

MEMORANDUM

October 9, 2009

TO: Management and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: PEG Network discussion



Expected to attend:

E. Steven Emanuel, Director, DTS
Mitsuko R. Herrera, Cable Communications Administrator
Dr. Dick Lipsky, Supervisor of Instructional TV, MCPS iTV
Melissa Pace, Instructional Television & Media Production Services Manager, MCTV Ch. 10
Vincent Walter III, Station Manager, MMC TV Channel 16
Donna Keating, Executive Producer, CCM
Merlyn Reineke, Executive Director, MCT

Summary of staff recommendations to the MFP Committee

1. No decisions are expected to be made; this is an update discussion on the status of the PEG partnership.
2. The consultant report delivery date has been pushed back to Spring 2010. The Committee therefore has the chance to provide policy input into the issues under discussion. Staff suggests the consideration of a unified IT platform and equipment harmonization of all PEG members as a serious alternative to be studied, and costs/benefits of such a move reported to the Committee.
3. Cost information for original news programming provided on ©6 should be verified and reported to the Committee in a more concise fashion. Current estimates (\$2m for 2.5 hours of programming per week) appear excessive and lack substantiation.
4. If the Committee finds value in continued discussions between the PEG members and the full Council, time has been reserved for a lunch meeting and is currently on Council agendas as a hold item for October 27, 2009.

The Committee will hear from representatives of the PEG network regarding four items:

1. Recent PEG developments
2. Programming objectives
3. Future vision for the PEG channels
4. Status of consultant reports on equipment inventory and management options

A written report summarizing this update is on ©4-6.

In addition, the new Executive Director of Montgomery Community Television (MCT) Merlyn Reineke will be introduced; his credentials appear on © 4.



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

October 8, 2009

TO: Management and Fiscal Policy Committee

**FROM: Mitsuko R. Herrera
Cable Communications Administrator**

SUBJECT: MFP Work Session – 2009 Second Quarter Cable & PEG Network

The following issues are included for discussion at the MFP Work Session:

- Quarterly Cable Report
 - Score Card (Page 1 and attached at Page 7)
 - Cable Complaint Handling Process (Page 2)
 - Cable Construction Inspections (Pages 2-3)
 - Comcast Digital Migration & Encryption (Page 3)
- PEG Network
 - Consultant Study Update (Page 4)
 - PEG Network Collaboration (Pages 4-5)
 - PEG News Reports (Pages 5-6)

I. Quarterly Cable Report

A. Cable Customer Service Score Card (Attached)

The Cable Customer Service Score Card is a new 2009 reporting tool. Customer service data from cable service providers is reported to the County 30 days after the end of the quarter. Therefore, data through June 30, 2009, Second Quarter, is being reported for cable operators, and data through September 30, 2009, Third Quarter, will be reported to MFP after October 30, 2009. Internal Cable Office data, however, is available through Third Quarter and is reported herein.

In general, all cable operators are meeting the Federal Communications Commission cable customer service standards. Customer satisfaction with complaint outcomes generally continues to improve. There were very few Verizon customer complaints in the Third Quarter. Therefore, very few customer satisfaction surveys were sent for Verizon in the Third Quarter and thus the relatively small number of responses has likely skewed the results.

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B. Cable Complaint Handling Process

The following procedures are used to handle cable complaints.

Type of Complaint	Complaint Handling Process	Non-Compliance Process
BILLING	<p>Receive all information and documents related to the complaint issue.</p> <p>Notify the cable operator and provide supporting documentation.</p> <p>The cable operator contacts the complainant to resolve the complaint.</p> <p>In the event the cable operator does not resolve the complaint, the Cable Office gathers information from the cable provider and reviews both sides of the issue.</p>	<p>In most cases, federal and local franchise regulations do not provide sufficient remedies to address non-compliance.</p> <p>The Cable Compliance Commission (CCC) adds an additional step to assist in resolution, and a hearing may be requested by the complainant. However, due to lack of members, the CCC does not have a quorum to meet.</p>
CONSTRUCTION	<p>Once the information is received, the Cable Office notifies the cable operator.</p> <p>Cable inspectors will visit the property and photograph the construction site.</p> <p>The Cable Office will contact the cable provider to ensure proper restoration.</p> <p>The right-of-way set back and public utility easements are explained to the home owner.</p>	<p>Very few mechanisms are in place to penalize cable operators for failure to comply with applicable construction codes or perform property restoration.</p> <p>Permitting Services has authority to issue stop work orders for significant violations.</p>
TECHNICAL SERVICE	<p>Cable Office contacts the cable operator who dispatches senior level technicians to address technical issues related to subscriber service. Many technicians are dispatched the same day, but certainly within 24 hours. If the service cannot be corrected on the initial visit, the cable operator will trace the problem outside the residence.</p>	<p>Cable Office will continue to work with cable operator to resolve complaint.</p> <p>Significant cable outages may result in refunds.</p>

C. Cable Construction Inspections

Beginning in FY10, the Cable Office brought the oversight of cable inspectors in-house to increase responsiveness to County residents and to reduce costs.

