

MFP COMMITTEE #3
February 22, 2010

Worksession

MEMORANDUM

February 18, 2010

TO: Management and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser *CTsm*
SUBJECT: FY 2010 Preliminary Cable Communications Plan Review

Expected to attend:

E. Steven Emanuel, Director, Department of Technology Services
Mitsuko R. Herrera, Cable Communications Administrator, Office of Cable and Communications Services
Neil Greenberger, Legislative Information Officer, County Council
Merlyn Reineke, Executive Director, Access Montgomery Television
Dr. Dick Lipsky, Supervisor, Instructional Television, Montgomery County Public Schools
Melissa Pace, Manager, Instructional Television and Media Production Services, Montgomery College
Kelly Cameron, Chair, Cable Communications Advisory Commission
John Cuff, Office of Management and Budget

Summary of staff recommendations to the MFP Committee

1. Urge the Executive to use an **outcome format** when the final FY11 Plan is submitted. Such an outcome format should explicitly tie requested funds with tangible outcomes so that the effect of agreeing to or changing the recommendations of the Executive by the Committee and full Council would be understood.
2. Request that the Executive use a more comprehensive **revenue forecast model** when projecting revenues five years in advance (the Plan currently assumes a 2% increase each year).
3. Discuss the **\$1,384m estimated surplus revenue** in FY10 and the **role** of the County **Council** in its potential disposition.
4. Request an explicit **program** in the final FY11 plan to address and solve the “**systemic problems**” identified for Cable service providers during the Quarterly reviews.
5. Request that the Cable Office provide **tools** so that the ability to undertake budgetary and program **comparisons** with prior years is preserved, since the format of the Cable Plan has been altered.
6. The Council has expressed a desire to see **more consolidated approaches** at reduced cost for programming and production **in the PEG system**; the plan appears to preserve each individual PEG entity’s funding and operations as a separate investment. The Committee should discuss this lack of convergence with stakeholders and **ask the Executive to make such progress clear in the final Plan** submission, along with any **cost savings** created through such Shared Services approach.
7. Explicitly identify and carry out programs responding to the increasing diversity of the County population, as well as to the availability of pervasive, inexpensive networking tools such as Facebook and Twitter.

A. Background Information

Resolution 16-978 (on ©1-10) documents the Council’s approval of the FY2010 Cable Communications plan and sets certain restrictions and processes for the wise expenditure of funds received from all access grants, franchise fees, and other moneys received from franchisees. General provision 8 on ©3 provides for the submission of a preliminary six-year Cable Communications Plan for FY10 through FY15 no later than January 15, 2010. The County Executive did so on January 19, 2010. His submission is provided on ©11-19, and includes several elements:

- a list of needs that the preliminary plan strives to support (©11)
- a listing of activities and needs for FY11 through FY16 prepared by the PEG network, which outlines their accomplishments and expectations regarding digital transition strategies (©17-19)
- the *reformatted* preliminary FY10 Cable Communications Plan, which shows an estimated budget of revenues and expenditures over the next 5 years (©14-15)

The Executive has not sent detailed proposals for FY11 Cable Fund operating expenditures in the Preliminary Cable Communications Plan. These recommendations will be made along with the Executive’s FY11 Recommended Operating Budget in March 2010. Therefore, the Committee should

view the current worksession as an opportunity to better understand Cable initiatives, programming trends, and community concerns revolving around the use of Cable television as a medium to communicate ideas and strengthen the sense of community in the County. Changing demographics in Montgomery County also will place a premium on multilingual and multicultural programming; such programming is hard to find in the current Cable plan.

B. Issues for the Committee to consider

1. The Cable Plan is an important long range document that signals to the community at large how the County intends to use the cable franchise revenues to strengthen community participation and cohesion. As such, it is important to identify explicit outcomes that are foreseen by the Executive, and link those outcomes to the investments suggested in the plan. Such linkage is not present today. The Committee should direct DTS to include explicit outcomes tied to program expenditures, and be in a position to see these linkages in time for the FY11 Operating Budget discussion and decisions. Otherwise, it will be difficult, if not impossible, for the Committee and Council to understand the full impact of decisions that may redirect resources in ways other than those contemplated by the Executive.
2. There are two significant shifts in the community which the Cable Plan does not explicitly address yet. One is the demographic profile of County residents that continues to grow in diversity, cultures, and languages. The other is the explosive use of Social networks such as Facebook, Twitter, and other similar tools for personal and group communications and establishment of community. The Cable Plan should explicitly recognize these trends, and suggest ways in which the Cable Fund can support and take advantage of them. The Committee may want to suggest explicit outcomes they would like to support; staff suggests the following:
 - a. Enhance the development of new cultural programming by community groups and offer to them convenient broadcasting platforms to include video streaming.
 - b. Develop and support Social Network projects around explicit issues (educational improvement, working mother benefits, County recreation opportunities) using programming technologies and infrastructure.
3. Cable complaints continue to come into Council offices; many will also be captured and documented in the County's new MC311 system when it goes live in March 2010. These complaints have been heard and recognized by the Committee, and a typology has been developed and discussed with the franchisees for what have been identified as "systemic problems" that need resolution:

Category	Complaint examples within category
Billing problems	Credits, inaccurate or misleading items on bills (for example, being billed "truck charges")
Construction concerns	Unfinished/unsightly work sites of cable hook-ups and cable expansion Construction-based delays
Technical service	Delays in restoring service (delays of 2 and 3 weeks have been documented) Scheduling home calls: no-shows, too broad a window
Internal operator management processes	Poor communication to both the County and residents regarding major changes to the service, including rates, shifting channel locations, and the timing of such communications Lack of visibly changing internal business processes to ensure that problems, once identified and responded to, do not crop up again

The Cable Plan should address the resolution of these systemic concerns, identify an explicit program of partnership for developing a viable solution between the Cable Office and the franchisees, and establish time targets and progress milestones to resolve and eliminate their recurrence.

4. The Fibernet project on ©16 should not be discussed at this time; there is a full CIP discussion on February 22, 2010 that will involve all stakeholders, both within and outside MCG.
5. The Committee requested the Executive to consider ways that programming resources across the PEG network are consolidated, so that better use is made of technology as well as of human resources. Progress against this goal is not evident from the presentation of the Cable Plan itself, although Council staff is aware of many helpful steps that have been taken towards this important efficiency and effectiveness goal. Committee members should take advantage of this worksession to hear of the work done so far, and give suggestions as to additional work that must be done along this line of collaboration, especially in the era of tight budgets.

C. Revenue estimation

Each year the Executive must provide an estimate for the revenues anticipated into the Cable Fund. This revenue estimation process has shown a tendency to underestimate revenues. The table below sets out estimated and final revenues for the last few years

	Approved	Actual	% difference
FY10	17,484	18,868*	+7.9%
FY09	15,779	17,608	+11.6%
FY08	14,919	16,635	+13.2%
FY07	13,024	14,095**	+8.2%

* Estimated as of January 2010

** Estimated

Underestimating revenue reduces the amount of resources available to the Council for appropriation in the upcoming fiscal year. The current methodology used to estimate revenues is a 2% increase, with a straight line assumption. The average revenue increase over the last three years is 10%, with increases of 7.2, 5.8, and 18.0 % for 2007, 2008, and 2009. It is also known that one relatively new franchisee (Verizon) is adding customers (and thereby increasing the base of gross revenue on which the County

has a financial stake) in a non-linear fashion. These two facts argue for a stronger estimation technique that takes multiple factors into account.

Given the tight budgetary situation, improving the estimation procedures by relocating actual events and trends can improve the Council's appropriation strategy. The Committee should request that a more accurate revenue estimation technique be used for subsequent Cable Plans.

D. Organizations supported through Cable Plan

The Cable Communications Plan provides for the support of many community organizations that have a broad communication mandate. The PEG network (for Public Education Government) includes the following:

Public

Access Montgomery

Education

Montgomery College Television

MCPS Instructional TV

University of Maryland College Park

University of Maryland University College

Government

County Cable Montgomery

Montgomery Municipal Cable

Rockville

Takoma Park

These organizations have provided a "FY2011-2016 PEG Network Activities and Needs" document, dated January 15, 2010. There are three major priorities articulated in this document on ©18:

- Prioritizing production resources to support key County objectives
- Completing digital migration and equipment upgrades
- Increasing accessibility by expanding closed captioning for all PEG network original programming and expanding foreign language programming

This worksession will give Committee members a chance to hear from these organizations directly, and assess their strengths and possible contributions in areas of concern to the Council.

