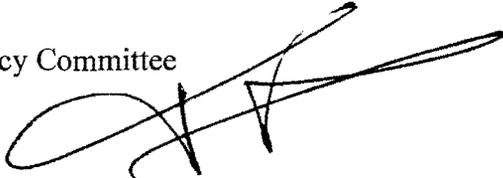


**MEMORANDUM**

April 11, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser 

SUBJECT: FY12 Cable Communications Plan, Section 63 in the Executive's Recommended FY12 Operating Budget

The following are expected to attend:

- E. Steven Emanuel, Chief Information Officer, DTS
- Mitsuko Herrera, Cable and Broadband Administrator, DTS
- Representatives of the Public Education Government (PEG) Network
- John Cuff, Office of Management and Budget (OMB)

The relevant pages from the recommended FY12 operating budget are attached on ©1-10.

<b>Summary of Staff Recommendations</b>
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<b>1. Approve the Executive's Cable Communications Plan with the following adjustments:</b>
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| <ul style="list-style-type: none"><li>a. \$1,100,000 of the cable fund balance be transferred to the General Fund to provide needed resources for technology based projects not currently supported.</li><li>b. Reduce the Legal and Professional Services allocation by \$150,000 to \$130,000 and provide a prioritized list of essential services that can be supported using this reduced allocation. Transfer \$130,000 to General Fund.</li><li>c. Reduce the PEG Equipment replacement allocation by \$1,398,000, which should be held in abeyance until there is a Development Plan submitted and approved.</li><li>d. Defer the CIP transfer for FiberNet by \$2,191,000 until there is an investment plan for such an expenditure that can be reviewed and approved.</li><li>e. Expand the definition of the "Bilingual Producer" for \$91,000 on ©6 to include a 50% allocation for a bilingual Broadband Communications contractor to address Council communication and production priorities under the direct supervision of the Council Legislative Information Officer.</li><li>f. Expand the program performance measures now developed and add linkages to resource investments; provide this enhanced version of the Plan in time for the full Council review of the Plan.</li></ul> |
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## Overview

The FY12 Cable Communications Plan shows expected revenues of \$24,081,000, pass through payments to municipalities of \$3,248,000, and expenditures of \$17,657,000. The balance is accounted for by transfers to various funds. It should be noted that the Plan separates expenditures that are non-discretionary from allocations over which the Executive and the Council indeed have the authority to allocate (see p. 4 for more detail). Details and a comparison with the FY11 Cable Communications Plan are provided in the table below.

	FY11 Budget	FY11 Estimated	FY12 CE Recommended	Change from FY11 Approved Budget to FY12 Recommended Budget	
				Amount	%
Revenues	\$20,385,000	\$22,448,000	\$24,081,000	\$3,696,000	+18.1%
Expenditures	\$20,336,000	\$23,484,000	\$23,997,000	\$3,661,000	+18.0%
Positions in Cable Office	16	16	17	1	+6.3%
Workyears in Cable Television	25.5	25.5	27.5	+2.0	+7.8%

The Cable **Fund balance** is shown to be \$1,129,000 by the end of FY11, but this is only an estimate based on 2 fiscal quarters of revenues. Assumptions on revenues derived from franchise fees are difficult to evaluate, so it is possible that the revenues from cable fees may well continue to increase, providing additional revenues for investing in worthy projects. A small example of revenue growth will suffice to make the point: last year when the FY11 Cable Plan was presented, the Executive anticipated that by the end of FY11, the County would receive some \$20.4m in fees and other cable-related revenues. This figure has now swelled to an estimated \$22.4m, an increase of \$2m or +9.8%. This additional \$2m in revenue can be re-programmed in areas of need, since it represents unanticipated revenues not yet appropriated. The Executive may have already assumed some or all of this excess revenue in his proposed fund transfers, so OMB should be able to clarify the disposition during the Worksession.

## Personnel

The following Table shows staffing allocations across the various Cable Plan programs. The majority of personnel allocations are concentrated in two programs: the Cable Office and County Cable Montgomery, which has major responsibilities for maintaining positions in the Public Information Office of the CE and the County Council Legislative Information Office. Although other PEG members also have staffing complements (including Montgomery Community Television), the workyears and positions are not included in the Cable Plan (perhaps for historical reasons or because of the complex funding base for them).

<b>Workyears by program</b>	<b>FY12</b>	<b>FY13</b>	<b>CHANGE</b>	<b>% CHANGE</b>
Cable Franchise Administration	8.2	8.9	0.7	+8.5%
Community Access to Cable	0	0		
County Cable Montgomery	15.6	15.9	0.3	+1.9%
Cable Programming for MCPS	0	0		
Cable Programming for MC	0	0		
Municipal Support	0	0		
WatchLocalTV.org (was PEG Network)	0	1	1.0	NA
FiberNet Operations	1.7	1.7	0	0%
Other Cable Activities	0	0		
<b>Totals</b>	<b>25.5</b>	<b>27.5</b>	<b>2.0</b>	<b>+7.8%</b>

Beyond the restoration of furlough days, the increase of a position represents an addition of a bilingual producer for programming. From a Council staff perspective, this is a useful addition, but there is a larger need for not just multi-lingual but multi-cultural talent who can communicate the County's issues and strategies to the increasingly diverse County population. To accomplish this, and yet also support the programming target, it is suggested that a more robust requirement for multi-cultural skills be included in the requirements for this new contractor position, and that the possibility of using two separate contractors at 50% time level each be pursued. It is customary to have a 50/50 division of resources in the communications arena in areas such as TV time, website promotion allocations, and other limited resources, so this strategy already has ample precedent. In order to manage the Council concerns in cable programming and broadband communications to the community, a bilingual, bicultural broadband communications contractor would report to the Legislative Information Officer for time assignments, monitoring, and performance evaluation. The other 50% of the resources would support bilingual programming under the supervision of the Cable Office.

The PEG Network activities (renamed WatchLocalTV.org Network) provide a variety of services to the community using the telecommunications network provided by cable and other broadband mechanisms. Their accomplishments and strategic vision, requested in a prior Committee session, are provided on ©11-19.

The sources which provide the revenues for the Cable Fund are diverse, and an understanding of each source's restrictions and history are important to the understanding of the overall Cable Plan. The table below lists the current understanding of these complex restrictions and also signals changes that are upcoming in FY14 that will have a major impact on the Cable Fund composition.

	<b>FY12 proposed (in \$000s)</b>	<b>Discretionary?</b>	<b>Description/Comments</b>
5% franchise fee	14,997	Y / N	A portion must flow through to the municipalities
Gaithersburg PEG contribution	197	Y	PEG support only
PEG operating support	2,134	N	Note this was a one-time outcome of a negotiated settlement and expires in FY13.
PEG capital equipment grant	4,809	N	Derived from separate cable bill charge; oriented towards PEG equipment and FiberNet
Verizon- Facilities grant	0	N	
FiberNet Operating & Equipment grant	1,678	N	Note this was a one-time outcome of a negotiated settlement and expires in FY13.
Interest earned	20	Y	
TFCG Application review fees	246	Y / N	Tower applications continue to be strong in the County
Misc	0	Y	
Transfer from the General Fund	0	Y	

A detailed analysis of these restrictions, supporting law or regulation, and commentary has been provide by Mitsuko Herrera, County Cable and Broadband Administrator, on ©20-24. Given completion timelines, it has not been thoroughly vetted, and Executive branch representatives will be able to elaborate or make corrections as appropriate during the worksession.

Several questions were raised when the FY12 Cable Plan was first reviewed. These questions (renumbered for administrative ease) and the DTS responses are provided below.

## **I. GENERAL FISCAL POLICY**

**Question # 1:** An additional Estimated Expenditure in FY11 of \$3,148,000 over Approved Expenditure (from \$20,336,000 to \$23,484,000) is shown in section I subtotals. Where is this additional allocation going, and is there additional Council action needed?

### **Cable & Broadband Office Response:**

The additional estimated expenditures in FY11 of \$3,148,000 in the Cable Communications plan not only include additional expenditures, but the increased general fund transfer as well.

The increases in the FY11 expenditures are created by increases in municipal pass-throughs and FiberNet maintenance provided by the Department of Transportation (DOT), partially offset by savings (see below):

<b>Programs (in 1000's)</b>	<b>FY11 App</b>	<b>FY11 Est</b>	<b>Difference</b>
Municipal Pass-Throughs	2,427	2,930	503
DOT O&M (including personnel)	198	398	200
Estimated Savings			(-147)
<b>TOTAL FY11 EXPENDITURES</b>			<b>556</b>

In addition, the general fund transfer increased by \$2,593,000, which leads to the total change to the FY11 Estimated Expenditures in the FY11 Cable Communication plan equaling \$3,148,000. In regards to the Council action, Council can take action on the additional expenditures through the supplemental process or through the year-end County Council Transfer. For the increase in the general fund transfer for FY11, that is approved by Council when the FY12 budget is approved.

Additional detail is provided below on the expenditure changes and the general fund transfer change.

**a. Municipal Pass-Through Expenditures**

Cable providers pay County and municipal franchise and equipment payments to the County to facilitate auditing and administrative compliance by the County as the franchising authority for all municipalities other than Gaithersburg. The County has a contractual obligation to pass through fees owed to municipalities. In FY11, greater overall cable revenues receipts resulted in higher required pass-throughs of municipal franchise and equipment fees.

**b. FiberNet DOT Maintenance**

In FY11, it was necessary to repair damage to FiberNet fiber caused by storm damage and maintenance delayed from prior years. These repairs were necessary to keep FiberNet operational at all FiberNet locations.

The Cable Fund provides support to DOT to maintain and repair the physical FiberNet fiber located above and underground in the public rights-of-way. The budget established for DOT fiber maintenance and repair was last amended in FY06 and has not increased since then. During that period, FiberNet was expanded by more than 100 sites (a 33% increase) and maintenance was deferred to meet budget targets. Construction to expand FiberNet by an additional 109 sites using American Recovery and Reinvestment Act (ARRA) funding will commence in FY11.

To address the need to keep FiberNet fiber maintenance and repair at adequate levels, the County Executive's FY12 Recommended Budget recommends an increase of \$60,000 for DOT FiberNet maintenance and repair.

**c. Transfer to the General Fund**

FY11 revenue increases, aggressive prior year liquidation of encumbered funds, and expenditure freezes resulted in an increase in the FY11 Fund Balance, thus permitting the County to use more of the Cable Fund to meet overall revenue reserve requirements, thus shoring up the FY11 ending general fund balance. Cable Fund balances are not considered part of the County's General Fund reserve until transferred to the General Fund.

Transfer to the General Fund in FY12 will be used to support technology projects such as sustaining MC311 systems (through current revenue in the Tech Mod CIP project), Health

and Human Services IT initiatives (through the Tech Mod project), and re-starting the Desktop Computer Modernization program.

## II. OUTSIDE LEGAL AND PROFESSIONAL SERVICES

**Question # 2:** The County Attorney stated in public testimony around the Single Law Office recommendation of the Organizational Reform Commission that the \$300k (actually \$280k) for legal services would not be supported as an in house service if the legal contract is not renewed. His explanation was that this buys the County national leadership, and this is something that would not be his Office's priority. Justify why it shouldn't be eliminated.

### **Cable & Broadband Office Response:**

First, the County Attorney's statement does not accurately characterize the Cable Fund's Legal and Professional Services budget. The FY10 Legal & Professional Services budget was spent as follows:

<b>FY10 Legal and Professional Services (including some Engineering Services)</b>	
47.4%	Cable Franchise Enforcement – Rate Regulation, Enforcement, Audit, Franchise Negotiation
8.1%	Federal Communications Commission – Cable Subscriber Advocacy
25.8%	Federal Communications Commission – Local Government Regulatory Authority
21.8%	Federal & State Legislation (including ARRA)
9.0%	U.S. Commerce Department – ARRA Applications

As delineated above, almost half of legal and professional services were dedicated to enforcement of the franchise agreements. These are specialized legal and accounting services which cannot currently be provided entirely in-house. The County is also the franchising authority for all municipalities within the County other than Gaithersburg and is legally obligated to provide such services. These efforts result in benefits for cable subscribers. As an example, in FY10, the Cable & Broadband Office's rate regulation efforts, supported through the use of outside legal and professional services, resulted in savings to subscribers of \$587,580. Other issue areas included enforcement of cable system testing obligations, addressing the legality and fair marketing of cable bill surcharges, and use of copyrighted material in cable programming.

