

**MEETING NOTIFICATION**

**December 16, 2019**

**6:30 p.m.**

**Open Signal**

**2766 NE Martin Luther King Jr Blvd,  
Portland, OR 97212**

**AGENDA**

- Roll Call  
(Commission Participation: One or more members of the Commission may attend and participate by electronic means. The public will be afforded an opportunity to listen to the participation at the meeting site.)
- Agenda Review
- Disclosures
- Public Comment (non-agenda items)

**CONSENT AGENDA – NO DISCUSSION**

All items listed below may be enacted by one motion and approved as consent agenda items. Any item may be removed from the consent agenda and considered separately if a member of the Commission so requests.

\*C1. September 23, 2019 Meeting Minutes

\*C2. October 21, 2019 Meeting Minutes

**REGULAR AGENDA**

- \*R1. MHCRC FY 2018-19 Fund Audit 45 min
  - Moss Adams Presentation
  - Commission Discussion
- \*R2. MHCRC Retreat Facilitator Contract – P. Manley Consulting 5 min
- Staff Activity Reports and Updates
  - Public Policy/Legislative/FCC
  - FY19-20 Budget Process
  - Community Technology Grant 2020 Round
  - Community Needs Ascertainment
  - MHCRC Planning Retreat
  - Comcast Rate Increase – Jan. 1, 2020
  - Other
- Committee Reports
  - Finance Committee
  - TechSmart Grant Committee
  - Open Signal Board Appointee

- MetroEast Board Appointee
- New Business; Commissioner Open Comment Meeting Schedule:

January 27 – MetroEast

*February 22 – Retreat*

March 16 – Open Signal

*April – Recess*

May 18 – MetroEast

June 15 – Open Signal

- Franchisee Activity Report
  - Frontier
  - Comcast
  - CenturyLink
- PEG Provider Activity Report
  - Open Signal
  - MetroEast Community Media
- Public Comment
- Adjourn

\*Denotes possible action item

*Please notify the MHCRC no less than five (5) business days prior to our event for ADA accommodations at 503-823-5385, by the City of Portland's TTY at 503-823-6868, or by the Oregon Relay Service at 1-800-735-2900.*

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Mt. Hood Cable Regulatory Commission  
Location: Portland Public Schools Blanchard Center  
September 23, 2019, Meeting Minutes – **Draft**

Call to Order: 5:00 pm

- Roll Call  
Hansen noted that one or more members of the Commission may attend and participate by electronic means. The public will be afforded an opportunity to listen to the participation at the meeting site.

Hansen said he appointed Dennerline to the MetroEast Board of Directors and Studenmund to Open Signal Board of Directors.

Commissioners present: Leif Hansen (Chair), Carol Studenmund (by phone), Scott Harden, Norm Thomas (by phone), Jeff Dennerline.

Commissioners absent: Jacquenette McIntire

Staff Present: Julie Omelchuck, Program Manager; Rebecca Gibbons, Program Coordinator; Cinthia Diaz Calvo, Administrative Specialist

- Disclosures: None.
- Public Comment (non-agenda items): None.
- **\*CONSENT AGENDA – NO DISCUSSION**

\*C1. September 9, 2019 Meeting Minutes

**Motion:** Harden moved to approve the consent agenda. Dennerline seconded.

**Vote:** 5-0

- **REGULAR AGENDA**

R1. TechSmart Grant Amendment – Portland Public Schools

Omelchuck provided the overview of the Portland Public Schools TechSmart Grant Extension Amendment contained in the meeting packet. She said Portland Public Schools leadership will share more about the current grant and proposed grant amendment, which scales the current grant project to all Title I elementary schools in the District through school year 2021-2022.

Guadalupe Guerrero, Superintendent for Portland Public Schools (PPS), highlighted the impact that the grant would make in various aspects. He also said the extension grant is consistent with what the community has

expressed as a need, as presented in a handout from PPS. He provided an overview of the grant extension under the TechSmart Initiative factors for successful technology projects: teaching effectiveness, visible leadership, digital age learning culture, funding and budget, data-driven improvement, strategic planning, and engaged communities.

Kevin Crotchet, PPS Director of Learning Technology, explained the impact of professional development. He also dove deeper into the impact of the TechSmart Initiative and what it means for students and teachers to have access to technology and 358,680 digital books. He said the curriculum assets are accessed through chrome books. As an example, he said students have been able to make their own digital books through Book Creator and it's one way to for students to demonstrate their learning.

Jennifer Hopkins, TechSmart TOSA at Portland Public Schools, highlighted the importance of being innovators. The first grant helped start an innovation and growth mindset around technology. PPS is structuring its professional development to support teachers become more and more effective. TechSmart schools have used tools for students to share their work with peers, teachers and parents, bringing authentic audiences to students' work.

A three-minute video about the PPS current TechSmart grant was played.

Andy Wheeler, PPS Senior Project Manager, described how PPS has supported scaling and replacing equipment. He explained they've expanded to 4th-5th grades at many current TechSmart schools and developed resources that support instruction and delivery of a viable curriculum.

Crotchet recognized all of those involved with the TechSmart+ project development.

In response to a question from Studenmund, Wheeler said that the first grant included eight Title I schools and 12 others. They wanted to see the results of the adoption throughout all different schools, with and without TechSmart resources. Now they are scaling their learnings to all Title I schools. Omelchuck added that Pacific Research and Evaluation included more Title I schools in its evaluation pool because some of those schools were comparative schools that didn't have the TechSmart investment.

In response to a question from Studenmund, Wheeler said that a PPS goal is to assess students' access to adequate internet or Wi-Fi at home. Crotchet said they are identifying the costs and benefits of the District paying for students to have Wi-Fi at home. Omelchuck said that while it is a PPS goal, it is not part of the grant project budget.

In response to a question from Hansen, Wheeler said that PPS assesses teachers' learning and progress through teacher surveys. It's a combination between internal assessments and Pacific Resource and Evaluation TechSmart assessment work.

In response to a question from Hansen, Crotchet said they expect to see a gap when students move into 4th grade and don't have the technology. He said they are trying to expand the technology access in classrooms and using learnings from the first TechSmart grant to inform the expansion.

**Motion:** Harden moved to approve an amendment to the grant agreement with Portland Public Schools in order to expand the TechSmart grant project to additional elementary schools through school year 2021-22 and to provide grant funds for capital costs related to the expansion. Dennerline seconded.

**Vote:** 5-0

R2. TechSmart Grant – Gresham-Barlow School District

Omelchuck introduced the proposed grant agreement with Gresham-Barlow School District (GBSD) contained in the meeting packet. In accordance with the MHCR's grantmaking process for the TechSmart Initiative, the TechSmart Grant Committee and the full Commission conducted a work session on September 9, 2019, to vet the

GBSD draft project plan. MHCRC staff and GBSD staff revised the plan in consideration of the Committee and Commission input.

**Motion:** Thomas moved to approve the grant agreement with Gresham-Barlow School District in the amount of \$706,788. Harden seconded.

**Vote:** 5-0

R3. Community Technology Grant: Multnomah County Library Welcome to Computers

Gibbons said the Commission unanimously agreed to move this Pre-Application forward in the granting process and there are no significant changes to the grant request.

In response to a question from Studenmund, Gibbons said that originally participants received training on one computer operating system and then students had a different system on their take-home computers. Free Geek and the Library recognized this created a barrier, and the Library has received approval to change the computer operating system to be consistent with Free Geek computers.

**Motion:** Dennerline moved to approve the Community Technology Grant agreement with Multnomah County Library for \$19,196. Harden seconded.

**Vote:** 5-0

R4. Community Technology Grant: MetroEast Community Media

Gibbons said the Commission unanimously agreed to move this Pre-Application forward in the granting process and there are no significant changes to the grant request.

**Motion:** Harden moved to approve the Community Technology Grant agreement with MetroEast Community Media for \$114,830. Dennerline seconded.

**Vote:** 5-0

R5. Community Technology Grant: Outside the Frame

Dennerline supported the project but he suggested they consider revising some of the video production equipment to more student-friendly equipment instead of professional grade equipment.

**Motion:** Dennerline moved to approve the Community Technology Grant agreement with Outside the Frame for \$35,000. Harden seconded.

**Vote:** 5-0

Elisabeth Perez, Interim MHCRC Staff Director and Bea Coulter, MHCRC Program Coordinator, joined the meeting by phone.

\*R6. Frontier Franchise Transfer of Ownership

Omelchuck said that Gail Karish, BBK and the Commission's legal counsel on this matter, and MHCRC staff Perez and Coulter are on the phone for this agenda item. Omelchuck is assisting them in providing an overview of the process. Northwest Fiber has provided all required information for the transfer request and staff recommends that the MHCRC adopt Resolution 2019-02 contained in the meeting packet. The Resolution recommends that the MHCRC Jurisdictions, which have Frontier franchises, consent to the franchise transfer of control from Frontier Communications Northwest, Inc. to Northwest Fiber. If the Resolution is approved, staff will forward the MHCRC recommendation to the Jurisdictions.

Byron Springer, General Counsel at Northwest Fiber, provided an overview of Northwest Fiber and the nature of the transaction. He said they plan to improve the network, give customers choice and control, and provide good customer service through a local call center.

Jessica Epley, Government & External Affairs Manager at Frontier Communications, said Frontier staff will continue to operate the new company so as to have a seamless process and the MHCRC should not be receiving any complaints by customers.

Dennerline said he agreed with the transfer recommendation. In response to a question from Harden, Coulter said staff reviewed Frontier's current franchise compliance and didn't identify any issues.

In response to a question from Harden, Omelchuck said that the MHCRC may seek payment for consultant costs from Northwest Fiber but there are options. The MHCRC approved \$20,000 from FY19-20 contingency to support legal and other costs related to the transfer process. Coulter added that staff partnered with two other local governments in the region, through BBK, to share consultant costs. The amount will be lower than what was budgeted for this project.

In response to a question from Hansen, Springer said that Northwest Fiber's video strategy is to provide customers what they are most interested in.

Harden raised an issue about Frontier not building its system in certain parts of Gresham. Epley said the issue had to do with rights of developers and State PUC rules. Omelchuck said, several years back, staff had found Frontier was not building in certain new developments in Gresham because Comcast was building in the areas. As houses were built, there were complaints about people not being able to get Frontier service. Springer noted that Northwest Fiber wants to work with the jurisdictions regarding new home developments to provide new customers with Northwest Fiber services. Omelchuck said she looked forward to working with the new company to build in areas currently without competition for cable and broadband services.

**Motion:** Thomas moved to approve Resolution 2019-02, recommend MHCRC Frontier Jurisdictions consent to transfer of control of Frontier Communications Northwest, Inc. from Frontier Communications Corporation to Northwest Fiber, LLC, with all Exhibits and specific conditions. Dennerline seconded.

