City of Portland
Office for Community Technology

Ted Wheeler, Mayor
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Broadband & Communications Policy | Cable Regulation & Consumer Protection | Utility Franchises, Licenses & Wireless

REQUESTED BUDGET
Fiscal Year 2020-21

"Keeping our local communities economically and culturally healthy"

Mayor Ted Wheeler
Elisabeth Perez, Interim Director

Submitted January 29, 2020

An Equal Opportunity Employer
To help ensure access to program, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

Office of Mayor Ted Wheeler
City of Portland

To: Commissioner Chloe Eudaly
Commissioner Amanda Fritz
Commissioner Jo Ann Hardesty
Auditor Mary Hull Caballero
City Budget Office

From: Mayor Ted Wheeler

Date: January 18, 2020

RE: Office for Community Technology FY20-21 Requested Budget

I am pleased to convey to you the Office for Community Technology Requested Budget for FY19-20. The office plays a critical role in the defense and management of General Fund revenues, protection of the public right-of-way for the City and residents, and advocacy at the state and federal level regarding the use and implementation of established and emerging technologies. In September 2018, City Council agreed to reestablish the Office for Community Technology as a standalone bureau. There are no significant changes to OCT's budget for the 2020-21 Fiscal Year.

OCT has developed one add package. Below are highlights and impacts:

Financial Analyst

OCT did not retain any financial support when it moved out of the Revenue Division and has been contracting with OMF for basic financial support. Without a dedicated financial analyst, the leadership team has absorbed more of the fiduciary duties that would normally fall on financial staff. OCT staff, manages several legal and professional contracts and on behalf of the Mt. Hood Cable Regulatory Commission, manages a $14 million dollar fund and several grant agreements.

I believe the rapidly changing landscape regarding technology, particularly regarding 5G has required the Office for Community Technology to think differently about the way we conduct franchise management. Over the next few years I anticipate additional improvements to diversify revenue streams and increase compliance.

Thank you for your consideration.

Mayor Ted Wheeler

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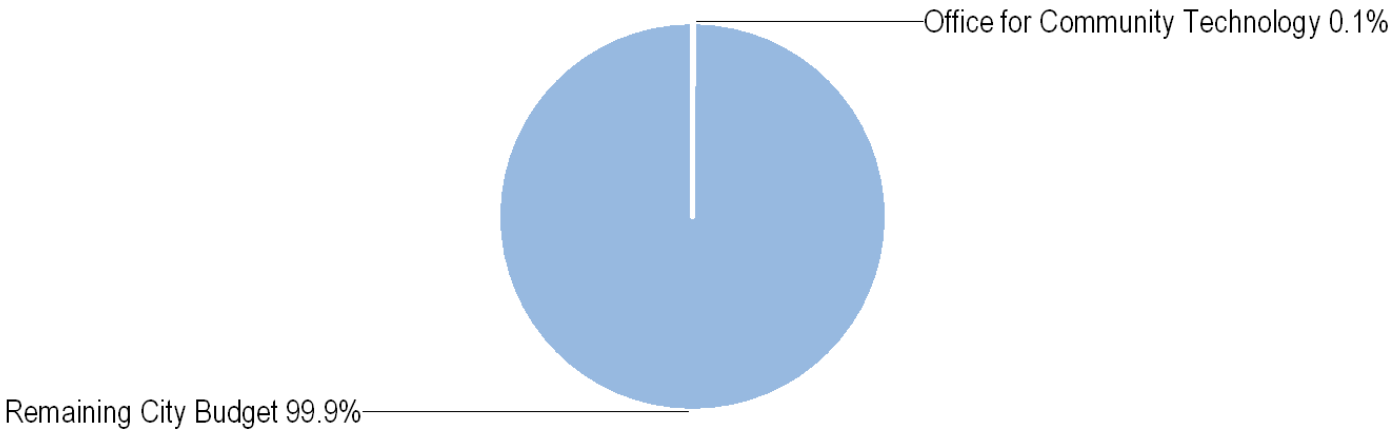
Office for Community Technology

