

Worksession

MEMORANDUM

February 3, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser

SUBJECT: FY 2012 Preliminary Cable Communications Plan Review

Expected to attend:

Mitsuko R. Herrera, Cable and Broadband Administrator, DTS  
Neil Greenberger, Legislative Information Officer, County Council  
Donna T. Keating, CCM Media Services Manager  
Donna Bigler, Public Information Office  
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  
John Cuff, Office of Management and Budget

Summary of staff recommendations to the GO Committee

1. Urge the Executive to use an **outcome format** when the final FY12 Plan is submitted. Such an outcome format should explicitly tie requested funds to 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. This recommendation was also made during the FY11 Plan review but has not been implemented yet.
2. Review the staff recommendations for potential items to be included in the final Cable Communications Plan and provide direction to the Executive regarding priority programs; funding for such new items would be more than adequately provided by the underestimate of revenues currently used in the preliminary Plan.
3. Request that the Executive use a more comprehensive **revenue forecast model** when projecting revenues five years in advance, and abandon the simple 2% growth model, which is not supported by historical evidence.

## A. Background Information

Resolution 16-1381 (on ©1-10) documents the Council's approval of the FY11 Cable Communications Plan and sets certain restrictions and processes for the effective expenditure of funds received from all access grants, franchise fees, and alternate telecommunications revenue sources. General provision 8 on ©3 provides for the submission of a preliminary six-year Cable Communications Plan for FY12 through FY17. The Executive's January 19, 2011 submission is on ©11-14, and includes several elements:

- a list of needs that the preliminary plan strives to support (©11)
- a list of purposes for which the County has interpreted federal regulations to permit the PEG funding to be used (©12 footnote 1)
- the preliminary FY10 Cable Communications Plan, which shows an estimated budget of revenues and expenditures over the next 5 years (©13-14)

**Absent** from this year's preliminary plan is a **statement of direction and project intent by the PEG network participants**, which in prior years has given the Committee a chance to hear about the work done by the access channels and provide input into their thinking and operations. The Committee should therefore take advantage of the Worksession and explicitly discuss these items with PEG members present.

Detailed proposals for FY12 Cable Fund revenue and operating expenditure levels will be made along with the Executive's FY12 Recommended Operating Budget in March 2011. 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. Most importantly, the Committee should take the opportunity to **identify areas of concern and need** where the final Cable Plan can make a difference, and **request that those needs be explicitly addressed** in the March 2011 submission of the recommended FY12 Cable Plan. Staff has developed a preliminary list of such suggestions on page 4 of this memorandum.

## B. Cable Communications Plan Reactions

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 communications, participation and cohesion. As such, it is important to identify explicit outcomes foreseen by the Executive and link those outcomes to the investments suggested in the plan. Such linkage is not present today. The Committee should ask the Cable Office to **include explicit outcomes tied to program expenditures**, and be in a position to present 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 fully address. 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 networking tools** 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.

3. During the FY11 Cable Plan review, the Committee requested that the Executive improve ways in which **programming resources across the PEG network are consolidated**, so that better use will be made of technology and so human resources and operating costs can be reduced. Progress against this goal has been made but it is difficult to discern in the Preliminary Plan. Committee members should take advantage of this worksession to hear of the work accomplished 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.
4. The County has received a major **ARRA** grant for the completion of the FiberNet deployment (primarily enabling full broadband service to reach all MCPS elementary schools). This **revenue and related expenditures** should be **referenced in the Plan** so that FiberNet related expenditures are presented and approved in a unified manner.
5. PEG operating support and FiberNet operating and equipment support (shown at \$2.1m and \$1.6m in the approved FY11 Plan) are shown with zero allocations starting in FY14. The Committee should understand the reasons for this elimination of an important revenue source, as well as plans to replace it with an equivalent source (or to reduce expenditures by a combined \$3.7m starting in FY14).
6. The Preliminary Plan assumes that no transfers to the General Fund will be made in FY12. Yet the last two years saw actual transfers of \$6.8m and \$6.1m, suggesting that the zero-transfer assumption may have to be revisited, and costs reduced by at least a historic average of \$6m that could once again be transferred. It is not clear from the presentation where such significant cuts would be made in the final Plan, unless the revenues are significantly understated.

### C. Revenue Estimation

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

\$ in ,000s	Approved	Actual	% difference
FY11	20,385	*	
FY10	17,484	19,830	+13.4%
FY09	15,779	17,608	+11.6%
FY08	14,919	16,635	+13.2%
FY07	13,024	14,095**	+8.2%

\* No information provided yet

\*\* Estimated

Underestimating revenue reduces the amount of resources available to the Council for explicit 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 18.0, 5.8%, and 12.6 % for 2008, 2009, and 2010. The trend in the industry is also towards broadening the revenue base and increasing fees for various telecommunications-based

consumer offerings, something which creates additional revenues for the County. 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 using 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. Broad areas of consideration for FY12 funding**

The Preliminary plan submitted by the Executive is a line item budget that details expenditures, but not expected outcomes and strategies to accomplish them. For the Committee to get a better handle on the targets for which Cable Fund revenue are used, a number of planning projects (using internal or external consultants and assessment techniques) should be undertaken in FY12. These are broken into two categories: a communications assessment and a forward-looking communications planning effort. The first would provide a “resident perspective” of how telecommunications services are perceived, as well as an internal perspective of technology platforms, costs, and opportunities for cost savings. The second would explore new technology strategies beyond cable to reach, inform, and engage the community, and would also explore the way that the important FiberNet broadband system which now reaches all County agencies can be used to take the interagency resource sharing effort to the next level. Both planning efforts would also positively contribute to the preparations now under way for the re-franchising effort for the Comcast franchise renewal in FY13.

Finally, the number and quality of programs that serve the increasingly diverse population of the County should be increased. The Committee will hear of current accomplishments, but also consider ways that explicit new efforts be undertaken in this field.