**Vote:** 5-0

- Staff Activity Reports and Updates
  - FY18-19 MHCRC Fund Audit Schedule – OCT staff met with Auditor Moss Adams and anticipates the Finance Committee will meet the week of December 2<sup>nd</sup> to approve the MHCRC Financial Statements. The Full Commission will review the audit at its December meeting.
  - FY19-20 Budget Process – OCT staff will provide an update at the December Finance Committee meeting and the December MHCRC meeting.
  - MetroEast CEO Hiring – Omelchuck introduced the new CEO from MetroEast, Tomi Douglas.
  - Staff NATOA Conference Attendance – Perez and Coulter are attending.
- Committee Reports
  - Finance Committee – None.
  - TechSmart Grant Committee – None.
  - Community Ascertainment Committee – Hansen said he is discontinuing this committee as it's no longer needed.
  - Open Signal Board Appointee – None.
  - MetroEast Board Appointee – Dennerline said he attended his first board meeting and noted MetroEast's new CEO.
- New Business; Commissioner Open Comment – None.  
Meeting Schedule:
  - October 21 – MetroEast
  - November – recess
  - December 16 – Open Signal

January 27 – MetroEast  
*February – Annual Planning Retreat (TBD)*  
March 16 – Open Signal  
*April – recess*  
May 18 – MetroEast  
June 15 – Open Signal

- Franchisee Activity Report
  - Frontier – None.
  - Comcast – Sheri Acker, Senior Specialist, Government Affairs, said Tim Goodman was at the NATOA conference. Comcast has expanded the Internet Essentials program to include veterans and expanded eligibility requirements for low-income people. She highlighted Comcast’s Tools for Schools program and partnership with the Boys’ and Girls’ Club for participation in the Portland Film Festival. Comcast is also creating short films with veterans and she would check if these could be cablecast through community media channels.
  - CenturyLink – None.
- PEG Provider Activity Report
  - Open Signal – None.
  - MetroEast Community Media – Tomi Douglas, MetroEast CEO, shared her excitement to join MetroEast and her background working in non-profits and government.  
John Lugton, MetroEast, provided updates from the Alliance for Community Media conference: Several staff presented at workshops; volunteers and staff won Hometown awards; and staff member Seth Ring received the Emerging Leader award. Lugton said the studio upgrade was completed on time and within budget. He said MetroEast’s Summer Camp was successful in that 70% of the students were from historically underrepresented communities. He said staff is using more usage stats and data analytics to better tailor services. MetroEast also received the Partner of the Month award for work with Reynolds schools.
- Public Comment: None.
- Adjourned 7:10 pm.

Respectfully submitted by Cinthia Diaz Calvo, Administrative Specialist II



## MT. HOOD CABLE REGULATORY COMMISSION

Serving Multnomah County and the Cities of  
Fairview, Gresham, Portland, Troutdale and Wood Village

MT. HOOD CABLE REGULATORY COMMISSION  
MetroEast Community Media, Studio A  
829 NW 8<sup>th</sup> St. Gresham, OR 97030  
October 21, 2019 Meeting Minutes -- **DRAFT**

Call to Order: 6:30 pm

- Roll Call

Commissioners present: Carol Studenmund, Leif Hansen (Chair), Jacquennette McIntire, Trenton Harden, Jeff Dennerline, Norm Thomas.

Commissioners absent: None.

Staff: Julie Omelchuck, Program Manager; Cinthia Diaz Calvo, Administrative Specialist.

- Agenda Review: None.

- Disclosures: None.

- Public Comment: None. Harden and Thomas noted Comcast's presentations at the Wood Village and Troutdale city councils about its Internet Essentials program.

- CONSENT AGENDA

C1. September 23, 2019 Meeting Minutes

Hansen tabled the Sept. 23 draft minutes until the Dec. 16 meeting due to corrections that need to be made.

- REGULAR AGENDA

R1. 2018-19 Fiscal Year-End MHCRC Financial Report (unaudited)

Omelchuck noted the 2018-19 Fiscal Year-End MHCRC Financial Report contained in the meeting packet is informational only and that the MHCRC Fund financial statements and audit would be presented at the December meeting. The report's purpose is to provide a snap shot of the budget resources and expenditures for the past fiscal year. Omelchuck highlighted the cable franchise fee trend, which has continued to decline from FY17-18 to FY18-19; however, the number of cable subscribers increased for 2018. She noted it could be an anomaly and OCT staff will be taking a closer look at that.

Omelchuck said the MHCRC did not approve community technology or TechSmart grants during the fiscal year, which is reflected in the report. She noted that that actual expenditures in the MHCRC administrative budget were less than budgeted. The remaining balance from the Jurisdictions' allocation would be included in the FY20-21 budget. The remaining balance in the compliance program budget will be carried over for that program.

In response to a question from McIntire, Omelchuck said that contingency funds are not reflected in actual expenditures, as the budgeted amounts move from contingency to a line item when the MHCRC approves an expenditure from contingency.

## R2. Open Signal – Ascertainment Multimedia Assets Grant Agreement

Omelchuck handed out a replacement for page 2, which included a couple changes to the draft grant agreement contained in the meeting packet. The grant agreement is to engage Open Signal to produce video and multimedia assets related to the community needs ascertainment. Having visual aids, such as pictures and videos, will assist the MHCRC and staff in presenting ascertainment findings. The MHCRC budget also includes \$10,000 to update the ascertainment branding and outreach materials.

Hansen agreed that photos and video will assist in effectively sharing the ascertainment information.

**MOTION:** Thomas moved to approve a not-to-exceed \$20,000 grant agreement with Open Signal to accomplish the following outcomes associated with the community technology needs ascertainment: Produce a short video and a portfolio of photographs to assist staff in translating Your Voice – Our Communications Technology 2.0 findings into a visually appealing, understandable, and accessible multi-media presentation to share ascertainment results with the community. Studenmund seconded.

**VOTE:** 6-6

## R3. Community Technology Grant: Northwest Alliance for Alternative Media & Education

Omelchuck said that this is last remaining application from the 2019 funding cycle. She noted there are no significant changes from the pre-application, although staff worked with the organization to more clearly define evaluation methods. The budget between the initial and final request increased slightly.

In response to a question from Thomas, Omelchuck said the organization plans to produce music videos under its Keys and Beats program.

In response to a question from McIntire, Omelchuck said the videos will be submitted to MetroEast and Open Signal for playback on the community channels.

**MOTION:** Harden moved to approve the Community Technology Grant agreement with NW Alliance for Alternative Media & Education for \$33,874. McIntire seconded.

**VOTE:** 6-6

R4. Launch the 2020 Community Technology Grant Cycle

Omelchuck said that staff recommends the Commission establish a 2020 grant round pre-application deadline of December 12, 2019 and allocate \$800,000 for Community Technology Grants. Staff also recommends that, in light of the TechSmart grant funding wrapping up this fiscal year, the Commission expand the applicant eligibility requirement for the Community Technology Grant be expanded to include Kx12 educational institutions for video production projects for this round and going forward.

Commissioners Hansen, Harden and McIntire expressed support for changing the applicant eligibility requirement.

**MOTION:** Harden moved to approve allocation of \$800,000 for Community Technology Grants in the 2020 competitive process; amend eligible applicants to include Kx12 educational institutions for video production projects; and establish a Pre-Application deadline of December 12, 2019. Studenmund seconded.

**VOTE:** 6-6

- Staff Activity Reports and Updates
  - Communications Technology Needs Ascertainment – Staff has been working with CBG Communications and Esper House to finalize the scientific survey to take place late November. After the survey concludes, the community engagement activities can move forward. The activities include an online, qualitative survey, focus groups with sectors and stakeholders, and individual interviews. Esper House will also start its engagement focused on people of color, people with disabilities, and Seniors. The qualitative survey will be available in paper copy and in English and Spanish. The final findings report should be available in June.
  - Legislative/Public Policy/ FCC Update – Omelchuck said the MHCRC is participating with the local government group to challenge the FCC order regarding in-kind offsets to franchise fees and mixed networks. Staff has not received communication from the cable companies regarding the Order, but expects to receive notification before the companies take any action locally.
  - FY18-19 MHCRC Fund Audit Schedule – Omelchuck said the Finance Committee is meeting the first week of December to review and approve the MHCRC financial statements. The final Audit will be presented at the December meeting. Omelchuck noted that due to changes in the grant agreement between Open Signal and the City of

Portland, Open Signal will no longer be a component unit of the MHCRC financial statements; MetroEast will remain as a component unit.

- TechSmart Initiative – Omelchuck said she is discussing a possible grant with Centennial School District as there’s funding still allocated to the district under the Initiative. Omelchuck said she may have a grant amendment for a work session in December, but it depends on the district’s interest.
- NATOA Conference Report – Staff included a brief of their takeaways from the NATOA National Conference in the meeting packet. Omelchuck thanked Commissioners for their support of employee professional development.
- Staff Attendance - Oregon Connections Conference – Rebecca Gibbons will be attending the conference, which takes place in Ashland.
- MHCRC Annual Planning Retreat – Omelchuck will reach out to the Commissioners about available dates. The MHCRC budget includes \$5,000 for a retreat facilitator and staff will work with Chair Hansen on this. Based on feedback from Commissioners about the retreat site last year, staff is looking at The Kennedy School as a possibility.
- Recognition to former Commissioner Dicile - Hansen recognized Sue Dicile for her 24 years of volunteer time, which shows a deep commitment to this work. She has always been present and active, and her prominent leadership served the Commission and the jurisdictions well throughout her many years of service. Thomas noted that Dicile was a knowledgeable and open mentor. Studenmund said she learned a lot from working with Dicile and that she is dearly missed.
  
- Committee Reports
  - Finance Committee – None.
  - TechSmart Grant Committee – None.
  - Community Ascertainment Committee – Hansen noted that he is ending this committee as the work moving forward is primarily staff and consultant driven, with the full Commission reviewing the draft findings report.
  - Open Signal Board Appointee – None.
  - MetroEast Board Appointee – Dennerline said that MetroEast is regrouping under the new CEO and moving forward.
  
- New Business; Commissioner Open Comment

Thomas noted that he provided an update to the Troutdale City Council about Commission activities and budget. The Council also discussed the Northwest Fiber/ Frontier transfer at the meeting and the vote was delayed because Council wanted to hear from the company. Harden announced that Greg Dirks was recently promoted to Wood Village City Manager.

Meeting Schedule:

*November – recess*

December 16 – Open Signal

January 27 – MetroEast

*February – Annual Planning Retreat (TBD)*

March 16 – Open Signal

*April – recess*

May 18 – MetroEast

June 15 – Open Signal

- Franchisee Activity Report
  - Frontier – None.
  - Comcast – Tim Goodman, Senior Director of Government Regulatory Affairs, mentioned he attended the NATOA National Conference. Comcast is partnering with Girls & Boys Club, United Way, and Portland Community College on various events. Goodman said that Comcast plans to reach out to MHCRC staff in the next four weeks about Comcast’s plans for implementing the FCC “In-Kind/Mixed Use” Order.
  - CenturyLink – None.
- PEG Provider Activity Report
  - Open Signal – None.
  - MetroEast Community Media – Tomi Douglas, MetroEast CEO, said she is now in her 3rd week in the role. Her priorities are strategic planning, Board and staff development, independent funding, and a new project based on DIY Rockwood project learnings.
- Public Comment: None.
- Adjourn 7:41 pm

Respectfully submitted:

Cinthia Diaz Calvo, Administrative Specialist II

**STAFF REPORT -- AGENDA ITEM #R1**

For Commission Meeting: December 16, 2019

“MHCRC FY18-19 Fund Audit”

**Recommendation**

Staff recommends that the Commission acknowledge receipt of the MHCRC FY18-19 Fund Audit prepared by Moss Adams and direct MHCRC staff to submit the Audit to the Secretary of State by December 31, 2019.

**Background**

Under MHCRC Resolution 2013-03, the MHCRC delegated to the MHCRC Finance Committee the authority to review and approve the annual MHCRC Financial Statements, in order to proceed with a timely MHCRC Fund audit as required under Oregon law.

At its December 6, 2019 meeting, the Finance Committee approved the FY17-18 MHCRC Fund Financial Statements, prepared by the Accounting Division of the City of Portland through an interagency with the MHCRC.

Moss Adams, the MHCRC independent audit firm, completed its audit of the MHCRC Fund Financial Statements and will make a detailed presentation of the results at the December MHCRC meeting.

Once the MHCRC reviews and acknowledges the audit, the MHCRC staff submit it to the Oregon Secretary of State along with the annual filing fee.