Questions that Committee members may want to raise with each of the representatives from the PEG community include the following:

- Can you provide one or two of your organization's recent accomplishments that underline the importance of the Council's funding to your organization?
- What are the most significant issues for FY11 that you see for your organization?
- How can your organization contribute to the difficult economic challenges of County residents ahead?

#18 – Cable Television Communications Plan

Resolution No.:	<u>16-978</u>
Introduced:	<u>May 21, 2009</u>
Adopted:	<u>May 21, 2009</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Approval of the FY 2010 Cable Television Communications Plan

Background

1. Section 8A-27(a) of the County Code provides that “All access grants, franchise fees, and other moneys received by the County from any franchisee may be spent only under a budget approved by the Council and in accordance with the County Cable Communications Plan.”
2. Section 8A-27(b) of the County Code provides that “The Cable Communications Plan must be proposed by the County Executive to the Council annually and may be amended at any time.”
3. Section 2.2 of the 2002 AT&T Comcast Transfer Agreement provides that “. . . all provisions of the Franchise Documents remain in full force and effect and are enforceable in accordance with their terms and with applicable law.”
4. Section 7(b) of the 1998 Cable Franchise Agreement, assumed by Comcast from Prime Communications – Potomac, LLC, between the County and SBC Media Ventures, Inc. provides that Comcast must pay a capital grant to the County of “\$200,000 per year . . . to be used by the County, in its sole discretion, for PEG equipment . . . or for PEG-related facilities renovation, or construction.”
5. Section 7(h)(1) of the 1998 Cable Franchise Agreement, assumed by Comcast from Prime Communications – Potomac, LLC, between the County and SBC Media Ventures, Inc. provides that Comcast must pay an annual capital grant to the County of \$1.2 million, adjusted annually by the Consumer Price Index, “to support installation, construction, operations, and maintenance of the County’s FiberNet and associated network equipment, and the Institutional Network . . .”

Clerks Note: Changes were made to section M. on pages 7 and 8.

6. Section 4.1 of the 1998 Cable Franchise Transfer Settlement Agreement, assumed by Comcast from Prime Communications – Potomac, LLC between the County, Prime Communications, and SBC Media Ventures, Inc. provides that Comcast must pay \$1.5 million, adjusted annually by the Consumer Price Index, for PEG support.
7. Section 7(b) of the 1999 Franchise Agreement with Starpower provides that Starpower must pay a capital grant to the County of “3% of Gross Revenues per year . . . excluding revenues arising from Internet Access . . . to be used by the County . . . for PEG access and institutional network purposes, including PEG access equipment, institutional network equipment or for renovation or construction of PEG access or institutional network facilities.”
8. On February 8, 2005 the County Council approved Resolution 15-889, supporting the transfer of interest in Starpower Communications LLC from Pepco Communications to RCN Telecom Services of Washington, D.C., Inc. Starpower is now doing business as RCN.
9. Section 3.3.6 of the 2006 Franchise Agreement with Verizon Maryland, Inc. provides that Verizon must pay \$200,000 within 30 days of the effective date of the Franchise Agreement and \$200,000 per year for four years on the anniversary of the effective date of the Franchise Agreement. In exchange, the County waived its ability to add more locations for cable service for public buildings above Verizon’s obligation to provide 100 connections at the County’s request.
10. Section 6.2 of the 2006 Franchise Agreement with Verizon provides that Verizon must pay a grant to the County of 3 percent of Gross Revenues each quarter to be used “for PEG and institutional network purposes.”
11. Section 8 of the Franchise Agreements with Comcast and RCN and Section 7 of the Franchise Agreement with Verizon provides that each franchisee must pay, for the life of the franchise, a franchise fee of 5 percent of annual gross revenues.

General Provisions

1. Purpose and Effect: This Cable Communications Plan constitutes the County’s formal direction for the use of resources required to be provided under Sections 7 and 8 of the Franchise Agreements with Comcast and RCN; Section 4.1 of the 1998 Cable Franchise Transfer Settlement Agreement, assumed by Comcast from Prime Communications – Potomac, LLC between the County, Prime Communications, and SBC Media Ventures, Inc.; and Sections 3, 6, and 7 of the Franchise Agreement with Verizon.

In FY 2010, these resources must be deposited by the County in its Cable TV Special Revenue Fund, and this Cable Communications Plan directs the use of the revenues in this Fund.

2. Spending Authority under the Time Period Governed by This Plan: This Cable Communications Plan provides spending authority for FY 2010. Resources appropriated in FY 2010 that are not encumbered by the County on or before June 30, 2010 must remain in the Cable TV Special Revenue Fund and be available for spending in future years.
3. Carryover: Resources provided to the County as a result of the requirements of the Franchise Agreements with Comcast, RCN, and Verizon, but not specifically allocated in the Cable Communications Plan to the General Fund, must remain in the Cable TV Special Revenue Fund and be available to be allocated in future years.
4. Future Fiscal Years: No estimate shown for any fiscal year after FY 2010 reflects any commitment or decision by the Council, and any such estimate should not be taken as prejudging any decision regarding activities or allocations, either in absolute or relative amounts, of expenditures for future years.
5. Management of Funds: All equipment, personnel, and other resources approved in the Cable Communications Plan for funding from the Cable TV Special Revenue Fund must be managed so that the resources are reasonably available to all users of the cable system and provide benefits to the subscribing public and the franchisee.
6. Affirmative Action and MFD Procurement Procedures: The Board of Directors of Montgomery Community Television, Inc. (MCT) must adopt and follow an Affirmative Action Plan and procedures for procurements from minority-, female-, and disabled-owned businesses (MFD) that take into account both the requirements of the Franchise Agreements with Comcast, RCN, and Verizon and relevant provisions of the County Code.
7. Financial Disclosure: The County must not spend any FY 2010 funds allocated to MCT until all members of the Board of Directors and the Executive Director of MCT have filed a financial disclosure statement with the Ethics Commission for the 2008 calendar year.
8. FY 2011-2016 Cable Plan: The Executive must submit a preliminary six-year Cable Communications Plan for FY 2011 through FY 2016 to the Council no later than January 15, 2010. The Executive submitted a preliminary six-year Cable Communications Plan for FY 2010 through FY 2015 to the Council on January 15, 2009. The Preliminary Cable Communications Plan included: (a) a list of known PEG activities and funding needs for FY 2010 through FY 2015; (b) a preliminary plan for prioritizing PEG funding needs within the context of the County's long-term vision for Cable television; (c) any capital project expenditures proposed to be funded through the plan; (d) changes to approved multi-year expenditures; and (e) updated projections of plan revenues for FY 2010 through FY 2015.

FY 2010 Cable Communications Plan Description

The FY 2010 Cable Communications Plan provides funding for cable franchise administration (Department of Technology Services, County Attorney's Office, and outside professional services); for municipal equipment and support; for public, educational, and government access programming (Office of Public Information, Council, Montgomery College, Montgomery County Public Schools, and Montgomery Community Television, Inc.); and for other miscellaneous cable-related activities.

The attached table details the approved expenditures from the Cable TV Special Revenue Fund for the following purposes in FY 2010:

Franchise Administration

- A. Funds are allocated to the Department of Technology Services to administer the Franchise Agreements with Comcast, RCN, and Verizon, including inspecting construction, testing signal quality, responding to residents' complaints, budgeting franchise fee and grant funds received from the cable operator, managing the contract to provide public access services, supporting an advisory committee, administering Federal Communications Commission rules and regulations, preparing for and negotiating franchise agreements, and advising elected officials on related policy matters.
- B. Funds are allocated to the County Attorney's Office to support the in-house staff costs associated with advising the Department of Technology Services and elected officials on related matters.
- C. Funds are allocated to hire outside professional services to advise or represent the County in areas of specialized telecommunications needs.

Municipal Support

- D. Funds are allocated for sharing franchise fee revenue with the municipal co-franchisors in accordance with the formula in Section 8A-29 of the County Code.
- E. Funds are allocated to support the 3 PEG channels allocated to (1) the City of Rockville; (2) the City of Takoma Park; and (3) the Montgomery County Chapter of the Maryland Municipal League. Funds are allocated from the Capital Equipment Support Grants, according to the requirements of Section 7(b)(1)(B) of the Franchise Agreement with RCN, the requirements of Section 7(b)(2) of the Franchise Agreement with Comcast, and from the PEG Support Fund according to the requirements of Section 4.1 of the 1998 Cable Franchise Transfer Settlement Agreement assumed by Comcast from Prime Communications. Funds are allocated from the PEG Support Fund to the extent that the Participating Municipalities meet all applicable matching-fund requirements in the Settlement Agreement.

