

MEMORANDUM

April 13, 2012

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser

SUBJECT: Cable Television and Communications Plan

Expected to attend:

Dieter Klinger, Acting Chief Information Officer, Department of Technology Services
Mitsuko R. Herrera, Cable and Broadband Administrator, Department of Technology Services
Merlyn Reineke, Chair, PEG Governance Board
Representative from the Office of Management and Budget
Members of the Public Education and Government (PEG) Network
Richard Wells, Chair of the Cable Communications Advisory Commission

Summary of Staff Recommendations:

1. Make no final decisions on the Cable Plan as submitted by the Executive and reschedule a worksession when a new plan has been formulated in accordance with Committee decisions.
2. Reduce the overall PEG outlay to 2012 levels of \$8,239,000 (see page 5), and request that the newly formed PEG Governance Board develop and provide an expenditure plan with detailed outcomes for this amount to the Cable Administrator for inclusion in the final Cable Plan to be presented to the Committee and Council.
3. Request that the MCM Board revise its current strategic plan and develop a financial support plan which would see reduced government support of 10%, 20%, and 40% in current subsidies in years FY13, FY14, and FY15 respectively, to be matched by community contributions, service fees, and foundation grants. In addition, MCM should work with the Department of General Services and Department of Technology Services to consider decentralized location options that would reduce costs, improve client access, and make good use of existing County facility space. Results of this study should be reflected in the FY13 Cable Plan.
4. Establish a communications program category within the Cable Plan for council communications with the community and productivity enhancements, and appropriate \$607,000 in FY13. Projects under active consideration for this program category currently include new council positions for social media support, the launch of a Constituent Tracking System for all Council Offices, and the active deployment of WiFi in public places (Wheaton and other high priority places defined by economic development opportunities or considerations of social equity) using lessons from the existing Bethesda and Silver Spring deployments and best practice experiences from nearby jurisdictions. A process for managing and assessing this category must be created and presented in the next iteration of the Cable Plan.

5. Request a joint budget Worksession with the Public Safety Committee to consider transferring the Cable and other Telecommunications complaint process and associated staff and funding from the Cable Office to the Office of Consumer Protection and to provide appropriate support for this position.
6. Request that OMB provide a clearly documented process for Cable Fund revenue appropriations when revenues exceed approved levels in a given year. In particular, ask OMB to detail the ultimate disposition of the \$2m excess FY11 revenues from the Cable Fund in order to determine whether it is currently available to be used for new projects in the last quarter of FY12.

CURRENT SITUATION WITH CABLE PLAN

The Cable Communications Plan (on ©1-10) is a unique instrument not found in many other local governments. It allows Montgomery County to develop structured and thoughtful solutions to communications and other problems and program the expenditure of the 5% franchise fee arising from active franchise holders, as well as additional associated revenues. The sum total of these revenues is projected to be \$25,487,000 in FY13.

Several major changes have been underway in the months leading up to the FY13 budget discussions:

- The entities collectively known as the PEGs have developed a formal governance structure – a PEG Governance Board – with a clear leadership structure and a desire to “...approve joint projects and provide outcomes-based recommendations for the allocation of resources...”. © 11-15 provides a current charter for the group, while © 16-18 gives a calendar of activities over the first year of operations. Merlyn Reineke is the first elected chair of this Board.
- The amount of revenues garnered from the cable franchise fee continues to grow. In FY11, the last year for which definitive information is known, the total revenues that came into the Cable Fund were \$22.3m. The upward trend is made more evident in the Table below:

	FY11	FY10	FY09	FY08
Total Revenues	22,312,000	19,830,000	17,608,000	16,635,000
% increase	+12.5%	+12.6%	+5.8%	

If the revenues for FY12 follow the same 12.5% increase trend, the estimated revenue at the end of the year (June 30, 2012) should be \$25.1m; the recommended FY13 Cable Plan uses a more conservative \$24.1 figure, which mimics the conservative estimating behavior of past budgets. If the revenues indeed come in closer to the \$25.1m figure, this means that there are an additional \$1m of unappropriated FY12 revenues to be appropriated and spent in FY13.

- The confirmed FY11 total Cable revenue of \$22.3m exceeded the Executive branch approved and authorized level by a full \$2m. The expenses against this additional \$2m of revenue appear to be unappropriated by the GO Committee and the full Council, and could form the basis of a supplemental appropriation for the last quarter of FY12 in technology areas of priority to the Committee and the Council. OMB would have to explain the difference between the approved revenue (and related expense) number of \$20,385,000 in the appropriated budget and the “estimated” number of \$22,448,000, which appears in the FY12 Cable Plan.

- The County is part of an unprecedented joint broadband expansion project funded by the federal government's ARRA program, which will allow the construction of \$17m of fiber optic network to connect more than 300 Montgomery County facilities. While \$3m of that amount is a cash match, the total amount gives major impetus to the FiberNet project that has suffered cutbacks the last few years and strongly repositions the County's commitment to broadband technology across all 6 major agencies. This ARRA grant should relieve the pressure on the internally funded FiberNet projects and staffing through the Cable Plan.

OPPORTUNITY FOR CHANGE IN CABLE PLAN PROCESS

If there is ever a time, therefore, to propose a departure from "business as usual" relating to the Cable Fund, this is the year. In years past, the fund distribution has been just that: a suggested expenditure plan for the funds expected to materialize over the course of the year ahead. This distribution had five major elements:

- a distribution of revenues to entities and activities prescribed by law or contract;
- an allocation to each of several PEG members to conduct activities they saw as important within their own institutional environment;
- an allocation to the cable office for franchise administration and related activities;
- an allocation supporting FiberNet; and
- increasingly, a recommended direct transfer to the General Fund with no particular outcome promised or earmarked project.

This year, a change in the way the Fund is planned and allocated is being proposed. Conceptually, the following logical steps would have to be followed:

1. Take the Executive's estimate for revenue in FY13 as a starting base: \$24.1m (remembering that this may be underestimated by as much as \$1m), and add the beginning fund balance of \$2m, thereby giving a starting base of \$26.1m
2. Subtract and allocate amounts prescribed by law or contract. This appears to be \$3.5m (line 32 of the Plan). This leaves \$22.6m to be allocated.
3. Define a transfer to the DTS budget for cable administration and FiberNet operations.

Cable Administration includes the following:

	FY12 Approved	FY13 requested
Transmission facilities Coordinating Group application review	225	215*
Cable Administration	794	821
DTS Administration	69	72
County Attorney	98	98
Operating	70	70
Engineering services	30	30
Inspection services	0	0
Legal and professional services	280	275

*\$215,000 is the cost of the TFCG, yet the fees raised (line 10 in © 1) from application review are only expected to be \$120,000. This discrepancy suggests that fees be raised or costs reduced.

In years past, the Committee has discussed the possible reduction of the legal fees of \$275,000; however, as this is the year when major negotiation preparations are beginning for the Comcast franchise renewal, it would seem that the legal support is needed to supplement the County's own attorney expertise.

However, there is a function within Cable Administration – that of complaint handling, which could be more appropriately handled in the Office of Consumer Protection. OCP has a regulatory authority to move aggressively (as they did recently) and collect damages, both for residents and for the County, in areas of cable disputes, while the Cable Office's power is limited in customer service issues. The complexity of the transition is such that a joint Committee discussion with the Public Safety Committee may be required, and this is currently the extent of the staff recommendation.

FiberNet expenses are vital to the deployment, operations, and maintenance of the County owned high speed fiber optic network. The table of expenses within the Cable Plan is the sole place where all FiberNet expenses appear (lines 102 to 108). However, beyond the Cable plan investment, there is a \$14m investment from the federal/state government ARRA program this year that is leading to the deployment of fiber drops to the balance of elementary schools and college sites. Once completed, all major governmental buildings will enjoy interconnectedness and services provided and paid for by the MCG budget. ©19-23 provides a series of budget information tables that attempt to capture the totality of investment made. Although difficult to follow, the bottom line is that 109 new sites will be connected to FiberNet for a total cost of \$17m, \$14m of which is federal/state and \$3m of which is County provided hard cash match. This investment, when added to the proposed \$3.75m FiberNet investment in the Cable Plan, brings a total of almost \$18m of investment in an expanded telecommunications system which can now be put to use in public safety, education, and other service sectors.

4. Define an amount for the PEG board to allocate to PEG organizational, staffing and project support. Rather than dictate how this allocation should be made, staff suggests an overall appropriation equal to 100% of the prior year's level which was \$8,239,000. The actual distribution of the \$8,239,000 would be defined by the newly formed PEG Governance Board. This Board, with the help of OMB and other agency leaders, would have to create a resource sharing and outcome evaluation process that would stand public scrutiny and fulfill all legal and administrative requirements. One of the essential requirements for resource distribution would

be viewership and usage statistics for each PEG member so that the benefits of each investment made could be rationally defended in subsequent years.

Amounts in \$000

Organization	FY12 allocation	FY13 Executive proposal	FY13 Council staff proposal
Media Production & Engineering	865	949	
PIO	787	791	
County Council	334	349	
MNCPPC	105	123	
MC	1,230	1,245	
MCPS	1,425	1,458	
MCM*	2,245	2,270	
WatchlocalTV	1,248	1,661	
Total	8,239	8,846	8,239

* DGS and DTS are currently reviewing options for moving operations to the 6th floor of the Silver Spring Library in response to Council questions. Currently under consideration is a different model of community engagement for MCM operations, which would use a dispersed model of operations rather than the current, centralized model that has major studios and high costs to maintain and operate. Once this analysis is complete, it may change the estimated annual cost of \$2,245,000 for MCM operations. In addition, Council staff proposes the consideration of a gradual shift from the current, almost total, reliance on government funding to a model of MCM funding that reflects the value placed on it by the community. A possible model could have reductions of Cable Fund support equal to 10%, 20%, and 40% of total MCM budget over the next three budget years, with a corresponding percentage made up from increased community donations, fees, and foundation support. The work of MCM is important and highly valued (as can be seen by exhibits on ©24-27); what is at stake is the degree of governmental support compared to alternate sources for this important non-governmental organization, and the time it might take to reach a level of sufficiency for its current or future costs.

The difference between this PEG recommended amount of \$8,239,000 and the Executive's recommended amount (\$619,000 increase in the FY13 proposed budget) can be used to provide a financial base for the communications efforts defined in #5.

5. Appropriate \$607,000 for a new category of "communications with the community" projects of high priority to the County Council to be carried out by the most effective and efficient mechanism and performer. The projects that have been discussed and/or proposed so far that would make an immediate and positive difference in the ability of the County officials to hear from and communicate with residents include:
 - new Council positions for social media support;
 - the launch of a Constituent Tracking System for all Council Offices; and
 - the active deployment of WiFi in public places (Wheaton and other high priority places defined by economic development opportunities or considerations of social equity), using lessons from the existing Bethesda and Silver Spring deployments and best practice experiences from nearby jurisdictions.
6. The balance (roughly \$8.9m) would be split between the General Fund and the required cable fund balance, as prescribed in internal regulations.

Since this may be seen as a major departure from current practice, the Committee may want to adopt the staff recommendation, make its policy priorities known, and then allow the Executive branch time to reposition processes and allocation methodologies before returning to present a new version of the Plan to the Committee.

