

MEMORANDUM

April 21, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser  
Amanda Mihill, Legislative Attorney 

SUBJECT: Cable Television and Communications Plan (continued)

Expected to attend:

Sonny Segal, Chief Information Officer, Department of Technology Services  
Ivan Galic, Acting Cable and Broadband Administrator, Department of Technology Services  
Merlyn Reineke, Chair, PEG Governance Board  
Representative from the Office of Management and Budget  
Representative from the City of Takoma Park  
Members of the Public Education and Government (PEG) Network  
Richard Freedman, Chair of the Cable Communications Advisory Committee

Summary of Staff Recommendations:

1. Provide guidance regarding three options for Takoma Park funding within the plan:

- a. Status quo: This option would acknowledge that the County adheres to agreements that provide for certain support for municipalities. Under this option, Takoma Park would receive the amount of municipal support listed in the FY 2015 Recommended Cable Plan.
- b. Grant to Takoma Park: Under this option, the Committee would place money on the reconciliation list to provide Takoma Park with additional funds from the General Fund for PEG support. This item would then compete with other reconciliation list items. While strictly a policy decision for Committee members on whether to provide Takoma Park with funds from the General Fund, Committee members should be aware of the possibility of other municipalities requesting operating support in future fiscal years if the Council provides support for Takoma Park.
- c. "Swap" of Takoma Park capital money: As a brief reminder, FiberNet is a major interagency project that provides broadband services to several hundred schools, public safety, and other governmental buildings; many of these facilities are within the city of Takoma Park. Currently, the FY15 revenue mix for FiberNet's \$4,242,000 requested budget in the CIP is \$3,748,000 from the Cable Fund and \$494,000 from Current General Revenue. Under this option, Takoma Park would use some of its capital grant to pay for some of the FiberNet infrastructure within its city boundaries. The County could then reduce the amount of General Fund expenditures for FiberNet by the same amount (or other amount mutually agreed upon) and provide Takoma Park with that General Fund money for their needed support.

## INTRODUCTION

In the April 7, 2014 budget worksession on Cable (packet on ©1-24), the Committee made the following decisions:

1. It supported the recommended FY15 Cable and Telecommunications Plan, but withheld final endorsement of the section regarding Expenditure of Restricted Funds (lines 14-39 of the Plan display on ©14) until more clarity would be provided regarding the revenue split to Takoma Park between Capital and Operating funds.
2. It asked that two \$50,000 elements supporting the expanded work of the Gandhi Brigade be placed on the reconciliation list for full Council review

## DISCUSSION

**Background:** Municipalities receive funds from the Cable Plan from 3 sources:

1. Their share of the franchise fee (5 percent of gross revenues);
2. Funds from a capital grant from the three cable companies; and
3. PEG support as part of a settlement agreement with Comcast's predecessor.

An excerpt from the FY15 Cable Plan detailing the County payments to municipalities is shown on the table below.

**FY 2013 – FY 2015 Expenditures for Municipality Payments (in \$000's)**

	<b>FY13 Actual</b>	<b>FY14 Approved</b>	<b>FY14 Estimated</b>	<b>FY15 Recommended</b>
<b>Municipal Capital Support</b>				
Rockville	789	836	852	894
Takoma Park	794	125	852	894
Municipal League	719	125	782	824
<b>Municipal Franchise Fee Distribution</b>				
Rockville	636	682	657	668
Takoma Park	253	248	240	240
Municipal League	241	262	259	266
<b>Municipal Operating Support</b>				
Rockville	73	425	75	76
Takoma Park	73	425	75	76
Municipal League	143	425	145	146

As Committee members will note, there is an anomaly in the "FY14 Approved" column for payments to Takoma Park and the Municipal League. There is a dramatic drop in the estimated payment to these entities for capital support and a dramatic increase in the estimated payment for operating support. These figures were proposed by the Executive and approved by the Council in May 2013 as part of the FY14 Cable Plan. As Council Staff understands it, the reason for this dramatic shift between capital

support and operating support was that the County was actively negotiating with Comcast on a renewal franchise agreement, and the Executive Branch was optimistic that they would finalize an agreement that resulted in additional operating support and less capital support for these two municipalities. The FY15 Cable Plan reflects the reality that the County does not yet have a negotiated franchise agreement. Committee members should note that the Approved FY14 Cable Plan contains a footnote explaining that the Comcast franchise renewal process was initiated and that the municipal cost sharing is dependent on final negotiations.

**Takoma Park concerns:** Council Staff understands that the City of Takoma Park has expressed concerns that they are in need of operating funds more than capital support. The amount of funds that the County can require franchisees to pay for municipal support is limited by the franchise agreements and federal law. Chief Information Officer Sonny Segal transmitted a memorandum on April 7, 2014 providing the Executive's position on this matter (©25-26).

Council Staff has identified the following options for Committee members to consider.

*Status quo* – This option would acknowledge that the County adheres to agreements that provide for certain support for municipalities. Under this option, Takoma Park would receive the amount of municipal support as listed in the FY15 Recommended Cable Plan.

*Grant to Takoma Park* – Under this option, the Committee would place money on the reconciliation list to provide Takoma Park with additional funds from the General Fund for PEG support. This item would then compete with other reconciliation list items. While strictly a policy decision for Committee members on whether to provide Takoma Park with funds from the General Fund, Committee members should be aware of the possibility of other municipalities requesting operating support in future fiscal years if the Council provides support for Takoma Park.

*“Swap” of Takoma Park capital money* – As a brief reminder, FiberNet is a major interagency project that provides broadband services to several hundred schools, public safety, and other governmental buildings; many of these facilities are within the city of Takoma Park. Currently, the FY15 revenue mix for FiberNet's \$4,242,000 requested budget in the CIP is \$3,748,000 from the Cable Fund and \$494,000 from Current General Revenue. Under this option, Takoma Park would use some of its capital grant to pay for some of the FiberNet infrastructure within its city boundaries. The County could then reduce the amount of General Fund expenditures for FiberNet by the same amount (or other amount mutually agreed upon) and provide Takoma Park with that General Fund money for their needed support.

**MEMORANDUM**

April 3, 2014

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

Expected to attend:

Sonny Segal, Chief Information Officer, Department of Technology Services  
Ivan Galic, Acting Cable and Broadband Administrator, Department of Technology Services  
Merlyn Reineke, Chair, PEG Governance Board  
Representative from the Office of Management and Budget  
Members of the Public Education and Government (PEG) Network  
Richard Freedman, Chair of the Cable Communications Advisory Commission

**Summary of Staff Recommendations:**

1. Approve the Cable Plan of \$27,663,000 for FY15 with the following modifications:
  - a. Option A: Withhold approval of the requested "estimated FY14" budget distribution between capital and operating funds and the revised FY15 capital/operating fund distribution until additional discussions can explore a more equitable solution among all parties. Once a resolution has been reached, schedule another review for a revised Cable Plan which preserves the Plan's overall size and reflects the decisions jointly reached between interested parties.
  - b. Option B: Approve a revised Cable Plan now that uses the municipal revenue distribution ratios between Capital and Operating lines from the approved FY14 Plan in establishing 2015 allocations in the Restricted Fund categories.
2. Put an additional \$100,000 in two components of \$50,000 on the reconciliation list to fund additional community work through the Gandhi Brigade.

**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 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 for capital projects only. The sum total of these revenues is projected to be \$27,663,000 in FY15.

The amount of revenues garnered from the cable franchise fee continues to grow, albeit at a much slower pace. In FY13, the last year for which definitive information is known, the total revenues that came into the Cable Fund were \$26,405,000. The historical trend is made more evident in the Table below:

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

	FY15 (Rec)	FY14 (est)	FY13	FY12	FY11	FY10	FY09	FY08
Total Revenues	27,663	26,891	26,405	23,844	22,312	19,830	17,608	16,635
% increase	+2.9%	+1.8%	+10.7	+6.8%	+12.5%	+12.6%	+5.8%	

As noted above, the revenue numbers for FY14 and the recommended revenue figure for FY15 are both estimates; all other years are actual figures.

**ENTITIES OTHER THAN MONTGOMERY COUNTY**

These cable revenues include fees collected on behalf of municipalities (Rockville, Takoma Park, and Maryland Municipal League representing smaller municipalities), fees that are considered “restricted” as they cannot be appropriated by the County but must be distributed to the municipalities. These municipal restricted funds total \$4,084,000 and are distributed as follows:

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

	Rockville	Takoma Park	MML
Capital Support	894	894	824
Franchise fees	668	240	266
PEG support	76	76	146
Totals	1,638	1,210	1,236

**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 PEG Board has prepared a presentation of their accomplishments, which is on ©11-16.

