

**MEMORANDUM**

January 27, 2016

TO: Government Operations and Fiscal Policy Committee  
FROM: Dr. Costis Toregas, Council IT Adviser  
SUBJECT: Review – Preliminary Cable Television and Communications Plan

Expected to attend:

Phil Roter, Cable Administrator  
Merlyn Reineke, CCM and PEG Chair  
Members of the PEG Governance Board  
Dennis Hetman, OMB

Summary of recommendations:

The preliminary Cable Plan submitted by the Executive requires **no decisions** by the Committee at this time. The intent is to encourage dialogue between Committee members and the Cable Plan stakeholders before the Plan is finalized, so that the submission of the final Cable Plan on March 15, 2016 will better reflect Committee and full Council priorities and direction.

Materials for Committee review:

1. Executive transmission of preliminary Cable Plan (© 1-8)
2. Cable Office/PEG presentation (© 9-21)

**BACKGROUND**

Resolution 18-158, adopted by the Council on May 21, 2015, states in the General Provision section, paragraph 8 that:

*“The Executive must submit a preliminary six-year Cable Communications Plan for FY 2017 through FY 2022 to the Council no later than January 15, 2016. The Executive submitted a*

*preliminary six-year Cable Communications Plan for 2016 through 2021 to the Council on January 15, 2015. The Preliminary Cable Communications Plan must include (a) a list of known PEG activities and funding needs for 2017 through 2022; (b) a preliminary plan for prioritizing PEG funding needs for FY2017 through FY2022; (c) any capital project expenditures proposed to be funded through the plan; (d) changes to approved multi-year expenditures; and (e) updated projections of plan revenues for FY 2017 through FY 2022.”*

Such a submission was made through the Cable Office on January 15, 2016 (© 1-8).

**REVENUES**

The Preliminary Cable Plan (preliminary in the sense that the final Plan will be submitted by the Executive in his March 15, 2016 submission of the entire FY17 Recommended Operating Budget) is a chance to view actual numbers for the final revenues of FY15, expected revenues for FY16, and projected revenues for FY17. These numbers can be found on © 7, line 12 and are summarized in the table below:

|           | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> |
|-----------|-------------|-------------|-------------|
| Approved  | 27,663      | 28,019      |             |
| Estimated | 28,293      | 28,590      |             |
| Projected |             |             | 28,617      |

Note: Amounts in \$000s, and revenues are receipts, not Cable Fund balance

Note that in 2015, revenues came in at higher than planned rates; the \$630,000 that was received above the estimated level of \$27,663,000 means that the General Fund received this excess revenue, since no allocation is explicitly made by the Committee. As this is the time when prior revenue numbers are adjusted, the Committee may want to explore with OMB whether this surplus can be programmed for 2016 use within the current year Cable Plan.

Similarly, preliminary quarterly revenue reports indicate that a similar situation may occur in 2016; the current overage is \$571,000. A systemic approach to handling revenues that come in over projections could multiply the Committee’s options during such strong revenue years.

To provide texture for the upcoming discussion, a series of questions reflecting Committee member requests were provided to the Cable Office, and the answers provided are as follows:

**POLICY**

1. In a Comcast franchise public hearing, a speaker commented on the desire to see the municipalities have a voice in the PEG Governing Board. Please comment on the background of this request and any current updates (could be covered in the PEG Strategic Plan discussion).
  - *This request has been made to the Cable Office, primarily in response to the PEG Governance Board voting on a recommendation that no Municipalities get an HD channel. The Cable Office has explained to the Municipalities:*

- *The PGB is constituted by all representatives of PEG Channels that are directly funded in the Cable Plan Budget.*
  - *The first mission of the PGB is “...the development of budgetary recommendations to the Cable & Broadband Office and the County Council concerning expenditures for equipment and related issues for joint program activities of Peg operations.”*
  - *For this reason, only those who participate in shared funding are voting members of the PGB. The vast majority of votes by the PGB are for budget and expenditure recommendations.*
  - *The Municipal channels already participate in the PGB and are invited to PGB meetings and retreats, serve (and even chair) PGB Committees, and give input and collaborate with County PEG Channels.*
2. The Committee will be holding a joint session with the ED Committee on February 11 regarding Internet access for school children. Are there line items in the Plan that will address this issue?
- *There are currently no line items in the Cable Plan that are specific to this issue.*
3. Will UltraMontgomery expenses be borne by the Cable plan? If so, what is the estimated expense, and where does it show in the Plan?
- *UltraMontgomery Expenditures are included in the Executive’s Recommended FiberNet CIP budget which is on line 22 of the Cable Plan.*

## MANAGEMENT

4. Why is the General Fund transfer reduced from the 2016 level of \$4,787,000 to \$3,650,000? Does this mean that the Executive will not be looking to the Cable Plan to fund other programmatic priorities?
- *See below.*
5. Why is the Fund Balance increasing from \$299,000 to \$1,480,000 in one fell swoop? Could not some of the funds be used to fund important priorities now, while lifting the fund balance more gradually?
- *In answer to the two previous questions: The FY17 – FY21 information will be provided in detail on March 15<sup>th</sup> with the Executive’s Recommended Budget. The information included in the Cable plan is the approved FY16 budget with the following changes*
    - *FY15 expenditures and revenues estimates are updated*
    - *FY16 – FY21 Revenue estimates are updated*
    - *FY16 – FY21 Muni payments are updated based on new revenue estimates. However, it is important to note that these muni items assume the old MOU’s since the new MOU’s have not been agreed to yet.*
    - *FY17 –FY21 FiberNet CIP is updated to match the County Executive’s Recommended CIP budget.*
    - *FY17 – FY21 Fund Balance is assumed to be policy guidance.*
    - *FY17 – FY21 GF transfer is calculated by the amount needed to leave the fund balance at the assumed policy guidance levels.*

- *In short, while these numbers are all of the number that have been approved currently, and thus are the most recent data available, they are not what is going to be in the FY17 recommended budget. The muni payments will change, the fund balance will most likely change and the GF transfer will change once the Executive has decided upon and recommended his FY17 budget. No conclusions should be reached about the FY17 fund balance and general fund transfer shown in the Preliminary Cable Plan.*
6. There is a dramatic increase in the PEG Operating Grant from an estimated 2016 level of \$3,251,000 to \$4,120,000. Please explain how this came about, and discuss how the PEG partners plan to deploy these new resources as part of the full budget discussion.
- *The change in PEG Operating is based on receiving the new franchise. However, this is not an increase in PEG Operating funding from the County. The County currently funds PEG Operating in amounts well above any received PEG Operating revenue. This increased Peg Operating revenue will enable Franchise Fee funds that previously were used for PEG Operating to be used for FiberNet, replacing the lost FiberNet Revenue. (line 7 of the Cable Plan). The total of Peg Operating + FiberNet revenue is essentially flat, so there are no new resources to be deployed.*
7. Does the Comcast new Operating/Capital revenue split show in this preliminary plan? If so, where? And if not, do you plan to include it in the final Cable Plan to be presented to the Council in March?
- *This Cable Plan reflects the new Comcast Franchise. The increase in PEG Operating and decrease in FiberNet Operating grants are reflections of that. However, any new Municipal MOU's are not included in this Preliminary Cable Plan. They will be included in the Executive's Recommended Budget.*
8. The current HD channels in the agreement have been allocated to the PEG members by the PEG Governance Board; can you please provide information regarding the methods used to arrive at the allocation? Is it hours of original programming as a ratio to total programming hours? Or other factors?
- *The current HD channel allocation was made by the County Executive, not by the PEG Governance Board. The PEG Governance Board made a recommendation which was to give a channel to each of the "County 4" PEGs (CCM, MCM, MCPS, MC), with the municipalities receiving no HD carriage. The Executive considered this proposal as well as other possibilities and decided on allocating the channels as follows:*
    - *One channel to CCM.*
    - *One channel to MCM.*
    - *One channel to be shared by Rockville, Takoma Park and MMC (a Muni Channel).*
    - *One channel to be shared by MCPS and MC (an Education Channel)*
  - *This allocation was made based on several factors including:*
    - *Hours of original programming by channel. Under the Executive's allocations all of the channels would have roughly the same amount of original programming. (MCM would have the most hours of original programming, the Education Channel would have the least).*