The Department of Technology Services and the Cable and Telecommunications Office have provided commentary for the Cable plan submission, which is on © 28-39.

FY13 CABLE COMMUNICATIONS PLAN (\$000's)

	Act FY11	App FY12	EST FY12	Rec FY13	Change fr FY12	Appr %	Proj. FY14	Proj. FY15	Proj. FY16	Proj. FY17	Proj. FY18
1 BEGINNING FUND BALANCE	2,735	1,129	2,000	645	(484)	-42.9%	586	1,329	1,363	1,392	1,430
2 REVENUES											
3 5% Franchise Fee	13,961	14,997	15,106	15,986	988	6.6%	16,415	16,827	17,160	17,504	17,854
4 Gaithersburg PEG Contribution	97	197	198	200	3	1.4%	202	206	210	214	218
5 PEG Operating Support	2,092	2,134	2,137	2,180	46	2.2%	0	0	0	0	0
6 PEG Capital Equipment Grant	4,955	4,809	4,861	5,277	468	9.7%	9,753	10,000	10,200	10,406	10,616
7 Verizon - Facilities Grant	-	0	0	0	0	n/a	0	0	0	0	0
8 FiberNet Operating & Equipment Grant	823	1,678	1,681	1,715	36	2.2%	0	0	0	0	0
9 Interest Earned	1	20	0	10	(10)	-50.0%	10	30	60	90	110
10 TFCG Application Review Fees	143	246	120	120	(126)	-51.2%	120	120	120	120	120
11 Miscellaneous	241	0	0	0	0	n/a	0	0	0	0	0
12 Transfer from the General Fund	0	0	0	0	0	n/a	0	0	0	0	0
13 TOTAL ANNUAL REVENUES	22,312	24,081	24,102	25,487	1,405	5.8%	26,500	27,182	27,750	28,334	28,918
14 TOTAL RESOURCES-CABLE FUND	25,047	25,210	26,102	26,132	922	3.7%	27,086	28,511	29,114	29,726	30,348
15 NON-DISCRETIONARY EXPENDITURES (a)											
16 A. MUNICIPAL EQUIPMENT & OPERATIONS											
17 Municipal Franchise Fee Distribution											
18 City of Rockville	538	559	580	608	49	8.8%	623	632	641	650	663
19 City of Takoma Park	216	195	232	235	40	20.8%	238	240	244	249	254
20 Other Municipalities	189	221	216	227	6	2.5%	232	236	239	243	248
21 SUBTOTAL	943	975	1,028	1,070	95	9.8%	1,093	1,108	1,124	1,143	1,166
22 Municipal Capital Support											
23 Rockville Equipment	624	682	685	744	62	9.1%	944	964	979	997	1,017
24 Takoma Park Equipment	582	682	685	744	62	9.1%	829	852	869	887	905
25 Municipal League Equipment	582	612	615	674	62	10.2%	801	824	840	857	874
26 SUBTOTAL	1,788	1,976	1,985	2,163	187	9.5%	2,574	2,640	2,688	2,741	2,796
27 Municipal Operating Support											
28 Rockville PEG Support	70	76	71	73	(3)	-4.2%	0	0	0	0	0
29 Takoma Park PEG Support	70	76	71	73	(3)	-4.2%	0	0	0	0	0
30 Muni. League PEG Support	70	146	141	143	(3)	-2.2%	0	0	0	0	0
31 SUBTOTAL	209	298	284	288	(10)	-3.2%	0	0	0	0	0
32 SUBTOTAL	2,940	3,248	3,297	3,521	273	8.4%	3,667	3,748	3,812	3,883	3,962
33 NET TOTAL ANNUAL REVENUES	19,372	20,833	20,805	21,966	1,133	5.4%	22,833	23,435	23,939	24,450	24,956
34 NET TOTAL RESOURCES-CABLE FUND	22,107	21,962	22,805	22,611	649	3.0%	23,420	24,764	25,302	25,843	26,386
35 EXPENDITURES											
36 A. TRANSMISSION FACILITIES COORDINATING GROUP											
37 TFCG Application Review	275	225	193	215	(10)	-4.4%	221	228	234	240	246
38 SUBTOTAL	275	225	193	215	(10)	-4.4%	221	228	234	240	246
39 B. FRANCHISE ADMINISTRATION											
40 Personnel Costs - Cable Administration	709	794	799	821	27	3.4%	847	888	930	973	1,019
41 Personnel Costs - DTS Administration	56	69	69	72	4	5.3%	75	78	82	86	90
42 Personnel Costs - Charges for County Atty	80	98	98	98	0	0.0%	103	108	113	118	123
43 Operating	46	70	70	70	(0)	-0.4%	72	74	76	78	80
44 Engineering Services	60	30	30	30	0	0.0%	31	32	33	33	34
45 Inspection Services	11	0	0	0	0	n/a	0	0	0	0	0
46 Legal and Professional Services	299	280	280	275	(5)	-1.8%	283	291	299	307	315
47 SUBTOTAL	1,261	1,340	1,345	1,365	25	1.9%	1,410	1,471	1,531	1,594	1,661
48 SUBTOTAL	1,536	1,565	1,538	1,580	15	1.0%	1,631	1,698	1,765	1,834	1,907
49 C. MONTGOMERY COUNTY GOVERNMENT - CCM											
50 Media Production & Engineering											
51 Personnel Costs	558	760	688	818	58	7.6%	845	886	927	970	1,016
52 Operating	77	35	113	31	(4)	-10.1%	32	33	34	35	36
53 Contracts - TV Production	41	32	32	61	29	92.1%	63	65	67	69	70
56 New Media, Webstreaming & VOD Services	63	38	38	38	0	0.0%	39	40	41	42	44
57 SUBTOTAL	739	865	871	949	84	9.7%	979	1,024	1,069	1,116	1,166
58 Public Information Office											
59 Personnel Costs	631	704	656	708	4	0.6%	743	779	815	853	893
60 Operating Expenses	1	0	0	0	0	n/a	0	0	0	0	0
61 Contracts - TV Production	144	83	83	83	0	0.0%	85	88	90	93	95
62 SUBTOTAL	775	787	739	791	4	0.6%	829	867	906	946	988
63 County Council											
64 Personnel Costs	154	157	161	157	(0)	-0.2%	164	172	180	189	198
65 Operating Expenses	18	13	13	13	0	0.0%	13	14	14	14	15
66 Contracts - TV Production	162	164	164	179	15	9.2%	184	190	195	200	205
67 SUBTOTAL	334	334	338	349	15	4.4%	362	376	389	403	418
68 MNCPPC											
69 Personnel Costs	66	0	0	0	0	n/a	0	0	0	0	0
70 Operating Expenses	0	0	0	0	0	n/a	0	0	0	0	0
71 Contracts - TV Production	87	81	81	99	18	21.7%	101	104	107	110	113
72 New Media, Webstreaming & VOD Services	24	24	24	24	0	1.4%	25	26	26	27	28
73 SUBTOTAL	176	105	105	123	18	17.0%	126	130	134	137	141
74 SUBTOTAL	2,925	2,091	2,053	2,212	121	5.8%	2,297	2,397	2,497	2,602	2,712



FY13 CABLE COMMUNICATIONS PLAN (\$000's)

	Act FY11	App FY12	EST FY12	Rec FY13	Change fr \$	FY12 Appr %	Proj. FY14	Proj. FY15	Proj. FY16	Proj. FY17	Proj. FY18
75 D. MONTGOMERY COLLEGE - MC ITV											
76 Personnel Costs	1,174	1,144	1,144	1,159	15	1.3%	1,216	1,275	1,334	1,396	1,461
77 Operating Expenses	108	86	86	86	0	0.0%	88	91	93	96	98
78 New Media, Webstreaming & VOD Services	6	0	0	0	0	n/a	0	0	0	0	0
79 SUBTOTAL	1,288	1,230	1,230	1,245	15	1.2%	1,304	1,366	1,427	1,492	1,560
80 E. PUBLIC SCHOOLS - MCPS ITV											
81 Personnel Costs	1,393	1,308	1,308	1,341	32	2.5%	1,406	1,474	1,543	1,615	1,691
82 Operating Expenses	98	117	117	117	0	0.0%	120	124	127	130	134
83 New Media, Webstreaming & VOD Services	0	0	0	0	0	n/a	0	0	0	0	0
84 SUBTOTAL	1,491	1,425	1,425	1,458	32	2.3%	1,527	1,598	1,670	1,745	1,825
85 F. COMMUNITY ACCESS PROGRAMMING (b)											
86 Personnel Costs	1,869	1,708	1,708	1,733	25	1.5%	1,818	1,906	1,995	2,088	2,186
87 Operating Expenses	33	124	124	124	0	0.2%	128	131	135	138	142
88 Rent & Utilities	457	407	407	407	0	0.0%	419	431	442	454	466
89 New Media, Webstreaming & VOD Services	6	6	6	6	0	0.0%	6	6	7	7	7
90 SUBTOTAL	2,365	2,245	2,245	2,270	25	1.1%	2,371	2,475	2,578	2,686	2,801
91 G. WATCHLOCALTV.ORG											
92 PEG Equipment Replacement	76	955	955	1,283	328	34.4%	4,709	4,910	3,737	3,891	5,795
93 PEG Network Operating	94	46	46	46	[0]	-0.5%	47	48	50	51	52
94 Youth and Arts Community Media	41	0	0	50	50	n/a	51	53	54	56	57
95 Foreign Language Production Services	0	91	61	91	0	0.0%	94	96	99	101	104
96 Closed Captioning	179	130	130	165	35	26.9%	170	175	179	184	189
97 Technical Operations Center (TOC)	7	10	10	10	0	0.0%	10	11	11	11	11
98 PEG Network Mobile Production Vehicle	17	16	16	16	0	0.0%	16	17	17	18	18
99 PEG Emergency Reserve	0	0	0	0	0	n/a	0	0	0	0	0
100 SUBTOTAL	414	1,248	1,218	1,661	413	33.1%	5,098	5,310	4,148	4,312	6,228
101 H. FIBERNET											
102 FiberNet - Personnel Charges for DTS	172	181	293	456	276	152.4%	471	494	517	541	566
103 FiberNet - Operations & Maintenance DTS	778	931	931	1,131	200	21.5%	1,164	1,197	1,229	1,261	1,295
104 FiberNet - Personnel Charges for DOT	46	46	46	68	22	48.1%	71	75	78	82	86
105 FiberNet - Operations & Maintenance DOT	198	258	258	258	0	0.1%	263	271	278	286	293
106 OPERATING SUBTOTAL	1,195	1,416	1,528	1,914	498	35.2%	1,969	2,037	2,102	2,170	2,241
107 FiberNet - CIP	790	2,140	2,140	1,831	(309)	-14.4%	2,470	2,450	3,775	3,775	2,025
108 SUBTOTAL	1,985	3,556	3,668	3,745	189	5.3%	4,439	4,487	5,877	5,945	4,266
109 I. MISS UTILITY COMPLIANCE											
110 Miss Utility Compliance	0	0	0	370	370	n/a	381	392	402	413	424
111 SUBTOTAL	0	0	0	370	370	n/a	381	392	402	413	424
112 TOTAL EXPENDITURES - PROGRAMS	14,043	16,608	16,673	18,062	1,454	8.8%	22,714	23,470	24,176	24,912	25,684
113 J. OTHER											
114 Indirect Costs Transfer to Gen Fund	359	369	369	388	19	5.1%	403	422	442	462	484
115 Indirect Costs Transfer to Gen Fund (ERP & MCTime)	34	34	34	32	[2]	-6.3%	23	19	19	19	19
116 Transfer to the General Fund	8,749	8,086	8,086	7,064	(1,022)	-12.6%	2,618	3,237	3,085	2,903	2,700
117 Grants to Organizations (Friendship Hrs)	39	0	0	0	0	n/a	0	0	0	0	0
118 SUBTOTAL	9,181	8,489	8,489	7,484	(1,005)	-11.8%	3,043	3,678	3,546	3,384	3,203
119 TOTAL EXPENDITURES	23,224	25,097	25,162	25,546	449	1.8%	25,757	27,148	27,722	28,296	28,887
120 K. ADJUSTMENTS											
121 Prior Year Adjustments	22	0	0	0	0	n/a	0	0	0	0	0
122 Encumbrance Adjustment	(199)	0	0	0	0	n/a	0	0	0	0	0
123 CIP - Designated Claim on Fund	0	0	295	0	0	n/a	0	0	0	0	0
124 TOTAL ADJUSTMENTS	(177)	0	295	0	0	n/a	0	0	0	0	0
125 FUND BALANCE	2,000	113	645	586	473	417.1%	1,329	1,363	1,392	1,430	1,462
126 FUND BALANCE PER POLICY GUIDANCE	1,148	1,221	1,218	1,289	68	5.6%	1,324	1,358	1,387	1,417	1,447
127											
128 L. SUMMARY - EXPENDITURES BY FUNDING SOURCE											
129 Transfer to Gen Fund-Indirect Costs	393	403	403	420	17	4.2%	426	441	461	481	503
130 Transfer to Gen Fund-Mont Coll Cable Fund	1,288	1,230	1,230	1,245	15	1.2%	1,304	1,366	1,427	1,492	1,560
131 Transfer to Gen Fund-Public Sch Cable Fund	1,491	1,425	1,425	1,458	32	2.3%	1,527	1,598	1,670	1,745	1,825
132 Transfer to CIP Fund	790	2,140	2,140	1,831	(309)	-14.4%	2,470	2,450	3,775	3,775	2,025
133 Transfer to the General Fund-Other	8,749	8,086	8,086	7,064	(1,022)	-12.6%	2,618	3,237	3,085	2,903	2,700
134 FUND TRANSFERS SUBTOTAL	12,711	13,284	13,284	12,017	(1,267)	-9.5%	8,344	9,092	10,418	10,396	8,612
135 Municipal Franchise & PEG Payments	2,940	3,248	3,297	3,521	273	8.4%	3,667	3,748	3,812	3,883	3,962
136 Fran Admin, PEG & FiberNet Op (excl Muni, GF, CIP)	10,745	11,623	11,639	13,130	1,507	13.0%	17,003	17,713	17,050	17,735	20,200
137 Fran Admin, PEG & FiberNet Op (excl Muni, GF, CIP, PEG I)	10,669	10,668	10,684	11,846	1,179	11.0%	12,294	12,803	13,313	13,844	14,405
138 Cable Fund Direct Expenditures	10,337	11,813	11,878	13,529	1,716	14.5%	17,413	18,056	17,304	17,900	20,274