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	FY14 Approved	FY15 Recommended
Media Production & Engineering	\$1,009	\$1,064
PIO	\$827	\$875
County Council	\$513	\$536
MNCPPC	\$2,472	\$2,598
MC	\$1,346	\$1,430
MCPS	\$1,477	\$1,596
Community Access Programming	\$2,369	\$2,429
PEG Operating	\$403	\$418
Total	\$9,954	\$10,946

**QUESTIONS RAISED BY COUNCIL STAFF**

Council staff provided a series of questions to ensure that the FY15 recommended Plan is in alignment with Committee and Council priorities; the questions, and responses provided by DTS, are as follows:

**Staff question:** The Gandhi Brigade allocation is of interest to the Committee; can you assess their performance in FY14 and explain the recommended level of support in FY15?

- a. *Providing support for Youth Media activities has been of particular interest to the GO Committee for several years. While the PEG members implement a wide variety of youth related programs through their own individual and collective efforts, the Gandhi Brigade allocation is a completely separate vehicle to widen the circle and seek ways to expand impact to County youth.*
- b. *Utilizing the work of the Gandhi Brigade as a single-source contractor, the Cable Office and the PEG Governance Board (PGB) have provided oversight of the contract funds, with \$25,000 of the allocation utilized by the Gandhi Brigade for their programs and the remaining \$25,000 distributed to additional youth service organizations (which totaled nine in FY14), with this last element managed by Gandhi Brigade.*
- c. *The Cable Office and the PEG Governance Board feel that Gandhi Brigade has been an effective steward of these funds to date. With that said, the Cable Office and PGB have a strong desire to generate increased outcomes in FY15 and beyond. As multiplatform media organizations, the PGB members feel strongly that use of the Youth line item must result in content generated by-and-for-youth in order to be a truly effective use of these precious funds. Specifically, these outcomes should include video and other youth generated content that can be distributed on PEG TV channels, websites and across mobile and broadband platforms to a large and diverse audience.*
- d. *Consequently, the County Executive recommends the same level of support for the Gandhi Brigade in FY15 as in FY14. Additional support may be considered when these desired outcomes and a specific plan to generate such results are made available for consideration. The Cable*

*Office and PGB plan to revisit the current approach and explore additional youth service organizations with which to partner in preparation for the FY16 budget.*

- e. Please refer to the attached presentation from the PGB for additional information about Youth Media related initiatives and accomplishments during FY14.*

*Attachment 1*

*The Gandhi Brigade reports the following outcomes to date in its FY14 Interim Report, which was provided to the Cable Office in January, 2014:*

- *\$25,000 Youth Media Fund for Gandhi Brigade Media Production*
  - a. Social Justice Summer Documentary: Eight young people (four artists and four videographers) picked Teen Homelessness as their theme and created a series of wearable art and a 20-minute documentary on the theme. They prepared for the project through a series of field trips to meet organizations and leaders who are involved in teen homelessness. They visited Sasha Bruce, SMYAL, and DC Alliance of Youth Activists. They interviewed HHS Director Uma Ahluwalia, Congressman Van Hollen, and four homeless teens. The movie and artwork has been screened at four venues, including the Silver Spring Civic Building and the Montgomery College Performing Arts Theater.*
  - b. Youth Media Festival: Has not yet begun.*
  - c. School Year Media Training:*
    - i. 14 youth enrolled in the video team. They created digital stories about an important transition in their lives. <http://youtu.be/2VpvseGSqBY>*
    - ii. 13 youth enrolled in the Designer Team. They created zines on an important transition in their lives. <http://youtu.be/WtOuwln5fOI>*
    - iii. 20 youth enrolled in the Photographers Team. They created flipbooks about important transitions in their lives. <http://youtu.be/Poc0LYzUmIo>*
- *\$25,000 Youth Media Fund for Youth Media Alliance*
  - a. Youth Media + Action Summit: Three-day event was held on August 5, 6 & 7. More than 100 youth participated from 15 organizations and four major cities plus Montgomery County. Youth created eight original collaborative video projects that explored the similarities and differences experienced by the participants.*
  - b. Long Branch Library Workshops: We held two photography workshops at Long Branch Library beginning in January. The next two workshops will focus on Photoshop.*
  - c. Youth Media Capacity Building: Eight organizations applied for capacity support to incorporate media in their youth development work. \$12,900 was disbursed to eight organizations: Asian America LEAD, Passion for Learning, African Immigrants and Refugee Foundation, Latin American Youth Centers, Pyramid Atlantic, WORDE, YMCA Youth and Family Services, Community Bridges. \$1,000 was paid to Docs in Progress to conduct a planning workshop to help the organizations prepare for their project. \$1,600 was reserved for technical assistance and for food and supplies for the final event at the Youth Media Festival. Six organizations will submit their projects for the festival.*

**Staff comment:** The Gandhi brigade has provided a new updated report to Councilmembers, along with a request to consider increasing the contribution from the Cable Plan or other sources from the current \$50,000 level to \$100,000 or \$150,000 levels, with commensurate increases in performance and products. This report is on ©17-18. Based on this submission, Council staff recommends that two components of \$50,000 each be placed on the reconciliation list so that the full Council has a chance to express an opinion and provide support beyond the Cable plan revenues.

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**Staff question:** The Committee requested a \$250,000-\$500,000 item be explicitly set aside for ITPCC pipeline project funding. It is not visible; please show where it is.

- a. *The CE's Recommended FY15 Cable Communications Plan includes several challenges. The budget includes a negative Beginning Fund Balance of (-\$435,000) due primarily to the unanticipated cable franchise revenue shortfall in FY14. This is the first time that the Cable Fund has ever started the year with a negative Beginning Fund Balance. Further, the budget includes an Ending Fund Balance of \$384,000, which is the first installment of a 3-year plan to restore the Ending Fund Balance to the policy level of 8% by FY17. Restoring the Ending Fund Balance to the policy level is critical because it helps to mitigate risks associated with unanticipated shortfalls in cable franchise revenues, as occurred during FY14. Last, the budget includes a General Fund transfer of \$4,366,000, which is \$2,809,000, or 39% lower than the FY14 Approved General Fund transfer amount of \$7,175,000. \$4,366,000 is the lowest amount of funds transferred from the Cable Fund to the General Fund since FY10 to support vital County programs and services. Because of these challenges, the CE's Recommended FY15 Budget does not include funding for the ITPCC pipeline projects.*

**Staff comment:** The ITPCC is a vital institution, involving all 6 agencies at the highest level, as well as the CIOs representing technology development capacity. Appropriating revenues for projects that the ITPCC has identified (see GO Committee #5 ITPCC packet for details) is difficult to align with existing budget processes, as is evident from the Executive's response.

When the Committee wanted to fund a single project (the GIS project) in FY14, it designated the amount for transfer to the Interagency Technology Fund; the language appears on pages 5-100 of the FY14 Budget Resolution:

“... Support of the Interagency Technology Fund (ITF)  
M. In FY2014, the Council has designated a transfer of \$70,000 to the Interagency Technology Fund (ITF) in order to support the work of the Interagency Technology Policy and Coordination Committee(ITPCC)....”

There is, therefore, precedent to designate a transfer of funds from the Cable Fund to the ITF, from where it can be appropriated through a supplemental appropriation request when a project is ready for funding. The ITPCC leadership has already articulated a pipeline of a dozen projects that need definition and costing data, but are all responsive to the agency programs and that also found support within the Committee discussions recently. This broader issue is addressed in the ITPCC budget work session on April 7, 2014.

**Staff question:** The Municipal revenue split was changed from FY14 Approved to FY14 Actual. Explain the circumstances and state why the Committee was not involved in that decision

- a. *The CE Recommended and Council Approved FY14 Budget assumed that a new Cable Franchise Agreement with Comcast would be executed in FY14. One of the County's objectives is to obtain PEG Operating budget support in the new Comcast Franchise Agreement that can be used by the County and municipalities. The County and Comcast have yet to come to terms on a new Franchise Agreement. The FY14 Estimate and CE Recommended FY15 Budget reflect the amount of Capital and Operating budget support required to be provided to the municipalities*

*under the current Franchise Agreements with the Cable providers and Memorandums of Understanding (MOUs) with the municipalities.*

- b. The County's existing franchise agreements with the Cable providers and MOUs with the municipalities stipulate the amount of funding required to be provided and restrictions on permissible expenditures. The County must abide by the terms and conditions of these existing agreements and MOUs. The CE's Recommended FY15 Budget provides support to the municipalities in the form of both Capital and Operating budget funding that is consistent with the cable franchise agreements and MOUs.*

**Staff response:** The FY14 Approved budget detail for the Cable Plan was in no way conditioned on negotiations; municipalities have made interim decisions made on the allocations included in this unconditional allocation. Representatives from these municipalities have made their concerns known to Councilmembers regarding the revision to the FY14 budget.