- *Desire to have all channels included. The Executive's allocation enables all of the County's PEG Channels to have carriage in HD.*
  - *For these reasons, the Executive decided to allocate the channels as described above. The allocation of one HD channel to the municipalities has been included in the Municipal MOU's.*
9. Are viewership numbers by PEG members available now? In a historical time trend line? Are there plans to provide such measurement in the future?
- *The Cable Office does not have viewership number available. The PEGs are preparing to send out a PEG Survey for the second year, and historical trends in this survey will be compared. The Cable Office is preparing to issue a solicitation to do a survey and/or focus groups using this year's funds.*
10. Can you provide early thinking about the legal line item? Will it cover payments to municipalities that look to us to reimburse them for their legal fees related to the Comcast franchise? And as the negotiations are concluded with Comcast, what will be priority areas of exploration for non-County attorneys?
- *Payments to the municipalities for legal services will be made in this fiscal year for reimbursement for actual legal expenses, up to \$3,000 per municipality.*
  - *The County has responded to Cable related legal issues that impact the County (such as the Verizon issue mentioned below) and will continue to do so in future years using non-county attorneys when necessary. Please see the Communications Law and Policy slide for more information. The County Executive's recommended budget, which will be released on March 15<sup>th</sup>, will include the necessary funding to continue the Cable Office's efforts in these areas.*

## TECHNOLOGY

11. Has there been progress with Verizon on carrying PEG listings in their online guide?
- *We have been told unequivocally by Verizon that they are not providing PEG listings anywhere in the United States. We continue to put pressure on Verizon on a regular basis. Recently we organized and provided testimony at a PEG Closed Captioning Workshop at the FCC. This workshop highlighted the lack of available closed captioning information for Verizon customers. We are also reaching out to Verizon corporate on this matter.*
12. The move to five HD channels on Comcast is a significant new aspect of the franchise agreement under consideration. CCM and several other PEG entities will be preparing to go to HD broadcast on Comcast within 18 months of the approval of the franchise agreement. If it is approved, will there be additional costs for this transition? Are these costs significant, and why are they not shown in the Plan out years?
- *The Cable Office has been preparing for these increased PEG HD costs for the last several years, and are purchasing the necessary equipment for HD transmission this*

*fiscal year. The County's PEG channels will be ready to launch in HD when the 4 HD channels are available in 6 months (180 days per franchise).*

## **DIALOGUE WITH PEG MEMBERS**

The Public, Education and Government (PEG) Governance Board, chaired by Merlyn Reineke, has been overseeing a strengthening of programs that increase citizen participation and align well with current Committee priorities. In the new 2017 Strategic Plan included in the presentation slides, four major priorities are detailed and discussed on ©17:

1. Open Government
2. Collaboration
3. Community Engagement
4. Sustainability.

The Committee should engage with the PEG Governance Board members in reviewing the detailed strategies listed, and indicate legislative priorities that may align with this plan. In addition, new priorities of the Committee might be defined for inclusion in the actual FY17 PEG work plan, which is under development. Examples of such priorities not explicitly reflected in the preliminary Cable Plan may include:

- public WiFi
- provision of Internet to students
- clarification of Broadband Roadmap implementation funding requirements
- Programming initiatives for the County's diverse population.



**DEPARTMENT OF TECHNOLOGY SERVICES**

Isiah Leggett  
*County Executive*

Harash (Sonny) Segal  
*Chief Information Officer*

**MEMORANDUM**

January 15, 2016

TO: Nancy Floreen, President, Montgomery County Council

FROM: Phil Roter, Cable & Broadband Communications Administrator,   
Office of Cable and Broadband Services, Department of Technology Services

SUBJECT: FY2017 Preliminary Cable Plan

In accordance with General Provision 8 of Resolution 18-158, I am pleased to submit to you the preliminary Cable Communications Plan for FY2017. The FY2017 Strategic Plan for Montgomery County's public, education and government (PEG) access channels was developed by the PEG Governance Board (PGB). The FY2017 Preliminary Cable Fund display was prepared by the Office of Cable and Broadband Services, following guidelines of the Office of Management and Budget (OMB).

The PEG Governance Board FY2017 Strategic Plan contains four strategic priorities:

- Open Government
- Collaboration
- Audience Measurement and Marketing
- Sustainability

Merlyn Reineke, Chair of the PGB, will be available at the Government Operations committee hearing on January 28<sup>th</sup> to address any questions that Council members may have concerning the FY2017 Strategic Plan.

The FY2017 Preliminary Cable Plan includes estimated revenues, expenditures and beginning and ending fund balance developed using best available data. Updated revenue and expenditure projections for FY2016-FY2021 will be developed as FY2016 Second Quarter revenue information becomes available and will be provided with the County Executive's FY2017 Recommended Budget on March 15, 2016. The Preliminary Plan strives to:

- Ensure that County residents are able to receive the highest quality cable and advanced broadband services;
- Ensure that cable operators provide quality customer service;
- Monitor and positively impact federal and state legislation and regulation;
- Improve communications between the County and its residents;
- Increase services and programming to diverse and underserved populations;
- Continuously improve the quality of PEG programming through the use of new technology and communication platforms;
- Facilitate cooperative efforts and resource sharing among the participating public, educational, and government programming providers;
- Foster a competitive market environment in the County by supporting competitive neutral regulation and by encouraging efficient regulatory processes to support the provision of cable and broadband services; and
- Provide funding for FiberNet expansion and operation.

For additional information, please contact Phil Roter (Cable & Broadband Office) at 240-777-2886, Merlyn Reineke (PGB Chair) at 301-424-1730 x305, or Dennis Hetman (OMB) at 240-777-2770.

#### Attachments

cc: Harash (Sonny) Segal, Chief Information Officer, DTS  
Dieter Klinger, Chief Operating Officer, DTS  
Jason Rundell, Fiscal Manager, Office of Cable & Broadband Services, DTS  
Marjorie Williams, Franchise Manager, Office of Cable & Broadband Services, DTS  
Helen Ni, Fiscal Administrator, DTS  
PEG Governance Board

**FY2017 Priorities**  
**Office of Cable and Broadband Services**

Our mission for 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; FiberNet is expanded and operated to provide reliable voice, data, video and public safety communications to County government agencies; and a reliable and expedient process is provided for telecommunication carriers to establish transmission facilities in the county to speed deployment of services for residents while maintaining adequate public protection.

Our focus is on the following priorities:

1. Communications Technology Infrastructure:

- a. Improve the quality of programming by utilizing new technology, equipment purchases, training opportunities and communication platforms.
- b. Support of FiberNet, a fiber based communications network connecting government, education and community institutions that are capable of carrying video, data and voice applications.
- c. Provide funding for the operation, upgrade and expansion of FiberNet.