Second, the legal and professional services budget represents continued investment in the financial health of the Cable Fund. Throughout the history of the Cable Fund, the County has invested legal and professional expenditures in franchise renewal preparation, negotiations, and state and federal efforts to protect the County's authority to require compensation for use of the public rights-of-way. This approach is intended to maintain a healthy Cable Fund, which is projected to generate over \$24 million in FY12. The majority of the FY12 and significant portions of the FY11 legal and professional services budget will be spent to prepare for the Comcast franchise renewal. Over 63 percent of the Cable Fund revenues are paid by Comcast. Comcast is projected to pay over \$11 million dollars in FY11 and the next franchise may be a 15 year agreement. Therefore, the County needs to position itself in the best possible negotiation position and the Cable Fund investment of less than \$300,000 on legal and professional services in FY12 represents that investment.

Moreover, the County supports national efforts because those efforts are in the best interests of the County and its residents. Participation of the County and local government is critical because local governments have facts based on providing services and assisting residents where federal and state agencies may not. The federal regulatory and legislative process is increasingly dominated by industry interests who have a vested interest in limiting the rights of consumers and local governments. For example:

- Federal law has imposed a moratorium on the ability of local governments to require broadband service providers to pay for their use of public rights-of-ways. The County could likely recover as much if not more than it currently does for cable use of the public rights-of-way if this moratorium is allowed to expire.
- The Federal Communications Commission (FCC) routinely promotes its ability to charge billions for rights to use spectrum frequencies to apply to federal deficit reduction. Simultaneously, it opens proceedings at the request of industry to determine whether to limit what local governments may charge to review wireless facility siting applications or other fees for use of public rights-of-way which are maintained by local governments.
- The FCC ignores the fact that local governments, such as Montgomery County, use right-of-way fees to pay for broadband services, such as FiberNet, and suggests instead that federal staff time be devoted to convening workshops to educate local governments about the benefits of supporting deployment of advanced broadband services.
- Congress is considering a bill to prohibit taxation of wireless telephone services which would cost the County millions.

Furthermore, the FCC has taken a diminishing position on federal laws designed to protect consumers. These are examples:

- Federal law requires the FCC to provide annual reports on cable competition and pricing. In 2009, the FCC released the 2006 competition report and has neither requested updated data nor released any further annual updates. The FCC released 2006-2008 cable pricing information in 2009, and in 2011, released the 2009 Cable Price Report because the General Accountability Office required it. Current pricing data would show that cable rates have increased not decreased under competition. Yet in the name of increasing competition, the FCC limited the local benefits which local governments could require from cable operators in the franchising process.
- Federal law also required the FCC in 1997 to adopt regulations to create a commercial market to permit consumers to purchase cable set-top boxes instead of leasing them from cable providers, and to enable equipment manufacturers to build devices with built-in set-top box capabilities. For Montgomery County subscribers, equipment costs currently account for 8% to 17% of monthly cable fees and based on best available information, most equipment could be paid for at the equivalent of 1 to 2 years of rental fees. And yet in 15 years, the FCC still has not issued standards that would enable development of a consumer market for devices capable of using basic interactive features such as the electronic program guide, video-on-demand and purchase of pay-per-view programming.
- Under federal law, local governments may enforce federal technical cable standards but may not create local technical cable standards. The FCC has analog performance testing standards for cable systems, but has yet to create digital performance testing standards,

even though the majority of subscribers purchase digital cable service and broadcast television is now all digital.

Thus, while the rights of cable subscribers and the ability of the County to collect for public right-of-way use are not the cornerstone priorities for the Office of the County Attorney, these issues are of significant importance to cable subscribers and the Cable Fund. As a result, including these legal expenses is an appropriate and essential use of cable funds.

### III. PUBLIC, EDUCATIONAL, AND GOVERNMENTAL ACCESS (PEG) AND OTHER CABLE FUND EXPENDITURES & OUTCOMES

**Question #3:** The GO Committee requested an outcome-based Cable Plan. Please provide explicit outcomes tied to the expenditures in broad categories.

**Question # 4:** The PEG participants have provided a Plan for FY12. Can you provide a crosswalk between that plan and the Cable Plan expenditure recommendations? Otherwise, it is difficult to know which programs are being funded and at what level and with what expected outcomes.

#### Cable & Broadband Office Response:

##### a. Cable Franchise Enforcement and FiberNet

The outcomes for Cable Franchise Enforcement and FiberNet were provided as part of the County Executive Recommended Budget and are provided again herein with additional information. The 2010 Annual Cable Report is attached and an FY11 Supplemental Legal Report will be provided under separate cover.

<b>Cable Franchise Administration &amp; Transmission Facilities Coordinating Group</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
Budget Expenditure (in 1,000's)*	\$1,249	\$826	\$1,098	\$1,060
Number of Cable Complaints Handled By Cable Office	1,361	1,159	1,200	1,200
Total Amount of Refunds and Credits Secured Through Complaint Resolution	\$91,748	\$67,744	\$81,926	\$71,00
Percent of Customers Satisfied with Cable Office Complaint Handling	96%	95%	95%	95%
Number of Transmission Facilities Applications Processed	212**	226	190	200
Average Days to Process Transmission Facilities Applications by Transmission Facilities Coordinating Group	45	45	40	38
Number of Cable Inspections	N/A	16,502	11,400	10,000
Percentage of Daily Work Locate Sites Found to be Code Compliant	N/A	78%	85%	90%

\* Excludes Legal and Professional Services which were or will be \$245,000, \$227,000, \$300,000, and \$280,000 for stated years.

\*\* Revised from 267 stated in FY12 County Executive Recommended Budget

As demonstrated in the chart above, expenditures related to Cable Franchise Administration and the Transmission Facilities Coordinating Group provide outcomes which directly benefit residents and businesses. The number of cable inspections will decrease as Verizon completes its construction. Inspection sites will be spread further apart, necessitating more travel time between sites, and reducing the overall number of inspections. However, the new cable inspection system implemented by the Cable Office will continue to be effective at providing incentives for cable contractors to improve quality and code compliance.

<b>FiberNet Expenditures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
Operating and Maintenance (in 1,000's)*	1,279	1,507	1,537	1,416
FiberNet Capital Improvement Plan	1,641	1,715	515	2,706
<b>TOTAL</b>	<b>2,920</b>	<b>3,222</b>	<b>2,052</b>	<b>4,122</b>
New Sites Added to FiberNet	16	27	24	45
Total FiberNet Sites	303	330	354	399

\*Legal and Professional Services supporting ARRA-grant applications are not included.

As demonstrated in the chart above, the outcome of FiberNet expenditures is the addition of more FiberNet sites. Sites may take between six to eighteen months to complete, based on the ability of utility pole owners to make those poles ready for additional fiber facilities. The 87 percent increase in FY12 is the initial result of ARRA-funded construction which has begun in FY11.

**b. Public, Educational, and Governmental Access Media and Communications Expenditures**

In response to the GO Committee's request to provide more detailed information about spending in specific program areas, Montgomery County Government (CCM), Montgomery College (MC), Montgomery County Public Schools (MCPS) and Montgomery Community Media (MCM) estimated the allocation of FY11 staff and contract costs among program areas. These costs include additional non-Cable Fund staff funding provided by MC (\$506,800) and MCPS (\$762,048), contract costs, and savings from position lapses, but do not include other program acquisition, operational and equipment expenditures.

<b>FY11</b>	<b>Hours</b>	<b>Percent</b>	<b>Cost</b>	<b>Percent</b>
Cable Programming Production	67,378	42%	3,585,683	47%
Technical Operation Support	31,658	20%	1,402,554	19%
Channel Management & Administration	16,282	10%	893,472	12%
Internet Programming, Streaming & Support	4,912	3%	219,576	3%
Staff, Student & Facility Instruction	25,993	16%	777,812	10%
Other Communications Services	2,525	2%	150,326	2%
Other Administrative Services	12,752	8%	551,574	7%
<b>TOTAL</b>	<b>161,500</b>	<b>100%</b>	<b>7,580,998</b>	<b>100%</b>

The detailed allocation of personnel costs among program areas in the chart above demonstrates the core services supported by Cable Fund expenditures. While the majority of expenditures support cable content origination and distribution, 19 percent of PEG Cable

Fund expenditures also support other instructional and communications services. Cable Programming Production support can be further broken down as follows:

<b>FY11 Cable Programming Production</b>	<b>Hours</b>	<b>Percent</b>	<b>Cost</b>	<b>Percent</b>
Council Meeting Coverage	4,314	6%	190,651	5%
County Executive Coverage & Events	1,670	2%	217,763	6%
Council, School Board, and Other Electeds	3,742	6%	251,192	7%
County Report This Week	3,699	5%	380,389	11%
Other News and Summary	2,758	4%	182,034	5%
Special Events (Live, Remote, High-Profile)	17,853	26%	790,276	22%
All Other Non-Instructional Television	17,170	25%	960,530	27%
Televised Instruction	8,349	12%	301,295	8%
Graphic Support	7,823	12%	311,553	9%
<b>TOTAL</b>	<b>67,378</b>	<b>100%</b>	<b>3,585,683</b>	<b>100%</b>

The detailed allocation of personnel costs in the above chart demonstrates the key types of programming supported by Cable Fund expenditures. A significant amount of resources are used to produce “County Report This Week,” which is a weekly news program featuring contributions from six members of the WatchLocalTV.org Network. (Expenditures by the Cities of Rockville and Takoma Park are not included above.) Features from this program are leveraged to produce short video clip segments for agency and department websites. See for example the “Gilcrest Mural” story at <http://www.youtube.com/watch?v=3jyGbsMWK3I> and “How Stormwater Destroys Local Streams at <http://www.youtube.com/watch?v=A-zpFDHUTGk>.

Instructional support provided by the Cable Fund resulted in the outcomes stated in the chart below.

<b>Instructional Outcomes</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
Students & Residents Provided Instruction	1,274	1,277	1,348	1,400
Hours of Instruction	19,300	20,500	22,000	23,250
Hours of Student-Assisted & Resident Produced Programming	1,657	1,526	1,590	1,645
MCM Volunteer Hours Creating Programming	9,526	9,540	14,000	15,000
MCPS Homework Hotline Student Inquiries	979	1,272	2,798	2,798

Sixteen percent of staff and contractor hours and ten percent of personnel and contractor expenditures are directed to support student, staff and faculty instruction. As the chart above demonstrates, the FY10 budget reductions significantly impacted Montgomery College’s ability to support student-assisted program production. However, MCPS’s implementation of comprehensive social media marketing, *i.e.*, allowing students to post questions on Facebook, by web text and e-mail, is expected to result in a 119 percent increase in “Homework Hotline!” inquiries.

**c. Public, Educational, and Governmental Access Outcomes**

Production outcomes for CCM, MC, MCPS, and MCM were provided as part of the County Executive Recommended Budget. Further analysis and additional information are provided herein.

Forty-two percent of staff and contractor hours and forty-seven percent of personnel and contractor expenditures are used to produce local programs and collaborative programming. These production services, plus operational funding used to acquire programming, resulted in the following outcomes:

<b>Cable Programming</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
All First Run Programming	14,371	9,676*	9,766	9,904*
Locally Produced Programming	2,111	2,312	2,402	2,448
Collaborative Produced Programming	53	97	141	140

\*The decrease in FY10 total programming was primarily caused by the budget reduction to MCPS. MCPS was forced to reduce purchases of acquired programming to meet budget reductions. In FY12, more low-cost and free programming is anticipated to be acquired.

