

MEMORANDUM

April 15, 2016

TO: Government Operations and Fiscal Policy Committee

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

SUBJECT: Cable Television and Communications Plan

The following are expected to attend:

Sonny Segal, Chief Information Officer, Department of Technology Services
Phil Roter, Cable and Broadband Services Administrator, Department of Technology Services
Merlyn Reineke, Chair, PEG Governance Board
Jason Rundell, Cable Office, Department of Technology Services
Dennis Hetman, Office of Management and Budget
Members of the Public, Education, and Government (PEG) Governance Board

Summary of Staff Recommendations:

1. The Committee should **recognize** that the Cable Plan presented by the Executive **continues** several important items that were prioritized by Committee and full Council actions; they include:
 - a. a FiberNet Network Operating Center that is funded at the full \$910,000 level;
 - b. a Legislative NDA (line 113 of ©12) that is funded at the agreed level of \$490,000.
2. The Committee should **note** that the **Granicus contract** (which provides, among other things, the video/document/live broadcasting capability for Council and Committee meeting coverage) will be **re-competed in FY17**, and there are adequate (indeed, increased) funds to support the continuation of this important capacity within the recommended Cable Plan.
2. **Recognize** that an extraordinary **one-time revenue increase** of over \$1 million allowed for the initiation of the ultraMontgomery project in the CIP budget funded by the Cable Plan, and the continuation of a large transfer to the General Fund (recommended level of \$4.6 million on line 128 of ©12). This one time revenue increase is due to a change in the manner in which Comcast addresses set-top revenues; this new method increased the base on which County fees are allocated. Proper adjustments to the ongoing programs funded through this increase will have to be made in FY18, as the revenue increase will not be there.
3. **Approve** the Cable Plan as requested by the Executive at a revenue level of **\$28,644,000** and an expenditure level of **\$29,806,000** for FY17.

INTRODUCTION

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 community engagement and communications; and to target the expenditure of the 5% franchise fee arising from active franchise holders, as well as additional associated revenues, including a 3% fee that is restricted to capital projects only. The sum total of these revenues is projected to be \$28,644,000 in FY17. Since the original submission, a new version of the Cable Plan was made available which clarifies some elements, but makes no changes to the allocation strategies, nor to the final total revenue or expenditure numbers. It is on ©11-12 and is the basis for subsequent analysis.

During the April 5-7, 2016 public hearings, four witnesses provided supportive comments for the benefits accruing from Montgomery County Media's (MCM) programs; their statements are on ©13-17.

The amount of revenues garnered from the cable franchise fee continues to grow, albeit at a much slower pace than in prior years. In FY15, the last year for which actual total (as opposed to estimated numbers) information is known, the total revenues that came into the Cable Fund were \$28,293,000. The historical trend is made more evident in the table below:

Table 1: Actual Total Annual Revenues, Cable Plan (in \$000s)

	FY17 (Rec)	FY16 (Est)	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Total Revenues	28,644	28,598	28,293	27,044	26,405	23,844	22,312	19,830	17,608	16,635
% increase	+0.2%	+1.0%	+4.6%	+2.4%	+10.7	+6.8%	+12.5%	+12.6%	+5.8%	

As noted above, the revenue number for FY16 and the recommended revenue figure for FY17 are both estimates; all other years are actual figures.

ENTITIES OTHER THAN MONTGOMERY COUNTY

The cable revenues include fees collected on behalf of municipalities (Rockville, Takoma Park, and Maryland Municipal League (MML) representing smaller municipalities) that are considered "restricted", as they cannot be appropriated by the County but must be distributed to the municipalities. These municipal restricted funds total \$3,849,000 and are distributed as follows:

**Table 2: Restricted municipal revenues collected by the County on behalf of municipalities
(in \$000s)**

	Rockville	Takoma Park	MML
Capital Support	931	217	217
Franchise fees	757	243	268
PEG support	300	458	458
Totals	1,988	918	943

These figures reflect the newly approved Comcast franchise agreement now in effect, which reverses a historical split between capital and operating revenue distributions to Takoma Park and the Maryland Municipal League by providing a much larger revenue portion for operating expenses. The County portion is also larger under this new arrangement.

PEG (PUBLIC, EDUCATION, AND GOVERNMENT) CHANNELS

Beyond funding operations of the Cable Office and providing essential support to the FiberNet effort, the Cable Plan provides almost a third of its revenues to support programming, communications, and information services throughout the County. These allocations are made through the recommendation of a Governing Board for the Public, Education, and Government channels (PEG Board) and are implemented by the PEG entities. The preliminary work program developed by the PEG Board for FY17 was reviewed by the Committee on January 28, 2016, and a revised version is on ©18-30.

The allocation of the fund revenues to the PEG entities last year, and the recommended distribution for this year are as follows:

Table 3: Allocation of support among organizations (in \$000s)

Organization	FY16 Recommended	FY16 Est.
Media Production & Engineering	852	\$731
PIO	808	\$809
County Council	855	\$843
M-NCPPC	2,638	\$2,506
MC	1,621	\$1,542
MCPS	1,743	\$1,654
Community Access Programming	2,604	\$2,528
PEG Operating	565	\$565
Total	\$11,686	\$11,178

QUESTIONS RAISED BY COUNCIL STAFF

Council staff asked a series of questions to ensure that the FY17 recommended Plan is in alignment with Committee and Council priorities; the questions and responses provided by DTS are as follows:

Revenues

1. Are the revenue figures fully reflective of the new Comcast agreement?

Yes, the revenue figures assume the new Comcast agreement.

2. Please provide detail on how the beginning fund balance in FY17 of \$1,563,000 (or ending balance of FY16) was derived. Might there be variation in that number between the time the Plan was adopted and FY16 end? If so, how would the over/under budgeted amount be handled?

The fund balance is calculated by taking FY16 starting fund balance (line 1), adding FY16 revenues (line 11), and subtracting FY16 total expenditures (line 114) and adjustments (line 120). The remaining money is the FY16 end fund balance which will be the FY17 starting fund balance.

There is often variation due to changes in revenues or expenditures. These variations are handled by adjusting the fund balance. The new fund balance is used in the next year's budget preparation.

3. The target Fund Balance for FY17 is \$402,000 - a \$1,161,000 decrease from the FY16 level. Please explain the significant reduction.

The budgeted ending fund balance for FY16 was \$299,000, so the fund balance target is increased modestly due to greater possible variances in revenues.

The actual ending fund balance for FY16 was much higher than the budgeted due to an unexpected one-time revenue increase from equipment fees.

The decrease in fund balance that is budgeted this year reflects that the recommended budget has the Cable Fund spending \$759,000 more than it receives in revenue. The Cable Fund will spend down the fund balance to fund the FY17 priorities and maintain an increased general fund transfer.

4. Can you provide detail on the franchise fee revenue (line 3)? The best way to do so is to update a Table provided to the Committee a few years ago - keep the prior numbers, and expand the Table to show current reality/expectations. Provide subcategories that you believe might help the Committee appreciate major shifts under way, for example:

- set top box revenue
- trends in cord cutting/shaving
- equipment, rate, and population increases.

Cord cutting/shaving, changes in equipment charges, rate increases, and population increases all affect the number of customers our franchisees have and the average revenue per subscriber our franchisees collect. Changes to these have a direct effect on our franchise and PEG fees.

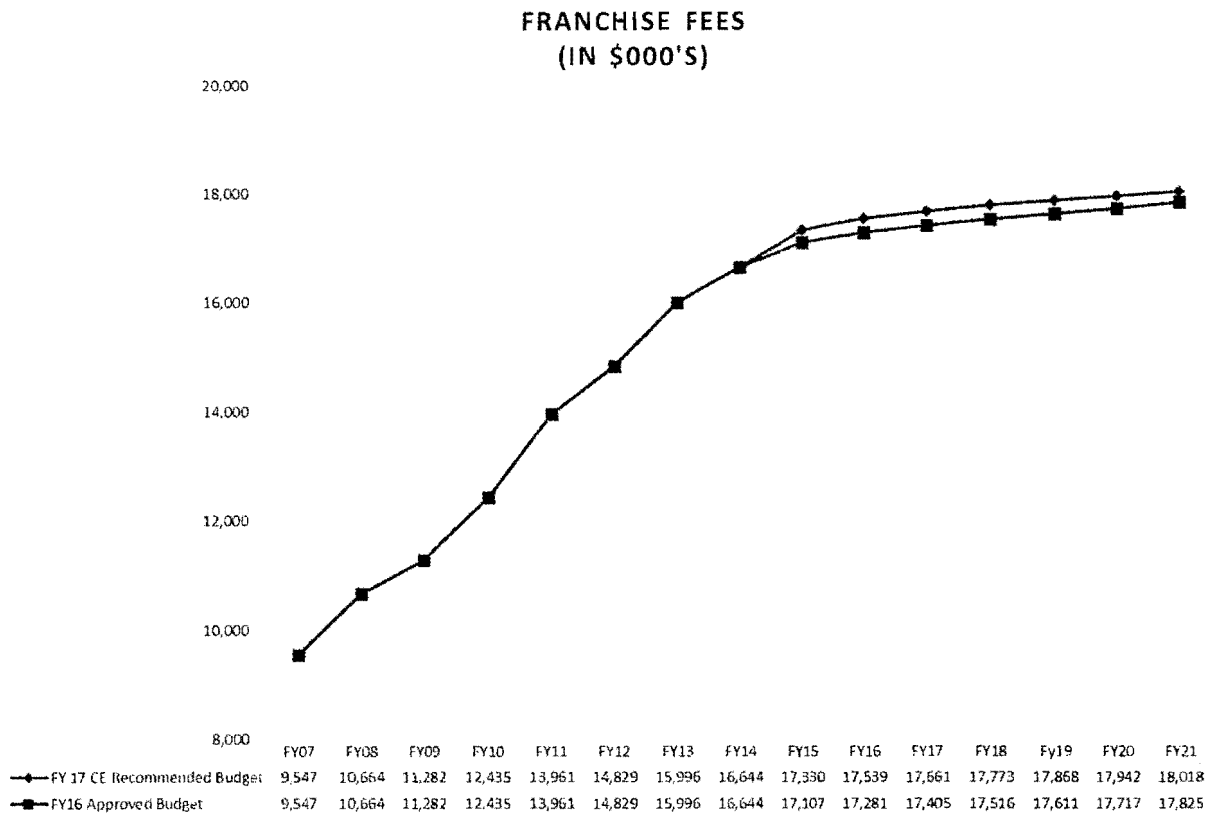
Cable companies are focusing on packaging cable, internet and phone, expanding video-on-demand libraries, enhancing user interfaces and beefing up their authenticated "TV everywhere" offerings to make video, voice and data bundles a more attractive choice.