Beyond the municipality reactions, there is also a question of total revenue flows; in his revision request for FY14, the Executive appears to be opting for a strategy that will lose some \$384,000 for the County (difference between restricted payout under the Approved and modified budgets for the Cable Plan). The following Table pinpoints this additional concern.

**Table 4: Comparison of Approved and recommended modification to FY14 Cable Plan as it affects revenues to concerned parties (in \$000s)**

Approved FY14	Rockville	Takoma Park	MML	Total
Capital Support	836	125	125	
Franchise fees	682	248	262	
PEG support	425	425	425	
Totals	1,943	798	812	3,553

Modified FY14	Rockville	Takoma Park	MML	Total
Capital Support	852	852	782	
Franchise fees	657	240	259	
PEG support	75	75	145	
Totals	1,584	1,167	1,186	3,937

Staff recommends additional discussions among OMB, the Cable office, concerned municipalities, and Council staff to find a resolution before the full Council votes on the final version of the FY15 Cable plan which would, at the same time, implicitly agree with the Executive's desired changes to the Approved FY14 budget.

Another option is to take action to modify the proposed budget in ways that reflect the 2014 decisions made and also maintain the capital/operations requirements imposed by the FCC and other cognizant authorities. Since the FiberNet project is within the Cable Plan mix of projects, and since the FiberNet project currently accommodates both capital as well as operational contributions, there may be ways to make FY2014 and FY15 changes to the Operating/Capital mix in that project in ways that offset the negative impact of the FY14 budget decision on operating requirements for the County.

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# Cable Communications Plan

## MISSION STATEMENT

The mission of the Cable Communications Plan is to effectively manage the County's cable television and telecommunications franchise agreements and the Cable Special Revenue Fund to ensure that: cable services in Montgomery County are of high quality; cable and telecommunications providers comply with applicable safety and construction codes; cable customer service requirements and applicable consumer protection provisions are enforced; quality Public, Educational, and Governmental (PEG) cable programming is provided; 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 FY15, the Cable Communications Plan consists of three elements: the Cable & Broadband Office appropriation (\$14,693,985), transfers to the County General Fund (\$8,401,025), and transfers to the County Capital Improvements Program (\$3,748,000) for a total use of fund resources of \$26,843,011. Within the Cable Office appropriation of \$14,693,985, Personnel Costs comprise 24.8 percent of the budget for sixteen 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 75.2 percent of the FY15 budget.

In FY15, 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 FY15, total transfers to MC are \$1,430,000, representing an increase of \$84,200 (or 6.3%) over the FY14 transfer of \$1,345,800.

Montgomery County Public Schools (MCPS): Funds are transferred from the Cable Fund to the General Fund, and then to MCPS. In FY15, total transfers to MCPS are \$1,595,624, representing an increase of \$118,364 (or 8.0%) over the FY14 transfer of \$1,477,260.

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 (\$579,475), costs related to the Technology Modernization program (\$30,191), funding the workplan of the Legislative Branch Communications Outreach NDA (\$400,000), and other contributions (\$4,365,735).

## LINKAGE TO COUNTY RESULT AREAS

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

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

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## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ *In FY14, COUNTY REPORT THIS WEEK (CRTW), the weekly half-hour program produced collaboratively by members of the PEG Governance Board, was named by the Alliance for Community Media the Best PEG News Program in America. In February 2014, CRTW will produce its 200th episode. The program will continue to highlight decisions that will impact County residents including master plans, zoning issues, FY15 Capital & Operating Budget, and the 2014 Primary Election polling places and results. The show airs on all the public, education, and government access channels, and is available on-demand, via mobile devices and on YouTube in English and Spanish.*
- ❖ *In FY14, PEG Bytes, the bi-weekly newsletter produced by the PEG Governance Board, highlights the many hours of original, innovative content produced by the individual PEG channels. Each edition is distributed to a growing list of more than 450 people and includes an average of 12 stories generated exclusively by the PEG organizations.*
- ❖ *In FY14, the PEG Channels will collaborate to provide coverage of the June 2014 Primary Election including production and editorial expertise, videotaped statements from candidates for office, debates among candidates for contested seats, and live coverage of election results and expert analysis on television, Internet, and via mobile devices. During FY15, the PEGs will provide this same coverage for the General Election.*
- ❖ *In FY14, using a cutting-edge technology called LiveU, the PEGs collaborated on bringing high-profile events such as the O'Malley/Brown Administration announcing the \$630 Million Investment in the County's Transportation Network, an additional \$400 Million for construction of Purple Line for Montgomery and Prince George's Counties, and the Martin Luther King Celebration to cable and online audiences. LiveU allows video coverage anywhere in the county from locations where fiber is not available.*
- ❖ *All Montgomery County Public elementary schools will be on FiberNet by the end of the 2014 calendar year at speeds capable of supporting instructional video, telephony, high-speed Internet, and back office applications (12 sites remain to be completed); additionally 19 Housing Opportunities Commission properties are also scheduled. By the end of FY15, FiberNet expects to have 487 sites on the network; the Traffic Management network plans to add 200 pedestrian safety beacons; FiberNet is expected to have more than 1,750 sites on the network by the end of FY17 serving every conceivable end-point from a pedestrian beacon to a major campus network or building complex.*
- ❖ *Productivity Improvements*
  - *In FY13, the Cable Office franchising team launched new social media tools to notify Montgomery County residents of the many features, benefits, and press releases concerning the cable providers.*
  - *In FY13, in collaboration with MC311, the Cable Office developed an online form for consumers to submit questions and complaints about the cable, internet, and phone service provided by the three cable providers.*

## PROGRAM CONTACTS

Contact Ivan Galic of the Cable and Broadband Office at 240.777.2898 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.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Percent of Customers Satisfied with Cable Office Complaint Handling	97	96	95	95	95
Average Days to Process Transmission Facilities Applications by Transmission Facilities Coordinating Group	27	30	30	30	30
Number of Transmission Facility Applications Processed	209	71	120	120	120

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>1,625,073</b>	<b>8.90</b>
Increase Cost: Printing and Mail	664	0.00
Decrease Cost: Outside Legal Costs	-6,747	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.	18,598	0.00
<b>FY15 CE Recommended</b>	<b>1,637,588</b>	<b>8.90</b>

### 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.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Hours of First Run Locally Produced, Block and Acquired MCM Programming	6,848	5,900	6,000	6,000	6,000
Hours of MCM Volunteer Effort in Creating Public Access Programming	13,642	16,500	17,000	17,000	17,500

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>2,368,509</b>	<b>0.00</b>
Increase Cost: Montgomery Community Television - Employee Salary and Benefits	50,122	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.	10,811	0.00
<b>FY15 CE Recommended</b>	<b>2,429,442</b>	<b>0.00</b>

### 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

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programming is web-streamed to the County's website.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Hours of First Run Locally Produced, Block and Acquired CCM Programming	2,631	2,533	2,555	2,578	2,602

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>2,477,176</b>	<b>15.90</b>
Increase Cost: Council Production Services Contract	12,600	0.00
Increase Cost: Community Access Facility - Rent and Utilities	10,811	0.00
Increase Cost: For Public Information Office Operating Expenses	5,440	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.	91,507	0.00
<b>FY15 CE Recommended</b>	<b>2,597,534</b>	<b>15.90</b>

### **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.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Hours of First Run Locally Produced, Block and Acquired MCPS ITV Programming	954	974	775	814	854

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY15 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **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.

<i>Program Performance Measures</i>	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Hours of First Run Locally Produced and Acquired MC-ITV Programming	336	245	225	235	235
Hours of Montgomery College Student-Assisted Original Programming	143	115	115	115	115

<i>FY15 Recommended Changes</i>	Expenditures	FTEs
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY15 CE Recommended</b>	<b>0</b>	<b>0.00</b>

### **Municipal Support**

Franchise and PEG fees owed by cable operators to participating municipalities within Montgomery County are paid by cable operators to the County for administrative convenience and then redistributed by the County to the City of Rockville, the City of Takoma Park, and the Montgomery County Chapter of the Maryland Municipal League (MML). The County has a contractual obligation to pass through fees owed to municipalities and no discretion to alter these payments. Municipalities may use franchise fees for any purpose. Under the terms of the franchise agreements, participating municipalities must use 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.