Attachments: MHCRC Financial Statements and Report of Independent Auditors, Moss Adams  
Oregon Minimum Audit Standards (OMS) Report  
Communications with those Charged with Governance under SAS 114

Prepared by: Elisabeth H. Perez  
December 12, 2019



Serving Multnomah County and the Cities of  
Fairview, Gresham, Portland, Troutdale and Wood Village

Financial Statements

And

Auditor's Report

Fiscal Year Ended June 30, 2019

Mt. Hood Cable Regulatory Commission  
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**AUDIT COMMENTS AND DISCLOSURES**

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Independent Auditor's Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of Financial Statements Performed  
In Accordance with *Oregon Minimum Auditing Standards*. 23-24

# INTRODUCTORY SECTION

Mt. Hood Cable Regulatory Commission

June 30, 2019

## Administration Offices

111 SW Columbia Street, Suite 600  
Portland, Oregon 97201

*Commission Members as of June 30, 2019*

Leif Hansen	Chair - Portland Representative
Carol Studenmund	Vice Chair - Multnomah County Representative
Norm Thomas	Troutdale Representative
Jeff Dennerline	Fairview Representative
Jacquenette McIntire	Gresham Representative
Sue Dicile	Portland Representative
Scott Harden	Wood Village Representative

Interim Director  
Elisabeth Perez

Program Manager  
Julie S. Omelchuck

Accounting Staff  
Aaron Rivera  
(City of Portland Bureau of Revenue & Financial Services)

Kevin Sanders  
(City of Portland Bureau of Revenue & Financial Services)

December 11, 2019

The Mt. Hood Cable Regulatory Commission (MHCRC) is pleased to submit the MHCRC Audit for the fiscal year ended June 30, 2019.

This report is published to provide the member jurisdictions - the cities of Fairview, Gresham, Portland, Troutdale and Wood Village and Multnomah County - as well as our citizens, stakeholders and other readers with detailed information concerning the financial position and activities of the MHCRC. The MHCRC is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the MHCRC as measured by the financial activity of its fund. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the MHCRC's financial affairs.

## **THE FINANCIAL STATEMENTS**

This financial statement report has three main sections: introductory, financial, and comments and disclosures. The introductory section includes this transmittal letter and a list of MHCRC members and staff.

The financial section is prepared in accordance with accounting principles generally accepted in the United States of America. This section includes the Management's Discussion and Analysis (MD&A), which can be found immediately following the report of the independent auditor. These are followed by the basic financial statements and required supplementary information.

The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements and should be read in conjunction with this letter of transmittal. The basic financial statements include both the government-wide and fund level financial statements as well as a separate column for MHCRC's component unit, MetroEast Community Media.

## **MHCRC PROFILE**

The Mt. Hood Cable Regulatory Commission (MHCRC) was created by Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village (Jurisdictions) for the purposes of:

- Advocating for and protecting the public interest in the regulation and development of cable communication systems;
- Monitoring and helping resolve cable subscribers' concerns; and
- Facilitating the planning and implementation of community uses of cable communication technologies.

Each Jurisdiction appoints citizen representatives to the MHCRC. Over the past year, these appointees have committed hundreds of volunteer hours to fulfill the MHCRC's mission on behalf of the Jurisdictions. They participated in approximately eight MHCRC meetings and numerous committee meetings, kept abreast of issues of concern to their Jurisdictions, presented information at city council and county commission meetings, and served as Board members for MetroEast Community Media (MetroEast).

The MHCRC regulates and oversees cable services franchises with four companies, serving the following areas:

Comcast: Portland, Gresham, Troutdale, Fairview, Wood Village and Multnomah County  
Frontier: Gresham, Troutdale, Fairview and Wood Village  
Century Link: Portland  
Cascade Access: unincorporated east Multnomah County

The MHCRC contracts for staff and other administrative support services through an agreement with the City of Portland. The MHCRC funds an equivalent of 4 full-time (FTE) staff positions plus related materials, services and overhead. Each member Jurisdiction provides a portion of its franchise fees from cable services providers to annually fund Commission operational expenses.

## **OUTLOOK**

The primary revenues and expenses of the MHCRC are related to cable services franchise agreements with the cable companies. Revenues are fees paid to the MHCRC by the companies based on a percentage of the company's gross annual revenues derived from cable TV services. Cable fee revenues to the Jurisdictions peaked in FY 2016-17. However, over the past two fiscal years, fee revenues declined about 7.4%, with Portland having the largest decrease. For example, Portland's fees decreased 6.7% from FY 2016-17 to FY 2017-18 and another 7.9% in FY 2018-19. For the East County Jurisdictions, franchise fees decreased by 3.9% from FY 2016-17 to FY 2017-18 and another 4.7% in FY 2018-19. The MHCRC anticipates this decline in revenues to continue as people move from subscribing to traditional cable TV services to video delivered over the Internet. This will impact the MHCRC resources from franchise fees and PEG/I-Net fees collected from cable companies and also MHCRC expenditures made to support the community media providers, community technology grantees, and I-Net stakeholders.

## **OTHER INFORMATION**

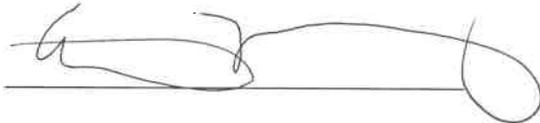
### **A. Independent audit**

According to Oregon Revised Statutes 190, the MHCRC is required to secure an independent audit every year.

### **B. Acknowledgments**

We would like to express our sincere gratitude to the City of Portland personnel who contributed to this report, especially personnel in the Financial Reporting Division and Accounting staff in the Revenue Division, both within the Bureau of Revenue and Financial Services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Elisabeth Perez', is written over a horizontal line.

Elisabeth Perez  
Interim Staff Director  
Mt. Hood Cable Regulatory Commission

## **FINANCIAL SECTION**

## **Report of Independent Auditors**

The Board of Commissioners  
Mt. Hood Cable Regulatory Commission  
Portland, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the discretely presented component unit of the Mt. Hood Cable Regulatory Commission (“the Commission”), a component unit of the City of Portland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements as listed in the table of contents.

#### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of MetroEast Community Media, which in the aggregate, represents 100% of the assets, net position and revenues of the discretely presented component unit of the Commission. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for MetroEast Community Media, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the discretely presented component unit of the Mt. Hood Cable Regulatory Commission, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of revenues, expenditures and changes in fund balance – budget and actual on pages 4 through 7, and 22, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary schedule described above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section on pages i through iv is presented for purposes of additional analysis and is not a required part of the basic financial statements, and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Reports on Other Legal and Regulatory Requirements***

*Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2019, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, reading "James C. Laganotto". The signature is written in a cursive style with a large initial 'J' and 'L'.

For Moss Adams LLP  
Portland, Oregon  
December 11, 2019

As management of the Mt. Hood Cable Regulatory Commission (“MHCRC”), we offer readers of MHCRC’s Annual Financial Report this narrative overview and analysis of the financial activities of MHCRC for the fiscal year ended June 30, 2019.

## FINANCIAL HIGHLIGHTS

The following are MHCRC’s financial highlights for fiscal year ending June 30, 2019:

- The assets of MHCRC exceeded its liabilities at the close of FY 2018-19 by \$14,247,163 (*net position*).
- MHCRC’s total net position increased by \$9,404 from FY 2017-18. The key factor for this increase was a corresponding drop in Community Development expenses. Given the nature of the MHCRC grant agreements, sizable year-to-year expense fluctuations are customary.
- The MHCRC’s governmental fund reported an ending fund balance of \$14,244,763 an increase of \$11,804.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MHCRC’s basic financial statements. MHCRC’s basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplemental information.

### A. Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of MHCRC’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of MHCRC’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MHCRC is improving or deteriorating.

The *statement of activities* presents information showing how MHCRC’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In addition to MHCRC (primary government), the government-wide financial statements include MetroEast Community Media (MetroEast) for which the MHCRC is financially accountable. Financial information for MetroEast are reported separately from the financial information presented for the primary government.

### B. Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. MHCRC, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. MHCRC only has one governmental fund.

- **Governmental fund.** *The governmental fund is used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on spendable resources, near-term inflows, outflows and balances available at fiscal year end. Such information may be useful in evaluating a government's near-term financing requirements.*

Because the focus of a governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. The statements "*Governmental Fund Balance Sheet / Statement of Net Position*" and "*Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities*" show the governmental fund perspective and the governmental activities perspective.

**C. Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**D. Required supplemental information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning MHCRC's budget.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position serves as a useful indicator of a government's financial position. For the MHCRC, assets exceeded liabilities by \$14,247,163 at the close of FY 2018-19.

**A. Analysis of net position**

The largest portions of MHCRC's net position consist of \$13,253,644 in cash, \$740,855 of grant advances, and \$1,509,236 in accounts receivable.

All of MHCRC's assets are restricted by intergovernmental agreements.

**Mt. Hood Cable Regulatory Commission  
Summary of Net Position  
Balances as of**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Assets	\$ 15,588,022	\$ 16,017,749	\$ (429,727)
Liabilities	<u>1,340,859</u>	<u>1,779,990</u>	<u>(439,131)</u>
Net Position			
Invested in capital asset, net of related debt	2,400	4,800	(2,400)
Restricted Net Position	<u>14,244,763</u>	<u>14,232,959</u>	<u>11,804</u>
Total Net Position	<u>\$ 14,247,163</u>	<u>\$ 14,237,759</u>	<u>\$ 9,404</u>

**B. Analysis of changes in net position**

**Mt. Hood Cable Regulatory Commission  
Summary of Changes in Net Position  
For the years ended**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
<b>Revenues</b>			
Program revenues:			
Intergovernmental	\$ 7,451,244	\$ 7,900,596	\$ (449,352)
General revenues:			
Investment earnings	<u>291,295</u>	<u>184,274</u>	<u>107,021</u>
Total revenues	7,742,539	8,084,870	(342,331)
<b>Expenses</b>			
Community development	<u>7,733,135</u>	<u>7,924,616</u>	<u>(191,481)</u>
Changes in net position	9,404	160,254	(150,850)
Net position - beginning	<u>14,237,759</u>	<u>14,077,505</u>	<u>160,254</u>
Net position - ending	<u><u>\$ 14,247,163</u></u>	<u><u>\$ 14,237,759</u></u>	<u><u>\$ 9,404</u></u>

Although total revenue was down from FY 2017-18, the MCHRC net position increased by \$9,404. The key factor for this increase was a corresponding drop in Community Development expenses. Given the nature of the MHCRC grant agreements, sizable year-to-year expense fluctuations are customary.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the MHCRC uses fund accounting to ensure compliance with finance-related legal requirements.

**A. Governmental fund**

The focus of MHCRC's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing MHCRC's financing requirements.

As of the end of the current fiscal year, MHCRC's governmental fund reported an ending fund balance of \$14,244,763 an increase of \$11,804. The General Fund is the only fund of MHCRC.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were \$236,939 above the final budget as a result of investment earnings coming in over expectations. Actual expenditures were \$3.7 million less than the final budget due to under expenditures for program expenditures. These under expenditures are largely attributable to the assurance of sufficient funding for projects performed by contracted public agencies and non-profit organizations.

Although MHCRC is exempt from state budget law per ORS 294.316 (14), a budget was adopted for MHCRC for FY 2018-19. During FY 2018-19, General Fund expenditures did not exceed budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The MHCRC has no debt. Capital Assets consists of internally generated grants management software in the net amount of \$2,400.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Cable fee revenues to the Jurisdictions peaked in FY 2016-17. However, over the past two fiscal years, fee revenues declined about 7.4%, with Portland having the largest decrease. For example, Portland's fees decreased 6.7% from FY 2016-17 to FY 2017-18 and another 7.9% in FY 2018-19. For the East County Jurisdictions, franchise fees decreased by 3.9% from FY 2016-17 to FY 2017-18 and another 4.7% in FY 2018-19. The MHCRC anticipates this decline in revenues to continue as people move from subscribing to traditional cable TV services to video delivered over the Internet. This will impact the MHCRC resources from franchise fees and PEG/I-Net fees collected from cable companies and also MHCRC expenditures made to support the community media providers, community technology grantees, and I-Net stakeholders. Additional budget information can be obtained at <http://www.mhcrc.org/about-the-mhcrc/>.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of MHCRC's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Office for Community Technology / MHCRC, PO Box 745, Portland, OR 97207-0745.