The outcomes stated in the chart above demonstrate that PEG stations have managed budget reductions by reducing acquired non-local programming. Moreover, they have leveraged cost efficiencies, technical innovations, and collaboration to maintain and grow local productions.

The GO Committee also requested additional information regarding the impact of programming and metrics regarding the number of viewers. At the present time, Comcast, RCN and Verizon do not monitor which channels subscribers are watching at any given time. However, RCN is expected to partner with the vendor ROVI in the next 60 days and after implementation it may be possible to obtain this data using IP-based set top boxes. MCM has been in discussions with Nielsen and is awaiting a price quote for ratings data. As part of the preparation for the Comcast Renewal, the Cable & Broadband Office will use some of the Legal & Professional Services budget to conduct viewer surveys and impact analysis focus groups. The Cable & Broadband Office will also continue to work with the Cable Communications Advisory Commission to receive community input. In the interim, the following Internet data is presented with additional available 2008 and 2009 community survey data.

The outcome of the three percent of staff and contractor hours and costs spent repurposing cable video content into Internet video content are as follows:

<b>Internet Programming – YouTube, Video Streaming and Video-On-Demand*</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
Site Visitors**	58,724	400,573	1,187,136	1,277,349
Views of Web pages and videos	7,184,518	9,306,576	13,823,922	14,627,833

\*\*YouTube channel provides the total number of visitors since the channel was launched and is not able to provide viewers for previous dates or date ranges.

As the chart above demonstrates, the PEG stations are effectively leveraging their video cable content and reaching a significant number of people via the Internet. The sharp growth in site visitors and video views is the result of MCM's launch of its video-on-demand service and aggressive marketing campaign, as well as MC's launch of its YouTube channel and channel website.

A 2009 community survey performed by the County and a 2008 cable viewer survey performed by MCM revealed the following viewer characteristics:

- The government, education, and public access channels reach 68% of households
- 73% are aware of CCM and MCM channels
- 71% are aware of MCPS channels
- 65% are aware of the MC channel
- 73% feel community channels are important to their community
- 41% of residents feel community channels add value to their cable subscription
- Viewers of community channels are more like to be of Latino, African American, or Asian ethnicity than Caucasian
- 41% of cable subscribers or 101,014 households watch the government channel
- 79% of respondents never attended a meeting of a local elected official or other local government meeting open to the public

**d. Expansion of Locally Produced Programming in Languages Other Than English**

The FY12 County Executive Recommended Budget contains a recommendation to add a Spanish-speaking producer in WatchLocalTV.org programming area. As the chart below demonstrates, the WatchLocalTV.org Network channels provide a significant amount of programming in languages other than English, but much of this programming is acquired and not produced by the local channels. If approved by Council, the new bilingual producer position will permit the WatchLocalTV.org Network channels to produce more local Spanish-language programming and will also be tasked to provide outreach to the Spanish media on behalf on the County Council.

<b>Programming in Languages Other Than English</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Projected FY12</b>
Total Hours of Non-English Programming	4,690	4,906	5,208	5,391
Hours of Locally Produced Non-English Programming	N/A	739	962	1,085
Total Number of Non-English Programs	N/A	1,160	1,140	1,171
Number of Locally Produced Non-English Programs	N/A	140	173	194

Additional staff suggestions

There are three areas of significant increase in Cable Plan expenditures. The table below identifies these areas and provides Council staff recommendations for alternate investment strategies that may release funds for programming in other priorities without significantly altering existing service levels in FY12.

	<b>Approved FY11</b>	<b>Recommended FY12</b>	<b>Council staff suggested level for FY12</b>	<b>Unallocated</b>	<b>Staff Comments</b>
Legal Services	300,000	280,000	130,000	150,000 to General Fund	Contracted services must be matched to tasks; using \$130,000 as a ceiling, DTS is challenged to find the right mix of priority tasks in a difficult budget year.
PEG Equipment replacement	40,000	1,438,000	40,000	1,398,000 in abeyance awaiting development plan	There is no expenditure plan included for this major increase; such a plan which ties investments to benefits for specific programs or constituencies is an important element in the decision
FiberNet CIP	515,000	2,706,000	515,000	2,191,000 in abeyance awaiting Development Plan from Governance Group	Should be held in abeyance until the FiberNet plan for the next 3 years is complete and issued for review; the potential for Public/Private Partnerships needs to be assessed.

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# Cable Communications Plan

## MISSION STATEMENT

The mission of the Cable Communications Plan is to effectively manage the County's cable television and telecommunications franchise agreements and the Cable Special Revenue Fund to ensure that: cable services in Montgomery County are of high quality; cable and telecommunications providers comply with applicable safety and construction codes; cable customer service requirements and applicable consumer protection provisions are enforced; quality Public, Educational, and Governmental (PEG) cable programming is provided; expand and operate FiberNet to provide reliable voice, data, video and public safety communications to County government agencies; and to provide a reliable and expedient process for telecommunication carriers to establish transmission facilities in the county to speed deployment of services for residents while maintaining adequate public protection.

## BUDGET OVERVIEW

The Cable Communications Plan consists of three elements: the Cable & Broadband Office appropriation (\$12,296,340), transfers to the County General Fund (\$8,990,770), and transfers to the County Capital Improvements Program (CIP) (\$2,706,000) for a total use of fund resources of \$23,993,110. Within the Cable Office appropriation of \$12,296,340, Personnel Costs comprise 23.6 percent of the budget for seventeen full-time positions at 27.5 workyears. Operating Expenses account for the remaining 76.4 percent of the FY12 budget.

In FY12, there are several transfers to the General Fund for the following:

- Montgomery College - Funds are transferred from the Cable Fund to the General Fund and then to the Montgomery College Cable Fund. This transfer of \$1,230,000 represents a \$57,940 decrease from the FY11 amount of \$1,287,940.
- Montgomery County Public Schools - Funds are transferred from the Cable Fund to the General Fund and then to the Montgomery County Public Schools Cable Fund. This transfer of \$1,425,000 represents a \$65,510 decrease from the FY11 amount of \$1,490,510.
- Other - Funds are transferred to the General Fund to cover the cost of certain administrative services provided by the County to the Cable Fund (\$368,990), costs related to Technology Modernization (\$33,670), and other contributions to the General Fund (\$5,937,110).

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***An Effective and Efficient Transportation Network***
- ❖ ***Children Prepared to Live and Learn***
- ❖ ***Healthy and Sustainable Neighborhoods***
- ❖ ***Strong and Vibrant Economy***
- ❖ ***Vital Living for All of Our Residents***

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## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY11 estimates incorporate the effect of the FY11 savings plan. FY12 and FY13 targets assume the recommended FY12 budget and FY13 funding for comparable service levels.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ *In FY10, the Cable & Broadband Communications Office (Cable Office) filed a total of 1,158 formal complaints, resulting in \$62,870 in refunds and credits for cable and broadband subscribers. The County's rate regulation efforts resulted in a total refund of \$537,580 for Comcast subscribers and additional equipment savings.*
- ❖ *In FY10, the Cable Office inspected over 6,000 miles of private cable facilities and issued 3,631 safety and construction violations. In FY11, the cable inspection program was restructured to focus on ensuring that current construction is code compliant and to provide cable operators with incentives to perform their own quality control instead of relying on the County to do so. As a result, in FY11, the County anticipates that the code compliance rate will improve from 78% in FY10 to 85% in FY11, the period of time to correct construction violations will be shortened and that both measures will improve in FY12.*
- ❖ *In FY10, the Cable Office-supported Transmission Facilities Coordinating Group provided engineering analysis and processed 226 applications to site wireless facilities within the County in an average of 45 days. Administrative procedures have been further streamlined and the processing time is anticipated to be shortened to 40 days in FY11.*
- ❖ *In FY10, the Cable Office provided consumer educational outreach to assist residents with the digital broadcast television transition and cable operator digital migrations. The County also acquired 2,389 digital transmission adapters from Comcast and distributed them to County, Montgomery County Public Schools, Montgomery College, and non-profit facilities to enable television viewers at those locations to view newly-digitally encrypted channels.*
- ❖ *In FY10, the County successfully applied with 10 central Maryland counties and the State of Maryland for a \$115 million American Recovery and Reinvestment Act broadband stimulus grant ("One Maryland Broadband Network"). This grant will permit the County to perform construction valued at approximately \$14 million to extend FiberNet in FY11 through FY13 to 90 elementary schools, 18 Housing Opportunities Commission Family Resource Centers, and 1 public library.*
- ❖ *In FY10, facilitated introduction of Maryland House Bill 1203 and a companion Senate bill to require cable operators to make cable converter boxes available for sale to cable subscribers.*
- ❖ *In FY10, filed three sets of comments with the Federal Communications Commission in the Video Competition, Navigation Device, and Broadband proceedings regarding rising cable prices, impact of service bundling, need to implement sale requirement to allow subscribers to purchase converter box equipment, use of County FiberNet to provide high bandwidth/low cost broadband, subscriber complaints related to broadband deployment and difficulties obtaining access to utility poles to deploy broadband services.*
- ❖ *In FY10, improvements were made to allow live video transmission from FiberNet locations, including seven television studios and seven performing arts locations including the AFI Silver Theatre, BlackRock, Strathmore, Bethesda Performing Arts and the Olney Theatre.*
- ❖ *In FY10, community media channel Montgomery Community Media (Montgomery Channel and Access 19), educational access channels Montgomery County Public Schools Instructional Television (ITV), Montgomery College Television (MC-ITV), University of Maryland University College (UMUC-TV), and the University of Maryland (UMTV), and government access channels County Cable Montgomery (CCM), Montgomery Municipal Channel (MMC), Rockville 11, and Takoma Park (City TV), collectively the "WatchLocalTV.org Network," provided 10,136 hours of programming over 10 cable channels on the Comcast, RCN and Verizon cable systems, including 2,772 hours of locally produced programming, 735 hours of closed captioned programming, and 4,911 hours of foreign language programming in Arabic, Cambodian, Chinese, Farsi, French, Italian, Korean, Portuguese, Punjabi, Spanish, Turkish, and Vietnamese.*
- ❖ *In FY10, WatchLocalTV.org Network facilitated the launch of "County Report This Week," a weekly 30-minute local news and events program containing contributions from five WatchLocalTV.org Network (formerly the PEG Network) members. This programming is closed captioned in English and Spanish and carried on six local cable channels.*
- ❖ *In FY10, CCM launched use of a third-party web-streaming and meeting management system, Granicus, which will now permit multi-year archiving of CCM programming (including Council sessions), simultaneous viewing of live*

*Internet streaming of CCM programming by an unlimited number of viewers, and a video indexing feature that will permit viewers to select topics on Council agendas and be automatically directed to the portion of the video that contains discussion of that agenda topic. Granicus will also enable viewers to clip customized portions of CCM video footage and distribute to blog sites, websites and through e-mail using free Microsoft Silverlight software. CCM also provided first-ever live television coverage of the County Executive's Community Budget Forums and live coverage of the first-ever Teen Town Hall Meeting with the County Council.*

❖ **Productivity Improvements**

- *Expanded FiberNet in FY10 to reach 330 total sites, including 160 public schools locations, thereby providing elementary schools with 65% more broadband capacity at 96% lower cost. Operated by the County's Department of Technology Services at an annual cost of \$1.5 million, FiberNet provides standard 100 Mbps symmetrical service valued at \$4.7 million annually and as much as 10 Gbps at critical locations.*
- *Negotiated settlement with RCN resulting in upgrade of RCN-provided Internet access to 200 Nbps using an Ethernet Port.*
- *In FY10, expanded production of public service announcements (PSAs) and leveraged existing resources by airing PSAs on local cable channels. In some cases, a 20% increase in program performance resulted from the increased public awareness campaign.*
- *In FY10 and FY11, MCPS-ITV's Homework Hotline! (HHL) added texting, Facebook, and webmail to phone calls and e-mails as a means for student to submit questions, redesigned its website so that students could watch HHL via the Internet as well on cable television, and promoted HHL at the MCPS "Back to School Night" and through the PTA. These efforts resulted in a 185% increase in student homework inquiries between FY09 and projected FY11.*

## **PROGRAM CONTACTS**

Contact Mitsuko R. Herrera of the Office of Cable and Communications Services at 240.777.2928 or John Cuff of the Office of Management and Budget at 240.777.2762 for more information regarding this department's operating budget.

