



Mid-Willamette Valley Cable Regulatory Commission

Budget Committee Meeting

CCTV Studio, 575 Trade Street, Salem, Oregon

June 9, 2016

ATTENDANCE

Committee Members Present: Sam Brentano, Brad Nanke

Committee Member Absent: Daniel Benjamin

Budget Committee Members Present: Jane Cummins, Beth Vargas Duncan

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

Guests: Alan Bushong, CCTV
Marc Weinstein, City of Salem
Ryan Zink, City of Salem
Tim Goodman, Comcast

Minutes: Jolene Bray

I. CALL TO ORDER: 4:01 P.M.

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

II. ELECTION OF CHAIR

Jane made a motion to appoint Commissioner Brentano as the budget committee chair. Beth seconded the motion and it was approved unanimously.

III. MINUTES

Jane made a motion to approve the June 15, 2015, budget committee minutes. 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 2016-17. He said 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.

Alan H. said the budgeted resources are mostly from franchise fees from the City of Salem and Marion County, as well as capital funds from a 1.5% PEG fee. He said there is also Net Working Capital of \$1.5 million.

Alan H. said the requirements are generally in line with previous years and will be discussed in more detail by Perry in the next segment of this meeting. He said there is one capital item for \$550,000 for a proposed new building to house CCTV's vehicles, which is a very high priority and needs to be completed this year.

Alan H. said the total budget is \$3,017,837 and represents the required resources and requirements needed to provide the services in fiscal 2016-17. He said it shows there are funds to meet ongoing obligations and sufficient cash flow for the upcoming year. Alan said the budget has been prepared in accordance with Oregon's municipal budget law.

Overview and Line Item Review – Perry Grier

Perry said there was a 4.5% increase in intergovernmental franchise fees that includes the fees received from each jurisdiction and the PEG fee from Comcast as is in line with previous years. He said he budgeted conservatively so the actual revenues are higher and there are no indications that won't be the case this year as well. Perry said in previous years he budgeted interest at a flat rate because the interest rate was so low with no movement for a few years. He said this year because there was slight movement and because we didn't complete the purchase for the CCTV building, he budgeted the interest rate slightly higher than previous year. Perry said expenditures have remained relatively flat with the exception of cable access services, which increased by \$20,000 this year. Alan B. said it was a bit more expensive to do business this year with more staff costs and higher building and utility fees. He said the budget was very similar to previous years and was good for CCTV and the jurisdictions because it was consistent.

Perry said contractual services went down by \$10,000 because there were less franchise renewal costs. He said his understanding is this should be wrapped up soon so that is reflected in the budget. Perry said there was an increase in approximately \$3,000 in travel costs, which represents six people going to the NATOA conference instead of five. He said the other increase is \$550,000 in capital outlay for the purchase of the CCTV storage building. Alan B. said they have worked with the City of Salem and looked at their Public Works facilities but couldn't find a property that worked. He said they also looked at purchasing a building near the airport but found it was not workable due to restrictions on its use. Alan B. said they will continue to look for a suitable property and that it is a very high priority for not only storing the vehicles, but also doing training and maintenance. He said they would also like to have a mobile media lab that they can use for teaching at schools. Alan B. said they've completed their conversion to HD and are putting out an HD signal. Perry said there is \$200,000 in contingency and an unappropriated balance, both of which have remained relatively flat. Commissioner Brentano said he is very supportive of the garage purchase and hopes we find a suitable property this year.

Jane asked for an update on the Comcast negotiation. Alan H. said negotiations are pretty close to completion. Sam asked what issues were still being worked out. Alan H. said the issues remaining were dark fiber and when to get off/when to start paying, HD channels, and some language regarding customer service. He said he's confident they won't be bringing a renewal request to the CRC in December. Tim said the parties are meeting next week and are meeting more frequently, and said he also feels they're very close.

CCTV Budget Review

Alan B. said covered in previous segment.

Public Testimony on Proposed Budget

There was no public testimony.

V. BUDGET DISCUSSION

There was no further discussion. Beth said she was glad to see revenues are remaining steady but has concerns as she learns about potential competitors. She asked Tim what Comcast is doing to remain competitive. Tim said they are constantly looking for ways to improve and are currently building a skyscraper in Philadelphia for research and development. He said they had bottomed out on video subscribers but that is going back up thanks to items they've added, such as the new X1 box. He said their biggest concern is the FCC proposing rules that their cable box would have to be opened to Over-The-Top (OTT) services and it could be mined online, which could cause them to lose a lot of customers. He said their chairman made a commitment that customer service would be their biggest product and priority. Tim said every employee in this region has gone through customer service training and their annual reviews are now based on that. He said Comcast is spending \$800M this year on training and know this is key to maintaining a customer base.

VI. APPROVAL AND RECOMMENDATION TO COMMISSION

Beth made a motion to recommend the CRC approve the 2016-2017 budget. Jane seconded the motion and it was approved unanimously.

VII. OTHER BUSINESS

There was no other business brought forth.

Alan thanked Beth and Jane for their continued participation on the CRC budget committee.

VIII. ADJOURNMENT: 4:19 p.m.