- **Inspection of Construction Work in Rights-of-Way.** Inspectors determine compliance with applicable construction and safety codes. Restoration work is also inspected to verify that the work areas, especially in residential neighborhoods along rights-of-way and/or in public utility easements, are properly restored.
- **Inspection of Cable Installation.** Inspectors ensure that installation of service connections to residents' homes meet current safety, permitting, and construction standards, especially grounding. Inspectors are also dispatched to address resident complaints about the placement of cables, investigate claims of property damage, or other problems that may unnecessarily disrupt the community. Other construction issues, such as temporary cables, aerial cables along roadways, and exposed underground cables are inspected.

For FY10, the overall engineering and inspection budget was reduced by more than 28%, while the growth of 4G wireless broadband has increased antenna application costs by 150%. Additional FY10 savings must be achieved and spending reductions for FY11 may be necessary. To address these issues:

- The inspection staff has been reduced by 30%. The Cable Office inspectors are focusing their efforts on the prevention of problems during construction and to investigate consumer complaints.
- The inspection reports formerly performed by engineering consultants have been eliminated or replaced with information prepared by Cable Office staff.
- Construction violations are forwarded weekly by Cable Office staff to the cable operators for their action.

The Cable Office is continuing to research cost saving strategies for the inspection program, while maintaining the safety of the residents of Montgomery County.

In the Second and Third Quarters, the Cable Office has seen an increase in the number of Verizon construction complaints. A large number of these complaints were created by the failure of Verizon's subcontractor to properly mark existing utility lines. Comcast is continuing to correct outstanding construction violations.

D. Comcast Digital Migration and Encryption

Beginning on or around November 30, Comcast will begin delivering the majority of the channels in a digitally encrypted format. Most local broadcast and public, education, and government access channels will be available as analog or digital channels and can be seen on digital or analog televisions without a converter box. All other channels, such as CNN, MSNBC, Fox News, ESPN, History, and Discovery, will no longer be transmitted in an analog format and will require either a digital converter box or a digital adapter on each television, including digital televisions with QAM (quadrature amplitude modulation) tuners, to receive the channels. Comcast has been using multiple forms of advertising to notify their customers of the impending change.

Both RCN and Verizon have converted their systems to all digital over the past year. Broadcast and PEG channels can be seen on a digital television with a QAM tuner without a converter box, but all other channels require a converter box to be received.

II. PEG Network

Montgomery Community Television, Inc. (MCT) has announced the selection of a new Executive Director, Merlyn Reineke. Mr. Reineke is a graduate of the University of Southern California, School of Broadcasting and has production and management experience working for KCAL, Wingspan Air and Space Channel, and PBS. Mr. Reineke's start date will be October 14, 2009.

A. Consultant Studies – Status Update

The County selected CBG Communications, Inc., to perform a study of future digital equipment needs at public, educational, and governmental access (PEG) facilities and a management study to review the relationship between the County and PEG access facilities. The County aimed to execute the CBG contract in March 2009, but procurement requirements delayed contract finalization until July 2009.

During the summer months, CBG completed initial interviews and equipment surveys at the eight PEG access facilities in Montgomery County and the two University of Maryland facilities in Prince George's County. Two day-long workshops were held for the nine PEG programming entities, but the University of Maryland was not able to send a representative to either workshop. Follow-up meetings regarding digital equipment are in progress.

CBG provided an initial draft of the digital equipment study. However, the difficulties of separating the digital equipment from the management study have become apparent. Collaboration between production entities, potential creation of shared facility space, the necessity to maintain individual on-site production space, and distinct missions will affect the digital equipment needs of all PEG Network members. Therefore, the Cable Office has asked CBG to reconceptualize the two studies into a single three-part study addressing PEG Network management, collaboration (including shared equipment and facilities), and individual digital equipment needs. A final report is anticipated by early spring 2010. This revised date will also provide the new MCT executive director an opportunity to meaningfully participate in the study.

B. PEG Collaboration

As with other government agencies, the PEG Network entities have been challenged to do more with less. As local news coverage, both print and television, shrinks, and as more agencies and non-profits lose public information staff and resources, the PEG Network entities working collaborative to address this void by providing more content with fewer resources.

PEG Network entities have been coordinating production support to enable cost-effective coverage of:

- Rockville as Maryland Capital for a Day, including live coverage of Governor O'Malley's cabinet meeting with local elected officials.
- Montgomery County 61st Agricultural Fair, including five daily County Reports programs, Council-In-Brief coverage of the fair luncheon, parade coverage, and a Fair special focused on staff and youth participation.
- Hispanic Heritage Day event coverage
- H1N1 Virus special with information from state, local government and Montgomery College officials.

In addition, many members of the PEG Network volunteered at the Agricultural Fair to provide promotional information about the County's many PEG channels to fair attendees and taped coverage of exciting events to use in promotional spots for next year's fair.

