

MEMORANDUM

April 27, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser *CT*

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

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
Alex Espinosa, Office of Management and Budget (OMB)

Summary of Staff Recommendations

In addition to the decisions made on April 13, 2011, staff recommends the following decisions be made by the Committee regarding the FY12 Cable Plan proposed by the Executive:

- a. Reduce the FiberNet contingency from \$766,000 to \$466,000 and transfer the \$300,000 reduction to the general fund.
- b. Approve the balance of the Cable Plan as proposed by the Executive and modified by the Committee's April 13, 2011 actions, and recommend it to the full Council for approval.

Overview

The Committee met on April 13, 2011 to review the Executive's recommended FY12 Cable Plan and made the following decisions:

1. The Fund Balance will be recommended to the full Council with a \$1.1m reduction (which will make the fund balance \$113,000, down from the recommended level of \$1,213,000). The \$1.1m will be transferred to the general fund.
2. Language will be added to the Cable Plan to clarify the bilingual contractor position as two half-time positions, with different reporting arrangements to the PIO and Council's LIO, respectively.

3. The Committee requests a preliminary presentation for the FY13 Cable Plan in the October 2011 timeframe so that discussions can be reflected in the budget deliberations early on.
4. The Committee requests details on the PEG Equipment plan (used as the base for determining the replacement amount of \$1,438,000) and the FiberNet overall construction plan, which will need \$2,191,000 in FY12 in order to more accurately frame the resource debate.
5. The Committee requested a plan showing 5%, 10%, and 15% cuts to the "programming budgets" over all. The base is Sections C-G of the Plan, less the \$1,438 equipment allocation.

Cable and Broadband Administrator Mitsuko R. Herrera has prepared information to respond to the requests in #4 and #5 of the list above. This information is on ©1-37.

Observations

PEG Equipment plan

The equipment plan totaling \$1,438,000 is detailed in a Table on ©5 and reproduced here for clarity.

CATEGORY	EQUIPMENT AND PURPOSE	COST
Studio and master control and infrastructure	Upgrade routers and switchers for HD transmission	465,000
Studio acquisition	Upgrade to HD cameras at MCPS and MC	256,000
Post production	Upgrade editing stations for HD editing and closed captioning	388,000
Archival storage	Double storage capacity	30,000
Community use workstations	Edit and production in HD for the general public	65,000
Mobile production	HD recording and transmission of remote location events	100,000
Council chamber cameras	HD transmission from 7 CHR	134,000
Total		1,438,000

A shift to digital transmission standards at High Definition (HD) quality is the primary strategy behind the request, and will support the move endorsed by the Committee some time ago to combine production facilities and begin to reduce costs of creating content through a uniform production platform. The shift to an all-digital, tape-less environment will be complete by 2015, and because of lack of funding in prior years, the current analog equipment is stretched beyond useful life.

The Committee discussed the issue of cable revenue allocation requirements for specified targets such as PEG Equipment and FiberNet. On ©3, the recommended levels of PEG equipment and CIP expenditures appear to be well within the required ranges. At current levels, the CE is recommending equipment and FiberNet expenditures that exceed required levels by \$1,049,000. To say it in a different way, if the budget were to be reduced by this amount of \$1,049,000, the remaining allocated funds to PEG equipment and FiberNet would still fully meet the minimum required funding level for equipment (which this year is \$3,095,000).

FiberNet construction plan

FiberNet is the broadband network developed and maintained by the County and operated on behalf of all tax and rate-supported agencies. The construction and maintenance schedule for FiberNet has been sharply curtailed in the last 2 years, and the Executive is now recommending a return to a meaningful schedule. Particularly helpful is the ARRA grant received from the State of Maryland (also received by other leading-edge counties). This ARRA grant will permit the completion of the physical plant expansion to all Elementary schools, as well as to several other important locations. ©19-21 is a list of all new locations that will be connected to the existing FiberNet network, while ©23 has the summary of the 5-year plan for FiberNet itself. The reason why actual cost figures are not available is that the processes for developing the explicit plan have begun recently, but the detailed fiscal plan should be available in time for the FY13 CIP presentation next year.

©6-7 provide detailed commentary on the FY12 FiberNet effort. The Executive recommends a \$766,000 contingency for construction, citing Smart Growth, road relocation, and fiber damage as the reasons for this level of set-aside. Given the severe fiscal challenge for the FY12 budget, staff suggests reducing this reserve by \$300,000 and transferring this amount to the general fund, where it can provide much needed services in the front line of County operations. It is understandable that a large reserve gives more confidence, but given the fiscal environment, a smaller reserve will have to be accepted.

Possible programming cuts

The total FY12 proposed programming budget is \$7,284,000. The Committee requested information on the impact of 5%, 10%, and 15 % cuts (or budget reductions of \$364,200, \$728,400 and \$1,092,600) on this element of the Cable Plan. This information is provided in tabular form on ©10. This programming impact is significant.

In addition, the personnel reductions by agency are provided below:

	-5% plan	-10% plan	-15% plan
MCPS	1	1+1=2	2+1=3
MC	1	1	1
MCM	.5	.5+1=1.5	1.5+1=2.5
CCM		1.5	1.5+1.5=3
Cumulative totals	2.5	6	9.5

More detail on the position reductions is provided on ©38-41, including a historical overview of personnel actions since FY09.

The impacts of personnel and service level reductions are difficult to assess; the continued reduction of support (on a percentage of Cable Fund basis) is shown on ©8 and sharply contrasts with the strong metrics of performance provided by the PEG stakeholders in the April 13, 2011 session.

The Committee has considerable information on programming metrics and community perspectives on the impact of the PEG investments. Staff does not recommend a specific plan.



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

April 22, 2011

TO: Dr. Costis Toregas
Council IT Analyst

FROM: Mitsuko R. Herrera, Cable & Broadband Administrator
Office of Cable & Broadband Services

VIA: E. Steven Emanuel, Chief Information Officer
Director, Department of Technology Services

SUBJECT: Government Operations & Fiscal Policy Committee – Follow-Up for FY2012
Cable Fund Budget Worksession

The Department of Technology Services reviewed the County Executive's Recommended FY12 Cable Fund Plan with the GO Committee on April 13, 2011. The GO Committee deferred action on Council staff-proposed reductions to PEG equipment and FiberNet funding and requested further information regarding minimum required PEG Capital and FiberNet spending and spending plans. The GO Committee also requested information about the service impacts of five, ten or fifteen percent reductions to public, educational, government (PEG) access funding. The following materials address those questions and provide supplemental information for discussion at the April 29, 2011 GO Committee Worksession.

I. PEG CAPITAL EQUIPMENT AND FIBERNET EQUIPMENT & OPERATING GRANTS

Staff Recommendation #1.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.

Staff Recommendation #1.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.

Cable & Broadband Office Response:

A. Restricted Revenue Requirement

Under federal law and the franchise agreements, the Cable Fund receives some funding that may only be used for specific purposes. *See* Attachment 1. Of relevance to the Council Staff Recommendations, are the Public, Educational, and Governmental (PEG) Capital Equipment Grant and the FiberNet Operating & Equipment Grant.

PEG Capital Equipment grant funds may be used to construct PEG facilities, purchase PEG equipment, and to construct and upgrade FiberNet. *See* Attachment 1, Section II. FiberNet Operating & Equipment may be used to operate FiberNet and/or construct and upgrade FiberNet. *See* Attachment 1, Section III.A.2. **If the County spends these restricted funds for other purposes or spends less than the funding provided, the cable operator would be entitled to reduce these payments to offset the underfunding.**

1. FiberNet Operating & Equipment Grant

In FY12, it is projected that the Cable Fund will receive \$1,678,000 in FiberNet Operating & Equipment funding. In FY12, the County Executive recommended a FiberNet Operating budget of \$1,416,000. If the FiberNet Operations budget is approved by the Council, approximately \$262,000 of the FiberNet Operating & Equipment will remain and must be spent on FiberNet equipment.

(in \$1,000's)	FY11 App	FY12 CE	Difference
FiberNet Operating & Equipment Grant	1,660	1,678	18
Less CE Rec. FiberNet Operating Expenditure	1,337	1,416	79
Net Grant Restricted to FiberNet Equipment Expenditures	323	<u>262</u>	(-61)

Thus, to meet the conditions of the FiberNet Operating & Equipment Grant, if the CE Recommended FiberNet Operations expenditure is approved, the FiberNet CIP expenditure must contain at least \$262,000 in addition to any other required expenditures.

2. PEG Capital Equipment Grant & Expenditures

PEG Capital Equipment grant funds may be used to construct PEG facilities, purchase PEG equipment, and to construct and upgrade FiberNet. *See* Attachment A, Section III.A.2.

(in \$1,000's)	FY11 App	FY12 CE	Difference
PEG Capital Equipment Grant	3,484	4,809	1,325
Plus Net Grant Restricted to FiberNet Equipment Expenditures	323	262	(-61)
Total Required PEG Capital Equipment Expenditures	3,807	<u>5,071</u>	1,264

As the chart above demonstrates, approximately \$5,071,000 of the Cable Fund must be spent on PEG Capital expenditures. The funding passed through for Municipal Capital Support is an expenditure of restricted PEG Capital Equipment.

(in \$1,000's)	FY11 App	FY12 CE	Difference
Total Required PEG Capital Equipment Expenditures	3,807	5,071	1,264
Less Municipal Capital Support	1,328	1,976	648
Net Grant Restricted to PEG Equipment & FiberNet Equipment Expenditures	2,479	3,095	616

Thus, after including the required expenditure for FiberNet equipment and deducting the Municipal Capital Support expenditure, a remaining minimum of \$3,095,000 must be spend on PEG Equipment Replacement and the FiberNet CIP.