County Government Access Programming

- F. Funds are allocated for managing the County Government Channel, maintaining County Government Channel video equipment, closed captioning of County Government programming, and for the operation of the Technical Operations Center to monitor and adjust technical quality of PEG Programming.

Funds are allocated to the Office of Public Information for in-house staff and contractors to produce Executive Branch programming for the County Government Channel.

Funds are allocated to the Council for in-house staff and contractors to produce programming for the Council and Legislative Branch agencies.

Funds are allocated to the Montgomery County portion of the Maryland-National Capital Park and Planning Commission for contractors to provide cable-related services, including webcasting and services needed to produce programming for the Planning Board and the Parks Department.

Educational Access Programming

- G. Funds are allocated to Montgomery College to produce educational programs and operate a cable channel with in-house staff.
- H. Funds are allocated to Montgomery County Public Schools to produce educational programs for children, parents, and teachers; carry Board of Education meetings; and run other educational programming of interest to County residents. MCPS currently operates two educational access channels on the cable system.

Public Access Programming

- I. Funds are allocated for Montgomery Community Television, Inc., to perform services in FY 2010 specified in its contract with the County, including the following:
 - (1) produce and schedule two public access channels, including disseminating information on the daily program schedule;
 - (2) train community producers and technicians in program production and assist residents and community organizations in developing locally produced or locally sponsored programming;
 - (3) provide and maintain a central access studio, field production equipment, and editing facilities for use by community producers in program production;
 - (4) maintain all video equipment provided to MCT or purchased by MCT with cable company or County funds;
 - (5) produce local interest and public affairs programming;

- (6) promote and encourage programming representing a diversity of community interests and needs; and
- (7) perform outreach and create programming in the down-county area.

PEG Network

- J. For FY 2010, funds are allocated for PEG equipment replacement, for an emergency equipment reserve to be used in case of imminent failure of major PEG video systems, for joint PEG programming/promotion, PEG network engineering and administration, closed captioning of select PEG programming, and for PEG programming to provide access to cable by community organizations.

The Council wishes to encourage the most cost-effective operations of the PEG Channels and has directed the PEG Network to enhance the sharing of equipment, facilities, and personnel. All funds appropriated for PEG equipment replacement must be administered by the Office of Cable and Communications Services. Before spending any funds for this purpose, the PEG Network must report to the Council and the Executive on their plans for the purchase and allocation of replacement equipment. The Council intends that preference be given to purchases of equipment and facilities that can be shared by more than one PEG Channel.

The Council encourages the municipal co-franchisors to develop plans for purchasing equipment, using engineering expertise available from the other PEG Channels and the Office of Cable and Communications Services, and acquiring equipment that facilitates the sharing of resources with other PEG channels.

The Office of Cable and Communications Services must not spend funds from the Emergency Equipment Reserve until the PEG Network finds that additional replacement funds are needed to prevent interruption of programming on one or more PEG Channels.

All equipment purchased with Cable Funds, except equipment purchased with Municipal Grant funds or funds allocated to the Village of Friendship Heights under this Plan, must be titled to the Montgomery County Government, which may, under appropriate controls, allocate some of the equipment for use to individual PEG Channels.

Before the PEG Network may spend funds allocated for PEG joint Programming/Promotion, the Network must report its general plans to the Council and the Executive.

Other Expenditures

- K. For FY 2010, funds are allocated to the Village of Friendship Heights for cable programming and equipment expenses.

Institutional Telecommunications

- L. For FY 2010, funds are allocated for Institutional Telecommunications for FiberNet capital improvements and operations. The County's Franchise Agreement with Comcast, assumed from Prime Communications, provides that Comcast must pay grants to support operations, maintenance, and the installation of cables and electronic equipment for the County's FiberNet.

The County plans to expand the FiberNet network to meet the telecommunications needs of County agency facilities. The Department of Technology Services must develop a FiberNet buildout plan that identifies facilities with the greatest need for high-speed voice, data, and video transmissions and for which FiberNet offers lower cost service than private sector telecommunications providers. User agencies must notify the Council before paying any fee to or entering into any agreement with any private provider, if using FiberNet to serve specific facilities is more advantageous to the County. The Council will then consider if adjustments to the funded FiberNet buildout schedule are warranted to avoid paying excessive fees to private providers for telecommunications service to any specific facility.

General Fund Transfers and Repayment Schedule

- M. In FY 2004, \$2,636,000 was appropriated from the Cable TV Special Revenue Fund to the General Fund to finance general government operations. This was the first year that the Executive recommended transferring funds derived from franchise fees for unspecified general government operations.

In FY 2006, the Council allocated \$1,241,000 to fund the County's Automated Traffic Management System.

In FY 2007, the Council allocated \$284,000 to fund technology projects for the Montgomery County portion of the Maryland-National Capital Park and Planning Commission Operating Budget.

In FY 2009, the Council transferred \$250,000 to the General Fund in order to support County operating expenses, and indicated their desire to ensure that this transfer will improve the technology infrastructure and productivity support for all County departments.

In FY 2010, \$3,235,830 is transferred from the Cable TV Special Revenue Fund to the General Fund to finance general government operations. The Council intends that this transfer will improve the technology infrastructure and productivity support for all County departments.

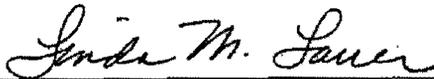
The FY 2004 General Fund transfer, the FY 2006 funding for the Automated Traffic Management System, and the FY 2007 funding for technology projects for the Montgomery County portion of the Maryland-National Capital Park and Planning Commission must be repaid without interest according to the following schedule: \$432,000 was paid in FY 2008, \$0 will be paid in FY 2009, and \$0 will be paid in FY 2010. As a part of the FY 2011 Recommended budget, the Executive must propose an amended repayment schedule.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Council approves the attached Cable Communications Plan as described in this resolution and appropriates cable communications grant resources and settlement funds as provided in the Cable Communications Plan and this resolution and any amendments to either that the Council adopts for FY 2010.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

FY10 CABLE COMMUNICATIONS PLAN (\$000's)