**Mt. Hood Cable Regulatory Commission**  
**Governmental Fund Balance Sheet / Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Unit
	General Fund	Reconciliation Governmental Fund Balance	Statement of Net Position	MetroEast Community Media
<b>ASSETS</b>				
Cash and investments	\$ 13,253,644	\$ -	\$ 13,253,644	\$ 1,340,915
Receivables:				
Accounts, net	1,509,236	-	1,509,236	-
Accrued interest	81,887	-	81,887	1,658
Due from Mt. Hood Cable Regulatory Commission	-	-	-	279,553
Advances - MetroEast Community Media	246,413	-	246,413	-
Advances-Others	494,442	-	494,442	-
Inventories	-	-	-	-
Prepaid expense	-	-	-	51,263
Capital Assets, not being depreciated				
Land	-	-	-	210,330
Intangible assets:				
FCC license	-	-	-	78,000
Capital Assets, being depreciated				
Buildings	-	-	-	3,154,676
Equipment	-	12,000	12,000	3,478,103
Accumulated depreciation	-	(9,600)	(9,600)	(3,833,594)
Total assets	<u>15,585,622</u>	<u>2,400</u>	<u>15,588,022</u>	<u>4,760,904</u>
<b>LIABILITIES</b>				
Accounts payable	1,061,306	-	1,061,306	28,865
Due to MetroEast Community Media	279,553	-	279,553	-
Refundable advances - MHCRC	-	-	-	246,413
Accrued payroll and related expenses	-	-	-	205,981
Notes payable - current portion	-	-	-	48,978
Notes payable - long term portion	-	-	-	778,689
Capital Lease Obligation	-	-	-	42,882
Total liabilities	<u>1,340,859</u>	<u>-</u>	<u>1,340,859</u>	<u>1,351,808</u>
<b>FUND BALANCE / NET POSITION</b>				
Fund balance:				
Restricted	<u>14,244,763</u>			
Total liabilities and fund balance	<u>\$ 15,585,622</u>			
Net position:				
Net investment in capital assets		2,400	2,400	-
Restricted		-	14,244,763	-
Unrestricted		-	-	3,409,096
Total net position		<u>\$ 2,400</u>	<u>\$ 14,247,163</u>	<u>\$ 3,409,096</u>

The accompanying notes are an integral part of the basic financial statements.

**Mt. Hood Cable Regulatory Commission**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balance/Statement of Activities**  
**For the Year Ended June 30, 2019**

	Primary Government			Component Unit
	General Fund	Reconciliation Governmental Fund Balance	Statement of Activities	MetroEast Community Media
<b>Expenditures / Expenses:</b>				
Community development	\$ 7,730,735	\$ 2,400	\$ 7,733,135	\$ 2,457,457
Interest expense	-	-	-	-
Total expenditures / expenses	<u>7,730,735</u>	<u>2,400</u>	<u>7,733,135</u>	<u>2,457,457</u>
<b>Program revenues:</b>				
Intergovernmental	7,451,244	-	7,451,244	-
Grants	-	-	-	1,851,482
Membership income	-	-	-	7,901
Rental income	-	-	-	15,000
Service charges	-	-	-	169,627
In-kind contributions	-	-	-	91,671
Total program revenues	<u>7,451,244</u>	<u>-</u>	<u>7,451,244</u>	<u>2,135,681</u>
Net program (expense) revenue		<u>(2,400)</u>	<u>(281,891)</u>	<u>(321,776)</u>
<b>General revenues:</b>				
Investment earnings (losses)	291,295	-	291,295	57,211
Excess of revenues over expenditures	11,804	(2,400)		
Change in net position	-	(2,400)	9,404	(264,565)
<b>Fund balances / net position</b>				
Beginning of the year	<u>14,232,959</u>	<u>4,800</u>	<u>14,237,759</u>	<u>3,673,661</u>
End of the year	<u>\$ 14,244,763</u>	<u>\$ 2,400</u>	<u>\$ 14,247,163</u>	<u>\$ 3,409,096</u>

The accompanying notes are an integral part of the basic financial statements.

**I. Summary of significant accounting policies:**

**A. Reporting entity:**

In 1992 Multnomah County, Oregon, and the Cities of Fairview, Wood Village, Troutdale, Gresham, and Portland entered into an intergovernmental agreement under ORS 190 to form a unified regulatory commission called the Mt. Hood Cable Regulatory Commission (MHCRC) to serve the public interest by jointly regulating and administering franchise agreements within their boundaries. The MHCRC negotiates and enforces cable service franchise agreements; manages the public benefit resources and assets derived from the franchises; and advocates on behalf of the public interest on communications policy issues at the local, state and federal levels. The public benefits include:

- Community Grants Program which provides funds for technology projects to community organizations, libraries, educational institutions and local government agencies throughout Multnomah County. This program assists local entities in using cable system technology for enhanced communications, including video, data and voice applications;
- Institutional Network (I-Net) which is an advanced, fiber based communications network connecting government, educational and community institutions that is capable of carrying video, data and voice applications; and
- PEG access resources, which include both operating and capital funds for two community media centers (Open Signal and MetroEast Community Media) and other assets, such as channels on the cable system, digital capacity, and sites throughout the community used to originate programming.

Appointments to the MHCRC are made by the elected bodies of the participating jurisdictions.

MHCRC is reported as an Agency Fund within the City of Portland's Comprehensive Annual Financial Report but they are not recognized as a component unit of the City of Portland.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Criteria indicating financial accountability include, but are not limited to, the following:

- Fiscal dependency by the organizations on MHCRC.

The discretely presented component unit is reported in a separate column in the government-wide statements to emphasize that they are legally separate from MHCRC, their governing boards are not the same as the MHCRC's, and they do not provide services entirely or exclusively to MHCRC.

**Discretely presented component unit – MetroEast Community Media (MetroEast)**

MetroEast is a non-profit organization that uses media to invigorate civic engagement, inspire diverse voices, and strengthen community life. MetroEast's services are generally targeted to the areas within the Cities of Gresham, Troutdale, Fairview and Wood Village and unincorporated Multnomah County. The MHCRC contracts with MetroEast for community media services. Through government and education programs broadcast on public access cable TV channels, under represented neighborhoods and groups are able to participate in and be aware of community and government activities and services. MetroEast gavel-to-gavel coverage of City Council and County Commission meetings on the citywide Government Access Channel (30). Substantially all of MetroEast's funding is received from MHCRC. Audited financial statements are prepared for MetroEast and can be obtained by contacting them at: 829 NE 8th Street, Gresham, OR 97030.

**I. Summary of significant accounting policies, continued:**

**B. Government-wide and fund financial statements:**

The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the activities of the primary government and its component unit. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses are offset by program revenues. *Direct expenses* are those that are clearly identifiable.

Program revenues include franchise fees and public, education and government (PEG) fees due to the jurisdictional partners of MHCRC from the cable providers. Investment earnings are properly included among general revenues.

**C. Measurement focus, basis of accounting, and financial statement presentation:**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, MHCRC considers revenues to be available if they are collected within *sixty days* of the end of the current fiscal period.

Significant measurable and available revenues for the fiscal year ended June 30, 2019, under the modified accrual basis of accounting, were as follows:

- Franchise fees
- Charges for services

Expenditures generally are recorded when a liability is incurred.

MHCRC reports the following major governmental fund:

- The General Fund is MHCRC's only fund. It accounts for all financial transactions of the general government.

**D. Assets, liabilities, and net position or equity:**

**1. Cash and investments**

MHCRC's cash is held in the City of Portland's cash and investment pool. Cash and investments are presented on the balance sheet in the basic financial statements at fair value in accordance with GASB Statement No. 31 and GASB Statement No. 72.

All investment pool cash purchases and sales are part of the City of Portland's cash management activity and considered cash and cash equivalents. In general, interest earned from pooled investments is allocated to MHCRC based on the average earnings rate and daily cash balance.

**I. Summary of significant accounting policies, continued:**

**D. Assets, liabilities, and net position or equity, continued:**

Oregon Revised Statutes (ORS) 294, authorizes the City of Portland to invest primarily in general obligations of the United States (U.S.) Government and its agencies and instrumentalities, of the U.S. or enterprises sponsored by the U.S. Government and obligations whose payment is guaranteed by the U.S., agencies and instrumentalities of the U.S. or enterprises sponsored by the U.S. Government, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper, and the State Treasurer's Local Government Investment Pool (LGIP).

For MetroEast, investments in marketable securities with readily determinable fair values are valued at their fair values. Certificates of deposits are valued at cost. Unrealized gains and losses are included in the increase (decrease) in net position.

**2. Receivables**

MHCRC records monies due from other governmental agencies as receivables.

**3. Advances**

MHCRC contracts with other entities to provide a variety of services. Since those entities are small non-profit organizations, MHCRC advances monies for grants and contracted services to enable the organizations to implement capital projects and/or provide services in accordance with their grant contracts with MHCRC. Advances represent amounts that have been paid by MHCRC, but for which no services have yet been provided.

**4. Restricted amounts**

All of MHCRC's assets are restricted because their use is limited by the external governments that created MHCRC. If both restricted and unrestricted resources were available for use, it is MHCRC's policy to use restricted resources first and then unrestricted resources, as they are needed.

**5. Capital assets**

**Primary Government**

MHCRC capital assets consist of internally generated software and is reported in the applicable columns of the government-wide financial statements. Internally generated software are capitalized with total costs of \$10,000 or more. Other computer software (not internally generated) with a cost of \$5,000 or greater are capitalized.

Capital assets are recorded at historical cost or estimated historical cost when actual cost is not available. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Management evaluates capital assets for impairment and retirement biannually, or as circumstances warrant.

Upon disposal of capital assets, historical cost or estimated historical cost is removed. Proceeds from sales are generally recorded as revenue.

Depreciation and amortization of capital assets are computed on the straight-line method over their estimated useful lives. Depreciation and amortization are not taken during the year of acquisition and no salvage values are used.

I. **Summary of significant accounting policies**, continued:

D. **Assets, liabilities, and net position or equity**, continued:

The estimated useful lives of capital assets are:

- Computer software – internally generated – 7 to 17 years
- Computer software – other – 1 to 10 years

Component Unit

MetroEast follows the practice of capitalizing, at cost, all expenditures for property, equipment, and leasehold improvements in excess of \$1,000. Property and equipment received through donation or transfer are recorded at estimated fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 30 years.

6. Accounts payable

Accounts payable to vendors and contractors include general accounts payable and other accrued contingent liabilities not included in short-term or long-term liabilities.

7. Use of estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Net position and fund balances

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus of the statement.

On the *Statement of Net Position* for government-wide reporting, net position is segregated into three categories:

**Net investment in capital assets** represents total capital assets less accumulated depreciation.

**Restricted net position** represents net position that is *not* subject solely to the government's own discretion. Restrictions may be placed on net position by an external third party that provided the resources, from laws or regulations of other governments, from enabling legislation, from endowments agreements, or by the nature of the asset.

**Unrestricted net position** represents amounts not restricted.

On the *Balance Sheet – Governmental Fund*, assets in excess of liabilities are reported as fund balance and are reported in the classification indicating the extent to which MHCRC is bound to honor constraints on the specific purposes for which those funds can be spent.

Fund balance is reported as **Restricted** when the constraints placed on the use of resources are either: (a) externally imposed by grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, MHCRC's policy is to use restricted resources first and then unrestricted resources, as they are needed.

**I. Summary of significant accounting policies, continued:**

**E. Adoption of new GASB pronouncement:**

The following pronouncement was implemented during the year:

GASB Statement No. 90, Majority Equity Interest. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB 90 will be effective for the MHCRC, in the fiscal year ending June 30, 2020; however, the MHCRC has opted for early implementation in the fiscal year ended June 30, 2019. The MHCRC does not currently own a majority equity interest in any legally separate organization, and therefore is not subject to the reporting requirements of GASB Statement No. 90.

**F. Future adoption of GASB pronouncements:**

The following GASB pronouncements have been issued, but are not yet effective as of June 30, 2019:

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the MHCRC, fiscal year ending June 30, 2020.

