

**Troutdale, June 14, 7:00 PM**

Good Evening Mayor and fellow Council members.

I am Norman Thomas, your appointed representative to the Mt. Hood Cable Regulatory Commission.

Also with me tonight is Sebastian Rodrigues, Sr. Financial Analyst for the MHCRC.

And Rob Brading, executive director of MetroEast Community Media.

We are here this evening to present the fiscal year 2011-12 budget request for the MHCRC and to seek your approval.

The Mt. Hood Cable Regulatory Commission is an intergovernmental partnership among the Cities of Gresham, Fairview, Portland, Troutdale, Wood Village and Multnomah County.

Each jurisdiction appoints citizen representatives to the MHCRC.

The MHRC has regulatory, oversight and negotiation responsibilities for the four cable services franchises within the cities and the County. (Comcast, CenturyLink, Frontier, Reliance Connects)

The city of Troutdale has two cable service franchises in our city; Comcast and Frontier.

The MHCRC retains about three, full-time staff people to support and accomplish its work.

Over this past year, the Mt. Hood Cable Regulatory Commission has provided many services to Troutdale and its citizens.

I would like to highlight just a few here:

The MHCRC finalized a comprehensive study of our communities' communications technology needs and interests. A brochure with a summary of key findings is included in the budget proposal.

The study has provided a basis for the community benefits in a renewed Comcast cable franchise. In addition, we hope policy-makers, including yourselves, will find the study useful to help inform local decisions.

The MHCRC has been diligently negotiating with Comcast since April 2010 on terms of a renewed franchise agreement. The negotiations have been slow but steady.

The community impact of this renewal is great and it will help define local community communications resources over the next decade.

Nearly \$4 million annually, countywide, in dedicated grant and capital funds are at stake.

About \$6 million in cable franchise fees are at stake.

The low cost, high speed network connections at all the schools, libraries and local governments throughout the County are at stake.

The renewal will also greatly define MetroEast's resources to provide media literacy tools and content for our communities and local governments.

Needless to say, the Commission has invested a good deal of its resources in the negotiations process for the past year.

### **Now to the Budget**

You have a copy of the MHCRC's FY2011-12 budget request in front of you.

The budget recommendation was approved by the full Commission May 16, and was sent to Troutdale, Finance Director, Erich Mueller.

The budget responds to several challenges faced by the Commission for upcoming year:

The MHCRC has focused its resources on the following three priorities:

- Conclude the franchise renewal process with Comcast (highest priority)
- Maintain the Commission's core responsibility of franchise management and regulation (for example, consumer protection, complaint resolution, franchise fee payments); AND
- Manage the franchise public benefit resources to benefit our communities (for example, the grant program, I-Net, community access channels & services).

Two factors that significantly impacted the MHCRC budget proposal this year are:

ONE: The strong possibility that Frontier will exit the cable TV video market within the next year, therefore reducing franchise fee revenue to Gresham, Troutdale, Fairview and Wood Village; AND

TWO: The need to provide a reserved contingency to fund a Formal Renewal Process, under Federal Law, if necessary to conclude the Comcast cable franchise renewal.

The Financial Summary of the MHCRC's budget proposal is included on page 13.

As you can see, the MHCRC has projected that cable franchise fee revenue will remain relatively flat from the current fiscal year estimate.

The Commission's line item, operating budget is included on page 15.

The proposed MHCRC's core Operating Budget is about 1% higher than the MHCRC's current year operating budget. This amount includes retaining the current staffing level and minimal resources to fulfill the Commission's regulatory and public benefit obligations.

When the one-time, contingency reserve amount is included, the proposed budget increases by about 17% from the current year budget. Please keep in mind that the contingency reserve will only be spent if the MHCRC pursues the Formal Renewal Process to conclude the Comcast franchise. If the renewal is concluded through informal negotiations, the reserve funds will be credited back to the Jurisdictions.

Each jurisdiction contributes to the MHCRC's annual budget. Troutdale's net contribution will be a little over \$16,000. Troutdale will receive about \$49,000 from cable franchise fees, after disbursement of funds to MetroEast and contribution to the MHCRC operating budget. The franchise fee revenue and disbursement detail is included on page 22.

**In conclusion,**

The Mt. Hood Cable Regulatory Commission respectfully requests that the Troutdale Council approve the 2011-12 Commission proposed budget.

We are happy to answer any questions you may have.