	Actual FY08	Approved FY09	Estimated FY09	Approved FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
REVENUES	3,345	2,502	3,949	2,069	-17.3%	462	318	42	65	18
5% Franchise Fee	10,664	10,584	10,955	11,280	6.6%	11,618	11,967	12,326	12,696	13,077
G'Burg PEG Contribution	200	201	182	187	-7.0%	193	198	204	210	217
PEG Support	1,938	2,811	2,020	2,080	-26.0%	2,142	2,207	2,273	2,341	2,411
PEG Capital/Equipment	1,370	255	1,932	1,990	680.4%	2,050	2,111	2,175	2,240	2,307
Verizon-Grant	200	200	200	200	0.0%	200	0	0	0	0
FiberNet Support	1,524	1,568	1,589	1,637	4.4%	1,686	1,737	1,789	1,842	1,898
Interest Earned	149	80	40	30	-62.5%	50	80	90	100	110
Towar Review Fees	94	80	120	80	0.0%	82	85	87	90	93
Miscellaneous	64	0	4	0	0.0%	0	0	0	0	0
Transfer from the General Fund	432	0	0	0	0.0%	0	0	0	0	0
TOTAL ANNUAL REVENUES	16,635	15,779	17,042	17,484	10.8%	18,022	18,385	18,944	19,520	20,112
TOTAL RESOURCES - CABLE FUND	19,980	18,281	20,991	19,553	-7.0%	18,484	18,703	18,985	19,585	20,130
EXPENDITURES										
A. FRANCHISE ADMINISTRATION										
Personnel Costs - Cable Administration	575	683	683	705	3.2%	749	763	761	818	833
Personnel Costs - Charges from DTS	52	59	59	69	16.9%	69	70	72	73	75
Personnel Costs - Charges for County Atty	73	97	97	95	-2.1%	95	97	99	101	103
Operating	96	73	73	73	0.0%	73	75	77	80	82
Outside Engineering/Inspection Svcs.	512	720	720	500	-30.6%	721	743	745	788	811
Other Legal and Other Professional Svcs.	295	405	405	310	-23.5%	381	393	404	416	429
SUBTOTAL	1,603	2,037	2,037	1,752	-14.0%	2,088	2,141	2,159	2,276	2,333
B. MUNICIPAL EQUIPMENT & OPERATIONS										
Municipal Franchise Fee Sharing										
Revenues to Municipalities	716	762	789	812	6.6%	837	862	887	914	942
SUBTOTAL	716	762	789	812	6.6%	837	862	887	914	942
Municipal Capital Support (a)										
Rockville Equipment	55	98	265	276	181.6%	284	293	302	311	320
Takoma Park Equipment	185	98	265	276	181.6%	284	293	302	311	320
Municipal League Equipment	185	98	265	276	181.6%	284	293	302	311	320
SUBTOTAL	425	294	795	828	181.6%	853	878	905	932	960
Municipal Operating Support (a)										
Rockville PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Takoma Park PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Muni. League PEG Support	65	67	67	70	4.5%	72	74	76	79	81
SUBTOTAL	195	201	201	211	5.0%	216	223	229	236	243
SUBTOTAL	1,336	1,257	1,785	1,851	47.3%	1,906	1,963	2,022	2,082	2,145
C. COUNTY CABLE MONTGOMERY										
Administration										
Personnel Costs	325	397	397	533	34.3%	560	560	560	560	560
Operating	46	31	31	25	-19.4%	26	27	27	28	29
Technical Operations Center (TOC)	22	23	23	23	0.0%	24	24	25	26	27
Closed Captioning	348	319	319	291	-8.8%	329	338	349	359	370
VOD, Community BB, Web Services	40	48	48	48	0.0%	49	51	52	54	56
SUBTOTAL	781	818	818	920	12.5%	987	1,000	1,013	1,027	1,041
Public Information Office										
Personnel Costs	290	349	349	560	60.5%	593	604	617	629	641
Operating Expenses	17	12	12	12	0.0%	12	13	13	14	14
Contracts - TV Production	315	359	359	273	-24.0%	210	216	216	216	216
SUBTOTAL	622	720	720	845	17.4%	815	834	846	859	872
County Council										
Personnel Costs	42	57	57	74	29.8%	65	67	68	69	71
Operating Expenses	53	48	48	28	-41.7%	29	30	31	32	32
Contracts - TV Production	537	516	516	516	0.0%	531	547	547	547	547
SUBTOTAL	632	621	621	618	-0.5%	626	644	646	648	651
MNCPPC										
Personnel Costs	81	101	101	101	0.0%	103	105	107	109	112
Operating Expenses	101	21	21	21	0.0%	22	22	23	24	24
Contracts - TV Production	108	124	124	117	-5.6%	128	132	132	132	132
Webcasting	0	117	117	47	-59.8%	48	50	51	53	54
SUBTOTAL	290	363	363	286	-21.2%	301	309	313	317	322
SUBTOTAL	2,325	2,522	2,522	2,669	5.8%	2,729	2,786	2,819	2,852	2,885
D. MONTGOMERY COLLEGE										
Personnel Costs	1,000	1,103	1,103	1,141	3.4%	1,334	1,468	1,615	1,615	1,615
Operating Expenses	219	219	219	179	-18.1%	247	255	262	270	278
SUBTOTAL	1,219	1,322	1,322	1,320	-0.2%	1,582	1,722	1,877	1,885	1,893
E. PUBLIC SCHOOLS										
Personnel Costs	1,234	1,339	1,339	1,385	3.4%	1,416	1,448	1,481	1,514	1,514
Operating Expenses	287	244	244	197	-19.5%	282	282	282	282	282
SUBTOTAL	1,521	1,583	1,583	1,582	-0.1%	1,698	1,730	1,763	1,796	1,796



FY10 CABLE COMMUNICATIONS PLAN (\$000's)

	Actual FY08	Approved FY09	Estimated FY09	Approved FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
F. COMMUNITY ACCESS ORGANIZATIONS (b)										
Personnel Costs	1,779	1,871	1,871	1,871	0.0%	2,077	2,160	2,146	2,336	2,429
Operating Expenses	755	781	781	691	-11.5%	856	890	890	926	925
SUBTOTAL	2,534	2,652	2,652	2,562	-3.4%	2,933	3,050	3,036	3,261	3,355
G. PEG NETWORK										
PEG Equipment Replacement	893	900	900	940	4.4%	987	1,036	1,028	1,159	1,216
Emergency Equipment Reserve	0	80	80	80	0.0%	84	88	93	97	102
PEG Network Mobile Production Vehicle	54	82	82	32	-61.0%	34	35	37	39	41
PEG Network Operating	198	275	275	215	-21.8%	236	248	260	273	287
SUBTOTAL	1,145	1,337	1,337	1,267	-5.2%	1,341	1,408	1,418	1,568	1,646
H. INSTITUTIONAL TELECOMMUNICATIONS										
FiberNet Support (DTS)	1,033	1,232	1,232	1,190	-3.4%	1,708	1,757	1,809	1,820	1,875
FiberNet Support (DPWT)	249	244	244	244	0.0%	251	259	267	275	283
FiberNet-CIP	1,735	1,760	1,760 ⁴	1,041	-40.9%	1,610	1,535	1,460	1,460	1,460
SUBTOTAL	3,017	3,236	3,236	2,475	-23.5%	3,569	3,551	3,536	3,555	3,617
TOTAL EXPENDITURES - PROGRAMS	14,700	15,946	16,474	15,477	-2.9%	17,845	18,351	18,628	19,275	19,670
I. OTHER										
Indirect Costs Transfer to Gen Fund	202	253	253 ¹	302	19.4%	253	253	253	253	303
Indirect Costs Transfer to Gen Fund (ERP & MCTime)	0	27	27 ¹	36	34.9%	29	18	0	0	0
Transfer to the General Fund	0	250	250 ⁵	3,236	1194.3%	0	0	0	0	0
Grants to Organizations (Friendship Hts)	39	39	39	39	0.0%	39	39	39	39	39
Consolidated Multiuse Technology Facility	0	0	0	0	0.0%	0	0	0	0	0
Verizon-Cable Service to Public Buildings	0	0	0	0	0.0%	0	0	0	0	0
COB Renovations - CIP	0	629	629 ⁴	0	0.0%	0	0	0	0	0
Park & Planning Technology Projects	0	600	600	0	0.0%	0	0	0	0	0
SUBTOTAL	241	1,798	1,798	3,613	101.0%	321	310	292	292	342
TOTAL EXPENDITURES	14,941	17,744	18,272	19,091	7.6%	18,166	18,661	18,920	19,567	20,012
J. ADJUSTMENTS										
Prior Year Adjustments	(480)	0	0	0	0.0%	0	0	0	0	0
CIP - Designated Claim on Fund	(610)	0	(650)	0	0.0%	0	0	0	0	0
TOTAL ADJUSTMENTS	(1,090)	0	(650)	0	0.0%	0	0	0	0	0
FUND BALANCE	3,949	532	2,069	462	-13.9%	318	42	65	10	118
FUND BALANCE PER POLICY GUIDANCE	673	660	789	911		940	971	1,000	1,031	1,062
K. SUMMARY - CABLE FUND										
Total Annual Revenues (incl. transfers from GF)	16,635	15,779	17,042	17,484	10.8%	18,022	18,385	18,944	19,520	20,112
Total Expenditures	(14,941)	(17,744)	(18,272)	(19,091)	7.6%	(18,166)	(18,661)	(18,920)	(19,567)	(20,012)
Annual Fund Surplus/Deficit (Rev - Expend)	1,694	(1,965)	(1,230)	(1,607)	-18.2%	(144)	(277)	24	(47)	100
Transfer to Cable Fund from General Fund	432	0	0	0	0.0%	0	0	0	0	0
Annual Fund S/D Excluding Trans From Gen Fund	1,262	(1,965)	(1,230)	(1,607)	-18.2%	(144)	(277)	24	(47)	100
L. SUMMARY - EXPENDITURES BY FUNDING SOURCE										
¹ Transfer to Gen Fund-Indirect Costs	202	280	280	338	20.9%	282	271	253	253	303
² Transfer to Gen Fund-Mont Coll Cable Fund	1,219	1,322	1,322	1,320	-0.2%	1,582	1,722	1,877	1,885	1,893
³ Transfer to Gen Fund-Public Sch Cable Fund	1,521	1,583	1,583	1,582	-0.1%	1,698	1,730	1,763	1,796	1,796
⁴ Transfer to CIP Fund	1,735	2,389	2,389	1,041	-56.4%	1,610	1,535	1,460	1,460	1,460
⁵ Transfer to the General Fund-Other	0	250	250	3,236	1194.3%	0	0	0	0	0
FUND TRANSFERS OUT SUBTOTAL	4,677	5,824	5,824	7,517	29.1%	5,172	5,258	5,352	5,394	5,452
Net CATV Fund Direct Expenditures	8,928	10,663	10,663	9,723	-8.8%	11,088	11,440	11,546	12,091	12,415
Required Muni. Franchise & PEG Payments	1,336	1,257	1,785	1,851	47.3%	1,906	1,963	2,022	2,082	2,145
CATV FUND DIRECT EXPENDITURES SUBTOTAL	10,264	11,920	12,448	11,574	-2.9%	12,994	13,403	13,568	14,173	14,560
TOTAL EXPENDITURES BY FUNDING SOURCE	14,941	17,744	18,272	19,091	7.6%	18,166	18,661	18,920	19,567	20,012

NOTES:

(a) Municipal franchise fee and PEG capital and operating funding required by franchise, municipal, and settlement agreements and County Code.