2. Community Engagement:

- a. Provide coverage of County Executive events, full County Council sessions and worksessions, committee sessions, town hall meetings, evening public hearings, state delegation hearings and special events as requested. These meetings are televised, streamed and available on-demand.
- b. Facilitate two way communications between the County and its residents.
- c. Use social media platforms to inform residents of programs and services (resources) provided by the County, emergency communications and traffic information.
- d. Facilitate cooperative efforts and resource sharing among participating public, educational, and government programming providers.
- e. Develop and support mobile applications that provide access to content produced by the County's public, education and government access channels including information about programs and services, healthy living, recreation, entertainment and educational opportunities.

3. Customer Support:

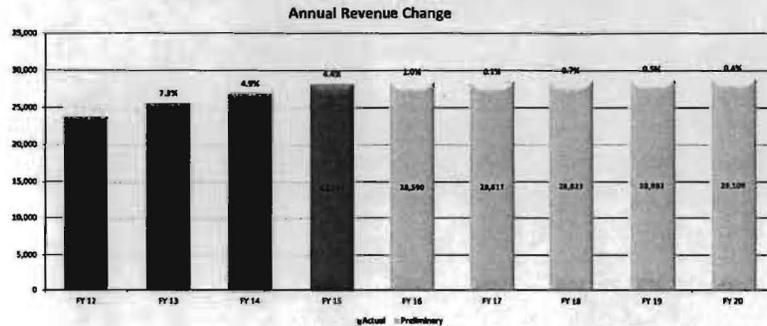
- a. Ensure that County residents are able to receive the highest quality cable and advanced broadband services.
- b. Ensure that cable operators provide quality customer service.
- c. Monitor and positively impact federal and state legislation and regulation.
- d. Foster a competitive market environment in the County by supporting competitive neutral regulation and by encouraging efficient regulatory processes to support the provision of cable and broadband services.
- e. Provide inspections of the cable provider's infrastructure to ensure franchise compliance.

4. Diversity:

- a. Increase services to diverse and underserved populations.
- b. Develop programming for youth, seniors and immigrant populations.
- c. Support youth media outreach initiatives.
- d. Provide closed captioning of programs in English and Spanish.

## Annual Revenue Change

Estimated 1<sup>st</sup> Quarter FY16



## Extending the Reach of Broadband

### Extending the reach of broadband in Montgomery County in 2015

- Low Density – Agricultural Reserve Pilot
- Low Income – Further enhancement of the Comcast Internet Essentials Program

### Agricultural Reserve Pilot Program Underway

- New Comcast agreement enables consumers to reduce the cost of connecting in low density areas
- First agreement with a "Franchisee Contribution" in Montgomery County
  - Sugarland Road pilot results expected Q2 2016 - 110 Homes
  - If proven successful - could be replicated
  - Franchisee contribution expected between 26% and 56% of construction costs

### Internet Essentials Program Significantly Improved

- Streamlined enrollment – children who attend schools with 50% or more participation in the NSLP are now instantly approved. Was 80% without auto approval.
- Families with a past due Comcast debt over one year old are now eligible to apply for Internet Essentials
- 2,300 connected IE households in Montgomery County out of 14,687 eligible households.

## Cord Cutting/Cord Shaving

Cord Cutting/Cord Shaving exists in Montgomery County today

Cable companies are focusing on packaging cable, internet and phone, expanding video-on-demand libraries, enhancing user interfaces and beefing up their authenticated "TV everywhere" offerings to make video, voice and data bundles a more attractive choice.

### Effect on Montgomery County

| Montgomery County Fiscal Year | Subscribers (000's) | % Annual Change | Avg. Rev. Per Subscriber | % Annual Change |
|-------------------------------|---------------------|-----------------|--------------------------|-----------------|
| FY12                          | 256                 | 2.8%            | 96.37                    | 4.0%            |
| FY13                          | 263                 | 2.4%            | 101.74                   | 5.6%            |
| FY14                          | 266                 | 1.5%            | 104.02                   | 2.2%            |
| FY15                          | 269                 | 0.9%            | 107.51                   | 3.4%            |

- Since 2012 cable franchisee subscriptions have flattened out.
- Revenue per subscriber has grown in the same period by 12%.
- In Montgomery County, Comcast charges less for a bundle of Internet, plus limited or expanded basic service, than for standalone internet service.
- The revenue impact on "Cable Services" is unclear and is considered in projections of future revenue.

## Communication Law and Policy

### Cable Office Policy Updates and Involvement

NATOA Policy and Legal Committee – Monthly Call

TeleCommunity – Monthly Call

CAPATOA Policy– Monthly Call

ACM Public Policy – Monthly Call

NATOA and ACM Meetings

### Examples of Specific Legislation or action

MVPD/OTT – Exparte letter writing campaign

Verizon Listings – PEG closed captioning workshop

FCC Tower Collocation Rules

FCC 621 order on courtesy accounts

FCC Effective Competition Order

**FY2017 Strategic Plan  
PEG Governance Board**

**FOUR STRATEGIC PRIORITIES—**

**1. Open Government & Open Data:**

- a. Continue to find innovative ways to partner with the County Executive and Council agencies to focus on Open Government initiatives and transparency through meeting coverage and promotion.
- b. Leveraging 'County Report This Week' and MCM's community engagement website and studios, **promote Open Data Sets Initiative** outreach efforts to Montgomery County-based businesses to encourage application development, and promote demand for data set usage by the public. Help residents to understand what Open Data is and what it can do.
- c. Using the newly-developed ConnectMontgomery.com website and app, the PEGs will promote the availability of County Council and municipal meetings to new audiences on mobile devices.
- d. Using their collaborative media resources, the PEGs will **support Montgomery County government and educational institutions' efforts in addressing the Youth Achievement Gap.**
- e. Working with the County's new Economic Development Authority, **the PEGs will play a key supporting role in the new Montgomery County Marketing & Branding Initiative.**

**2. Collaboration:**

- a. Internal Customers:
  - i. Building on the most collaborative PEG cablecast program in the country, (the award-winning 'County Report This Week'), the PEGs will enhance their use of a **shared 'story assignment desk' and multiplatform content** strategies to increase efficiencies and engagement in local news and events coverage in this post-Gazette era.
  - ii. **The PGB will continue to recommend allocations for the all PEG capital expenditures from the Cable Communications Plan budget.** This fully collaborative process, involving the Technical Staff expertise of all PEG organizations, will ensure the best use of shared technologies and allocation of capital funds.
- b. External Customers:
  - i. By partnering with the Board of Elections and the League of Women Voters, the PEGs will **increase voter participation** by highlighting candidates and issues in the upcoming election.
  - ii. Continue to allocate resources to increase engagement with youth and multicultural communities, including those for whom English may not be a primary language, with the goal to **increase participation and awareness of government, school, college and community-based services and programs.**

**3. Community Engagement & Audiences:**

- a. PGB will continue to **measure the perspectives and reach of the PEG programming audience** and obtain additional feedback on programming to help guide collaborative productions.
- b. With data from Internet & Social Media platforms, the PGB will continue to **measure its rapidly growing online, broadband and mobile audience engagement.**
- c. The new **'Connecting Montgomery' slogan and shared PEG logo** will be leveraged on-air, online and during all PEG events in the coming year.

- d. To increase audience awareness of PEG content offerings, PEG members will **develop and implement a cross-promotion campaign** of key programs to grow interest, awareness and sampling of PEG programming and services.
- e. Each PEG will strive for compliance in including **Closed Captioning for on-air and online content**.