Effect on Montgomery County. The table below shows Subscribers and revenues per subscriber over time.

<i>Fiscal Year</i>	<i>Montgomery County Cable and Telco Subscribers</i>	<i>% Annual Change</i>	<i>Avg. Rev. Per Subscriber</i>	<i>% Annual Change</i>
<i>FY12</i>	<i>257,000</i>	<i>2.8%</i>	<i>\$ 96.37</i>	<i>4.0%</i>
<i>FY13</i>	<i>263,000</i>	<i>2.3%</i>	<i>\$ 101.74</i>	<i>5.6%</i>
<i>FY14</i>	<i>266,000</i>	<i>1.1%</i>	<i>\$ 104.02</i>	<i>2.2%</i>
<i>FY15</i>	<i>269,000</i>	<i>1.1%</i>	<i>\$ 107.51</i>	<i>3.4%</i>

- *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.*
- *Today, in Montgomery County, online video subscriptions seem to be mostly complimentary to Cable service.*
- *The revenue impact on our Franchise and PEG Fees in the future is unclear and is reflected in projections of future revenue.*

The chart below shows the revenue increases, and compares to the previous approved budget. The increase between this year and last year's budget is largely the result of the equipment increase for Comcast set top boxes. This one-time increase bumped up the curve in the second half of FY15. Additional breakdown by subcategories is not available.



- 5. Are the revenue projections for years FY18-FY22 derived from pure mathematical percentage increase formulas, or actual analysis of trends and knowledge of market force impacts?**

The revenue projections for all years derive from actual analysis of trends and knowledge of market force and impacts. They are not a straight mathematical formula but are formulated by looking at each individual franchisee and estimating their revenue change based on knowledge of prior trends both in subscriber numbers and revenues, potential build-outs and knowledge of market force impacts.

- 6. What are the dates of new franchise negotiations and of expected new franchise implementation? And is it expected that these coordinated and simultaneous negotiations across all franchisees might have a significant impact on revenue expectations?**

The Comcast franchise has been approved and has gone into effect as of April 1st. This franchise will expire on December 31, 2021. The RCN franchise is expected to be approved before the end of FY16, and will expire after 15 years. The Verizon franchise is in effect and will expire December 31, 2021. There will be no impact on revenue during the negotiation period; the first time there could be an impact on revenues would be with new agreements in FY22 at the earliest, though we do not project any revenue changes at this time.

Expenses

- 1. MCPS and MC allocations have gone up by more than 5% (page 66-1) - is there an explicit reason for this increase?**

The MCPS and MC increases are due to increased benefit and salary costs for personnel. The FY17 increases are consistent with historical increases.

- 2. The Committee expressed interest in the issue of improving Internet access for school children after school. Does this Cable Plan (either in MCG or MCPS elements) address this issue in FY17?**

Staffing resources within the Cable & Broadband Office and the MCG CIO's Office will support initiatives to expand participation in the Comcast Internet Essentials (IE) program. It is anticipated that MCPS and HOC Academy staff will also support these efforts. There will be a concentrated effort to increase IE participation before or during the first months of the FY16-17 School Year. The REC CIP includes funding to support expansion of afterschool wifi at 2 locations. FiberNet and MCPS IT budgets support afterschool wifi at MCPS locations throughout the County. DTS is supporting an ITPCC effort to create a map showing the locations of public wifi offered by County agencies and this effort will explore how to optimize functionality (as well as leveraging of other mobile map app data) to enable school children locate public wifi available afterschool.

- 3. FiberNet is mentioned in the Mission Statement (page 66-1). How is that project managed - within the Cable Office or DTS? Please provide a current organizational chart.**

FiberNet is currently managed in the Telecommunications Division within DTS. Mr. John Castner serves as the FiberNet CIP Program Manager and manages the Network Services Team that manages FiberNet operations. Please see the organization chart in the DTS budget response packet. Consistent with the CE's and Council's future vision for broadband the ITPCC CIOs are developing a broadband roadmap. A realignment of broadband can be anticipated in FY17.

- 4. Legal costs are being decreased by \$50,000 (page 66-3). Is this a direct consequence of the termination of the negotiations? What are additional tasks starting or continuing this year? And will this proposed decrease hinder the County's ability to participate at national level Broadband and Cable policy discussions?**

This decrease is a direct consequence of the termination of the Comcast and RCN negotiations.

Our policy and legal work primarily involves cable franchising, cable policy work, and now broadband policy. Projects we are actively involved in include the Set Top Box proceeding, Lifeline Order, Promoting Diverse and Independent Sources of Video Programming, and MVPD classification of OTT revenues.

This proposed decrease will not hinder the County's ability to participate at the national level with Cable and Broadband policy discussions, as well as to use outside legal for necessary local cable and broadband policy questions when appropriate.

- 5. Are there improved ways that the Council could provide input in the policy formulation stage for Broadband and Cable services? How is it currently accomplished beyond the budget stage for individual departments or the Cable Plan?**

Council could replace the Preliminary Cable Plan submission with annual cable and broadband planning discussions in the Fall, to enable Council input prior to development of cable and broadband budgets. The January 15 Preliminary Cable Plan submission occurs too early to include mid-year budget revenue updates – which are not received until the 1st week of February, and too late to be included in Executive Branch and Agency budget submission – which are due by early December. The Cable and Broadband Office is interested in further discussion of these policy issues.

- 6. An increase for Webstreaming and Video on Demand is proposed on page 66-4 to CCM; I presume that the increase is related to additional functionality or cost increases to the functionality currently provided by the Granicus system. Please define the role that Legislative branch staff will have in the RFP and proposal evaluation effort in FY17.**

The increased cost is due to increased actual expenses in the current Granicus contract, as well as a projected increase in costs due to an expected new contract in FY17. The Cable Office is currently working with Legislative branch staff on the RFP development and both will participate in the proposal evaluation.

- 7. The municipal PEG fees show a decrease of \$488,278 on page 66-5, and several changes in the Operating and Capital budget lines. Please summarize the efforts undertaken to streamline the revenue distribution environment.**

The County met with the Municipalities and negotiated new agreements for the municipal revenue distributions. These new agreements provide a large increase in much needed operating revenue in exchange for a larger reduction in capital revenue. The savings from these agreements will be used to fund the FiberNet CIP, which benefits the County as well as the municipalities.

- 8. Why is Miss Utility increased by \$111,160 on page 66-6? What is the new base amount for Miss Utility in FY17, and is it totally included in the DoT part of the Cable Plan allocations? What are the expectations for expenditures (both in mapping and handling service tickets) over the next few years?**

Montgomery County is legally required to comply with the requirements of Miss Utility for all underground utilities owned by the County. Fiber must be mapped and registered with Miss Utility so that the County may be notified to have its fiber located and marked to prevent unintended damage during excavation. The County is liable for any damage caused by others if its underground facilities are not properly marked. In FY 15, the County had approximately 25% of the County's underground fiber optic cable mapped and registered with Miss Utility. In FY 16, the county continues to map existing fiber optic cable and register additional grids. As a result, currently 35% of the network is registered. The intention is to continue to map and register additional underground fiber optic cable as legally required. The anticipated resulting increase in calls will expend the entire FY 16 operating budget of \$420,100. In FY 17, it is projected that the mapping effort will be completed and that grids will continue to be registered with the understanding with Miss Utility that all grids will be registered by FY 18. Based on this progress, it is anticipated that the required funding for FY 17 is \$531,260, and increase of \$111,160. In future years, the mapping will be completed but increased funding will

be needed to service all of the registered fiber as well as potential increases due to a new locating contract will be in place in FY18.

9. NOC expenses are enhanced by \$181,000 on page 66-6. Please explain what this supports.

The additional budget supports full funding for the NOC operations for a full year including a NOC manager, NOC technicians and a resource for Network Management System configuration administration.