(in \$1,000's)	FY11 App	FY12 CE	Difference
Net Grant Restricted to PEG Equipment & FiberNet Equipment Expenditures	2,479	3,095	616
Less PEG Equipment Replacement	40	1,438	1,398
Less FiberNet CIP	515	2,706	2,191
Expenditures Above or Below Required Minimum Funding	(-1,924)	1,049	2,973

In FY11, the County needed to close a historical budget gap of nearly \$1 billion. To assist in this, a one-time reduction in PEG Equipment and FiberNet CIP expenditures below the minimum funding requirement was approved. In prior years, the County has spent more than the required minimum funding and in FY12 the FY12 CE Recommended Budget included more funding than the minimum funding required. In this way, the County will ensure that over the fifteen year term of each franchise, the minimum funding requirements are met and that FY11 was a singular aberration in light of extraordinary historical circumstances.

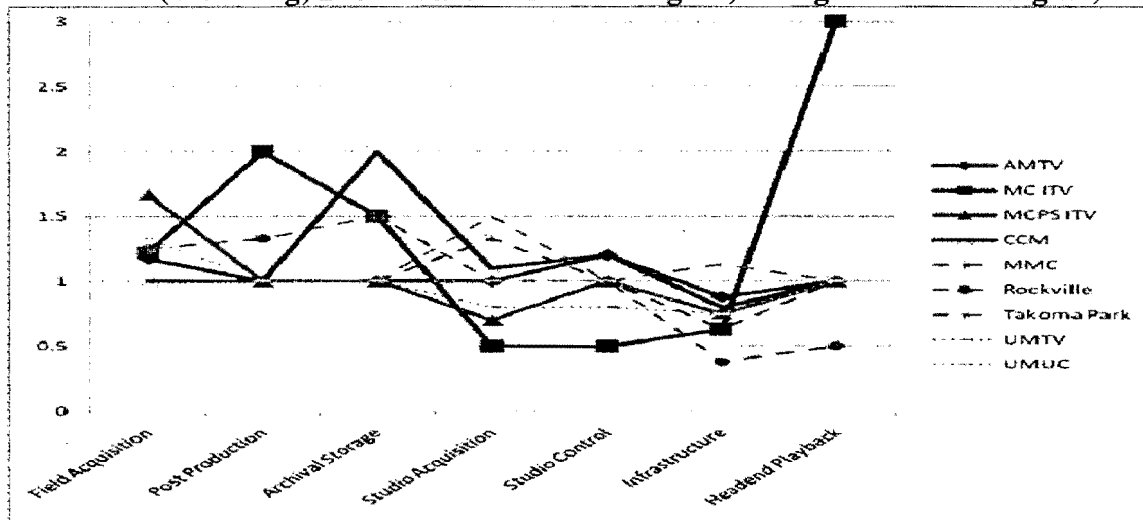
In addition, the County's legal commitment to fully appropriating PEG Equipment and FiberNet CIP expenditures will assist the County in negotiating the renewal of the Comcast franchise in FY12. Comcast's franchise expires in FY13 and Comcast currently provides a flat PEG Equipment Capital Support that is annually adjusted by the CPI, whereas Verizon and RCN each provide PEG Equipment Capital Support equal to 3 percent of gross revenues. The County's continued commitment to use restricted funding for its intended purposes will be an important factor in negotiating financial commitments from Comcast similar to Verizon and RCN.

As the charts above demonstrate, the Council Staff Recommendation puts the Cable Fund at risk. **The County must appropriate at least \$3,095,000 between the PEG Equipment and FiberNet CIP expenditures.** Additional information regarding the FY12 CE Recommended PEG Equipment and FiberNet CIP expenditures is provided below.

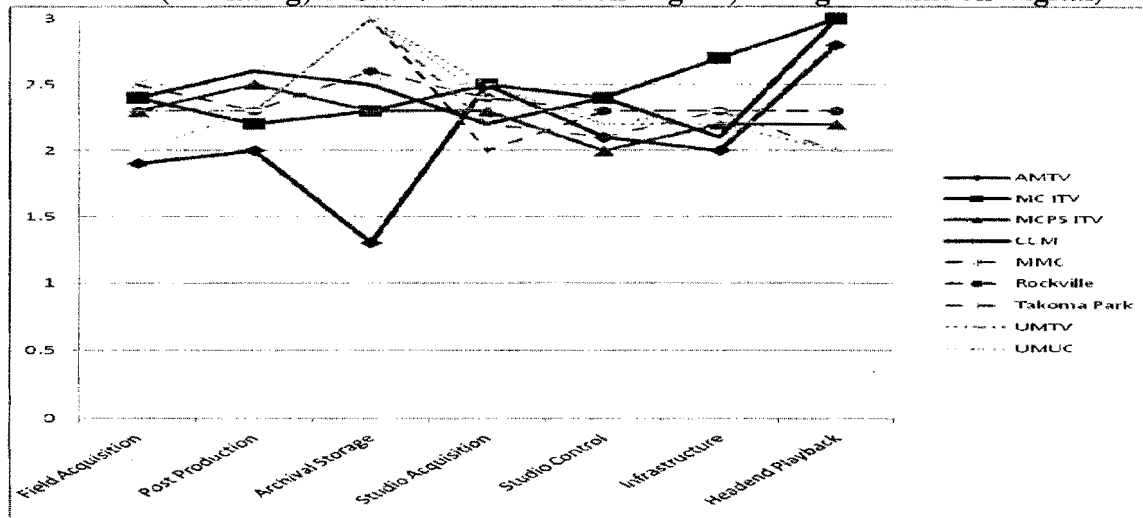
B. PEG Equipment Expenditures

In FY12, the County Executive recommended funding \$1,438,000 for PEG equipment. This is part of a plan to upgrade the PEG facilities and equipment from analog-based tape technology to digital-based tapeless high definition (HD) technology by FY2015. The majority of this PEG equipment is at risk of failing. To address budget shortfalls in FY10 and FY11, equipment was not replaced and replacement life cycles were stretched well beyond recommended terms. The analog equipment cannot be repaired and cable and Internet distribution of Council, School Board, College and independent media programming is at risk if the equipment is not replaced in FY12. The FY12 CE Recommended budget will provide for replacement of the most vital equipment and put the transition to HD back on track.

June 2010 Status of PEG Station Digital Transition
(1=Analog; 2=Standard Definition Digital; 3=High Definition Digital)



June 2015 Projected Status of PEG Station Digital Transition
(1=Analog; 2=Standard Definition Digital; 3=High Definition Digital)



In FY12, if approved, the CE Recommended \$1,438,000 PEG Equipment fund is expected to support the following improvements:

Category	Cost in \$1,000's	Equipment & Purpose
Studio and Master Control, and Infrastructure	465	Upgrade routers and switchers at facilities to enable transmission of HD signals
Studio Acquisition	256	Upgrade to HD cameras at MCPS and MCM
Post Production	388	Upgrade editing stations and software to enable HD editing and closed captioning file encoding
Archival Storage	30	Double storage capacity
Community Use Workstations	65	Enable the public to edit and produce shows in HD to post to YouTube and air on channels
Mobile Production	100	Enable HD recording and transmission of remote location events and arts entertainment
Council Chamber Cameras	134	Enable HD transmission of 7th floor Council Committee worksessions
	1,438	

It is imperative for the PEG facilities to upgrade to HD technology as quickly as possible:

➤ **HD Equipment is Necessary to Reach Residential Households**

- Once viewers have HD channels, they have little desire to watch non-HD channels.¹
- HD channels are bundled together, making it more cumbersome for viewers to find non-HD channels.
- Montgomery County network and public broadcasting television channels are HD, the top 20 cable networks are HD, and the cable networks with the top 20 prime time cable programs are HD.²
- As of May 2010, 65 percent of U.S. homes have at least one HDTV, a 13 percent increase over the previous year, and the average household owns 1.8 HDTVs, a 20 percent increase over the previous year.³

¹ Stelter, Brian, "As HDTV takes off, some viewers are left behind," New York Times, May 31, 2010, available at http://www.denverpost.com/business/ci_15195262?source=rss.

² FCC, 13th Annual Video Competition Report to Congress on the Status of Competition for Video (January 6, 2009)

³ Consumer Electronics Association, "12 Annual Household CE Ownership and Market Potential Study (May 2010)," Press Release (May 6, 2010), available at http://www.ce.org/Press/CurrentNews/press_release_detail.asp?id=11900.

➤ **HD Equipment is Necessary to Maintain Functionality of PEG Investment**

- HD will increase viewership among cable and Internet viewers.
- HD will enable better playback on YouTube, Hulu, and Video-On-Demand programming.
- HD cameras and editing equipment are a stranded investment if transmission infrastructure is not upgraded to enable transmission of HD video.
- HD equipment will enable standardization of IP-files among PEG stations, enabling shared video libraries, electronic file transfers, and resource sharing.
- Existing analog equipment is no longer supported by manufacturers.
- HD equipment provides better work force development training opportunities for students who would use HD equipment in employment workplaces.

Thus, the FY12 CE Recommended PEG Equipment expenditure will enable the PEG stations to implement the HD transition plan, ensure that minimum PEG Capital expenditure levels are met, and remedy the near elimination of PEG Equipment expenditures in FY11.