4. *Sustainability:*

- a. Develop a FY17 Training Plan that implements vital professional development support for all PEG staff, with **emphasis on social media and video production ‘best practices’**.
- b. The PEG Governance Board will **enhance responsive design components to promote mobile friendly websites, apps and other emerging platforms** for their content. The PEGs will describe and promote content especially in the current absence of an interactive guide on Verizon.
- c. Building on the success of the *Salute to Vietnam Veterans* project, the PGB will **develop projects that seek additional outside grant and/or corporate funding** by leveraging the fundraising capability of Montgomery College, MCPS and MCM. These funds will be invested back in targeted-programming, developed by the collective PEG members.
- d. Analyzing current needs and future requirements, the PGB will make cost/benefit **recommendations for new technologies** that will reduce capital expenses while increasing the ability for PEG members to share multiplatform content.

**Vision for the PEG Governance Board:**

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 with focus on locally produced media anytime, anywhere. Bound together by geography, the communities of Montgomery County (as identified by language, culture, and common interests, as well as by municipality, where applicable) will utilize content facilitated by the PEG organizations 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 organizations 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 organizations 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.

**Members:**

|                                   |                                       |
|-----------------------------------|---------------------------------------|
| County Cable Montgomery:          | Patrick Lacefield (County Executive)  |
|                                   | Neil Greenberger (County Council)     |
|                                   | Donna Keating (Media Services Branch) |
| Montgomery College:               | Melissa Pace                          |
| Montgomery Community Media:       | Merlyn Reineke (Chair)                |
| Montgomery County Public Schools: | Dr. Dick Lipsky                       |
| Cable Office:                     | Phil Roter (non-voting)               |