<b>FY15 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>3,552,887</b>	<b>0.00</b>
Increase Cost: Municipal Pass-through Payments	530,890	0.00
<b>FY15 CE Recommended</b>	<b>4,083,777</b>	<b>0.00</b>

### **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.

<b>FY15 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>1,261,371</b>	<b>0.00</b>
Increase Cost: Public, Educational, and Governance (PEG) Equipment Maintenance Contracts	9,000	0.00
<b>FY15 CE Recommended</b>	<b>1,270,371</b>	<b>0.00</b>

### **FiberNet**

Funding from the Cable Special Revenue Fund are used to support Montgomery County's private communications network – FiberNet. FiberNet is a critical infrastructure asset that provides carrier class voice, video, Internet access and data network services for Montgomery County Government and Public Schools, Montgomery College, Housing Opportunities Commission (HOC), the Maryland-National 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.

<b>Program Performance Measures</b>	<b>Actual FY12</b>	<b>Actual FY13</b>	<b>Estimated FY14</b>	<b>Target FY15</b>	<b>Target FY16</b>
New Sites Added to FiberNet	8	2	127	20	20

<b>FY15 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>2,337,889</b>	<b>5.70</b>
Increase Cost: Charges from Department of Transportation (DOT) for FiberNet Maintenance	121,280	0.00
Increase Cost: Miss Utility Compliance	120,000	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.	96,104	0.00
<b>FY15 CE Recommended</b>	<b>2,675,273</b>	<b>5.70</b>

## BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
<b>CABLE TELEVISION</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	2,189,659	2,558,103	2,464,948	2,691,270	5.2%
Employee Benefits	715,361	876,267	892,729	960,120	9.6%
<b>Cable Television Personnel Costs</b>	<b>2,905,020</b>	<b>3,434,370</b>	<b>3,357,677</b>	<b>3,651,390</b>	<b>6.3%</b>
Operating Expenses	10,544,109	10,188,535	9,907,216	11,042,595	8.4%
Capital Outlay	0	0	0	0	—
<b>Cable Television Expenditures</b>	<b>13,449,129</b>	<b>13,622,905</b>	<b>13,264,893</b>	<b>14,693,985</b>	<b>7.9%</b>
<b>PERSONNEL</b>					
Full-Time	16	16	16	16	—
Part-Time	0	0	0	0	—
FTEs	29.50	30.50	30.50	30.50	—
<b>REVENUES</b>					
Franchise Fees	15,995,736	17,096,369	16,628,866	17,002,130	-0.6%
Gaithersburg PEG Contribution	187,426	189,162	177,614	174,950	-7.5%
I-Net Operating Revenue	1,965,770	0	1,761,616	1,800,372	—
Investment Income	0	10,000	0	0	—
PEG Capital Revenue	6,409,873	5,854,929	5,983,169	6,276,638	7.2%
PEG Operating Revenue	1,100,268	4,332,490	2,239,456	2,288,724	-47.2%
Tower Application Fees	58,580	100,000	100,000	120,000	20.0%
Other Charges/Fees	686,871	0	0	0	—
<b>Cable Television Revenues</b>	<b>26,404,524</b>	<b>27,582,950</b>	<b>26,890,721</b>	<b>27,662,814</b>	<b>0.3%</b>

## FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>CABLE TELEVISION</b>		
<b>FY14 ORIGINAL APPROPRIATION</b>	<b>13,622,905</b>	<b>30.50</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Municipal Pass-through Payments [Municipal Support]	530,890	0.00
Increase Cost: FY15 Compensation Adjustment	147,332	0.00
Increase Cost: Charges from Department of Transportation (DOT) for FiberNet Maintenance [FiberNet]	121,280	0.00
Increase Cost: Miss Utility Compliance [FiberNet]	120,000	0.00
Increase Cost: Annualization of FY14 Personnel Costs	53,665	0.00
Increase Cost: Montgomery Community Television - Employee Salary and Benefits [Community Access to Cable]	50,122	0.00
Increase Cost: Council Production Services Contract [County Cable Montgomery]	12,600	0.00
Increase Cost: Community Access Facility - Rent and Utilities [County Cable Montgomery]	10,811	0.00
Increase Cost: Retirement Adjustment	10,228	0.00
Increase Cost: Public, Educational, and Governance (PEG) Equipment Maintenance Contracts [Public Education Government Access (PEG) Operations]	9,000	0.00
Increase Cost: Group Insurance Adjustment	5,795	0.00
Increase Cost: For Public Information Office Operating Expenses [County Cable Montgomery]	5,440	0.00
Increase Cost: Printing and Mail [Cable Franchise Administration]	664	0.00
Decrease Cost: Outside Legal Costs [Cable Franchise Administration]	-6,747	0.00
<b>FY15 RECOMMENDED:</b>	<b>14,693,985</b>	<b>30.50</b>

## PROGRAM SUMMARY

Program Name	FY14 Approved		FY15 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Cable Franchise Administration	1,625,073	8.90	1,637,588	8.90
Community Access to Cable	2,368,509	0.00	2,429,442	0.00
County Cable Montgomery	2,477,176	15.90	2,597,534	15.90
Cable Programming for Public Schools	0	0.00	0	0.00
Cable Programming for Montgomery College	0	0.00	0	0.00
Municipal Support	3,552,887	0.00	4,083,777	0.00
Public Education Government Access (PEG) Operations	1,261,371	0.00	1,270,371	0.00
FiberNet	2,337,889	5.70	2,675,273	5.70
<b>Total</b>	<b>13,622,905</b>	<b>30.50</b>	<b>14,693,985</b>	<b>30.50</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.		(\$000's)			
	FY15	FY16	FY17	FY18	FY19	FY20
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>CABLE TELEVISION</b>						
<b>Expenditures</b>						
<b>FY15 Recommended</b>	<b>14,694</b>	<b>14,694</b>	<b>14,694</b>	<b>14,694</b>	<b>14,694</b>	<b>14,694</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
<b>Labor Contracts - Other</b>	<b>0</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>
These figures represent other negotiated items included in the labor agreements.						
<b>FiberNet - Increased Maintenance to Maintain current service levels</b>	<b>0</b>	<b>72</b>	<b>155</b>	<b>252</b>	<b>362</b>	<b>488</b>
Increase in maintenance costs as the number of FiberNet sites expand.						
<b>Miss Utility Compliance</b>	<b>0</b>	<b>11</b>	<b>23</b>	<b>38</b>	<b>55</b>	<b>74</b>
Utilize contract support to ensure compliance with the state Miss Utility identification and notification system for underground County-owned property.						
<b>Subtotal Expenditures</b>	<b>14,694</b>	<b>14,808</b>	<b>14,903</b>	<b>15,015</b>	<b>15,142</b>	<b>15,287</b>