C. FiberNet CIP

In FY12, the County Executive recommended funding \$2,706,000 for the FiberNet CIP. This amount is consistent with the FY12 CIP amount approved by the Council during the FY11 CIP approval process.

	Cost in \$1,000s		Category
ARRA	125		Consultant – Design & Supervision
	110		Utility Pole Applications Fees
	650		Utility Pole Make Ready
	390		FiberNet Core Hardware Upgrades
	1,275		ARRA Matching Cash Contribution
Non-ARRA	100		Fiber – ATMS
	50		Fiber – Backbone Capacity Increases
	50		Fiber – DOT Construction Supervision
	50		Fiber – Non-ARRA Site Cost Estimates
	300		Fiber – Relocation
	0		Infrastructure – FiberNet III
	5		Infrastructure – Hub Improvement
	15		Infrastructure – Security Improvements
	665		Non-ARRA Construction
	766		Contingency Construction (Smart Growth, road relocation, fiber damage)
	2,706		CE Recommended & Council Approved FY12 FiberNet CIP

The Interagency Technical Policy and Coordination Committee (ITPCC) and DTS briefed the GO Committee on the FiberNet American Recovery & Reinvestment Act (ARRA) grant at the March 7, March 28, and April 13, 2011 worksessions. The list of FiberNet site extensions

funded by ARRA are included as Attachment B. A broad summary of FiberNet's multi-year expansion is provided as Attachment C. Excerpts of the GO Committee Worksession packets that address the ARRA matching requirement and funding mechanisms are included as Attachment D. The award of the ARRA grant altered the allocation among FiberNet CIP cost elements, but did not alter the total appropriation request. Therefore, no change was made to the FiberNet FY12-FY16 CIP. The multi-year FiberNet CIP will be developed and presented as part of the FY13 CIP review. **DTS is also pleased to announce that the federal government provided environmental approval on April 19, 2011, and the County may now begin ARRA construction.**

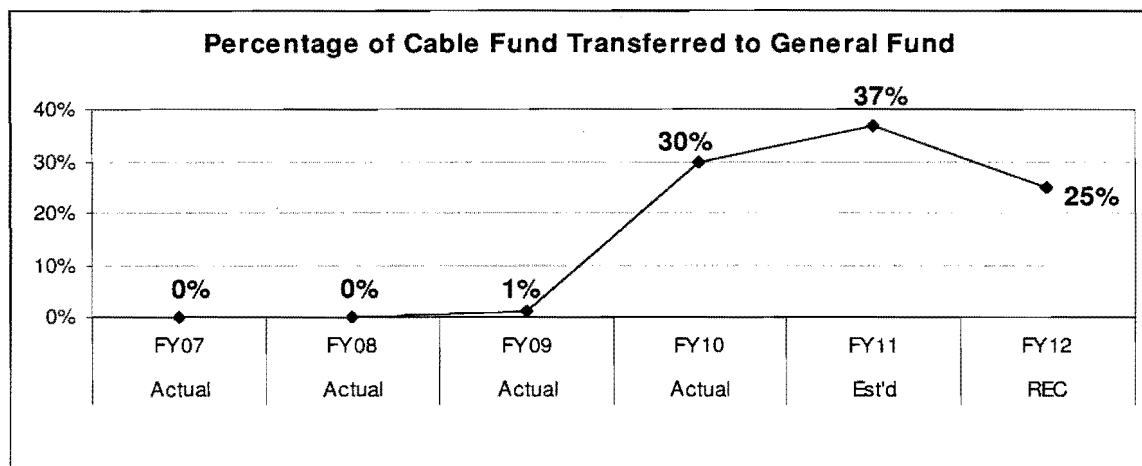
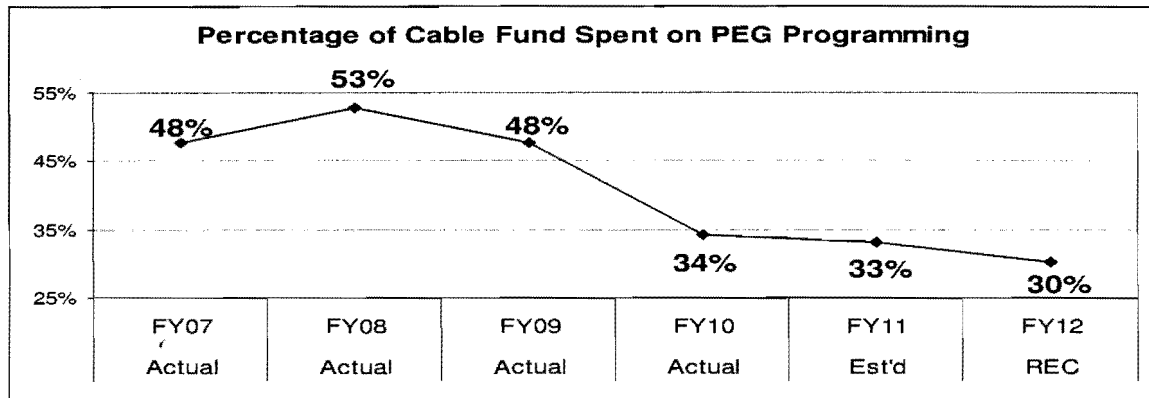
The FY12 CE Recommended budget contains \$1,275,000 of the \$1,600,000 ARRA grant match, which will provide pole location fees for all ARRA sites and design and construction costs for 65 of 90 elementary school and HOC sites. The ARRA match must be allocated in FY12 and FY13. However, most sites will take 18 months to construct (due to delays in getting access to utility poles) so the majority of work must be started in FY12. **Sixty-seven percent of construction must be completed by August 30, 2012, and all construction must be completed by August 30, 2013.** Reductions in the CE Recommended FiberNet CIP would potentially put the County's ability to meet the strict ARRA build-out deadlines at risk. The contingency funding will permit the County to leverage joint ARRA and non-ARRA related construction opportunities and to address any unforeseen construction problems. The County also has an interest in ensuring that it has a funding reserve to permit flexibility and streamlining of ARRA construction. To the extent that the County can complete construction ahead of the deadlines and under budget, those funds could potentially be used to support additional FiberNet construction, provided that such construction can be completed by the 2013 deadline.

II. PEG PROGRAMMING EXPENDITURES

Question: The GO Committee requested the impact of five, ten and fifteen percent reductions to cable programming budgets, as specified in Section C through G of the Cable Plan, excluding equipment costs in Section G.

Cable & Broadband Office Response:

In FY12, 98.9 percent of the Cable Fund will be generated from fees line-itemed on cable subscriber bills. Thus, historically, the Cable Fund has been used to support PEG programming for the direct benefit of cable subscribers. As the County slipped into the Great Recession, the Cable Fund was increasingly used to support General Fund expenditures and PEG programming support was reduced to meet budget reduction targets.



As a result, the FY12 CE Recommended total expenditures on PEG programming are less than the FY08 PEG programming expenditures.

PEG Programming Expenditures (in \$1,000's)					
FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Est	FY12 CE Rec
6,735	7,890	8,055	7,752	7,789	7,284

Put another way, since FY08, the fees itemized on cable subscriber bills have increased by 50 percent while the County has reduced spending on PEG programming in the same time period by 8 percent.

The impact of these budget reductions to PEG programming has been severe. The charts below summarize the impact of multi-year budget cuts. The reductions should be read cumulatively. For example, between FY09 and FY11, there were 7 positions eliminated (1 in FY09, 2 in FY10, and 4 in FY11). The FY12 CE Recommended Budget eliminates an additional 5 positions, so there would be 12 positions eliminated since FY09. Further Council reductions would eliminate an additional 2.5 to 12.5 positions in addition to the 12 already eliminated since FY09 if Council makes no further reductions to the CE Recommended Budget. Similarly, where

program reductions were made, those reductions continue in subsequent years. For example, the arts programming eliminated in FY11 remains eliminated in FY12. Because of the reductions between FY09 and FY11, there are very few reduction options available. Significant cuts, such as the 4 percent reduction in the CE Recommended Budget, require elimination of whole positions or programs to achieve reductions of hundreds of thousands of budget dollars.

Impact of PEG Programming Budget Reductions		
FY09	FY10	FY11
<ul style="list-style-type: none"> • Eliminate 1 position • Reduce production values • Limit closed captioning to CCM and 2 shows for MC and MCPS • Defer MC remote production capabilities • Reduce MCM salaries and benefits 	<ul style="list-style-type: none"> • Eliminate 2 positions • Reduce acquired programming • Reduce locally-produced programming • Eliminate MCM outreach staff • Defer replacement of public editing computers • Defer expansion of closed captioning for MCM and all Spanish-language closed captioning • Reduce MCM benefits • No pay increases 	<ul style="list-style-type: none"> • Eliminate 4 positions • Eliminate programming coverage of arts, state government, libraries, County Spanish language programming, County Executive-County President call-in shows, and MC athletic events • Reduce coverage of MC performing arts (60%), instructional programming (75%), acquired non-English programming (50%), Council Committee worksessions and programming for parents and students (50%) • Eliminate MC closed captioning • Eliminate MCM fundraising and marketing positions • Reduce MCM benefits • CCM and MC furloughs

Further reductions to the FY12 CE Recommended budget will result in significant service reductions, elimination of staff positions, and program reductions:

