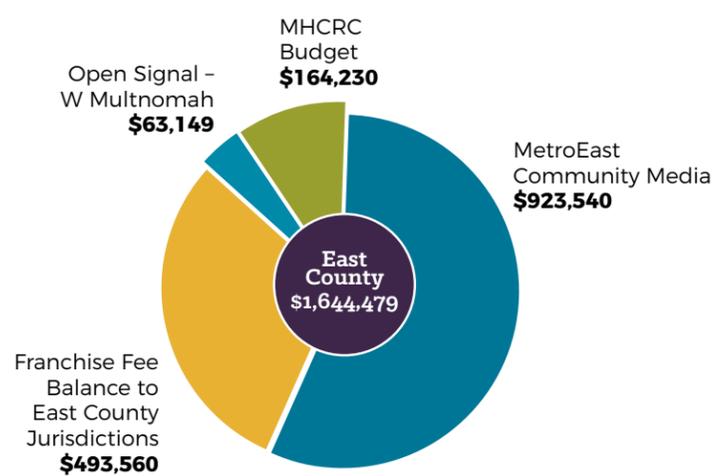
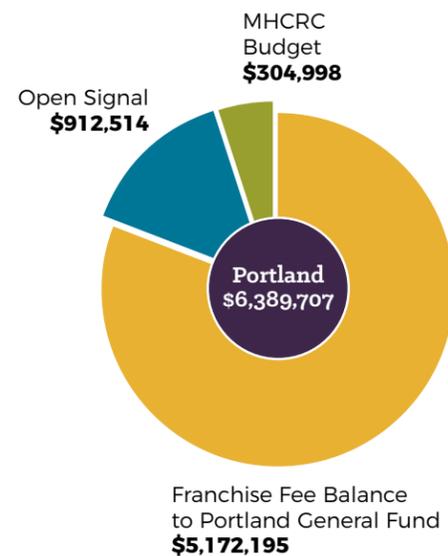
*Un-audited budget report. For the MHCRC Fund audited financial statements, visit the MHCRC website: <http://www.mhcrc.org/wp-content/uploads/2020/05/FY18-19-MHCRC-financial-statements-and-audit-docs.pdf>

FUNDING SUPPORT FOR COMMUNITY MEDIA AND GRANTS



** Includes Open Signal and MetroEast Community Media

CABLE FRANCHISE FEE DISBURSEMENTS



Efficient Operations

About 6% of total cable franchise fee revenue collected was spent for MHCRC franchise administration and regulatory services. In addition, the MHCRC limits its capital compliance program budget to 10% of the capital fund revenues 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 for MHCRC Fund

The FY18-19 audit results produced no adjustments, indicating that funds were properly accounted for.

Moss Adams, the MHCRC's auditor, found that the MHCRC's FY18-19 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.

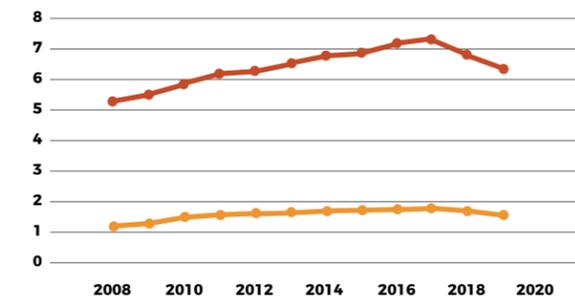
Franchise Revenues Decline

Due to cable franchise fees being paid by the companies based on their gross revenues derived from cable TV services, all jurisdictions experienced a decline in franchise fee revenue in FY18-19. Portland saw a decrease of nearly 8%, while the East County jurisdictions' revenues decreased 4.7% from the previous fiscal year. Portland's sharper decline may be due to CenturyLink announcing in mid-2018 it would no longer market its cable TV product and the company continued to lose cable subscribers in this past year. The MHCRC reported on the anticipated decline in its prior annual reports.

The first part of FY19-20 has seen this downward trend continue. Cable TV subscribers county-wide have dropped as have franchise fee revenues. As of this report's publication date, the impact on cable TV revenues of COVID-related safety measures is unknown. It seemed as if the "cord-cutting" trend had taken hold, but Comcast in particular has new alliances with streaming services now delivered over the cable system. However, the sudden loss of income for many may impact the ability of households to retain or subscribe to cable TV services.

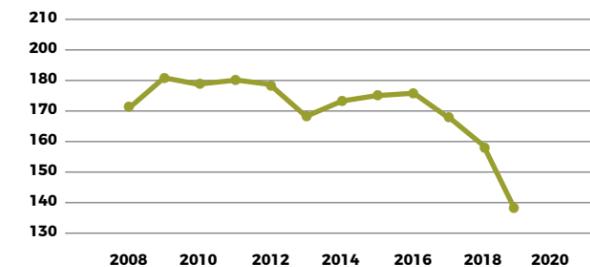
CABLE FRANCHISE FEES

in millions of dollars



CABLE TV SUBSCRIBERS

in thousands



By the numbers

6%

Of cable franchise fees spent for MHCRC operation

\$612,958

Leveraged by Community Technology Grants

10%

Of Community Grants funds spent for grant administration



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Photos courtesy of Open Signal, Portland Community Media Center,
photographers Sam Gehrke and Tojo Andrianarivo;
MetroEast Community Media Center, and Esper House