

RP00
Maryland Public Broadcasting Commission

Capital Budget Summary

State-owned Capital Improvement Program
(\$ in Millions)

Program	2017 Approp.	2018 Approp.	2019 Request	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
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MPT Transmission Systems Replacement	\$0.950	\$6.882	\$4.003	\$0.110	\$0.860	\$0.000	\$0.000
Studio A Renovation and Addition	0.000	0.690	0.100	8.198	0.000	0.000	0.000
Total	\$0.950	\$7.572	\$4.103	\$8.308	\$0.860	\$0.000	\$0.000

Fund Source	2017 Approp.	2018 Approp.	2019 Request	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
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PAYGO FF	\$0.000	\$6.332	\$2.847	\$0.000	\$0.000	\$0.000	\$0.000
GO Bonds	0.950	1.240	1.256	8.308	0.860	0.000	0.000
Total	\$0.950	\$7.572	\$4.103	\$8.308	\$0.860	\$0.000	\$0.000

FF: federal funds
GO: general obligation
MPT: Maryland Public Television
PAYGO: pay-as-you-go

Summary of Recommended PAYGO Actions

1. Concur with Governor's allowance.

Summary of Recommended Bond Actions

1. Maryland Public Television Transmission Systems Replacement

Approve the \$1,156,000 in general obligation bond funding for the Maryland Public Broadcasting Commission transmission systems replacement.

2. Studio A Renovation and Addition

Approve the \$100,000 in general obligation bond funding for the Maryland Public Broadcasting Commission renovations and expansion for Studio A.

Budget Overview

Maryland Public Television Transmission Systems Replacement

The Maryland Public Broadcasting Commission (MPBC) has six digital transmitter sites for its Maryland Public Television (MPT) broadcasting. The equipment is located in Annapolis, Frederick, Hagerstown, Oakland, Owings Mills, and Salisbury.

MPBC replaced much of its transmission equipment as part of the digital conversion project, which started in calendar 2000. The equipment purchased during this conversion is coming to the end of its useful life, and replacement components do not exist and must be custom built. For other components, the original manufacturers do not provide technical support, which makes it more effective to replace rather than repair the current transmission systems.

Without replacing the transmitters, MPT risks going off the air for the estimated 20% of viewers who obtain the station via the over-the-air signal and for cable and satellite customers. An outage leading to an unplanned replacement could result in a lengthy period without a broadcast signal, which, in turn, could lead to a loss of the rights to the channel under Federal Communications Commission (FCC) regulations.

Exhibit 1 outlines the various components and related cost of work already completed and to be completed with State funds for this multiphased project. This breakdown has been updated to reflect changes in State funding as a result of the federal funds received for the repacking process.

Exhibit 1
Breakdown of Annual Costs for Transmitter Project
Fiscal 2015-2021

<u>Project</u>	<u>Cost</u>
Fiscal 2015	
Owings Mills Exciter	\$35,000
Annapolis Exciter	50,000
Annapolis United Parcel Service (UPS)	170,000
Microwave	60,000
Fiscal 2016	
Annapolis Heating, Ventilation, and Air Conditioning	\$85,000
Hagerstown UPS	200,000
Microwave	200,000
Fiscal 2017	
Hagerstown Exciter	\$80,000
Microwave	70,000
Fiscal 2018	
Nonreimbursable Repack Costs	\$51,675
Oakland and Frederick Replacement Tower Lights	65,000
Frederick Generator and Transfer Switch	150,000
Salisbury Replacement Air Conditioning	80,000
Microwave	175,000
Fiscal 2019	
Oakland Generator	\$110,000
Owings Mills and Annapolis Replacement Tower Lights	500,000
Hagerstown Replacement Air Conditioning Unit	75,000
Microwave	80,000
Nonreimbursable Repack Costs	391,082
Fiscal 2020	
Nonreimbursable Repack Costs	\$109,463
Fiscal 2021	
Salisbury Transmitter and Antenna	\$400,000
Frederick Antenna	210,000
Owings Mills Antenna	250,000
Total	\$3,597,220

Source: Department of Budget and Management

Federal Repacking Process

FCC has initiated a digital conversion process referred to as the “repacking process” that results in some overlap with the State-funded transmission systems replacement project but brings with it federal funds to support elements of the project previously thought to require State funds. The project budget now recognizes \$9.2 million of federal funds, including a proposed \$3.0 million fiscal 2018 deficiency appropriation and another \$2,847,000 for fiscal 2019. As a result of the federal fund allocation, the amount of State funds programmed to be required in fiscal 2019 is reduced from \$1.95 million as programmed in the 2017 *Capital Improvement Program* (CIP) to \$1.16 million included in the capital budget bill. **Exhibit 2** outlines the cost distribution between federal funds and general obligation (GO) bonds for the repack process.