PEG Network entities have also collaborated to launch a joint FaceBook page and provide links back to individual websites and FaceBook pages.

C. PEG News Reports

At the request of the MFP, the PEG Network has been investigating the technical and financial ability of the PEG Network to collaboratively provide more coverage of local news. Conceptually, news programming would be produced by new additional staff and supplemented by contributions from current PEG entities. The news program could then be transmitted over multiple channels throughout the day or evening.

At the present time, there is not enough news coverage produced by each PEG entity to fill a daily news program. News production costs are significantly higher than production costs for studio shows or meeting coverage. If additional staff and resources are not allocated for news production, a significant portion of original programming would have to be eliminated to produce a daily news program. Alternatively, on a pilot basis, additional funding could be provided to CCM, MCPS iTV, or MCT to expand existing weekly and bi-weekly news reports. The relevant factors include:

- **FiberNet Connections and Shared Servers.** A reliable IP connection and viable means of storing and sharing large video files is needed to facilitate multiple submissions to a joint program. The PEG Network production entities are in the process of completing FiberNet end equipment installation to permit all PEG Network signals to be sent to the County Technical Operations Center. The County is working to install a shared server for PIO and the County Council to enable CCM to access files from both the EOB and COB. No work is yet underway to install a shared server for the PEG Network, although the PEG Network has begun using YouSendIt.com and Box.Net to share video and document files.
- **Compatible Equipment.** To create a consistent and appealing look for the program would likely require use of the same format cameras among several different PEG entities. While this concept is part of the digital PEG study, it is also true that it may be more cost-effective for many entities to add equipment that is compatible with their existing equipment, rather than having to replace a lot of equipment to achieve compatibility across PEG entities. Purchasing new compatible equipment would increase equipment and engineering costs.

- **Unique Missions and Staff Accountability.** The ability of each PEG entity to participate in a joint news production varies based on its current operation. Each PEG entity has a unique identity. Some are focused on providing news and event coverage, some have a stronger focus on community affairs studio programs, others provide coverage of on-site meetings or training, and others have a broader state focus. Thus, current programming may or may not be adaptable into a daily news program. In addition, each entity is subject to the demands of its parent organization and staff are accountable to separate organizations. Therefore, creating a separate news production staff may be necessary to ensure that the production needs of a daily program are given sufficient priority.

Based on preliminary information, the PEG Network estimates that *in addition to equipment costs*, the annual staffing costs for a daily news program could be as following:

- \$1.5 to \$2 million for 20 new additional production staff to create five 30 minute news programs per week.
- \$400,000 to \$600,000 for 5 new additional production staff to create one 30 minute news programs per week.
- \$150,000 to \$300,000 to expand CCM, MCPS iTV, MCT news reports to longer weekly formats.

These estimates rely on continued use of existing staff and production resources to produce segments from other PEG entities to supplement the news coverage. These estimates do not include live remotes unless there is an existing FiberNet connection. Without a FiberNet connection, additional microwave and/or satellite transmission equipment would be necessary and would dramatically increase production costs. By way of comparison, informal research by MCT indicated that most of the local broadcast channels have newsroom budgets that are larger than the entire budget for most PEG channels.

The Cable Office is continuing discussions with the PEG Network and other entities to discover other low-cost supplemental programming options and to facilitate additional production collaboration to expand coverage of local events among Montgomery County and Participating Municipalities.

2009 - Second Quarter Montgomery County, MD*

Montgomery County Cable Operator Customer Service Score Card																
FCC Compliance Statistics																
	Telephone Answering								Service				Installation			
	Answered in 30 Seconds				Transferred to Agent in 30 Secs				Service within 24 Hours				Installed within 7 Days			
	Minimum FCC Standard 90%								Minimum FCC Standard 95%				Minimum FCC Standard 95%			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
COMCAST	99.00%	96.50%			93.00%	94.67%			98.02%	98.80%			97.43%	97.36%		
RCN	99.33%	100.00%			90.67%	91.87%			100.00%	95.00%			100.00%	100.00%		
VERIZON	100.00%	100.00%			96.50%	96.93%			100.00%	100.00%			92.70%	99.39%		

Customer Service Outcomes																
Of Customer Complaints Reported by the Provider to Have Been Resolved																
	Percentage That Agree Complaint Was Resolved				Percentage That Agree Complaint was Resolved In a Reasonable Period of Time				Percentage Satisfied with Outcome of Complaint				Percentage Satisfied with Cable Office Assistance to Resolve Complaint			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
COMCAST	73.2%	87.5%	86.2%		53.6%	70.0%	72.4%		76.8%	85.0%	89.7%		96.4%	100.0%	96.6%	
RCN	60.0%	77.8%	75.0%		40.0%	55.6%	62.5%		60.0%	77.8%	87.5%		100.0%	88.9%	100.0%	
VERIZON	67.7%	75.0%	25.0%		54.8%	50.0%	50.0%		71.0%	83.3%	50.0%		96.8%	91.7%	100.0%	

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