10. Please define the way policy guidance guides the \$1,427,000 number currently shown in the Fund Balance on line 121 on page 66-9.

Note 5 on the Cable Plan states: Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).

11. FiberNet is shown as a CIP investment of \$3,693,000 and an Operating expense of \$3,784,000. Are there additional costs beyond those two numbers in other parts of the DTS or other department or agency budgets supporting FiberNet in FY17?

The numbers above represent the total FiberNet budget.

12. Please break out the ultraMontgomery allocations in the Cable Plan for FY17; provide the most current version of an Operating Plan for ultraMontgomery for FY17 identifying projects to be undertaken and expected costs and outcomes.

Cable Plan includes \$680,000 of restricted PEG/I-Net Capital for the ultraMontgomery CIP. An additional \$644,116 of unrestricted funding is provided as part of the Transfer to the General Fund: \$444,116 will be added to the ultraMontgomery CIP to permit use of the CIP to support economic development, and \$200,000 will be added to the DTS-CIO budget to support ultraMontgomery operating programs. See responses to Technology 2017 Budget Questions CIO#5 and Innovation #1, and responses herein to Cable Plan Questions Budget Expenses #2 and #13 for costs and expected outcomes.

13. Please provide a Table showing total ultraMontgomery investments in the FY17 budget across CIP and OB elements.

<i>FY17 ultraMontgomery CIP</i>	
<i>Ashburn Fiber Route Connections (Bethesda/Silver Spring)</i>	<i>\$ 25,000</i>
<i>East County Fiber Highway (White Oak to ICBN/JHU APL)</i>	<i>\$ 632,116</i>
<i>Great Seneca/Purple Line (GSSC-LSC, UMD, USG, economic development)</i>	<i>\$ 467,000</i>
<i>CIP TOTAL</i>	<i>\$ 1,124,116</i>
<i>FY17 DTS-CIO Operating Budget</i>	
<i>Grant Writing</i>	<i>\$ 54,000</i>
<i>Digital Inclusion (digital inclusion training for older adults)</i>	<i>\$ 121,000</i>
<i>Research, Reports, Marketing & Communications</i>	<i>\$ 25,000</i>
<i>OPERATING SUBTOTAL</i>	<i>\$ 200,000</i>
<i>FY17 ultraMontgomery Capital and Operating Budget</i>	
	<i>\$1,324,116</i>



Cable Television 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; 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.

Budget Overview

For FY17, the Cable Communications Plan consists of three elements: the Cable & Broadband Office appropriation (\$15,807,515), transfers to the County General Fund (\$9,181,309), and transfers to the County Capital Improvements Program (\$4,817,000) for a total use of fund resources of \$29,805,824. Within the Cable Office appropriation of \$15,807,515, Personnel Costs comprise 25.0 percent of the budget for thirteen full-time positions. A total of 30.5 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 75.0 percent of the FY17 budget.

In FY17, 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 FY17, total transfers to MC are \$1,620,732, representing an increase of \$78,432 (or 5.1%) over the FY16 transfer of \$1,542,300.

Montgomery County Public Schools (MCPS): Funds are transferred from the Cable Fund to the General Fund, and then to MCPS. In FY17, total transfers to MCPS are \$1,742,791 representing an increase of \$88,582 (or 5.4%) over the FY16 transfer of \$1,654,209.

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 (\$654,353) and other contributions (\$5,163,433).

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

Linkage to County Result Areas

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

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

Department Performance Measures

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Accomplishments

- ☒ The Cable Office successfully negotiated a new franchise with Comcast that preserves the 5% franchise fees and includes 3% PEG capital grant fees that can be used for operating expenses. Comcast will continue to provide courtesy cable TV services to all existing accounts. Comcast will provide up to 14 PEG channels-- 5 of which can be HD channels. The County will be allowed to use the Institutional Network through 2030.
- ☒ The Cable Office successfully negotiated a new franchise with RCN that preserves the 5% franchise fees and provides 3% PEG capital grant fees that can be used for operating expenses. RCN will provide at least 13 PEG channels in standard definition and 13 channels in HD and will provide a metro Ethernet connection with a minimum of 1 Gbps which can be upgraded to 5 Gbps.
- ☒ The Cable Office's Media Services Team worked with the Montgomery County Department of Public Libraries (MCPL) to support Montgomery County Executive Isiah Leggett's Library of the Future Summit. Attendees located at the Gaithersburg Library were able to participate virtually using Google Hangout technology. Social media was used to increase participation and video highlights were posted on YouTube. This program was available on cable TV, online and on mobile devices.
- ☒ County Report This Week, the award winning weekly half hour program produced collaboratively by PEG channels staff, continues to highlight decisions and programs that impact County residents. This show airs on six public, education and government access channels, is available on demand, via mobile devices as well on YouTube. This program is also produced in Spanish - Capsula Informativa del Condado de Montgomery.
- ☒ The PEG channels produced programming to honor Montgomery County Vietnam Veterans as the 40th anniversary of the end of the Vietnam War was commemorated. This program was available on cable TV, online and mobile devices. There will also be a documentary with interviews of residents who served during Vietnam. It is currently scheduled for airing spring 2016.
- ☒ Developed a responsive website that provides access to content produced by the County's PEG channels including information about the programs and services, healthy living, recreation, entertainment and educational opportunities. Features of the website include individual programming schedules, the ability to search content across all the eleven channels and the ability to share content of social media.
- ☒ Reconfigured FiberNet to increase Internet and cloud-computing capacity for Montgomery County Public Schools by 300 percent, representing a \$120,000 cost savings. This FiberNet upgrade enabled 40,000 new Chromebooks for MCPS students to be used effectively with WiFi in the classroom to reach the Internet.
- ☒ Continued upgrades and expansion of wireless access points in Montgomery County Public Libraries and County Offices, expanding access to mobile devices and business productivity both for library patrons and staff. Other projects include the deployment of Dense Wave Division Multiplexing equipment into FiberNet as the first step toward the next generation of FiberNet.
- ☒ The Franchise Administration team began handling service/installation calls for the 800+ complimentary government cable TV and internet accounts. Users call the County's IT Helpdesk and tickets are routed to the technicians in the field on a real time basis.

Program Contacts

Contact Phil Roter of the Cable and Broadband Office at 240.777.2886 or Dennis Hetman of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

Program Descriptions



Cable Franchise Administration

The Cable & Broadband Office 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 cable and telecommunications service negotiations, and rate regulation and franchise compliance matters. The responsibilities associated with franchise administration include:

- Ensuring cable operator compliance with franchise financial, technical, and construction requirements and managing the cable franchise renewal and transfer process;
- Investigating and resolving cable and broadband subscriber and residential complaints;
- Administering contracts with and providing liaison and support services for the PEG channels;
- Collecting and administering franchise fees, grants, and other payments to the County and participating municipalities;
- Encouraging entry of competitive providers of telecommunication services and negotiating and reviewing proposed telecommunications franchises for use of the public rights-of-way;
- Directing and coordinating the Transmission Facilities Coordinating Committee;
- Supporting the Cable and Communications Advisory Committee and Cable Compliance Commission;
- Strategic planning for Montgomery County government cable and communications technology;
- Preparing the annual Cable Communications Plan; and
- Monitoring and working with the Office of Intergovernmental Relations to advocate for effective and reasonable State and Federal cable, broadband and telecommunications regulations and legislation.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Transmission facilities application process - Average number of days to process applications for siting wireless towers	35	29.2	30	30	30
Number of transmission facility applications processed	144	175	200	200	200
Percent of customers satisfied with Cable Office complaint handling	97.0	97.3	98.1	95.0	95.0
FY17 Recommended Changes			Expenditures / FTEs		
FY16 Approved			1,616,395		8.90
Decrease Cost: Legal costs			(50,000)		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.			22,697		0.00
FY17 Recommended			1,589,092		8.90

Community Access to Cable

The Cable & Broadband 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 FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
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Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Hours of first run locally produced, block, and acquired Montgomery Community Media (MCM) programming	6,862	6,918	6,920	6,930	6,940
Hours of Montgomery Community Media (MCM) volunteer effort in creating public access programming	17,000	17,000	17,500	17,500	17,500

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	2,528,435	0.00
Increase Cost: Montgomery Community Media Salary and Benefit Increases	61,255	0.00
Increase Cost: Community Access Facility Rent Increase	9,276	0.00
Increase Cost: Community Access Facility Utility Cost Increases	5,234	0.00
FY17 Recommended	2,604,200	0.00

County Cable Montgomery

The Cable Office manages CCM (County Cable Montgomery), the government access channel. CCM programming includes live Council general and committee 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. Over 99 percent of all CCM programming is presented with closed captions. Highlights of programs are available on the County's YouTube channel. Spanish language programming is produced and all programming is available via web-streaming from the County's website.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Hours of first run locally produced, block, and acquired County Cable Montgomery (CCM) programming	2,790	2,950	2,942	2,967	2,992
Hours of first run locally produced, block, and acquired Montgomery County Public Schools (MCPS) ITV programming	662	392	400	408	416
Hours of first run locally produced and acquired Montgomery College MC-ITV programming	229	248	210	210	210
Hours of Montgomery College student-assisted original programming	137	142	140	140	140

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	2,577,920	15.90
Increase Cost: Webstreaming and Video on Demand	20,000	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.	40,011	0.00
FY17 Recommended	2,637,931	15.90