**FY17 PRELIMINARY CABLE COMMUNICATIONS PLAN (in \$000's)**

|           | App<br>FY15   | EST<br>FY15   | App<br>FY16   | Est<br>FY16   | Proj.<br>FY17 | Proj.<br>FY18 | Proj.<br>FY19 | Proj.<br>FY20 | Proj.<br>FY21 |               |
|-----------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>1</b>  | <b>BEGINNING FUND BALANCE</b>                           |               |               |               |               |               |               |               |               |               |
|           | (422)   | 136           | 1,231         | 1,905         | 1,480         | 1,425         | 1,434         | 1,441         | 1,447         |               |
| <b>2</b>  | <b>REVENUES</b>   |               |               |               |               |               |               |               |               |               |
| <b>3</b>  | Franchise Fees <sup>1</sup>                             | 17,002        | 17,330        | 17,281        | 17,539        | 17,661        | 17,773        | 17,868        | 17,942        | 18,018        |
| <b>4</b>  | Gaithersburg PEG Contribution <sup>3</sup>              | 175           | 177           | 168           | 173           | 170           | 167           | 165           | 164           | 164           |
| <b>5</b>  | PEG Operating Grant <sup>1,2,3</sup>                    | 2,289         | 2,278         | 4,110         | 3,251         | 4,120         | 4,056         | 4,013         | 3,991         | 3,968         |
| <b>6</b>  | PEG Capital Grant <sup>1,2,3</sup>                      | 6,277         | 6,559         | 6,298         | 6,563         | 6,517         | 6,647         | 6,747         | 6,814         | 6,882         |
| <b>7</b>  | FiberNet Operating & Equipment Grant <sup>4</sup>       | 1,800         | 1,792         | 0             | 903           | 0             | 0             | 0             | 0             | 0             |
| <b>8</b>  | Interest Earned   | 0             | 8             | 11            | 11            | 0             | 0             | 0             | 0             | 0             |
| <b>9</b>  | TFCG Application Review Fees                            | 120           | 140           | 150           | 150           | 150           | 150           | 150           | 150           | 150           |
| <b>10</b> | Miscellaneous   |               | 10            |               |               |               |               |               |               |               |
| <b>12</b> | <b>TOTAL ANNUAL REVENUES</b>                            | <b>27,663</b> | <b>28,293</b> | <b>28,019</b> | <b>28,590</b> | <b>28,617</b> | <b>28,793</b> | <b>28,943</b> | <b>29,061</b> | <b>29,182</b> |
| <b>13</b> | <b>TOTAL RESOURCES-CABLE FUND</b>                       | <b>27,241</b> | <b>28,429</b> | <b>29,250</b> | <b>30,495</b> | <b>30,098</b> | <b>30,218</b> | <b>30,377</b> | <b>30,503</b> | <b>30,630</b> |
| <b>14</b> | <b>EXPENDITURE OF RESTRICTED FUNDS<sup>5</sup></b>      |               |               |               |               |               |               |               |               |               |
| <b>15</b> | <b>A. EXPENDITURE OF RESTRICTED CAPITAL FUNDS</b>       |               |               |               |               |               |               |               |               |               |
| <b>16</b> | <b>Municipal Capital Support<sup>6</sup></b>            |               |               |               |               |               |               |               |               |               |
| <b>17</b> | Rockville Equipment                                     | 894           | 923           | 946           | 956           | 978           | 997           | 1,012         | 1,022         | 1,033         |
| <b>18</b> | Takoma Park Equipment                                   | 894           | 923           | 946           | 956           | 978           | 997           | 1,012         | 1,022         | 1,033         |
| <b>19</b> | Municipal League Equipment                              | 824           | 923           | 946           | 956           | 978           | 997           | 1,012         | 1,022         | 1,033         |
| <b>20</b> | <b>SUBTOTAL</b>   | <b>2,611</b>  | <b>2,770</b>  | <b>2,837</b>  | <b>2,867</b>  | <b>2,933</b>  | <b>2,990</b>  | <b>3,035</b>  | <b>3,066</b>  | <b>3,098</b>  |
| <b>21</b> | PEG Capital <sup>7</sup>                                | 852           | 853           | 714           | 714           | 852           | 2,204         | 2,580         | 2,616         | 2,647         |
| <b>22</b> | FiberNet - CIP  | 3,748         | 2,979         | 4,098         | 4,098         | 4,193         | 4,390         | 4,340         | 4,250         | 4,069         |
| <b>23</b> | (Must be greater or equal to Line 6) <b>SUBTOTAL</b>    | <b>7,211</b>  | <b>6,602</b>  | <b>7,649</b>  | <b>7,678</b>  | <b>7,978</b>  | <b>9,584</b>  | <b>9,955</b>  | <b>9,932</b>  | <b>9,814</b>  |
| <b>24</b> | <b>B. EXPENDITURE OF OTHER RESTRICTED FUNDS</b>         |               |               |               |               |               |               |               |               |               |
| <b>25</b> | <b>Municipal Franchise Fee Distribution<sup>8</sup></b> |               |               |               |               |               |               |               |               |               |
| <b>26</b> | City of Rockville                                       | 668           | 701           | 700           | 740           | 757           | 761           | 765           | 770           | 774           |
| <b>27</b> | City of Takoma Park                                     | 240           | 246           | 245           | 245           | 243           | 243           | 244           | 245           | 246           |
| <b>28</b> | Other Municipalities                                    | 266           | 270           | 271           | 268           | 268           | 270           | 272           | 274           | 276           |
| <b>29</b> | <b>SUBTOTAL</b>   | <b>1,174</b>  | <b>1,217</b>  | <b>1,216</b>  | <b>1,253</b>  | <b>1,268</b>  | <b>1,275</b>  | <b>1,282</b>  | <b>1,289</b>  | <b>1,296</b>  |
| <b>30</b> | <b>Municipal Operating Support<sup>9</sup></b>          |               |               |               |               |               |               |               |               |               |
| <b>31</b> | Rockville PEG Support                                   | 76            | 76            | 77            | 77            | 78            | 81            | 84            | 87            | 91            |
| <b>32</b> | Takoma Park PEG Support                                 | 76            | 76            | 77            | 77            | 78            | 81            | 84            | 87            | 91            |
| <b>33</b> | Muni. League PEG Support                                | 146           | 76            | 77            | 77            | 78            | 81            | 84            | 87            | 91            |
| <b>34</b> | <b>SUBTOTAL</b>   | <b>299</b>    | <b>228</b>    | <b>232</b>    | <b>230</b>    | <b>234</b>    | <b>242</b>    | <b>251</b>    | <b>261</b>    | <b>272</b>    |
| <b>35</b> | <b>SUBTOTAL</b>   | <b>1,473</b>  | <b>1,445</b>  | <b>1,448</b>  | <b>1,483</b>  | <b>1,502</b>  | <b>1,517</b>  | <b>1,533</b>  | <b>1,550</b>  | <b>1,568</b>  |
| <b>36</b> | <b>TOTAL EXPENDITURES OF RESTRICTED FUNDS</b>           | <b>8,684</b>  | <b>8,047</b>  | <b>9,097</b>  | <b>9,161</b>  | <b>9,480</b>  | <b>11,100</b> | <b>11,487</b> | <b>11,482</b> | <b>11,382</b> |
| <b>37</b> | <b>NET TOTAL ANNUAL REVENUES</b>                        | <b>18,979</b> | <b>20,246</b> | <b>18,922</b> | <b>19,429</b> | <b>19,137</b> | <b>17,693</b> | <b>17,456</b> | <b>17,579</b> | <b>17,800</b> |
| <b>38</b> | <b>NET TOTAL RESOURCES-CABLE FUND</b>                   | <b>18,557</b> | <b>20,382</b> | <b>20,153</b> | <b>21,334</b> | <b>20,618</b> | <b>19,118</b> | <b>18,889</b> | <b>19,021</b> | <b>19,247</b> |
| <b>39</b> | <b>EXPENDITURES OF NON-RESTRICTED FUNDS</b>             |               |               |               |               |               |               |               |               |               |
| <b>40</b> | <b>A. Transmission Facilities Coordinating Group</b>    |               |               |               |               |               |               |               |               |               |
| <b>41</b> | TFCG Application Review                                 | 175           | 175           | 190           | 190           | 194           | 198           | 202           | 207           | 211           |
| <b>42</b> | <b>SUBTOTAL</b>   | <b>175</b>    | <b>175</b>    | <b>190</b>    | <b>190</b>    | <b>194</b>    | <b>198</b>    | <b>202</b>    | <b>207</b>    | <b>211</b>    |
| <b>43</b> | <b>B. FRANCHISE ADMINISTRATION</b>                      |               |               |               |               |               |               |               |               |               |
| <b>44</b> | Personnel Costs - Cable Administration                  | 840           | 825           | 885           | 885           | 919           | 956           | 997           | 1,040         | 1,085         |
| <b>45</b> | Personnel Costs - DTS Administration                    | 76            | 81            | 82            | 82            | 85            | 89            | 93            | 97            | 101           |
| <b>46</b> | Personnel Costs - Charges for County Atty               | 110           | 118           | 119           | 119           | 123           | 128           | 134           | 139           | 146           |
| <b>47</b> | Operating   | 81            | 89            | 75            | 75            | 51            | 52            | 53            | 55            | 56            |
| <b>48</b> | Engineering & Inspection Services                       | 88            | 88            | 98            | 98            | 99            | 101           | 104           | 106           | 108           |
| <b>49</b> | Legal and Professional Services                         | 268.161       | 145           | 168           | 168           | 171           | 175           | 179           | 183           | 187           |
| <b>50</b> | <b>SUBTOTAL</b>   | <b>1,463</b>  | <b>1,346</b>  | <b>1,426</b>  | <b>1,426</b>  | <b>1,450</b>  | <b>1,502</b>  | <b>1,559</b>  | <b>1,619</b>  | <b>1,682</b>  |
| <b>51</b> | <b>SUBTOTAL</b>   | <b>1,638</b>  | <b>1,521</b>  | <b>1,616</b>  | <b>1,616</b>  | <b>1,644</b>  | <b>1,700</b>  | <b>1,761</b>  | <b>1,826</b>  | <b>1,894</b>  |
| <b>52</b> | <b>C. MONTGOMERY COUNTY GOVERNMENT - CCM</b>            |               |               |               |               |               |               |               |               |               |
| <b>53</b> | <b>Media Production &amp; Engineering</b>               |               |               |               |               |               |               |               |               |               |
| <b>54</b> | Personnel Costs   | 907           | 839           | 647           | 647           | 673           | 700           | 729           | 761           | 794           |
| <b>55</b> | Operating   | 31            | 90            | 31            | 31            | 32            | 33            | 33            | 34            | 35            |
| <b>56</b> | Contracts - TV Production                               | 87            | 79            | 87            | 87            | 89            | 91            | 93            | 95            | 97            |
| <b>57</b> | New Media, Webstreaming & VOD Services                  | 38            | 47            | 38            | 38            | 39            | 40            | 40            | 41            | 42            |
| <b>58</b> | <b>SUBTOTAL</b>   | <b>1,064</b>  | <b>1,055</b>  | <b>804</b>    | <b>804</b>    | <b>832</b>    | <b>863</b>    | <b>896</b>    | <b>931</b>    | <b>968</b>    |
| <b>59</b> | <b>Public Information Office</b>                        |               |               |               |               |               |               |               |               |               |
| <b>60</b> | Personnel Costs   | 774           | 758           | 796           | 796           | 828           | 861           | 897           | 936           | 976           |
| <b>61</b> | Operating Expenses                                      | 12            | 12            | 12            | 12            | 12            | 13            | 13            | 13            | 14            |
| <b>62</b> | Contracts - TV Production                               | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>63</b> | <b>SUBTOTAL</b>   | <b>787</b>    | <b>770</b>    | <b>809</b>    | <b>809</b>    | <b>840</b>    | <b>874</b>    | <b>910</b>    | <b>949</b>    | <b>990</b>    |
| <b>64</b> | <b>County Council</b>                                   |               |               |               |               |               |               |               |               |               |
| <b>65</b> | Personnel Costs   | 179           | 184           | 485           | 485           | 504           | 525           | 547           | 571           | 595           |
| <b>66</b> | Operating Expenses                                      | 13            | 18            | 13            | 13            | 13            | 14            | 14            | 14            | 14            |
| <b>67</b> | Contracts - TV Production                               | 152           | 152           | 152           | 152           | 154           | 158           | 161           | 165           | 169           |
| <b>68</b> | General Sessions and Committee Meetings                 | 101           | 101           | 101           | 101           | 103           | 105           | 107           | 110           | 113           |
| <b>69</b> | Multi-Lingual/Cultural Production Services              | 91            | 91            | 91            | 91            | 93            | 95            | 97            | 99            | 101           |
| <b>70</b> | <b>SUBTOTAL</b>   | <b>536</b>    | <b>546</b>    | <b>842</b>    | <b>842</b>    | <b>868</b>    | <b>896</b>    | <b>926</b>    | <b>958</b>    | <b>992</b>    |
| <b>71</b> | <b>MNCPPC</b>   |               |               |               |               |               |               |               |               |               |
| <b>72</b> | Contracts - TV Production                               | 99            | 99            | 99            | 99            | 100           | 103           | 105           | 107           | 110           |
| <b>73</b> | New Media, Webstreaming & VOD Services                  | 24            | 24            | 24            | 24            | 25            | 25            | 26            | 26            | 27            |
| <b>74</b> | <b>SUBTOTAL</b>   | <b>123</b>    | <b>123</b>    | <b>123</b>    | <b>123</b>    | <b>125</b>    | <b>128</b>    | <b>131</b>    | <b>134</b>    | <b>137</b>    |
| <b>75</b> | <b>SUBTOTAL</b>   | <b>2,509</b>  | <b>2,494</b>  | <b>2,578</b>  | <b>2,578</b>  | <b>2,666</b>  | <b>2,760</b>  | <b>2,863</b>  | <b>2,973</b>  | <b>3,087</b>  |