**FY15 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)**

	App FY13	Act FY13	App FY14	Est FY14	CE Rec FY15	Proj. FY16	Proj. FY17	Proj. FY18	Proj. FY19	Proj. FY20
1 BEGINNING FUND BALANCE	645	467	1,023	817	(435)	384	899	1,403	1,424	1,445
2 REVENUES										
3 Franchise Fees	15,986	15,996	17,096	16,629	17,002	17,239	17,438	17,711	17,992	18,278
4 Gaithersburg PEG Contribution	200	187	189	178	175	174	174	176	178	179
5 PEG Operating Grant	2,180	2,200	4,332	2,239	2,289	2,339	2,391	2,443	2,497	2,552
6 PEG Capital Grant	5,277	5,544	5,855	5,983	6,277	6,446	6,572	6,701	6,835	7,037
7 FiberNet Operating & Equipment Grant	1,715	1,731	0	1,762	1,800	1,840	1,880	1,922	1,964	2,007
8 Interest Earned	10	0	10	0	0	0	0	0	0	0
9 TFCG Application Review Fees	120	59	100	100	120	120	120	120	120	120
10 Miscellaneous	-	687	-	-	0	0	0	0	0	0
11 Transfer from the General Fund	-	-	-	-	0	0	0	0	0	0
12 TOTAL ANNUAL REVENUES	25,487	26,405	27,583	26,891	27,663	28,158	28,575	29,073	29,585	30,174
13 TOTAL RESOURCES-CABLE FUND	26,132	26,872	28,606	27,708	27,227	28,542	29,474	30,475	31,009	31,619
14 EXPENDITURE OF RESTRICTED FUNDS										
15 A. EXPENDITURE OF RESTRICTED CAPITAL FUNDS										
16 Municipal Capital Support										
17 Rockville Equipment	744	789	836	852	894	918	936	954	973	993
18 Takoma Park Equipment	744	794	125	852	894	918	936	954	973	993
19 Municipal League Equipment	674	719	125	782	824	848	866	884	903	923
20 SUBTOTAL	2,163	2,303	1,086	2,486	2,611	2,683	2,737	2,792	2,850	2,909
21 PEG Capital	1,083	1,086	852	237	852	852	852	2,487	2,885	3,028
22 Council Community Communications Capital	200	200	-	-	-	-	-	-	-	-
23 FiberNet - CIP	1,831	1,002	3,916	3,916	3,748	4,098	3,945	1,422	1,100	1,100
24 (Must be greater or equal to Line 6) SUBTOTAL	5,277	4,591	5,855	6,640	7,211	7,633	7,534	6,701	6,835	7,037
25 B. EXPENDITURE OF OTHER RESTRICTED FUNDS										
26 Municipal Franchise Fee Distribution										
27 City of Rockville	608	636	682	657	668	675	682	692	703	713
28 City of Takoma Park	235	253	248	240	240	241	242	245	249	252
29 Other Municipalities	227	241	262	259	266	271	275	279	284	289
30 SUBTOTAL	1,070	1,130	1,191	1,155	1,174	1,187	1,199	1,217	1,235	1,254
31 Municipal Operating Support										
32 Rockville PEG Support	73	73	425	75	76	78	80	83	86	90
33 Takoma Park PEG Support	73	73	425	75	76	78	80	83	86	90
34 Muni. League PEG Support	143	143	425	145	146	148	150	153	156	160
35 SUBTOTAL	288	290	1,275	294	299	305	311	319	329	339
36 SUBTOTAL	1,358	1,420	2,466	1,449	1,473	1,492	1,510	1,536	1,564	1,593
37 TOTAL EXPENDITURES OF RESTRICTED FUNDS	6,635	6,011	8,321	8,089	8,684	9,124	9,044	8,237	8,398	8,630
38 NET TOTAL ANNUAL REVENUES	18,852	20,394	19,262	18,802	18,979	19,033	19,531	20,836	21,187	21,543
39 NET TOTAL RESOURCES-CABLE FUND	19,497	20,861	20,285	19,619	18,543	19,418	20,430	22,238	22,611	22,989
40 EXPENDITURES OF NON-RESTRICTED FUNDS										
41 A. Transmission Facilities Coordinating Group										
42 TFCG Application Review	175	175	175	175	175	179	185	191	198	206
43 SUBTOTAL	175	175	175	175	175	179	185	191	198	206
44 B. FRANCHISE ADMINISTRATION										
45 Personnel Costs - Cable Administration	819	773	834	834	840	878	921	970	1,025	1,088
46 Personnel Costs - DTS Administration	72	72	71	71	76	79	83	88	93	98
47 Personnel Costs - Charges for County Atty	98	98	103	103	110	115	120	127	134	142
48 Operating	70	141	80	72	81	83	85	88	91	95
49 Engineering & Inspection Services	70	86	88	88	88	90	93	96	99	104
50 Legal and Professional Services	275	289	275	200	268	275	283	292	303	315
51 SUBTOTAL	1,404	1,458	1,450	1,367	1,463	1,520	1,585	1,660	1,745	1,842
52 SUBTOTAL	1,579	1,633	1,625	1,542	1,638	1,699	1,770	1,851	1,943	2,047
53 C. MONTGOMERY COUNTY GOVERNMENT - CCM										
54 Media Production & Engineering										
55 Personnel Costs	818	688	856	856	907	948	994	1,047	1,106	1,174
56 Operating	31	54	31	28	31	32	33	34	36	37
57 Contracts - TV Production	61	63	86	86	87	90	92	95	99	103
58 New Media, Webstreaming & VOD Services	38	41	38	38	38	39	40	41	43	45
59 SUBTOTAL	949	845	1,012	1,009	1,064	1,108	1,160	1,218	1,284	1,358
60 Public Information Office										
61 Personnel Costs	708	717	733	733	774	809	849	894	945	1,003
62 Operating Expenses	-	-	12	11	12	13	13	13	14	14
63 Contracts - TV Production	83	84	83	83	88	90	93	96	100	104
64 SUBTOTAL	791	801	828	827	875	912	955	1,003	1,058	1,121
65 County Council										
66 Personnel Costs	157	160	169	169	179	187	197	207	219	232
67 Operating Expenses	13	12	13	12	13	13	14	14	15	15
68 Contracts - TV Production	136	136	140	140	152	155	160	165	171	178
69 General Sessions and Committee Meetings	43	43	101	101	101	104	107	110	114	119
70 Multi-Lingual/Cultural Production Services	46	46	91	91	91	93	96	99	103	107
71 SUBTOTAL	394	397	514	513	536	553	573	596	622	652