Cable Programming for Public Schools

The Montgomery County Public Schools (MCPS) Office of Communications is responsible for producing television programming for its educational cable channel. Funds are used for production of instructional, community-based, staff development, and training television programs; for programs viewed via the Internet; as well as for engineering, channel management, and program acquisition. MCPS regular programming includes Board of Education meetings, Homework Hotline Live!, staff training and development, live call-in and interactive programs, in-class student programs, student-produced programs, technology training, and televised instruction in a variety of academic content areas. Many programs are translated and cablecast in multiple languages. Additional funds are requested and provided through the Public Schools' operating budget.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	0	0.00
FY17 Recommended	0	0.00

Cable Programming for Montgomery College

The Instructional Television (ITV) and Media Production Services Unit of Montgomery College is responsible for creating cable programming available on the Montgomery College educational cable channel as well as video programming and learning materials available as on-line content. Funds are used for staff, equipment, and operating expenses to provide digital media services to support student success (i.e., course completion, retention, graduation, and academic excellence), produce Spanish language programming, and to advance the mission of the entire College community. The cable and video programming features acquired and originally produced educational, informational and instructional programming which directly supports the College's distance learning and instructional programs, and to provide professional and workforce development and self-enrichment opportunities for the community. Additional funds are provided through the Montgomery College operating budget.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	0	0.00
FY17 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 Public, Education, and Government (PEG) Access 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.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	4,285,084	0.00
Increase Cost: Municipal Franchise Fees	51,939	0.00
Decrease Cost: Municipal PEG fees	(488,278)	0.00
FY17 Recommended	3,848,745	0.00

Public Education Government Access (PEG) Operations

The mission of the Public, Education, and Government (PEG) Governance Board is to facilitate collaboration among the local television 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. PEG is collaboratively working to expand community engagement programming, programming in languages other than English, and youth media programming. The budget for PEG includes funds for the purchase of equipment; engineering support; promotion and outreach support to increase channel awareness and viewership; operational and maintenance support for the mobile production vehicle; closed captioning and Spanish 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.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,303,345	0.00
Increase Cost: PEG Capital	64,862	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.	(25,000)	0.00
FY17 Recommended	1,343,207	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 Park and Planning Commission (M-NCPPC) and the Washington Suburban Sanitary Commission (WSSC). The County's public safety communications are also provided via FiberNet infrastructure. Additionally, FiberNet provides private network access to the State of Maryland and all of the local 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.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
New sites added to FiberNet	42	20	50	25	15

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	3,453,768	5.70
Enhance: Network Operations Center	181,100	0.00
Increase Cost: Miss Utility Compliance	111,160	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.	38,312	0.00
FY17 Recommended	3,784,340	5.70

Budget Summary

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
CABLE TELEVISION					
EXPENDITURES					
Salaries and Wages	2,518,712	2,813,670	2,823,344	2,942,918	4.6 %
Employee Benefits	909,294	1,029,200	951,706	1,004,763	-2.4 %
Cable Television Personnel Costs	3,428,006	3,842,870	3,775,050	3,947,681	2.7 %
Operating Expenses	11,125,031	11,922,077	11,978,898	11,859,834	-0.5 %
Cable Television Expenditures	14,553,037	15,764,947	15,753,948	15,807,515	0.3 %
PERSONNEL					
Full-Time	16	13	13	13	—
Part-Time	0	0	0	0	—
FTEs	30.50	30.50	30.50	30.50	—
REVENUES					
Franchise Fees	17,329,690	17,281,070	17,538,632	17,661,404	2.2 %
Gaithersburg PEG Contribution	176,503	168,127	172,972	169,513	0.8 %
I-Net Operating Revenue	1,792,092	0	902,946	0	—
Investment Income	8,355	11,240	18,890	26,990	140.1 %
Other Charges/Fees	10,000	0	0	0	—
PEG Capital Revenue	6,558,848	6,298,151	6,563,168	6,516,834	3.5 %
PEG Operating Revenue	2,278,196	4,110,091	3,251,014	4,119,609	0.2 %
Tower Application Fees	139,710	150,000	150,000	150,000	—
Cable Television Revenues	28,293,394	28,018,679	28,597,622	28,644,350	2.2 %

FY17 Recommended Changes

	Expenditures	FTEs
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CABLE TELEVISION

FY16 ORIGINAL APPROPRIATION	15,764,947	30.50
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Changes (with service impacts)

	Expenditures	FTEs
Enhance: Network Operations Center [FiberNet]	181,100	0.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Miss Utility Compliance [FiberNet]	111,160	0.00
Increase Cost: Annualization of FY16 Personnel Costs	82,384	0.00
Increase Cost: PEG Capital [Public Education Government Access (PEG) Operations]	64,862	0.00
Increase Cost: Montgomery Community Media Salary and Benefit Increases [Community Access to Cable]	61,255	0.00
Increase Cost: FY17 Compensation Adjustment	60,409	0.00
Increase Cost: Municipal Franchise Fees [Municipal Support]	51,939	0.00
Increase Cost: Webstreaming and Video on Demand [County Cable Montgomery]	20,000	0.00
Increase Cost: Group Insurance Adjustment	19,063	0.00
Increase Cost: Community Access Facility Rent Increase [Community Access to Cable]	9,276	0.00
Increase Cost: Community Access Facility Utility Cost Increases [Community Access to Cable]	5,234	0.00
Increase Cost: Printing and Mail	209	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account	(4,000)	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY16	(25,000)	0.00
Decrease Cost: Legal costs [Cable Franchise Administration]	(50,000)	0.00
Decrease Cost: Retirement Adjustment	(57,045)	0.00
Decrease Cost: Municipal PEG fees [Municipal Support]	(488,278)	0.00
FY17 RECOMMENDED	15,807,515	30.50

Program Summary

Program Name	FY16 APPR		FY17 REC	
	Expenditures	FTEs	Expenditures	FTEs
Cable Franchise Administration	1,616,395	8.90	1,589,092	8.90
Community Access to Cable	2,528,435	0.00	2,604,200	0.00
County Cable Montgomery	2,577,920	15.90	2,637,931	15.90
Municipal Support	4,285,084	0.00	3,848,745	0.00
Public Education Government Access (PEG) Operations	1,303,345	0.00	1,343,207	0.00
FiberNet	3,453,768	5.70	3,784,340	5.70
Total	15,764,947	30.50	15,807,515	30.50

Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
CABLE TELEVISION						
EXPENDITURES						
FY17 Recommended	15,808	15,808	15,808	15,808	15,808	15,808
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	45	45	45	45	45
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	15,808	15,852	15,852	15,852	15,852	15,852

FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)

