



## Mid-Willamette Valley Cable Regulatory Commission

### Budget Committee Meeting

CCTV Studio, 575 Trade Street, Salem, Oregon

June 11, 2018

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#### ATTENDANCE

**Members Present:** Sam Brentano, Brad Nanke

**Members Absent:** Cara Kaser

#### **Budget Committee**

**Members Present:** Jane Cummins, Beth Vargas-Duncan

**Staff Present:** Alan Haley, Dennis Mansfield, Scott Norris, Perry Grier, Jolene Bray

**Guests:** Alan Bushong, CCTV  
Ryan Zink, City of Salem  
Cynthia Granitir, Marion County Finance  
Tim Goodman, Comcast  
Cara Fischer, CCTV Board  
Jim Randall, CCTV Board  
Larry Beer, CCTV Guest

**Minutes:** Jolene Bray

#### **I. CALL TO ORDER: 3:06 P.M.**

Commissioner Brentano called the Cable Regulatory Commission Budget Committee Meeting to order.

#### **II. ELECTION OF CHAIR**

Commissioner Brentano made a motion to appoint Councilor Nanke as the 2018-2019 Cable Regulatory Commission Budget Committee chair. Councilor Nanke seconded the motion and it was approved unanimously.

#### **III. MINUTES**

Jane made a motion to approve the June 13, 2017, budget committee minutes as submitted. Beth seconded the motion. There was no discussion and the motion was approved unanimously.

#### **IV. PUBLIC HEARING:**

##### **Present Budget Message – Alan Haley**

Alan H. said this is the Mid-Willamette Valley Cable Regulatory Commission's proposed budget for fiscal year 2018-19. The commission is responsible for monitoring and enforcing the provisions of the Cable Ordinance and Franchise Agreement as it relates to Comcast Cable Services, the City of Salem and Marion County, and for providing cable access for public, educational and governmental purposes (PEG) in the area served by Comcast Cable Services within the jurisdictions.

The budgeted resources are 27% from franchise fees from the City of Salem and Marion County, 20% capital funds based on a 1.5% PEG fee, and 52% from Net Working Capital. There is also \$12,000 budgeted in interest income.

The requirements are in line with previous fiscal years with the only real change being a 23% increase in Capital Outlay. Requirements will be discussed in more detail as part of the budget presentation.

In summary, the total budget is \$3,372,020 and represents the required resources and requirements needed to provide the services in fiscal 2018-19. It shows funds to meet on-going obligations and sufficient cash flow for the upcoming year. The budget has been prepared in accordance with Oregon municipal budget law.

### **Overview and Line Item Review – Perry Grier**

Perry said there is no increase in franchise fees. He said he does not think this is an issue yet but has noticed over the last 4-5 months that the cable revenues received were less than anticipated. Perry said we are receiving revenue amounts very similar to last year. He said he discussed this with the cable officer and decided it was more conservative to not budget for an increase this year but to keep it on par with last year's revenues, which will give him time to analyze the trends of the revenues being received. Perry said he has worked with Comcast in past to try and get empirical data for a better analysis of the revenue fluctuations but wasn't able to come up with anything conclusive based on the data available. He said the only method he has now is to watch trends and see how they correspond to this area, and that more analysis is needed before he can come up with anything more conclusive.

Perry said interest rates continue to rise and there is a nice base for earning interest. He said he budgeted for interest of about \$1,000 a month, which is conservative. He said out of requirements most of amount are similar to last year, but one big change is cable access services, which is seeing a \$30,000 increase for CCTV projects. Alan B. said the primary increase in the budget is for a full-time media instructor to meet the needs of the public.

Perry said he did not budget any amounts for Berry Elsner & Hammond for attorney's fees because the franchise negotiating process is done. He said he budgeted \$16,500 for NATOA and Oregon Connections conferences, which is consistent with last year.

### **CCTV Budget Review**

Alan B. said they are in their 10<sup>th</sup> year and things are going well. He said they are ready to put local programming on the upcoming HD channel. He said CCTV is requesting approval to purchase the vacant east end of the floor of their building. He said that would add 1,300 sq. ft. and would allow them to create a third studio to go live or be used without a crew, and it can also be used by the city for a Joint Information Center (JIC). Alan B. said this would add a permanent asset to this facility. Commissioner Brentano said when the building was built, they cut out the garage and limited space to meet the budget. He said that as time has gone on they've needed to purchase a garage for the trucks and are now expanding the space. Commissioner Brentano said he thinks they should get what is needed to do the work. Alan B. said that when they started out this wasn't a JIC and they didn't do streaming, but the more places they can automate the better.

Beth told Alan B. she thought he was doing a great job. She asked Tim if he anticipates any changes in Comcast's services with the change to net neutrality. Tim said Comcast has abided by net neutrality and has no plans to change that. He said the only difference is they will invest more money because Title II resources will go away. Tim said they are seeing more people using over-the-top (OTT) services and the more that happens will impact revenue. He said the overall number of subscribers that drop cable service is due to OTT. Perry said Salem and Marion County seem to be outside the bubble of communities that are losing revenues, but he will keep an eye on it. He said revenues started strong in FY 2017-18 but have since begun to decline.

**Public Testimony on Proposed Budget**

There was no public testimony.

**V. BUDGET DISCUSSION**

Alan H. asked if there was any more discussion about purchasing the office space at the east end of building. There was not. He said he will bring this back to the CRC at a future meeting for discussion but wants to include in budget. Jane asked that the budget commissioners be notified if budget numbers change. Councilor Nanke said they would.

**VI. APPROVAL AND RECOMMENDATION TO COMMISSION**

Commissioner Brentano made a motion to recommend that the Mid-Willamette Cable Regulatory Commission approve the 2018-19 budget. Jane seconded the motion and it was approved unanimously.

**VII. OTHER BUSINESS**

There was no other business brought forth.

**VIII. ADJOURNMENT: 3:26 p.m.**