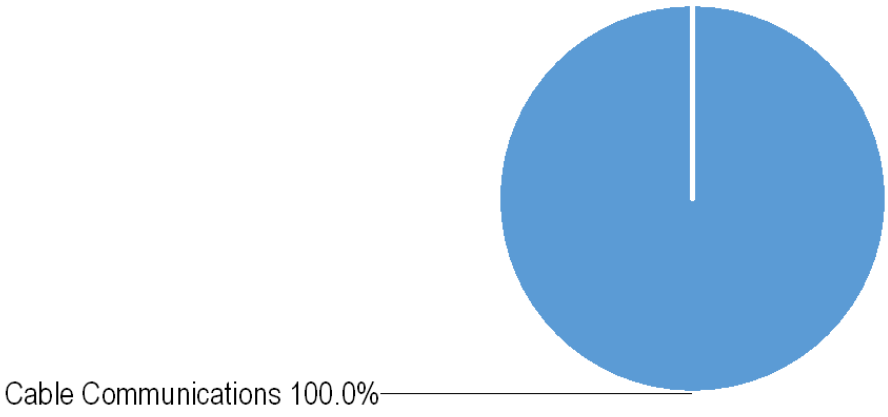
Community Development Service Area

Mayor Ted Wheeler, Commissioner-in-Charge
Vacant, Director

Percent of City Budget Graph

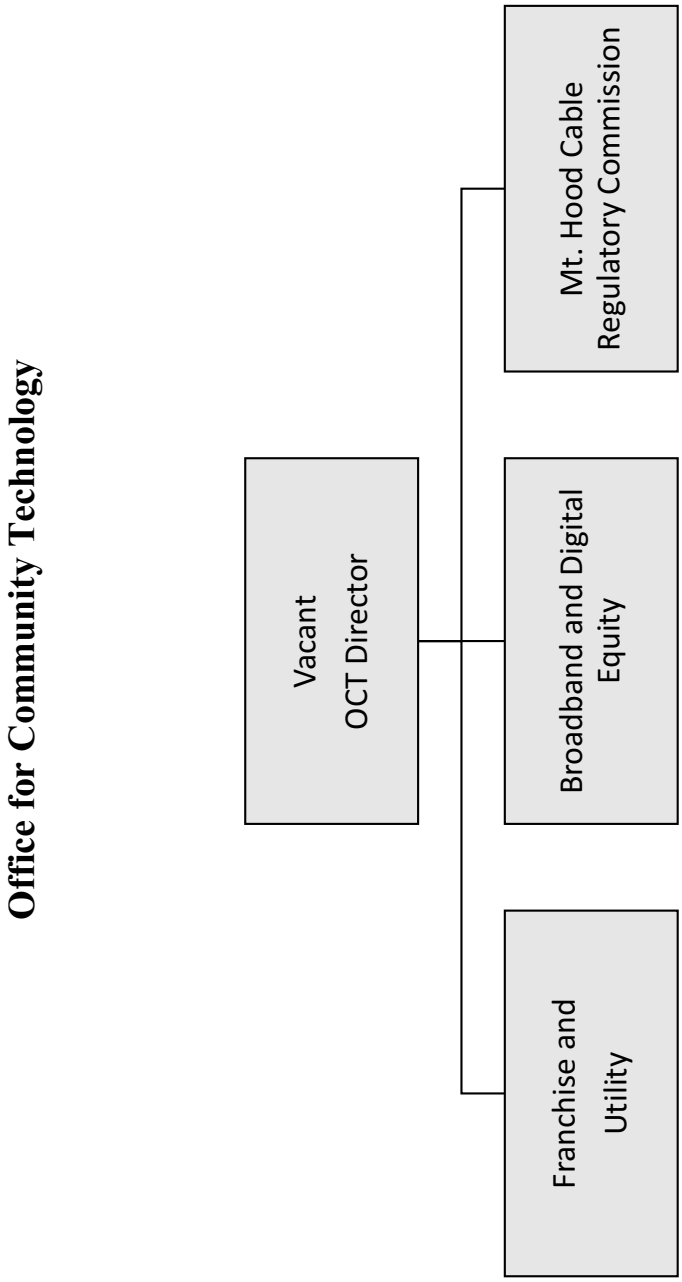


Bureau Programs



Bureau Overview

Requirements	Revised FY 2019-20	Requested FY 2020-21	Change from Prior Year	Percent Change
Operating	$3,918,462	$3,533,302	$(385,160)	(10)%
Capital	$0	$0	$0	0%
Total	**$3,918,462**	**$3,533,302**	**$(385,160)**	**(10)%**
Authorized Positions	10.00	12.00	2.00	0%


Office for Community Technology
Vacant
OCT Director
Broadband and Digital Equity
Mt. Hood Cable Regulatory Commission
Franchise and Utility

The Office for Community Technology

Mission

The Office for Community Technology (OCT) builds community capacity and champions investments and public policy in a rapidly changing communications technology, utility and broadband landscape to keep our local communities economically and culturally healthy.

Bureau Overview

The Office for Community Technology (OCT) champions public policy and local resources and investments to ensure the benefits of communications technology are available to all in support of an equitable, sustainable and economically healthy city. OCT ensures the public interest is considered and embedded in City legal agreements and policies, and that the City and its residents are fairly compensated, for private industry use of public right-of-way and property in rapidly-evolving and dynamic communications technology, utility and broadband markets. The bureau fees constitute the City's third largest source of general fund revenue.

The Franchise and Utility program negotiates and administers franchise agreements granting access to the public right-of-way. Staff utilize the City's authority to manage the long-term use of public rights-of-way and levy taxes and fees and ensure the city is fairly compensated for use of the right-of-way.

In FY18-19, there were approximately 275 total Franchise and Utility accounts, which generated about $83 million annually for the city's general fund. Staff are developing performance measures for FY 20-21 to align with city priorities.

The Digital Equity and Inclusion program implements the Digital Equity Action Plan (DEAP). Through plan implmentation, the program leads the development of partnerships and funding opportunities, advances city-wide policy recommendations, and pursuing strategies to increase competitive, affordable, and equitable broadband internet access for all residents, businesses, public institutions, and community organizations. Since adoption of the DEAP in 2016, more people are connected and using the Internet. Today the number of households in Multnomah County with a Broadband Internet subscription is 90% compared to 82% in 2016. While 63% of households with income less than $20K/year reported having an Internet subscription in 2016, nearly 70% of households at this income level reported having an Internet subscription in 2018. More significantly, the gap between households with income over $75K/year and households with less than $75K/year with an Internet subscription is narrowing. (source: American Community Survey)

The Mt. Hood Cable Regulatory Commission (MHCRC) advocates for and protects the public interest in the regulation and development of cable communications systems in Multnomah County and the Cities of Fairview, Gresham, Portland, Troutdale and Wood Village; monitors and helps resolve cable subscribers' concerns in these jurisdictions; and participates in the planning and implementation of community use of cable communications technologies which

make use of the public right-of-way. The cable franchises generate about $6.4 million annually for the city's general fund. MHCRC directs collection and distribution of franchise fees through a segregated fund (a balance of about $14 million) for the East County cities and Multnomah County and of the PEG/I-Net fees for community benefit purposes.

Strategic Overview

New Bureau Strategic Plan

OCT will engage in planning to establish the new mission, strategic direction, and enhance current programs while working with fellow bureaus and the community to best meet the City's current and future needs regarding technology.

Threats to Local Control and Revenues

OCT's expertise and policy work at the national, state, and regional levels in defending local authority has never been more critical. Local governments are experiencing unprecedented and continuing federal and state preemption efforts, many aimed at reducing fair compensation and other community benefits derived from the use of public right-of-way and property by communications companies.

Process Improvements

The proliferation of internet of things (IoT) devices and the technology to support these (i.e. 5G) has resulted in marked increases in requests from private industry to use public right-of-way and property to support their commercial applications and services. OCT will coordinate cross-bureau efforts to develop public policies for right-of-way access for wireless service, internet of things devices, and other emerging technologies. OCT will also develop substantial regulatory and process improvements to manage the increasing amount of wireless equipment in the right-of-way.