7

**FY17 PRELIMINARY CABLE COMMUNICATIONS PLAN (in \$000's)**

|   | App<br>FY15    | EST<br>FY15   | App<br>FY16   | Est<br>FY16   | Proj.<br>FY17 | Proj.<br>FY18 | Proj.<br>FY19 | Proj.<br>FY20 | Proj.<br>FY21 |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>76 D. MONTGOMERY COLLEGE - MCITV</b>                     |                |               |               |               |               |               |               |               |               |
| 77 Personnel Costs  | 1,344          | 1,344         | 1,456         | 1,456         | 1,513         | 1,575         | 1,641         | 1,712         | 1,785         |
| 78 Operating Expenses                                       | 86             | 86            | 86            | 86            | 88            | 89            | 91            | 94            | 96            |
| 79 <b>SUBTOTAL</b>  | <b>1,430</b>   | <b>1,430</b>  | <b>1,542</b>  | <b>1,542</b>  | <b>1,492</b>  | <b>1,560</b>  | <b>1,560</b>  | <b>1,560</b>  | <b>1,560</b>  |
| <b>80 E. PUBLIC SCHOOLS - MCPS ITV</b>                      |                |               |               |               |               |               |               |               |               |
| 81 Personnel Costs  | 1,490          | 1,490         | 1,548         | 1,548         | 1,609         | 1,674         | 1,744         | 1,820         | 1,898         |
| 82 Operating Expenses                                       | 106            | 106           | 106           | 106           | 108           | 110           | 112           | 115           | 118           |
| 83 <b>SUBTOTAL</b>  | <b>1,596</b>   | <b>1,596</b>  | <b>1,654</b>  | <b>1,654</b>  | <b>1,717</b>  | <b>1,784</b>  | <b>1,857</b>  | <b>1,935</b>  | <b>2,016</b>  |
| <b>84 F. COMMUNITY ACCESS PROGRAMMING<sup>1</sup></b>       |                |               |               |               |               |               |               |               |               |
| 85 Personnel Costs  | 1,954          | 1,954         | 2,042         | 2,042         | 2,122         | 2,208         | 2,300         | 2,400         | 2,503         |
| 86 Operating Expenses                                       | 67             | 67            | 67            | 67            | 68            | 70            | 71            | 73            | 75            |
| 87 Rent & Utilities   | 385            | 385           | 396           | 396           | 404           | 412           | 421           | 431           | 441           |
| 88 New Media, Webstreaming & VOD Services                   | 23             | 23            | 23            | 23            | 24            | 24            | 25            | 25            | 26            |
| 89 <b>SUBTOTAL</b>  | <b>2,429</b>   | <b>2,429</b>  | <b>2,528</b>  | <b>2,528</b>  | <b>2,618</b>  | <b>2,714</b>  | <b>2,818</b>  | <b>2,929</b>  | <b>3,045</b>  |
| <b>90 G. PEG OPERATING</b>                                  |                |               |               |               |               |               |               |               |               |
| 91 Operating Expenses                                       | 116            | 95            | 206           | 206           | 185           | 189           | 193           | 197           | 202           |
| 92 Youth and Arts Community Media                           | 150            | 150           | 100           | 100           | 102           | 104           | 106           | 109           | 111           |
| 93 Community Engagement                                     | 91             | 91            | 91            | 91            | 93            | 95            | 97            | 99            | 101           |
| 94 Closed Captioning  | 130            | 130           | 163           | 163           | 166           | 170           | 173           | 189           | 189           |
| 95 Technical Operations Center (TOC)                        | 10             | 8             | 10            | 10            | 10            | 10            | 11            | 11            | 11            |
| 96 Mobile Production Vehicle                                | 22             | 9             | 19            | 19            | 19            | 20            | 20            | 21            | 21            |
| 97 <b>SUBTOTAL</b>  | <b>518,288</b> | <b>484</b>    | <b>590</b>    | <b>590</b>    | <b>575</b>    | <b>587</b>    | <b>600</b>    | <b>626</b>    | <b>636</b>    |
| <b>98 H. FIBERNET OPERATING</b>                             |                |               |               |               |               |               |               |               |               |
| 99 FiberNet - Personnel Charges for DTS                     | 689            | 546           | 727           | 727           | 756           | 786           | 819           | 855           | 892           |
| 100 FiberNet - Operations & Maintenance DTS                 | 1,131          | 1,308         | 1,126         | 1,126         | 1,147         | 1,171         | 1,197         | 1,224         | 1,253         |
| 101 FiberNet - Network Operations Center                    |                |               | 729           | 729           | 910           | 910           | 910           | 910           | 910           |
| 102 FiberNet - Personnel Charges for DOT                    | 76             | 76            | 101           | 101           | 105           | 109           | 114           | 118           | 124           |
| 103 FiberNet - Operations & Maintenance DOT                 | 359            | 238           | 351           | 351           | 357           | 365           | 373           | 381           | 390           |
| 104 <b>SUBTOTAL</b>   | <b>2,255</b>   | <b>2,169</b>  | <b>3,034</b>  | <b>3,034</b>  | <b>3,275</b>  | <b>3,341</b>  | <b>3,412</b>  | <b>3,489</b>  | <b>3,568</b>  |
| <b>105 I. MISS UTILITY COMPLIANCE</b>                       |                |               |               |               |               |               |               |               |               |
| 106 Miss Utility Compliance                                 | 420            | 374           | 420           | 420           | 428           | 437           | 447           | 457           | 467           |
| 107 <b>SUBTOTAL</b>   | <b>420</b>     | <b>374</b>    | <b>420</b>    | <b>420</b>    | <b>428</b>    | <b>437</b>    | <b>447</b>    | <b>457</b>    | <b>467</b>    |
| <b>108 TOTAL EXPENDITURE OF UNRESTRICTED FUNDS</b>          | <b>12,796</b>  | <b>12,497</b> | <b>13,963</b> | <b>13,963</b> | <b>14,414</b> | <b>14,883</b> | <b>15,317</b> | <b>15,795</b> | <b>16,274</b> |
| <b>109 TOTAL EXPENDITURE OF RESTRICTED FUNDS</b>            | <b>8,684</b>   | <b>8,047</b>  | <b>9,097</b>  | <b>9,161</b>  | <b>9,480</b>  | <b>11,100</b> | <b>11,487</b> | <b>11,482</b> | <b>11,382</b> |
| <b>110 TOTAL EXPENDITURES - PROGRAMS</b>                    | <b>21,480</b>  | <b>20,544</b> | <b>23,059</b> | <b>23,124</b> | <b>23,894</b> | <b>25,984</b> | <b>26,804</b> | <b>27,277</b> | <b>27,656</b> |
| <b>111 J. OTHER</b>   |                |               |               |               |               |               |               |               |               |
| 112 Indirect Costs Transfer to Gen Fund                     | 579            | 579           | 614           | 614           | 638           | 664           | 692           | 722           | 753           |
| 113 Indirect Costs Transfer to Gen Fund (ERP & MCTime)      | 30             | 30            | -             | -             | 0             | 0             | 0             | 0             | 0             |
| 114 Transfer to the General Fund                            | 4,266          | 4,266         | 4,787         | 4,787         | 3,650         | 1,647         | 949           | 567           | 277           |
| 115 Legislative Community Communications NDA                | 488            | 488           | 490           | 490           | 490           | 490           | 490           | 490           | 490           |
| 116 <b>SUBTOTAL</b>   | <b>5,363</b>   | <b>5,363</b>  | <b>5,891</b>  | <b>5,891</b>  | <b>4,778</b>  | <b>2,801</b>  | <b>2,131</b>  | <b>1,779</b>  | <b>1,520</b>  |
| <b>117 TOTAL EXPENDITURES</b>                               | <b>26,843</b>  | <b>25,907</b> | <b>28,951</b> | <b>29,015</b> | <b>28,673</b> | <b>28,784</b> | <b>28,936</b> | <b>29,056</b> | <b>29,176</b> |
| <b>118 K. ADJUSTMENTS</b>                                   |                |               |               |               |               |               |               |               |               |
| 119 Prior Year Adjustments                                  | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| 120 Encumbrance Adjustment                                  | 0              | 601           | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| 121 Transfer for Vehicle                                    |                | 16            | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| 122 CIP - Designated Claim on Fund                          | 0              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| 123 <b>TOTAL ADJUSTMENTS</b>                                | <b>0</b>       | <b>617</b>    | <b>0</b>      |
| <b>124 FUND BALANCE</b>                                     | <b>398</b>     | <b>1,905</b>  | <b>299</b>    | <b>1,480</b>  | <b>1,425</b>  | <b>1,434</b>  | <b>1,441</b>  | <b>1,447</b>  | <b>1,453</b>  |
| <b>125 FUND BALANCE PER POLICY GUIDANCE<sup>5</sup></b>     | <b>1,370</b>   | <b>1,398</b>  | <b>1,395</b>  | <b>1,416</b>  | <b>1,425</b>  | <b>1,434</b>  | <b>1,441</b>  | <b>1,447</b>  | <b>1,453</b>  |
| <b>126 L. SUMMARY - EXPENDITURES BY FUNDING SOURCE</b>      |                |               |               |               |               |               |               |               |               |
| 127 Transfer to Gen Fund-Indirect Costs                     | 610            | 610           | 614           | 614           | 638           | 664           | 692           | 722           | 753           |
| 128 Transfer to Gen Fund-Mont Coll Cable Fund <sup>6</sup>  | 1,430          | 1,430         | 1,542         | 1,542         | 1,492         | 1,560         | 1,560         | 1,560         | 1,560         |
| 129 Transfer to Gen Fund-Public Sch Cable Fund <sup>6</sup> | 1,596          | 1,596         | 1,654         | 1,654         | 1,717         | 1,784         | 1,857         | 1,935         | 2,016         |
| 130 Transfer to CIP Fund                                    | 3,748          | 2,979         | 4,098         | 4,098         | 4,193         | 4,390         | 4,340         | 4,250         | 4,069         |
| 131 Transfer to the General Fund-Other                      | 4,266          | 4,266         | 4,787         | 4,787         | 3,650         | 1,647         | 949           | 567           | 277           |
| 132 Transfer to the General Fund-Legislative Branch NDA     | 488            | 488           | 490           | 490           | 490           | 490           | 490           | 490           | 490           |
| 133 <b>FUND TRANSFERS SUBTOTAL</b>                          | <b>12,137</b>  | <b>11,368</b> | <b>13,186</b> | <b>13,186</b> | <b>12,180</b> | <b>10,535</b> | <b>9,888</b>  | <b>9,523</b>  | <b>9,165</b>  |
| <b>134 Cable Fund Expenditure of Unrestricted Funds</b>     | <b>9,770</b>   | <b>9,471</b>  | <b>10,766</b> | <b>10,766</b> | <b>11,206</b> | <b>11,539</b> | <b>11,900</b> | <b>12,300</b> | <b>12,698</b> |
| <b>135 Cable Fund Direct Expenditures</b>                   | <b>14,706</b>  | <b>14,539</b> | <b>15,765</b> | <b>15,829</b> | <b>16,493</b> | <b>18,249</b> | <b>19,048</b> | <b>19,532</b> | <b>20,011</b> |
| <b>136 Cable Fund Personnel</b>                             | <b>6,651</b>   | <b>3,428</b>  | <b>3,843</b>  | <b>3,843</b>  | <b>3,993</b>  | <b>4,155</b>  | <b>4,329</b>  | <b>4,516</b>  | <b>4,711</b>  |
| <b>137 Cable Fund Operating</b>                             | <b>11,055</b>  | <b>11,111</b> | <b>11,922</b> | <b>11,986</b> | <b>12,500</b> | <b>14,095</b> | <b>14,718</b> | <b>15,016</b> | <b>15,299</b> |