Committee members will have additional suggestions for consideration by the Executive as the final Cable Communications Plan is developed. The February 7, 2011 Worksession will provide an opportunity to identify more targets for Plan support and funding.

<b>STAFF SUGESTIONS FOR FY 12 CABLE PLAN TARGETS</b>	
Undertake a Communications assessment strategic plan	<ul style="list-style-type: none"> <li>• PEG assessment: audiences reached, satisfaction with services</li> <li>• Collaboration and shared resource use by PEG participants</li> <li>• Potential use of alternate, less expensive technologies and social media.</li> </ul>
Undertake a Communications strategic plan to strengthen ties to the community and make Government Operations more efficient	<ul style="list-style-type: none"> <li>• Community strategies beyond cable: mobile phones, social media, web portals. Develop and support projects around explicit issues (educational improvement, working mother benefits, County recreation opportunities) using new, shared programming technologies and infrastructure.</li> <li>• FiberNet expansion to applications sharing for government agencies. The recently released Organizational Reform Commission report suggests that all County agencies should explore the collaborative use of integrated technologies such as Cloud Computing, email and other services. FiberNet already provides the vehicle to connect, and new applications can and should be delivered via FiberNet to all agencies at great cost savings.</li> </ul>
Multi-cultural programming	<ul style="list-style-type: none"> <li>• New content</li> <li>• Integration and presentation of existing programming from different sources</li> </ul>

*Clerk's Note: Correction made to heading in attachment to read "Approved FY11".*

#18 – Cable Communications Plan

**CORRECTED COPY**

Resolution No.:	<u>16-1381</u>
Introduced:	<u>May 27, 2010</u>
Adopted:	<u>May 27, 2010</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

---

By: County Council

---

**SUBJECT:** Approval of the FY 2011 Cable 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 . . ."

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 2011, 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 2011. Resources appropriated in FY 2011 that are not encumbered by the County on or before June 30, 2011 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 2011 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 2011 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 2009 calendar year.
8. FY 2012-2017 Cable Plan: The Executive must submit a preliminary six-year Cable Communications Plan for FY 2012 through FY 2017 to the Council no later than January 15, 2011. The Executive submitted a preliminary six-year Cable Communications Plan for FY 2011 through FY 2016 to the Council on January 15, 2010. The Preliminary Cable Communications Plan included: (a) a list of known PEG activities and funding needs for FY 2011 through FY 2016; (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 2011 through FY 2016.

**FY 2011 Cable Communications Plan Description**

The FY 2011 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 2011:

**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 2011 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 2011, 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 2011, funds are allocated to the Village of Friendship Heights for cable programming and equipment expenses.

Institutional Telecommunications

- L. For FY 2011, 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 was transferred from the Cable TV Special Revenue Fund to the General Fund to finance general government operations. The Council intended that this transfer improve the technology infrastructure and productivity support for all County departments.

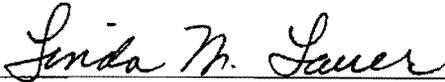
The FY 2004 General Fund transfer, the FY 2006 funding for the Automated Traffic Management System, and the FY 2007 funding for technology projects for the Montgomery County portion of the Maryland-National Capital Park and Planning Commission must be repaid without interest according to the following schedule: \$432,000 was paid in FY 2008, \$0 was paid in FY 2009 and FY 2010, and \$0 will be paid in FY 2011. As a part of the FY 2012 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 2011.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