Shifting Revenue Landscape

With shifts away from traditional cable television and land-line telephones, the City is seeing decreased fees collected from companies that deliver these services. OCT will implement policy and code changes that address this shift to support essential services for City residents.

Digital Equity

The City has never dedicated ongoing funds to the Digital Equity and Inclusion programming. Through some shifting in resources, the Office for Community Technology has increased funds to the program to ensure that staff will immediately be able to act on the needs identified in the Community Needs Ascertainment and DEAP phase II development will produce concrete, actionable goals to lead the work of the City and community partners.

Comcast Franchise Negotiation

The franchise term between Comcast and the jurisdictions of the Mt. Hood Cable Regulatory Commission (Portland, Gresham, Fairview, Troutdale, Wood Village, and Multnomah County) expires December 31, 2021. OCT leads the negotiation process for the Commission and its member jurisdictions. By June 2020, the MHCRC will complete a study to assess local needs for community media and digital literacy resources and access to affordable network infrastructure and Internet services. The study will provide the basis for the MHCRC to negotiate franchise renewal terms to support demonstrated community needs. Due to rule-making at the Federal Communications Commission and subsequent lawsuits filed by the MHCRC on behalf of the jurisdictions and the City of Portland, the policy landscape for franchise renewal remains uncertain.

Major Issues

Vacant and temporary high-level leadership positions (OCT manager and OCT director) have had disruptive impacts on the OCT and its programs and services. The continued vacancies put a strain on the ability of staff to perform work across all programs. Intentional and quick conclusion to the reorganization will be vital to the bureau's ability to provide services at prior years' levels and to quickly respond to the changing communications technology landscape.

Summary of Budget Decisions

Financial Analyst

OCT did not retain any financial support when it moved out of the Revenue Division and has been contracting with OMF for basic financial support. Without a dedicated financial analyst, the leadership team has absorbed more of the fiduciary duties that would normally fall on financial staff. OCT staff manages several legal and professional contracts and, on behalf of the Mt. Hood Cable Regulatory Commission, manages a $14 million fund and several grant agreements. The proposed position would report directly to the OCT director and serve each of the three programs. This position would serve as the finance, budget and administrative manager. This position would establish and administer financial, budgetary and accounting controls, provide oversight and ensure compliance of all contracts in accordance with City of Portland requirements. This positional will provide short- and long-term financial forecasting and analyze current financial position and financing issues and develop solutions.

Summary of Bureau Budget

	Actuals FY 2017-18	Actuals FY 2018-19	Revised FY 2019-20	Requested No DP FY 2020-21	Requested FY 2020-21
Resources					
External Revenues					
Intergovernmental	0	401,456	1,109,546	1,063,816	1,063,816
External Revenues Total	**0**	**401,456**	**1,109,546**	**1,063,816**	**1,063,816**
Internal Revenues					
General Fund Discretionary	0	1,598,467	2,808,916	2,392,866	2,469,486
Internal Revenues Total	**0**	**1,598,467**	**2,808,916**	**2,392,866**	**2,469,486**
Beginning Fund Balance					
Resources Total	**0**	**1,999,923**	**3,918,462**	**3,456,682**	**3,533,302**
Requirements					
Bureau Expenditures					
Personnel Services	0	810,067	1,650,490	1,711,406	1,864,646
External Materials and Services	0	1,133,912	1,730,229	1,547,189	1,470,569
Internal Materials and Services	0	55,943	537,743	198,087	198,087
Bureau Expenditures Total	**0**	**1,999,923**	**3,918,462**	**3,456,682**	**3,533,302**
Ending Fund Balance					
Requirements Total	**0**	**1,999,923**	**3,918,462**	**3,456,682**	**3,533,302**
Programs					
Cable Communications	—	1,999,923	3,918,462	3,456,682	3,533,302
Total Programs	**—**	**1,999,923**	**3,918,462**	**3,456,682**	**3,533,302**

FTE Summary

		Salary Range		Revised FY 2019-20		Requested No DP FY 2020-21		Requested FY 2020-21	
Class	Title	Min	Max	No.	Amount	No.	Amount	No.	Amount
30003003	Administrative Specialist II	48,277	93,018	1.00	67,164	1.00	67,164	1.00	67,164
30003006	Analyst I	53,290	102,648	1.00	55,369	1.00	79,008	1.00	79,008
30003007	Analyst II	63,336	109,491	1.00	92,997	1.00	92,997	1.00	92,997
30003008	Analyst III	69,805	131,248	2.00	220,522	2.00	220,522	2.00	220,522
30003027	Coordinator I - NE	48,277	93,018	0.00	0	1.00	56,160	1.00	56,160
30003028	Coordinator II	53,290	102,648	2.00	194,751	2.00	194,751	2.00	194,751
30003029	Coordinator III	63,336	109,491	1.00	101,733	1.00	101,733	1.00	101,733
30003056	Financial Analyst III	69,805	131,248	0.00	0	0.00	0	0.00	0
30003082	Manager II	92,851	168,834	1.00	102,273	2.00	234,925	2.00	234,925
	Total Full-Time Positions			**9.00**	**834,809**	**11.00**	**1,047,260**	**11.00**	**1,047,260**
30003027	Coordinator I - NE	48,277	93,018	1.00	40,205	0.00	0	0.00	0
	Total Limited Term Positions			**1.00**	**40,205**	**0.00**	**0**	**0.00**	**0**
	Grand Total			**10.00**	**875,014**	**11.00**	**1,047,260**	**11.00**	**1,047,260**

CITY OF PORTLAND OREGON
1851

Franchise and Utility

Program Description & Goals

The Franchise and Utility program negotiates and administers franchise agreements granting access to the public right-of-way. Staff utilize the City's authority to manage the long-term use of public rights-of-way and levy fees and ensure the city is fairly compensated for use of the right-of-way.
In FY18-19, there were approximately 275 total Franchise and Utility accounts, which generated about $83 million annually for the city's general fund. The program is the City's third largest source of general fund revenue. Staff are developing performance measures for FY 20-21 to align with city priorities.