**Notes:** 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, transfers, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.

- Subject to municipal pass-through payment.
- Restricted revenue and expenditures: Certain Cable Fund revenues, required in excess of the federal limit on franchise fees, and corresponding expenditures (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, and may only be used for permissible federal purposes and in a manner consistent with applicable agreements.
- The Comcast franchise renewal process is ongoing and specific elements of a final agreement are uncertain. Restricted categories such as PEG Capital and Operating support revenues, as well as Municipal Capital and Operating Support expenditures, will be affected. Municipal cost sharing is dependent on final negotiation of agreements between the County and municipalities. The County may require Capital Grants based on community needs. The County may negotiate, but may not require Operating Grants in addition to Franchise Fees. FY16-FY21 assumes that the County will receive payments from Comcast calculated at a new franchise agreement, but assumes Municipal payments as similar to the previous franchise agreement.
- Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to provide community access media services.
- Fund balance per policy guidance is calculated as 8% of total unrestricted revenue (franchise fees, transfer fees, and investment income).

8



# 2017 Preliminary Cable Plan

Prepared for the GO Committee  
January 28, 2016





# Office of Cable and Broadband

# Annual Revenue Change

Estimated 1st Quarter FY16



# Extending the Reach of Broadband



## More Broadband

- Low Density - Agricultural Reserve
- Low Income - Further enhancement of the Comcast Essentials Program

## Ag Reserve Pilot Program Underway

- New Comcast agreement enables consumers to reduce the cost of connecting in low density areas
- First agreement with a "Franchisee Contribution" in County
- Sugarland Road pilot results expected Q2 2016 - 110 Homes
- If proven successful - could be replicated
- Franchisee contribution expected between 26% and 56% of construction costs

## Internet Essentials Improved

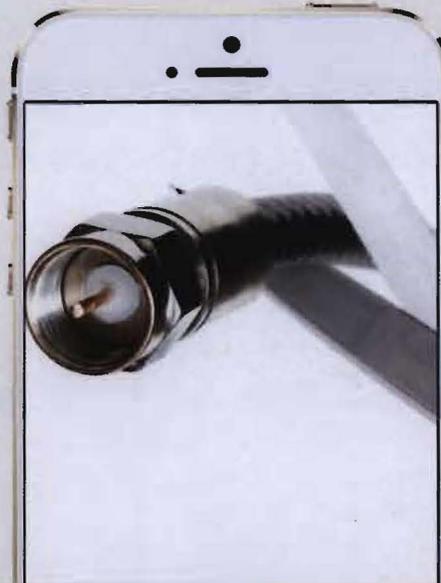
- Streamlined enrollment - children who attend schools with 50% or more participation in the NSLP are now instantly approved. Was 80% without auto approval
- Families with a past due Comcast debt over one year old are now eligible to apply for Internet Essentials
- 2,300 connected IE households in Montgomery County out of 14,687 eligible households

# Cord Cutting/Cord Shaving

This trend already exists in Montgomery County today

## Effect on Montgomery County

|      | Subscribers<br>(000's) | % Annual<br>Change | Avg. Rev. per<br>Subscriber | % Annual<br>Change |
|------|------------------------|--------------------|-----------------------------|--------------------|
| FY12 | 256                    | 2.8%               | 96.37                       | 4.0%               |
| FY13 | 263                    | 2.4%               | 101.74                      | 5.6%               |
| FY14 | 266                    | 1.5%               | 104.02                      | 2.2%               |
| FY15 | 269                    | 0.9%               | 107.51                      | 3.4%               |



Since 2012 cable franchisee subscriptions have flattened out



Revenue per subscriber has grown in the same period by 12%



In Montgomery County, Comcast charges less for a bundle of Internet, plus limited or expanded basic service, than for standalone internet service



The revenue impact on "Cable Services" is unclear and is considered in projections of future revenue

Cable companies are focusing on packaging cable, internet and phone, expanding video-on-demand libraries, enhancing user interfaces and beefing up their authenticated "TV everywhere" offerings to make video, voice and data bundles a more attractive choice.