FY11 CABLE COMMUNICATIONS PLAN (\$000's)												
		Actual FY09	Approved FY10	Est'd FY10	Approved FY11	Change fr FY10 App \$\$	%	FY12	FY13	FY14	FY15	FY16
1	<b>BEGINNING FUND BALANCE</b>	3,949	2,069	4,809	114	(1,955)	-94.5%	164	605	23	150	550
2	<b>REVENUES</b>											
3	5% Franchise Fee	11,282	11,280	12,015	12,533	1,253	11.1%	12,784	13,039	13,300	13,566	13,837
4	Gaithersburg PEG Contribution	183	187	182	164	(23)	-12.3%	152	155	158	160	162
5	PEG Operating Support	2,020	2,080	2,069	2,111	31	1.5%	2,174	2,240	0	0	0
6	PEG Capital Equipment	2,082	1,990	2,892	3,484	1,494	75.1%	3,589	3,660	6,260	6,385	6,513
7	Verizon - Facilities Grant	200	200	200	200	0	0.0%	0	0	0	0	0
8	FiberNet Operating & Equipment Support	1,589	1,637	1,628	1,660	23	1.4%	1,710	1,761	0	0	0
9	Interest Earned	68	30	10	30	0	0.0%	70	130	170	200	220
10	TFCG Application Review Fees	182	80	203	203	123	153.8%	180	150	140	140	140
11	Miscellaneous	2	0	0	0	0	0.0%	0	0	0	0	0
12	Transfer from the General Fund	0	0	0	0	0	0.0%	0	0	0	0	0
13	<b>TOTAL ANNUAL REVENUES</b>	17,608	17,484	19,199	20,385	2,901	16.6%	20,658	21,135	20,028	20,452	20,873
14	<b>TOTAL RESOURCES-CABLE FUND</b>	21,557	19,553	24,008	20,499	946	4.8%	20,822	21,741	20,051	20,602	21,422
15	<b>NON-DISCRETIONARY EXPENDITURES (a)</b>											
16	<b>A. MUNICIPAL EQUIPMENT &amp; OPERATIONS</b>											
17	<b>Municipal Franchise Fee Sharing</b>											
18	City of Rockville	437	460	451	464	4	0.8%	473	483	492	502	512
19	City of Takoma Park	189	199	191	196	(3)	-1.7%	200	204	208	212	216
20	Other Municipalities	145	152	155	159	7	4.4%	162	165	169	172	176
21	<b>SUBTOTAL</b>	771	812	797	819	7	0.9%	835	852	869	887	904
22	<b>Municipal Capital Support</b>											
23	Rockville Equipment	296	276	402	466	190	68.8%	475	562	574	585	597
24	Takoma Park Equipment	348	276	402	466	190	68.8%	475	562	574	585	597
25	Municipal League Equipment	348	276	402	396	120	43.5%	404	412	420	429	437
26	<b>SUBTOTAL</b>	992	828	1,206	1,328	500	60.4%	1,355	1,537	1,567	1,599	1,631
27	<b>Municipal Operating Support</b>											
28	Rockville PEG Support	67	70	69	70	0	0.0%	71	73	0	0	0
29	Takoma Park PEG Support	67	70	69	70	0	0.0%	71	73	0	0	0
30	Muni. League PEG Support	67	70	69	140	70	100.0%	143	146	0	0	0
31	<b>SUBTOTAL</b>	201	211	207	280	69	32.7%	286	291	0	0	0
32	<b>SUBTOTAL</b>	1,964	1,851	2,210	2,427	576	31.1%	2,476	2,680	2,437	2,486	2,535
33	<b>NET TOTAL ANNUAL REVENUES</b>	15,644	15,633	16,989	17,958	2,325	14.9%	18,183	18,455	17,592	17,966	18,338
34	<b>NET TOTAL RESOURCES-CABLE FUND</b>	19,593	17,702	21,798	18,072	370	2.1%	18,346	19,060	17,615	18,116	18,887
35	<b>EXPENDITURES</b>											
36	<b>A. Transmission Facilities Coordinating Group</b>											
37	TFCG Application Review	244	180	293	275	95	52.8%	293	280	270	270	270
38	<b>SUBTOTAL</b>	244	180	293	275	95	52.8%	293	280	270	270	270
39	<b>B. FRANCHISE ADMINISTRATION</b>											
40	Personnel Costs - Cable Administration	550	705	623	794	89	12.6%	844	870	887	905	923
41	Personnel Costs - DTS Administration	52	69	69	69	0	0.0%	69	72	73	75	75
42	Personnel Costs - Charges for County Atty	76	95	95	95	0	0.0%	97	99	101	103	103
43	Operating	94	73	73	80	7	9.6%	84	88	93	97	102
44	Engineering Services	92	50	20	50	0	0.0%	75	75	50	50	50
45	Inspection Services	385	270	187	10	(260)	-96.3%	25	26	27	27	20
46	Legal and Professional Services	254	310	310	300	(10)	-3.2%	500	400	416	429	429
47	<b>SUBTOTAL</b>	1,503	1,572	1,377	1,398	(174)	-11.1%	1,694	1,630	1,646	1,686	1,701
48	<b>SUBTOTAL</b>	1,747	1,752	1,670	1,673	(79)	-4.5%	1,987	1,910	1,916	1,956	1,971
49	<b>C. MONTGOMERY COUNTY GOVERNMENT - CCM</b>											
50	<b>Media Production &amp; Engineering</b>											
51	Personnel Costs	399	533	483	781	248	46.5%	805	821	837	854	871
52	Operating	19	25	25	40	15	60.0%	40	43	48	52	56
53	Contracts - TV Production	0	63	63	40	(23)	-36.5%	78	90	120	150	180
56	New Media, Webstreaming & VOD Services	40	48	94	38	(10)	-20.8%	39	40	42	43	44
57	<b>SUBTOTAL</b>	458	669	665	899	230	34.4%	962	994	1,047	1,099	1,151
58	<b>Public Information Office</b>											
59	Personnel Costs	389	560	563	705	145	25.9%	719	529	510	500	510
60	Operating Expenses	1	12	12	0	(12)	-100.0%	30	31	32	32	32
61	Contracts - TV Production	263	210	210	83	(127)	-60.5%	99	110	124	138	155
62	<b>SUBTOTAL</b>	653	782	785	788	6	0.8%	848	671	666	671	697
63	<b>County Council</b>											
64	Personnel Costs	53	74	74	154	80	108.1%	188	203	219	237	241
65	Operating Expenses	63	28	28	18	(10)	-35.7%	30	31	32	32	32
66	Contracts - TV Production	448	516	516	164	(352)	-68.2%	193	198	204	210	220
67	<b>SUBTOTAL</b>	564	618	618	336	(282)	-45.6%	410	432	455	480	494
68	<b>MNCPPC</b>											
69	Personnel Costs	101	101	78	83	(18)	-17.8%	90	97	100	108	110
70	Operating Expenses	0	21	21	0	(21)	-100.0%	0	0	0	0	0
71	Contracts - TV Production	127	117	117	81	(36)	-30.8%	111	114	118	121	125
72	New Media, Webstreaming & VOD Services	117	47	24	24	(23)	0.0%	25	25	26	27	28
73	<b>SUBTOTAL</b>	345	286	240	188	(98)	-34.3%	225	237	244	256	263
74	<b>SUBTOTAL</b>	2,020	2,355	2,308	2,211	(144)	-6.1%	2,445	2,334	2,411	2,505	2,605