Impact of FY12 PEG Programming Budget Reductions Below CE Recommended Budget			
FY12 CE Rec	-5% FY12 CE Rec	-10% FY12 CE Rec	-15% FY12 CE Rec
<ul style="list-style-type: none"> • Eliminate 5 positions • Eliminate 3 contractor WYs 	<ul style="list-style-type: none"> • Eliminate 2.5 positions • Eliminate 1.5 contractor WYs 	<ul style="list-style-type: none"> • Eliminate 3.5 positions • Eliminate 1.0 contractor WYs 	<ul style="list-style-type: none"> • Eliminate 3.5 positions • Eliminate 1.0 contractor WYs
<ul style="list-style-type: none"> • Eliminate Youth Programming • Eliminate MCPS closed captioning • Eliminate MCM community staffer and media trainer • Eliminate MC master control operator • Reduce Council worksession coverage, MC evening and weekend event coverage (50%), acquired non-English programming (50%), MNCPPC programming • Defer expansion of Granicus for Council committee worksessions • Increase CCM benefit costs, and continue salary freeze for 3rd year (4th year for MCM) 	<ul style="list-style-type: none"> • Reduce non-Council meeting programming • Eliminate MCPS student bullying, peer-pressure, and decision-making programming • Eliminate MCM new media website and video-on-demand staff • Eliminate CCM Spanish-speaking contractor and Spanish language programming • Defer Spanish-language Council & CCM producers • Reduce MC Spanish language programming (30%) • Delay MC video-on-demand launch • Reduce CCM closed captioning (10%) • Reduce MC student aid • Reduce remote production support for municipalities 	<ul style="list-style-type: none"> • Reduce Council Committee worksession cablecasts • Eliminate MCPS programming for parents regarding childhood obesity, ADHD/Autism, divorce, grief, communication with children, and food allergies • Eliminate MCM accounting, fundraising and support staff • Reduce County website support staff (33%) • Reduce MC event coverage (80%) and Spanish-language programming (75%) • Reduce MC student aid • Reduce CCM closed captioning (25%) • Eliminate remote production support for municipalities • Eliminate joint collaboration productions 	<ul style="list-style-type: none"> • Eliminate MCPS foreign language programming (100%), MC Spanish language programming (100%) • Reduce MCM non-English programming and MCPS special needs programming • Reduce County website support staff (67%) • Reduce CCM closed captioning (50%) • Reduce non-Council meeting programming • Eliminate MCM website staff • Close MCM on weekends and evenings
<p>Reductions are cumulative. Thus, a 10 percent reduction in PEG programming will require making the reductions listed in the CE Recommended budget, the 5 percent reductions and the 10 percent reductions.</p>			

For further information, please contact Mitsuko R. Herrera at 240-777-2928 or
Mitsuko.Herrera@MontgomeryCountyMD.gov

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Attachments:

- Attachment A – FY12 Cable Fund Restricted Funding Memo (April 11, 2011)
- Attachment B – FiberNet Site Construction Funded By ARRA Grant
- Attachment C – Summary of FiberNet Multi-Year Expansion: FY12-FY16
- Attachment D – Excerpts of Go Committee Worksession Packets: March 7, 2011 (CIP Amendments) and March 28, 2011 (ITPCC)

Attachment A
FY12 Cable Fund Restricted Funding Memo
(April 11, 2011)



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

April 11, 2011

TO: Dr. Costis Toregas
Council IT Advisor

FROM: Mitsuko R. Herrera, Cable & Broadband Administrator
Office of Cable & Broadband Services

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

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.¹ 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

¹ 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).

Attachment B
FiberNet Site Construction Funded By ARRA Grant

ARRA Grant FiberNet Expansion Site List

Takoma Park Library	101 Philadelphia Avenue	Takoma Park	MD	20912
Arcola Towers	1135 University Boulevard	Silver Spring	MD	20902
Bauer Park	1400 Fenwick Avenue	Rockville	MD	20853
Camp Hill Square	17825 Washington Grove Lane	Gaithersburg	MD	20877
Elizabeth House	1400 Fenwick Avenue	Silver Spring	MD	20910
Emory Grove Village	8211 Morningview Drive	Gaithersburg	MD	20877
Forest Oak Towers	101 Odendhal Road	Gaithersburg	MD	20877
Georgian Court Apartments	3600 Bel Pre Road	Aspen Hill	MD	20906
Holly Hall Apartments	10110 New Hampshire Avenue	Silver Spring	MD	20903
Magruder's Discovery	10508 Westlake Drive	Bethesda	MD	20817
Manchestor Manor	8401 Manchestor Road	Silver Spring	MD	20901
Metropointe	11175 Georgia Avenue	Silver Spring	MD	20902
Paddington Square Apartments	8800 Lanier Drive	Silver Spring	MD	20910
Pond Ridge	18100 Pond Ridge Court	Olney	MD	20832
Sandy Spring	1 Branchwood Court	Sandy Spring	MD	20860
Stewartown Homes	16125 Crabbs Branch Way	Derwood	MD	20855
Tanglewood Apartments	8902 Manchester Road	Silver Spring	MD	20901
The Willows Apartments	429 W Diamond Ave	Gaithersburg	MD	20877
Town Center	90 Monroe Street	Rockville	MD	20850
Towne Centre Place	3502 Morningwood Drive	Olney	MD	20832
Washington Square	8343 Fairhaven Drive	Gaithersburg	MD	20877
Waverly House	4521 East West Highway	Bethesda	MD	20814
Arcola ES	1820 Franwall Avenue	Silver Spring	MD	20902
Ashburton ES	6314 Lone Oak Drive	Bethesda	MD	20817
Bannockburn ES	6520 Dalroy Lane	Bethesda	MD	20817
Bel Pre ES	13801 Rippling Brook Drive	Silver Spring	MD	20906
Bells Mill ES	5701 Grosvenor Lane	Bethesda	MD	20814
Belmont ES	19528 Olney Mill Road	Olney	MD	20832
Beverly Farms ES	8501 Post Oak Road	Potomac	MD	20854
Bradley Hills ES	8701 Hartsdale Avenue	Bethesda	MD	20817
Broad Acres ES	710 Beacon Road	Silver Spring	MD	20903
Brooke Grove ES	2700 Spartan Road	Olney	MD	20832
Brown Station ES	851 Quince Orchard Blvd	Gaithersburg	MD	20878
Burning Tree ES	7900 Beech Tree Road	Bethesda	MD	20817
Burnt Mills ES	11211 Childs Street	Silver Spring	MD	20901
Candlewood ES	7210 Osprey Drive	Rockville	MD	20855
Cannon Road ES	901 Cannon Road	Silver Spring	MD	20904
Capt. James Daly ES	20301 Brandermill Drive	Germantown	MD	20876
Carderock Springs ES	7000 Radnor Road	Bethesda	MD	20817
Carl Sandburg Center	451 Meadow Hall Drive	Rockville	MD	20851
Cashell ES	17101 Cashell Road	Rockville	MD	20853
Clarksburg ES	13530 Redgrave Place	Clarksburg	MD	20871
Cloverly ES	800 Briggs Chaney Road	Silver Spring	MD	20905
Cold Spring ES	9201 Falls Chapel Way	Potomac	MD	20854
College Gardens ES	1700 Yale Place	Rockville	MD	20850
Concord Central Records	7210 Hidden Creek Road	Bethesda	MD	20817

ARRA Grant FiberNet Expansion Site List

Cresthaven ES	13313 Old Columbia Pike	Silver Spring	MD	20904
Diamond ES	4 Marquis Drive	Gaithersburg	MD	20878
Dr. Charles Drew ES	1200 Swingingdale Drive	Silver Spring	MD	20905
Dr. Sally K. Ride ES	21301 Seneca Crossing Drive	Germantown	MD	20876
DuFief ES	15001 DuFief Drive	Gaithersburg	MD	20878
East Silver Spring ES	631 Silver Spring Avenue	Silver Spring	MD	20910
Fallsmead ES	1800 Greenplace Terrace	Rockville	MD	20850
Farmland ES	7000 Old Gate Road	Rockville	MD	20852
Fields Road ES	One School Drive	Gaithersburg	MD	20878
Flower Hill ES	18425 Flower Hill Way	Gaithersburg	MD	20879
Flower Valley ES	4615 Sunflower Drive	Rockville	MD	20853
Forest Knolls ES	10830 Eastwood Avenue	Silver Spring	MD	20901
Fox Chapel ES	19315 Archdale Road	Germantown	MD	20876
Garrett Park ES	4810 Oxford Street	Kensington	MD	20895
Georgian Forest ES	3100 Regina Drive	Silver Spring	MD	20906
Glen Haven ES	10900 Inwood Avenue	Silver Spring	MD	20902
Glenallan ES	12520 Heurich Road	Silver Spring	MD	20902
Goshen ES	8701 Warfield Road	Gaithersburg	MD	20882
Greencastle ES	13611 Robey Road	Silver Spring	MD	20904
Greenwood ES	3336 Gold Mine Road	Brookeville	MD	20833
Harmony Hills ES	13407 Lydia Street	Silver Spring	MD	20906
Highland ES	3100 Medway Street	Silver Spring	MD	20902
Highland View ES	9010 Providence Avenue	Silver Spring	MD	20901
Jackson Road ES	900 Jackson Road	Silver Spring	MD	20904
Kemp Mill ES	411 Sisson Street	Silver Spring	MD	20902
Kensington Parkwood E	4710 Saul Road	Kensington	MD	20895
Mill Creek Towne ES	17700 Park Mill Drive	Rockville	MD	20855
Montgomery Knolls ES	807 Daleview Drive	Silver Spring	MD	20901
New Hampshire Estates	8720 Carroll Avenue	Silver Spring	MD	20903
Oak View ES	400 East Wayne Avenue	Silver Spring	MD	20901
Oakland Terrace ES	2720 Plyers Mill Road	Silver Spring	MD	20902
Olney Elementary School	3401 Queen Mary Drive	Olney	MD	20832
Pine Crest ES	201 Woodmoor Drive	Silver Spring	MD	20901
Potomac Elementary School	10311 River Road	Potomac	MD	20854
Ritchie Park ES	1514 Dunster Road	Rockville	MD	20854
Rock Creek Forest ES	8330 Grubb Road	Chevy Chase	MD	20815
Rock Terrace School	390 Martins Lane	Rockville	MD	20850
Rolling Terrace ES	705 Bayfield Street	Takoma Park	MD	20912
Roscoe Nix ES	1100 Corliss Street	Silver Spring	MD	20903
Rosemary Hills ES	2111 Porter Road	Silver Spring	MD	20910
Sequoyah ES	17301 Bowie Mill Road	Derwood	MD	20855
Sligo Creek ES	500 Schuyler Road	Silver Spring	MD	20910
Somerset ES	5811 Warwick Place	Chevy Chase	MD	20815
Stedwick ES	10631 Stedwick Road	Montgomery Village	MD	20886
Stephen Knolls School	10731 St. Margaret's Way	Kensington	MD	20895
Stone Mill ES	14323 Stonebridge View Drive	North Potomac	MD	20878
Stonegate ES	14811 Notley Road	Silver Spring	MD	20905