GASB Statement No. 87, Leases. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the MHCRC, fiscal year ending June 30, 2021.

GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the MHCRC for fiscal year ending June 30, 2021.

GASB Statement No. 91, Conduit Debt Obligations. This statement was issued May 2019. This statement establishes accounting requirements for conduit debt obligations by issuers. The objectives of this statement are to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the City for fiscal year ending June 30, 2022.

**II. Stewardship, compliance, and accountability:**

**A. Budgetary information:**

Although state law does not require MHCRC to adopt a budget, it has done so. The budget is approved by the governmental entities that founded MHCRC. Total resources in MHCRC equal total expenditures and requirements. Appropriations lapse at fiscal year end.

MHCRC's budget was adopted prior to July 1<sup>st</sup>, after being approved by every member jurisdiction. This budget authorizes and establishes appropriations for the fiscal year for the MHCRC's major categories of expenditures. The level of appropriation is established for program expenses and contingencies. MHCRC program expenses include the following major object categories: materials and services, and capital outlay.

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**II. Stewardship, compliance, and accountability, continued:**

**A. Budgetary information, continued:**

MHCRC budgets on the modified accrual basis of accounting. Budgets may be modified during the fiscal year through different means. MHCRC managers may transfer appropriations between line items within major object categories. In addition, MHCRC may transfer appropriations between major object categories with the permission of the MHCRC, provided the adjustments do not affect total appropriations.

**B. Component Unit Change of Relationship**

During the current fiscal year the nature of MHCRC's relationship with Open Signal changed and as a result Open Signal is no longer being reported as a discretely presented component unit. Open Signal no longer meets the component unit qualification of fiscal dependency on MHCRC.

**III. Detailed notes:**

**A. Cash and investments:**

MHCRC's cash and investments are maintained in a cash and investment pool run by the City of Portland. MHCRC's cash and cash equivalents are represented by participation in this pool rather than specific, identifiable securities. Interest earned on pooled investments is allocated monthly based on the average participation of the funds in relation to total investments in the pool. It is not practical to determine the investment risk, collateral or insurance coverage for the MHCRC's share of these pooled investments. Information about the pooled investments is included in the City's Comprehensive Annual Financial Report (CAFR). The City's CAFR can be found at: <http://www.portlandonline.com/omf/index.cfm?c=26053>.

The City accounts for cash and investments in accordance with the provisions of GASB Statement No. 31: *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and to recognize the corresponding change in the fair value of investments in the year in which the change occurred. Disclosures regarding risks associated with cash and investments required by GASB Statement No. 3: *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and GASB Statement No. 40: *Deposit and Investment Risk Disclosures* are included in the City's financial statements.

	Primary Government	Component Unit MetroEast	Total
City of Portland external investment pool	\$ 13,253,644	\$ -	\$ 13,253,644
Cash and cash equivalents	-	458,557	458,557
Equity securities	-	543,349	543,349
Real estate investment trust	-	-	-
Government and fixed income securities	-	280,427	280,427
Certificates of deposit	-	58,582	58,582
Total	\$ 13,253,644	\$ 1,340,915	\$ 14,594,559

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**III. Detailed notes, continued:**

**A. Cash and investments, continued:**

Component Unit disclosures

Investments of the component unit are exposed to various risks such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions and may be adversely affected by shifts in the market's perception of the issuers and interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, which could materially affect account balances and amounts reported in the financial statements.

Accounting principles generally accepted in the United States of America for governmental entities establish a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair-value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

<u>MetroEast</u>	Level 1	Level 2	Level 3	Total
Equity securities	\$ 352,973	\$ -	\$ -	\$ 352,973
Mutual funds	190,376	-	-	190,376
Government and fixed income securities	-	280,427	-	280,427
Total	<u>\$ 543,349</u>	<u>\$ 280,427</u>	<u>\$ -</u>	<u>\$ 823,776</u>

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**III. Detailed notes, continued:**

**B. Receivables:**

Receivables as of June 30, 2019, are as follows:

	Primary Government	<u>Component Unit</u> MetroEast	Total
Franchise fees receivable	\$ 1,509,236	\$ -	\$ 1,509,236
Due from MHCRC	-	279,553	279,553
Other receivables	-	-	-
Accrued interest receivable	81,887	1,658	83,545
Total	<u>\$ 1,591,123</u>	<u>\$ 281,211</u>	<u>\$ 1,872,334</u>

All of MHCRC's receivables are short term in nature.

**C. Prepaid items and advances:**

MHCRC works with a variety of entities that require advances in order to accomplish the work they contract with MHCRC to do. At June 30, 2019 advance balances were:

	Primary Government
MetroEast	\$ 246,413
Other entities	494,442
Total	<u>\$ 740,855</u>

MetroEast had \$51,263 of prepaid expenses at June 30, 2019.

**D. Payables:**

Payables and other accrued liabilities at June 30, 2019 are as follows:

	Primary Government	<u>Component Unit</u> MetroEast	Total
Payable to vendors and contractors	\$ 1,061,306	\$ 28,865	\$ 1,090,171
Due to component units	279,553	-	279,553
Total	<u>\$ 1,340,859</u>	<u>\$ 28,865</u>	<u>\$ 1,369,724</u>

**E. Fund balances, governmental funds:**

The fund balance is reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The entire fund balance is restricted due to intergovernmental agreements which specify the uses of the funds.

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**III. Detailed notes, continued:**

**F. Capital assets:**

Capital assets activities for the component units, for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>MHCRC</u></b>				
Capital Assets, being depreciated				
Computer Software	\$ 12,000	\$ -	\$ -	\$ 12,000
Accumulated amortization	-	(9,600)	-	(9,600)
	<u>\$ 12,000</u>	<u>\$ (9,600)</u>	<u>\$ -</u>	<u>\$ 2,400</u>
<b><u>MetroEast</u></b>				
Capital Assets, not being depreciated				
Land	\$ 210,330	\$ -	\$ -	\$ 210,330
Intangible assets:				
FCC license	78,000	-	-	78,000
Capital Assets, being depreciated				
Buildings	2,997,337	157,339	-	3,154,676
Equipment	2,976,275	501,828	-	3,478,103
Accumulated depreciation	(3,430,931)	(402,663)	-	(3,833,594)
Capital assets, net	<u>\$2,831,011</u>	<u>\$ 256,504</u>	<u>\$ -</u>	<u>\$3,087,515</u>

Some of the equipment listed for MetroEast would revert to MHCRC if the contracts between the entities were terminated.

**G. Leases:**

MetroEast has entered into a capital lease obligation on April 14, 2019 for certain production and maintenance equipment costing \$47,047. Future minimum lease payments under the capital lease total \$50,784 less amounts representing interest of \$7,902.

	Fiscal Year Ending June 30,	Amount
	2020	\$ 18,467
	2021	18,467
	2022	<u>13,850</u>
		<u>\$ 50,784</u>
Less amounts representing interest		\$ (7,902)
		<u>\$ 42,882</u>

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**III. Detailed notes, continued:**

**H. Debt:**

MetroEast has a debt agreement with Bank of America. The note is due in monthly installments of \$6,954, including interest at 4.75% through the July 31, 2023 maturity date of the note. The note is secured by land and building with a net book value of \$1,727,755.

Payments as disclosed in the notes to the MetroEast's financial statements are:

Fiscal Year Ending June 30,	Amount
2020	\$ 48,978
2021	47,615
2022	49,927
2023	52,350
2024	628,797
Total	<u>\$ 827,667</u>

Debt and long-term liability activity of the two entities for the year ended June 30, 2019, was:

<u>MetroEast:</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 866,735	\$ -	\$ 39,068	\$ 827,667	\$ 48,978
Compensated absences	135,017	205,981	135,017	205,981	205,981
Capital Lease Obligation	-	42,882	-	42,882	18,467
<b>Total MetroEast</b>	<u>\$ 1,001,752</u>	<u>\$ 248,863</u>	<u>\$ 174,085</u>	<u>\$ 1,076,530</u>	<u>\$ 273,426</u>

**IV. Other information:**

**A. Risk management:**

MHCRC is exposed to various risks of loss related to theft, damage and destruction of assets, tort claims (general and fleet liability), acts of terrorism, and natural disasters. MHCRC participates in the City of Portland's risk pool for general liability claims through a monthly overhead charge paid to the City. The City is responsible for all costs of claims. There have been no claims in excess of coverage or a significant reduction in coverage during the last three years.

**B. Employee retirement system and pension plan:**

MetroEast sponsors a 401(k) profit sharing plan (the plan). Eligible participants have the opportunity to defer a portion of their salary into the plan, as well as receive an employer contribution that will be discretionarily determined annually by the Board of Directors. Requirements for eligibility are a minimum of employment during the last six months of the plan year and participants must be at least 18 years of age. Pension expense under this plan for the years ended June 30, 2019 and 2018 was \$79,773 and \$52,159, respectively.

Mt. Hood Cable Regulatory Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019

**IV. Other information, continued:**

**C. Commitments:**

MHCRC has entered into multiple contractual agreements to provide future grants to various community based agencies. These obligations are not expected to be fully paid from current financial resources and are not recognized as a liability until performance under the contract has occurred. These agreements are represented by open purchase orders with balances at June 30, 2019 as follows:

	<u>Commitments</u>
Portland Public Schools TechSmart Literacy Project	\$ 1,872,170
Centennial SD Techsmart Grant	777,580
David Douglas SD Tech Integration	471,156
Reynolds SD Transformation to Construct a Classroom	185,092
Multnomah SD Tech Integration	181,983
Open School Inc Advocating Greatness	50,890
Mt Hood Community College MHCC Community Access	29,594
Portland Art Museum 7GME File Challenge	16,050
Multnomah County Digital Inclusion Resources	5,716
Boys & Girls Club My Future Rockwood	1,998
Portland Community College Expanding Horizons	368
Total	\$ 3,592,597

**REQUIRED SUPPLEMENTAL INFORMATION**

**Mt. Hood Cable Regulatory Commission**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 6,871,709	\$ 6,871,709	\$ 7,451,244	\$ 579,535
Investment earnings	130,000	130,000	291,295	161,295
Total revenues	7,001,709	7,001,709	7,742,539	740,830
<b>EXPENDITURES</b>				
Current:				
Program expenditures	9,733,585	9,733,585	6,031,744	3,701,841
Total expenditures	9,733,585	9,733,585	6,031,744	3,701,841
Revenues over (under) expenditures	(2,731,876)	(2,731,876)	1,710,795	4,442,671
Fund balance - beginning	4,073,357	4,073,357	14,232,959	10,159,602
Fund balance - ending	\$ 1,341,481	\$ 1,341,481	15,943,754	\$ 14,602,273
Adjustment to generally accepted accounting principles (GAAP) basis:				
Capital assets, net of accumulated depreciation and amortization			2,400	
Non-budgetary advance recovery			(1,698,991)	
Net position - GAAP basis			\$ 14,247,163	

**Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Auditing Standards***

The Board of Commissioners  
Mt. Hood Cable Regulatory Commission  
Portland, Oregon

We have audited the basic financial statements of the governmental activities and the major fund of the Mt. Hood Cable Regulatory Commission (the Commission), as of and for the year ended June 30, 2019, and have issued our report thereon dated December 11, 2019. We did not audit the financial statements of MetroEast Community Media, which in the aggregate, represent 100% of the assets, net position and revenues of the discretely presented component unit of MHCRC. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for MetroEast Community Media, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the Commission’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of various depositories to secure the deposit of public funds.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2019 and 2020.
- The requirements relating to insurance and fidelity bond coverage.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.
- Certain other fiscal affairs.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Oregon Administrative Rules 162-10-000 to 162-10-0330.