## **PROGRAM DESCRIPTIONS**

### **Cable Franchise Administration**

The Office of Cable & Broadband Communication Services in the Department of Technology Services is responsible for administering the cable television agreements for the County and participating municipalities. The budget for franchise administration includes funds for cable management and enforcement staff, including cable and broadband complaint investigation staff, cable inspection and facilities testing staff, and office operating expenses. Funds will be used for engineering consulting services which require special expertise, such as engineering review of tower and antenna siting applications, IP-based interconnection of public, educational, and government access (PEG) video signals and facilities, transmission facility digital and engineering upgrades, and the implementation of future technology and mobile video applications." Funds will also be used to pay legal and financial consultants for work which requires special expertise, such as preparation of filings on behalf of the County before the Federal Communications Commission, analysis of legislative proposals, and County representation in negotiations with cable and telecommunications service providers, rate regulation, and franchise compliance matters. The primary use of outside legal and engineering support in FY12 will be to review and process transmission facilities applications in accordance with new federal time limits and to prepare for the upcoming Comcast and RCN cable franchise renewals.

The responsibilities associated with franchise administration include:

- Ensuring cable operator compliance with franchise financial, technical, and construction requirements and managing the franchise renewal and transfer process;
- Investigating and resolving subscriber complaints;
- Administering contracts with and providing liaison and support service for the PEG channels;
- Preparing the annual Cable Communications Plan;
- Collecting and administering franchise fees, grants, and other payments to the County and participating municipalities;
- Administering federal broadband grant funding for FiberNet;
- Directing and coordinating the Transmission Facilities Coordinating Committee;
- Supporting the Cable and Communications Advisory Commission and the Cable Compliance Commission;
- Strategic planning for Montgomery County government cable and broadband communications technology;
- Monitoring and commenting on changes in State and Federal cable, broadband and telecommunications regulations and legislation;
- Encouraging entry of competitive providers of telecommunication services as well as negotiating and reviewing proposed

telecommunications franchises for use of the public rights-of-way.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Percent of Customers Satisfied with Cable Office Complaint Handling	96	95	95	95	95
Average Days to Process Transmission Facilities Applications by Transmission Facilities Coordinating Group	45	45	40	38	30
Number of Transmission Facility Applications Processed	267	226	190	200	200

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>1,607,870</b>	<b>8.2</b>
Increase Cost: Other Miscellaneous Adjustments	8,130	0.0
Reduce: Franchise Enforcement Costs by Reducing Use of Outside Engineering and Legal Services	-115,000	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	63,870	0.7
<b>FY12 CE Recommended</b>	<b>1,564,870</b>	<b>8.9</b>

### Community Access to Cable

The Cable and Broadband Communications Office administers a contract with Montgomery Community Television, d/b/a Montgomery Community Media (MCM), through which MCM operates two community media cable television channels and provides media technology training to County residents and community organizations. MCM produces independent, diverse and informative cable programming for Montgomery County residents. MCM's mission is to provide media, television production and technology training that empowers residents and organizations and provides them with the opportunity to interact, engage and influence the County government and the community by using the powerful media of television and the Internet. In FY10, MCM provided over 14,000 hours of media and technology training to 1,232 residents and aired 1,486 hours of independent programming produced by volunteers and residents. Over 540,000 unique visitors viewed 3,900,000 webpages of content and 12,500 videos-on-demand from MCM's webpage. Funding reductions have resulted in workforce reductions.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Hours of First Run Locally Produced, Block and Acquired MCM Programming	5,557	5,501	5,542	5,690	5,715
Hours of MCM Volunteer Effort in Creating Public Access Programming	9,526	9,540	14,000	15,000	16,000

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>2,365,210</b>	<b>0.0</b>
Reduce: Montgomery Community Media Operating Costs	-126,490	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	6,280	0.0
<b>FY12 CE Recommended</b>	<b>2,245,000</b>	<b>0.0</b>

### County Cable Montgomery

The Cable Office manages CCM (County Cable Montgomery), the government access channel. CCM programming includes live Council meetings, press conferences, town hall meetings, special events, and programs highlighting County services and activities. Funding is provided to the Cable Office, County Council, Office of Public Information (PIO), and Maryland National Capital Park and Planning Commission (M-NCPPC) to develop programming for CCM. Funding to provide engineering personnel for the Mobile Production Vehicle for the PEG Network and other digital media services for the Executive and Legislative Branches is also included in the allocation to the Cable Office. Highlights of programs are available on the County's YouTube channel, and all programming is web-streamed to the County's website. In FY10, over 30,000 unique visitors viewed 57,739 videos on the County's youtube channel. Funding reductions have resulted in reduced production of original programming.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Hours of First Run Locally Produced, Block and Acquired CCM Programming	2,901	2,617	2,637	2,646	2,666

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>2,209,360</b>	<b>15.6</b>
Increase Cost: Restore Personnel Costs - Furloughs	18,080	1.0
Decrease Cost: Elimination of One-Time Items Approved in FY11	-18,000	0.0
Reduce: M-NCPPC Operating Costs	-77,800	0.0

	Expenditures	WYs
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-41,230	-0.7
<b>FY12 CE Recommended</b>	<b>2,090,410</b>	<b>15.9</b>

### Cable Programming for Public Schools

The Montgomery County Public Schools (MCPS) Department of Communications and Family Outreach (Instructional TV Unit) has the responsibility for producing and acquiring programming for one educational cable channel and producing training materials to air on a second educational cable channel. Funds are used for production of instructional, community-based, staff development, and training television programs, as well as for engineering, channel management, and programming acquisition. Additional funds are requested in the operating budget of the public schools. MCPS regular programming includes Board of Education meetings, Homework Hotline Live!, staff training and development, live call-in programs, in-class student programs, student-produced programs, technology training, and televised instruction in a variety of academic content areas. Many original television programs are locally produced by MCPS staff in as many as six foreign languages. In FY10, 7,898 unique visitors viewed 23,056 videos on MCPS I-TV's YouTube channel and over 86,000 people have visited the MCPS I-TV website in the current school year to view information about the channel's programs. Funding reductions have resulted in reductions in work force, program acquisition, foreign language programming and closed captioning.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Hours of First Run Locally Produced, Block and Acquired MCPS ITV Programming	1,185	808	857	868	880

FY12 Recommended Changes	Expenditures	WYs
<b>FY11 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY12 CE Recommended</b>	<b>0</b>	<b>0.0</b>

### Cable Programming for Montgomery College

The Instructional Television and Media Production Services Unit of Montgomery College is responsible for the cable programming available on the Montgomery College channel. Additional funds are requested in the Montgomery College operating budget. Funds are used to provide for staff, equipment, and operating expenses and provide digital media support services to support student success, academic excellence, and for the entire College community. The channel features acquired and originally produced educational, informational and instructional programming which directly supports the College's distance learning and instructional programs, and which provides professional and workforce development and self-enrichment opportunities for community subscribers. In FY10, MC-ITV provided over 6,500 hours of video media training to students and 91,542 of its YouTube channels videos were viewed by the public. Funding reductions have resulted in reductions in work force, program acquisition, closed captioning and student instruction.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Hours of First Run Locally Produced and Acquired MC-ITV Programming <sup>1</sup>	711	750	730	700	700
Hours of Montgomery College Student-Assisted Original Programming	125	40	63	65	70

<sup>1</sup> Montgomery College does not carry block programming.

FY12 Recommended Changes	Expenditures	WYs
<b>FY11 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY12 CE Recommended</b>	<b>0</b>	<b>0.0</b>

### Municipal Support

Franchise and PEG fees owed by cable operators to participating municipalities within Montgomery County are paid by cable operators to the County for administrative convenience and then redistributed by the County to the City of Rockville, the City of Takoma Park, and the Montgomery County Chapter of the Maryland Municipal League (MML). The County has a contractual obligation to pass through fees owed to municipalities and no discretion to alter these payments. Municipalities may use franchise fees for any purpose. Under the terms of the franchise agreements, participating municipalities must use PEG Operating Support funding to support PEG programming operations and PEG capital support must be used for PEG and institutional network equipment, facilities and related capital expenditures. In FY10, the Rockville and Takoma Park channels produced over 460 hours of first run locally produced programming. Information for MMC will be available in FY11.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>2,427,110</b>	<b>0.0</b>
Increase Cost: Municipal Franchise Fee Sharing, Capital Support and Operating Support	820,870	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	890	0.0
<b>FY12 CE Recommended</b>	<b>3,248,870</b>	<b>0.0</b>

### WatchLocalTV.org Network

The mission of the WatchLocalTV.org Network is to facilitate collaboration among the local access operators in providing and promoting the most effective public access, educational and government programming and media services to the Montgomery County community using current and emerging technologies. WatchLocalTV.org is collaboratively working to expand foreign language programming.

The budget for the WatchLocalTV.org Network includes funds for the purchase of equipment and an emergency reserve to be used in the event of imminent system failure for certain PEG operations; PEG engineering support; promotion and outreach support to increase channel awareness and viewership; operational and maintenance support for the mobile production vehicle; closed captioning and foreign language support; and general operating and administrative expenses. Federal law and cable franchise agreements restrict use of some funds to PEG and Institutional Network capital expenditures. These funds may be used to purchase PEG equipment and renovate or construct PEG studio and mobile facilities.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>506,580</b>	<b>0.0</b>
Increase Cost: Restoration of County PEG Equipment Replacement Funding	1,398,000	0.0
Add: Bilingual Producer (Spanish Language Fluent)	91,000	1.0
Reduce: WatchLocalTV.org Operating Costs	-198,260	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-66,530	0.0
<b>FY12 CE Recommended</b>	<b>1,730,790</b>	<b>1.0</b>

### FiberNet

Funding from the Cable Special Revenue Fund are used to support Montgomery County's private communications network – FiberNet. FiberNet is a critical infrastructure asset that provides carrier class voice, video, Internet access and data network services for Montgomery County Government and Public Schools, Montgomery College, Housing Opportunities Commission (HOC), the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Washington Suburban Sanitary Commission (WSSC). Additionally, FiberNet provides public safety radio communications and private network access to the State of Maryland and surrounding counties, municipalities and the District of Columbia. Expenditures cover the cost of network expansion, monitoring, management, and maintenance services. FiberNet is a countywide multi-million dollar investment that is crucial to the daily operation of local government within Montgomery County and with its citizens, neighboring governments and business partners. The Department of Transportation (DOT) provides maintenance and repair of the physical fiberoptic cabling for FiberNet. This maintenance support was last adjusted in 2006 and the number of FiberNet sites has grown by 200% since then.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
New Sites Added to FiberNet	16	27	24	45	69

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>1,337,030</b>	<b>1.7</b>
Increase Cost: Department of Transportation FiberNet Fiber Maintenance and Repair	91,000	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-11,630	0.0
<b>FY12 CE Recommended</b>	<b>1,416,400</b>	<b>1.7</b>

### Other Cable Activities

Grants are provided to outside organizations for cable programming and equipment. Friendship Heights previously passed through a cable programming grant provided by the County to the Maryland Municipal Channel. Growth in the Municipal Support program is anticipated to offset the reduction in the Friendship Heights cable programming grant.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>39,000</b>	<b>0.0</b>
Eliminate: Friendship Heights Cable Programming Grant	-39,000	0.0
<b>FY12 CE Recommended</b>	<b>0</b>	<b>0.0</b>