ARRA Grant FiberNet Expansion Site List

Strathmore ES	3200 Beaverwood Lane	Silver Spring	MD	20906
Strawberry Knoll ES	18820 Strawberry Knoll Road	Gaithersburg	MD	20879
Travilah ES	13801 DuFief Mill Road	North Potomac	MD	20878
Twinbrook ES	5911 Ridgway Avenue	Rockville	MD	20851
Viers Mill ES	11711 Joseph Mill Road	Silver Spring	MD	20906
Washington Grove ES	8712 Oakmont Street	Gaithersburg	MD	20877
Watkins Mill ES	19001 Watkins Mill Road	Montgomery Villag	MD	20886
Wayside ES	10011 Glen Road	Potomac	MD	20854
Westbrook ES	5110 Allan Terrace	Bethesda	MD	20816
Westover ES	401 Hawkesbury Lane	Silver Spring	MD	20904
Whetstone ES	19201 Thomas Farm Drive	Gaithersburg	MD	20879
William B. Gibbs, Jr.	12615 Royal Crown Drive	Germantown	MD	20876
William Tyler Page ES	13400 Tamarack Rd	Silver Spring	MD	20904
Wood Acres ES	5800 Cromwell Drive	Bethesda	MD	20816
Woodlin Elementary School	2101 Luzerne Avenue	Silver Spring	MD	20910
Wyngate Elementary School	9300 Wadsworth Drive	Bethesda	MD	20817

Attachment C
Summary of FiberNet Multi-Year Expansion: FY12-FY16

Summary of FiberNet Multi-Year Expansion: FY12 to FY16

<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
<u>ARRA Grant implementation</u> -ARRA PLANNING/Design -ARRA Make Ready -Pole Application Fees -Utility Make Ready -ARRA Match \$ <u>Non-ARRA Costs/Ongoing FiberNet O&M Costs</u> -Fiber-ATMS -Fiber-Backbone Capacity Increase -Fiber DOT Construction Supervision -FiberNet II Transition -Non-ARRA Site Constr. Estimation -Fiber Relocation Costs -Infrastructure—FiberNet III -Infrastructure—Hub Improvements -Infrastructure—Security Enhancements -Optical Fiber Plant Maintenance	<u>ARRA Grant implementation</u> -ARRA PLANNING/Design -ARRA Make Ready -Utility Make Ready -ARRA Match \$ <u>FiberNet O&M; \$ CIP Components</u> -Support Personnel-DTS, DOT, Contractual -Hub and Site Infrastructure -New Construction and Fiber plant relocation -Fiber cost estimation -Backbone, OTN Cross Connect and Feeder Capacity Increases -Construction related FTE's -Hub and Security enhancements, &FiberNet III upgrades -DTS, DOT personnel and O&M costs to Cable Fund	-ARRA Grant Closeout Activities <u>FiberNet O&M; &CIP Components</u> -Support Personnel-DTS, DOT, Contractual -Hub and Site Infrastructure -New Construction and Fiber plant relocation -Fiber cost estimation -Backbone, OTN Cross Connect and Feeder Capacity Increases -Construction related FTE's -Hub and Security enhancements, &FiberNet III upgrades -DTS, DOT personnel and O&M costs to Cable Fund	<u>FiberNet O&M; &CIP Components</u> -Support Personnel-DTS, DOT, Contractual -Hub and Site Infrastructure -New Construction and Fiber plant relocation -Fiber cost estimation -Backbone, OTN Cross Connect and Feeder Capacity Increases -Construction related FTE's -Hub and Security enhancements, &FiberNet III upgrades -DTS, DOT personnel and O&M costs to Cable Fund -PLANNING for Major CORE Electronics Upgrade for end of lifecycle components and capacity upgrades	<u>FiberNet O&M; &CIP Components</u> -Support Personnel-DTS, DOT, Contractual -Hub and Site Infrastructure -New Construction and Fiber plant relocation -Fiber cost estimation -Backbone, OTN Cross Connect and Feeder Capacity Increases -Construction related FTE's -Hub and Security enhancements, &FiberNet III upgrades -DTS, DOT personnel and O&M costs to Cable Fund -CORE Replacement and Upgrade

NOTE: This table displays components of the FiberNet system that will require funding in future years. Costs for these items will be estimated and presented in the upcoming FY13 CIP cycle. The ITPCC FiberNet Technical Advisory Group (ITAG) will consult with DTS, DOT, Cable Fund, and many others to prepare the Executives Recommended CIP Project for submission to OMB in September 2011. Planning activity has been initiated for this, but fiscal requirements and the multiyear implementation plans remain to be articulated. There will be further revisions and refinement of this project over the coming months. [April 20, 2011]

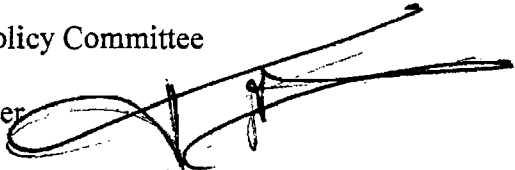
Attachment D
Excerpts of Go Committee Worksession Packets:
March 7, 2011 (CIP Amendments)
and March 28, 2011 (ITPCC)

Worksession

MEMORANDUM

March 3, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser 

SUBJECT: **CIP Amendments:** General Government – Technology Services

Expected to attend:

Mike Ferrara, Executive Director of Enterprise Projects, Office of the CAO

Mike Knuppel, Chief Technology Officer, DTS

John Cuff, OMB

Other executive branch officials will be available to comment on project status as appropriate.

Summary of staff recommendations to the GO Committee:

1. **Endorse IJIS modification to extend \$345,000 to FY12 and recommend its acceptance by the full Council.**
2. **Ensure that matching cash commitment of \$1.6m for the ARRA grant is not in the CIP portion of FiberNet, but is forthcoming in the Executive's FY12 Recommended Operating Budget portion of the FiberNet internal budget.**
3. **Retain expected savings of \$5m and \$15m from ERP business process reengineering changes until further analysis is performed on OMB estimates.**

Overview

There are four technology-related projects for Montgomery County Government (MCG) in the CE's Capital Improvement Program (CIP):

1. Technology Modernization (TechMod)
2. FiberNet
3. Public Safety System Modernization (PSSM)
4. Integrated Justice Information System (IJIS)

Project Summary

2. FiberNet

FiberNet is a long-term infrastructure project which provides broadband connectivity to MCG and all other tax-supported agencies. ©13 is the PDF in the CIP, and ©14-27 provide an update and address issues raised by Council staff relating to current issues. Executive branch staff and other users will be available to address questions.

The inclusion of an ARRA grant for \$14m as a mechanism to fund much-needed construction of additional connections brings up the issue of a requirement for a cash match of \$1,852. It does not appear that this cash match is in the CIP program (as no changes are being proposed to the PDF established and approved last year), so it should be clarified during the Worksession that the match will be included in the OB transmittal expected on March 15, 2011.

It should be noted in the context of collaboration imperatives across agencies that this project has a well-working governance model that permits all six tax-supported agencies to receive the benefits of a common technology infrastructure. The governance mechanism for FiberNet was created through a charter within the Interagency Technology Policy Coordinating Committee (ITPCC) in 2002 and permits each agency to participate at the technical and service delivery levels. MCG is the manager of the effort through the Department of Technology Services (DTS).

As technology evolves and resources grow scarcer, FiberNet can become even more vital, offering a platform on which Shared Services such as common e-mail systems, common office, security, and back up applications can be offered to all agencies. In addition, the possible role of private industry as a

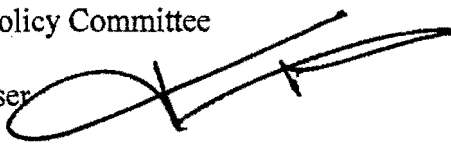
partner in providing the technical aspects of infrastructure can be further reviewed and evaluated as a possibly more efficient model of delivery, allowing the County to focus on applications.