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
Total franchise and utility license fees collected	0	0	0	$93,000,000	$93,000,000
Franchise and utility management program efficiency ratio	0	0	0	1.5%	1.5%
Total amount of one-time fees collected from audits	0	0	0	$1,500,000	$1,500,000
Number of legislative actions taken to protect right-of-way authority on bills or proposed actions	0	0	0	1	1
Net change in utility and franchise fees not attributable to inflation	0	0	0	$1,000,000	$1,000,000

Explanation of Services

The public right-of-way is the city's largest asset and is held in trust by the city for its residents. The city grants utilities and other companies the authority to build infrastructure in the public right-of-way to provide essential services to Portland residents. Utilities that profit from the use of the public right-of-way should offer fair value in return to further City goals, including access and affordability. The program collects approximately $83 million annually for the general fund which goes to fund essential city services, such as police, fire, parks, transportation.

The Franchise and Utility Program does the following:
• Negotiates and administers franchise agreements granting access to the right-of-way, collects compensation negotiated from those agreements, and administers the agreements on behalf of the city.
• Administers privilege taxes and the utility license code, applicable to utilities operating within the city of Portland, including telecommunications companies who do not install or maintain infrastructure.
• The program administers approximately 55 franchises and 220 utility license accounts.
• Also supporting the program is a full-time auditor position who exclusively audits franchise and utility license accounts. The auditor position is part of the Revenue Division's audit section. Franchise and Utility Program, in collaboration with the permanent audit position in Revenue Division is collaborating on joint processes, policies and coordination between bureaus, including refining the audit appeals and audit settlement process.
• Works closely with other city bureaus, jurisdictions and industry in developing policies for a connected, smart city, including tracking state and federal legislation on affecting the city's authority to manage the right-of-way.
• Under the City Charter, franchise agreements are subject to public notice and approved by City Council before becoming effective. The public has an opportunity to engage at these stages.

Equity Impacts

The program supports essential City services through managing access to the public right-of-way and the administration and collection of franchise and utility license fees. The program is the third largest source of general fund revenue.

Changes to Program

Staff are actively monitoring and participating in interbureau efforts to develop and coordinate public policies for right-of-way access for wireless service and internet of things devices. These efforts are vital because of unprecedented and continuing federal and state preemption efforts and markedly increased requests to use the right-of-way to support these applications, particularly from telecommunications companies.

Staff are actively monitoring and participating in interbureau efforts to develop and coordinate public policies for right-of-way access for wireless service and internet of things devices. These efforts are vital because of unprecedented and continuing federal and state preemption efforts and markedly increased requests to use the right-of-way to support these applications, particularly from telecommunications companies.

OCT will be using existing resources to convert 1 temporary FTE into 1 permanent FTE. As a result of this action, the program will have a total of 5.08 permanent FTE.

In September 2018, City Council directed the reestablishment of the Office for Community Technology as a standalone bureau, following eight years as a sub-division in the Revenue Division of the Office of Management and Finance. As of September 2018, it reports directly to the Mayor's Office. Following the reorganization, the Franchise and Utility program divested the check and ACH processing and collections. Those functions remained with Revenue, and OCT managed the transition and trained Revenue staff to take over those roles. OCT retained the functions for account management, policy development, franchise administration and utility license administration. The auditor position was transferred to the Revenue Division.

Program Budget

	FY 2017-18 Actuals	2018-19 Actuals	2019-20 Revised	2020-21 Requested with DP
Bureau Expense				
External Materials and Services	0	93,966	269,385	104,490
Internal Materials and Services	0	20,568	412,798	87,324
Personnel	0	266,662	737,232	826,402
Sum:	**0**	**381,196**	**1,419,415**	**1,018,216**
FTE	0	0	4.08	5.08

Resources: General Fund Discretionary

Expenses: About half of the program expenses are personnel costs for staff to perform program work, one-fourth is for external services, and one-fourth is for internal services.

Staffing: There are 4.08 FTE for this program and 1 temporary FTE. Of the 4.08 FTE, 0.5 FTE in the Director position remains vacant. OCT has decided to use existing resources to convert the 1 temporary FTE into a permanent FTE which would give the program a total of 5.08 permanent FTE.

Assets and Liabilities:	N/A

Program Information

Bureau:	Office for Community Technology	**Program Contact:**	Jennifer Li
Website:	www.portlandoregon.gov/oct	**Contact Phone**	503-823-5359

Office for Community Technology

Digital Equity

Program Description & Goals

Internet access is a critical challenge of the 21st century and access to the information and services it provides are foundational for economic growth and opportunity, education, health, and quality of life.
The Digital Equity and Inclusion program supports the goals of the Portland Plan and Comprehensive Plan and implements the Digital Equity Action Plan (DEAP). Through plan implementation, the program leads the development of partnerships and funding opportunities and advances city-wide policy recommendations specifically to remove barriers to technology access and adoption and assist in providing low-income families, people of color, seniors, and people with disabilities the resources to thrive in a technology dependent world.
The City of Portland has long recognized the social, economic and political importance of broadband adoption in reaching our livability, prosperity, sustainability, and equity goals. The program works toward key goals that the community identified as important to overcoming barriers to an inclusive and digitally-connected community:

- Ensure access to affordable high-speed Internet and devices;
- Provide culturally-specific training and support;
- Empower community partners through funding, coordination, and resource sharing;
- Create digital economy job opportunities for underrepresented populations; and
- Build a supportive public policy framework.