## BUDGET SUMMARY

	<b>Actual FY10</b>	<b>Budget FY11</b>	<b>Estimated FY11</b>	<b>Recommended FY12</b>	<b>% Chg Bud/Rec</b>
<b>CABLE TELEVISION</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	1,549,992	2,177,040	1,876,900	2,222,770	2.1%
Employee Benefits	467,576	661,650	596,590	676,270	2.2%
<b>Cable Television Personnel Costs</b>	<b>2,017,568</b>	<b>2,838,690</b>	<b>2,473,490</b>	<b>2,899,040</b>	<b>2.1%</b>
Operating Expenses	8,876,276	7,653,470	8,575,000	9,397,300	22.8%
Capital Outlay	0	0	0	0	—
<b>Cable Television Expenditures</b>	<b>10,893,844</b>	<b>10,492,160</b>	<b>11,048,490</b>	<b>12,296,340</b>	<b>17.2%</b>
<b>PERSONNEL</b>					
Full-Time	11	16	16	17	6.3%
Part-Time	0	0	0	0	—
Workyears	19.2	25.5	25.5	27.5	7.8%
<b>REVENUES</b>					
Franchise Fees 5%	12,434,996	12,533,000	13,939,000	14,997,000	19.7%
Gaithersburg PEG Contribution	140,279	164,000	197,000	197,000	20.1%
PEG Capital Revenue	264,400	3,484,000	4,169,000	4,809,000	38.0%
PEG Operating Revenue	4,951,015	2,111,000	2,092,000	2,134,000	1.1%
I-Net Operating Revenue	1,627,624	1,660,000	1,646,000	1,678,000	1.1%
Tower Application Fees	193,031	203,000	172,000	246,000	21.2%
Investment Income	9,264	30,000	10,000	20,000	-33.3%
Verizon-Grant	200,000	200,000	200,000	0	—
Miscellaneous Charges for Services	10,000	0	23,000	0	—
<b>Cable Television Revenues</b>	<b>19,830,609</b>	<b>20,385,000</b>	<b>22,448,000</b>	<b>24,081,000</b>	<b>18.1%</b>

## FY12 RECOMMENDED CHANGES

	<b>Expenditures</b>	<b>WYs</b>
<b>CABLE TELEVISION</b>		
<b>FY11 ORIGINAL APPROPRIATION</b>	<b>10,492,160</b>	<b>25.5</b>
<b>Changes (with service impacts)</b>		
Add: Bilingual Producer (Spanish Language Fluent) [WatchLocalTV.org Network]	91,000	1.0
Eliminate: Friendship Heights Cable Programming Grant [Other Cable Activities]	-39,000	0.0
Reduce: M-NCPPC Operating Costs [County Cable Montgomery]	-77,800	0.0
Reduce: Franchise Enforcement Costs by Reducing Use of Outside Engineering and Legal Services [Cable Franchise Administration]	-115,000	0.0
Reduce: Montgomery Community Media Operating Costs [Community Access to Cable]	-126,490	0.0
Reduce: WatchLocalTV.org Operating Costs [WatchLocalTV.org Network]	-198,260	0.0
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Restoration of County PEG Equipment Replacement Funding [WatchLocalTV.org Network]	1,398,000	0.0
Increase Cost: Municipal Franchise Fee Sharing, Capital Support and Operating Support [Municipal Support]	820,870	0.0
Increase Cost: Department of Transportation FiberNet Fiber Maintenance and Repair [FiberNet]	91,000	0.0
Increase Cost: Restore Personnel Costs - Furloughs [County Cable Montgomery]	18,080	1.0
Increase Cost: Other Miscellaneous Adjustments [Cable Franchise Administration]	8,130	0.0
Increase Cost: Printing and Mail Adjustment	640	0.0
Decrease Cost: Retirement Adjustment	-13,620	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY11 [County Cable Montgomery]	-18,000	0.0
Decrease Cost: Group Insurance Adjustment	-35,370	0.0
<b>FY12 RECOMMENDED:</b>	<b>12,296,340</b>	<b>27.5</b>

## PROGRAM SUMMARY

Program Name	FY11 Approved		FY12 Recommended	
	Expenditures	WYs	Expenditures	WYs
Cable Franchise Administration	1,607,870	8.2	1,564,870	8.9
Community Access to Cable	2,365,210	0.0	2,245,000	0.0
County Cable Montgomery	2,209,360	15.6	2,090,410	15.9
Cable Programming for Public Schools	0	0.0	0	0.0
Cable Programming for Montgomery College	0	0.0	0	0.0
Municipal Support	2,427,110	0.0	3,248,870	0.0
WatchLocalTV.org Network	506,580	0.0	1,730,790	1.0
FiberNet	1,337,030	1.7	1,416,400	1.7
Other Cable Activities	39,000	0.0	0	0.0
<b>Total</b>	<b>10,492,160</b>	<b>25.5</b>	<b>12,296,340</b>	<b>27.5</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY12	FY13	FY14	(\$000's)		FY17
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>CABLE TELEVISION</b>						
<b>Expenditures</b>						
<b>FY12 Recommended</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>
No inflation or compensation change is included in outyear projections.						
<b>Subtotal Expenditures</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>	<b>12,296</b>

**FY12 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (\$000's)**

	Actual FY10	Approved FY11	Est'd FY11	REC FY12	Change fr FY11 App \$%	FY13	FY14	FY15	FY16	FY17
<b>BEGINNING FUND BALANCE</b>	4,809	114	2,736	1,129	1,015 890%	1,213	4,552	3,512	3,501	2,811
<b>REVENUES</b>										
5% Franchise Fee	12,435	12,533	13,939	14,997	2,464 20%	15,629	16,261	16,667	16,998	17,338
Gaithersburg PEG Contribution	140	164	197	197	33 20%	199	203	207	211	215
PEG Operating Support	2,069	2,111	2,092	2,134	23 1%	2,176	0	0	0	0
PEG Capital Equipment Grant	3,146	3,484	4,169	4,809	1,325 38%	5,149	9,757	10,000	10,199	10,403
Verizon - Facilities Grant	200	200	200	0	(200) -100%	0	0	0	0	0
FiberNet Operating & Equipment Grant	1,628	1,660	1,646	1,678	18 1%	1,712	0	0	0	0
Interest Earned	9	30	10	20	(10) -33%	50	120	170	230	270
TFCG Application Review Fees	194	203	172	246	43 21%	150	140	140	140	140
Miscellaneous	9	0	23	0	0 0%	0	0	0	0	0
Transfer from the General Fund	0	0	0	0	0 0%	0	0	0	0	0
<b>TOTAL ANNUAL REVENUES</b>	<b>19,830</b>	<b>20,385</b>	<b>22,448</b>	<b>24,081</b>	<b>3,696 18%</b>	<b>25,065</b>	<b>26,481</b>	<b>27,184</b>	<b>27,778</b>	<b>28,366</b>
<b>TOTAL RESOURCES-CABLE FUND</b>	<b>24,639</b>	<b>20,499</b>	<b>25,184</b>	<b>25,210</b>	<b>4,711 23%</b>	<b>26,278</b>	<b>31,033</b>	<b>30,696</b>	<b>31,279</b>	<b>31,177</b>
<b>NON-DISCRETIONARY EXPENDITURES (a)</b>										
<b>A. MUNICIPAL EQUIPMENT &amp; OPERATIONS</b>										
<b>Municipal Franchise Fee Distribution</b>										
City of Rockville	459	464	543	559	95 21%	590	619	649	682	717
City of Takoma Park	192	196	216	195	(1) -1%	198	202	206	209	213
Other Municipalities	157	159	189	221	62 39%	236	245	254	264	274
<b>SUBTOTAL</b>	<b>808</b>	<b>819</b>	<b>948</b>	<b>975</b>	<b>156 19%</b>	<b>1,024</b>	<b>1,065</b>	<b>1,109</b>	<b>1,156</b>	<b>1,205</b>
<b>Municipal Capital Support</b>										
Rockville Equipment	487	466	586	682	216 46%	732	787	846	910	978
Takoma Park Equipment	487	466	586	682	216 46%	732	787	846	910	978
Municipal League Equipment	487	396	516	612	216 55%	662	787	846	910	978
<b>SUBTOTAL</b>	<b>1,461</b>	<b>1,328</b>	<b>1,689</b>	<b>1,976</b>	<b>648 49%</b>	<b>2,127</b>	<b>2,361</b>	<b>2,538</b>	<b>2,729</b>	<b>2,935</b>
<b>Municipal Operating Support</b>										
Rockville PEG Support	26	70	74	76	6 8%	77	80	84	88	92
Takoma Park PEG Support	26	70	74	76	6 8%	77	80	84	88	92
Muni. League PEG Support	26	140	144	146	6 4%	147	80	84	88	92
<b>SUBTOTAL</b>	<b>78</b>	<b>280</b>	<b>293</b>	<b>298</b>	<b>18 6%</b>	<b>302</b>	<b>240</b>	<b>252</b>	<b>264</b>	<b>276</b>
<b>SUBTOTAL</b>	<b>2,347</b>	<b>2,427</b>	<b>2,930</b>	<b>3,248</b>	<b>821 34%</b>	<b>3,454</b>	<b>3,667</b>	<b>3,899</b>	<b>4,148</b>	<b>4,416</b>
<b>NET TOTAL ANNUAL REVENUES</b>	<b>17,483</b>	<b>17,958</b>	<b>19,518</b>	<b>20,833</b>	<b>2,875 16%</b>	<b>21,611</b>	<b>22,814</b>	<b>23,285</b>	<b>23,630</b>	<b>23,950</b>
<b>NET TOTAL RESOURCES-CABLE FUND</b>	<b>22,292</b>	<b>18,072</b>	<b>22,254</b>	<b>21,962</b>	<b>3,890 22%</b>	<b>22,824</b>	<b>27,366</b>	<b>26,797</b>	<b>27,131</b>	<b>26,761</b>
<b>EXPENDITURES</b>										
<b>A. Transmission Facilities Coordinating Group</b>										
TFCG Application Review	43	275	141	225	(50) -18%	225	225	225	225	225
<b>SUBTOTAL</b>	<b>43</b>	<b>275</b>	<b>141</b>	<b>225</b>	<b>(50) -18%</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>225</b>
<b>B. FRANCHISE ADMINISTRATION</b>										
Personnel Costs - Cable Administration	562	794	794	794	(0) 0%	833	980	1,029	1,080	1,134
Personnel Costs - DTS Administration	60	69	69	69	(0) -1%	71	71	71	73	73
Personnel Costs - Charges for County Atty Operating	74	95	95	98	3 3%	100	100	102	102	105
Engineering Services	79	80	80	70	(10) -13%	100	100	70	70	70
Inspection Services	10	50	50	30	(20) -40%	70	70	50	50	50
Legal and Professional Services	40	10	10	0	(10) -100%	10	10	10	10	10
<b>SUBTOTAL</b>	<b>1,053</b>	<b>1,398</b>	<b>1,398</b>	<b>1,340</b>	<b>(58) -4%</b>	<b>1,634</b>	<b>1,682</b>	<b>1,633</b>	<b>1,686</b>	<b>1,743</b>
<b>SUBTOTAL</b>	<b>1,096</b>	<b>1,673</b>	<b>1,539</b>	<b>1,565</b>	<b>(108) -6%</b>	<b>1,859</b>	<b>1,907</b>	<b>1,858</b>	<b>1,911</b>	<b>1,968</b>
<b>C. MONTGOMERY COUNTY GOVERNMENT - CCM</b>										
<b>Media Production &amp; Engineering</b>										
Personnel Costs	461	781	781	760	(21) -3%	798	998	1,048	1,100	1,155
Operating	11	40	40	35	(5) -13%	35	35	35	35	35
Contracts - TV Production	18	40	40	32	(8) -20%	32	32	32	32	32
New Media, Webstreaming & VOD Services	30	38	38	38	0 0%	38	38	38	38	38
<b>SUBTOTAL</b>	<b>520</b>	<b>899</b>	<b>899</b>	<b>865</b>	<b>(34) -4%</b>	<b>903</b>	<b>1,103</b>	<b>1,153</b>	<b>1,205</b>	<b>1,260</b>
<b>Public Information Office</b>										
Personnel Costs	551	705	705	704	(1) 0%	529	556	583	613	643
Operating Expenses	13	0	0	0	0 0%	40	40	40	40	40
Contracts - TV Production	128	83	83	83	0 0%	83	83	83	83	83
<b>SUBTOTAL</b>	<b>692</b>	<b>788</b>	<b>788</b>	<b>787</b>	<b>(1) 0%</b>	<b>652</b>	<b>679</b>	<b>706</b>	<b>736</b>	<b>766</b>
<b>County Council</b>										
Personnel Costs	64	154	154	157	3 2%	195	205	215	226	237
Operating Expenses	11	18	18	13	(5) -28%	40	40	40	40	40
Contracts - TV Production	486	164	164	164	0 0%	164	164	164	164	164
<b>SUBTOTAL</b>	<b>561</b>	<b>336</b>	<b>336</b>	<b>334</b>	<b>(2) -1%</b>	<b>399</b>	<b>409</b>	<b>419</b>	<b>430</b>	<b>441</b>
<b>MNCPPC</b>										
Personnel Costs	141	83	78	0	(83) -100%	0	0	0	0	0
Operating Expenses	0	0	0	0	0 0%	0	0	0	0	0
Contracts - TV Production	97	81	81	81	0 0%	81	81	81	81	81
New Media, Webstreaming & VOD Services	0	24	24	24	0 0%	24	24	24	24	24
<b>SUBTOTAL</b>	<b>238</b>	<b>188</b>	<b>183</b>	<b>105</b>	<b>(83) -44%</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>
<b>SUBTOTAL</b>	<b>2,011</b>	<b>2,211</b>	<b>2,206</b>	<b>2,091</b>	<b>(120) -5%</b>	<b>2,059</b>	<b>2,295</b>	<b>2,383</b>	<b>2,476</b>	<b>2,573</b>