Worksession

MEMORANDUM

March 24, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser 

SUBJECT: Update - Interagency Technology Policy and Coordination Committee (ITPCC)

ITPCC Principals

Dr. DeRionne P. Pollard, ITPCC Chair and President, Montgomery College
Francoise Carrier, Chair, M-NCPPC
Dr. Jerry Weast, Superintendent, MCPS
Tim Firestine, CAO, Montgomery County Government
Jerry Johnson, General Manager, WSSC
Annie Alston, Executive Director, HOC
Steve Farber, Council Staff Director

Summary of Staff Recommendations

1. Accept the ITPCC Chair letter updating the Committee on the ITPCC work program in FY11.
2. Schedule an additional ITPCC work session in early summer to review and approve the FY12 ITPCC work program.
3. Update the ITPCC principals with Council views presented during their discussion regarding the Organizational Reform Commission recommendations related to IT.
4. Request that the Council IT Adviser recommendations related to the three current collaboration initiatives on PC replacements, Data Center use, and e-mail, contacts, and scheduling systems using Cloud Computing be included in the FY12 ITPCC work program for priority action and completion.
5. Request that the Executive provide an explicit response and a budget mechanism that recognizes the "Red" and "Yellow" priority systems now in existence totaling \$246m, and incorporate needed actions in an approach which manages the commensurate risk associated with not fulfilling them.



Office of the President

March 23, 2011

The Honorable Nancy Navarro, Chair
Government Operations and Fiscal Policy Committee
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850

Dear Ms. Navarro:

The Interagency Technology Policy and Coordination Committee (ITPCC) is pleased to provide this update regarding the activities of the FY 2011 work program.

Implementation of the FiberNet program continues through work of the FiberNet Interagency Technical Advisory Group (ITAG) within the framework of the Interagency FiberNet Governance Charter adopted November 25, 2002¹. The FiberNet project is focused on utilization of federal ARRA funds awarded to a consortium of Maryland Counties, including Montgomery County, in September 2010 that will provide construction funding for FiberNet valued at an estimated \$14 million. The grant will fund construction to extend the network to an additional 109 sites². All ARRA funded sites must be completed by August 31, 2013 when the grant expires.

Two remaining Interagency Technology Fund (ITF) projects—the interagency GIS Strategic Plan, and the Continuity of Operations Planning (COOP) Automation Project, resulted in the ITPCC adoption of the final GIS Strategic Plan on February 7, 2011, and a decision to continue the COOP project for another full year to allow the project team to adopt a new software tool to support COOP processes. The next step in the implementation of the GIS plan is to adopt a GIS Governance Charter and establish workgroups to focus on specific plan requirements. The initial meeting to begin the process of GIS charter development has been scheduled to meet on April 4, 2011. The FY11 budget decision to delete funding for the COOP software product, used since project inception, necessitated a major recalibration of the COOP project approach and an extension of the project timeline. The ITPCC approved the recommended Policy

¹ The *FiberNet Governance Charter, November 25, 2002*, and other major ITPCC studies are available on the Montgomery County intranet site at V:/ITPCC/. All Council members and staff have access to this resource and are encouraged to consult this information when questions arise.

² See the GO Committee packet for March 7, 2011 for explicit description of the ARRA Grant and the FiberNet project [circle#20-21].
http://www.montgomerycountymd.gov/content/council/pdf/agenda/cm/2011/110307/20110307_GO1.pdf

FiberNet II

Montgomery County is the beneficiary of an ARRA grant that was awarded to a consortium of counties and jurisdictions within the State of Maryland on September 1, 2010. The State is the primary grant recipient and the Inter-County Broadband Network (ICBN) consortium of 10 central Maryland counties and cities is a sub-recipient. Howard County is the administrative lead for the ICBN. The ARRA grant provides Montgomery County with the ability to fund construction valued at an estimated \$14 million, allowing for the addition of 109 sites. All ARRA funded sites must be completed by August 31, 2013.

FiberNet activities for FY11 have been heavily focused on make-ready aspects of this project to ensure that the ARRA grant for FiberNet construction is utilized. Planning meetings have started with the Howard County Project Team to work through the grants technical and reporting requirements. FiberNet has submitted a site list containing all of the locations that will be added to FiberNet using ARRA Grant funding. FiberNet has also developed route maps for all of the grant sites and has begun the process of gaining access to the power and telephone poles that need to be licensed. Pending completion of the required Environmental Assessment, FiberNet has begun the planning and design work that is permissible under the terms of the grant. The FiberNet ITAG workgroup has initiated preparations for the biennial CIP submission of the FiberNet project to OMB in early September 2011.

Eighty-two percent (82%) of the new sites are elementary schools. In approximately one-third of these schools, more than half of the children are eligible for free and reduced meals. The addition of these schools will substantially complete the original vision of FiberNet as described fourteen years ago. For the last two years the FiberNet CIP has gone mostly unfunded for the addition of new sites. An additional seventeen percent (17%) of sites are Housing Opportunities Commission sites, in which residents earn less than \$10,000 per year or less than sixty percent (60%) of the County's median income.

There is a funding match requirement that includes cash and in-kind contributions from the County. The Office of Management and Budget, along with the Cable Office and the Department of Technology Services (DTS), are preparing for this requirement and keeping the Council apprised of developments to this important project.⁵

The ITPCC workplan activities related to FiberNet chargeback policy and further work on a public-private partnership beyond our current practices have been deferred due to the need to focus resources on core workplan items and the new CARS and ORC initiatives.

The issue of chargeback for FiberNet was carefully vetted by ITPCC in 2004 and resulted in a recommended approach⁶ that was subsequently approved by Council in May 2005. This solution remedied issues identified in the FiberNet Strategic Plan (June, 2002) and directly aligned with the FiberNet II strategic direction developed in 2003. FiberNet II is a very different technical solution than the original plan, and has resulted in dramatic cost savings for this project. The current chargeback approach aligns with the current technical implementation of FiberNet and has not changed since 2003. The solution also provided designated fund reserves to address future year requirements for major upgrades and the replacement of critical core electronics essential to the delivery of bandwidth to the users.⁷ Additional clarification is needed to understand more clearly what problem is

⁵ See GO Committee packet #1, March 7, 2011; Memorandum, *FiberNet-Responses to Analyst Questions, March 2, 2011*, for a detailed discussion of FiberNet status.

⁶ *FiberNet Next Generation Chargeback*, November 12, 2004.

⁷ In FY10, the designation of reserves for FiberNet was removed providing \$2.4 million to the undesignated current revenue reserves for the County.

to be solved. This would drive any changes to the current chargeback model. Fiscal management of FiberNet chargeback has been the responsibility of the Office of Management and Budget and the Department of Finance for years. Policy or implementation changes to the current chargeback methodology would most properly be directed from these offices since they administer revenue and reporting functions for the County. The FiberNet ITAG could provide any technical details requested for such a change, but under the present architecture and strategic direction for the network, ITPCC does not recommend any change to the current approach. Actual administration of collections and accounting for FiberNet chargeback are not ITPCC responsibilities.

The ITPCC believes that the Department of Technology Services implementation and operation of the FiberNet project continues to effectively and adequately utilize Public Private Partnership (PPP) relationships where they make sense with the private and public sectors. It has further exemplified the benefits to the County where broadband emerging capabilities are achieved at lower costs. FiberNet has leveraged franchise agreements to utilize the networks of companies like Comcast, RCN, FiberGate and FiberTech. FiberNet has also partnered with Atlantech Online, Inc., to provide internet access to the County government and citizens visiting County facilities, Silver Spring and Bethesda WiFi HotSpots. The further build-out of the network utilizing the ARRA grant represents one of the largest public-to-public partnerships ever undertaken by the County.⁸

FiberNet ITAG discussions to date have been inconclusive regarding the best and appropriately strategic approach needed to respond to this alternative. Defining the requirements for a study of PPP, requires the development of a rationale, with accompanying business analysis; and, a statement of requirements and a cost-benefit analysis to develop a recommendation that identifies an alternative strategy for a Public Private Partnership arrangement relative to FiberNet and broadband service provisioning. Once an expert evaluation addressing this strategic change commences, the study outcome will need to include a level of detail that sufficiently identifies specific deliverables, and advantages and proven PPP models that will fully justify a change to County's current FiberNet delivery strategy. Resources, both staff and money, to do this investigation are simply not available at present. A total of four-hundred and sixty-four (464) sites are either on the network (326 sites) or in the pipeline (138, including ARRA sites). Successfully building out ARRA funded sites by August 31, 2013 is our current priority and the focus of all available resources. This represents an unprecedented level of project work for FiberNet.

From its inception, FiberNet was conceived as a private, County-owned, County-operated, and County-controlled network. This is a best practice that has been demonstrated nationally. Outsourcing pieces of it, or selling FiberNet and subsequently leasing back services, was never developed as a viable consideration. There is no known

⁸ See GO Committee packet #1, March 7, 2011 for a detailed discussion of the PPP activity related to FiberNet.

operating model currently available to make this transition while guaranteeing the uninterrupted delivery of services throughout the County.

In the final appropriation actions for FY10, the formal designation of FiberNet reserves (i.e. chargeback revenue) was removed, and these funds became a part of the undesignated current revenue reserves for the County. The designated FiberNet reserves (approximately \$2.4 million) were primarily intended to provide a certain, and ready source of funds for future upgrades to the network core electronics that would be necessary to guarantee required levels of service to the network edge user sites. Core network component replacements and upgrades are inevitable for FiberNet. Currently, to enhance and guarantee service availability, there is a need to increase redundancy from the present single processor approach. This will improve network availability and at the same time increase network capacity, but is not, as of yet, the anticipated major upgrade for the core electronics. Funding has not been available for this improvement. The major core upgrade is expected to be required in 2016-17. ITPCC encourages Council and the OMB to implement an appropriate mechanism to reserve funds for future core upgrade and replacement.