(b) Currently Montgomery Community Television, Inc.

*The County is exploring the potential for development of a Multiuse Technology Facility and will include information in future Cable Communications Plans.

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. This scenario represents one possible fiscal future based on the incorporated set of expenditure and resource assumptions. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources.

TELE & INFO

CT
SC
SBF
LL



053577

DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

January 19, 2010

TO: Nancy Floreen, President
Montgomery County Council

FROM: E. Steven Emanuel, CIO

SUBJECT: FY2010 Preliminary Cable Communications Plan



2010 JAN 19 PM 4:23

MONTGOMERY COUNTY
COUNCIL

In accordance with General Provision 8 of Resolution 16-978 and on behalf of the County Executive, I am pleased to submit to you the preliminary Cable Communications Plan for FY2011. The preliminary plan includes:

- a list of known Public, Education and Government (PEG) activities and estimated funding for FY2010 through FY2015;
- a preliminary plan for prioritizing PEG funding within the context of the County's long-term vision for cable television;
- any capital project expenditures proposed to be funded through the plan;
- changes to approved multi-year expenditures; and
- updated projections of plan revenues for FY2010 through FY2015.

The attached preliminary Cable Communications Plan continues to support the needs of the PEG Network and other County cable and telecommunications goals. The Preliminary Plan strives to:

- assure that County residents are able to receive the highest quality cable and advanced broadband services;
- ensure continued high quality customer service, integration with the MC311 system, and responsiveness to residents' concerns about provision of cable and cable modem services;
- foster a competitive market environment in the County by supporting competitively neutral regulation and by encouraging efficient regulatory processes to support the provision of cable and broadband services;
- monitoring and facilitating County participation in federal and state cable, broadband and telecommunications legislative and regulatory activities;
- facilitating availability of wireless radio, telephone and broadband services, while protecting public safety and promoting appropriate land use policies, through support of the Transmission Facilities Coordinating Group;
- effective use of CCM, MC ITV, MCPS ITV, and AMTV cable channels, as well as use of new media tools to improve communications between the County and its residents, and to increase residents' awareness and use of County-funded programs and services;
- increasing services and programming to diverse and underserved populations, while simultaneously prioritizing cable communications services to support and promote programs related to K-12 education, first response public safety operations, critical safety net services, job creation within the County, transportation services, and responsible and accountable government;

- further improving cost efficiencies by leveraging communications work product across multi-media platforms and sharing resources among the participating public, educational, and government programming (PEG) providers;
- expanding the effectiveness of cable PEG programming by completing the interconnection of program origination locations to the County PEG Technical Operations Centers via FiberNet to increase live cable coverage of public meetings and events, and by continuing the conversion to digital equipment and production technology to improve technical quality and cost-effectiveness; and
- providing capital and operational funding for the FiberNet project, with an emphasis on prioritizing the transition from FiberNet I to FiberNet II, decommissioning FiberNet I for all but public safety wireless communications, and completing the connection of elementary schools to FiberNet.

Please note that the Cable Plan has been reformatted to provide more funding detail. Additional information about these format changes will be provided at the February 8, 2010, Management & Fiscal Policy work session.

The Plan includes updated Cable Plan expenditures for FY2009, projected expenditures for FY2010, capital expenditures to be funded through the Cable Plan consistent with the Executives recommended FY2011-2016 Capital Improvement Plan, and updated revenue estimates and municipal fee pass-throughs for FY2010 to FY2015. The Executive will make the FY11-16 expenditure recommendations in his March 15, 2010 recommended operating budget.

Fund revenues projections for FY2010 are based on revenues received in the first quarter and estimates for the second quarter provided by Comcast and RCN. Verizon was unable to provide second quarter estimates at this time. Revenue payments for the second quarter are due February 1, 2010. The Cable Office forecasts that Verizon will continue to add a significant number of new subscribers as Verizon completes its build-out in Gaithersburg, Rockville, and Montgomery Village in FY2010 and FY2011. Revenue payments for PEG and FiberNet Operating Support required by settlement agreements that terminate with the expiration of the Comcast franchise in June 2013 are replaced with increased payments for PEG and FiberNet capital equipment (anticipated to be included in renewed Comcast franchise) in FY2013 to FY2015. As you are aware, H.R. 3745 has been introduced in Congress to permit local governments to use PEG revenue for PEG and FiberNet operations, eliminating the restriction that these funds only be used for PEG and FiberNet capital. Support for this bill will be among the County's federal legislative priorities.

As noted in Resolution 16-978 and summarized here, in prior years, transfers were made from the Cable Fund to the General Fund: \$2,636,000 in FY2004 to fund general government operations, \$1,241,000 in FY2006 for the Automated Traffic Management System, and \$284,000 to fund technology projects for the Montgomery County portion of the Maryland-National Capital Park and Planning Commission Operating Budget. An initial repayment from the General Fund to the Cable Fund of \$432,000 was made in FY2008, and no repayment was scheduled to occur in FY2009. To address the FY2010 budget gap, the repayment schedule of \$1,232,000 in FY2010, and \$832,000 annually beginning in FY2011 and continuing through FY2013, was suspended. As required by Resolution 16-978, the FY2011 Recommend Budget will address the repayment requirements.

Included for your information are the spending priorities for the PEG Network prepared by the PEG Network which outlines their goals and visions for PEG activities.

As you are aware, the County applied for two Broadband Technology Opportunity Program (federal broadband stimulus) grants. BTOP has begun to announce awards and the County Executive will update on the status of the County's application as information becomes available. We will also continue to work with Council to provide our input into the National Broadband Plan being developed by the Federal Communications Commission.

On March 15, 2010, the County Executive will recommend to the Council the FY2011 Operating Budget for the County. At that time, he will recommend resource allocations for the Cable Fund for FY2011. If you have any questions or concerns on this matter, please feel free to contact John Cuff in the Office of Management and Budget at 240-777-2762.

ESE:dlm

Attachments: (a) FY11 Preliminary Cable Plan
(b) FY11-FY16 County Executive Recommended FiberNet CIP
(c) FY2011-2016 PEG Network Activities and Needs

cc: Joseph F. Beach, Director, OMB
Kathleen Boucher, ACAO
Mitsuko R. Herrera, Cable Administrator, DTS
John Cuff, Budget Analyst, OMB
Christine Partain, Budget and Accounts Payable Manager, Cable Office, DTS

FY11 PRELIMINARY CABLE COMMUNICATIONS PLAN (\$000's) - REFORMATTED (R)