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.

2. Certain Cable Fund revenues (Municipal Franchise Fees/Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code.

3. End-of-year reserves is targeted at 8% of total non-restricted revenues (franchise fees, tower fees, and investment income) per policy guidance.

4. The Comcast franchise renewal process has been recently initiated and specific elements of a final agreement are uncertain. Restricted categories such as FiberNet Operating revenue, PEG Operating revenue, and Municipal Operating Support expenditures may be impacted in the outyears.

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

For FY13, the Cable Communications Plan consists of three elements: the Cable & Broadband Office appropriation (\$13,528,723), transfers to the County General Fund (\$10,185,961), and transfers to the County Capital Improvements Program (CIP) (\$1,813,000) for a total use of fund resources of \$25,527,684. Within the Cable Office appropriation of \$13,528,723, Personnel Costs comprise 23.6 percent of the budget for sixteen full-time positions at 29.5 workyears. Operating Expenses account for the remaining 76.4 percent of the FY13 budget.

In FY13, there are several transfers to the General Fund for the following:

Montgomery College (MC): Funds are transferred from the Cable Fund to the General Fund, and then to MC. In FY13, total transfers to MC are \$1,244,850, representing an increase of \$14,850 (or 1.2%) over the FY12 transfer of \$1,230,000.

Montgomery County Public Schools (MCPS): Funds are transferred from the Cable Fund to the General Fund, and then to MCPS. In FY13, total transfers to MCPS are \$1,457,591, representing an increase of \$32,591 (or 2.3%) over the FY12 transfer of \$1,425,000.

Other: Funds are transferred from the Cable Fund to the General Fund to cover the cost of certain administrative services provided by the County to the Cable Fund (\$387,980), costs related to the Technology Modernization program (\$31,540), and other contributions (\$7,064,000).

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***

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 FY12 estimates reflect funding based on the FY12 approved budget. The FY13 and FY14 figures are performance targets based on the FY13 recommended budget and funding for comparable service levels in FY14.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *In FY13, the Cable & Broadband Office will provide funding for youth and arts programming, including tuition assistance for attending summer media camps, internships at Montgomery County Public Schools Instructional Television, and a youth worker mobile media production work program that offers employment for youths who have completed media training and a means to expand media coverage of community events.*
- ❖ *In FY13, the Cable & Broadband Office will provide an additional 412 hours of closed-caption content for Montgomery College and Montgomery County Public Schools. Supported programming includes Board of Education meetings, Homework Hotline Live!, special events, and programs for financial aid, student success, and math, science, and engineering guest lectures.*
- ❖ *In FY12 and FY13, the Office of Cable and Broadband services will negotiate the renewal of the Comcast television franchise. The County will use focus groups, surveys, and follow-up interviews to examine the past performance of Comcast, determine what the community's future cable-related needs and interests are, and ascertain what future services residents, schools, community groups, businesses, and local municipalities would like to include in a new cable franchise agreement.*
- ❖ *In FY12, the local television stations funded by the Cable Plan created the Public, Educational, and Government Governance Board to facilitate efficient use of shared resources, promote technological innovations, and increase cross-agency collaboration.*
- ❖ *In FY11, the Cable & Broadband Office filed a total of 1,021 formal complaints, resulting in \$79,696 in refunds and credits for cable and broadband subscribers.*
- ❖ *In FY11, the Cable & Broadband Office performed 9,869 inspections of private cable facilities throughout the County and inspected 23 percent of daily cable construction worksites within the County. This inspection work improved cable contractor and subcontractor compliance with applicable safety regulations from 85 percent in FY10 to 98 percent in FY11. However, cable inspectors also issued 3,249 safety and construction violations related to prior construction.*
- ❖ **Productivity Improvements**
 - *In FY13, FiberNet will complete construction funded by the American Recovery and Reinvestment Act and bring high-speed broadband service to all elementary schools and most public housing locations within the County. With the completion of this construction, all schools in the County will have 65 percent more broadband capacity at 96 percent lower cost and FiberNet will be providing cost-effective broadband data, voice, and voice services to 450 locations.*

PROGRAM CONTACTS

Contact Mitsuko R. Herrera of the Office of Cable and Communications Services at 240.777.2928 or Naeem Mia of the Office of Management and Budget at 240.777.2782 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 FY13 will be to review and process transmission facilities applications in accordance with new federal time limits and to assist with the Comcast and RCN cable franchise renewal process.

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; and
- 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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Percent of Customers Satisfied with Cable Office Complaint Handling	95	96	95	95	95
Average Days to Process Transmission Facilities Applications by Transmission Facilities Coordinating Group ¹	45	23	30	30	30
Number of Transmission Facility Applications Processed ²	226	155	145	145	145

¹ Administrative changes implemented in FY11 resulted in the reduction of processing time.

² LightSquared did not receive regulatory approval to launch new wireless services, reducing the number of applications projected in 2011-2012.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	1,564,870	8.90
Decrease Cost: Non-essential Legal and Professional Services related to Cable Franchise Renewal	-5,092	0.00
Decrease Cost: Decreased Cost of Wireless Facilities Application Review	-10,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	30,531	0.00
FY13 CE Recommended	1,580,309	8.90

Community Access to Cable

The Cable and Broadband Communications Office administers a contract with Montgomery Community Television, doing business as 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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Hours of First Run Locally Produced, Block and Acquired MCM Programming	5,501	5,542	5,690	5,715	5,715
Hours of MCM Volunteer Effort in Creating Public Access Programming ¹	9,540	12,402	13,642	16,500	17,000

¹ Overall increases in class attendance and the addition of a new Green Screen at MCM resulted in additional volunteer contributions and hours starting in FY11.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	2,245,000	0.00
Increase Cost: Contractually Required Benefit Increases for Montgomery County Media Employees	25,120	0.00
FY13 CE Recommended	2,270,120	0.00

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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Hours of First Run Locally Produced, Block and Acquired CCM Programming	2,617	2,603	2,631	2,656	2,676

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	2,090,410	15.90
Increase Cost: CCM Production Contracts to Support Upgraded Technical Requirements	63,000	0.00
Increase Cost: Annualization of FY12 Personnel Costs	15,092	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	43,804	0.00
FY13 CE Recommended	2,212,306	15.90

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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Hours of First Run Locally Produced, Block and Acquired MCPS ITV Programming ¹	808	914	838	880	924

¹ Decrease in FY12 is due to budget reductions and production of shorter content suitable for Internet viewing (i.e., YouTube).

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	0	0.00
FY13 CE Recommended	0	0.00

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 (MC) channel. Funding provides for staff, equipment, and operating expenses, as well as for 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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
Hours of First Run Locally Produced and Acquired MC-ITV Programming ¹	750	471	290	410	420
Hours of Montgomery College Student-Assisted Original Programming ²	40	79	85	85	90

¹ Montgomery College does not carry block programming. Decreases in FY11 are the result of budget reductions; projected increases in FY13 and FY14 are due to greater use of free and low-cost programming.

² In FY11, MC-ITV launched a training program for students to increase MC programming.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	0	0.00
FY13 CE Recommended	0	0.00

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.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	3,248,870	0.00
Increase Cost: Mandatory Municipal Capital Equipment Payments to Support Public, Educational, and Government (PEG) Programming	187,300	0.00
Increase Cost: Mandatory Municipal Franchise Fee Sharing	95,080	0.00
Decrease Cost: Municipal Operating Support	-9,950	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-226	0.00
FY13 CE Recommended	3,521,074	0.00

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.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	1,247,790	0.00
Increase Cost: Mandatory Increase in PEG Equipment Funding	328,320	0.00
Add: Funding for Youth Media to Support Tuition Assistance, Video Programming, and Media Training	50,000	0.00
Enhance: Closed Captioning Additional 412 Hours of Montgomery College and Montgomery County Public Schools Programming	35,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-2	0.00
FY13 CE Recommended	1,661,108	0.00

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.