FiberNet is the critical infrastructure that underpins emergency communications countywide; it provides the reliable and high speed connectivity required by nearly all of our voice, data, and video communications within government; and enables efficient citizen and business interactions within government services and information resources. FiberNet is built to meet the demands of the future with the capability of making governmental IT services and communications easier to implement, easier to secure, and at lower costs than available in the commercial markets. It is County-owned, controlled, managed, and operated. It is focused on meeting our agency requirements in the most efficient manner. It is governed within the interagency governance framework adopted by ITPCC and reviewed for opportunities for enhancements and improvements enabled by technology innovations. It is most capably managed by DTS, John Castner, and his team of network experts, with input and guidance from ITAG and the ITPCC. It is our network and represents one of the most successful interagency technology efforts of recent years.

Fibernet -- No. 509651

Category General Government
Subcategory Technology Services
Administering Agency Technology Services
Planning Area Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

May 14, 2010
No
None.
On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	2,420	1,814	208	400	200	200	0	0	0	0	0
Land	4	4	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	12,011	11,881	0	130	65	65	0	0	0	0	0
Construction	4,543	41	1,811	2,691	250	2,441	0	0	0	0	0
Other	20,735	20,735	0	0	0	0	0	0	0	0	0
Total	39,713	34,475	2,017	3,221	515	2,706	0	0	0	0	0

FUNDING SCHEDULE (\$000)

	Total	FY09	FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Cable TV	28,627	23,964	1,442	3,221	515	2,706	0	0	0	0	0
Contributions	88	88	0	0	0	0	0	0	0	0	0
G.O. Bonds	8,900	8,325	575	0	0	0	0	0	0	0	0
PAYGO	2,100	2,100	0	0	0	0	0	0	0	0	0
Total	39,713	34,475	2,017	3,221	515	2,706	0	0	0	0	0

DESCRIPTION

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

COST CHANGE

Reduce FY11 expenditures and funding by \$1.5M. Expenditures and funding for years FY13 through FY16 have yet to be determined and the future needs will be re-evaluated periodically.

JUSTIFICATION

FiberNet is a critical infrastructure asset serving every agency, the fiber plant for Asynchronous Transfer Mode Systems (ATMS), and the dedicated and redundant communications links for the PSCS/800 MHz system. As of September 1, 2009, 289 user sites are on-net and receiving critical services from FiberNet. In FY07, the Department of Technology Services (DTS) completed the re-engineering of FiberNet (now referred to as FiberNet II) to directly support Ethernet connections. This provides a core network that is technologically newer, faster and less expensive on a per-site basis. The Interagency Technology Policy Coordination Committee (ITPCC) focus during the first three years of the CIP is adding the remaining MCPS elementary schools to FiberNet. DTS, in cooperation with ITPCC and its Information Technology Advisory Group (ITAG) workgroup, continues to refine the master implementation schedule. MCG, MCPS, MC, M-NCPPC, HOC and WSSC will require substantially increased communication services and bandwidth among their facilities. The County will provide fiber optic services to those facilities for which leased telecommunications services cannot meet current or projected demand as cost effectively as FiberNet. Studies include: FiberNet Master Plan; RAM Comm. Mar 1995; FiberNet Eval. Rpt., TRW, Sept 1997; FiberNet Proj. Cost Est., ARINC, Apr 1998; FiberNet Proj. Cost-Benefit Analysis, ARINC, Oct 1998; FiberNet Strategic Plan, PrimeNet, Jun 2002; FiberNet Strategic Direction, ITAG, Nov 2003; FiberNet service level agreement, Jan 2005.

OTHER

DTS is responsible for project management, network operations, and maintenance of electronics; Department of Transportation (DOT) for installation and maintenance of the fiber optic cable. Comcast, at DTS's direction, also provides fiber used in FiberNet. Sites installed to date include MCG departments/offices, PSCS sites, MC campuses, MCPS high schools/middle schools/administrative facilities, M-NCPPC sites, HOC sites and WSSC sites including the headquarters building in Prince Georges County. The municipalities of Takoma Park, Gaithersburg and Rockville are on FiberNet as well as several cultural centers including American Film Institute (AFI), Strathmore, the Convention Center and Black Rock. Sites have been, and will continue to be, installed in a priority order based on the expected cost savings/avoidance; current and future connectivity needs; and availability of fiber optic cable to an area. Approximately \$3 million is necessary to build out the cable plant to support ATMS field devices, and is not reflected in the expenditures and funding displayed in the FY11-16 CIP. This need will be captured in the future in accordance with fiscal capacity and project schedules.

FISCAL NOTE

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

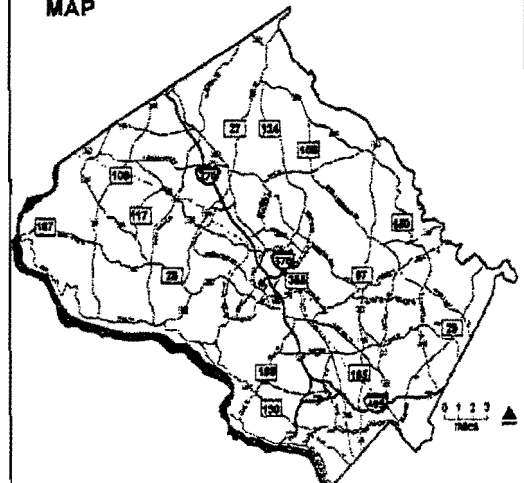
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY98	(\$000)
First Cost Estimate	FY11	39,713
Current Scope		
Last FY's Cost Estimate		42,557
Appropriation Request	FY11	515
Appropriation Request Est.	FY12	2,706
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		36,492
Expenditures / Encumbrances		35,066
Unencumbered Balance		1,426
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION

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

MAP





DEPARTMENT OF TECHNOLOGY SERVICES

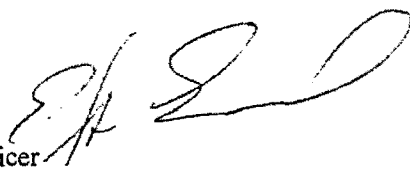
Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

March 2, 2011

TO: Dr. Costis Toregas, Council IT Advisor

FROM: E. Steven Emanuel, Chief Information Officer 

SUBJECT: Fibernet – Responses to Analyst Questions

Pursuant to the discussion on Wednesday, February 23rd and your email of Thursday, February 24th with specific questions for the upcoming Government Operations Committee meeting on Monday, March 7, 2011, the Executive Branch is pleased to provide the detailed responses to the questions to be included in the packet and discussed at the session.

The responses, included in the attachment provided, have been developed by the members and subject matter experts participating in the Public Safety Systems Modernization effort. Additionally, at your suggestion, a brief, high level overview presentation on the Fibernet program history is also being included.

If there are any additional questions or clarification required, please don't hesitate to ask.

Cc: Sherwin Collette, CIO, MCPS
Scott Ewart, CIO, HOC
Mitsuko Herrera, Cable Administrator
Dick Leurig, ITPCC, CIO Chair
Henry Mobayeni, CIO, MNCPPC
Mike Russell, AVP Information Technology, MC
Gary Thomas, ITPCC

Attachments

Office of the CIO

101 Monroe Street, 13th Floor, Rockville, Maryland 20850
240 777-2900 FAX 240 777-2831

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**Fibernet – Analyst Questions
For GO Committee Meeting – March 7, 2011**

I. Comprehensive Funding Picture

Could you provide a comprehensive funding picture?

The Cable Fund is the primary source of FiberNet funding. Appropriations from the Cable Fund may be distinguished between those funds appropriated to FiberNet's Operating and Management (O&M) Budget and those funds appropriated to FiberNet's CIP. Additional funding for FiberNet O&M budget was created as a condition of settlement of franchise compliance issues related to the transfer of a cable franchise to Comcast and this funding requirement expires when the Comcast franchise expires in June 2013. There are additional restrictions on the uses of cable public, educational, and government capital grants that are specific to capital asset additions to FiberNet.

There is a secondary funding source that comes from County approved construction CIP projects. DTS is provided the funding information and is not aware of the source of these funds as to General Revenue, grants or County Bonds. Recent additions to FiberNet that were funded by construction CIP funds include the Public Safety Headquarters Building, the Family Justice Center and the soon to open HHS Clinic on Rollins Avenue in Rockville. DTS fully expects the MCPD to use grant funding to place fiber into the Lakeforest Transit Center to approve the surveillance cameras at that location. Another soon to open construction CIP funded site will be the new MCPS Data Center at 45 West Gude Avenue. FiberNet refers to these types of sites as being "self funded".

A cross walk between the Cable Plan budget and FiberNet's assignment of these funds to major operating and CIP components is shown as Appendix A to this document.

II. ARRA Grant

Can you please provide an explicit description of the ARRA grant?

Montgomery County is the beneficiary of an ARRA grant that has been awarded to a consortium of counties and jurisdictions within the State of Maryland. The primary grantee, the State, was aided in the development of the application by the supporting jurisdictions and submitted under the "One Maryland" proposal. The State is the primary grant recipient and the Inter-County Broadband Network ("ICBN") consortium of 10 central Maryland counties and cities is a sub-recipient. Howard County is the administrative lead for the ICBN.