More recent survey data has identified improvements in some aspects of Internet adoption for residents (near saturation of access for those earning at least $75,000 annually and 100% geographic broadband availability) but digital inequities persist and reinforce lines of social disadvantage. For example, 2018 American Community Survey data shows at least 17% of people of color Multnomah County-wide do not have an Internet subscription at home. Because of these inequities, the goals of the DEAP are embedded in the City's economic development strategy, the City's Climate Action Plan, Smart City PDX initiative, and the City's work on the 2020 Census.
The program also works with other City bureaus and offices, local governments, community stakeholders, and national organizations to advocate at the State Legislature, Federal Communications Commission (FCC), and US Congress on broadband and digital equity public policy.

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
Percentage of Digital Equity Action Plan (DEAP) Strategic Actions on track	0	0	0	100%	100%
Difference in the percentage of households with home broadband service by household income	0	0	0	4%	4%
Percentage of Open signal digital literacy training participants that are people of color	0	0	0	50%	50%

Explanation of Services

Broadband access and adoption is essential for employment, education, healthcare service, and transportation among other things essential to our lives and access to it is increasingly a matter of equity. In order to ensure that Portland residents have access to the opportunities afforded by Internet access, the Digital Equity and Inclusion program:

• Coordinates efforts across City bureaus and with broadband providers to develop strategies, policies, and funding to expand broadband and communications infrastructure and digital inclusion resources to meet both City and regional network capacity needs.
• Participates in statewide Oregon Broadband Council work to ensure Portland's interests are included and considered in policy discussions and in the annual State of Broadband report.
• Advocates for state and federal policies and programs that support digital equity and local broadband development, such as Net Neutrality rules, LifeLine and E-Rate programs' low-income subsidies for broadband service, and establishment of an Oregon broadband office.
• Advocates to protect local authority to negotiate public benefit agreements with commercial users of public assets and for municipalities to own broadband infrastructure and provide network services to itself and others.
Results and Community Engagement:
• The Digital Inclusion Network (DIN), which coordinates activities of the Digital Equity Action Plan (DEAP), grew from 35 to 50 organizations and 100% of the DEAP strategic actions are "on track".
• Program staff engaged in a county-wide study, led by the Mt. Hood Cable Regulatory Commission, of digital access and adoption benefits, gaps, and barriers. The 9-month long study includes multiple community engagement methods (i.e. scientifically valid telephone survey, qualitative survey, focus groups and interviews), to learn about how access to the Internet affects people's lives and who is included in our digital economy and who's being left out. Results of the study will inform development of Phase 2 of the DEAP and guide future resource allocation.
• Secured Portland as the host city for the National Digital Inclusion Alliance's annual international conference. Portland was chosen because of City's commitment to leading the Digital Inclusion Network and efforts to bridge the digital divide for vulnerable populations.
• Open Signal, a City of Portland funded community media center, increased its digital media literacy classes, workforce technology skills training, and other community technology access services to residents.

Equity Impacts

National and local data shows that digital disparities are greatest for people living in poverty, people of color, English language learners, people with disabilities, and seniors. The Year 1-3 DEAP was developed through engagement of these populations to better understand their barriers to adoption. The Digital Equity and Inclusion program focuses on leading public policy related to broadband deployment and empowering and supporting community-based partnerships that tackle barriers to Internet adoption.

Since adoption of the DEAP in 2016, more people are connected and using the Internet. Today the number of households in Multnomah County with a Broadband Internet subscription is 90% compared to 82% in 2016. While 63% of households with income less than $20K/year reported having an Internet subscription in 2016, nearly 70% of households at this income level reported having an Internet subscription in 2018. More significantly, the gap between households with income over $75K/year and households with less than $75K/year with an Internet subscription is narrowing. (source: American Community Survey)

Changes to Program

N/A

Program Budget

	FY 2017-18 Actuals	2018-19 Actuals	2019-20 Revised	2020-21 Requested with DP
Bureau Expense				
External Materials and Services	0	914,115	1,034,683	978,992
Internal Materials and Services	0	7,238	19,267	32,317
Personnel	0	97,081	216,821	408,761
Sum:	**0**	**1,018,434**	**1,270,771**	**1,420,070**
FTE	0	0	1.38	2.38

Resources: General Fund Discretionary

Expenses: The program's largest expense, $936,857 is the amount provided to Open Signal for digital literacy and technology services to the community. The remaining expense funds about 1.88 FTE and related external and internal materials and services.

Staffing: The program has an equivalent of 1.88 FTE. 0.5 FTE in the Director position remains vacant.

Assets and Liabilities: N/A

Program Information

Bureau: Office for Community Technology

Website: https://www.portlandoregon.gov/oct/73859

Program Contact: Rebecca Gibbons

Contact Phone 503-823-5515

OCT - MHCRC

Program Description & Goals

For 26 years, the Mt. Hood Cable Regulatory Commission (MHCRC) has ensured that the communities in Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village are fairly compensated for use of the public right of way by cable companies. The MHCRC negotiates and enforces provisions in cable services franchise agreements, which include consumer protections, community benefit resources, and funding to the cities and County. The cable franchises generated about $6.4 million in FY18-19 for Portland.

The MHCRC contracts with the City of Portland, through its Office for Community Technology (OCT), for administrative and staff services. Based on that contract, MHCRC operations resource and expenses are located within OCT's budget. The MHCRC retains a segregated fund primarily for its dedicated community benefits expenses (such as grants).