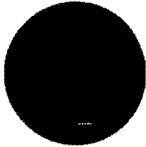
FY11 CABLE COMMUNICATIONS PLAN (\$000's)												
		Actual FY09	Approved FY10	Est'd FY10	Approved FY11	Change fr FY10 App		FY12	FY13	FY14	FY15	FY16
						\$\$	%					
75	<b>D. MONTGOMERY COLLEGE - MC ITV</b>											
76	Personnel Costs	1,103	1,141	1,141	1,174	33	2.9%	1,315	1,473	1,561	1,655	1,853
77	Operating Expenses	219	179	179	108	(71)	-39.7%	241	248	256	263	271
78	New Media, Webstreaming & VOD Services				6	6	100.0%	7	7	8	8	9
79	<b>SUBTOTAL</b>	<b>1,322</b>	<b>1,320</b>	<b>1,320</b>	<b>1,288</b>	<b>(32)</b>	<b>-2.4%</b>	<b>1,563</b>	<b>1,728</b>	<b>1,825</b>	<b>1,926</b>	<b>2,133</b>
80	<b>E. PUBLIC SCHOOLS - MCPS ITV</b>											
81	Personnel Costs	1,309	1,385	1,385	1,393	8	0.6%	1,610	1,803	1,912	2,026	2,269
82	Operating Expenses	274	197	197	98	(99)	-50.3%	301	310	320	329	339
83	New Media, Webstreaming & VOD Services						100.0%					
84	<b>SUBTOTAL</b>	<b>1,583</b>	<b>1,582</b>	<b>1,582</b>	<b>1,491</b>	<b>(91)</b>	<b>-5.8%</b>	<b>1,912</b>	<b>2,114</b>	<b>2,231</b>	<b>2,356</b>	<b>2,609</b>
85	<b>F. COMMUNITY ACCESS PROGRAMMING (b)</b>											
86	Personnel Costs	2,004	1,871	1,871	1,869	(2)	-0.1%	2,056	2,097	2,139	2,182	2,225
87	Operating Expenses	146	195	189	33	(162)	-83.1%	250	250	260	260	270
88	Rent & Utilities	496	496	496	457	(39)	-7.9%	507	522	538	554	571
89	New Media, Webstreaming & VOD Services	6		6	6	6	100.0%	7	8	9	9	10
90	<b>SUBTOTAL</b>	<b>2,652</b>	<b>2,562</b>	<b>2,562</b>	<b>2,365</b>	<b>(197)</b>	<b>-7.7%</b>	<b>2,820</b>	<b>2,877</b>	<b>2,946</b>	<b>3,005</b>	<b>3,076</b>
91	<b>G. PEG NETWORK</b>											
92	PEG Equipment Replacement	925	940	890	40	(900)	-95.7%	1,200	1,000	1,000	1,000	1,000
93	PEG Network Operating	82	125	100	80	(45)	-36.0%	215	240	250	270	270
94	Youth and Arts Community Media	76	90	64	50	(40)	-44.4%	100	100	100	110	110
95	Closed Captioning	237	291	267	225	(66)	-22.7%	361	422	430	439	452
96	Technical Operations Center (TOC)	14	23	23	13	(10)	-43.5%	24	25	26	27	27
97	PEG Network Mobile Production Vehicle	25	32	32	32	0	0.0%	35	37	39	41	41
98	Emergency Equipment Reserve	3	80	0	0	(80)	-100.0%	80	80	80	80	80
99	<b>SUBTOTAL</b>	<b>1,367</b>	<b>1,581</b>	<b>1,376</b>	<b>440</b>	<b>(1,141)</b>	<b>-72.2%</b>	<b>2,016</b>	<b>1,904</b>	<b>1,925</b>	<b>1,966</b>	<b>1,980</b>
100	<b>H. FIBERNET</b>											
101	FiberNet - Personnel Charges for DTS	183	177	177	193	16	9.0%	197	201	205	209	213
102	FiberNet - Operations & Maintenance DTS	852	1,013	1,013	900	(113)	-11.2%	907	935	963	992	1,021
103	FiberNet - Personnel Charges for DOT	46	46	46	46	0	0.0%	46	46	46	46	46
104	FiberNet - Operations & Maintenance DOT	198	198	198	198	0	0.0%	203	210	215	220	273
105	<b>OPERATING SUBTOTAL</b>	<b>1,279</b>	<b>1,434</b>	<b>1,434</b>	<b>1,337</b>	<b>(97)</b>	<b>-6.8%</b>	<b>1,353</b>	<b>1,392</b>	<b>1,429</b>	<b>1,467</b>	<b>1,553</b>
106	FiberNet - CIP	1,641	1,041	1,041	515	(526)	-50.5%	2,706	4,378	2,375	1,973	1,974
107	<b>SUBTOTAL</b>	<b>2,920</b>	<b>2,475</b>	<b>2,475</b>	<b>1,852</b>	<b>(623)</b>	<b>-25.2%</b>	<b>4,059</b>	<b>5,770</b>	<b>3,804</b>	<b>3,440</b>	<b>3,527</b>