## **Internal Control Over Financial Reporting**

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James C. Lanzarotta, Partner  
for Moss Adams LLP  
Portland, Oregon  
December 11, 2019



COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

**MT. HOOD CABLE REGULATORY COMMISSION**

June 30, 2019

## **Communications with Those Charged with Governance**

To the Board of Commissioners  
Mt. Hood Cable Regulatory Commission

We have audited the financial statements of the governmental activities and the major fund of the Mt. Hood Cable Regulatory commission (“MHCRC”) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 11, 2019. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As stated in the City of Portland Agreement for Professional, Technical, or Expert Services Contract Number 30005847 dated May 16, 2017 (the Contract), our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MHCRC’s internal control over financial reporting. Accordingly, we considered MHCRC’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in the financial statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

## **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in the Contract dated May 16, 2017.

## **Significant Audit Findings and Issues**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MHCRC are described in Note I to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during fiscal year 2019. We noted no transactions entered into by the MHCRC during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the MHCRC's financial statements were:

- Allowance for doubtful accounts
- Estimated liabilities for cable franchise fee revenue due to other parties

### *Financial Statement Disclosures*

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the reporting entity and significant accounting policies in Note I to the financial statements. This disclosure reports the operations under the governance of the Commissioners, as well as the more significant policies used by MHCRC in the preparation of the financial statements. Note I discloses MetroEast Community Media as a discretely presented component unit.
- The disclosure of MHCRC's risk management programs in Note IV.A. to the financial statements. This disclosure provides a summary of the various risks of loss MHCRC is exposed to, and its method of financing those risks.

### *Significant Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Uncorrected misstatements are those entries found during the course of the audit that management has decided to not post to the financial statements. We identified the following uncorrected misstatements during the course of our audit procedures:

- 1) Entry to accrue for invoices relating to FY 2018-19 - \$193,000 (increase in liabilities)
- 2) Entry to correct advances to Open Signal at June 30, 2019 - \$122,539 (decrease in advances)

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 11, 2019.

*Management Consultation with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the MHCRC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Significant Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the MHCRC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Commissioners and management of the Mt. Hood Cable Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Portland, Oregon  
December 11, 2019





**COVER SHEET -- AGENDA ITEM #C2**

For Commission Meeting: December 16, 2019

“Retreat Facilitator Contract: Paula Manley Consulting”

**Staff Recommendation**

Staff recommends that the Commission approve the retreat facilitator contract with Paula Manley Consulting for a not-to-exceed amount of \$5,000.

**Background**

The Commission has budgeted funds in its FY 2019-20 budget to support a planning retreat. The retreat will be held Saturday, February 22, 2020, 8:00 am-5:00 p.m., at McMenamins Kennedy School in Portland.

In consultation with Chair Hansen, staff developed the attached retreat facilitation contract with Paula Manley for a not-to-exceed amount of \$5,000.

Most Commissioners are familiar with Paula and her skill set from her facilitation of the MHCRC annual planning retreat over the past several years.

Staff believes Paula has a unique set of knowledge and skills to design and conduct the annual planning retreat. She has knowledge of the Commission and its work, an understanding of the community media and technology landscape, and a grounding in Multnomah County and its various communities. She also has engaged in numerous community needs ascertainments and strategic landscape assessments for nonprofits and media arts organizations.

Paula will work with MHCRC staff and Commissioners to establish retreat goals, which will include phone interviews with all Commissioners. The recommended retreat goals will be considered at the January MHCRC meeting.

Attachments: DRAFT Retreat Facilitator Contract

Prepared by: Julie S. Omelchuck  
December 11, 2019

**MHCRC/CITY OF PORTLAND  
AGREEMENT FOR PROFESSIONAL, TECHNICAL, OR EXPERT SERVICES**

**CONTRACT NUMBER**

**TITLE OF WORK PROJECT  
MHCRC Planning Retreat Facilitation**

This Contract is between the Mt. Hood Cable Regulatory Commission ("MHCRC") and Paula Manley Consulting, hereafter called Consultant. The MHCRC's Project Manager for this Contract is Julie S. Omelchuck, through the City of Portland Office for Community Technology ("City").

**Effective Date and Duration**

This Contract shall become effective on December 16, 2019. This Contract shall expire, unless otherwise terminated or extended, on May 31, 2020.

**Consideration**

(a) MHCRC agrees to pay Consultant a sum not to exceed \$5,000 for accomplishment of the work.

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**CONSULTANT DATA AND CERTIFICATION**

Name (print full legal name): Paula Manley Consulting

Address: 1332 SE 50<sup>th</sup> Ave. Portland, OR 97215

EIN: 46-1758384

City of Portland Business Tax Registration Number: 666508

Citizenship:    Nonresident alien     Yes                     No  
Business Designation (check one):     Individual             Sole Proprietorship     Partnership     Corporation  
 Limited Liability Co (LLC)     Estate/Trust     Public Service Corp.     Government/Nonprofit

Payment information will be reported to the IRS under the name and taxpayer I.D. number provided above. Information must be provided prior to Contract approval.

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**TERMS AND CONDITIONS**

**1. Standard of Care**

Consultant shall perform all services under this Contract using that care, skill, and diligence that would ordinarily be used by similar professionals in this community in similar circumstances.

**2. Effect of Expiration**

Passage of the Contract expiration date shall not extinguish, prejudice, or limit either party's right to enforce this Contract with respect to any default or defect in performance that has not been corrected.

**3. Order of Precedence**

This Contract consists of these Terms and Conditions, the Statement of Work and Payment Schedule, and any exhibits that are attached. Any apparent or alleged conflict between these items will be resolved by using the following order of precedence:

a) these Terms and Conditions; b) Statement of Work and Payment Schedule; and c) any exhibits attached to the Contract.

**4. Early Termination of Contract**

(a) The MHCRC may terminate this Contract for convenience at any time for any reason deemed appropriate in its sole discretion. Termination is effective immediately upon notice of termination given by the MHCRC.

(b) Either party may terminate this Contract in the event of a material breach by the other party that is not cured. Before termination is permitted, the party seeking termination shall give the other party written notice of the breach, its intent to terminate, and fifteen (15) calendar days to cure the breach. If the breach is not cured within 15 calendar days, the party seeking termination may terminate immediately by giving written notice that the Contract is terminated.

**5. Remedies and Payment on Early Termination**

- (a) If the MHCRC terminates pursuant to 4(a) above, the MHCRC shall pay the Consultant for work performed in accordance with the Contract prior to the termination date. No other costs or loss of anticipated profits shall be paid.
- (b) If the MHCRC terminates pursuant to 4(b) above, the MHCRC is entitled all remedies available at law or equity. In addition, Consultant shall pay the MHCRC all damages, costs, and sums incurred by the MHCRC as a result of the breach.
- (c) If the Consultant justifiably terminates the Contract pursuant to subsection 4(b), the Consultant's only remedy is payment for work prior to the termination. No other costs or loss of anticipated profits shall be paid.
- (d) If the MHCRC's termination under Section 4(b) was wrongful, the termination shall be automatically converted to one for convenience and the Consultant shall be paid as if the Contract was terminated under Section 4(a).
- (e) In the event of early termination, the Consultant's work product before the date of termination becomes property of the MHCRC.

**6. Assignment**

Consultant shall not subcontract, assign, or transfer any of the work scheduled under this agreement, without the prior written consent of the Project Manager. Notwithstanding the Project Manager approval of a subconsultant, the Consultant shall remain obligated for full performance hereunder, and the MHCRC shall incur no obligation other than its obligations to the Consultant hereunder. The Consultant agrees that if subconsultants are employed in the performance of this Agreement, the Consultant and its subconsultants are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

**7. Compliance with Applicable Law**

Consultant shall comply with all applicable federal, state, and local laws and regulations. Consultant agrees it currently is in compliance with all tax laws. Consultant shall comply with Title VI of the Civil Rights Act of 1964 and its corresponding regulations. In connection with its activities under this Contract, the Consultant shall comply with all applicable Grant Terms and conditions. This includes all terms and conditions contained in this Contract and, for a Contract involving a grant, the Grant Terms and Conditions.

**8. Indemnification for Property Damage and Personal Injury**

Consultant shall indemnify, defend, and hold harmless the MHCRC and the City, its officers, agents, and employees, from all claims, losses, damages, and costs (including reasonable attorney fees) for personal injury and property damage arising out of the intentional or negligent acts or omissions of the Consultant, its Subconsultants, suppliers, employees or agents in the performance of its services. Nothing in this paragraph requires the Consultant or its insurer to indemnify the MHCRC or the City for claims of personal injury or property damage caused by the negligence of the MHCRC or the City. This duty shall survive the expiration or termination of this Contract.

**9. Insurance**

Consultant shall obtain and maintain in full force at Consultant expense, throughout the duration of the Contract and any warranty or extension periods, the required insurance identified below. The MHCRC reserves the right to require additional insurance coverage as required by statutory or legal changes to the maximum liability that may be imposed on Oregon cities during the term of the Contract.

- (a) Workers' compensation insurance as required by ORS Chapter 656 and as it may be amended. Unless exempt under ORS Chapter 656, the Consultant and all subconsultants shall maintain coverage for all subject workers.
  - Required and attached //  Proof of exemption (i.e., completion of Workers' Compensation Insurance Statement)
- (b) General commercial liability (CGL) insurance covering bodily injury, personal injury, property damage, including coverage for independent consultant's protection (required if any work will be subcontracted), premises/operations, Contractual liability, products and completed operations, in per occurrence limit of not less than \$1,000,000, and aggregate limit of not less than \$2,000,000.
  - Required and attached //  Waived by Bureau Director or designee //  Reduce by Bureau Director or designee
- (c) Automobile liability insurance with coverage of not less than \$1,000,000 each accident, and an umbrella or excess liability coverage of \$2,000,000. The insurance shall include coverage for any auto or all owned, scheduled, hired and non-owned auto. This coverage may be combined with the commercial general liability insurance policy.
  - Required and attached //  Waived by Bureau Director or designee //  Reduce by Bureau Director or designee
- (d) Professional Liability and/or Errors & Omissions insurance to cover damages caused by negligent acts, errors or omissions related to the professional services, and performance of duties and responsibilities of the Consultant under this Contract in an amount with a combined single limit of not less than \$1,000,000 per occurrence and aggregate of \$3,000,000 for all claims per occurrence. In lieu of an occurrence based policy, Consultant may have claims-made policy in an amount not less than \$1,000,000 per claim and \$3,000,000 annual aggregate, if the Consultant obtains an extended reporting period or tail coverage for not less than three (3) years following the termination or expiration of the Contract.
  - Required and attached //  Waived by Bureau Director or designee //  Reduce by Bureau Director or designee

Continuous Coverage; Notice of Cancellation: The Consultant agrees to maintain continuous, uninterrupted coverage for the duration of the Contract. There shall be no termination, cancellation, material change, potential exhaustion of aggregate limits or non-renewal of coverage without thirty (30) calendar days written notice from Consultant to the MHCRC. If the insurance is canceled or terminated prior to completion of the Contract, Consultant shall immediately notify the MHCRC and provide a new policy with the same terms. Any failure to comply with this clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract.

Additional Insured: The liability insurance coverages, except Professional Liability, Errors and Omissions, or Workers' Compensation, shall be without prejudice to coverage otherwise existing, and shall name the MHCRC and City of Portland and its bureaus/divisions, officers, agents and employees as Additional Insureds, with respect to the Consultant's activities to be performed, or products or services to be provided. Coverage shall be primary and non-contributory with any other insurance and self-insurance. Notwithstanding the naming of additional insureds, the insurance shall protect each additional insured in the same manner as though a separate policy had been issued to each, but nothing herein shall operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the insurer would have been liable if only one person or interest had been named as insured.

Certificate(s) of Insurance: Consultant shall provide proof of insurance through acceptable certificate(s) of insurance, including additional insured endorsement form(s) and all other relevant endorsements, to the MHCRC prior to the award of the Contract if required by the procurement documents (e.g., request for proposal), or at execution of Contract and prior to any commencement of work or delivery of goods or services under the Contract. The Certificate(s) will specify all of the parties who are endorsed on the policy as Additional Insureds (or Loss Payees). Insurance coverages required under this Contract shall be obtained from insurance companies acceptable to the City of Portland. The Consultant shall pay for all deductibles and premium. The City reserves the right to require, at any time, complete, certified copies of required insurance policies, including endorsements evidencing the coverage the required.