# COMMUNICATIONS LAW AND POLICY

## **Cable Office Policy Updates and Involvement**

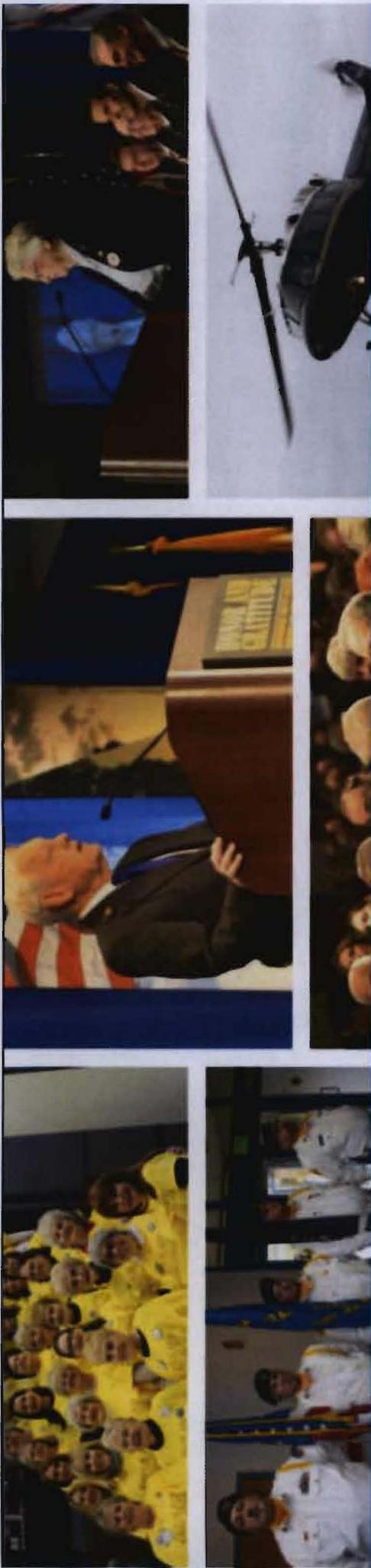
- NATOA Policy and Legal Committee – Monthly Call
- TeleCommunity – Monthly Call
- CAPATOA Policy– Monthly Call
- ACM Public Policy – Monthly Call
- NATOA and ACM Meetings

## **Examples of Specific Legislation or action**

- MVPD/IP as a cable service – FCC would define video service delivered via the internet as a non-cable service.
- Verizon PEG Listings – Not provided anywhere in the States. PEG closed captioning workshop, outreach to Verizon corporate.
- FCC Tower Collocation Rules – Congress required local governments to approve “non-substantial” modifications to wireless towers and base stations
- FCC 621 - FCC order stating that incumbent cable operators should be permitted to deduct the cost of providing in-kind services, such as courtesy accounts.

# OPPORTUNITIES

- Launch of 4 High Definition PEG channels throughout the County
- Provide funding for the operation, upgrade, and expansion of Fibernet.
- Increase services to diverse and underserved populations.
- Launch of the Customer Service App that will allow county cable Right-of-way inspectors to file construction violations to the franchisees immediately.
- Work with residents in the Agricultural Reserve who do not meet density requirements to obtain cable and broadband services
- Support the efforts of the PEG Governance Board and our collective goal of increasing the relevance and viewership of the PEG content.
- Be “device indifferent” and “network agnostic” as we transition from seeing ourselves as providers of television channels to content creators and distributors.
- Reach new audiences and promote our programming by launching a PEG application as a program promotion and branding strategy.
- Utilize annual audience measurement to build research based programming models to increase the reach of our content.



# PEG GOVERNANCE BOARD

# THE PEG PARTNERSHIP

Unique and diverse media content available to all county residents... anytime, anywhere

## VISION OF THE PEG GOVERNANCE BOARD

Through shared resources and collaborative projects, the PEG Governance Board helps residents use new media technologies to bridge the digital gap and improve their homes, families and workplaces.

The PEGs serve as a key component of what will become the best informed and engaged county in America.

### OPEN GOVERNMENT

Leveraging PEG resources to help inform public on top county priorities



### COMMUNITY ENGAGEMENT & AUDIENCES

Implementing programs responsive to diverse community needs

### COLLABORATION

Unique projects that utilize the combined resources and expertise of the PEGs

### SUSTAINABILITY

Grow community support and audiences for PEG content



# Helping Council Communicate with the Community

Leveraging PEGs many media platforms to drive information and community engagement

## Example: Pedestrian Safety



With the demise of The Gazette, the PEGs have stepped-up and covered every major news conference and story on this life-and-death county issue



## Other Unique Coverage:

### New EconDev Authority



Liquor Control



Working Families

New in 2016



The new PEG app/website 'Connect Montgomery' goes Live, serving as a content destination for ALL PEG programming, including Council hearings & work sessions

# Leveraging Partnerships to Increase Impact

PEGs are reaching across the community to partner on vital projects



## VETERANS

The PEGs partnered with the Commission on Veterans Affairs and numerous other vet groups to stage the largest Vietnam veterans event in County history



## HEALTH CARE

Working with HHS, MCM produced videos in 6 languages to assist 35K MontCo residents seeking first-time health insurance under the ACA



## CHILD SAFETY

Viewed nearly 12K times, this MCPS-TV partnership video with MontCo Transportation drove home the need to stop for schoolbuses

New for  
FY17



## VOTER PARTICIPATION

The PEGs will partner with Committee for Montgomery and others to leverage the PEG platforms to increase voter engagement in 2016 and beyond

# SEEKING NON-CABLE REVENUES

Project Collaboration Leads to Outside Funding



**HONOR AND  
GRATITUDE**  
MONTGOMERY COUNTY SALUTES  
VIETNAM VETERANS

First project in PEG history that was funded almost entirely from non Cable Plan revenues



Corporate Sponsorships  
& Donations



# LONG-RANGE PLANNING

The Media Landscape and County audiences are changing rapidly. The PEGs are stepping up to meet these challenges.

## FRACTURING OF TRADITIONAL MEDIA



**Challenge:** With the loss of The Gazette and other traditional media, how can County gov't inform & engage public?

**Opportunity:** Leverage the PEGs growing media platforms to build trust and two-way communication

## OVER-THE-TOP & CORD-CUTTING



**Challenge:** Traditional forms of revenue & distribution are uncertain

**Opportunity:** Leverage platforms such as the PEG application/website to stay engaged with these non-cable homes, & seek project-specific outside funding

## CHANGING AUDIENCES



**Challenge:** County demographics and use of technology is evolving rapidly

**Opportunity:** Implementing a first-of-its-kind Benchmark Study, we will discover audience needs & respond accordingly