Program Performance Measures	Actual FY10	Actual FY11	Estimated FY12	Target FY13	Target FY14
New Sites Added to FiberNet ¹	27	24	67	67	15

¹ An American Recovery and Reinvestment Act (ARRA) grant will fund the FiberNet expansion to elementary schools and public housing sites in FY12 and FY13.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	1,416,400	1.70
Add: Operating Expenses for Miss Utility Compliance	370,100	0.00
Enhance: FiberNet Operations to support Increased Number of FiberNet Sites	298,530	1.00
Enhance: Two New DTS Personnel for FiberNet Operations	182,840	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	15,936	0.00
FY13 CE Recommended	2,283,806	4.70

BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
CABLE TELEVISION					
EXPENDITURES					
Salaries and Wages	1,826,414	2,152,670	2,149,429	2,414,188	12.1%
Employee Benefits	579,921	655,370	659,366	784,364	19.7%
Cable Television Personnel Costs	2,406,335	2,808,040	2,808,795	3,198,552	13.9%
Operating Expenses	8,129,207	9,005,300	9,069,450	10,330,171	14.7%
Capital Outlay	0	0	0	0	—
Cable Television Expenditures	10,535,542	11,813,340	11,878,245	13,528,723	14.5%
PERSONNEL					
Full-Time	16	16	16	16	—
Part-Time	0	0	0	0	—
FTEs	25.50	26.50	26.50	29.50	11.3%
REVENUES					
Franchise Fees	13,960,747	14,997,000	15,106,188	15,985,851	6.6%
Gaithersburg PEG Contribution	97,488	197,000	197,743	199,721	1.4%
I-Net Operating Revenue	822,722	1,678,000	1,680,912	1,714,530	2.2%
Investment Income	571	20,000	0	10,000	-50.0%
Miscellaneous Revenues	18,000	0	0	0	—
PEG Capital Revenue	4,954,500	4,809,000	4,860,517	5,277,254	9.7%
PEG Operating Revenue	2,091,772	2,134,000	2,136,860	2,179,597	2.1%
Tower Application Fees	142,689	246,000	120,000	120,000	-51.2%
Other Charges/Fees	223,335	0	0	0	—
Cable Television Revenues	22,311,824	24,081,000	24,102,220	25,486,953	5.8%

FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
CABLE TELEVISION		
FY12 ORIGINAL APPROPRIATION	11,813,340	26.50
Changes (with service impacts)		
Add: Operating Expenses for Miss Utility Compliance [FiberNet]	370,100	0.00
Enhance: FiberNet Operations to support Increased Number of FiberNet Sites [FiberNet]	298,530	1.00
Enhance: Two New DTS Personnel for FiberNet Operations [FiberNet]	182,840	2.00
Add: Funding for Youth Media to Support Tuition Assistance, Video Programming, and Media Training [WatchLocalTV.org Network]	50,000	0.00
Enhance: Closed Captioning Additional 412 Hours of Montgomery College and Montgomery County Public Schools Programming [WatchLocalTV.org Network]	35,000	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Mandatory Increase in PEG Equipment Funding [WatchLocalTV.org Network]	328,320	0.00
Increase Cost: Mandatory Municipal Capital Equipment Payments to Support Public, Educational, and Government (PEG) Programming [Municipal Support]	187,300	0.00
Increase Cost: Mandatory Municipal Franchise Fee Sharing [Municipal Support]	95,080	0.00
Increase Cost: CCM Production Contracts to Support Upgraded Technical Requirements [County Cable Montgomery]	63,000	0.00
Increase Cost: Lump Sum Wage Adjustment	35,756	0.00

	Expenditures	FTEs
Increase Cost: Retirement Adjustment	31,084	0.00
Increase Cost: Contractually Required Benefit Increases for Montgomery County Media Employees [Community Access to Cable]	25,120	0.00
Increase Cost: Group Insurance Adjustment	20,769	0.00
Increase Cost: Annualization of FY12 Personnel Costs [County Cable Montgomery]	15,092	0.00
Increase Cost: Longevity Adjustment	2,574	0.00
Decrease Cost: Printing and Mail Adjustment	-140	0.00
Decrease Cost: Non-essential Legal and Professional Services related to Cable Franchise Renewal [Cable Franchise Administration]	-5,092	0.00
Decrease Cost: Municipal Operating Support [Municipal Support]	-9,950	0.00
Decrease Cost: Decreased Cost of Wireless Facilities Application Review [Cable Franchise Administration]	-10,000	0.00
FY13 RECOMMENDED:	13,528,723	29.50

PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Cable Franchise Administration	1,564,870	8.90	1,580,309	8.90
Community Access to Cable	2,245,000	0.00	2,270,120	0.00
County Cable Montgomery	2,090,410	15.90	2,212,306	15.90
Cable Programming for Public Schools	0	0.00	0	0.00
Cable Programming for Montgomery College	0	0.00	0	0.00
Municipal Support	3,248,870	0.00	3,521,074	0.00
WatchLocalTV.org Network	1,247,790	0.00	1,661,108	0.00
FiberNet	1,416,400	1.70	2,283,806	4.70
Total	11,813,340	26.50	13,528,723	29.50

FUTURE FISCAL IMPACTS

Title	CE REC.	(\$000's)				
	FY13	FY14	FY15	FY16	FY17	FY18
This table is intended to present significant future fiscal impacts of the department's programs.						
CABLE TELEVISION						
Expenditures						
FY13 Recommended	13,529	13,529	13,529	13,529	13,529	13,529
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Lump Sum Wage Adjustment	0	-36	-36	-36	-36	-36
This represents the elimination of the one-time lump sum wage increases paid in FY13.						
Subtotal Expenditures	13,529	13,493	13,493	13,493	13,493	13,493

FY13-18 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Cable TV Fund				
FISCAL PROJECTIONS	FY12 ESTIMATE	FY13 REC	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION	FY17 PROJECTION	FY18 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.59%	12.13%	12.13%	12.13%	12.13%	12.13%	12.13%
CPI (Fiscal Year)	3.1%	2.7%	2.9%	2.9%	2.7%	2.7%	2.7%
Investment Income Yield	0.0015	0.0025	0.0035	0.0085	0.016	0.0235	0.0285
BEGINNING FUND BALANCE	1,999,770	645,060	586,330	1,328,690	1,361,600	1,389,370	1,426,890
REVENUES							
Revenues	24,102,220	25,476,953	26,490,097	27,152,248	27,690,419	28,243,748	28,808,143
Miscellaneous	0	10,000	10,000	30,000	60,000	90,000	110,000
Subtotal Revenues	24,102,220	25,486,953	26,500,097	27,182,248	27,750,419	28,333,748	28,918,143
INTERFUND TRANSFERS (Net Non-CIP)	(11,143,770)	(10,185,961)	(9,338,471)	(10,284,391)	(9,079,391)	(9,184,391)	(11,034,391)
To Tax-Supported Funds							
To General Fund: MCPS Instructional TV Fund	(1,425,000)	(1,457,591)	(1,457,591)	(1,457,591)	(1,457,591)	(1,457,591)	(1,457,591)
To General Fund: MC Cable Fund	(1,230,000)	(1,244,850)	(1,244,850)	(1,244,850)	(1,244,850)	(1,244,850)	(1,244,850)
To General Fund: Indirect Costs	(368,990)	(387,980)	(387,980)	(387,980)	(387,980)	(387,980)	(387,980)
To General Fund: Technology Modernization	(33,670)	(31,540)	(23,050)	(18,970)	(18,970)	(18,970)	(18,970)
Transfer to General Fund as Resource	(8,086,110)	(7,064,000)	(6,225,000)	(7,175,000)	(5,970,000)	(6,075,000)	(7,925,000)
TOTAL RESOURCES	14,958,220	15,946,052	17,747,956	18,226,547	20,032,628	20,538,727	19,310,642
CIP CURRENT REVENUE APPROP.	(2,140,000)	(1,831,000)	(2,470,000)	(2,450,000)	(3,775,000)	(3,775,000)	(2,025,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(11,878,250)	(13,528,723)	(13,985,023)	(14,450,703)	(14,904,013)	(15,372,593)	(15,864,703)
FFI: Eliminate one-time lump sum wage increase	0	0	35,756	35,756	35,756	35,756	35,756
Subtotal PSP Oper Budget Approp / Exp's	(11,878,250)	(13,528,723)	(13,949,267)	(14,414,947)	(14,868,257)	(15,336,837)	(15,828,947)
OTHER CLAIMS ON FUND BALANCE	(294,912)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(14,313,162)	(15,359,723)	(16,419,267)	(16,864,947)	(18,643,257)	(19,111,837)	(17,853,947)
YEAR END FUND BALANCE	645,060	586,330	1,328,690	1,361,600	1,389,370	1,426,890	1,456,700
END-OF-YEAR RESERVES AS A PERCENT OF TOTAL NON-RESTRICTED RESOURCES (8% per policy guidance)	4.2%	3.6%	8.0%	8.0%	8.0%	8.1%	8.1%
Notes:							
1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.							
2. Certain Cable Fund revenues (Municipal Franchise Fees/Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code.							
3. End-of-year reserves is targeted at 8% of total non-restricted revenues (franchise fees, tower fees, and investment income) per policy guidance.							
4. The Comcast franchise renewal process has been recently initiated and specific elements of a final agreement are uncertain. Restricted categories such as FiberNet Operating revenue and PEG Operating revenue may be impacted in the outyears.							

Establishment of the Public, Education & Government (PEG) Governance Board

Strategic Vision Statement

Our vision is a community that is truly "The Digital County", where unique locally-produced media reflecting the great diversity of Montgomery County is available to residents anytime, anywhere. Bound together by geography, the communities of Montgomery County (as identified by language, culture, common interests as well as municipality) will utilize content facilitated by the PEG organization that provides for open government, lifelong learning, respect for diversity, appreciation of the arts, programming to underserved audiences, and becomes a conduit for effective communication across all technological platforms. The PEG will strive to facilitate resident training in the use of new media technologies, helping residents bridge the digital gap and understand how media can improve their families, homes and work places. Through content creation and distribution, the PEG will become part of the fabric of Montgomery County and serve as a key component of the best informed and best connected county in America.

To achieve that vision, the PEG Governance Board will be established in March 2012.

The mission of the PEG Governance Board is to:

- a. Ensure the efficient use of resources devoted to the communications needs of the County through the development of budgetary recommendations to the County Executive and the County Council concerning expenditures for equipment and related issues for joint program activities of the PEG operations.
- b. Promote and enhance the coordination of technological innovation and resource-sharing among the Montgomery County PEG operations.
- c. Create a unique communications vehicle by which the PEG operations can assist the County Executive, the County Council and each other to develop efficient policies on the use of cable and video-related broadband and web technologies.
- d. Maximize cooperation between the members and facilitate the coordinated implementation of such policies through the mutual development of practical plans, proposals, and recommendations.
- e. Ensure that all members are able to take advantage of constant changes in communications by providing a forum for the sharing and evaluation of information pertaining to such new technologies, including their various economic, social, and operational costs and benefits.