108	<b>TOTAL EXPENDITURES - PROGRAMS</b>	<b>15,575</b>	<b>15,477</b>	<b>15,503</b>	<b>13,747</b>	<b>(1,730)</b>	<b>-11.2%</b>	<b>19,278</b>	<b>21,317</b>	<b>19,494</b>	<b>19,639</b>	<b>20,437</b>
109	<b>I. OTHER</b>											
110	Indirect Costs Transfer to Gen Fund	254	302	302	359	57	18.7%	379	363	368	374	381
111	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	27	36	36	34	(2)	-6.6%	21	0	0	0	0
112	Transfer to the General Fund	250	3,236	6,729	6,157	2,921	90.3%	500	0	0	0	0
113	Grants to Organizations (Friendship Hts)	39	39	39	39	0	0.0%	39	39	39	39	39
114	Consolidated Multiuse Technology Facility	0	0	0	0	0	0.0%	0	0	0	0	0
115	Advanced Traffic Management over FiberNet - CIP	45	0	0	0	0	0.0%	0	0	0	0	0
116	COB Renovations - CIP	109	0	843	0	0	0.0%	0	0	0	0	0
117	Park & Planning Technology Projects	600	0	0	0	0	0.0%	0	0	0	0	0
118	<b>SUBTOTAL</b>	<b>1,324</b>	<b>3,613</b>	<b>7,949</b>	<b>6,589</b>	<b>2,975</b>	<b>82.3%</b>	<b>939</b>	<b>402</b>	<b>407</b>	<b>413</b>	<b>420</b>
119	<b>TOTAL EXPENDITURES</b>	<b>16,899</b>	<b>19,091</b>	<b>23,452</b>	<b>20,336</b>	<b>1,245</b>	<b>6.5%</b>	<b>20,216</b>	<b>21,719</b>	<b>19,901</b>	<b>20,052</b>	<b>20,857</b>
120	<b>J. ADJUSTMENTS</b>											
121	Prior Year Adjustments	(144)	0	(41)	0	0	0.0%	0	0	0	0	0
122	Encumbrance Adjustment	295	0	0	0	0	0.0%	0	0	0	0	0
123	CIP - Designated Claim on Fund	0	0	(401)	0	0	0.0%	0	0	0	0	0
124	<b>TOTAL ADJUSTMENTS</b>	<b>151</b>	<b>0</b>	<b>(442)</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
125	<b>FUND BALANCE</b>	<b>4,809</b>	<b>462</b>	<b>114</b>	<b>164</b>	<b>(298)</b>	<b>-64.6%</b>	<b>605</b>	<b>23</b>	<b>150</b>	<b>550</b>	<b>565</b>
126	<b>FUND BALANCE PER POLICY GUIDANCE</b>	<b>923</b>	<b>911</b>	<b>978</b>	<b>1,021</b>	<b>110</b>	<b>112.1%</b>	<b>1,043</b>	<b>1,066</b>	<b>1,089</b>	<b>1,112</b>	<b>1,136</b>
127	<b>K. SUMMARY - EXPENDITURES BY FUNDING SOURCE</b>											
128	Transfer to Gen Fund-Indirect Costs	281	338	338	393	54	16.0%	400	363	368	374	381
129	Transfer to Gen Fund-Mont Coll Cable Fund	1,322	1,320	1,320	1,288	(32)	-2.4%	1,563	1,728	1,825	1,926	2,133
130	Transfer to Gen Fund-Public Sch Cable Fund	1,583	1,582	1,582	1,491	(91)	-5.8%	1,912	2,114	2,231	2,356	2,609
131	Transfer to CIP Fund	1,795	1,041	1,884	515	(526)	-50.5%	2,706	4,378	2,375	1,973	1,974
132	Transfer to the General Fund-Other	250	3,236	6,729	6,157	2,921	90.3%	500	0	0	0	0
133	<b>FUND TRANSFERS SUBTOTAL</b>	<b>5,231</b>	<b>7,517</b>	<b>11,853</b>	<b>9,844</b>	<b>2,327</b>	<b>31.0%</b>	<b>7,080</b>	<b>8,583</b>	<b>6,799</b>	<b>6,629</b>	<b>7,097</b>
134	<b>Municipal Franchise &amp; PEG Payments</b>	<b>1,964</b>	<b>1,851</b>	<b>2,210</b>	<b>2,427</b>	<b>576</b>	<b>31.1%</b>	<b>2,476</b>	<b>2,680</b>	<b>2,437</b>	<b>2,485</b>	<b>2,535</b>
135	Fran Admin, PEG & FiberNet Op (excl Muni, GF, CIP)	12,890	12,963	12,629	11,237	(1,726)	-13.3%	14,534	14,659	15,090	15,594	16,348
136	<b>Cable Fund Direct Expenditures</b>	<b>11,812</b>	<b>11,574</b>	<b>11,599</b>	<b>10,492</b>	<b>(1,082)</b>	<b>-9.3%</b>	<b>13,135</b>	<b>13,135</b>	<b>13,104</b>	<b>13,424</b>	<b>13,760</b>