		Act FY15	APP FY16	Est FY16	CE REC FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21	Proj. FY22
1	BEGINNING FUND BALANCE	136	1,231	1,905	1,563	402	400	700	1,000	1,300
2	REVENUES									
3	Franchise Fees ¹	17,330	17,281	17,539	17,661	17,773	17,868	17,942	18,018	18,095
4	Gaithersburg PEG Contribution	177	168	173	170	167	165	164	164	163
5	PEG Operating Grant ^{1,2}	2,278	4,110	3,251	4,120	4,056	4,013	3,991	3,968	3,946
6	PEG Capital Grant ^{1,2}	6,559	6,298	6,563	6,517	6,647	6,747	6,814	6,882	6,951
7	FiberNet Operating & Equipment Grant ²	1,792	0	903	0	0	0	0	0	0
8	Interest Earned	8	11	19	27	54	81	108	135	162
9	TFCG Application Review Fees	140	150	150	150	150	150	150	150	150
10	Miscellaneous	10								
11	TOTAL ANNUAL REVENUES	28,293	28,019	28,598	28,644	28,847	29,024	29,169	29,317	29,467
12	TOTAL RESOURCES-CABLE FUND	28,429	29,250	30,503	30,208	29,249	29,425	29,869	30,317	30,767
13	EXPENDITURE OF RESTRICTED FUNDS²									
14	A. EXPENDITURE OF RESTRICTED CAPITAL FUNDS									
15	Municipal Capital Support³									
16	Rockville Equipment	923	946	955	931	950	964	973	983	993
17	Takoma Park Equipment	923	946	955	217	222	225	227	229	232
18	Municipal League Equipment	923	946	955	217	222	225	227	229	232
19	SUBTOTAL	2,770	2,837	2,864	1,365	1,393	1,414	1,428	1,442	1,456
20	PEG Capital	853	714	714	779	779	813	957	1,191	1,319
21	ultraMontgomery - CIP				680	680	680	680	680	680
22	FiberNet - CIP	2,979	4,098	4,098	3,693	3,890	3,840	3,750	3,569	3,496
23	(Must be greater or equal to Line 6) SUBTOTAL	6,602	7,649	7,675	6,961	6,741	6,747	6,814	6,882	6,951
24	B. EXPENDITURE OF OTHER RESTRICTED FUNDS									
25	Municipal Franchise Fee Distribution³									
26	City of Rockville	701	700	740	757	761	765	770	774	778
27	City of Takoma Park	246	245	245	243	243	244	245	246	247
28	Other Municipalities	270	271	268	268	270	272	274	276	278
29	SUBTOTAL	1,217	1,216	1,253	1,268	1,275	1,282	1,289	1,296	1,303
30	Municipal Operating Support³									
31	Rockville PEG Support	76	77	77	300	292	286	279	272	266
32	Takoma Park PEG Support	76	77	77	458	451	446	443	441	438
33	Muni. League PEG Support	76	77	77	458	451	446	443	441	438
34	SUBTOTAL	228	232	230	1,215	1,194	1,178	1,166	1,154	1,142
35	SUBTOTAL	1,445	1,448	1,483	2,483	2,468	2,460	2,455	2,450	2,446
36	TOTAL EXPENDITURES OF RESTRICTED FUNDS	8,047	9,097	9,158	9,444	9,210	9,207	9,269	9,333	9,397
37	NET TOTAL ANNUAL REVENUES	20,246	18,922	19,440	19,200	19,637	19,817	19,900	19,984	20,070
38	NET TOTAL RESOURCES-CABLE FUND	20,382	20,153	21,345	20,763	20,039	20,218	20,600	20,985	21,370
39	EXPENDITURES OF NON-RESTRICTED FUNDS									
40	A. Transmission Facilities Coordinating Group									
41	TFCG Application Review	175	190	190	220	225	231	237	243	250
42	SUBTOTAL	175	190	190	220	225	231	237	243	250
43	B. FRANCHISE ADMINISTRATION									
44	Personnel Costs - Cable Administration	825	885	904	916	956	999	1,046	1,095	1,146
45	Personnel Costs - DTS Administration	81	82	87	81	84	88	92	96	101
46	Personnel Costs - Charges for County Atty	118	119	127	115	120	125	131	138	144
47	Operating	89	75	75	71	73	75	77	79	81
48	Engineering & Inspection Services	103	98	98	68	69	71	73	75	77
49	Legal and Professional Services	145	168	145	118	121	124	127	131	134
50	SUBTOTAL	1,346	1,426	1,436	1,369	1,423	1,482	1,546	1,613	1,683
51	SUBTOTAL	1,521	1,616	1,626	1,589	1,648	1,712	1,783	1,856	1,933
52	C. MONTGOMERY COUNTY GOVERNMENT - CCM									
53	Media Production & Engineering									
54	Personnel Costs	839	647	565	675	704	736	770	806	844
55	Operating	90	31	41	31	32	33	34	35	36
56	Contracts - TV Production	79	87	87	87	89	92	94	97	99
57	New Media, Webstreaming & VOD Services	47	38	38	58	59	61	62	64	66
58	SUBTOTAL	1,055	804	731	852	885	921	961	1,002	1,045
59	Public Information Office									
60	Personnel Costs	758	796	797	796	830	867	908	951	996
61	Operating Expenses	12	12	12	12	13	13	13	14	14
62	Contracts - TV Production	0	0	0	0	0	0	0	0	0
63	SUBTOTAL	770	809	809	808	843	880	921	964	1,009
64	County Council									
65	Personnel Costs	184	485	486	498	520	543	569	595	623
66	Operating Expenses	18	13	13	13	13	14	14	14	15
67	Contracts - TV Production	152	152	152	152	155	159	163	168	172
68	General Sessions and Committee Meetings	101	101	101	101	103	106	109	112	115

FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)

		Act FY15	APP FY16	Est FY16	CE REC FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21	Proj. FY22
69	Multi-Lingual/Cultural Production Services	91	91	91	91	93	95	98	101	103
70	SUBTOTAL	546	842	843	855	885	917	953	990	1,029
71	MNCPPC									
72	Contracts - TV Production	99	99	99	99	101	103	106	109	112
73	New Media, Webstreaming & VOD Services	24	24	24	24	25	26	26	27	28
74	SUBTOTAL	123	123	123	123	126	129	132	136	140
75	SUBTOTAL	2,494	2,578	2,506	2,638	2,738	2,848	2,967	3,092	3,223
76	D. MONTGOMERY COLLEGE - MC ITV									
77	Personnel Costs	1,344	1,456	1,456	1,535	1,601	1,673	1,751	1,834	1,920
78	Operating Expenses	86	86	86	86	88	90	93	95	98
79	SUBTOTAL	1,430	1,542	1,542	1,621	1,560	1,560	1,560	1,560	1,560
80	E. PUBLIC SCHOOLS - MCPS ITV									
81	Personnel Costs	1,490	1,548	1,548	1,606	1,675	1,750	1,832	1,918	2,009
82	Operating Expenses	106	106	106	137	140	144	148	152	156
83	SUBTOTAL	1,596	1,654	1,654	1,743	1,815	1,894	1,980	2,070	2,164
84	F. COMMUNITY ACCESS PROGRAMMING⁴									
85	Personnel Costs	1,954	2,042	2,042	2,103	2,194	2,292	2,400	2,513	2,631
86	Operating Expenses	67	67	67	67	69	70	72	74	76
87	Rent & Utilities	385	396	396	411	420	431	442	454	466
88	New Media, Webstreaming & VOD Services	23	23	23	23	24	24	25	26	26
89	SUBTOTAL	2,429	2,528	2,528	2,604	2,706	2,818	2,940	3,067	3,200
90	G. PEG OPERATING									
91	Operating Expenses	95	206	181	181	186	190	195	201	206
92	Youth and Arts Community Media	150	100	100	100	102	105	108	111	114
93	Community Engagement	91	91	91	91	93	95	98	101	103
94	Closed Captioning	130	163	163	163	167	171	189	189	189
95	Technical Operations Center (TOC)	8	10	10	10	10	10	11	11	11
96	Mobile Production Vehicle	9	19	19	19	19	20	20	21	22
97	SUBTOTAL	484	590	565	565	578	592	622	633	645
98	H. FIBERNET OPERATING									
99	FiberNet - Personnel Charges for DTS	546	727	708	766	799	835	874	915	958
100	FiberNet - Operations & Maintenance DTS	1,308	1,126	1,160	1,126	1,152	1,181	1,212	1,245	1,279
101	FiberNet - Network Operations Center		729	729	910	910	910	910	910	910
102	FiberNet - Personnel Charges for DOT	76	101	101	101	105	110	115	120	126
103	FiberNet - Operations & Maintenance DOT	613	771	771	882	902	925	950	975	1,002
104	SUBTOTAL	2,543	3,454	3,468	3,784	3,868	3,960	4,061	4,166	4,274
105	TOTAL EXPENDITURE OF UNRESTRICTED FUNDS	12,497	13,963	13,890	14,544	14,912	15,383	15,913	16,445	17,000
106	TOTAL EXPENDITURE OF RESTRICTED FUNDS	8,047	9,097	9,158	9,444	9,210	9,207	9,269	9,333	9,397
107	TOTAL EXPENDITURES - PROGRAMS	20,544	23,059	23,048	23,988	24,122	24,590	25,182	25,778	26,397
108	I. OTHER									
109	Indirect Costs Transfer to Gen Fund	579	614	614	649	677	708	741	776	812
110	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	30	-	-	-	0	0	0	0	0
111	Telecom Transfer to the Gen Fund				5	5	0	0	0	0
112	Transfer to the General Fund	4,754	5,277	5,277	5,163	4,044	3,427	2,946	2,464	2,085
113	SUBTOTAL	5,363	5,891	5,891	5,818	4,726	4,135	3,687	3,240	2,897
114	TOTAL EXPENDITURES	25,907	28,951	28,940	29,806	28,848	28,725	28,869	29,017	29,294
115	J. ADJUSTMENTS									
116	Prior Year Adjustments	0	0	0	0	0	0	0	0	0
117	Encumbrance Adjustment	603	0	0	0	0	0	0	0	0
118	CIP - Designated Claim on Fund	0	0	0	0	0	0	0	0	0
119	TOTAL ADJUSTMENTS	617	0	0	0	0	0	0	0	0
120	FUND BALANCE	1,905	299	1,563	402	400	700	1,000	1,300	1,473
121	FUND BALANCE PER POLICY GUIDANCE⁵	1,398	1,395	1,417	1,427	1,438	1,448	1,456	1,464	1,473
122	K. SUMMARY - EXPENDITURES BY FUNDING SOURCE									
123	Transfer to Gen Fund-Indirect Costs	610	614	614	649	677	708	741	776	812
124	Transfer to Gen Fund-Mont Coll Cable Fund ⁶	1,430	1,542	1,542	1,621	1,560	1,560	1,560	1,560	1,560
125	Transfer to Gen Fund-Public Sch Cable Fund ⁶	1,596	1,654	1,654	1,743	1,815	1,894	1,980	2,070	2,164
126	Transfer to CIP Fund	2,979	4,098	4,098	4,817	3,890	3,840	3,750	3,569	3,496
127	Transfer to Gen Fund-Other	4,266	5,277	5,277	5,163	4,044	3,427	2,946	2,464	2,085
128	Transfer to Gen Fund-Telecom	0	0	0	5	5	0	0	0	0
129	FUND TRANSFERS SUBTOTAL	11,368	13,186	13,186	13,998	11,991	11,429	10,977	10,439	10,118
130	Cable Fund Expenditure of Unrestricted Funds	9,471	10,766	10,694	11,180	11,537	11,929	12,373	12,815	13,275
131	Cable Fund Direct Expenditures	14,553	15,765	15,754	15,808	16,857	17,296	17,892	18,578	19,176
132	Cable Fund Personnel	3,428	3,843	3,775	3,948	4,117	4,303	4,505	4,717	4,938
133	Cable Fund Operating	11,125	11,922	11,979	11,860	12,060	12,313	12,707	13,182	13,558

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.