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
Total franchise and utility license fees collected	0	0	0	$93,000,000	$93,000,000
Total amount of one-time fees collected from audits	0	0	0	$1,500,000	$1,500,000
Number of legislative actions taken to protect right-of-way authority on bills or proposed actions	0	0	0	1	1
Percentage of franchise fees spent on franchise regulation	0	0	0	10%	10%
Average number of work days to resolve complaints against cable companies escalated to MHCRC staff	0	0	0	2	2
Value of match resources leveraged by grantees through their community technology grants	0	0	0	50%	50%
Total number of hours of local, original video programs produced through community media centers	0	0	0	5,000	5,000

Explanation of Services

The MHCRC program:
• Manages the Community Technology Grants program, which awards competitive grants to fund digital literacy and multi-media services with non-profit community organizations, local governments and libraries.
• Directs the TechSmart Initiative for Student Success, a 10-year funding initiative focused on improving outcomes for all students in Multnomah County. The initiative plans to invest a total of about $19 million in partnership with local school districts for technology and teacher supports to transform teaching and learning for students.
• Facilitates the Institutional Network (I-Net) partnership between Comcast, the Portland Bureau of Technology Services (BTS) and public institutions. The I-Net provides reliable and affordable fiber connectivity and network services for about 300 public entity sites such as schools, libraries, fire and police stations, County courts and community colleges.
• Manages I-Net grants to BTS and I-Net users to fund site connections and I-Net related capital equipment and services.
• Manages grant agreements with two community media organizations (Open Signal – serving Portland; and MetroEast Community Media, serving communities in East Multnomah County) for capital and technology costs related to community media.
• Enforces cable company compliance with franchise agreements.
• Provides consumer protection for subscribers in cable television and cable internet service matters, including complaint resolution.
Leads cable services franchise negotiations, renewals, and transfers of ownership.
• Conducts community technology needs and interests ascertainments to craft franchise public benefit obligations that meet demonstrated community needs.
• Advocates at the local, state and federal levels to protect local interests and control in cable and communications policy and right of way management.
Directs collection and distribution of franchise fees through a segregated fund (a balance of about $14 million) for the East County cities and Multnomah County and of the PEG/I-Net fees for community benefit purposes; oversees fund tracking, trend modeling, and revenue projections.

Equity Impacts

The program tracks data regarding geographic distribution, target beneficiaries and organization focus for the Community Technology Grants. As a result, over time, the program has increased outreach to organizations that provide services to traditionally underserved populations and populations geographically located in low-income areas. As a result, the program has seen an increase in the number of grants in these areas.

The TechSmart Initiative uses a “weighted” model to allocate funds among school districts. Half of the annual available funding is allocated on a per-student basis and half on students from underserved populations (ie. English language learners, students of color, free/reduced lunch, students with disabilities, etc.). In its annual evaluation, the Initiative also collects data about classroom practices and technology that are effective for these student populations’ learning and shares these findings across all school districts.

Through grant agreements with Open Signal and MetroEast Community Media, these organizations track demographic information for certain program offerings and they use this data to continually improve access to underserved populations in their communities.

Changes to Program

As traditional cable companies continue to move services to internet platforms and video delivery over the internet expands, franchise fee revenues and funding for community benefits (community grants, network infrastructure and community media) are diminishing. Current federal law limits local authority for these local benefits based on the company's revenues derived only from cable TV services. Cable franchise and community benefit revenues began to flatten several years ago but from FY2016-17 to FY2017-18, revenues in Portland decreased by 6.7% and another 7.9% in FY18-19. Unless federal policy changes, the program anticipates significant restructuring or discontinuance of services and programs over the next two years.

Program Budget

	FY 2017-18 Actuals	2018-19 Actuals	2019-20 Revised	2020-21 Requested with DP
Bureau Expense				
External Materials and Services	0	94,803	418,616	380,540
Internal Materials and Services	0	24,515	110,377	78,446
Personnel	0	267,162	580,553	604,830
Sum:	**0**	**386,481**	**1,109,546**	**1,063,816**
FTE	0	0	4.04	4.04

Resources: About half the program's budget is funded by contributions from each of the MHCRC-member jurisdictions, in accordance with the Intergovernmental Agreement that created the MHCRC, and half is funded through other MHCRC resources (compliance funds and fund interest).

Expenses: About half of the program expenses are personnel costs for staff to perform program work, one-fourth is for external services, and one-fourth is for internal services.

Staffing: The MHCRC resource to the OCT funds four FTE for the program. Staffing levels for the program have remained the same over the past 7 years.

Assets and Liabilities: N/A

Program Information

Bureau: Office for Community Technology

Website: www.mhcrc.org

Program Contact: Julie S. Omelchuck

Contact Phone 503-823-4188

DP: 9636 - OCT - Financial Analyst III

DP Type	Priority	New
ADD	0	No

Package Description

OCT did not retain financial support when it moved out of the Revenue Division and has been contracting with OMF for basic financial support. Without a dedicated financial analyst, the leadership team has absorbed more of the fiduciary duties for which financial staff would normally be responsible. OCT staff manages several legal and professional contracts and manages a $14 million-dollar fund and several grant agreements on behalf of the Mt. Hood Cable Regulatory Commission. The 2018-19 independent audit of the MHCRC fund recommended that MHCRC implement controls to ensure the proper accounting of the fund. While new accounting standards are not predicted to impact the Office, it is critical that the Office have a position that has intimate knowledge and understanding of Oregon local budget laws, TSCC, City of Portland Budget and Budget Monitoring processes, OMF financial policies and procedures, Fund creation ordinances, and Generally Accepted Accounting Principles.

This position would report directly to the OCT director and serve each of the three programs. This position would serve as the finance, budget and administrative manager. This position would establish and administer financial, budgetary and accounting controls, provide oversight and ensure compliance of all contracts in accordance with City of Portland requirements. This positional will provide short- and long-term financial forecasting and analyze current financial position and financing issues and develop solutions.

Service Impacts

The impact of this position would greatly increase OCT leadership capacity to focus on financial and legal risks associated with the City's franchise and utility program and the Mt. Hood Cable Regulatory Commission program. Known risks facing the City of Portland are as follows:

• Preemption to local government's authority to manage and collect funds for use of the public right-of-way. Some preemptions in the wireless (small cells) and cable industries at the federal level have been enacted, and other states have experienced both federal and state preemptions. These rulings are currently being challenged in the courts. The trend is expected to continue with other telecommunications companies.
• Transfer of knowledge from institutional memory to consistent, written procedures and documented archives, and planning for an aging workforce within the program.
• Federal (or state) regulation do not keep pace with advancements in technology, thus limiting our regulatory role or ability to collect franchise, license fees or taxes.