Subconsultant(s): Consultant shall provide evidence that any subconsultant, if any, performing work or providing goods or service under the Contract has the same types and amounts of coverages as required herein or that the subconsultant is included under Consultant's policy.

#### **10. Ownership of Work Product**

All work product produced by the Consultant under this Contract is the exclusive property of the MHCRC. "Work Product" includes, but is not limited to: research, reports, computer programs, manuals, drawings, recordings, photographs, artwork and any data or information in any form. The Consultant and the MHCRC intend that such Work Product shall be deemed "work made for hire" of which the MHCRC shall be deemed the author. If for any reason a Work Product is deemed not to be a "work made for hire," the Consultant hereby irrevocably assigns and transfers to the MHCRC all right, title and interest in such work product, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrines. Consultant shall obtain such interests and execute all documents necessary to fully vest such rights in the MHCRC. Consultant waives all rights relating to work product, including any rights arising under 17 USC 106A, or any other rights of authorship, identification or approval, restriction or limitation on use or subsequent modifications.

Notwithstanding the above, all pre-existing trademarks, services marks, patents, copyrights, trade secrets, and other proprietary rights of Consultant are and will remain the exclusive property of Consultant.

#### **11. EEO Certification**

The Consultant must be certified prior to Contract execution, as Equal Employment Opportunity Affirmative Action Employers as prescribed by Chapter 5.33.076 of the Code of the City of Portland.

#### **12. Equal Benefits**

Consultant must certify prior to Contract execution, that they do not discriminate by policy or practice in the provision of employee benefits between employees with domestic partners and employees with spouses as prescribed by Chapter 5.33.077 of the Code of the City of Portland.

#### **13. Successors in Interest**

The provisions of this Contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and approved assigns.

#### **14. Severability**

The parties agree that if any term or provision of this Contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular term or provision held to be invalid.

#### **15. Waiver**

The failure of the MHCRC to enforce any provision of this Contract shall not constitute a waiver by the MHCRC of that or any other provision.

#### **16. Errors**

The Consultant shall promptly perform such additional services as may be necessary to correct errors in the services required by this Contract without undue delays and without additional cost.

**17. Governing Law/Venue**

The provisions of this Contract shall be interpreted, construed and enforced in accordance with, and governed by, the laws of the State of Oregon without reference to its conflict of laws provisions that might otherwise require the application of the law of any other jurisdiction. Any action or suits involving any question arising under this Contract must be brought in the appropriate court in Multnomah County Oregon.

**18. Amendments**

All changes to this Contract, including changes to the scope of work and Contract amount, must be made by written amendment and approved by the Chief Procurement Officer to be valid. Any amendment that increases the original Contract amount by more than 25% must be approved by the MHCRC to be valid.

**19. Business Tax Registration**

The Consultant shall obtain a City of Portland business tax registration number as required by PCC 7.02 prior to beginning work under this Contract.

**20. Prohibited Conduct**

The Consultant shall not hire any City employee who evaluated the proposals or authorized the award of this Contract for two years after the date the Contract was authorized without the express written permission of the City and provided the hiring is permitted by state law.

**21. Payment to Vendors and Subconsultants**

The Consultant shall timely pay all subconsultants and suppliers providing services or goods for this Contract.

**22. Access to Records**

The Consultant shall maintain all records relating to this Contract for three (3) years after final payment. The MHCRC may examine, audit and copy the Consultant's books, documents, papers, and records relating to this Contract at any time during this period upon reasonable notice. Copies of these records shall be made available upon request. Payment for the reasonable cost of requested copies shall be made by the MHCRC.

**23. Audits**

- (a) The MHCRC may conduct financial and performance audits of the billings and services specified in this Contract at any time in the course of the Contract and during the three (3) year period established by paragraph 22. Audits will be conducted in accordance with generally accepted auditing standards as promulgated in Government Auditing Standards by the Comptroller General of the United States Government Accountability Office.
- (b) If an audit discloses that payments to the Consultant exceed the amount to which the Consultant was entitled, the Consultant shall repay the amount of the excess to the MHCRC.

**24. Electronic Signatures**

The MHCRC and Consultant may conduct this transaction, including any Contract amendments, by electronic means, including the use of electronic signatures.

**25. Merger Clause**

This Contract encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether verbal or written.

**26. Dispute Resolution/Work Regardless of Disputes**

The parties shall participate in mediation to resolve disputes before conducting litigation. The mediation shall occur at a reasonable time after the conclusion of the Contract with a mediator jointly selected by the parties. Notwithstanding any dispute under this Contract, the Consultant shall continue to perform its work pending resolution of a dispute, and the MHCRC shall make payments as required by the Contract for undisputed portions of the work. In the event of litigation, no attorney fees are recoverable. No different dispute resolution paragraph(s) in this Contract or any attachment hereto shall supersede or take precedence over this provision.

**27. Progress Reports:  Applicable  Not Applicable**

If applicable, the Consultant shall provide monthly progress reports to the Project Manager as described in the Statement of the Work and Payment Schedule.

**28. Consultant's Personnel:  Applicable  Not Applicable**

If applicable, the Consultant shall assign the personnel listed in the Statement of the Work and Payment Schedule for the work required by the Contract and shall not change personnel without the prior written consent of the Project Manager, which shall not be unreasonably withheld.

**29. Subconsultants**

The Consultant shall use the subconsultants identified in its proposals. The Consultant shall not change subconsultant's assignments without the prior written consent of the Chief Procurement Officer. The City will enforce all social equity Contracting and Disadvantaged, Minority, Women and Emerging Small Business (D/M/W/ESB) subcontracting commitments submitted by

the Consultant in its proposals. Failure to use the identified D/M/W/ESB subconsultants without prior written consent is a material breach of contract.

For Contracts valued \$50,000 or more, the Consultant shall submit subconsultant payment and utilization information electronically, reporting ALL subconsultants employed in the performance of this agreement. More information on this process may be viewed on the City Procurement website at: <https://www.portlandoregon.gov/brfs/75932>. Contact the PTE Contract Compliance Specialist for submission guidelines.

Subconsultants are responsible for meeting all requirements applicable to the Consultant under this contract, including compliance with City policies and all applicable federal, state, and local laws and regulations.

### **30. Third Party Beneficiaries**

There are no third party beneficiaries to this Contract. Enforcement of this Contract is reserved to the parties.

### **31. Conflict of Interest**

Consultant hereby certifies that, if applicable, its Contract proposal is made in good faith without fraud, collusion or connection of any kind with any other proposer of the same request for proposals or other City procurement solicitation(s), that the Consultant as a proposer has competed solely on its own behalf without connection or obligation to, any undisclosed person or firm. Consultant certifies that it is not a City official/employee or a business with which a City official/employee is associated, and that to the best of its knowledge, Consultant, its employee(s), its officer(s) or its director(s) is not a City official/employee or a relative of any City official/employee who: i) has responsibility in making decisions or ability to influence decision-making on the Contract or project to which this Contract pertains; ii) has or will participate in evaluation or management of the Contract; or iii) has or will have financial benefits in the Contract. Consultant understands that should it elect to employ any former City official/employee during the term of the Contract then that the former City official/Consultant employee must comply with applicable government ethics and conflicts of interest provisions in ORS Chapter 244, including but not limited to ORS 244.040(5) and ORS 244.047, and the City's Charter, Codes and administrative rules, including lobbying prohibitions under Portland City Code Section 2.12.080.

### **32. Respectful Workplace Behavior**

The City of Portland is committed to a respectful work environment, free of harassment, discrimination and retaliation and other inappropriate conduct. Every individual has a right to work in a professional atmosphere where all individuals are treated with respect and dignity. The City's HR Rule 2.02 covers all employees with the City of Portland as well as consultants, vendors or consultants who provide services to the City of Portland. By signing this Contract/Agreement, the Consultant indicates compliance with all terms and conditions contained in this Contract including HR 2.02.

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## **STATEMENT OF THE WORK AND PAYMENT SCHEDULE**

### **SCOPE OF WORK**

#### **Consultant will complete the following:**

Develop retreat goals in consultation with Commissioners and staff  
Develop retreat agenda and materials  
Provide eight hours of facilitation at the retreat on Feb. 22, 2020  
Draft retreat notes

The City will enforce all social equity Contracting and Disadvantaged, Minority, Women and Emerging Small Business (D/M/W/ESB) subcontracting commitments submitted by the Consultant in its Proposal. For Contracts valued \$50,000 or more, the Consultant shall submit subconsultant payment and utilization information electronically, reporting ALL subconsultants employed in the performance of this agreement. More information on this process may be viewed on the City Procurement website at: <https://www.portlandoregon.gov/brfs/75932>. Contact the PTE Contract Compliance Specialist for submission guidelines.

### **COMPENSATION**

The maximum that the Consultant can be paid on this Contract is \$5,000 (hereafter the "not to exceed" amount.). The "not to exceed" amount includes all payments to be made pursuant to this Contract, including reimbursable expenses, if any. Nothing in this Contract requires the MHCRC to pay for work that does not meet the Standard of Care or other requirements of the Contract. The actual amount to be paid Consultant may be less than that amount.

### **PAYMENT TERMS: Net 30 Days**

#### **Progress Payments *[Do not delete these sections, but modify the provisions if there are specific Bureau needs]***

No later than April 15, 2020, the Consultant shall submit to the Project Manager an invoice for work performed by the Consultant. The invoice shall be on the Consultant's letterhead, signed by Consultant, contain an invoice number, and set out all items for payment including, but not limited to, tasks performed and the name of the individual who performed them.

The MHCRC shall pay all amounts to which no dispute exists within 30 calendar days of receipt of the invoice. Payment of any bill, however, does not preclude the MHCRC from later determining that an error in payment was made and from withholding the disputed sum from the next progress payment until the dispute is resolved.

The Consultant shall make full payment to its subconsultants within 10 business days following receipt of any payment made by the MHCRC to Consultant.

**ACH Payments**

It is the City's policy to pay Consultant invoices via electronic funds transfers through the automated clearing house (ACH) network. To initiate payment of invoices, Consultant shall execute the City's standard ACH Vendor Payment Authorization Agreement.

Upon verification of the data provided, the Payment Authorization Agreement will authorize the City to deposit payment for services rendered directly into Consultant accounts with financial institutions. All payments shall be in United States currency.

**WORKERS' COMPENSATION INSURANCE STATEMENT**

**IF YOUR FIRM HAS CURRENT WORKERS' COMPENSATION INSURANCE, CONSULTANT MUST SIGN HERE:**

I, undersigned, am authorized to act on behalf of entity designated below, and I hereby certify that this entity has current Workers' Compensation Insurance.

Consultant Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Entity: \_\_\_\_\_

**IF YOUR FIRM DOES NOT HAVE CURRENT WORKERS' COMPENSATION INSURANCE, CONSULTANT MUST COMPLETE THE FOLLOWING INDEPENDENT CONSULTANT CERTIFICATION STATEMENT:**

As an independent Consultant, I certify that I meet the following standards:

1. The individual or business entity providing labor or services is registered under ORS Chapter 701, if the individual or business entity provides labor or services for which such registration is required;
2. Federal and state income tax returns in the name of the business or a business Schedule C or form Schedule F as part of the personal income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent Consultant in the previous year; and
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when an individual or business entity files a Schedule F as part of the personal income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist. Consultant: check four or more of the following:

- \_\_\_\_\_ A. The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;
- \_\_\_\_\_ B. Commercial advertising or business cards as is customary in operating similar businesses are purchased for the business, or the individual or business entity has a trade association membership;
- \_\_\_\_\_ C. Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or services;
- \_\_\_\_\_ D. Labor or services are performed only pursuant to written Contracts;
- \_\_\_\_\_ E. Labor or services are performed for two or more different persons within a period of one year; or
- \_\_\_\_\_ F. The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

\_\_\_\_\_  
Consultant Signature

\_\_\_\_\_  
Date

**FOR CITY USE ONLY**

**PROJECT MANAGER-COMplete ONLY IF CONSULTANT DOES NOT HAVE WORKER'S COMPENSATION INSURANCE**

ORS 670.600 Independent Consultant standards. As used in various provisions of ORS Chapters 316, 656, 657, and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent consultant" if the standards of this section are met. The Contracted work meets the following standards:

1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing labor or services is responsible for obtaining all assumed business registrations or professional occupation licenses required by state law or local government ordinances for the individual or business entity to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for performance of the Contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

\_\_\_\_\_  
Project Manager Signature

\_\_\_\_\_  
Date

**CONSULTANT SIGNATURE:**

This Contract may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same Agreement.