		Actual FY08(R)	Actual FY09(R)	Approved FY10(R)	Estimated FY10(R)	FY11	FY12	FY13	FY14	FY15
1	BEGINNING FUND BALANCE	3,345	3,949	2,069	4,809	3,386	3,366	3,919	1,144	367
2	REVENUES									
3	5% Franchise Fee	10,864	11,282	11,280	11,831	12,103	12,345	12,592	12,844	13,101
4	Gaithersburg PEG Contribution	200	183	187	180	172	168	162	162	162
5	PEG Operating Support	1,938	3,908	2,080	2,069	2,111	2,207	0	0	0
6	PEG Capital Equipment	1,370	194	1,990	2,745	2,884	3,172	5,486	5,545	5,655
7	Verizon - Facilities Grant	200	200	200	200	200	0	0	0	0
8	FiberNet Operating & Equipment Support	1,524	1,589	1,637	1,628	1,660	1,737	0	0	0
9	Interest Earned	149	68	30	12	12	30	90	100	110
10	TFCG Application Review Fees	94	182	80	203	203	180	150	140	140
11	Miscellaneous	64	2	0	0	0	0	0	0	0
12	Transfer from the General Fund	432	0	0	0	0	0	0	0	0
13	TOTAL ANNUAL REVENUES	16,635	17,608	17,484	18,868	19,345	19,839	18,480	18,790	19,168
14	TOTAL RESOURCES-CABLE FUND	19,980	21,557	19,553	23,677	22,731	23,205	22,399	19,934	19,535
15	NON-DISCRETIONARY EXPENDITURES (a)									
16	A. MUNICIPAL EQUIPMENT & OPERATIONS									
17	Municipal Franchise Fee Sharing									
18	City of Rockville	410	437	460	432	446	455	464	473	483
19	City of Takoma Park	169	189	199	186	192	196	200	204	208
20	Other Municipalities	137	145	152	149	153	156	159	162	166
21	SUBTOTAL	716	771	812	767	791	807	823	839	856
22	Municipal Capital Support									
23	Rockville Equipment	55	296	276	389	409	450	536	547	558
24	Takoma Park Equipment	185	348	276	389	409	450	536	547	558
25	Municipal League Equipment	185	348	276	389	339	450	537	547	558
26	SUBTOTAL	425	992	828	1,167	1,158	1,350	1,609	1,642	1,674
27	Municipal Operating Support									
28	Rockville PEG Support	65	67	70	69	70	74	0	0	0
29	Takoma Park PEG Support	65	67	70	69	70	74	0	0	0
30	Muni. League PEG Support	65	67	70	69	140	74	0	0	0
31	SUBTOTAL	195	201	211	207	211	223	0	0	0
32	SUBTOTAL	1,336	1,964	1,851	2,141	2,160	2,379	2,432	2,481	2,531
33	NET TOTAL ANNUAL REVENUES	15,299	15,644	15,633	16,727	17,185	17,459	16,047	16,309	16,638
34	NET TOTAL RESOURCES-CABLE FUND	18,644	19,593	17,702	21,536	20,571	20,825	19,967	17,453	17,004
35	EXPENDITURES									
36	A. Transmission Facilities Coordinating Group									
37	TFCG Application Review		244	180	293	275	293	280	270	270
38	SUBTOTAL		244	180	293	275	293	280	270	270
39	B. FRANCHISE ADMINISTRATION									
40	Personnel Costs - Cable Administration	575	550	705	623	630	643	662	675	689
41	Personnel Costs - DTS Administration	52	52	69	69	69	69	72	73	75
42	Personnel Costs - Charges for County Atty	73	76	95	95	95	97	99	101	103
43	Operating	96	94	73	73	80	80	83	85	88
44	Engineering Services	189	92	50	20	23	75	75	50	50
45	Inspection Services	323	385	270	187	280	340	350	361	372
46	Legal and Professional Services	295	254	310	310	300	500	400	416	429
47	SUBTOTAL	1,603	1,503	1,572	1,377	1,477	1,804	1,742	1,761	1,805
48	SUBTOTAL	1,603	1,747	1,752	1,670	1,752	2,097	2,022	2,031	2,075
49	C. MONTGOMERY COUNTY GOVERNMENT - CCM									
50	Media Production & Engineering									
51	Personnel Costs	325	399	533	483	489	528	570	562	573
52	Operating	46	19	25	25	40	40	43	48	52
53	Contracts - TV Production		0	63	63	40	75	90	120	150
56	New Media, Webstreaming & VOD Services	40	40	48	94	38	39	40	42	43
57	SUBTOTAL	411	458	669	665	607	682	744	771	818
58	Public Information Office									
59	Personnel Costs	290	389	560	563	688	702	512	492	482
60	Operating Expenses	17	1	12	12	2	20	25	32	32
61	Contracts - TV Production	315	263	210	210	88	91	93	96	99
62	SUBTOTAL	622	653	782	785	778	812	630	620	613
63	County Council									
64	Personnel Costs	42	53	74	74	74	102	110	118	128
65	Operating Expenses	53	63	28	28	28	30	31	32	32
66	Contracts - TV Production	537	408	516	516	487	502	517	532	548
67	SUBTOTAL	632	524	618	618	589	633	657	682	708
68	MNCPPC									
69	Personnel Costs	81	101	101	78	83	90	97	100	108
70	Operating Expenses	101	0	21	21	0	0	22	24	24
71	Contracts - TV Production	108	127	117	117	101	111	114	118	121
72	New Media, Webstreaming & VOD Services	0	117	47	24	24	25	25	26	27
73	SUBTOTAL	290	345	286	240	208	225	259	267	280
74	SUBTOTAL	1,955	1,980	2,355	2,308	2,182	2,353	2,289	2,341	2,419

FY11 PRELIMINARY CABLE COMMUNICATIONS PLAN (\$000's) - REFORMATTED (R)										
		Actual FY08(R)	Actual FY09(R)	Approved FY10(R)	Estimated FY10(R)	FY11	FY12	FY13	FY14	FY15
75	D. MONTGOMERY COLLEGE - MC ITV									
76	Personnel Costs	1,000	1,103	1,141	1,141	1,174	1,291	1,382	1,409	1,438
77	Operating Expenses	219	219	179	179	140	241	248	256	263
78	New Media, Webstreaming & VOD Services					6	7	7	8	8
79	SUBTOTAL	1,219	1,322	1,320	1,320	1,320	1,539	1,637	1,673	1,709
80	E. PUBLIC SCHOOLS - MCPS ITV									
81	Personnel Costs	1,234	1,309	1,385	1,385	1,393	1,582	1,693	1,727	1,761
82	Operating Expenses	287	274	197	197	211	301	310	320	329
83	New Media, Webstreaming & VOD Services									
84	SUBTOTAL	1,521	1,583	1,582	1,582	1,604	1,884	2,004	2,047	2,091
85	F. COMMUNITY ACCESS PROGRAMMING (b)									
86	Personnel Costs	1,779	2,004	1,871	1,871	1,869	2,056	2,097	2,139	2,182
87	Operating Expenses	755	146	195	189	83	250	250	260	260
88	Rent & Utilities		496	496	496	507	507	522	538	554
89	New Media, Webstreaming & VOD Services		6		6	6	7	8	9	9
90	SUBTOTAL	2,534	2,652	2,562	2,562	2,465	2,820	2,877	2,946	3,005
91	G. PEG NETWORK									
92	PEG Equipment Replacement	893	925	940	890	641	1,000	1,000	1,000	1,000
93	PEG Network Operating	148	82	125	100	215	215	240	250	270
94	Youth and Arts Community Media	50	76	90	64	80	100	100	100	110
95	Closed Captioning	348	237	291	267	265	342	402	410	418
96	Technical Operations Center (TOC)	22	14	23	23	23	24	25	26	27
97	PEG Network Mobile Production Vehicle	54	25	32	32	32	35	37	39	41
98	Emergency Equipment Reserve	0	3	80	0	0	80	80	80	80
99	SUBTOTAL	1,515	1,367	1,581	1,376	1,256	1,796	1,884	1,905	1,945
100	H. FIBERNET									
101	FiberNet - Personnel Charges for DTS	190	183	177	177	193	197	201	205	209
102	FiberNet - Operations & Maintenance (DTS)	843	852	1,013	1,013	900	907	935	963	992
103	FiberNet - Personnel Charges for DOT	51	46	46	46	46	46	46	46	46
104	FiberNet - Operations & Maintenance (DOT)	198	198	198	198	198	203	210	215	220
105	FiberNet-CIP	1,735	1,687	1,041	1,041	2,012	2,706	4,378	2,375	1,225
106	SUBTOTAL	3,017	2,966	2,475	2,475	3,349	4,059	5,770	3,804	2,692
107	TOTAL EXPENDITURES - PROGRAMS	14,700	15,581	15,477	15,434	16,088	18,927	20,915	19,227	18,466
108	I. OTHER									
109	Indirect Costs Transfer to Gen Fund	202	254	302	302	302	302	302	302	302
110	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	0	27	36	36	36	18	0	0	0
111	Transfer to the General Fund	0	250	3,236	3,236	0	0	0	0	0
112	Grants to Organizations (Friendship Hts)	39	39	39	39	39	39	39	39	39
113	Consolidated Multiuse Technology Facility	0	0	0	0	0	0	0	0	0
114	Advanced Traffic Management over FiberNet	0	0	0	0	2,900	0	0	0	0
115	COB Renovations - CIP	0	108	0	0	0	0	0	0	0
116	Park & Planning Technology Projects	0	489	0	0	0	0	0	0	0
117	SUBTOTAL	241	1,167	3,613	3,613	3,277	359	341	341	341
118	TOTAL EXPENDITURES	14,941	16,748	19,091	19,047	19,365	19,286	21,255	19,568	18,807
119	J. ADJUSTMENTS									
120	Prior Year Adjustments	(480)	0	0	0	0	0	0	0	0
121	CIP - Designated Claim on Fund	(610)	0	0	(1,244)	0	0	0	0	0
122	TOTAL ADJUSTMENTS	(1,090)	0	0	(1,244)	0	0	0	0	0
123	FUND BALANCE	3,949	4,809	462	3,386	3,366	3,919	1,144	367	728
124	FUND BALANCE PER POLICY GUIDANCE	873	923	911	964	985	1,004	1,027	1,047	1,068
125	K. SUMMARY - EXPENDITURES BY FUNDING SOURCE									
126	Transfer to Gen Fund-Indirect Costs	202	281	338	338	338	320	302	302	302
127	Transfer to Gen Fund-Mont Coll Cable Fund	1,219	1,322	1,320	1,320	1,320	1,539	1,637	1,673	1,709
128	Transfer to Gen Fund-Public Sch Cable Fund	1,521	1,583	1,582	1,582	1,604	1,884	2,004	2,047	2,091
129	Transfer to CIP Fund	1,735	1,795	1,041	1,041	2,012	2,706	4,378	2,375	1,225
130	Transfer to the General Fund-Other	0	250	3,236	3,236	2,900	0	0	0	0
131	FUND TRANSFERS SUBTOTAL	4,677	5,231	7,517	7,517	8,174	6,449	8,320	6,397	5,327
132	Municipal Franchise & PEG Payments	1,336	1,964	1,851	2,141	2,160	2,379	2,432	2,481	2,531
133	Cable Fund Non-Municipal Expenditures & Transfers	13,605	14,784	17,240	16,906	17,205	16,906	18,823	17,087	16,277
134	Cable Fund Direct Expenditures	10,264	11,517	11,574	11,530	11,191	12,837	12,934	13,171	13,481