The addition of a financial analyst would allow the bureau to increase capacity to make financial forecasts that would assist both programs listed above. The position would also increase the Offices ability to analyze the office budget and MHCRC fund budget in real time. An additional impact of this request, if granted, would be better alignment of City of Portland and MHCRC budget and finance processes.

Equity Impacts

The Office will use our racial equity plan in the hiring and training. This position will assist in leading and facilitate the Budget Advisory Committee which aims to increase community involvement in the Office's resources, provide recommendations regarding the Office's goals, priorities, and policies, and meet the needs of those interacting with our Office.

Budget Detail

Fund		2020-21 Request - V52 with DP	2020-21 CBO Recommended-V53	2020-21 Proposed-V54	2020-21 Approved - V55	2020-21 Adopted - V56
	Major Object Name	**Expense**				
100000	External Materials and Servi	-76,620	0	0	0	0
100000	Personnel	153,240	0	0	0	0
	Sum:	**76,620**	**0**	**0**	**0**	**0**
	Major Object Name	**Revenue**				
100000	General Fund Discretionary	76,620	0	0	0	0
	Sum:	**76,620**	**0**	**0**	**0**	**0**

Position Detail

Job Class - Name	FTE	Salary	Supplemental	Benefit	Total
30003056 - Financial Analyst III	1.00	101,888	0	39,840	149,524
Total	**1.00**	**101,888**	**0**	**39,840**	**149,524**

FY 2020-21 Requested Budget Five Year Plan

The Office for Community Technology

Plan Overview

Over the five-year forecast period, OCT's programs and staffing levels are expected to grow moderately. Current steps the Office is taking to address and protect the City from risk are:

- Staff are reviewing ways to administer franchises and licenses more efficiently and to increase general fund revenues through enhanced compliance and a broader base. OCT will present a proposal to council in FY 20-21.
- Moderate investment is necessary to legally challenge Federal Communications Commission preemptions of local government authority to manage the public right-of-way. OCT will continue to maintain funds to participate in policy and legal action to protect the City's authority to manage the public right-of-way.
- Significant investment may be necessary to strategize new sources of general fund revenue to replace right-of-way fees.
- OCT staff is working with the Mt. Hood Cable Regulatory Commission to adjust for rule changes at the Federal level to strategize terms of cable franchises and the negotiated public benefits.

The program anticipates increases in budget requests for the system used to monitor, track and record the annual $83 million + franchise and utility license fees. At the low range, funding would be needed for updates to current SAP module (PSCD) to increase efficiency and develop a portal. At the high range, the program potentially may need a new or replacement technology.

The 2018 study of the location and structure of the Office for Community Technology indicated that the City of Portland needs to establish a future organizational structure for policy and implementation of public facing technologies. The City of Portland currently does not dedicate ongoing funds to this effort but will likely need to through OCT or another bureau identified by council.

Revenue Assumptions

Revenue assumptions track Current Appropriation Level assumptions for General Fund, with consideration for add packages. Intergovernmental revenue from the Mt. Hood Regulatory Commission is forecasted with inflationary increases associated with program costs. The outcome of franchise negotiations with cable companies will greatly affect the future trajectory of the MHCRC's mission and scope.

Expenditure Assumptions

In addition to citywide economic trends and policy decisions above, the rising cost of personnel services, including the classification and compensation study financial impacts, the pay equity study financial impacts and associated benefits costs, are rising greater than historic inflationary levels for the general fund. Citywide trends and policy decisions are a risk to maintaining current service level funding, and base level services, if future impacts continue at the current pace.

Expenditure Risks to the Forecast and Confidence Level

The overall confidence level is medium, given the dependencies described herein and unknown but likely service changes within the five-year horizon.

OCT General Fund

Resources	CY Estimate	FY 2020-21 Plan	FY 2021-22 Plan	FY 2022-23 Plan	FY 2023-24 Plan	FY 2024-25 Plan
Beginning Fund Balance	0	0	0	0	0	0
Taxes	0	0	0	0	0	0
Licenses & Permits	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Intergovernmental	900,565	1,070,762	1,070,762	1,070,762	1,070,762	1,070,762
Interagency Revenue	0	0	0	0	0	0
Fund Transfers - Revenue	0	0	0	0	0	0
Bond & Note Proceeds	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
General Fund Discretionary & Overhead	2,808,916	2,462,540	2,493,107	2,596,296	2,700,857	2,811,978
Resource Total	**3,709,481**	**3,533,302**	**3,563,869**	**3,667,058**	**3,771,619**	**3,882,740**

Expenditures	CY Estimate	FY 2020-21 Plan	FY 2021-22 Plan	FY 2022-23 Plan	FY 2023-24 Plan	FY 2024-25 Plan
Personnel	1,353,450	1,839,993	1,829,628	1,887,867	1,946,259	2,010,001
External Materials and Services	1,820,833	1,495,222	1,531,144	1,570,954	1,611,799	1,653,706
Internal Materials and Services	535,198	198,087	203,097	208,237	213,561	219,033
Capital Outlay	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Fund Transfers - Expense	0	0	0	0	0	0
Contingency	0	0	0	0	0	0
Debt Service Reserves	0	0	0	0	0	0
Expense Total	**3,709,481**	**3,533,302**	**3,563,869**	**3,667,058**	**3,771,619**	**3,882,740**

Planned FTE Total	10.0	11.0	11.0	11.0	11.0	11.0

Office for Community Technology

Requested Budget & Racial Equity Plan Update:

The Office supports programs that advance equity through:

• The annual competitive Community Technology Grants program, funding digital literacy and multi-media services with non-profit community organizations, local governments, and libraries. Many of these grant projects focus on reducing disparities for underserved populations.

• The TechSmart Initiative for Student Success, a 10-year funding initiative focused on improving outcomes for all students in Multnomah County. The initiative plans to invest a total of about $19 million in partnership with local school districts for technology and teacher supports in order to innovate and transform teaching and learning for students. The TechSmart Initiative uses a “weighted” model to allocate funds among school districts. Half of the annual available funding is allocated on a per-student basis and half on students from underserved populations (i.e., English language learners, students of color, free/reduced lunch, students with disabilities, etc.). In its annual evaluation, the Initiative also collects data about classroom practices and technology that are effective for these student populations’ learning and shares these findings across all school districts.