**FY12 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (\$000's)**

	Actual FY10	Approved FY11	Est'd FY11	REC FY12	Change fr FY11 App \$ %	FY13	FY14	FY15	FY16	FY17
<b>D. MONTGOMERY COLLEGE - MCITY</b>										
Personnel Costs	1,141	1,174	1,174	1,144	(30) -3%	1,271	1,410	1,481	1,555	1,632
Operating Expenses	179	108	108	86	(22) -20%	129	194	197	201	205
New Media, Webstreaming & VOD Services	0	6	6	0	(6) -100%	6	6	6	6	6
<b>SUBTOTAL</b>	<b>1,320</b>	<b>1,288</b>	<b>1,288</b>	<b>1,230</b>	<b>(58) -4%</b>	<b>1,406</b>	<b>1,610</b>	<b>1,684</b>	<b>1,762</b>	<b>1,844</b>
<b>E. PUBLIC SCHOOLS - MCPS ITV</b>										
Personnel Costs	1,385	1,393	1,364	1,308	(85) -6%	1,464	1,627	1,708	1,793	1,883
Operating Expenses	197	98	127	117	19 19%	176	263	269	274	279
New Media, Webstreaming & VOD Services	0	0	0	0	0 0%	0	0	0	0	0
<b>SUBTOTAL</b>	<b>1,582</b>	<b>1,491</b>	<b>1,491</b>	<b>1,425</b>	<b>(66) -4%</b>	<b>1,639</b>	<b>1,890</b>	<b>1,977</b>	<b>2,067</b>	<b>2,163</b>
<b>F. COMMUNITY ACCESS PROGRAMMING (b)</b>										
Personnel Costs	1,871	1,869	1,869	1,708	(161) -9%	1,793	1,883	1,977	2,076	2,180
Operating Expenses	195	33	33	124	91 275%	149	152	155	158	161
Rent & Utilities	496	457	457	407	(50) -11%	427	449	471	495	519
New Media, Webstreaming & VOD Services	0	6	6	6	0 0%	6	6	6	6	6
<b>SUBTOTAL</b>	<b>2,562</b>	<b>2,365</b>	<b>2,365</b>	<b>2,245</b>	<b>(120) -5%</b>	<b>2,375</b>	<b>2,489</b>	<b>2,609</b>	<b>2,734</b>	<b>2,866</b>
<b>G. WATCHLOCALTV.ORG</b>										
PEG Equipment Replacement	1,093	40	32	1,438	1,398 3495%	938	2,000	2,000	2,000	2,000
PEG Network Operating	57	80	80	46	(34) -43%	80	82	84	86	88
Youth and Arts Community Media	50	50	50	0	(50) -100%	75	95	125	125	125
Foreign Language Production Services	0	0	0	91	91 0%	96	100	105	111	116
Closed Captioning	109	225	225	130	(95) -42%	225	275	325	325	325
Technical Operations Center (TOC)	8	13	13	10	(3) -23%	20	20	25	25	28
PEG Network Mobile Production Vehicle	15	32	32	16	(16) -50%	24	28	32	32	36
Emergency Equipment Reserve	0	0	0	0	0 0%	0	0	0	0	0
<b>SUBTOTAL</b>	<b>1,331</b>	<b>440</b>	<b>432</b>	<b>1,731</b>	<b>1,291 293%</b>	<b>1,458</b>	<b>2,600</b>	<b>2,696</b>	<b>2,704</b>	<b>2,718</b>
<b>H. FIBERNET</b>										
FiberNet - Personnel Charges for DTS	198	193	193	181	(12) -6%	400	420	441	463	486
FiberNet - Operations & Maintenance DTS	1,065	900	900	931	31 3%	950	969	988	1,008	1,028
FiberNet - Personnel Charges for DOT	46	46	46	46	0 0%	47	48	49	50	51
FiberNet - Operations & Maintenance DOT	198	198	398	258	60 30%	308	358	365	372	380
<b>OPERATING SUBTOTAL</b>	<b>1,507</b>	<b>1,337</b>	<b>1,537</b>	<b>1,416</b>	<b>79 6%</b>	<b>1,704</b>	<b>1,794</b>	<b>1,843</b>	<b>1,893</b>	<b>1,945</b>
FiberNet - CIP	1,715	515	515	2,706	2,191 425%	2,084	4,646	4,212	4,220	4,768
<b>SUBTOTAL</b>	<b>3,222</b>	<b>1,852</b>	<b>2,052</b>	<b>4,122</b>	<b>2,270 123%</b>	<b>3,788</b>	<b>6,440</b>	<b>6,055</b>	<b>6,113</b>	<b>6,712</b>
<b>TOTAL EXPENDITURES - PROGRAMS</b>	<b>15,471</b>	<b>13,747</b>	<b>14,302</b>	<b>17,657</b>	<b>3,910 28%</b>	<b>18,039</b>	<b>22,898</b>	<b>23,161</b>	<b>23,915</b>	<b>25,259</b>
<b>I. OTHER</b>										
Indirect Costs Transfer to Gen Fund	302	359	359	369	10 3%	370	375	378	390	395
Indirect Costs Transfer to Gen Fund (ERP & MCTime)	36	34	34	34	(0) -1%	36	36	38	38	40
Transfer to the General Fund	6,786	8,157	8,750	5,937	(220) -4%	3,242	3,422	2,329	2,836	2,874
Grants to Organizations (Friendship Hts)	39	39	39	0	(39) -100%	40	40	40	40	40
Digital Media Technology Center	0	0	0	0	0 0%	0	250	750	750	200
Alternate Data Center	0	0	0	0	0 0%	0	500	500	500	500
<b>SUBTOTAL</b>	<b>7,163</b>	<b>6,589</b>	<b>9,182</b>	<b>6,340</b>	<b>(249) -4%</b>	<b>3,688</b>	<b>4,623</b>	<b>4,035</b>	<b>4,554</b>	<b>4,049</b>
<b>TOTAL EXPENDITURES</b>	<b>22,634</b>	<b>20,336</b>	<b>23,484</b>	<b>23,997</b>	<b>3,661 18%</b>	<b>21,726</b>	<b>27,521</b>	<b>27,196</b>	<b>28,469</b>	<b>29,308</b>
<b>J. ADJUSTMENTS</b>										
Prior Year Adjustments	1	0	0	0	0 0%	0	0	0	0	0
Encumbrance Adjustment	730	0	0	0	0 0%	0	0	0	0	0
CIP - Designated Claim on Fund	0	0	(570)	0	0 0%	0	0	0	0	0
<b>TOTAL ADJUSTMENTS</b>	<b>731</b>	<b>0</b>	<b>(570)</b>	<b>0</b>	<b>0 0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE</b>	<b>2,736</b>	<b>164</b>	<b>1,129</b>	<b>1,213</b>	<b>1,049 638%</b>	<b>4,552</b>	<b>3,512</b>	<b>3,501</b>	<b>2,811</b>	<b>1,869</b>
<b>FUND BALANCE PER POLICY GUIDANCE</b>	<b>1,011</b>	<b>1,021</b>	<b>1,130</b>	<b>1,221</b>	<b>200 20%</b>	<b>1,266</b>	<b>1,322</b>	<b>1,358</b>	<b>1,389</b>	<b>1,420</b>
<b>K. SUMMARY - EXPENDITURES BY FUNDING SOURCE</b>										
Transfer to Gen Fund-Indirect Costs	338	393	393	403	10 3%	406	411	416	428	435
Transfer to Gen Fund-Mont Coll Cable Fund	1,320	1,288	1,288	1,230	(58) -4%	1,406	1,610	1,684	1,762	1,844
Transfer to Gen Fund-Public Sch Cable Fund	1,582	1,491	1,491	1,425	(66) -4%	1,639	1,890	1,977	2,067	2,163
Transfer to CIP Fund	1,715	515	515	2,706	2,191 425%	2,084	4,646	4,212	4,220	4,768
Transfer to the General Fund-Other	6,786	6,157	8,750	5,937	(220) -4%	3,242	3,422	2,329	2,836	2,874
<b>FUND TRANSFERS SUBTOTAL</b>	<b>11,741</b>	<b>9,844</b>	<b>12,436</b>	<b>11,701</b>	<b>1,857 19%</b>	<b>8,777</b>	<b>11,978</b>	<b>10,617</b>	<b>11,313</b>	<b>12,083</b>
<b>Municipal Franchise &amp; PEG Payments</b>	<b>2,347</b>	<b>2,427</b>	<b>2,930</b>	<b>3,248</b>	<b>821 34%</b>	<b>3,454</b>	<b>3,667</b>	<b>3,899</b>	<b>4,148</b>	<b>4,416</b>
<b>Fran Admin, PEG &amp; FiberNet Op (excl Muni, GF, CIP)</b>	<b>11,786</b>	<b>11,237</b>	<b>11,289</b>	<b>12,106</b>	<b>869 8%</b>	<b>12,947</b>	<b>15,786</b>	<b>16,755</b>	<b>17,264</b>	<b>17,250</b>
<b>Fran Admin, PEG &amp; FiberNet Op (excl Muni, GF, CIP, PEG Eq)</b>	<b>10,693</b>	<b>11,197</b>	<b>11,257</b>	<b>10,668</b>	<b>(529) -5%</b>	<b>12,009</b>	<b>13,786</b>	<b>14,755</b>	<b>15,264</b>	<b>15,250</b>
<b>Cable Fund Direct Expenditures</b>	<b>10,893</b>	<b>10,492</b>	<b>11,048</b>	<b>12,296</b>	<b>1,804 17%</b>	<b>12,949</b>	<b>15,542</b>	<b>16,577</b>	<b>17,155</b>	<b>17,224</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., db/a Montgomery Community Media.

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.

Last updated: March 17, 2011

## WatchLocalTV.org Network

### Accomplishments and Strategic Vision

#### BACKGROUND

The WatchLocalTV.org Network of Montgomery County is a collaboration of cable television stations that promote transparency in government, provide community news and information, support student education, and empower residents to make a difference in their communities through civic engagement and use of media technology.