NOTES: Actual FY09 figures are preliminary pending final audit and reconciliation with Finance and OMB.

(a) Municipal Franchise Fee, PEG Capital and PEG Operating payments are contractually required by franchise, municipal, and settlement agreements, and by the County Code.

(b) Currently Montgomery Community Television, Inc., d/b/a Access Montgomery

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions.

Fibernet -- No. 509651

Category
Subcategory
Administering Agency
Planning Area

General Government
Technology Services
Technology Services
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

October 02, 2009
No
None
Under Construction

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	3,220	1,645	375	1,200	200	200	200	200	200	200	0
Land	4	4	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	12,601	11,491	50	1,060	65	65	415	415	50	50	0
Construction	17,263	1,736	566	11,661	1,747	2,441	3,763	1,760	975	975	3,300
Other	20,625	20,575	50	0	0	0	0	0	0	0	0
Total	53,713	35,451	1,041	13,921	2,012	2,706	4,378	2,375	1,225	1,225	3,300

FUNDING SCHEDULE (\$000)

Cable TV	42,627	24,365	1,041	13,921	2,012	2,706	4,378	2,375	1,225	1,225	3,300
Contributions	86	86	0	0	0	0	0	0	0	0	0
G.O. Bonds	8,900	8,900	0	0	0	0	0	0	0	0	0
PAYGO	2,100	2,100	0	0	0	0	0	0	0	0	0
Total	53,713	35,451	1,041	13,921	2,012	2,706	4,378	2,375	1,225	1,225	3,300

DESCRIPTION

This project provides for the planning, design, and installation of a Countywide fiber optic cable-based communication network with the capacity to support voice, data, and video transmissions among Montgomery County Government (MCG), MCPS, Montgomery College (MC), M-NCPPC, HOC and WSSC facilities. FiberNet is also the communications backbone for the Public Safety Radio and Public Safety Mobile Data Systems (collectively, PSCS), and future technology implementations. FiberNet has an estimated useful life of at least 20 years. Upgrades and replacements to electronic components in the core and at user sites will be required periodically.

COST CHANGE

Reduce funding and expenditures in FY10 to slow down pace of construction.

JUSTIFICATION

FiberNet is a critical infrastructure asset serving every agency, the fiber plant for ATMS, and the dedicated and redundant communications links for the PSCS/800 MHz system. As of September 1, 2007, 244 user sites are on-net and receiving critical services from FiberNet. In FY07, DTS completed the re-engineering of FiberNet (now referred to as FiberNet II) to directly support Ethernet connections. This provides a core network that is technologically newer, faster and less expensive on a per-site basis. The focus for FY09 and FY10 is transitioning many sites and services from the original FiberNet to FiberNet II, infrastructure improvements, and deployment of new sites. DTS, in cooperation with ITPCC and its ITAG workgroup, continues to refine the master implementation schedule. MCG, MCPS, MC, M-NCPPC, HOC and WSSC will require substantially increased communication services and bandwidth among their facilities. The County will provide fiber optic services to those facilities for which leased telecommunication services cannot meet current or projected demand as cost effectively as FiberNet. Studies include: Fibernet Master Plan; RAM Comm. Mar 1995; Fibernet Eval. Rpt., TRW, Sept 1997; Fibernet Proj. Cost Est., ARINC, Apr 1998; Fibernet Proj. Cost-Benefit Analysis, ARINC, Oct 1998; Fibernet Strategic Plan, PrimeNet, Jun 2002; Fibernet Strategic Direction, ITAG, Nov 2003; Fibernet service level agreement, Jan 2005.

OTHER

DTS is responsible for project management, network operations, and maintenance of electronics; DOT for installation and maintenance of the fiber optic cable. Comcast, at DTS's direction, also provides fiber used in FiberNet. Sites installed to date include MCG departments/offices, PSCS sites, MC campuses, MCPS high schools/middle schools/administrative facilities, M-NCPPC sites, HOC sites. Sites have been, and will continue to be, installed in a priority order based on the expected cost savings/avoidance; current and future connectivity needs; and availability of fiber optic cable to an area.

FISCAL NOTE

Fibernet maintenance is supported by a grant from the franchise agreement with the County's cable service provider. The original grant amount of \$1.2 million/yr is increased by the CPI each year. For this reason the Operating Budget Impact is \$0.

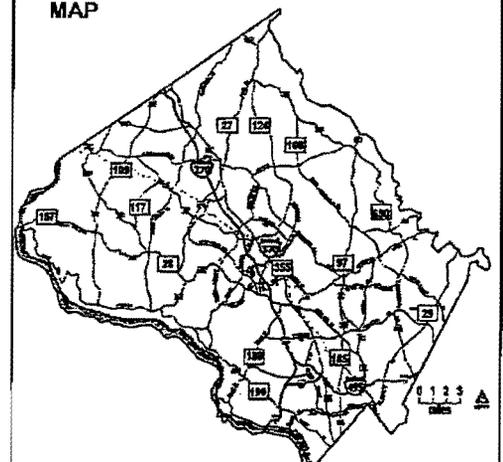
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY86	(\$000)
First Cost Estimate		
Current Scope	FY07	39,231
Last FY's Cost Estimate		42,557
Appropriation Request	FY11	2,012
Appropriation Request Est.	FY12	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		16,084
Expenditures / Encumbrances		14,991
Unencumbered Balance		1,093
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

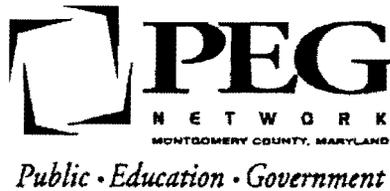
COORDINATION

Department of Technology Services
Department of Transportation
Advanced Transportation Management System Project
Montgomery County Public Schools
M-NCPPC
Montgomery College
HOC
WSSC
Comcast
Public Safety Radio System
Information Technology Policy Coordination Committee (ITPCC)
ITPCC CIO Subcommittee
Interagency Technology Advisory Group (ITAG)

MAP



Recommended



PUBLIC

**Access
Montgomery
(301) 424-1730**

EDUCATION

**Montgomery
College Television
(240) 567-7160**

**Montgomery
County Public
Schools
Instructional TV
(301) 279-3141**

**UMTV
University of Maryland,
College Park
(301) 405-3610**

**UMUC-TV
University of Maryland
University College
(301) 985-7439**

GOVERNMENT

**County Cable
Montgomery
(240) 777-3668**

**Montgomery
Municipal
Cable
(301) 942-6276**

**Rockville 11
(240) 314-8188**

**Takoma Park
City TV
(301) 891-7118**

January 15, 2010

TO: Hon. Nancy Floreen, President
Montgomery County Council

FROM: The PEG Network

SUBJECT: FY2011-2016 PEG Network Activities and Needs

The PEG Network is an essential collaboration of the Montgomery County local access cable operators who provide media programming and services to support residents' awareness and involvement in the County's public, education and government activities. In an era where long-established broadcast and print media have reduced their coverage of Montgomery County and Maryland state government issues, the PEG Network continues to provide in-depth coverage of local information of critical importance to our community.