NOTES:

(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.



060129

OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

RECEIVED  
MONTGOMERY COUNTY  
COUNCIL

2011 JAN 19 PM 4:52

MEMORANDUM

January 19, 2011

TO: Valerie Ervin, President, County Council  
FROM: Isiah Leggett, County Executive   
SUBJECT: FY2012 Preliminary Cable Communications Plan

In accordance with General Provision 8 of Resolution 16-1381, I am pleased to submit to you the Preliminary Cable Communications Plan for FY2012.

The attached preliminary Cable Communications Plan continues to support the needs of the Public, Education, and Government (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;
- improve communications between the County and its residents;
- provide high quality customer service;
- increase the quality of PEG programming through the continued conversion to digital equipment and production technology;
- increase the quantity of original programming through increased production and acquisition of high quality local interest programming;
- increase services and programming to diverse and underserved populations;
- achieve PEG Network goals through cooperative efforts and resource sharing among the participating public, educational, and government programming providers;
- foster a competitive market environment in the County by supporting competitive neutral regulation and by encouraging efficient regulatory processes to support the provision of cable and broadband services;
- monitor federal, state, and local legislation and regulation; and
- provide funding for the FiberNet project.

On March 15, 2011, I will recommend to the Council my FY2012 Operating Budget for the County. At that time, I will also recommend resource allocations for the Cable Fund for FY2012.

Valerie Ervin, President, County Council  
January 19, 2011  
Page 2

The FY2012 Recommended Budget will contain updated revenue projections and municipal pass-throughs. The County currently receives capital grant support for PEG equipment and FiberNet construction. The FY2012 budget will include projected combined minimum expenditures for PEG Equipment and FiberNet CIP to meet these funding restrictions.<sup>1</sup>

If you have any questions or concerns regarding the FY2012 Preliminary Cable Plan, please contact John Cuff in the Office of Management and Budget at 240-777-2762.

IL:bd

Attachment

c: Joseph F. Beach, Director, Office of Management and Budget  
John Cuff, Budget Analyst, Office of Management and Budget  
E. Steven Emanuel, Chief Information Officer, Department of Technology Services  
Mitsuko R. Herrera, Cable & Broadband Administrator, Department of Technology Services  
Jason L. Rundell, Fiscal Administrator, Department of Technology Services

---

<sup>1</sup> The County's three cable franchise agreements contain provisions which require cable operators to provide capital grant support for PEG equipment and facilities. Federal law restricts the purposes for which the County or supporting municipalities may spend such capital grants. The County has interpreted relevant federal regulations and orders to permit public, educational, or government capital grant funding to be used for the following types of purposes:

- Construction of FiberNet
- Construction or renovation of PEG access television studio facilities and technical operations centers
- Construction or renovation of rooms to enable installation of television and webstreaming cameras, such as in Council hearing, conference or classrooms
- PEG access television control room and studio equipment
- PEG access television production equipment
- PEG access mobile television production vehicles and equipment
- Televisions and television monitors
- and similar purposes