1. Subject to municipal pass-through payment.
2. 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.
3. Municipal payments are estimates. Actual payments will be calculated based upon actual revenue received, subscriber numbers and formulas specified within the Municipal MOU's.
4. Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to provide community access media services.
5. Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).
6. The Cable Fund makes a fund transfer to Montgomery College and MCPS to support MCPS ITV and MC ITV.

FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)

		Act FY15	APP FY16	Est FY16	CE REC FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21	Proj. FY22
1	BEGINNING FUND BALANCE	136	1,231	1,905	1,563	402	400	700	1,000	1,300
2	REVENUES									
3	Franchise Fees ¹	17,330	17,281	17,539	17,661	17,773	17,868	17,942	18,018	18,095
4	Gaithersburg PEG Contribution	177	168	173	170	167	165	164	164	163
5	PEG Operating Grant ^{1,2}	2,278	4,110	3,251	4,120	4,056	4,013	3,991	3,968	3,946
6	PEG Capital Grant ^{1,2}	6,559	6,298	6,563	6,517	6,647	6,747	6,814	6,882	6,951
7	FiberNet Operating & Equipment Grant ²	1,792	0	903	0	0	0	0	0	0
8	Interest Earned	8	11	19	27	54	81	108	135	162
9	TFCG Application Review Fees	140	150	150	150	150	150	150	150	150
10	Miscellaneous	10								
11	TOTAL ANNUAL REVENUES	28,293	28,019	28,598	28,644	28,847	29,024	29,169	29,317	29,467
12	TOTAL RESOURCES-CABLE FUND	28,429	29,250	30,503	30,208	29,249	29,425	29,869	30,317	30,767
13	EXPENDITURE OF RESTRICTED FUNDS²									
14	A. EXPENDITURE OF RESTRICTED CAPITAL FUNDS									
15	Municipal Capital Support³									
16	Rockville Equipment	923	946	955	931	950	964	973	983	993
17	Takoma Park Equipment	923	946	955	217	222	225	227	229	232
18	Municipal League Equipment	923	946	955	217	222	225	227	229	232
19	SUBTOTAL	2,770	2,837	2,864	1,365	1,393	1,414	1,428	1,442	1,456
20	PEG Capital	853	714	714	779	779	813	957	1,191	1,319
21	ultraMontgomery - CIP				680	680	680	680	680	680
22	FiberNet - CIP	2,979	4,098	4,098	3,693	3,890	3,840	3,750	3,569	3,496
23	(Must be greater or equal to Line 6) SUBTOTAL	6,602	7,649	7,675	6,961	6,741	6,747	6,814	6,882	6,951
24	B. EXPENDITURE OF OTHER RESTRICTED FUNDS									
25	Municipal Franchise Fee Distribution³									
26	City of Rockville	701	700	740	757	761	765	770	774	778
27	City of Takoma Park	246	245	245	243	243	244	245	246	247
28	Other Municipalities	270	271	268	268	270	272	274	276	278
29	SUBTOTAL	1,217	1,216	1,253	1,268	1,275	1,282	1,289	1,296	1,303
30	Municipal Operating Support³									
31	Rockville PEG Support	76	77	77	300	292	286	279	272	266
32	Takoma Park PEG Support	76	77	77	458	451	446	443	441	438
33	Muni. League PEG Support	76	77	77	458	451	446	443	441	438
34	SUBTOTAL	228	232	230	1,215	1,194	1,178	1,166	1,154	1,142
35	SUBTOTAL	1,445	1,448	1,483	2,483	2,468	2,460	2,455	2,450	2,446
36	TOTAL EXPENDITURES OF RESTRICTED FUNDS	8,047	9,097	9,158	9,444	9,210	9,207	9,269	9,333	9,397
37	NET TOTAL ANNUAL REVENUES	20,246	18,922	19,440	19,200	19,637	19,817	19,900	19,984	20,070
38	NET TOTAL RESOURCES-CABLE FUND	20,382	20,153	21,345	20,763	20,039	20,218	20,600	20,985	21,370
39	EXPENDITURES OF NON-RESTRICTED FUNDS									
40	A. Transmission Facilities Coordinating Group									
41	TFCG Application Review	175	190	190	220	225	231	237	243	250
42	SUBTOTAL	175	190	190	220	225	231	237	243	250
43	B. FRANCHISE ADMINISTRATION									
44	Personnel Costs - Cable Administration	825	885	904	916	956	999	1,046	1,095	1,146
45	Personnel Costs - DTS Administration	81	82	87	81	84	88	92	96	101
46	Personnel Costs - Charges for County Atty	118	119	127	115	120	125	131	138	144
47	Operating	89	75	75	71	73	75	77	79	81
48	Engineering & Inspection Services	103	98	98	68	69	71	73	75	77
49	Legal and Professional Services	145	168	145	118	121	124	127	131	134
50	SUBTOTAL	1,346	1,426	1,436	1,369	1,423	1,482	1,546	1,613	1,683
51	SUBTOTAL	1,521	1,616	1,626	1,589	1,648	1,712	1,783	1,856	1,933
52	C. MONTGOMERY COUNTY GOVERNMENT - CCM									
53	Media Production & Engineering									
54	Personnel Costs	839	647	565	675	704	736	770	806	844
55	Operating	90	31	41	31	32	33	34	35	36
56	Contracts - TV Production	79	87	87	87	89	92	94	97	99
57	New Media, Webstreaming & VOD Services	47	38	38	58	59	61	62	64	66
58	SUBTOTAL	1,055	804	731	852	885	921	961	1,002	1,045
59	Public Information Office									
60	Personnel Costs	758	796	797	796	830	867	908	951	996
61	Operating Expenses	12	12	12	12	13	13	13	14	14
62	Contracts - TV Production	0	0	0	0	0	0	0	0	0
63	SUBTOTAL	770	809	809	808	843	880	921	964	1,009
64	County Council									
65	Personnel Costs	184	485	486	498	520	543	569	595	623
66	Operating Expenses	18	13	13	13	13	14	14	14	15
67	Contracts - TV Production	152	152	152	152	155	159	163	168	172
68	General Sessions and Committee Meetings	101	101	101	101	103	106	109	112	115
69	Multi-Lingual/Cultural Production Services	91	91	91	91	93	95	98	101	103
70	SUBTOTAL	546	842	843	855	885	917	953	990	1,029
71	MNCPPC									
72	Contracts - TV Production	99	99	99	99	101	103	106	109	112
73	New Media, Webstreaming & VOD Services	24	24	24	24	25	26	26	27	28
74	SUBTOTAL	123	123	123	123	126	129	132	136	140
75	SUBTOTAL	2,494	2,578	2,506	2,638	2,738	2,848	2,967	3,092	3,223

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FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)