The PEG Governance Board will be composed of representatives of the following:

- Montgomery County Office of Cable and Broadband Services – Media Services Branch
- Montgomery County Government's Public Information Office
- Montgomery County Council's Legislative Information Office
- Montgomery College Instructional Television (MCTV)
- Montgomery County Public Schools (MCPS-TV)
- Montgomery Community Media (MCM)
- The County Cable and Broadband Administrator, who shall serve as an ex officio, nonvoting member.

The PEG Governance Board will meet at least monthly. These meetings will be scheduled prior to the monthly PEG managers meeting. Meeting agendas will be available at least 24 hours in advance. The purpose of the Board meetings will be to review the activities of its member channels, approve joint projects, and provide outcomes-based recommendations for the allocation of resources and report their findings to the County Cable & Broadband Administrator. Additional meetings may be event driven. The PEG Governance Board will provide status reports to the GO Committee twice per year, typically in January and September.

The goal of the PEG Governance Board is to reach decisions through consensus. In the event consensus cannot be reached, members will vote. Members must attend the PEG Board meeting in order to vote (not in attendance, no vote). Proxy votes will not be allowed, but attendance by telephonic or video conferencing is permitted. In the event of a tie, the Chair will make the decision.

In February 2012, the Executive Director of Montgomery County Media was elected as the Chair of the Board and will serve a partial term through July 1, 2012 and then one complete term through FY13.

The Chair for the next term will be elected from the pool of voting members of the PEG Governance Board after the County Council adopts the budget but in no event later than June 15. Members may nominate themselves or others for the position. The Chair will serve from July 1 to June 30 of each year. A member may serve as the Board Chair for no more than two consecutive terms, but is eligible to serve again as Board Chair in future years.

The Board Chair will:

- Serve as the designated spokesperson on behalf of the PEG Governance Board to the County Executive, departments of the Executive Branch of County government, the County Council, to the Council staff

director, to the Council legislative analyst assigned to cable issues, to individual Council members, to the County Cable & Broadband Administrator and to the Cable Communications Advisory Committee.

- Appoint the Chairs of standing committees and project work teams.
- Provide leadership on other tasks as may be appropriate from time to time.

The PEG Governance Board will begin FY2013 with the following specific duties and responsibilities:

- *Planning and Budgeting.* To develop priorities for PEG program function and PEG program areas based on organizational missions, priorities, and community input; share these priorities with the Cable and Broadband Office and County Council through the submission of a current year tactical plan or work program (September) and a future year annual strategic plan and budget request (October).
- *Programming.* To review the variety of total programming on all member channels. The Board will not intervene in the content, staffing or operations of member channels, but rather, work with members to fill voids in programming types and ensure that member channels, in their independent operations, are not duplicating efforts. This will be accomplished by regular reviews of the collective programming on all channels in the organization.
- *Cooperative programming.* To encourage the cooperative efforts of member channels to enable coverage of major events, and production of certain programming, that could not be done by a single entity.

Cooperation would include assignment of equipment and personnel. These projects could include:

- "County Report This Week."
- Montgomery County primary and general election night live coverage
- Festivals
- Parades
- Special events, such as County Executive or County Council town hall meetings, special addresses, and community forums
- Other projects identified through the annual planning process.
- *Purchase of equipment.* With the collective good foremost in mind: to work together to coordinate the types of equipment purchased so that all channels will eventually be using similar equipment. This will lead to the ability to share equipment when needed and collaborate more easily on major projects.
 - Since channels currently have different types of equipment, the members have agreed to work toward a goal of compatible equipment. The goal is for the channels to start phasing in similar equipment by Fall 2016.

- Large equipment purchases (individual items more than \$10,000) will be monitored by the Board to ensure compatibility, training needs and maintenance contracts.
- The Governance Board will have the authority to recommend to the County Cable and Broadband Administrator that the funds not be released for purchase if the Board determines that a purchase is not justified and does not meet the goals of the PEG organization(s).
- *Communication.* To maintain general liaison with the County Council through its Government Operations Committee.
- *Community Input.* Seeking and acting upon community input, the PEG will receive and evaluate ongoing feedback from diverse audiences.
- *Performance Measures.* To coordinate the development and reporting of associated performance measures to the Cable & Broadband Office. The measurements will include but not be limited to: YouTube visits, web site page views, video on demand views, community and user surveys, local produced original, non-English language and closed captioned programming.

Initially, one standing committee called the New Media and Technology Committee will be established. This committee will take direction from the PEG Governance Board, and will be composed of one member from, and designated by, each of the voting agencies represented on the PEG Governance Board. The Committee will be charged with providing support for PEG program areas through the coordination of joint training for PEG staff in new media and technologies.

Project work teams will be designated to perform the tasks required by the PEG Governance Board work plan, or other special project assignments as required. The members of the project work teams will include at least one representative from each participating PEG operation who has an appropriate background related to the tasks of the project to provide technical expertise. A Chair of each work team will be designated by the PEG Governance Board Chair. Project work teams will remain active until the project has been completed. For FY2013, project work teams may be designated to support activities associated with:

- PEG HD Equipment and Digital Transition
- Joint Programming and Promotion
- Youth Initiatives
- Audience Research
- Social Media Applications and Usage

A PEG Advisory Group will be established to as an additional means to routinely ascertain feedback and develop collaborative programming objectives. The Advisory Group shall be composed of representatives of the following:

- The City of Rockville (Rockville 11)
- The City of Takoma Park (City TV)
- The Montgomery Municipal Cable (MMC)
- The University of Maryland University College (UMUC TV)
- The University of Maryland College Park (UMCP TV)
- Other media entities and community stake-holders as designated by the PEG Governance Board.

Calendar Worksheet 4-9-12 draft

Fiscal Year	Event	Date	Deliverable	Person(s) Responsible	NOTE
FY12					
April	PEG Governance Meeting	April 20	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	April 20	Agenda, Action Items	Mitsi, Betty	
	GO Worksession	April 16			
	3Q Metrics Report			PEG Managers	
May	PEG Governance Meeting	May 18	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	May 18	Agenda, Action Items	Mitsi, Betty	
	County Council Session				
June	PEG Governance Meeting	June 15	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	June 15	Agenda, Action Items	Mitsi, Betty	
	PEG Retreat		Joint Programming Plan , Youth Training Plan,		
FY13					
July	PEG Governance Meeting	July 20	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	July 20	Agenda, Action Items	Mitsi, Betty	
	Input into FFI				
	Tactical Planning Meeting				
	4Q Metrics Report				
August	PEG Governance Meeting	August 17	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	August 17	Agenda, Action Items	Mitsi, Betty	
	Equipment Request				
	New Media and Technology Committee Meeting	August 17	Training Plan		Plan due date: Sept 21

Fiscal Year	Event	Date	Deliverable	Person(s) Responsible	NOTE
September	PEG Governance Meeting	September 21	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	September 21	Agenda, Action Items	Mitsi, Betty	
	Strategic Planning Meeting		FY13 Work Plan to GO Cmte	Merlyn	
	Equipment Request Review				
October	PEG Governance Meeting	October 19	Agenda, Action Items	Merlyn, Betty	FY 14 Strategic Plan/Budge Req. to GO cmte
	PEG Meeting	October 19	Agenda, Action Items	Mitsi, Betty	
	1Q Metrics Report				
November	PEG Governance Meeting	November 16	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	November 16	Agenda, Action Items	Mitsi, Betty	
December	PEG Governance Meeting	December 14	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	December 14	Agenda, Action Items	Mitsi, Betty	
January	PEG Governance Meeting	January 18	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	January 18	Agenda, Action Items	Mitsi, Betty	
	Status update to GO cmte				
	2Q Metric Report				
February	PEG Governance Meeting	February 15	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	February 15	Agenda, Action Items	Mitsi, Betty	
March	PEG Governance Meeting	March 15	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	March 15	Agenda, Action Items	Mitsi, Betty	

Fiscal Year	Event	Date	Deliverable	Person(s) Responsible	NOTE
April	PEG Governance Meeting	April 19	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	April 19	Agenda, Action Items	Mitsi, Betty	
	3Q Metric Report				
May	PEG Governance Meeting	May 17	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	May 17	Agenda, Action Items	Mitsi, Betty	
June	PEG Governance Meeting	June 14	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	June 14	Agenda, Action Items	Mitsi, Betty	
	Elect new PEG Governance chair				
FY14					
July	PEG Governance Meeting	July 19	Agenda, Action Items	Merlyn, Betty	
	PEG Meeting	July 19	Agenda, Action Items	Mitsi, Betty	

Montgomery County ARRA Grant - April 2012 Update

TOTAL CAIs (Sites)	109	
CAIs (Sites) Connected	1	Lake Forest Transit Center
Total UG Miles	48.96	
Total Aerial Miles	91.92	
Total Miles	140.88	
Miles Engineering Awarded (POs Issued)	133.93	
Miles Engineered	78.65	
Miles Submitted for Permits	78.65	
Miles Construction Awarded (POs issued)	24.75	
Miles UG Constructed (Conduit)	9.99	
Miles UG Constructed (Fiber Pulled)	4.45	
Miles of Make Ready Paid	21.2	
Miles Aerial Strand Constructed	2.82	
TOTAL Miles Constructed (Underground Conduit/Aerial Strand)	12.81	

Construction								
		Actual Length (in FT)						
Date issued	JQF #	Total	Undergrnd	Aerial	Construction Costs	Material Expenses	Make Ready Expenses	TOTALS
1/9/2012	MG-8001-C	44,925	35,316	9,609	\$ 441,432.21	\$ 96,695.74	\$ -	\$ 538,127.95
2/21/2012	MG-8002-C	57,235	38,597	18,638	\$ 525,557.31	\$ 124,578.33	\$ 28,942.60	\$ 679,078.24
3/28/2012	MG-8003-C	51,145	27,388	23,757	\$ 402,683.21	\$ 121,547.86	\$ 135,085.41	\$ 659,316.48
	TOTAL:	153,305	101,301	52,004	\$ 1,369,672.73	\$ 342,821.93	\$ 164,028.01	\$ 1,876,522.67

Total Mileage: 29.0
Aerial Mileage: 9.8
Underground Mileage: 19.2

AVG Cost per Foot: \$ 12.24
AVG Cost per Mile: \$ 64,629.51

Engineering								
Date issued	JQF #	Total Length (in FT)						\$ Amount of POs
Various	33 P.O.s	875,727						\$807,869.59

Engineering
AVG Cost per Foot: \$ 0.92
AVG Cost per Mile: \$ 4,870.87

FiberNet O&M Budget FY12 & FY13

Line	O&M Component	FY12	FY13
1	FiberNet I Maintenance	114,000	150,400
2	FiberNet II Maintenance	80,000	114,016
3	Optical Fiber Plant Maintenance	258,320	258,320
4	Consumable Network & Optical Components	0	100,000
5	Maintenance Costs	452,320	622,736
6	Support Personnel - Contracted	570,000	592,800
7	Support Personnel - MCG-DTS	293,000	456,385
8	Support Personnel - MCG-DOT	46,070	68,105
9	Support Personnel - Premium Salary Costs (DTS)	0	0
10	Personnel Costs	909,070	1,117,290
11	Hub Infrastructure	97,000	100,880
12	Remote Site Infrastructure	70,000	72,800
13	Infrastructure Costs	167,000	173,680
14	Total O&M Budget	1,528,390	1,913,706
15	OBI/FFI Impacts (Annual Growth)		385,316
16	FiberNet Headcount - FTE	10.5	12
17	DTS Personnel	7	9
18	DTS Contractors	3	3