Despite economic conditions that have led to budget reductions that impact 24-hour operations—like television stations—in ways different than other County services, the WatchLocalTV.org Network stations have sought to change rapidly. In some ways, the nine members of the WatchLocalTV.org PEG Network are stronger than ever as they have continued to evolve over the past two decades. The member stations have grown to be invaluable resources for residents who could not elsewhere find the local community information these channels provide on a daily basis. By increasing cooperation between themselves in numerous ways, the WatchLocalTV.org Network channels have greatly expanded their capabilities. Most notable among these efforts over the past year was the first-time ever live coverage of Montgomery primary and general elections and *County Report This Week*, the weekly half-hour County news show that began in April 2010. The results of the 2010 Census confirmed what the WatchLocalTV.org Network stations already knew and had been working to address: Montgomery County is becoming more diverse and it is imperative that the County and other agencies continue to do more to better communicate with residents, particularly those who do not speak English as a first language.

The funding is provided from cable franchise fees to provide live and taped programming on the cable television systems, but WatchLocalTV.org Network stations leverage and expand the reach of this content by bringing programming to new audiences via video streaming, closed captioning, Web casting, on-demand Internet videos and through social media such as YouTube, Facebook and Twitter. WatchLocalTV.org Network stations have traditionally served the community in which they are a part. While it is true that online video does provide greater access for community members to post news and information online, it does not eliminate some advantages of traditional cable broadcast. This includes content that is organized (scheduled) for access; control of the quality and accuracy of the content, in addition to providing information access to the population not linked to or making regular use of online information sources.

**Members of Montgomery's PEG Network:** County Cable Montgomery, Montgomery Community Media, Montgomery College Instructional Television, MCPS Instructional TelevisionTV, Montgomery Municipal Cable, Rockville 11 and Takoma Park City TV University of Maryland – College Park and University of Maryland – University College.

### Recent Highlights

- Over the past year, PEG channels collaborated to provide first-time ever live coverage of Montgomery County primary elections in September and general elections in November
- MCM produced campaign forums between candidates for County executive, Council District 1, Council District 2, Council At-Large Candidates and Montgomery College Instructional Television produced a live Council At-Large candidates forum.
- Since April 2010, PEG channels have collaborated to produce weekly half-hour news and feature show *County Report This Week* that is shown numerous times on six local cable channels
- **The new Montgomery Channel:** Channel 21 re-launched in January 2011 as the Montgomery Channel, to better reflect the incredible diversity of Montgomery County today. The new channel-brand serves as the on-air, online and on-demand resource for the many communities in Montgomery County based on language, culture and nationality. A significant block of the programming of the channel is in non-English languages, with more than 5,000 hours a year in Arabic, Cambodian, Chinese, Farsi, French, Italian, Korean, Portuguese, Punjabi, Spanish, Turkish and Vietnamese.
- In FY10, nearly 6,500 hours of hands-on training for students in conjunction with Montgomery College Television's curriculum
- 10 Montgomery College student aids/alumni going on to transfer to four-year institutions, work on the network news videography pool at President Obama's Inauguration and secure professional employment at NIH and Lockheed Martin media services.
- MCTV creation of Spanish language programming: 10 half-hour episodes of *Mi Escuela Es Su Escuela*:  
<http://www.youtube.com/montgomerycollege#p/u/33/18ytjdaJAOo>  
Six half-hour local, County-focused segments for the ESL program *Crossroads Café*; <http://www.youtube.com/montgomerycollege#p/u/15/KGTRRep7xR68>  
and Spanish language marketing to promote College programs and resources
- **Serving the community:** On an annual basis MCM access producers create 400 hours of new, originally studio-produced programming and another 100 hours of new location-based programming per year. MCM presenters generate an additional 1,200 hours of new programming per year.
- Volunteers contribute more than 13,000 per year to MCM to generate content of all varieties, by and for the residents of Montgomery County. MCM also offers more than 140 media training classes, teaching nearly 1,700 Montgomery County residents an array of capabilities on how to produce and distribute television and New Media content
- **F. Scott Fitzgerald Literary Conference** in Rockville televised through efforts of Montgomery College & Rockville Channel. Produced 90 minutes of event coverage/interview as well as a 60-minute documentary. (Oct. 2010)

- **Amnesty International Human Rights Arts Festival**, Silver Spring. Multi-agency effort yielded 90 minutes of programming shared on four channels
- **Montgomery County Agricultural Fair**. B-roll and sound bites were recorded by a multi PEG effort in 2009. CCM edited promos and Fair volunteer recruitment and general attendance promos aired on these channels. Promos were credited with helping produce a 20 percent increase in fair volunteers in 2010.
- **Giving Voice to Non-Profits**. Through television and training programs, more than 100 non-profit organizations each year use MCM to help communicate with their supporters and contributors. And throughout 2011, MCM is serving as the Media Partner for County Executive Isaiah Leggett's "Pledge 25" campaign to generate more than 25,000 volunteer hours to help overcome the challenges of poverty and homelessness here in Montgomery County.

### Future Projects

- **Partnering with Council on Budget Information**. To help Montgomery County residents understand more about the economic challenges facing elected officials, MCM will work with its PEG partners and the County's Office of Legislative Oversight to create 30-second video "Budget Bites" video explainers that will air across the PEG network during April, May and June 2011. These vignettes will illustrate engaging information about 'structural deficits' and other fundamental problems that have created ongoing county budget deficits, aiding the County Executive and Council in educating Montgomery County residents about these crucial issues.
- **Daily Web casts**. Develop a new web team that only posts and sends out daily information to the public. This team could shoot and post videos and news stories on a daily basis in a fashion similar to the Washingtonpost.com site.
- **Increase reach to audiences whose main language is not English**. The speedy delivery of factual information in multiple languages in multiple formats is essential to our impact in future years.
- **Preparing for transmission of High Definition (HD) signals**. All PEG channels are working toward improving their broadcast quality by transmitting in HD. The transformation from analogue and digital signals to HD requires considerable effort in labor and in equipment changes.
- **Centralized emergency notification override on all channels**. It is planned that an emergency notification that would be of interest to viewers on all PEG channels could be assembled at one central point and broadcast from that central point by overriding the signals of all PEG channels quickly and simultaneously.
- **Unified training**. Sharing resources to jointly provide training for PEG employees including camerapersons, editors, web designers etc. This cost efficiency would leverage funding for training, which had been severely reduced as a result of multi-year budget reduction.
- **Increase promotions to make residents aware of information outlets**. (1) Work with Verizon and RCN to list WatchLocalTV.org program information on electronic program guides. Comcast is currently carrying this information. (2) Produce 30-second program promotional spots that can be cross run on local cable channels. (3) Post compact list of all PEG channel numbers on available bus shelter locations around Montgomery County. There is no charge for installation

or use for the allocated space within the bus shelters, beyond the cost to print the 69-inch x 48-inch advertisements.

- **More collaborative efforts of channels to enable more ambitious projects.** The U.S. Department of Education and the White House have asked Montgomery College to host a College Completion symposium on April 27 at the Rockville campus. We are using the County mobile vehicle, but would also like other interested PEGs to air the program.
- **Creation of multi-PEG produced show about County services.** It would detail where residents can go for assistance with job placement/training, resume-writing skills, healthcare assistance, help with heating bills, etc.
- **Youth Programming.** Funded by the PEG Youth/Arts budget, MCM will develop a “Backpack Journalism Youth Academy” for Summer 2011. Two sessions of 15-30 MCPS students each will be taught how to shoot and edit video as well as scriptwriting and on-air presentation. The results will be on-air programming for MCM as well as the beginnings of monthly youth reporting for County Reports this Week.

### Reaching a More Diverse Montgomery County

The 2010 Census confirmed what has long-been assumed: Montgomery County’s population is becoming more diverse. The Census figures show that 31 percent of County residents are foreign born. The County’s PEG Network has been producing an increasing number of shows and informational aspects directed toward these new residents. Future plans call for continued expansion of these efforts on all PEG channels.

*Examples of recent programs directed toward this initiative:*

### **MCPS Instructional TV**

#### *Locally produced*

##### **Diez Minutos:**

- Back to School Fair
- Walk to School/Pedestrian Safety
- Dept. of Health and Human Services for Families
- George B. Thomas Learning Academy
- Parent Volunteers
- The Seven Keys to College Readiness
- Work with the Police
- Elementary Integrated Curriculum
- Flu Prevention
- Judy Centers
- MCPS/MC Partnerships

##### **Our Schools Today (Spanish, French, Chinese, Korean, Vietnamese):**

- Organization & Study Skills
- College Application Process
- Out of School Time

- Raising Bicultural Children
- MCPS Parent Guide

Community Forums on the Strategic Plan – 2 (Spanish)  
 Superintendent’s Budget Presentation (Spanish)

*Acquired*

- Food & Fitness Matter: Raising Healthy, Active Kids (Spanish)
- A Child with Special Needs (Spanish)
- Ready to Learn: Early Childhood (Spanish)
- For the Child: Information on Mental Health Advocacy (Spanish)
- Healing with Animals: Down Syndrome (Spanish)
- Straight Talk About Autism, Pts. I & 2 (Spanish)
- Casualties of Divorces (Spanish)
- The Pre-K Promise (Spanish)
- Hungry Hearts (Spanish)
- Overcoming Obesity (Spanish)
- Childhood Obesity (Spanish)
- Overweight Kids (Spanish)
- Diagnosis Epilepsy (Spanish)
- What Do I Tell My Children: Dealing with Grief (Spanish)
- Children and Autism (Spanish)
- Community Forums on the Strategic Plan – 2 (Spanish) (60 minues)
- Superintendent’s Budget Presentation (Spanish) (90 mins.)

Montgomery College TV

Creation of original Spanish language programming:

- 10 half-hour episodes of *Mi Escuela Es Su Escuela*:  
<http://www.youtube.com/montgomerycollege#p/u/33/18ytjdaJAOo>
- Six half-hour local, County-focused segments for the ESL program *Crossroads Café*; <http://www.youtube.com/montgomerycollege#p/u/15/KGTRep7xR68>  
 and Spanish language marketing to promote College programs and resources

Montgomery Community Media

Channel 21 re-launched in January 2011 as the new Montgomery Channel, to better reflect the incredible diversity of Montgomery County today. The new channel-brand serves as the on-air, online and on-demand resource for the many communities in Montgomery County based on language, culture and nationality.

- The majority of the programming of the channel is in non-English languages, with more than 5,000 hours a year in Spanish, Punjabi, Farsi, Mandarin, Portuguese, Korean and other languages.

County Cable Montgomery

- Many shows are now closed-captioned in Spanish, including the station’s signature shows *County Report This Week* and *Council in Brief*

- The County's Public Information Office contracted over the past year with an editor/producer/on-air talent who speaks both English and Spanish
- CCM in April 2011 will begin production of a series of Public Service Commercials that will direct viewers whose primary language is not English to the many services available in the County. The spots will be produced in seven languages and will have an eighth spot spoken in eight languages with English subtitles

### Analysis of audience

Nielsen, Arbitron and other ratings used by major broadcast and national cable stations are not available to small and public television stations. However, the PEG channels realize that they must take steps to measure users of their services as a means of increasing productions that are successful and re-thinking ways to reach audiences that are not getting information through PEG sources.

### **Example 1:**

- **Montgomery County Bi-Annual Resident Survey**  
The 2009 Resident Survey included a first-time question to serve as a baseline. The subject was "Sources of Information About County Government." Among the results:
  - 71 percent of respondents said they received "Most, a lot or some" information on County government from the County Web site
  - 38 percent of respondents said they received "Most, a lot or some" information on County government from County Cable Montgomery (CCM—Channel 6 on Comcast and RCN, Channel 30 on Verizon)
  - 26 percent of respondents said they received "Most, a lot or some" information on County government from social networking such as Facebook, Twitter and blog web sites

Based on 246,377 current cable subscribers, and 361,760 County households, the survey information translated to:

- 41% of cable subscribers, or 101,014 households, watch the government channel
- The government, education and public access channel reach 68% of households

The same survey showed:

- 79% of respondents never attended a meeting of a local elected official or other local government meeting open to the public
- 55% of respondents never volunteered time to some group or activity in the County

- It is proposed that the County utilize a standard measurement tool such as Google Analytics to effectively monitor the use of all future content across the web. It is important to be able to provide a uniform measurement tool which would allow us to determine how many people are watching which medium and when and help us develop future areas of growth in both content and scope.