FY12 PRELIMINARY CABLE COMMUNICATIONS PLAN (\$000's)										
		Actual FY09	APP FY10	Actual FY10	APP FY11	FY12	FY13	FY14	FY15	FY16
1	<b>BEGINNING FUND BALANCE</b>	3,949	2,069	4,809	114	164	605	23	150	550
2	<b>REVENUES</b>									
3	5% Franchise Fee	11,282	11,280	12,435	12,533	12,784	13,039	13,300	13,566	13,837
4	Gaithersburg PEG Contribution	183	187	140	164	152	155	158	160	162
5	PEG Operating Support	2,020	2,080	2,069	2,111	2,174	2,240	0	0	0
6	PEG Capital Equipment	2,082	1,990	3,146	3,484	3,589	3,660	6,260	6,385	6,513
7	Verizon - Facilities Grant	200	200	200	200	0	0	0	0	0
8	FiberNet Operating & Equipment Support	1,589	1,637	1,628	1,660	1,710	1,761	0	0	0
9	Interest Earned	68	30	9	30	70	130	170	200	220
10	TFCG Application Review Fees	182	80	194	203	180	150	140	140	140
11	Miscellaneous	2	0	9	0	0	0	0	0	0
12	Transfer from the General Fund	0	0	0	0	0	0	0	0	0
13	<b>TOTAL ANNUAL REVENUES</b>	<b>17,608</b>	<b>17,484</b>	<b>19,830</b>	<b>20,385</b>	<b>20,658</b>	<b>21,135</b>	<b>20,028</b>	<b>20,452</b>	<b>20,873</b>
14	<b>TOTAL RESOURCES-CABLE FUND</b>	<b>21,557</b>	<b>19,553</b>	<b>24,639</b>	<b>20,499</b>	<b>20,823</b>	<b>21,740</b>	<b>20,051</b>	<b>20,602</b>	<b>21,422</b>
15	<b>NON-DISCRETIONARY EXPENDITURES (a)</b>									
16	<b>A. MUNICIPAL EQUIPMENT &amp; OPERATIONS</b>									
17	<b>Municipal Franchise Fee Sharing</b>									
18	City of Rockville	437	460	459	464	473	483	492	502	512
19	City of Takoma Park	189	199	192	196	200	204	208	212	216
20	Other Municipalities	145	152	157	159	162	165	169	172	176
21	<b>SUBTOTAL</b>	<b>771</b>	<b>812</b>	<b>808</b>	<b>819</b>	<b>835</b>	<b>852</b>	<b>869</b>	<b>887</b>	<b>904</b>
22	<b>Municipal Capital Support</b>									
23	Rockville Equipment	296	276	487	466	475	562	574	585	597
24	Takoma Park Equipment	348	276	487	466	475	562	574	585	597
25	Municipal League Equipment	348	276	487	396	404	412	420	429	437
26	<b>SUBTOTAL</b>	<b>992</b>	<b>828</b>	<b>1,461</b>	<b>1,328</b>	<b>1,355</b>	<b>1,537</b>	<b>1,567</b>	<b>1,599</b>	<b>1,631</b>
27	<b>Municipal Operating Support</b>									
28	Rockville PEG Support	67	70	26	70	71	73	0	0	0
29	Takoma Park PEG Support	67	70	26	70	71	73	0	0	0
30	Muni. League PEG Support	67	70	26	140	143	146	0	0	0
31	<b>SUBTOTAL</b>	<b>201</b>	<b>211</b>	<b>79</b>	<b>280</b>	<b>286</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>0</b>
32	<b>SUBTOTAL</b>	<b>1,964</b>	<b>1,851</b>	<b>2,348</b>	<b>2,427</b>	<b>2,476</b>	<b>2,680</b>	<b>2,437</b>	<b>2,485</b>	<b>2,535</b>
33	<b>NET TOTAL ANNUAL REVENUES</b>	<b>15,644</b>	<b>15,633</b>	<b>17,482</b>	<b>17,958</b>	<b>18,183</b>	<b>18,455</b>	<b>17,592</b>	<b>17,966</b>	<b>18,338</b>
34	<b>NET TOTAL RESOURCES-CABLE FUND</b>	<b>19,593</b>	<b>17,702</b>	<b>22,291</b>	<b>18,072</b>	<b>18,346</b>	<b>19,060</b>	<b>17,615</b>	<b>18,116</b>	<b>18,887</b>
35	<b>EXPENDITURES</b>									
36	<b>A. Transmission Facilities Coordinating Group</b>									
37	TFCG Application Review	244	180	43	275	293	280	270	270	270
38	<b>SUBTOTAL</b>	<b>244</b>	<b>180</b>	<b>43</b>	<b>275</b>	<b>293</b>	<b>280</b>	<b>270</b>	<b>270</b>	<b>270</b>
39	<b>B. FRANCHISE ADMINISTRATION</b>									
40	Personnel Costs - Cable Administration	550	705	562	794	844	870	887	905	923
41	Personnel Costs - DTS Administration	52	69	60	69	69	72	73	75	75
42	Personnel Costs - Charges for County Atty	76	95	74	95	97	99	101	103	103
43	Operating	94	73	79	80	84	88	93	97	102
44	Engineering Services	92	50	10	50	75	75	50	50	50
45	Inspection Services	385	270	40	10	25	26	27	27	20
46	Legal and Professional Services	254	310	227	300	500	400	416	429	429
47	<b>SUBTOTAL</b>	<b>1,503</b>	<b>1,572</b>	<b>1,052</b>	<b>1,398</b>	<b>1,694</b>	<b>1,630</b>	<b>1,646</b>	<b>1,686</b>	<b>1,701</b>
48	<b>SUBTOTAL</b>	<b>1,747</b>	<b>1,752</b>	<b>1,095</b>	<b>1,673</b>	<b>1,987</b>	<b>1,910</b>	<b>1,916</b>	<b>1,956</b>	<b>1,971</b>
49	<b>C. MONTGOMERY COUNTY GOVERNMENT - CCM</b>									
50	<b>Media Production &amp; Engineering</b>									
51	Personnel Costs	399	533	461	781	805	821	837	854	871
52	Operating	19	25	11	40	40	43	48	52	56
53	Contracts - TV Production	0	63	18	40	78	90	120	150	180
56	New Media, Webstreaming & VOD Services	40	48	30	38	39	40	42	43	44
57	<b>SUBTOTAL</b>	<b>458</b>	<b>669</b>	<b>520</b>	<b>899</b>	<b>962</b>	<b>994</b>	<b>1,047</b>	<b>1,099</b>	<b>1,151</b>
58	<b>Public Information Office</b>									
59	Personnel Costs	389	560	551	705	719	529	510	500	510
60	Operating Expenses	1	12	13	0	30	31	32	32	32
61	Contracts - TV Production	263	210	128	83	99	110	124	138	155
62	<b>SUBTOTAL</b>	<b>653</b>	<b>782</b>	<b>692</b>	<b>788</b>	<b>848</b>	<b>671</b>	<b>666</b>	<b>671</b>	<b>697</b>
63	<b>County Council</b>									
64	Personnel Costs	53	74	64	154	188	203	219	237	241
65	Operating Expenses	63	28	11	18	30	31	32	32	32
66	Contracts - TV Production	448	516	486	164	193	198	204	210	220
67	<b>SUBTOTAL</b>	<b>564</b>	<b>618</b>	<b>561</b>	<b>336</b>	<b>410</b>	<b>432</b>	<b>455</b>	<b>480</b>	<b>494</b>
68	<b>MNCPPC</b>									
69	Personnel Costs	101	101	141	83	90	97	100	108	110
70	Operating Expenses	0	21	0	0	0	0	0	0	0
71	Contracts - TV Production	127	117	97	81	111	114	118	121	125
72	New Media, Webstreaming & VOD Services	117	47	0	24	25	25	26	27	28
73	<b>SUBTOTAL</b>	<b>345</b>	<b>286</b>	<b>238</b>	<b>188</b>	<b>225</b>	<b>237</b>	<b>244</b>	<b>256</b>	<b>263</b>
74	<b>SUBTOTAL</b>	<b>2,020</b>	<b>2,355</b>	<b>2,011</b>	<b>2,211</b>	<b>2,445</b>	<b>2,334</b>	<b>2,411</b>	<b>2,505</b>	<b>2,605</b>