FiberNet CIP FY12 & FY13

Item	CIP Component	FY12	FY13
100	Fiber - ATMS	100,000	500,000
101	Fiber - Backbone Capacity Increases	50,000	0
102	Fiber - DoT Construction Supervision	50,000	50,000
103	Fiber - Non-ARRA Construction Cost Estimation	25,000	25,000
104	Fiber - Relocation	300,000	300,000
105	New Site Construction	0	0
106	FiberNet Optical Network Expenses	525,000	875,000
107	FiberNet II Transition	50,000	0
108	OSPInSight Project & Other Commissioned Activities	0	250,000
109	FiberNet Activities - Non Recurring	50,000	250,000
110	Consultant - Design and Supervision	65,000	80,000
111	Pole Application Fees (PEPCO)	35,000	0
112	Other Cash Match Expenditures	130,000	526,000
113	Utility Make Ready (40 sites)	1,045,000	0
114	ARRA Cash-Match	1,275,000	606,000
115	Hub Improvements	50,000	0
116	Security Improvement	40,000	0
117	Contingency Fund	200,000	100,000
118	FiberNet III (100 Gig Backbone, terrabit backplanes)	0	0
119	FiberNet Infrastructure	290,000	100,000
123	CIP Totals	2,140,000	1,831,000
124	O&M and CIP Costs	3,668,390	3,744,706
125	Number of Sites X Verizon State of Maryland Contract Cost for 100 Mgb/S Ethernet Link	22,882,464	27,269,088
126	Number of Sites (BOY)	316	383
127	Added	67	67
128	Number of Sites (EOY)	383	450
129	Average O&M Cost/Site	4,373	4,595

	Cable Plan	FY12	FY13
201	FiberNet O&M		
202	FiberNet - Personnel Charges for DTS (7,9)	293	456
203	FiberNet - Operations & Maintenance (DTS) (1,2,4,6,11,12)	931	1,131
204	FiberNet - Personnel Charges for DOT (8)	46	68
205	FiberNet - Operations & Maintenance (DOT) (3)	258	258
206	FiberNet O&M SUBTOTAL	1,528	1,914
207	FiberNet-CIP (123)	2,140	1,831
208	FiberNet SUBTOTAL from Cable Plan	3,668	3,745
	FiberNet CIP		
300	Cost Element	FY12	FY13
301	Planning, Design, and Supervision (117)	200	606
302	Land	0	0
303	Site Improvements and Utilities (111)	65	250
304	Construction (106)	1,875	875
305	Other (123)	0	100
306	Total	2,140	1,831

April 10, 2012

Council Vice President Nancy Navarro
100 Maryland Avenue
Rockville MD 20850

Dear Council Vice President Navarro,

As you review the FY '13 Cable Communications Plan, I hope you will keep in mind the unique role that Montgomery Community Media plays in the fabric of our county. MCM tirelessly works to meet the interests and needs of Montgomery County's residents as their independent, open access community voice. MCM is Montgomery County's community media center and is the region's most prominent public access facility serving the County's residents, non-profits, non-governmental organizations and businesses. MCM is the County's only independent, nonprofit training resource for residents to create content communicating their personal vision.

Here are just a few of the ways MCM enhances the lives of Montgomery County residents:

SERVING DIVERSE COMMUNITIES: With more than 3,100 members generating 14,000 volunteer hours to the community, MCM's programming reflects the dynamic diversity of Montgomery County: 4,000 hours of non-English language programming (primarily in Spanish and in ten other languages as well) and serving communities that have no other voice on local media. These programs include: "Musica Y Algo Mas," "Revista Semenal Montgomery," "Coneccion Latina," "Coneccion Peruana," "Mad Flavor Latino," "Selam Ethiopia," "Ivoire Vision," "African Affairs," "African People," "Afrika Plusm," "Turk Amerikan Televizyonu," "Turkish American Hour," "Persianhaha," and the "Punjabi Community Hour."

GENERATING NEW JOBS THROUGH DIGITAL LITERACY: While classroom work is important for instruction, real-world experience with media technologies is vital in bridging the digital literacy gap. MCM provides adult career and job retraining in addition to lifelong learning opportunities for seniors, as well as career exploration and professional certification training to youth. MCM, at low-cost and with high-quality, trains residents in media literacy, production and distribution. In FY'11 the average course tuition at MCM was US \$60, many times less than the average course tuition cost at any local college. MCM's media training courses have resulted in MCM's certification recipients being employed within metropolitan Washington DC's FOX, ABC, NBC, MPT, Al Jazeera and Voice of America offices. Indeed, among MCM's noteworthy alumni are NBC's Melissa Mollet and Darcy Spencer, CNN's early morning anchor Kiran Chetry and many others!

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COMMUNITY MEDIA

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Services of Montgomery Community Television, Inc.

AN INDEPENDENT VOICE & UNIQUE PUBLIC SERVICE: Only an independent, non-commercial media organization like MCM can provide the platform for voters to hear the voices of their candidates in an unfiltered environment. Each campaign season, MCM partners with the League of Woman Voters to conduct candidate debates. In addition, each candidate for office is provided the opportunity to tape an unedited four-minute statement that is then available on-air, online and on-demand (with thousands of voters viewing these statements on MCM's website in 2010). And series like "21 This Week" and "Revista Semenal Montgomery" bring issues of concern to county voters and provide for an informed and engaged electorate.

SUPPORT FOR NON-PROFITS: When the economy is bad, non-profit budgets for marketing and communications are the first to get slashed. MCM works with more than 100 NPOs each year to help them tell their stories and learn the latest communications techniques. These partnerships, with such organizations as Interfaith Works and Impact Silver Spring, are vital in sustaining non-profits during difficult times.

Council Vice President Navarro, I appreciate your continuing support of Montgomery Community Media as we work together to engage the community in programs that celebrate diversity and enhance open government.

Best regards,



Merlyn Reineke
Executive Director, MCM



April 12, 2012

**TO: Dr. Costis Toregas
County Council IT Advisor**

**From: Sue Buske, President
The Buske Group
Franchise Renewal Consultant to Montgomery County**

**Re: Implications of Elimination of Public Access Funding on Comcast Franchise
Negotiations**

Over the past thirty years, I have provided consulting services to many cities and counties across the United States as they have undertaken the cable franchise renewal process. During that time, I have participated in negotiations on numerous occasions involving Comcast as well as all of the other major cable/video service providers.

Montgomery County recently retained the services of The Buske Group to assist the County with the community needs assessment aspects of the franchise renewal process. I also provided similar services to the County in 1997-1998, when the County undertook the renewal process that resulted in the franchise that is currently in place with Comcast. The outcomes to the County and its residents that resulted from *that* renewal process have included significant community communication benefits, such as the opportunity to greatly expand the FiberNet and funding to support award-winning community media and community television services to citizens (as provided by Montgomery Community Media, Montgomery Public Schools, Montgomery Community College, and County Cable Montgomery).

One of the most critical steps that a local government must undertake when it is preparing to enter negotiations during the franchise renewal process is to complete a very thorough community needs assessment process, designed to identify "future cable-related community needs and interests". Federal law calls for a local government to build a case for whatever it intends to negotiate through a needs assessment process. Part of building that case is to provide a showing not only of future needs and interests, but also of current needs and interests and how existing resources are being utilized.

Therefore, I was quite concerned to learn that current budget discussions included the possibility of elimination of funding for Montgomery Community Media. If this would occur, it would very negatively impact the County's upcoming negotiations with Comcast.

It would send a message to Comcast that the County did not value providing an opportunity to the public to have access to community media services. Therefore, Comcast would be well positioned to reduce or eliminate any offerings in its renewal proposal to the County for the provision of funding for community media (public, educational, and government access) equipment, services and other associated resources.

In addition, all of the work that is currently underway and the resources that are currently being expended to positively position the County to enter the renewal negotiations with Comcast would be wasted. Comcast would interpret the County's action to eliminate funding for Montgomery Community Media as a strong indication that the County does not value community media and, therefore, neither should Comcast.

In other words, such an action would be very counterproductive to the upcoming negotiating process.

The current expiring franchise between the County and Comcast has enabled the County to become a national leader on matters regarding local connectivity and community media. If the County wishes to retain or grow the level of resources under a new franchise that are provided under the current franchise, I would strongly advise not taking any action that would eliminate current funding for Montgomery Community Media or for any of the other community media or connectivity services that are funded through the current franchise agreement.



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

Dieter Klinger
Acting Chief Information Officer

MEMORANDUM

April 10, 2012

TO: Dr. Costis Toregas
Council IT Advisor

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

VIA: Dieter Klinger, Acting Chief Information Officer *Dieter Klinger*
Department of Technology Services

SUBJECT: Government Operations & Fiscal Policy Committee – FY13 Cable Fund Budget Worksession

The County Executive provided the FY13 CE Recommended Budget on March 15, 2012, and two versions of a Cable Fund six year display on March 30, 2012. In addition, the County Executive also provided the FiberNet CIP and FiberNet six year work plan. Please find in this packet additional information including:

- Cable Fund Fiscal Plan – Revised Fund Display Format
- Cable Fund – Prior Year Revenue Adjustments
- Cable Fiscal Plan – Future Year Assumptions
- FY13 Budget Narrative
- Three Year Cable Fund Work Plan
- Cable Fund six year display (Attachment)
- FY12 Budget Analysis (Attachment)
- Three Year HD Equipment Plan (Attachment)
- Public, Educational, Government Governance Board Charter (Attachment)
- American Recovery and Reinvestment Act FiberNet Construction Update (Attachment)
- 2011 Transmission Facilities Coordinating Group Report (Attachment)
- 2011 Digital Media Report (Attachment)
- 2011 Cable Enforcement Report (Attachment)
- FiberNet budget crosswalk (Attachment)

Cable Fund Fiscal Plan – Revised Fund Display Format:

On March 30, the County Executive released additional budget information which included the Cable Fund Fiscal Plan. This revised fund display is the budget the County Executive is requesting be attached to and approved as part of the Council Cable Fund Budget resolution. Following discussion with Council Staff, elements of the previous fund display have been incorporated into the revised fund display but have in some cases have been placed in a different order than in previous versions.

- *The primary purpose of the revised fund display is to make it easier to view the amount of restricted revenues which may only be expended for specific purposes.*
- Some lines which contain no information, i.e., zero budgets for FY11-FY18, have been deleted to provide more room to use larger fonts.

In addition, funding for MC, MCPS, and MCM previously displayed funding as salaries and operating costs. However, unlike MCG budget, there is no transfer to these entities for specific budget purposes. Rather, MC and MCPS receive a single annual budget transfer – a Cable Fund transfer is made to the General Fund and the General Fund makes a transfer to MC and MCPS as part of their overall budgets. Because MC and MCPS are transfers to the General Fund, they are not accounted for as Cable Fund expenditures in the County's budgeting system. Therefore, in the revised fund display:

- The MC and MCPS transfers are listed in the fund transfer section.