All cable communications would be repositioned daily on web casts in a variety of topics of interest to citizens.

**Example 2:**

Subjects could be categorized into broad subject matter with daily news and video updates that would include interviews with Councilmembers, community groups and residents and provide a public dialogue about pertinent topics such as the County Budget, energy preparedness, schedules of special events such as Town Hall Meetings and organizational reform to help reduce County cost savings.

Montgomery College YouTube.com **Stats** as of Jan. 19, 2011

	Montgomery College	vs. Univ. of MD:	vs. W*USA 9:
<b>Video Views:</b>	<b>255,004</b>	124,936	360,291
<b>Channel Views:</b>	<b>57,200</b>	44,838	7,874
<b>Subscribers:</b>	<b>258</b>	302	106
<b>Friends:</b>	<b>213</b>	4	24

**YouTube.com/MontgomeryCollege Channel Demographics:**

57% Female

43% Male

Ages 13-17 6%

Ages 18-24 9%

Ages 25-34 8%

Ages 35-44 13%

Ages 45-54 21%

Ages 55-64 41%

Ages 65+ 2%

**Example 3:**

*Homework Hotline Live (MCPS Instructional TV)*

FY 2011 Report: January 26, 2011

The following changes were made to *Homework Hotline Live* (HHL) for FY 2011:

HHL now is broadcast “live” both through the internet and MCPS cable TV (previously it was “live” only through TV). HHL airs on Tuesday, Wed and Thursday evening from 4-6 p.m.

- The program was returned to its original length of two hours/day (from one)
- The Web site was totally redesigned and given a unique URL ([AskHHL.org](http://AskHHL.org))
- HHL expanded to meet communication tools of its target audience. Questions now are accepted via phone, text message (7244-ASK HHL), website

(AskHHL.org), email (question@AskHHL.org) and Facebook. In addition, parents can receive communications through Twitter.

- Outreach is ongoing: HHL staff actively participated in the Back to School Fair, more than a dozen back-to-school nights, and is speaking to PTA groups. Intercom announcements are made regularly in schools and video announcements are provided to schools who use them. Posters are found in most schools' hallways. A HHL hotlink badge has been placed on Edline and all schools have been given a hotlink badge to place on their school's web home page or homework page.
- HHL has invited guests to appear on the program who could motivate students to learn. These include student musicians, Artists-in-residence, a representative from the George Thomas Sr. Learning Academy and TV reporters.

### HHL RESULTS

Total number of homework inquiries (to date)	1,619	
Phone	762	(47%)
Webmail (messages generated on HHL website)	618	(38%)
SMS (cell phone text messages)	133	(8%)
Email	22	(1%)
Facebook	84	(5%)

#### By subject:

Math	72%
Science	8%
RLA	5%
Social Studies	5%
Foreign Language	1%
Other/Unknown	9%

#### Phone call breakdown:

Elementary	36%
Middle	51%
High	13%

### SUMMARY

The total number of inquiries last year (for the entire year) was about 1,130, so HHL already has surpassed that number by 43 percent.

At this time last year, HHL had received 632 inquiries, so it is about 256 percent of where we were last year at this time, even though HHL already has experienced 3 snow cancellations (at this time last year there had been only 1 snow cancellation).

MCPS TV YouTube site:

Video Views: 21,817  
Channel Views: 2,937  
Subscribers: 20  
Friends: 4

**Example 4:**

**Montgomery Community Media**

Impact 'Beyond Broadcast': In addition to MCM's two TV channels, programming is also available online and on-demand. MCM's website now receives more than 50,000 unique visitors and 400,000 hits each month. Both channels are streamed live on MCM's Web site, and an average of 1,500 viewers a month also download programming. During the most recent county elections, as many as 700 online views of candidate video statements occurred each day.

***mymcmedia.org website***

Jan-11	Visits	Pages	Files	
	Hits			
	51,927	232,682	343,137	438,198



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett  
County Executive

E. Steven Emanuel  
Chief Information Officer

MEMORANDUM

April 11, 2011

TO: Dr. Toregas

FROM: Cable and Broadband Services Office

SUBJECT: FY12 Cable Fund – Restricted Funding

**I. Restricted Revenue**

The following revenues have spending restrictions. These amounts are contained in Revenue Section of the FY12 County Executive Recommend Cable Plan:

(in 1,000's)	FY10 Act	FY11 App	FY11 App	FY12 Rec	Permitted Uses
Franchise Fees	12,435	12,533	13,939	14,997	Portion required to be paid to Municipalities
Gaithersburg PEG Contribution	140	164	197	197	PEG Operating
PEG Operating Support	2,069	2,111	2,092	2,134	PEG Operating
PEG Capital Equipment Grant	3,146	3,484	4,169	4,809	PEG or FiberNet Equipment or Construction
FiberNet Operating & Equipment Grant	1,628	1,660	1,646	1,678	FiberNet Equipment or Construction



Memo to OMB re: FY12 Cable Fund Maintenance-Level Budget Assumptions

November 23, 2010

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The following expenditures are permissible uses of restricted funds. These amounts are contained in Revenue Section of the FY12 County Executive Recommend Cable Plan. Not all spending within each line item is necessarily meeting a restricted funding purpose.

	FY10 Act	FY11 App	FY11 App	FY12 Rec	Restricted Funding Purpose For Which Portion of Funding Is Used
Municipal Franchise Fees	808	819	948	975	Municipal Payment
Municipal Capital Support	1,461	1,238	1,689	1,976	Municipal Payment; PEG Capital Equipment Grant
Municipal Operating Support	78	280	293	298	Municipal Payment; PEG Operating Support
CCM	2,011	2,211	2,206	2,091	PEG Operating Support
Montgomery College	1,320	1,288	1,288	1,230	PEG Operating Support
MCPS	1,582	1,491	1,491	1,425	PEG Operating Support
Community Access Programming (MCM)	2,562	2,365	2,365	2,245	PEG Operating Support
PEG Equipment	1,093	40	32	1,438	PEG Capital Equipment Grant
PEG Equipment Reserve	0	0	0	0	PEG Capital Equipment Grant
WatchLocalTV.org (net equipment and reserve)	238	400	400	293	PEG Operating Support
FiberNet Operating	1,507	1,337	1,437	1,416	FiberNet Operating & Equipment
FiberNet CIP	3,222	1,852	2,052	4,122	FiberNet Operating & Equipment; PEG Capital Equipment Grant

## II. Federal Law

### A. Payment Limitations – Franchise Fee and PEG Capital Costs

As a threshold matter, all cable franchise funding must comply with federal statutory limitations. Section 622(b) of the Cable Act, 47 U.S.C. Sec. 542(b), states that “the franchise fees paid by a cable operator...shall not exceed 5 percent of such cable operator’s gross revenues.” The Cable Act further specifies in Section 622(g) that “a ‘franchise fee’ includes any tax, fee, or assessment of any kind imposed by franchising authority on a cable operator or cable subscriber, or both, because of their status as such,” but also states in Section 622(g)(2)(C) that a **franchise fee does not include** “**capital costs** which are required by the franchise to be incurred by the cable operator for public, educational, or government access facilities.”

Under relevant case law, these provisions have been interpreted to permit the County to require franchise fees equivalent to a maximum of 5 percent of the cable operator’s gross revenues and, in addition, to require capital grant support for PEG access facilities.<sup>1</sup> However, if payments are **required for capital costs of PEG access facilities but are spent for other purposes**, then the safeharbor exception of Section 622(g)(2)(C) would not apply, the payments would be considered a fee required in excess of the 5 percent statutory cap, and **the cable operator would be entitled to reduce its franchise fee payment to offset the required non-capital cost fees.**

### B. Federal Definition of PEG Access Facilities

Under federal law, Cable Act Section 602(16), 47 U.S.C. Sec. 522(16), “public, educational, or government access facilities” means “(A) channel capacity designated for public, educational, or government use; and (B) facilities and equipment for the use of such channel capacity.” A franchising authority may require “that channel capacity be designated for public, educational, or government access use, and channel capacity on institutional networks be designated for educational or government use,” and further defines institutional networks as “a communications network which is constructed or operated by the cable operator and which is generally available only to subscribers who are not residential subscribers.” Cable Act Secs. 611(b), 611(f); 47 U.S.C. Secs. 531(b), 531(f).

FiberNet is Montgomery County’s institutional network. 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

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<sup>1</sup> No provision of federal law prohibits the County and franchised cable operators from voluntarily agreeing to payment of additional fees, such as to support PEG operations, either as part of a franchise agreement or settlement agreement, but the County may not require additional fees as a franchise requirement and use an operator’s refusal to agree to such conditions as reason to deny award of franchise or franchise renewal.

- 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

### III. Revenue Spending Restrictions In Franchise Agreements

The County's three cable franchise agreements contain provisions which require cable operators to provide capital grant support for PEG equipment and facilities, and which restrict the purposes for which the County or supporting municipalities may spend such capital grants.

#### A. Comcast

##### 1. Comcast Capital Equipment Support Grant

The Comcast Franchise Agreement Section 7(b)(1) states that Comcast will provide a capital grant, known as the "Capital Equipment Support Grant," of \$2 million in the first year, \$1.2 million in the second year, and \$200,000 adjusted by the Consumer Price Index thereafter in each year of the franchise. **These funds may be used by the County for "PEG equipment (including but not limited to, studio and portable production equipment, editing equipment and program playback equipment), or for PEG-related facilities renovation, or construction."** Section 7(b)(2) further specifies that the County will distribute a portion of the Capital Equipment Support Grant to the Participating Municipalities.

##### 2. Comcast FiberNet Capital Grant

Section 7(h)(3) required Comcast to provide in each of the first two years of the franchise, "\$1.25 million to fund the purchase and installation of electronic interior equipment needed to send and receive transmissions on the County's FiberNet and the Institutional Network." Section 7(h)(1) requires Comcast to provide beginning in the second year of the franchise "an annual capital grant of \$1.2 million (the 'I-Net Capital Grant') **to support installation, construction, operations and maintenance of the County's FiberNet and associated network equipment and the Institutional Network.**" Section 7(h)(1)(C) further requires that in years 5 through 15 of the franchise, Comcast's I-Net obligation:

**is conditioned on appropriation by the County Council and encumbrance by the County, within the same fiscal year, of an equal amount for purposes consistent with this Section 7(h) or with Section 7(i) (Supplemental Institutional Network Services) including costs associated with installation, construction, operation and maintenance of the County's FiberNet and associated network equipment. To the extent the County spends less than the amount otherwise required of the Franchisee under Section**

7(h)(1), **the amount required of the Franchisee shall be reduced** to a level equal to the amount spent by the County.

### **B. Starpower**

The Starpower Franchise Agreement Section 7(b)(1)(A) states that Starpower will provide a capital grant consisting of 3% of Gross Revenues per year which may be used by the County and Participating Municipalities for **“PEG access and institutional purposes, including PEG access equipment (including but not limited to studio and portable production equipment, editing equipment and program playback equipment), institutional network equipment (including but not limited to, network equipment, electronic transmission equipment and end user interface equipment) or for renovation or construction of PEG access or institutional network facilities.”** Section 7(b)(1)(B) further specifies that the County shall distribute 3/7 of the capital grant to the municipal channels (1/7 each to Rockville, Takoma Park and Maryland Municipal League (MML)).

### **C. Verizon**

The Verizon Franchise Agreement Sections 6.2.1 and 6.2.2 states that Verizon will provide a grant consisting of 3% of Gross Revenues per year which may be used by the County and Participating Municipalities for **“PEG access and institutional network capital expenses”** and further states that these grants **“will be used for PEG and institutional network purposes,”** which **“includes, but is not limited to, studio facilities, studio and portable production equipment, editing equipment and program playback equipment and other similar costs. It also includes, but is not limited to, equipment, capacity, computers, dark fiber, and other similar expenses for the institutional network.”** Section 7 of the individual agreements between the County and each municipality further specifies that the County shall distribute 3/7 of the capital grant to the municipal channels (1/7 each to Rockville, Takoma Park and MML).