Exhibit 2 Federal Funds and General Obligation Bond Distribution

<u>Television Station</u>	<u>Federal</u>	<u>State</u>
Salisbury WCPT	\$1,262,645	\$75,207
Frederick WFPT	486,521	0
Owings Mills WMPB	860,218	91,463
Annapolis WMPT	3,565,628	51,675
Hagerstown WWPB	1,981,704	18,000
Oakland WGPT	1,021,955	315,875

Source: Maryland Public Broadcasting Commission

The federal funds that support the repacking process are derived from FCC’s sale of available broadcast spectrum. This process was initiated in October 2016, and at the time, FCC anticipated that it would need to receive upwards of \$88 billion to cover pledges already made to broadcasters across the nation. The actions, however, only received \$30 billion in bids and were postponed to March 2017.

The March 2017 auction took place and resulted in net proceeds of approximately \$7 billion for FCC, after the costs of the transitions and equipment for reverse auction broadcasters were determined. The end of the broadcast auction begins the 39-month process to gradually phase in repacking, with transmitters in Frederick, Oakland, and Salisbury being completed in the fourth phase, which will be completed in August 2019. Transmitters in Annapolis and Owings Mills will take place in the eighth phase, which completes repacking by March 2020, and Hagerstown will complete the repacking process by May 2020. These are definitive dates for each phase provided by FCC to ensure that the stations are available for the forward auction recipients. MPT is currently working with FCC to move

the Annapolis repacking process from Phase 8 to Phase 4 with the Frederick, Oakland, and Salisbury transmitters.

In addition to the federal repacking process, there may be a need to complete an additional antennae replacement at the Frederick, Owings Mills, and Salisbury transmitter sites. As a result, there is an additional \$860,000 added to the project in fiscal 2021 to replace antennae for these sites. Federal funding for these replacements was requested but not allocated, so these antennae will be covered with State funds.

Studio “A” Renovation and Addition

The fiscal 2019 capital budget includes \$100,000 in GO bond funds to complete the design phase for the renovation and addition to Studio “A,” which is MPT’s largest studio. The original start date for design of this project was February 2017, but the procurement process to secure a vendor took longer than expected. Design is currently underway, and the construction phase is expected to begin in fiscal 2020 rather than in fiscal 2019 as was programmed in the 2017 CIP. The current cost estimate to complete the project is \$8.998 million, up from the 2017 CIP estimate of \$8.625 million. The current studio has numerous deficiencies, including aging and deteriorating mechanical; electrical; and heating, ventilation, and air conditioning (HVAC) systems. The studio lacks the space to accommodate modern broadcast technologies and is noncompliant with Americans with Disabilities Act (ADA) accessibility standards. The studio has not been renovated since it was constructed in the 1960s. As a result, the HVAC unit cannot be run at the same time that filming occurs, which causes extreme temperatures in the studio.

While the main goal of this project is the renovation of Studio A to better accommodate the uses of the studio, because of its age, there is also an expansion that is necessary to accommodate studio equipment and updated electrical and mechanical systems that did not exist when the studio was built. The expansion of the studio will increase the net square footage from 7,480 square feet (sq. ft.) to 12,980 sq. ft.

Currently, because of the size and configuration of the space, there is no formal seating, and the members of the very limited studio audience sit on folding chairs. The ceiling in the studio is only 8 feet high, which creates complications in moving props and equipment in and out of the loading dock. It also limits the types of performances that can be held in the studio, and MPT is often required to rent space to accommodate larger audiences or for more complicated events. MPT estimates that it will increase live shows from 4 to 12 live shows, after the completion of the project.

Another issue that requires the expansion, in addition to the renovations, is that the restrooms adjacent to Studio A do not comply with ADA standards. Because of its location, the bathrooms will need to be updated and expanded to comply with current regulations.

PAYGO Recommended Actions

1. Concur with Governor's allowance.

GO Bond Recommended Actions

1. Approve the \$1,156,000 in general obligation bond funding for the Maryland Public Broadcasting Commission transmission systems replacement.
2. Approve the \$100,000 in general obligation bond funding for the Maryland Public Broadcasting Commission renovations and expansion for Studio A.