		Act FY15	APP FY16	Est FY16	CE REC FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21	Proj. FY22
76	D. MONTGOMERY COLLEGE - MC ITV									
77	Personnel Costs	1,344	1,456	1,456	1,535	1,601	1,673	1,751	1,834	1,920
78	Operating Expenses	86	86	86	86	88	90	93	95	98
79	SUBTOTAL	1,430	1,542	1,542	1,621	1,560	1,560	1,560	1,560	1,560
80	E. PUBLIC SCHOOLS - MCPS ITV									
81	Personnel Costs	1,490	1,548	1,548	1,606	1,675	1,750	1,832	1,918	2,009
82	Operating Expenses	106	106	106	137	140	144	148	152	156
83	SUBTOTAL	1,596	1,654	1,654	1,743	1,815	1,894	1,980	2,070	2,164
84	F. COMMUNITY ACCESS PROGRAMMING⁴									
85	Personnel Costs	1,954	2,042	2,042	2,103	2,194	2,292	2,400	2,513	2,631
86	Operating Expenses	67	67	67	67	69	70	72	74	76
87	Rent & Utilities	385	396	396	411	420	431	442	454	466
88	New Media, Webstreaming & VOD Services	23	23	23	23	24	24	25	26	26
89	SUBTOTAL	2,429	2,528	2,528	2,604	2,706	2,818	2,940	3,067	3,200
90	G. PEG OPERATING									
91	Operating Expenses	95	206	181	181	186	190	195	201	206
92	Youth and Arts Community Media	150	100	100	100	102	105	108	111	114
93	Community Engagement	91	91	91	91	93	95	98	101	103
94	Closed Captioning	130	163	163	163	167	171	189	189	189
95	Technical Operations Center (TOC)	8	10	10	10	10	10	11	11	11
96	Mobile Production Vehicle	9	19	19	19	19	20	20	21	22
97	SUBTOTAL	484	590	565	565	578	592	622	633	645
98	H. FIBERNET OPERATING									
99	FiberNet - Personnel Charges for DTS	546	727	708	766	799	835	874	915	958
100	FiberNet - Operations & Maintenance DTS	1,308	1,126	1,160	1,126	1,152	1,181	1,212	1,245	1,279
101	FiberNet - Network Operations Center		729	729	910	910	910	910	910	910
102	FiberNet - Personnel Charges for DOT	76	101	101	101	105	110	115	120	126
103	FiberNet - Operations & Maintenance DOT	613	771	771	882	902	925	950	975	1,002
104	SUBTOTAL	2,543	3,454	3,468	3,784	3,868	3,960	4,061	4,166	4,274
105	TOTAL EXPENDITURE OF UNRESTRICTED FUNDS	12,497	13,963	13,890	14,544	14,912	15,383	15,913	16,445	17,000
106	TOTAL EXPENDITURE OF RESTRICTED FUNDS	8,047	9,097	9,158	9,444	9,210	9,207	9,269	9,333	9,397
107	TOTAL EXPENDITURES - PROGRAMS	20,544	23,059	23,048	23,988	24,122	24,590	25,182	25,778	26,397
108	I. OTHER									
109	Indirect Costs Transfer to Gen Fund	579	614	614	649	677	708	741	776	812
110	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	30	-	-	-	0	0	0	0	0
111	Telecom Transfer to the Gen Fund				5	5	0	0	0	0
112	Transfer to the General Fund	4,266	4,787	4,787	4,673	3,554	2,937	2,456	1,974	1,595
113	Legislative Community Communications NDA	488	490	490	490	490	490	490	490	490
114	SUBTOTAL	5,363	5,891	5,891	5,818	4,726	4,135	3,687	3,240	2,897
115	TOTAL EXPENDITURES	25,907	28,951	28,940	29,806	28,848	28,725	28,869	29,017	29,294
116	J. ADJUSTMENTS									
117	Prior Year Adjustments	0	0	0	0	0	0	0	0	0
118	Encumbrance Adjustment	603	0	0	0	0	0	0	0	0
119	CIP - Designated Claim on Fund	0	0	0	0	0	0	0	0	0
120	TOTAL ADJUSTMENTS	617	0	0	0	0	0	0	0	0
121	FUND BALANCE	1,905	299	1,563	402	400	700	1,000	1,300	1,473
122	FUND BALANCE PER POLICY GUIDANCE⁵	1,398	1,395	1,417	1,427	1,438	1,448	1,456	1,464	1,473
123	K. SUMMARY - EXPENDITURES BY FUNDING SOURCE									
124	Transfer to Gen Fund-Indirect Costs	610	614	614	649	677	708	741	776	812
125	Transfer to Gen Fund-Mont Coll Cable Fund ⁶	1,430	1,542	1,542	1,621	1,560	1,560	1,560	1,560	1,560
126	Transfer to Gen Fund-Public Sch Cable Fund ⁶	1,596	1,654	1,654	1,743	1,815	1,894	1,980	2,070	2,164
127	Transfer to CIP Fund	2,979	4,098	4,098	4,817	3,890	3,840	3,750	3,569	3,496
128	Transfer to Gen Fund-Other	4,266	4,787	4,787	4,673	3,554	2,937	2,456	1,974	1,595
129	Transfer to Gen Fund-Telecom	0	0	0	5	5	0	0	0	0
130	Transfer to the General Fund-Legislative Branch NDA	488	490	490	490	490	490	490	490	490
131	FUND TRANSFERS SUBTOTAL	11,368	13,186	13,186	13,998	11,991	11,429	10,977	10,439	10,118
132	Cable Fund Expenditure of Unrestricted Funds	9,471	10,766	10,694	11,180	11,537	11,929	12,373	12,815	13,275
133	Cable Fund Direct Expenditures	14,553	15,765	15,754	15,808	16,857	17,296	17,892	18,578	19,176
134	Cable Fund Personnel	3,428	3,843	3,775	3,948	4,117	4,303	4,505	4,717	4,938
135	Cable Fund Operating	11,125	11,922	11,979	11,860	12,060	12,313	12,707	13,182	13,558

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.

1. Subject to municipal pass-through payment.

2. 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.

3. Municipal payments are estimates. Actual payments will be calculated based upon actual revenue received, subscriber numbers and formulas specified within the Municipal MOU's.

4. Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to provide community access media services.

5. Fund balance per policy guidance is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).

6. The Cable Fund makes a fund transfer to Montgomery College and MCPS to support MCPS ITV and MC ITV.

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TESTIMONY FOR WEDNESDAY, APRIL 6, 2016

Good afternoon. My name is Suzanne Scheer. I live in Rockville, Maryland. I was born in Washington, DC but moved to Rockville before I was two years old. I've lived in Rockville for most of my life, other than time away at school and when I first started working. I remember when the big house was burned down and the trees were cleared to create Executive Blvd. I remember when Pike and Rose used to be Korvette's, and I spent many hours at the Congressional Roller Rink.

Thank you so much for the opportunity to talk with you today about the hidden gem in our backyard - Montgomery County Media (hereafter "MCM").

I first learned of MCM about five years ago, when my son Bennett's Cub Scout Den visited and toured their studios. Fast forward to 2014, when Bennett decided, at the age of 13, that he wanted to be a media mogul - radio, television production, filmmaking. Imagine my delight when I learned that MCM was hosting an Explorer Post, right here in Rockville! This is a program for young people ages 14 - 20 to teach them about all aspects of media, including TV production, social media and blogging. Bennett is really enjoying this program, and it is so popular that it's full. Bennett and the other teens in the program have been given a wonderful platform for expressing themselves as well as the opportunity to learn how to use professional cameras and editing software to produce shows to be aired on MCM and posted online. I can't wait to see the small horror movie that his small group produces!

Bennett's school doesn't offer any media classes, so I'm really thankful that MCM is offering the Explorer Post. MCM is also home to an Explorer Club for 6th - 8th graders, as well as Spring Break and Summer Camps for backpack journalism and use of Green Screen technology.

In addition to educating our youth, MCM offers technical training programs for adults and public access to the creation of local programming. Training programs cover field camera use, non-linear editing, and field production. MCM also offers classes on Social Media, LinkedIn, and smartphone video use for business.

Another program that I love is Small Business University ("SBU"). MCM partners with Mid-Atlantic Credit Union and the Taylor-Leonard Corporation to host SBU, a monthly seminar series for small and mid sized local businesses. These seminars are live-streamed and are also available to watch on-demand. I attended last month's SBU which featured structured networking and an excellent speaker on the topic of networking. I made some excellent connections.

Montgomery County Media is a tremendous asset for our community that serves our county on many different levels. I would respectfully request that the Council take into account the value added to Montgomery County by MCM when determining the allocation of funds.

Thank you very much for your time and for your continuing support of Montgomery Community Media.

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Kylie Jia
Producer
606 Northcliffe Dr.
Rockville MD 20850
Cell: 6178-833-5122

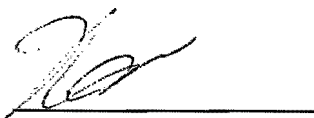
March 24, 2016

Montgomery County Council

I am writing to let you know that I am so pleased with my experience with MCM. In fact, I am blown away by how the training sessions are conducted there. I have so far attended the training classes of Studio Producer and Studio Technician. I have completely enjoyed the classes and have learned a ton. I am especially impressed by how these two classes are organized together, to enable students to not only learn the hands on experience from the very first hour, but also jointly produce the actual TV shows with the classmates , all within the first day of class! Wow!

I love the fact that there are multiple teaching assistants to give students one-on-one coaching time, and to enable students to rotate in different roles. The trainers and teaching assistants have always been very helpful, patient, encouraging and kind. That, to me, is among the best quality of training classes I have ever seen.

Best,

A handwritten signature in dark ink, appearing to read 'Kylie Jia', is written over a horizontal line.

Kylie Jia
Producer

The Members of the Montgomery County Council,

Montgomery County has a lot of resources to offer its constituents, specifically the ability for small, rural, close knit towns like Damascus to be able to have a voice and be represented on a larger scale, via Montgomery Community Media's televised access channel programming and the integration of web sources and social media outlets, which helps the community to generate awareness and interest in the issues and events that are relevant to the residents and will probably never get covered by mainstream media.

MCM provides an avenue for content providers to independently produce, with the help of the community, and distribute the generated content to share with the local audience the messages and information contained. It is about having an outlet for people who are not interested in big budget productions, primarily because we do not have those massive budgets, and it is a way for the community to come together and help each other, and while doing so, engage in conversations with people whom we may never choose to meet otherwise.

The content of programming is not important, rather the ability for a recent college graduate to create a program and have it televised for feedback, or for religious organization to distribute content to members who may not be able to attend processions in person, for local charitable organizations to spread the word about community events and other activities that they are helping with without having to pay large sums of money to buy advertising time on major channels, for a recreational hockey league to be able to record and televise a tournament that its players will have a chance to see with family, and the list goes on.

MCM not only provides diverse, educational, local, and far more relevant programming than a news coverage about a celebrity feud, but also enables a community to create works that are a reflection of the world around us, satirical by nature, extravagant by choice, with the appropriate utilization of the resources of MCM to highlight the local community and generate passion in the youth to learn the art of telling stories via moving pictures.

In a nutshell, MCM is a fundamental part of Montgomery County that enables the community to maintain Media Relations within the community and with each other without whom the essence of being a community will become another illusion created by a Hollywood production. MCM is a media outlet that enables a community to stay local; Community content, made by the community, for the community.

So far, I have focused on the necessity of MCM and it may sound as if the present state of MCM is fantastic, although that is not the case; as with any technologically based enterprise, there is always room for improvement. MCM also requires substantial improvements in order to bring its facilities at par with ever changing technology and to prevent it from becoming obsolete. On behalf of the MCM community users, I extend sincere thanks to the Council for supporting this wonderful medium thus far, and we all hope that the Council Members will continue to support MCM in its evolution for years to come.