MCM receives a Cable Fund payment in which the total annual funding is divided into 12 monthly transfers. MCM is a vendor which has autonomy to internally allocate these payments. However, MCM is also the only County-funded television entity which has to pay commercial rent and utilities. Therefore, in the revised fund display:

- The MCM budget breaks out the portion of the payment estimated to be used for rent and utilities.

Cable Fund – Prior Year Revenues:

Council staff requested explanation as to what happens when actual revenue received is greater than the approved budget revenue estimates.

1. The additional revenue is displayed as an increase in estimated revenue.
2. Corresponding increases in non-discretionary expenditures are displayed (*i.e.*, greater municipal pass-through and capital expenditures).
3. Any adjustments to estimated discretionary expenditures and transfers to the general fund are displayed.
4. The estimated fund balance is changed to reflect items 1 through 3 above.
5. The following year's beginning fund balance is adjusted to reflect item 4.

	FY11 Budget Submission	FY12 Budget Submission		FY13 Budget Submission		
	FY11	FY11	FY12	FY11	FY12	FY13
	App'd	Estimate	App'd	Actual	Est	CE Rec
Beginning Fund Balance	114	2,736	1,129	2,735	2,000	645
Total Revenue	20,385	22,448	24,081	22,312	24,102	25,487
Restricted Expenditures*	2,982	3,477	6,343	3,805	6,392	6,635
Discretionary Revenue (Total – Restricted)	17,403	18,971	17,738	18,507	17,710	18,852
Non-Restricted Expenditures*	7,968	8,047	7,610	7,459	7,626	8,724
Total Transfers*	9,368	12,530	11,144	11,782	11,439	10,186
<i>General Fund Transfer as Resource</i>	6,157	8,750	8,086	8,749	8,086	7,064
<i>Other Transfers and Adjustments</i>	3,211	3,780	3,058	3,033	3,353	3,122
Total Expenditures (sum of * items)	20,336	24,054	25,097	23,046	25,457	25,545
Revenue minus Expenditures	48	-1,606	-1,016	-734	-1,355	-58
End Fund Balance	164	1,129	113	2,000	645	586

	FY11 Budget Submission	FY12 Budget Submission		FY13 Budget Submission
	FY11	FY11	FY12	FY11
	App'd	Estimate	App'd	Actual
Difference From FY11 Approved				
Beginning Fund Balance		+2,622	+1,015	+2,621
Total Revenue		+2,063		+1,927
Restricted Expenditures*		+495		+823
Discretionary Revenue (Total minus Restricted)		+1,568		+1,104
Non-Restricted Expenditures*		+61		-527
Total Transfers*		+3,162		+2,414
<i>General Fund Transfer as Resource</i>		+2,593		+2,592
<i>Other Transfers and Adjustments</i>		+569		-178
Total Expenditures (sum of * items)		+3,718		+2,710

Calculation of Adjustments to FY11 Revenues:

- At the end of FY10, an estimate for FY11 Total Revenues was created and approved as part of the FY12 Budget.
- In FY11, a revised estimated was provided and approved as part of the FY12 Budget.
- In FY13, the actual FY11 Total Revenues were audited and Actual FY11 Total Revenues are provided.
- The same process described above was used to adjust the required expenditures for municipal pass-throughs and capital expenditures.
- Thus, the FY11 Discretionary Revenues was estimated to be \$1.568 million more in the FY12 Approved Budget than when approved in the FY11 Budget, and was actually \$1.104 million more than FY11 Approved as shown in the FY13 CE Recommended Budget. (See bold items in lower chart)

Use of Adjusted Revenue:

- Reviewing the lower chart, in FY12 Approved Budget, the Council approved an increase in the FY11 Transfer to the General Fund of \$3.1632 million over what the Council approved as part of the FY11 Approved Budget. The estimated FY11 adjusted revenue was only \$1.568 million more than the FY11 Approved Budget amount. Thus, reviewing the upper chart, when the FY12 Budget was approved, the Council approved spending \$1.606 more in FY11 than net revenues estimated to be received in FY11.
- In addition, in the FY12 budget submission, the estimated FY11 End Fund Balance estimate was revised to be \$1.129 million, and this same figure was used as the FY12 Beginning Fund Balance in the FY12 budget submission. This amount was \$1.015 million more than the estimated Fund Balance at the beginning of FY11. In the FY12 Approved Budget for FY12, the Council approved spending \$1.016 million more in FY12 than estimated revenues for FY12. Unlike prior year, the FY12 revenues estimates contained in the FY13 CE Recommended Budgets are expected to be very close to the FY12 Revenue estimates in the FY12 Approved budget.

Cable Fiscal Plan – Future Year Assumptions:

The Cable Fund projects future revenues and certain future expenditures grow as a percentage of revenues. In addition, the Council has requested information about the future cost of current programs. The fiscal plan is a tool to show the future cost of the current approved service program, as well as likely costs resulting from capital improvements.

- Future Revenues – Projections based on franchise requirements and best available information. The Capital Grant revenue projections assume that Comcast is required to provide capital grants using the same formulas as contained in the RCN and Verizon franchises. The County may negotiate with Comcast to provide some percentage of this grant as operating grants but may not unilaterally require non-capital support grants.
- Required Expenditures – Projections based on franchise requirements and best available information.
- Salary and Contract Cost Increases – Projections based on OMB established percentages which are as follows. Contract costs are adjusted by the Consumer Price Index (CPI).

Out Years	FY14	FY15	FY16	FY17	FY18
Personnel Adjustment	4.9 %	4.85 %	4.65 %	4.65 %	4.7 %
Contracts – CPI	2.9 %	2.85 %	2.65 %	2.65 %	2.7 %

FY13 Budget Narrative:

In FY13 the County projected a budget shortfall and directed departments to propose reductions in their budgets requests, including certain non-tax supported departments. In contrast to the tax supported fiscal plan, the non-taxpayer supported Cable Fund projected a six percent increase in

FY13 over FY12 in restricted and unrestricted funds. To support the County overall, the departments and agencies supported by the Cable Fund attempted to develop FY13 budgets which funded new innovations by leveraging staff efficiencies or discontinuing other programs, and recommended a small number of necessary budget increases.

FY13 specific budget changes are presented in the County Executive's recommended budget. The following summarizes these changes:

- **Municipal Franchise and PEG Operating:** Increases as required by franchise agreements.
- **Capital Grants** – The total revenue allocated into three categories:
 - Municipal Capital increases grants as required by franchise agreements.
 - FiberNet CIP as specified in FiberNet CIP submission.
 - PEG Capital Equipment increase is the net remainder. Funds will be used to:
 - In FY13, funding for equipment to view cable television and record audio from facility audio system at Silver Spring Civic Center
 - HD Transition for PEG facilities
 - Equipment to support streaming of CCM and Council Meetings on tablet and other mobile devices
 - Potential support for youth media equipment
- **Personnel Costs:**
 - Benefit cost increases for MCG, MCPS-ITV, MC-ITV and MCM.
 - \$2,000 bonus for MCG employees. No pay increases for MCM were recommended by the County Executive due to its status as a vender.
- **Production Contracts:** CCM production contract increases for new FY13 contracts. Expanded skill sets related to digital media and editing are required in new contracts.
- **Closed Captioning:** Expanded closed captioning for MCPS Board of Education meetings as well as MCPS and MC special events.
- **Youth Media:** Funding is restored to prior year levels to fund new initiatives:
 - MCPS media internships with stipends.
 - Youth Productions – Gandhi Brigade-lead coalition to hire youth to record and edit youth event performances into television and Internet content. The Internet content will also be showcased on MCM's new youth media webpage.
 - Media partnerships with library teen advisory group.
 - Youth media workers to support mobile productions.
- **FiberNet:**
 - **Increase DTS Staff Support.** FiberNet is staffed by DTS. The percentage of DTS employee time used to support operation and expansion of FiberNet is charged to the Cable Fund. The percentage of staff time charged to the Cable Fund was established when FiberNet was comprised of 150 locations. By the end of FY13, FiberNet will reach 450 locations. As a result, a greater percentage of current DTS staff time and additional employees are needed to support FiberNet operations and expansion.
 - Increase DTS staff chargeback by .75 WYs (allocated amongst 4 employees).
 - Add 2 new additional FiberNet staff to support maintenance and new applications.

- **Miss Utility Compliance.** The County is required to register its underground facilities with the Maryland one-call notification center, which is known as Miss Utility. Compliance consists of:
 1. Establishing and maintaining a map of underground facilities;
 2. Registering with Miss Utility the map coordinates in which facilities are located;
 3. Responding to Miss Utility notifications of digging that will occur within registered map coordinates;
 4. Clearing Miss Utility notifications or directing that facilities be marked;
 5. Locating and marking underground facilities (i.e., "locates").

Funding for creation of a map is included in the FiberNet CIP. Miss Utility issues 10,000 notifications per month in Montgomery County. No Montgomery County-specific actual data regarding rate of notification or locate responses is presently available. Using best available information, DOT and DTS have estimated the percentage of tickets which will require a response and locate. DOT and DTS estimate that 4 FTE contractors will be required to respond to tickets. Additional costs will be required for Miss Utility fees, after hours contractor responses to emergency tickets, map maintenance, and locates. Computer and vehicle equipment are additional one-time costs. The total estimate is \$370,000 in the first year, excluding one-time costs.

DOT and DTS will monitor and make adjustments as needed to the contractor support to ensure the most cost effective means of compliance. Miss Utility compliance new FiberNet facilities constructed using the ARRA grant will be funded by the ARRA grant using a contractor. Thus, DTS and DOT intend to ride the current ARRA contract and evaluate the data and costs after two months. At that time, a further recommendation would be considered to convert the contact funding to personnel and contract funding.

Cable Fund Three Year Work Plan:

Legislation and Regulation – Advocate for consumers and local governments interests in cable, broadband, telecommunications and right-of-way issues.

- Maryland Communications Tax Commission – Promote modernization of Maryland telecommunications taxes, including addressing disparate treatment of right-of-way occupants and protect local government tax authority. ***Commission must create legislative recommendations by December 2012.***
 - The telecommunication industry wants to limit all State and local wireless taxes to the 6 percent State sales tax rate and the cable industry is advocating to reduce all right-of-way franchise fees to similar levels.
 - To the extent that cable franchise fees are used as general fund transfers and specifically used to support right-of-way management, communications services, or other specific benefits, there is a risk that the State will view franchise fees as taxes.
 - MACo will appoint 4 members to the Commission.
- Comcast Cable Renewal (2013)
- RCN Cable Renewal (2014)
- Federal Communications Commission – Promote improvements to federal communications regulations to protect consumer interests, including availability of electronic guide

information for all local programming; promote consumer interests through participation in the FCC Consumer Advisory Committee.

- Federal Legislation – Continue advocacy work. The recently passed payroll tax act included new spectrum for public safety but also contained requirements restricting the right of local communities to object to facility co-locations.