**FY15 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in \$000's)**

		App FY13	Act FY13	App FY14	Est FY14	CE Rec FY15	Proj. FY16	Proj. FY17	Proj. FY18	Proj. FY19	Proj. FY20
72	MNCPPC										
73	Contracts - TV Production	99	99	99	99	99	101	104	107	111	116
74	New Media, Webstreaming & VOD Services	24	17	24	24	24	25	26	27	27	29
75											
	<b>SUBTOTAL</b>	<b>123</b>	<b>116</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>126</b>	<b>130</b>	<b>134</b>	<b>139</b>	<b>145</b>
76	<b>SUBTOTAL</b>	<b>2,258</b>	<b>2,159</b>	<b>2,477</b>	<b>2,472</b>	<b>2,598</b>	<b>2,700</b>	<b>2,817</b>	<b>2,951</b>	<b>3,103</b>	<b>3,275</b>
77	<b>D. MONTGOMERY COLLEGE - MC ITV</b>										
78	Personnel Costs	1,159	1,159	1,260	1,260	1,344	1,404	1,473	1,551	1,640	1,740
79	Operating Expenses	86	86	86	86	86	88	91	94	97	101
80	<b>SUBTOTAL</b>	<b>1,245</b>	<b>1,245</b>	<b>1,346</b>	<b>1,346</b>	<b>1,430</b>	<b>1,427</b>	<b>1,492</b>	<b>1,560</b>	<b>1,560</b>	<b>1,560</b>
81	<b>E. PUBLIC SCHOOLS - MCPS ITV</b>										
82	Personnel Costs	1,341	1,352	1,371	1,380	1,490	1,557	1,633	1,720	1,818	1,929
83	Operating Expenses	117	106	106	97	106	108	112	115	119	124
84	<b>SUBTOTAL</b>	<b>1,458</b>	<b>1,458</b>	<b>1,477</b>	<b>1,477</b>	<b>1,596</b>	<b>1,665</b>	<b>1,745</b>	<b>1,835</b>	<b>1,937</b>	<b>2,053</b>
85	<b>F. COMMUNITY ACCESS PROGRAMMING<sup>4</sup></b>										
86	Personnel Costs	1,713	1,793	1,904	1,904	1,954	2,042	2,142	2,255	2,384	2,529
87	Operating Expenses	124	67	67	67	67	69	71	73	76	79
88	Rent & Utilities	407	367	374	374	385	395	406	420	435	453
89	New Media, Webstreaming & VOD Services	6	23	23	23	23	24	25	25	26	27
90	<b>SUBTOTAL</b>	<b>2,250</b>	<b>2,250</b>	<b>2,369</b>	<b>2,369</b>	<b>2,429</b>	<b>2,529</b>	<b>2,643</b>	<b>2,774</b>	<b>2,921</b>	<b>3,089</b>
91	<b>G. PEG OPERATING</b>										
92	Operating Expenses	46	57	107	102	116	119	122	126	131	136
93	Youth and Arts Community Media	25	26	50	50	50	51	53	54	56	59
94	Community Engagement	46	30	91	91	91	93	96	99	103	107
95	Closed Captioning	130	130	130	130	130	179	184	189	189	189
96	Technical Operations Center (TOC)	10	8	10	9	10	11	11	11	11	11
97	Mobile Production Vehicle	16	10	22	21	22	22	23	23	24	25
98	<b>SUBTOTAL</b>	<b>272</b>	<b>260</b>	<b>409</b>	<b>403</b>	<b>418</b>	<b>475</b>	<b>489</b>	<b>504</b>	<b>515</b>	<b>528</b>
99	<b>H. FIBERNET OPERATING</b>										
100	FiberNet - Personnel Charges for DTS	456	330	595	518	689	720	755	795	840	892
101	FiberNet - Operations & Maintenance DTS	1,131	1,110	1,131	1,177	1,131	1,159	1,193	1,232	1,278	1,330
102	FiberNet - Personnel Charges for DOT	68	68	74	74	76	80	84	88	93	99
103	FiberNet - Operations & Maintenance DOT	258	258	238	238	359	368	379	391	406	423
104	<b>SUBTOTAL</b>	<b>1,914</b>	<b>1,767</b>	<b>2,038</b>	<b>2,007</b>	<b>2,255</b>	<b>2,327</b>	<b>2,410</b>	<b>2,507</b>	<b>2,617</b>	<b>2,743</b>
105	<b>I. MISS UTILITY COMPLIANCE</b>										
106	Miss Utility Compliance	270	572	300	300	420	431	443	458	475	494
107	<b>SUBTOTAL</b>	<b>270</b>	<b>572</b>	<b>300</b>	<b>300</b>	<b>420</b>	<b>431</b>	<b>443</b>	<b>458</b>	<b>475</b>	<b>494</b>
108	<b>TOTAL EXPENDITURE OF UNRESTRICTED FUNDS</b>	<b>11,245</b>	<b>11,344</b>	<b>12,041</b>	<b>11,915</b>	<b>12,784</b>	<b>13,253</b>	<b>13,809</b>	<b>14,438</b>	<b>15,071</b>	<b>15,789</b>
109	<b>TOTAL EXPENDITURE OF RESTRICTED FUNDS</b>	<b>6,635</b>	<b>6,011</b>	<b>8,321</b>	<b>8,089</b>	<b>8,684</b>	<b>9,124</b>	<b>9,044</b>	<b>8,237</b>	<b>8,398</b>	<b>8,630</b>
110	<b>TOTAL EXPENDITURES - PROGRAMS</b>	<b>17,880</b>	<b>17,355</b>	<b>20,362</b>	<b>20,004</b>	<b>21,468</b>	<b>22,378</b>	<b>22,853</b>	<b>22,675</b>	<b>23,469</b>	<b>24,420</b>
111	<b>J. OTHER</b>										
112	Indirect Costs Transfer to Gen Fund	388	388	539	539	579	606	635	669	707	750
113	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	32	32	25	25	30	0	0	0	0	0
114	Transfer to the General Fund	7,064	7,064	7,175	7,175	4,366	4,260	4,184	5,308	4,988	4,582
115	Legislative Community Communications NDA	380	380	400	400	400	400	400	400	400	400
116	<b>SUBTOTAL</b>	<b>7,864</b>	<b>7,864</b>	<b>8,139</b>	<b>8,139</b>	<b>5,375</b>	<b>5,266</b>	<b>5,219</b>	<b>6,377</b>	<b>6,095</b>	<b>5,732</b>
117	<b>TOTAL EXPENDITURES</b>	<b>25,744</b>	<b>25,218</b>	<b>28,501</b>	<b>28,143</b>	<b>26,843</b>	<b>27,643</b>	<b>28,071</b>	<b>29,051</b>	<b>29,563</b>	<b>30,152</b>
118	<b>K. ADJUSTMENTS</b>										
119	Prior Year Adjustments	-	-	-	0	0	0	0	0	0	0
120	Encumbrance Adjustment	-	837	-	0	0	0	0	0	0	0
121	CIP - Designated Claim on Fund	-	-	-	0	0	0	0	0	0	0
122	<b>TOTAL ADJUSTMENTS</b>	<b>-</b>	<b>837</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
123	<b>FUND BALANCE</b>	<b>388</b>	<b>817</b>	<b>105</b>	<b>(435)</b>	<b>384</b>	<b>899</b>	<b>1,403</b>	<b>1,424</b>	<b>1,445</b>	<b>1,468</b>
124	<b>FUND BALANCE PER POLICY GUIDANCE<sup>5</sup></b>	<b>1,289</b>	<b>1,284</b>	<b>1,377</b>	<b>1,338</b>	<b>1,370</b>	<b>1,389</b>	<b>1,405</b>	<b>1,426</b>	<b>1,449</b>	<b>1,472</b>
125	<b>L. SUMMARY - EXPENDITURES BY FUNDING SOURCE</b>										
126	Transfer to Gen Fund-Indirect Costs	420	420	564	564	610	606	635	669	707	750
127	Transfer to Gen Fund-Mont Coll Cable Fund <sup>6</sup>	1,245	1,245	1,346	1,346	1,430	1,427	1,492	1,560	1,560	1,560
128	Transfer to Gen Fund-Public Sch Cable Fund <sup>6</sup>	1,458	1,458	1,477	1,477	1,596	1,665	1,745	1,835	1,937	2,053
129	Transfer to CIP Fund	1,831	1,002	3,916	3,916	3,748	4,098	3,945	1,422	1,100	1,100
130	Transfer to the General Fund-Other	7,064	7,064	7,175	7,175	4,366	4,260	4,184	5,308	4,988	4,582
131	Transfer to the General Fund-Legislative Branch NDA	580	580	400	400	400	400	400	400	400	400
132	<b>FUND TRANSFERS SUBTOTAL</b>	<b>12,597</b>	<b>11,768</b>	<b>14,878</b>	<b>14,878</b>	<b>12,149</b>	<b>12,456</b>	<b>12,400</b>	<b>11,194</b>	<b>10,692</b>	<b>10,445</b>
133	<b>Cable Fund Expenditure of Unrestricted Funds</b>	<b>8,543</b>	<b>8,641</b>	<b>9,218</b>	<b>9,092</b>	<b>9,758</b>	<b>10,161</b>	<b>10,572</b>	<b>11,043</b>	<b>11,573</b>	<b>12,176</b>
134	<b>Cable Fund Direct Expenditures</b>	<b>13,147</b>	<b>13,450</b>	<b>13,623</b>	<b>13,265</b>	<b>14,694</b>	<b>15,187</b>	<b>15,671</b>	<b>17,858</b>	<b>18,872</b>	<b>19,707</b>

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**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. The Comcast franchise renewal process has been recently initiated 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 dependant 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. FY14-FY18 assumes that the County will require grants from Comcast calculated at the same rate as negotiated in the Verizon and RCN Franchises.
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 s is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).

• FY 2015 •

# PEG Governance Board

## Budget Presentation to the GO Committee

April 7, 2014



PEG  
Governance  
Board

*Open Government – Diversity – Innovation*



# FY 2015 Cable Communications Plan



Implementing the four FY15 Strategic Priorities, the PEG Governance Board produces and distributes unique multi-platform content that promotes Open Government, life-long learning, diversity, arts, economic development and programming for underserved audiences. The PEG Governance Board is a conduit for effective communication across all technological platforms.

## Open Government



- ✓ Using "County Report This Week" and MCM's community engagement efforts, promote Open Data Sets Initiative & openMontgomery
- ✓ Collaborating with the PEG web teams and the ITPCC's searchability initiative, implement Search Engine Optimization for video content
- ✓ Hyperlocal 2014 election multiplatform coverage

## "Enhancing the Digital County"

## Collaboration



- ✓ Engage with multicultural communities to raise awareness of county programs and services
- ✓ Enhance the award-winning "County Report This Week" to collaborate on assignments and multiplatform production
- ✓ Collaborate with PEGs on capital expenses allocations
- ✓ Implement Youth Sports Media project for high schoolers

## Measurement & Marketing



- ✓ Measure quantitative & qualitative PEG TV & online audiences
- ✓ Implement cross-promotional PEG campaign

## Sustainability



- ✓ Shared professional training
- ✓ Explore Responsive Design for mobile websites & apps
- ✓ Develop grant-funded projects
- ✓ Recommend plan for shared Video Archival System

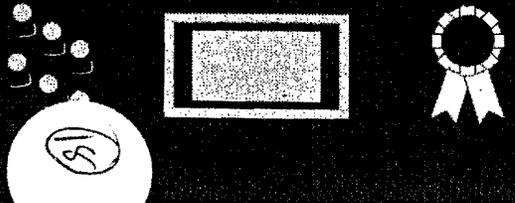
**PEG FAST FACT:**  
In FY15, the PEGs will air more than 720 programs in languages other than English, a 9% increase over FY13

## Innovative

★ Approaches to Digital ★

PEG  
Governance  
Board

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# FY 2015 Cable Communications Plan

★ Most Honored ★  
PEGs in America



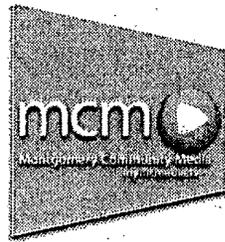
MCPS-TV

Garnered three NATOA awards for Programming, Instructional/Training & Children/Youth Adult productions In 2013... 34 total media awards over the last three years.