With Sincere Gratitude,
Singh, Amandeep Babra

25128 Chimney House Ct,
Damascus, MD 20872
240.491.7135

Cost: \$4

Montgomery County Council
FY 2017 Operating Budget Hearing
Thursday, April 7, 2016



Testimony of
Montgomery Community Media

Good afternoon Council President Floreen and members of the County Council:

I'm Merlyn Reineke, Executive Director of Montgomery Community Media, the independent community media center here in Montgomery County on television, mobile and online.

Thank you for the opportunity to highlight my written testimony, and to submit letters of support.

It has been 295 days since the Gazette newspaper published its final edition in Montgomery County. That dramatic moment last June was yet another milestone along the changing path of how our community obtains its news and information. To learn about how our government works, people used to read the newspaper. Today they follow you on Facebook, catch your Tweet or watch a video on their phone.

Our news ecosystem has changed more in the past five years than the previous 500. Live video, instant messaging, apps of every variety all combine to provide each of us the opportunity to disseminate our message and engage with the community as never before. Yet in this rush toward the future, we are losing some of our precious locally-based sources of reliable news and information. As Councilmember Leventhal has stated, *"I am worried for the future of honest and accountable government in the absence of responsible journalism. Journalism is more than just a profit center... it is a community service."*

No one will replace the Gazette... that era has come and gone. Yet we at Montgomery Community Media are excited about leveraging these emerging platforms to help engage county residents with unique local content... and our numbers are exploding. In 2016, MCM will surpass 800K unique website users, 3.7 million page views, 22,000 Facebook Likes and more than 9 million Facebook accounts reached by our content. While all that's exciting, we are not turning our back on our traditional platforms: this year we'll produce more than 1,000 county-

focused videos for TV and mobile, alongside the 800 hours of community-produced content from hundreds of Montgomery County residents. And we're grateful for the opportunity to finally be carried in High Definition on Cable TV as part of the new Comcast franchise agreement.

The use of video and social media is now a daily activity for Montgomery County residents. We live our lives online: shopping, education, banking, travel, entertainment, news... and yes, elected officials engaging with voters... all have been transformed almost overnight. The phone in our pocket is our portal to the world. At MCM, we have transformed our own organization to support county residents and organizations to benefit from these technologies, partnering with entities such as Montgomery County's Health & Human Services, the Parks Department and the Circuit Court to produce videos to help those agencies engage with their constituents.

Through the FY17 Cable & Communications Plan, you're providing MCM and our PEG colleagues with vital resources to continue to serve Montgomery County residents with unique news and information simply not available via commercial media.

President Floreen and members of the Council, we at MCM look forward to working with you in the coming year to continue to build the most connected, engaged and informed county in America.

Thank you.



2017 Preliminary Cable Plan

Prepared for the GO Committee
January 28, 2016

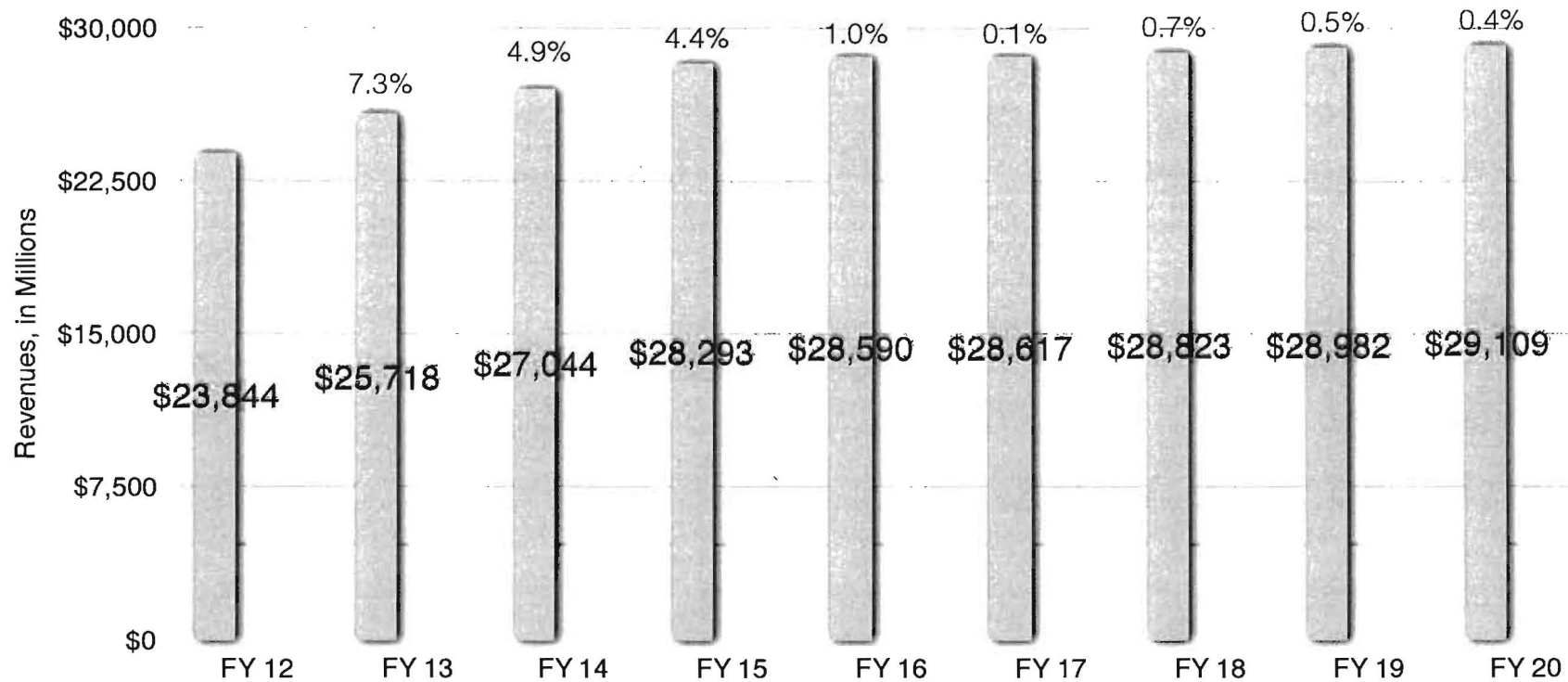




Office of Cable and Broadband

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 28% 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 14,887 eligible households

Cord Cutting/Cord Shaving

Effect on Montgomery County

	Subscribers (000's)	% Annual Change	Avg. Rev. per Subscriber	% Annual Change
FY12	257	2.8%	96.37	4.0%
FY13	263	2.3%	101.74	5.6%
FY14	266	1.1%	104.02	2.2%
FY15	269	1.1%	107.51	3.4%



Cord cutting/cord shaving, changes in equipment charges, rate increases, and population increases all affect the number of customers and the revenues of our franchisees.

Since 2012 cable franchisee subscriptions have flattened out



In the same period, revenue per subscriber has grown by 12%



In Montgomery County, Comcast charges less for Internet, bundled with limited or expanded basic service than for standalone internet service

Today in Montgomery County, online video subscriptions seem to be mostly complementary to Cable services.



The future impact on the County's franchise and PEG revenues is unclear and is considered in projections of future revenue

To compete with online video subscriptions, 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

Policy and legal work primarily revolves around Cable Franchising, Cable policy work, Broadband 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 classification of OTT revenue
- Set Top Box proceeding
- Lifeline Order
- PEG Closed Captioning FCC workshop
- FCC 621 order on courtesy accounts
- Diverse and Independent Video Programming Sources

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



COLLABORATION

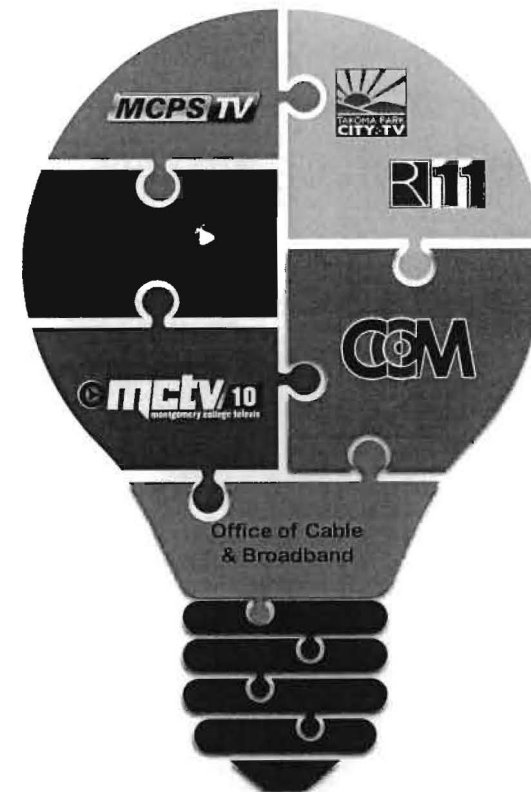
Unique projects that utilize the combined resources and expertise of the PEGs

COMMUNITY ENGAGEMENT & AUDIENCES

Implementing programs responsive to diverse community needs

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:



Liquor Control

New EconDev Authority



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



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



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