The parties agree the MHCRC and Consultant may conduct this transaction, including any Contract amendments, by electronic means, including the use of electronic signatures.

I, the undersigned, agree to perform work outlined in this Contract in accordance to the STANDARD CONTRACT PROVISIONS, the terms and conditions, made part of this Contract by reference, and the STATEMENT OF THE WORK made part of this Contract by reference; hereby certify under penalty of perjury that I/my business am not/is not in violation of any Oregon tax laws; hereby certify that my business is certified as an Equal Employment Opportunity Affirmative Action Employer and is in compliance with the Equal Benefits Program as prescribed by Chapters 5.33.076 and 5.33.077 of Code of the City of Portland; and hereby certify I am an independent consultant as defined in ORS 670.600.

**Paula Manley Consulting**

BY: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CONTRACT NUMBER:** \_\_\_\_\_

**CONTRACT TITLE:** \_\_\_\_\_

**MT. HOOD CABLE REGULATORY COMMISSION**

By: \_\_\_\_\_  
Leif Hansen, Chair

Date: \_\_\_\_\_

Approved as to Form:

By: \_\_\_\_\_  
Mark Wolf, MHCRC Legal Counsel

Date: \_\_\_\_\_

**INFORMATION ONLY**

## **MEDIA POLICY UPDATE**

December 12, 2019

Prepared by Bea Coulter

### **OCT INTERIM DIRECTOR APPOINTED TO LEAGUE OF OREGON CITIES COMMITTEES**

Office for Community Technology (OCT) Interim Director, Elisabeth Perez will represent the City of Portland and the MHCRC on the League of Oregon Cities Telecommunications, Broadband & Cable Policy Committees for 2020-21. This important appointment will ensure that the Portland metro region will participate deeply in shaping statewide policy.

### **CITY OF PORTLAND MAYOR NOMINATED FOR MEMBERSHIP ON THE FCC IAC**

City of Portland Mayor, Ted Wheeler has been nominated for membership on the Federal Communications Commission (FCC) Intergovernmental Advisory Committee (IAC). The IAC provides aid to the Commission on telecommunications issues affecting local, state and Tribal governments that are within the jurisdiction of the FCC. Recent topics addressed by the IAC include telemedicine, disaster response coordination and emergency communications. We will update you when the final IAC appointments are identified.

### **FCC CABLE ORDER ON IN-KIND AND MIXED USE**

The FCC Order allows cable operators to reduce franchise fees by the fair market value of non-monetary benefits identified in the cable franchise. The Order introduces ambiguity in the franchise process that may result in litigation, and it allows a cable operator to use the public rights-of-way (ROW) for non-cable related lines of business without paying rent for access to the ROW.

Please refer to the Media Policy Update shared at the October MHCRC meeting for events related to this issue through the end of October 2019.

### **Motion to Stay implementation of the FCC Cable Order**

- **Oct. 7, 2019:** The National Association for Telecommunications Officers and Advisors (NATOA) had filed a Motion to Stay with the FCC requesting that implementation of the FCC Cable Order be delayed until after the conclusion of the appeal due to the financial hardship the Order would create in cities across the country.
- **Nov. 6:** The Motion to Stay was denied, however the response from the FCC did include a Franchise Modification process outline that established clarity for local franchise authorities (LFAs) and put the onus of proof that the Franchise was in violation of the FCC Cable Order on the Cable Provider.
- **Nov. 18:** The NCTA (Internet and Television Association) petitioned for clarification of the Stay, and the FCC opened a short comment period through Dec. 6 and reply comment period through Dec. 13. NATOA and the legal coalition will provide comments in support of LFAs.

- **Nov. 25:** The BBK legal coalition and NATOA filed a Motion to Stay with the 9<sup>th</sup> Circuit. A response should occur in the 2<sup>nd</sup> or 3<sup>rd</sup> week of December. *As of Dec. 12, there has been no response to this motion.*
- **Dec. 6:** The National Association of Telecommunications Officers and Advisers (NATOA) and the National League of Cities (NLC) submitted comments on behalf of LFAs across the country in response to the FCC's comment window on the NCTA's petition for clarification of the Denial of Stay.

### **Appeal of the FCC Cable Order Filed in the 9<sup>th</sup> Circuit Court**

- **Sep. 19, 2019:** The City of Eugene, the MHCRC, the City of Portland and a number of other municipalities and LFAs on the west coast filed an Appeal in the 9<sup>th</sup> Circuit Court with the argument that much of the content of the FCC Cable Order is in direct response to Eugene's right-of-way (ROW) rules. At that time the FCC submitted a request to the 9<sup>th</sup> Circuit that the Appeal be transferred to the 6<sup>th</sup> Circuit Court (where past issues of the proposed rulemaking had been addressed).
- **Nov. 26:** The 9<sup>th</sup> Circuit Court granted the FCC's request to transfer the appeal to the 6<sup>th</sup> Circuit (where the original Notice of Proposed Rulemaking on this topic had been heard and remanded). Approval of the transfer was not surprising, and our legal coalition is prepared to argue the case in the 6<sup>th</sup> Circuit.

### **FCC Open Commission Meeting – December 12, 2019**

The agenda was released on Dec. 5 and included consideration of a Notice of Proposed Rulemaking (NPRM) that would seek comment on changing current requirements for notices cable operators must provide consumers and local franchise authorities.

If approved\*, the FCC would be seeking comment on three specific issues related to Cable Provider notice obligations:

- 1) The Cable Providers obligation to provide notice to subscribers 30 days in advance of channel lineup changes when the change is due to retransmission/program carriage negotiations that fail during the last 30 days of a contract. In that situation the cable provider would provide notice "as soon as possible";
- 2) Modification of language to require service and rate change notices to LFAs "only if required by the LFA";
- 3) Adoption of several technical edits to sections 76.1601 and 76.1603 to make the rules "more readable and remove duplicative requirements."

In addition to seeking comment on the above three specific areas, the FCC would also seek "comment on whether there are any other changes to these rules or other notice rules that we should consider." This open-ended language creates an opportunity for any notice obligation to be modified which may result in erosion of consumer protections.

\* The FCC adopted the NPRM with caveats from Commissioner Starks that additional questions regarding consumer protections be included to ensure a robust comment record. We will monitor and update you on this proposed rulemaking as it develops.



November 26, 2019

Julie Omelchuck  
OCT/MHCRC  
MHCRC Program Manager  
111 SW Columbia St, Ste 600  
Portland, OR 97201

Re: Important Information – Price Changes

Dear Julie,

At Comcast, we're committed to delivering the entertainment and services that matter most to our customers in the MHCRC service area, as well as exciting experiences they won't find anywhere else. As we continue to invest in our network, products, and services, the cost of doing business rises. Programming fees – the cost associated with carrying the programming our customers demand, especially broadcast television and sports programming – continue to rise each year and are one of our biggest expenses. While we absorb some of these costs, these fee increases affect service pricing. As a result, starting January 1, 2020, prices for certain services and fees will be increasing, including the Broadcast TV Fee and the Regional Sports Network Fee. Please see the enclosed Customer Notice for more information.

While some prices may increase, we continue to invest in technology to drive innovation. We work hard to bring our customers great value every day and exciting new developments, including:

- Xfinity Stream app included with Xfinity TV has the most free shows and movies
- Apps like Netflix, Pandora, Amazon, and YouTube integrated on our X1 platform and easily accessed using our Voice Remote
- 163,000+ shows and movies on Xfinity On Demand
- Enhanced control of in-home Wi-Fi with Xfinity xFi
- Advanced security with the Xfinity Wireless Gateway
- The fastest Internet speeds in the country
- 19 million Xfinity WiFi hotspots nationwide

We know you may have questions about these changes. If I can be of any further assistance, please contact me at (503) 605-6357.

Sincerely,

Tim Goodman  
Senior Director, Government & Regulatory Affairs  
Oregon/SW Washington Region

# Important Information Regarding Xfinity Services and Pricing

Effective January 1, 2020

To our viewers, streamers, gamers, and online shoppers,

At Xfinity, we love keeping you connected to what matters most. We're proud to deliver exciting experiences you won't find anywhere else.

We want to let you know about some improvements we've made to your services, and also to tell you the cost of some of our services will be increasing. Nobody likes price increases, including us, but they happen periodically for a few reasons. Network programming fees—the amount networks charge us to put their channels on our cable system—go up every year, and they are among our biggest expenses. While we absorb some of these costs, these fee increases affect service pricing. You will also see changes in the "Other Charges, Service Fees, and Taxes" section of your bill to reflect current tax rates and adjustments.

We continue to invest in our products and services. These investments lead to big improvements year after year, including:

- Powerful in-home WiFi and a more reliable network with more capacity
- The fastest Internet speeds in the country
- Exciting new technology you depend on, and the integration of the apps you use every day
- Thousands of shows and movies available to watch on any screen, for our TV and Internet customers alike

You deserve the best, so we won't compromise on the experiences we create for you. As always, we sincerely thank you for being an Xfinity customer.

Your Xfinity Team

If you currently have a promotional offer or minimum term agreement with your services, those prices will stay the same throughout your promotional period or contract term. However, equipment charges, charges for additional features, taxes, and other fees, including the Broadcast TV Fee and Regional Sports Network Fee, may change. When your promotional offer or contract term ends, your bill will reflect our new package prices

## Experience the benefits of Xfinity

### Xfinity Internet:

---

The fastest Internet speeds in the country

---

Advanced security with our Xfinity Wireless Gateway

---

19 million Xfinity WiFi hotspots nationwide

### Xfinity TV:

---

Xfinity Stream app included with Xfinity TV has the most free shows and movies

---

Stream apps like Netflix, Pandora, Prime Video, and YouTube on X1 with the Voice Remote

---

163,000+ shows and movies on Xfinity On Demand

---

More details on these price changes are enclosed. For additional information, go to [xfinity.com/pricerechanges](http://xfinity.com/pricerechanges). For details on Xfinity features included with your service, see [my.xfinity.com](http://my.xfinity.com).

# Important Information Regarding Xfinity Services and Pricing

Effective January 1, 2020

<b>BASIC SERVICES</b>	Current	New
<b>Broadcast TV Fee</b>	\$10.00	\$14.95

<b>PAY-PER-VIEW AND ON DEMAND SUBSCRIPTION SERVICES</b>	Current	New
<b>CuriosityStream On Demand</b>	\$5.99	\$2.99

<b>XFINITY TV EQUIPMENT</b>	Current	New
<b>TV Box Limited Basic</b>	\$2.50	\$4.85
<b>TV Box</b>	\$2.50	\$4.85
<b>HD TV Box Limited Basic</b>	\$2.50	\$4.85
<b>CableCARD</b>	\$1.50	\$0.00

<b>MISCELLANEOUS</b>	Current	New
<b>Regional Sports Fee</b>	\$6.65	\$7.00

<b>XFINITY Internet</b>	Current	New
<b>Performance Select</b>	\$71.95	\$55.00
<b>Gigabit</b>	\$126.95	\$100.00
<b>Internet/Voice Equipment Rental</b>	\$13.00	\$14.00

Clackamas County, Damascus, Fair View, Gresham, Happy Valley, Hollywood, Hyden Island, Maywood Park, Multnomah County, Portland, St Johns, Troutdale, Wood Village, OR