The ARRA grant provides Montgomery County with the ability to fund construction valued at an estimated \$14 million. Montgomery County will own and operate the sites constructed with ARRA funding. The grant will fund construction to extend FiberNet to an additional 109 sites. Federal funding will flow directly to the State, and the State will make the ICBN portion of this funding available to Howard County. Vendors will be directed and supervised by individual jurisdictions, but all bills will be submitted to, and payment made by, Howard County. Thus, no direct funding will flow through Montgomery County or the Cable Fund. The State and Howard County will have administrative responsibility for all federal accounting, auditing and compliance reporting requirements.

Eighty-two percent of these new sites are elementary schools. In approximately one-third of these schools, more than half of the children are eligible for free and reduced meals. The addition of these schools will substantially complete the original vision of FiberNet as described, fourteen years ago. For the last two years, due to the national fiscal conditions, FiberNet's CIP has gone mostly unfunded for the addition of new sites. This grant represents a tremendous opportunity to the County. An additional seventeen percent of sites are Housing Opportunities Commission sites, in which residents earn less than \$10,000 per year or less than 60% of the County's median income. Coupled with high-speed broadband, these sites offer an additional opportunity to provide technology and work force development training to the County's most economically vulnerable residents.

Any delay or complication in realizing the grant benefits will jeopardize the addition of these remaining, critical sites. There are two major, stringent requirements on the Montgomery County (and the

**Fibernet – Analyst Questions
For GO Committee Meeting – March 7, 2011**

other recipients) that need to be well understood and integrated into the County's budget decisions. These are:

1. The ARRA grant exists within very tight time limits. The grant was awarded on September 1, 2010 and all work must be completed by August 31, 2013. All unspent funds remaining from the grant on that date revert to the US Treasury. Before any work may begin, the grant requires the completion of an Environmental Assessment. That assessment is scheduled to be completed in the first quarter of 2011. FiberNet has begun the design phase of this project in anticipation the County fulfilling the matching requirements of the ARRA grant.
2. There are two matching requirements from Montgomery County. The first is an in-kind match valued at \$1.1 million. The second is a cash match of \$1.6 million. If these funds are not identified, appropriated and applied to this project per the terms of the grant, these 109 sites will not be built. The ARRA grant required a minimum 20 percent match, but to be competitive, a 30 percent match was suggested. The One Maryland match was approximately 26 percent and additional sites were added within Montgomery County because of Montgomery County's ability and commitment to meet portion of the matching requirement. In written transmittals to the National Telecommunications and Information Administration (NTIA) on October 15, 2009, Montgomery County Government and the County Council represented their support and commitments to the One Maryland Broadband Plan's application for these grant funds. Each entity recognized the benefits that would accrue to the County should the grant be awarded. Each also recognized the matching funds requirement and committed to honoring the match.

Under the grant rules, the County must expend matching funds at a pace that equals or exceeds use of federal funds, *i.e.*, at least 20 percent of on-going costs must be paid for using matching funds. In the FTY11 CIP, there is no funding for ARRA-related construction. Thus, to receive the benefit of \$14 million in construction over the next two fiscal years, the County must include an additional \$1.6 million in the CIP in FY12 and FY13 at a rate that is proportional to the rate it expects to spend federal ARRA funding.

There are additional performance requirements that must be met. The grant requires deliverables including route maps, network designs and construction documents certified by a professional engineer. Montgomery County is required to comply with the ARRA grant planning, design and reporting requirements including financial and construction auditing.

The ARRA grant is envisioned to extend broadband access into communities to improve educational services, cross the digital divide and improve business opportunity. There are requirements in the grant to foster public-private partnerships by making part of the built network available to the private sector. How this will play out in Montgomery County is yet to be determined.

Planning meetings have started with the Howard County Project Team to work through the grant's technical and reporting requirements. FiberNet has submitted a site list containing all of the locations that will be added to FiberNet using ARRA Grant funding. FiberNet has developed route maps for all of the grant sites and has begun the process of gaining access to the power and telephone poles that need to be licensed. Pending completion of the required Environmental Assessment, FiberNet has begun the planning and design work that is permissible under the terms of the grant.

One of the goals coming out of the ARRA project is the creation of an inter-governmental private network covering all of the central Maryland counties, cities, municipalities and the State. This network is referred to as the Inter-County Broadband Network (ICBN) and will interconnect and interoperate with networkMaryland and a future State-operated 700 MHz public safety communications network. This project is in its infancy and takes a backseat to the primary goal of the ARRA project – adding new sites to each government's private network.



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

April 26, 2011

TO: Dr. Costis Toregas
Council IT Analyst

FROM: Mitsuko R. Herrera, Cable & Broadband Administrator
Office of Cable & Broadband Services

VIA: E. Steven Emanuel, Chief Information Officer
Director, Department of Technology Services

SUBJECT: Government Operations & Fiscal Policy Committee – Position Reduction
Follow-Up Information for FY2012 Cable Fund Budget Worksession

On April 22, 2011, the Department of Technology Services submitted supplemental information requested by the GO Committee regarding the service impacts of five, ten or fifteen percent reductions to public, educational, government (PEG) access funding. As a requested supplement to that packet, the chart below provides a break-out of position reduction impact information for Montgomery County Public Schools (MCPS), Montgomery Community Media (MCM), Montgomery College (MC), County Cable Montgomery (CCM), and the WatchLocalTV.org Network. Impacts of reductions in operating budgets are not included below.

Reductions (Cumulative)	MCPS	MCM	MC	CCM
FY09 -1.0 P	-1.0 Position			
	• Eliminate 24 episodes of MCPS student and parent programming			
FY10 -2.0 P (-3)	-1.0 Position	-1.0 Position		
	• Eliminate 34 episodes of MCPS student and parent programming • Reduce production support for MCM community producers • Deferred expansion of Spanish language closed captioning			

Reductions (Cumulative)		MCPS	MCM	MC	CCM
FY11 -4.0 P (-7) -0.5 C Wys			-3.0 Positions		-1.0 Position
					-0.5 Contractor WYs
		<ul style="list-style-type: none"> • Eliminate CCM Spanish language, arts, recreation, library, state government, Planning Board summary programs and reduce consumer information programming • Reduce 60% of MC performing arts, 75% of MC instructional programming and 100% of MC athletic event coverage. • Reduce 50% of MCPS acquired non-English programming and English language programming for parents and students. • Reduce CCM Council Committee worksession televised coverage • Reduce CCM Spanish language closed captioning; reduce MCPS closed captioning; defer expansion of closed captioning for MC and MCM • Reduce Internet video programming for CCM 			
FY12 CE Rec -5.0 P (-12) -3.0 C WYs (-3.5)		-2.5 Positions	-1.5 Position	-1.0 Position	
			-0.5 Contractor WYs	-2.0 Contractor WYs	-0.5 Contractor WYs
		<ul style="list-style-type: none"> • Eliminate Youth Programming support • Reduce MCPS locally produced programs in six languages other than English by 50% • Reduce televised County Council Committee worksessions • Reduce MC dedicated technical support staff and timeliness of program airing • Reduce MC evening and weekend event coverage by 50% • Reduce community media production support for 90% of MCM productions; will result in less community-produced local programming • Reduce support for Internet streaming of MCM community media • Reduce Internet video programming for MCPS, CCM and MCM channel 			
-5% from FY12 CE Rec -2.5 P (-14.5) -1.5 C WYs (-5.0) 2 St		-1.0 Position	-1.5 Positions	-0.5 Contractor WYs -2.0 part-time student work study positions	-1.0 Contractor WY

Reductions (Cumulative)	MCPS	MCM	MC	CCM
	<ul style="list-style-type: none"> Defer creation of Council Spanish language PIO/producer and WatchLocalTV.org Spanish language producer Eliminate Spanish language CCM contractor Reduce County Report This Week productions Reduce all MC event coverage by 15% Eliminate 30% of all MC Spanish-language programming Eliminate MCPS student bullying, peer-pressure, and decision-making programming Reduce MCM backoffice support for all revenue generating activities and accounting functions Reduce Internet streaming of MCM community media by 50% Reduce Internet video programming for MCPS, MC, CCM, and MCM channels 			
-10% from FY12 -3.5 P (-18) CE -1.0 C (-6.0) Rec -2.0 St (-4.0)	-1.0 Position	-1.5 Positions	-0.5 Contractor WYs -2.0 part-time student work study positions	-1.0 Position
	<ul style="list-style-type: none"> Eliminate 75% of all MC Spanish-language programming Eliminate MCPS programming for parents regarding childhood obesity, ADHD/Autism, divorce, grief, communication with children, and food allergies Eliminate County Report This Week Eliminate CCM senior adult, transportation, volunteering, and County Executive programs Reduce all MC event coverage by 30% total Eliminate MCM backoffice support for all revenue generating activities and accounting functions Eliminate MCM revenue generating functions and grant applications Reduce Internet video programming for CCM, MCM and MC channels 			
-15% from FY12 -3.5 P (-21.5) CE -1.0 C (-7.0) Rec -4.0 St (-8.0)	-1.0 Position	-1.5 Positions	-1.0 Contractor WYs -4.0 part-time student work study positions (100%)	-1.0 Position
	<ul style="list-style-type: none"> Eliminate 100% of MC Spanish-language programming Eliminate all weekly County government news updates Eliminate MCM website staff; likely will reduce by 80% MCM video streaming and video-on-demand that had 5 million video hits in FY11 Reduce all MC event coverage by 50% Close MCM facilities on Sundays 			

Reductions (Cumulative)	MCPS	MCM	MC	CCM
	• Reduce Internet video programming for MCPS, MC, CCM, and MCM channels			