Digital Media Collaboration

- Review information ascertained through the cable renewal process and develop recommendations in collaboration with the PEG Governance Board.
- Review collaboration opportunities and develop communication plan regarding shared master control, training and production.
- Review partnership opportunity to use MCM large studio facility space to support open government forums, performance recordings and large studio needs of other PEG partners.
- Pilot event media presentations (*i.e.*, use of short form video to publicly present information about public programs and community profiles).
- Implement HD transition

Social Media and Community Engagement

- Expand searchable media features to enable search video via Granicus, agency websites, and Internet searches (Google, Bing, etc.).
- Expand interactive meeting participation to enable more residents to view live public meetings and submit questions via text and e-mail.
- Expand broadband and media literacy training to expand citizen journalism, improve older adult comfort with and interest in broadband and video technology, and improve youth expression and civic engagement through media and technology.

Infrastructure and Support (See FiberNet Workplan)

- Expand FiberNet
- Address Service Level Agreements and Network Operation Support
- Develop wi-fi expansion, including evolving super wi-fi technology

cc: Naeem Mia, Office of Management and Budget
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FY2012 CABLE COMMUNICATIONS PLAN

PROGRAM FUNCTION ESTIMATES	FY12 Approved				
	WYs	Personnel*	Operating	Total	%
Information	20.4	\$ 1,950,703	\$ 746,174	\$ 2,696,877	25.3%
Infrastructure Operation & Maintenance	6.7	\$ 567,420	\$ 1,277,265	\$ 1,844,685	17.3%
Community Engagement	18.1	\$ 1,142,282	\$ 435,678	\$ 1,577,960	14.8%
Mgmt, Oversight & Prof Dev	12.2	\$ 1,113,077	\$ 280,869	\$ 1,393,946	13.1%
Enforcement, Regulation & Policy	5.2	\$ 479,042	\$ 536,022	\$ 1,015,064	9.5%
Transparent Government	9.1	\$ 860,514	\$ 90,288	\$ 950,802	8.9%
Multiculturalism & Accessibility	6.4	\$ 537,727	\$ 319,419	\$ 857,146	8.0%
Technology Investment	3.0	\$ 265,819	\$ 62,080	\$ 327,899	3.1%
Subtotal (Program Expenditures)	81.1	\$ 6,916,583	\$ 3,747,795	\$ 10,664,378	100.0%

PROGRAMS AREA ESTIMATES	FY12 Approved				
	WYs	Personnel*	Operating	Total	%
1. General Government & Operations	16.5	\$ 1,494,422	\$ 1,652,054	\$ 3,146,476	29.5%
2. Education	14.6	\$ 1,516,146	\$ 161,630	\$ 1,677,776	15.7%
3. Job Creation, Economic Empowerment & Dev.	15.1	\$ 808,092	\$ 412,293	\$ 1,220,385	11.4%
4. Public Affairs	8.6	\$ 751,226	\$ 234,557	\$ 985,783	9.2%
5. Youth, Seniors, and Accessibility	4.7	\$ 381,292	\$ 321,795	\$ 703,087	6.6%
6. Housing & Community Infrastructure	2.1	\$ 220,424	\$ 440,050	\$ 660,474	6.2%
7. Consumer Protection	4.2	\$ 440,000	\$ 157,350	\$ 597,350	5.6%
8. Public Safety	2.4	\$ 243,140	\$ 110,880	\$ 354,020	3.3%
9. Technology & Science	3.5	\$ 320,556	\$ 5,000	\$ 325,556	3.1%
10. Environment & Energy	2.5	\$ 196,823	\$ 70,655	\$ 267,478	2.5%
11. Arts & Entertainment	3.1	\$ 166,470	\$ 86,043	\$ 252,513	2.4%
12. Transportation & Mass Transit	1.6	\$ 168,376	\$ 28,680	\$ 197,056	1.8%
13. Faith & Community Organizations	1.8	\$ 150,818	\$ 24,958	\$ 175,776	1.6%
14. Health & Nutrition	0.4	\$ 58,798	\$ 41,850	\$ 100,648	0.9%
Subtotal (Program Expenditures)	81.1	\$ 6,916,583	\$ 3,747,795	\$ 10,664,378	100.0%

FY12 APPROVED CABLE FUND	FY12 Approved			
	WYs	Personnel*	Operating	Total
Program Expenditures	81.1	\$ 6,916,583	\$ 3,747,795	\$ 10,664,378
Subtotal (Program Expenditures)	81.1	\$ 6,916,583	\$ 3,747,795	\$ 10,664,378
Municipal Pass Through				\$ 1,273,000
General Fund Transfer				\$ 8,086,000
Subtotal (All Non-Capital)				\$ 9,359,000
CIP Capital (FiberNet CIP)				\$ 2,140,000
PEG Capital (Production Equipment & Facilities)				\$ 955,000
Municipal Capital Pass Through				\$ 1,976,000
Subtotal (Capital)				\$ 5,071,000
TOTAL	81.1	\$ 6,916,583	\$ 3,747,795	\$ 25,094,378

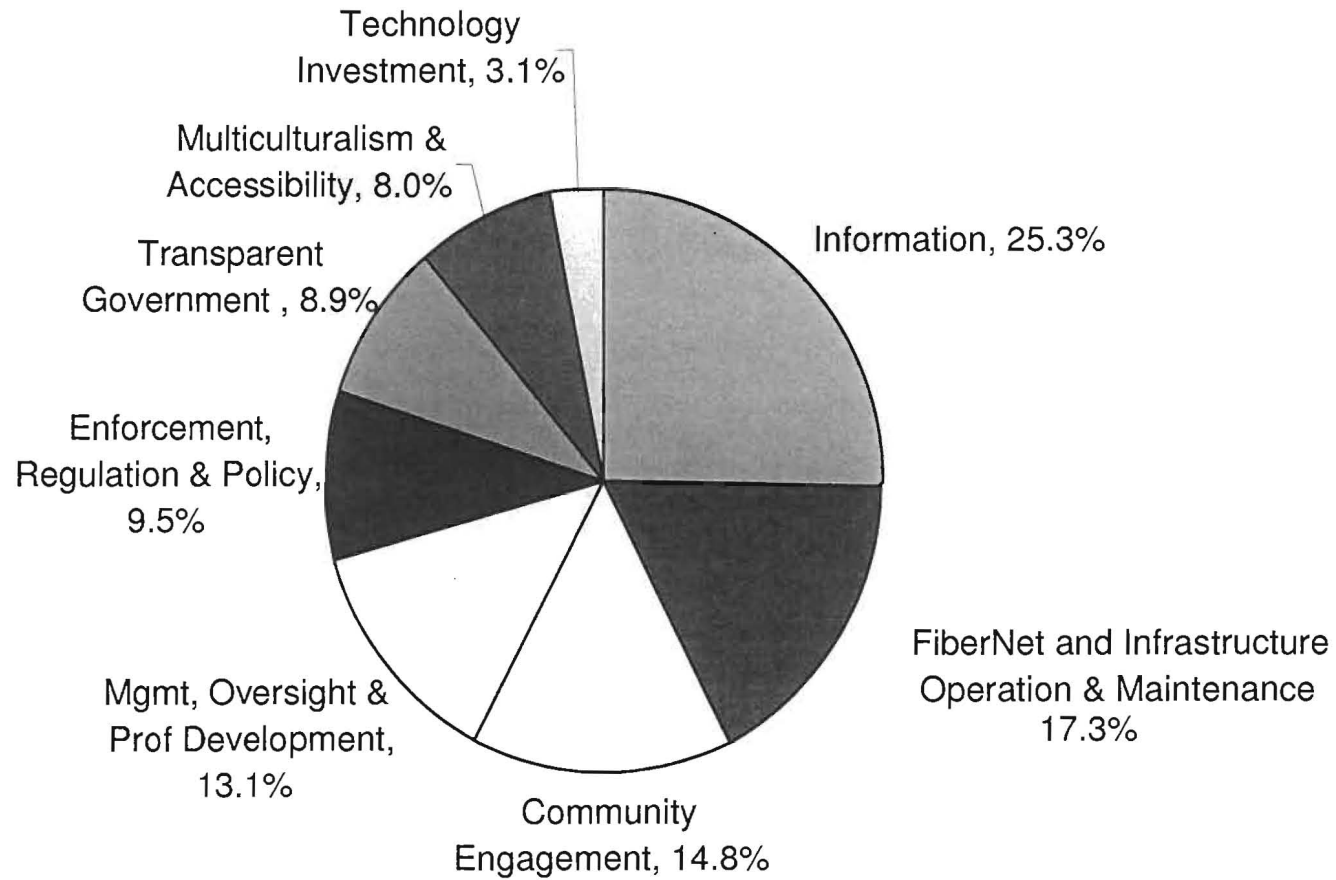
*Personnel costs are prorata distribution of total costs, not allocation of specific personnel costs. Personnel costs include benefit costs.

The FY12 Cable Fund analysis includes personnel work years and operating expenses for Franchise Administration, Transmission Facilities Coordinating Group, CCM, Montgomery College, Montgomery Public Schools, Montgomery Community Media, and FiberNet. Contractors are included as operating expenses. The total expenditures, subject to rounding, correlates to County Council Resolution 17-157, Cable Plan Line 118.

PROGRAM FUNCTIONS - Legend	
Transparent Government	Raw content, such as council, school board and agency meetings
Information	One-way communications, such as PSAs, programs, panels, lectures
Community Engagement	Two-way communications, call to action, community training, new media distribution, media literacy, broadband training
Multiculturalism & Accessibility	Specialized access, including language, closed captioning; other specific cultural or demographic focus
Infrastructure Operation & Maintenance	Operation and maintenance of infrastructure and equipment, including FiberNet operations and maintenance
Technology Investment	Labor and contract costs related to capital purchases of equipment or infrastructure construction.
Enforcement, Regulation & Policy	Cable regulation, complaint resolution, FCC, federal & State legislation, tower & antenna siting
Mgmt, Oversight & Professional Development	Internal reporting, contract and budget development and administration, grant writing and implementation, staff training

PROGRAM AREAS - Legend	
General Government & Operations	General operations, general County coverage, FiberNet and overall institutional support (e-mail, Internet, phones, etc)
Education	Board of Education, Coursework, STEM (science, technology, engineering, math), reading, language instruction, Homework Hotline, personal development
Job Creation, Economic Empowerment & Development	Vocational media training, small business, business improvement districts, large employers or employment fields
Public Affairs	General lectures, elected official dialogues, independent news and analysis, human rights and veterans
Youth, Seniors, and Accessibility	Programs targeted to children or parents, seniors, disability community, youth produced programs, stipends and internships
Housing & Community Infrastructure	Affordable housing, libraries, parks, code enforcement, livable communities, planning
Consumer Protection	Consumer education and advocacy, including regulatory enforcement and complaint resolution
Public Safety	Police, fire and rescue, fire and crime awareness and prevention
Technology & Science	Technology training, astronomy, computer science, physical sciences, media literacy, broadband training
Environment & Energy	Environment health, green initiatives, biofuels, community gardens, energy efficiency
Arts & Entertainment	Art & performance events, artist and venue profiles, general human interest, quirky, author series
Transportation & Mass Transit	Roads and public transportation, bicycling, pedestrian safety
Faith & Community Organizations	Religious programming, general non-profit support and partnerships
Health & Nutrition	HHS initiatives, public health, fitness, local foods, community gardens, gardening, sports

FY12 Estimate Budget Distribution by Function



FY12 Estimate Budget Distribution by Area