In FY2009 and FY2010, our successful collaborative efforts to date have included:

- An effective plan to design, create and deliver high-quality award-winning television programming that reaches all of our viewing community. In the past year, PEG Network members have earned over 43 national and regional awards for programming excellence.
- Sharing staffing, expertise, digital equipment, and leveraging of FiberNet and other resources to reduce costs while expanding joint programming, joint-productions, and joint training. Among the highlights of the past year, live coverage of Governor O'Malley and his cabinet meeting as part of Rockville as Maryland Capital for a Day, daily reports covering and promoting the 61st Agricultural Fair, taped coverage of the Thanksgiving Day parade, special information about H1N1 Virus, and live coverage of the State of the County and County Executive Budget Forums.
- Improvements in outreach to and collaboration with youth, arts, educational and community organizations. The PEG Network continued its partnership with Strathmore Music Hall to promote arts events within the County; Montgomery County Public Schools (MCPS), Access Montgomery, Gandhi Media Brigade, Identity and Gap Busters partnered with Montgomery County Public Libraries and the Office of Human Rights to sponsor student producers on Civil Rights Educational Freedom Tour; and Access Montgomery and MCPS partnered to provide

PEG Network
Cable Communications Administration
100 Maryland Avenue, Suite 250 ■ Rockville, MD 20850
240-773-CATV (2288) ■ 240-777-3770 fax ■ <http://pegs.montgomerycountymd.gov>

summer video production workshops for at-risk youth.

- Expansion of cost-effective professional development opportunities for staff and personal enrichment opportunities for residents. The PEG Network also significantly reduced training costs by using Montgomery College facilities at no cost, cost-effectively hiring local trainers at hourly rates instead of paying per student fees at outside events, and leveraging free and low-cost training opportunities. Training provided in the past year by the PEG Network included: *How To Prepare For and Conduct An Interview; Improving Still Photographs; Overcoming Pitfalls In Final Cut Studio; How To Write For The Web: Social Media; Legislative, Regulatory State of the Industry Update on PEG; and Creating Effective Program Measures.*

Through the remainder of FY2010 and as the PEG Network plans for FY2011 to FY2015, the PEG Network priorities and long-term vision will include:

- Prioritizing production resources to support key County objectives including:
 - Simulcasting of the County's Teen Town Hall Meeting;
 - K-12 education and community college services;
 - Facilitating dissemination of information from first response public safety officers and agencies;
 - Providing an effective communications media tool for and enhancing community awareness of critical safety net services;
 - Using production training and programs to enhance job creation efforts within the County;
 - Improving ability of cable channels to provide communications about traffic, snow removal, facility closures, and transportation services;
 - Expanding live meeting and event coverage to increase community participation and awareness of County, MCPS, Montgomery College, municipalities, and Maryland General Assembly activities and communications to the public.
- Completing digital migration and equipment upgrades at PEG origination sites to achieve HD digital capabilities.
- Increasing accessibility by expanding closed captioning for all PEG Network original programming and expanding foreign language programming.

In the coming weeks, the PEG Network will present the results of a digital study assessing the digital capabilities of all PEG Network facilities. The results of this study will assist the PEG Network prioritizing PEG equipment funding needs in FY11 through FY15.

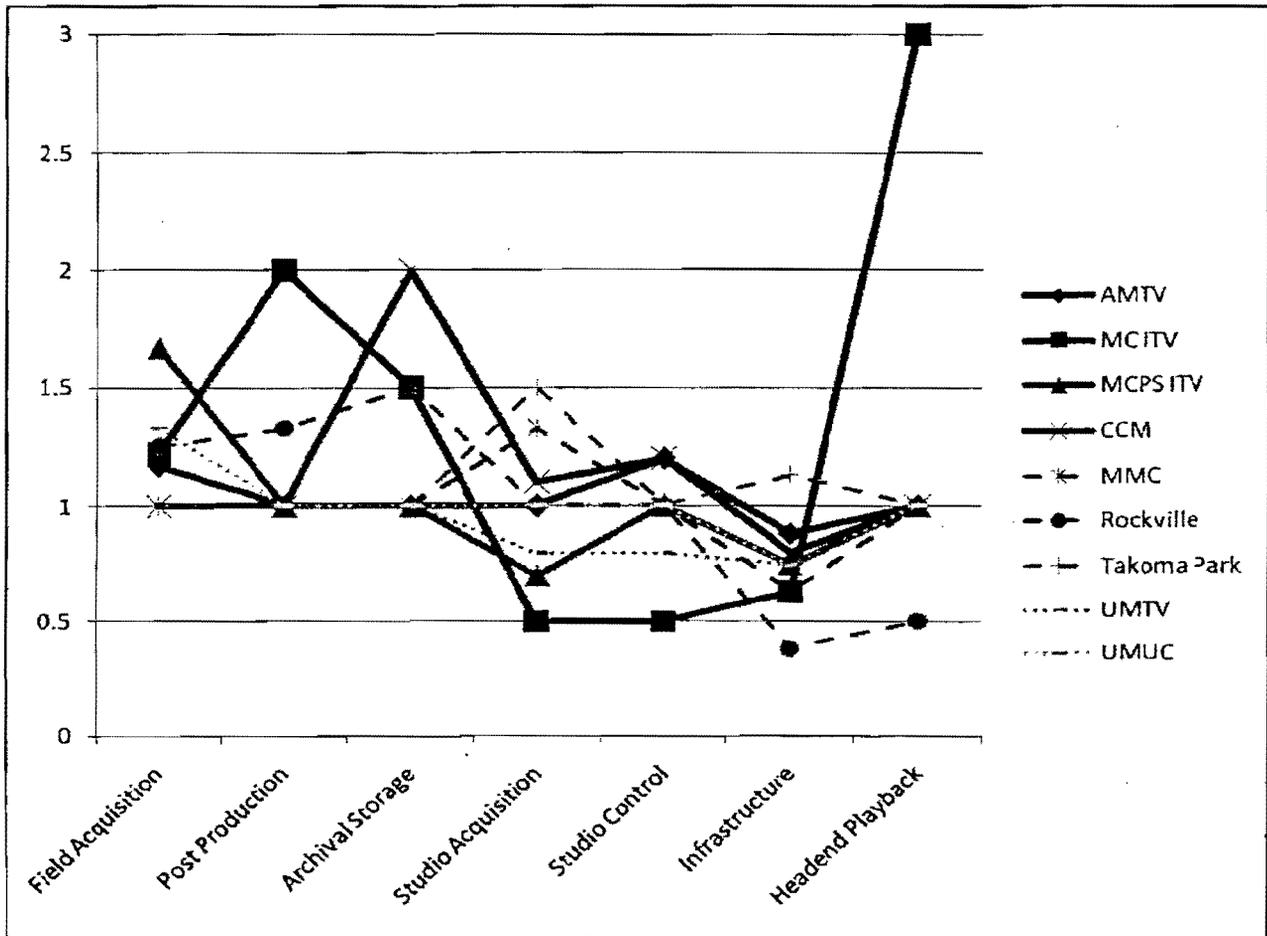
The chart below summarizes the status of digital transition efforts among the nine PEG Network members.

- A "3" rating indicates that a specific area of a production facility is state-of-art and will not need any further upgrades until a major technology shift occurs. Montgomery College's master control headend playback equipment is the only aspect of all nine facilities that could be considered fully state of the art.
- A "2" rating indicates that an entire area of a facility has achieved basic HD functionality. Only

the post production equipment of MC and the archival storage capacity of CCM have achieved basic HD functionality.

- A "1" rating indicates that an area of a facility has achieved basic digital transition. The field production, post production, and storage capacity of nine facilities have achieved basic digital functionality and most facilities are moving towards HD in these areas. However, in the areas of studio production, studio control room, and infrastructure equipment, most facilities have little more than basic digital functionality. MCPS has not achieved basic digital functionality in its studio cameras or infrastructure and MC has not achieved basic digital functionality in its studio camera, control equipment and infrastructure.

In the chart below, the four entities funded by the Cable Fund are noted with solid lines, other Montgomery County municipalities who receive franchise and PEG fees under Comcast, RCN, and Verizon franchise are noted with dash lines, and the two entities which receive no funding through the Cable Plan are noted with dotted lines.



The PEG Network will continue to evaluate the results of the digital transition study and work with the County Council to develop further plans to meet the County's PEG funding needs.