• Grant agreements with Open Signal and MetroEast Community Media which are required to track and report on demographic information for certain program offerings. They use this data to continually improve access to underserved populations in their communities. A new performance measure tracks the progress of Open Signal digital literacy training that are people of color.

• Training and career development activities for all employees, including making training funding available for their own employees within the base budget.

• Encouraging training and career development around equity training.

• Soliciting services from D/M/W/ESB vendors in procurement processes.

• Advocating for state and federal policies and programs that support digital equity and local broadband development, such as Net Neutrality rules, LifeLine and E-Rate programs’ low-income subsidies for broadband service, and establishment of an Oregon broadband office.

• Actively engaging in the City’s Smart Cities Steering Committee and convened the initial equity work group that lead to Council adoption of the Smart City PDX Priorities Framework.

• Implementation of the Digital Equity Action Plan (DEAP), a three-year plan adopted in 2016. The Digital Equity program leads a collective community approach to implementing strategies and harnessing opportunities to address the digital divide for low-income individuals and families, people of color, seniors, people with disabilities, and people with limited English language proficiency.

OCT has one dedicated FTE and a small budget to strategize and implement actions to meet the goal of the program and do more extensive outreach and service connection for impacted populations.

Racial Equity Plan Link:	N/A

Requested Budget Community Engagement:

The base budget for OCT has not changed in the next FY. The Mt. Hood Cable Regulatory Commission and the City of Portland funded the Community Technology Needs Ascertainment that is currently underway, with engagement focused on people of color, people with disabilities, and Seniors. Results of this ascertainment will help inform strategic actions and budget to help meet needs of different communities regarding communications technologies, particularly the renegotiation of cable franchise agreements.

Base Budget Constraints:

OCT has one dedicated FTE and a small budget strategize and implement actions to meet the goal of the Digital Equity program and do more extensive outreach and service connection for impacted populations.

Notable Changes:

We have not made significant realignments or changes to the bureau budget.

Equity Manager Role in Budget Development

N/A

Equity Manager:	OCT does not have an equity manager	**Contact Phone:**	

ADA Title II Transition Plan:

If applicable, how is funding being prioritized to meet obligations related to Title II of the Americans with Disabilities Act and the bureau's Transition Plan barrier removal schedule?

Accommodations:

We have included funding for translation and interpretation services. We have funds in professional services for a variety of engagement services and have a decision package to increase FTE to assist with community outreach.

Capital Assets & Intergenerational Equity

N/A

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 YTD Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target

Data Tracking Methodology:	OCT and the MHCRC have numerous grant agreements with the community Access centers, schools, and various non-profits. For the MHCRC Community Technology Grants, OCT tracks grants by the number and grant dollar amounts in four areas, one of which is reducing disparities for traditionally underserved communities. Each grant agreement is evaluated throughout the year to verify it is meeting the intentions of the agreement. The two community media centers submit reports every six months that document demographics of people participating in media and digital literacy classes and the number and type of nonprofits engaged with the center. The TechSmart Initiatve funding to each school district is update annually based on district data on students of color, English Language Learners, students with disabilities, and total student population. The Digital Equity Action Plan (DEAP) has 17 strategic actions for which it tracks progress with community partners. Community Partners voluntarily provide strategic action progress updates annually. Depending on the strategic action, the progress update may include number and demographics of residents served. OCT uses American Community Survey (ACS) data to track access and adoption rates overall. ACS data is available annually and can be disaggregated by income level and demographics. OCT staff is currently developing phase II action plan for years 4-6.

Hiring, Retention, & Employment Outreach:

OCT follows the Office's racial equity plan in hiring, training, and supporting employees.

Contracting Opportunities

OCT often contracts and all contracting begins with reaching out to D/M/W/ESB's first.

Engaging Communities Most Impacted by Inequities

OCT has two decision packages this year that are intended to meet a gap in meeting some of our equity goals. The first is to add a financial analyst that will assist in creating and leading the Budget Advisory Committee. OCT leadership will follow our racial equity plan for recruitment and training. The second is to add a Community Service Aide to assist the Digital Equity Coordinator with outreach efforts and increase capacity to do policy work impacting and leading the Digital Equity Action Plan (DEAP).

Empowering Communities Most Impacted by Inequities

With the help of a financial analyst, OCT will form its Budget Advisory Committee and continue work on the Digital Equity Action Plan (DEAP) through leadership with the Digital Inclusion Network (DIN).

OUTCOME MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
CB_0011	Difference in the percentage of households with home broadband service by household income		0	0	0	%		4%	4%
CB_0021	Total number of hours of local, original video programs produced through community media centers		0	0	0			5,000	5,000

EFFICIENCY MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
CB_0014	Franchise and utility management program efficiency ratio		0	0	0	%		1.5%	1.5%
CB_0017	Net change in utility and franchise fees not attributable to inflation		0	0	0	$		$1,000,000	$1,000,000

OUTPUT MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
CB_0010	Percentage of Digital Equity Action Plan (DEAP) Strategic Actions on track		0	0	0	%		100%	100%
CB_0012	Percentage of Open signal digital literacy training participants that are people of color		0	0	0	%		50%	50%

CB_0015	Total amount of one-time fees collected from audits		0	0	0	$	$1,500,000	$1,500,000

WORKLOAD MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
CB_0016	Number of legislative actions taken to protect right-of-way authority on bills or proposed actions		0	0	0			1	1
CB_0019	Average number of work days to resolve complaints against cable companies escalated to MHCRC staff		0	0	0			2	2

KPM MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
CB_0013	Total franchise and utility license fees collected		0	0	0	$		$93,000,000	$93,000,000
CB_0018	Percentage of franchise fees spent on franchise regulation		0	0	0	%		10%	10%
CB_0020	Value of match resources leveraged by grantees through their community technology grants		0	0	0	%		50%	50%