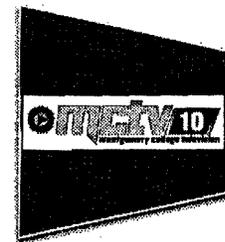
County Cable  
Montgomery

Alliance for Community Media's Best News Program Award for 'County Report This Week'; NACo Achievement Award for 'Montgomery Al Dia'; 3CMA Savvy Award for CRTW



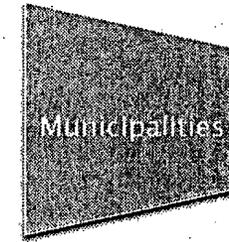
Montgomery  
Community Media

Awarded in 2012 & 2013 with the Alliance for Community Media's Overall Excellence Award for PEG organizations; 2013 ACM Award for Best Sports Program, 'Burgundy & Gold'



Montgomery College  
Television

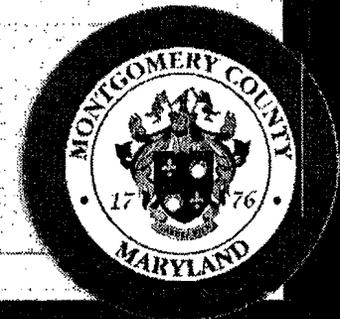
Earned two Telly's and one Communicator Award for documenary, 'Access To History'



Rockville Ch. 11

Super-serving their community, Rockville 11 won a NATOA award for their Hometown Holidays promo

Over the past three years, the Montgomery County PEGs have won more national media awards than any other jurisdiction in the country



PEG  
Governance  
Board

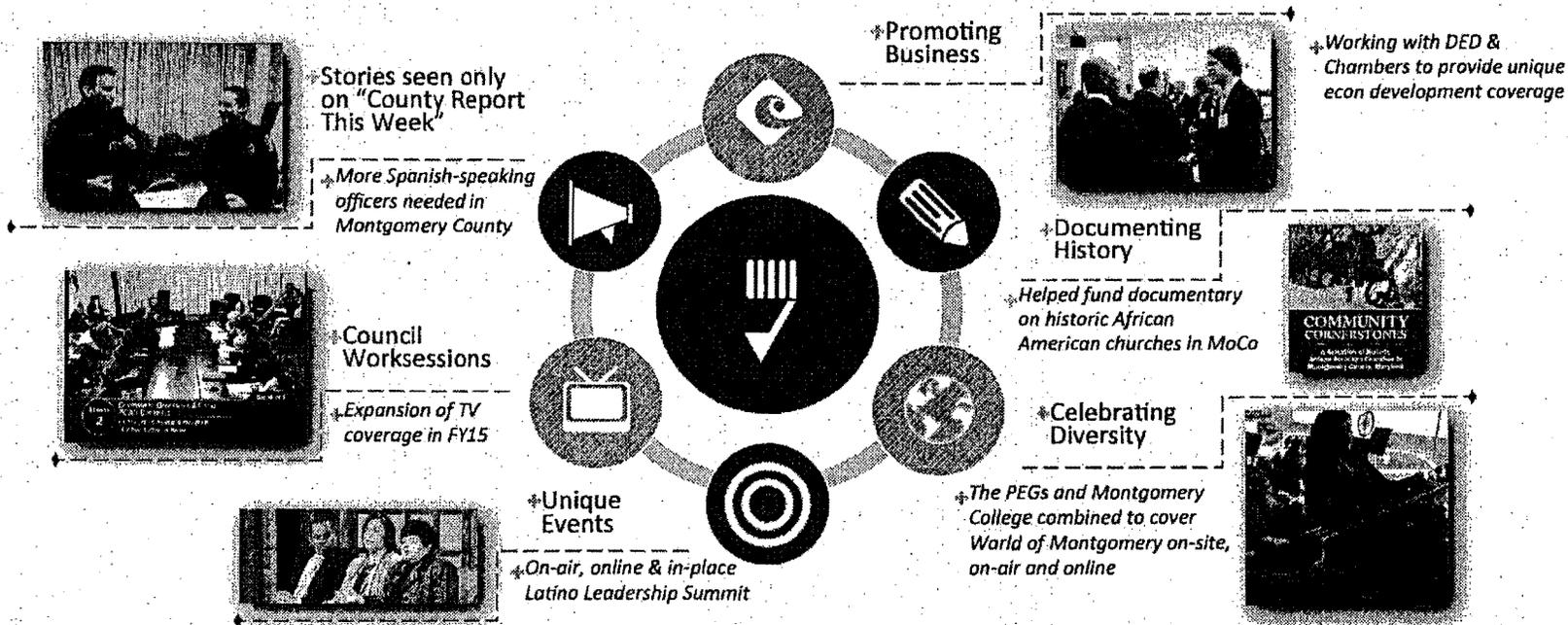
Open Government – Diversity – Innovation



# FY 2015 Cable Communications Plan

## Community Engagement

Through the addition of the NDA and the expansion of the Community Engagement funding in FY14, the Cable Plan has greatly enhanced Montgomery County government's ability to engage with the diverse communities of Montgomery County. Below is just a sampling of the many ways the PEGs share vital information, available through no other media sources:

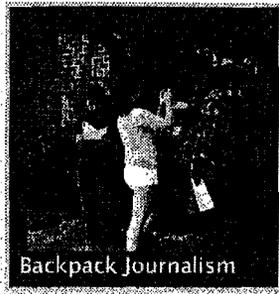


PEG  
Governance  
Board

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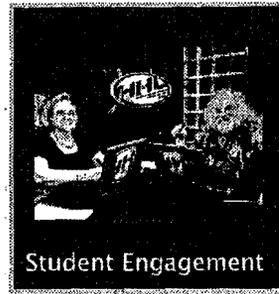
# FY 2015 Cable Communications Plan

Scores of Montgomery County teens take part in five hands-on camps held throughout the year



Backpack Journalism

Nine county youth orgs leverage Cable Plan funds to use media to reach 500 county youth



Student Engagement

MCPS-ITV's 'Homework Hotline Live' handled 4,200 student inquiries in 2013 (3.5 times the number 3 years ago), and MCPS-TV productions covered the college's efforts with STEM students, at-risk youth, and early college-level placement for county high schoolers.

Gandhi Brigade

Youth Media Alliance

PEGs

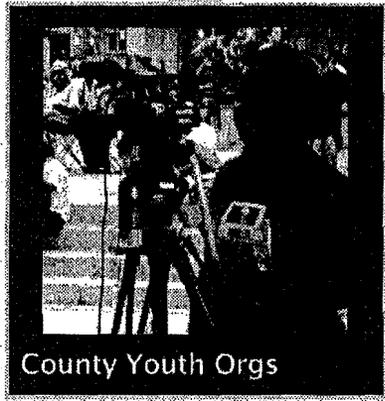
MCM

MCTV & MCPS



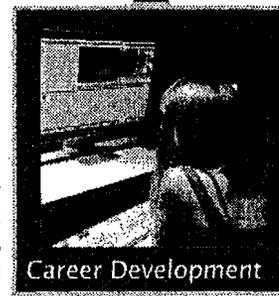
Youth Media

Supports hundreds of young people participating in annual Youth Media Festival and Social Justice Summer Documentary



County Youth Orgs

Through internships and employment, the PEGs assist more than 60 students a year in developing their media skills and highlighting careers in TV, Journalism and New Media.