FY12 PRELIMINARY CABLE COMMUNICATIONS PLAN (\$000's)										
		Actual FY09	APP FY10	Actual FY10	APP FY11	FY12	FY13	FY14	FY15	FY16
<b>75</b>	<b>D. MONTGOMERY COLLEGE - MC ITV</b>									
<b>76</b>	Personnel Costs	1,103	1,141	1,141	1,174	1,315	1,473	1,561	1,655	1,853
<b>77</b>	Operating Expenses	219	179	179	108	241	248	256	263	271
<b>78</b>	New Media, Webstreaming & VOD Services				6	7	7	8	8	9
<b>79</b>	<b>SUBTOTAL</b>	<b>1,322</b>	<b>1,320</b>	<b>1,320</b>	<b>1,288</b>	<b>1,563</b>	<b>1,728</b>	<b>1,825</b>	<b>1,926</b>	<b>2,133</b>
<b>80</b>	<b>E. PUBLIC SCHOOLS - MCP5 ITV</b>									
<b>81</b>	Personnel Costs	1,309	1,385	1,385	1,393	1,610	1,803	1,912	2,026	2,269
<b>82</b>	Operating Expenses	274	197	197	98	301	310	320	329	339
<b>83</b>	New Media, Webstreaming & VOD Services									
<b>84</b>	<b>SUBTOTAL</b>	<b>1,583</b>	<b>1,582</b>	<b>1,582</b>	<b>1,491</b>	<b>1,912</b>	<b>2,114</b>	<b>2,231</b>	<b>2,356</b>	<b>2,609</b>
<b>85</b>	<b>F. COMMUNITY ACCESS PROGRAMMING (b)</b>									
<b>86</b>	Personnel Costs	2,004	1,871	1,871	1,869	2,056	2,097	2,139	2,182	2,225
<b>87</b>	Operating Expenses	146	195	195	33	250	250	260	260	270
<b>88</b>	Rent & Utilities	496	496	496	457	507	522	538	554	571
<b>89</b>	New Media, Webstreaming & VOD Services	6		0	6	7	8	9	9	10
<b>90</b>	<b>SUBTOTAL</b>	<b>2,652</b>	<b>2,562</b>	<b>2,562</b>	<b>2,365</b>	<b>2,820</b>	<b>2,877</b>	<b>2,946</b>	<b>3,005</b>	<b>3,076</b>
<b>91</b>	<b>G. PEG NETWORK</b>									
<b>92</b>	PEG Equipment Replacement	925	940	1,093	40	1,200	1,000	1,000	1,000	1,000
<b>93</b>	PEG Network Operating	82	125	57	80	215	240	250	270	270
<b>94</b>	Youth and Arts Community Media	76	90	50	50	100	100	100	110	110
<b>95</b>	Closed Captioning	237	291	109	225	367	422	430	439	452
<b>96</b>	Technical Operations Center (TOC)	14	23	8	13	24	25	26	27	27
<b>97</b>	PEG Network Mobile Production Vehicle	25	32	15	32	35	37	39	41	41
<b>98</b>	Emergency Equipment Reserve	3	80	0	0	80	80	80	80	80
<b>99</b>	<b>SUBTOTAL</b>	<b>1,367</b>	<b>1,581</b>	<b>1,332</b>	<b>440</b>	<b>2,016</b>	<b>1,904</b>	<b>1,925</b>	<b>1,966</b>	<b>1,980</b>
<b>100</b>	<b>H. FIBERNET</b>									
<b>101</b>	FiberNet - Personnel Charges for DTS	183	177	198	193	197	201	205	209	213
<b>102</b>	FiberNet - Operations & Maintenance DTS	852	1,013	1,065	900	907	935	963	992	1,021
<b>103</b>	FiberNet - Personnel Charges for DOT	46	46	46	46	46	46	46	46	46
<b>104</b>	FiberNet - Operations & Maintenance DOT	198	198	198	198	203	210	215	220	273
<b>105</b>	<b>OPERATING SUBTOTAL</b>	<b>1,279</b>	<b>1,434</b>	<b>1,507</b>	<b>1,337</b>	<b>1,353</b>	<b>1,392</b>	<b>1,429</b>	<b>1,467</b>	<b>1,553</b>
<b>106</b>	FiberNet - CIP	1,641	1,041	1,715	515	2,706	4,378	2,375	1,973	1,974
<b>107</b>	<b>SUBTOTAL</b>	<b>2,920</b>	<b>2,475</b>	<b>3,222</b>	<b>1,852</b>	<b>4,059</b>	<b>5,770</b>	<b>3,804</b>	<b>3,440</b>	<b>3,527</b>
<b>108</b>	<b>TOTAL EXPENDITURES - PROGRAMS</b>	<b>15,575</b>	<b>15,477</b>	<b>15,471</b>	<b>13,747</b>	<b>19,278</b>	<b>21,317</b>	<b>19,494</b>	<b>19,639</b>	<b>20,437</b>
<b>109</b>	<b>I. OTHER</b>									
<b>110</b>	Indirect Costs Transfer to Gen Fund	254	302	302	359	379	363	368	374	381
<b>111</b>	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	27	36	36	34	21	0	0	0	0
<b>112</b>	Transfer to the General Fund	250	3,236	6,371	6,157	500	0	0	0	0
<b>113</b>	Grants to Organizations (Friendship Hts)	39	39	39	39	39	39	39	39	39
<b>114</b>	Transfer to Mass Transit Fund	0	0	415	0	0	0	0	0	0
<b>115</b>	Advanced Traffic Management over FiberNet - CIP	45	0	0	0	0	0	0	0	0
<b>116</b>	COB Renovations - CIP	109	0	0	0	0	0	0	0	0
<b>117</b>	Park & Planning Technology Projects	600	0	0	0	0	0	0	0	0
<b>118</b>	<b>SUBTOTAL</b>	<b>1,324</b>	<b>3,613</b>	<b>7,163</b>	<b>6,589</b>	<b>939</b>	<b>402</b>	<b>407</b>	<b>413</b>	<b>420</b>
<b>119</b>	<b>TOTAL EXPENDITURES</b>	<b>16,899</b>	<b>19,091</b>	<b>22,635</b>	<b>20,336</b>	<b>20,216</b>	<b>21,719</b>	<b>19,901</b>	<b>20,052</b>	<b>20,857</b>
<b>120</b>	<b>J. ADJUSTMENTS</b>									
<b>121</b>	Prior Year Adjustments	(144)	0	1	0	0	0	0	0	0
<b>122</b>	Encumbrance Adjustment	295	0	730	0	0	0	0	0	0
<b>123</b>	CIP - Designated Claim on Fund	0	0	0	0	0	0	0	0	0
<b>124</b>	<b>TOTAL ADJUSTMENTS</b>	<b>151</b>	<b>0</b>	<b>731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>125</b>	<b>FUND BALANCE</b>	<b>4,809</b>	<b>462</b>	<b>2,735</b>	<b>164</b>	<b>605</b>	<b>23</b>	<b>150</b>	<b>550</b>	<b>565</b>
<b>126</b>	<b>FUND BALANCE PER POLICY GUIDANCE</b>	<b>923</b>	<b>911</b>	<b>1,011</b>	<b>1,021</b>	<b>1,043</b>	<b>1,066</b>	<b>1,089</b>	<b>1,112</b>	<b>1,136</b>
<b>127</b>	<b>K. SUMMARY - EXPENDITURES BY FUNDING SOURCE</b>									
<b>128</b>	Transfer to Gen Fund-Indirect Costs	281	338	338	393	400	363	368	374	381
<b>129</b>	Transfer to Gen Fund-Mont Coll Cable Fund	1,322	1,320	1,320	1,288	1,563	1,728	1,825	1,926	2,133
<b>130</b>	Transfer to Gen Fund-Public Sch Cable Fund	1,583	1,582	1,582	1,491	1,912	2,114	2,231	2,356	2,609
<b>131</b>	Transfer to CIP Fund	1,795	1,041	1,715	515	2,706	4,378	2,375	1,973	1,974
<b>132</b>	Transfer to the General Fund and Mass Transit-Other	250	3,236	6,786	6,157	500	0	0	0	0
<b>133</b>	<b>FUND TRANSFERS SUBTOTAL</b>	<b>5,231</b>	<b>7,517</b>	<b>11,741</b>	<b>9,844</b>	<b>7,080</b>	<b>8,583</b>	<b>6,799</b>	<b>6,629</b>	<b>7,097</b>
<b>134</b>	<b>Municipal Franchise &amp; PEG Payments</b>	<b>1,964</b>	<b>1,851</b>	<b>2,348</b>	<b>2,427</b>	<b>2,476</b>	<b>2,680</b>	<b>2,437</b>	<b>2,485</b>	<b>2,535</b>
<b>135</b>	<b>Fran Admin, PEG &amp; FiberNet Op (excl Muni, GF, CIP)</b>	<b>12,890</b>	<b>12,963</b>	<b>11,786</b>	<b>11,237</b>	<b>14,534</b>	<b>14,659</b>	<b>15,090</b>	<b>15,594</b>	<b>16,348</b>
<b>136</b>	<b>Cable Fund Direct Expenditures</b>	<b>11,812</b>	<b>11,574</b>	<b>10,894</b>	<b>10,492</b>	<b>13,135</b>	<b>13,135</b>	<b>13,104</b>	<b>13,424</b>	<b>13,760</b>

NOTES:

(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 Montgomery Community Television

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 compensatio 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.