Career Development

Unique Service  
to Youth

PEG  
Governance  
Board

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# FY 2015 Cable Communications Plan

★ PEG Outcomes ★  
FY15

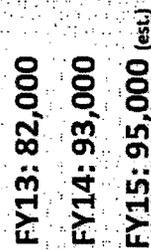
## Multipatform Growth



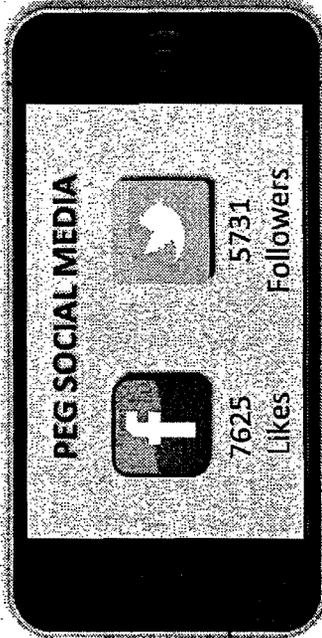
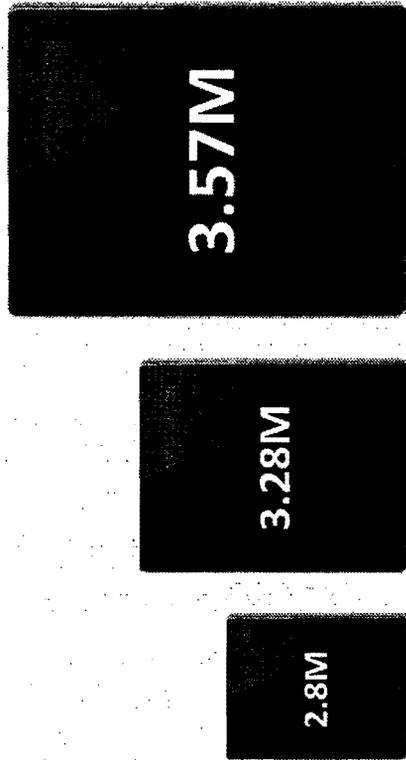
### UNIQUE VISITORS TO CHANNEL WEBSITES



### OTHER VIDEO-ON-DEMAND VIEWS



## HITS TO PEG CHANNEL WEBSITES



**PEG**  
Governance  
Board



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**The Youth Media Coalition** is a collaborative of youth serving organizations working in Montgomery County. Our purpose is to build a strong youth media network in the greater Washington region that expresses, educates, and advocates for people and issues important to youth and the common good of our community. This network will focus particularly on youth and out of school young adults who are not currently engaged in the County's media initiatives.

**Current members include Asian American LEAD, African Immigrants and Refugee Foundation, Community Bridges, Gandhi Brigade, Identity, International Cultural Center, Maryland Multicultural Youth Centers, Passion for Learning, Pyramid Atlantic, YMCA Youth and Family Services.**

In FY14 the Youth Media Coalition used the \$50K Youth Media Fund to build the capacity of eight youth serving organizations to use media as a youth development tool.

In FY15 we propose that the Youth Media Fund be increased to a total of \$150K to achieve the following outcomes:

1. Develop a youth focused cyber-citizenship program for students & young adults. The program will include curriculum and lesson plans for teaching online safety, civility, and activism. Online safety means understanding the risks of Internet activity and best practices for mitigating risk. Online civility means understanding the inter-personal consequences of online actions and a commitment not to harm others. Online activism means using one's online voice to persuade peers to choose safety and civility on the Internet.
2. Ten Youth Media Coalition organizations that serve youth and young adults in Montgomery County will participate in a collaborative to promote cyber-citizenship, teach 21<sup>st</sup> communication tools, and youth voice through digital media. Up to 190 young people will create up to 34 media pieces that promote youth voice, community issues awareness, develop technical skills, and create awareness about cyber-citizenship.
3. 500 youth and young adults will participate in an annual youth media festival that promotes quality media production, youth engagement in community issues, and the expression of authentic youth voice.

<b>\$150,000 request for FY15</b>	
One or more Lead Organizations will develop a Cyber-citizenship curriculum/program suitable for grades 6-12.	\$25,000
Lead organizations (4) will train at least 100 young people in media production. These youth will create at least 16 media pieces that focus on youth voice, cybercitizenship or youth community issues.	\$60,000
Participant organizations (6) will train at least 90 young people in media production. These youth will create at least 18 media pieces that focus on youth voice or cybercitizenship or youth community issues.	\$40,000
Cover ½ the cost of the annual youth media festival that shows the media work created by youth. Reach: 500 youth	\$10,000
Youth Media Fund Admin and overhead @10%	\$15,000
<b>Total</b>	<b>\$150,000</b>
<b>\$100,000 request for FY15</b>	
One or more Lead Organizations will develop a Cyber-citizenship curriculum/program suitable for grades 6-12.	\$25,000
Lead organizations (4) will train at least 60 young people in media production. These youth will create at least 12 media pieces that focus on youth voice, cybercitizenship or youth community issues.	\$35,000
Participant organizations (6) will train at least 60 young people in media production. These youth will create at least 12 media pieces that focus on youth voice or cybercitizenship or youth community issues.	\$20,000
Cover ½ the cost of youth media festival that shows the media work created by students. Reach: 300 youth	\$10,000
Youth Media Fund Admin and overhead @10%	\$10,000
<b>Total</b>	<b>\$100,000</b>
<b>\$50,000 request for FY15 (status quo)</b>	
Social Justice Summer program- Gandhi Brigade- ___ youth	\$5,000
School year Media training- Gandhi Brigade- ___ youth	\$5,000
Cover ½ the cost of youth media festival that shows the media work created by students. Reach: 300 youth	\$10,000
Youth Media mini-grants for 10 organizations- ___ youth	\$25,000
Youth Media Fund Admin and overhead @10%	\$5,000
<b>Total</b>	<b>\$50,000</b>

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**DEPARTMENT OF TECHNOLOGY SERVICES**

Isiah Leggett  
*County Executive*

Harash (Sonny) Segal  
*Chief Information Officer*

**MEMORANDUM**

April 7, 2014

TO: Councilmember Nancy Navarro, Chair  
Government Operations and Fiscal Policy Committee

FROM: Harash (Sonny) Segal, Director   
Department of Technology Services

SUBJECT: Cable Television and Communications Plan

The purpose of this memorandum is to address Council Staff Recommendations and Comments dated April 3, 2014 from Dr. Costis Toregas to the Government Operations and Fiscal Policy (GO) Committee concerning support provided to the municipalities in the County Executive's Recommended FY15 Cable Television and Communications Plan in two areas.

On page 6, Council staff states "The FY14 Approved budget detail for the Cable Plan was in no way conditioned on negotiations." There is significant documentation to the contrary.

1. Council Staff's memorandum to the GO Committee, dated April 12, 2013, noted on page 2: "The way in which municipalities and other entities who receive funds via the Cable Plan receive capital and operating expenses is being renegotiated by the Cable Administrator."
2. Council Staff's memorandum to the GO Committee, dated April 12, 2013, Footnote 3. (reproduced on page © 10 of Council Staff's memorandum to the GO Committee dated April 3, 2014) states: "The Comcast franchise renewal process has been recently initiated 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 FY14 Approved budget detail was clearly conditioned on the outcome of the Comcast franchise negotiations that would ideally result in a new franchise agreement incorporating PEG operating budget support hoped by the County and municipalities. Once it became apparent that

a new franchise agreement with Comcast would not be in place, the Cable Office and the Office of Management and Budget (OMB) adjusted the estimated actual FY14 municipal distributions in the FY15 Preliminary Cable Television and Communications Plan transmitted to the GO Committee on January 15, 2014. This transmittal included a cable plan that reflects the current status of negotiations on a new franchise agreement with Comcast and the resultant impact on the municipal distributions during FY14.

Executive staff are concerned that Council Staff's recommendations, "Option A" and "Option B" are inconsistent with the existing and governing cable franchise agreements and Memorandums of Understanding (MOUs) with the municipalities. Redistributing between PEG operating and restricted PEG equipment funds in the Cable Fund is not legally permissible. Additional General Fund appropriations would be required to achieve the transfers to the municipalities initially assumed in the FY14 Approved plan. Therefore, Council would need to identify the funds in the General Fund and/or add this item to the reconciliation list.

Also on page 6, Council staff states: "the Executive appears to be opting for a strategy that will lose some \$384,000 for the County". This statement is incorrect as the County Executive is contractually obligated to distribute these amounts to the municipalities under the existing cable franchise agreements and MOUs that are currently in place with the municipalities.

In summary, I respectfully submit that the County Executive's Recommended FY15 Cable Television and Communications Plan and FY14 municipal distributions provide support to the municipalities in the form of both Capital and Operating funds consistent with the requirements of the existing cable franchise agreements and MOUs. Withholding funds required to be legally distributed is not legally advisable under the existing cable franchise agreements and MOUs.

cc: Councilmember Branson  
Councilmember Riemer  
Dr. Costis Toregas, Council IT Adviser  
Ivan Galic, Acting Cable & Broadband Communications Administrator  
Jason Rundell, Fiscal Manager, Office of Cable & Broadband Services, DTS  
Alex Espinosa, Public Services Program Manager, OMB  
Dennis Hetman, Budget Analyst, OMB