

MCPB General Manager's Report

September 10, 2012

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Membership and Development

The main event for this period, and the one that literally saved us from serious trouble was the one-day “all hands on deck” drive on August 25 and the pre-drive mailing. We told people the truth about our situation and the response was tremendous.

To date we:

- have already deposited \$38,263.
- will receive \$1440 over the course of the year in additional new monthly payments.
- have only \$1160 in unpaid pledges.
- received 430 total pledges.
- 42 brand new members
- 100 previous members who had let their memberships lapse.

And, based on the comments we received all through the day and in the mail, I think we can treat this event as a real vote of confidence.

Operations

We successfully migrated to our new website. It is better in just about every way. More secure, easier to navigate, more choices available at a glance to name a few benefits. Every local program has its own blog and many of the programmers are already using it, posting news, playlists archives and other items. There is also a General Manager's Blog where I post news and items. For the record, this project would not have happened without the stellar efforts of two people: Jim Hoadley and Maxence Weyrich.

In addition, we are in an early design phase of developing a mobile app for KZYX that will make access to KZYX far easier for those using smart phones.

We have fully completed our switch from ISDN technology to internet protocols to connect our satellites studios to the main studio. We have cancelled the three dedicated phone lines (cost \$113 each per month) and the ISDN service from MCI (average cost \$425 per month). Our total savings are about \$764/month or \$9168/year. The system works well. Indeed, most of the time the audio quality is actually better. Beyond these installations, it means that we have far greater flexibility in setting up broadcast points in other locations. This can mean dedicated studios or small installations in specific offices or even homes.

We upgraded our equipment that connects to the “Content Depot” satellites system. Content Depot is owned and managed by NPR but is used extensively by other radio producers such as Amy Goodman. The equipment was supplied by NPR so did not cost us money – it's part of the annual fee. It was challenging for Rich to configure due to sketchy instructions and overworked Content Depot staff, but he got it done. The benefits include faster download speeds, more storage capacity and automatic backups.

KMUD recently completed a major transmitter upgrade to their alternate signal (KMUE) in Humboldt County near Eureka Bay. In the process, they changed their spot on the dial from 88.3 to 88.1 and they have greatly increased their output wattage. As a result, there are now some places along the north coast (Cleone, near Navarro Point to name a couple) that, at certain times, when listeners hear them instead of us. This is unfortunate from our perspective, but it is perfectly legal in the eyes of the FCC and our only recourse is to yet again move our 88.1 signal to another spot on the dial. However, I do not support doing that, because our 88.1 signal operates fine within its own legal perimeter and, while some of our listeners now must either get a better antenna and try to get 90.7 or 91.5, or just live with it, it isn't enough affected people to justify the expense.

One issue that has come up a few times at meetings is about our toll-free number. Some months ago I cancelled our two 800 numbers by which people called toll-free to live programs. I did this as part of a move to consolidate our phone lines because we had lines we weren't using, we had some we were paying double for and we had those 800 numbers. I made the decision not based on number-crunching, but rather, that with KZYX a deeply-in-debt nonprofit, the responsibility for the calls rests with the caller.

We do however have the 800 number that we are legally required to have, according to FCC regulation 73.1125. Because KZYX's "community of license" is in Willits, we must allow those residents to call the business office toll-free because the office is in Philo and is not a local call for those residents.

Programming

PRI lost their BBC contract to APM early this summer and as a result we can no longer afford to carry BBC news. This forced us to make a number of changes to our schedule to accommodate the many hours that had run BBC. Then, last month they told us that The Takeaway is changing to a one-hour format and can only be run during certain hours in the morning. This prompted still more schedule changes. Mainly it means that we will now run The Takeaway at 6 AM weekday mornings and move Al Jazeera to 5 AM. In addition we have added the following programs to replace BBC: Fresh Air (repeat), Harry Shearer, This American Life (repeat), Midnight Special, Snap Judgment, Music City Roots, Bill Moyers (repeat), Living on Earth, Commonwealth Club, Inside Europe, The State We're In, City Arts and Lectures and Worldlink.

We are now two months into our new news format that runs during Specific breaks during Morning Edition and All Things Considered. When we can afford it, we hope to make the local news function more robust. When we do, we may use the opportunity to give it a new form other than the current format or the previous 30 minute news program.

Finances

KZYZ financial “Vital Signs,” year-to-date as of September 5:

Total Income:	\$ 73,481.41
Expenses:	\$ 63,123.36
Net Gain/Loss:	\$ 10,358.05
Income from donations:	\$ 57,425.99
Total Accounts Payable	\$ 154,161.06
Accounts payable from prior years	\$ 43,772.00
Accounts payable current year*	\$ 61,389.06
Line of Credit Balance (Payable)	\$ 49,000.00
Accounts receivable (pledges & underwriting)	\$ 29,271.58
Available line of credit	\$ 26,000.00
Checking account balance	\$ 9,095.56

*Includes bills unpaid from Fy12.

The All-Hands-On-Deck drive prevented a bad, even dire, situation from becoming an outright catastrophe. However, this money will only *barely* get us to the next pledge drive in October. The truth is, KZYZ is not in good financial shape and will remain so unless we put together three good, profitable years in a row so we can finally dispatch this debt.

We have of course helped ourselves by reducing our expenses from last year. Between changes to how we connect to the remote studios, altering our health care benefit (at no meaningful loss of coverage), and changing the way we do news, we have eliminated approximately \$40K from our annual expenses so far. This translates into much less pressure every week when we have to pay our bills.

However, we will need an excellent fall pledge drive or we will be right back where we were a few weeks ago.

The CPB has just announced that they are changing the way they will allocate the annual Community Service Grant (CSG). They will now give 70% in the fall and 30% in the spring, instead of the previous 50-50. Their reason is to give stations greater flexibility. While that is true, it will also require greater discipline on our part so we don't overspend in the fall.

We have improved our process for invoicing our underwriting clients and we are now being paid more promptly than we had been in the past.

At the last Board meeting it was requested that we show our revenue from events for the past fiscal year. Not that I do not yet have final numbers for our Bastille Day event or the trip to the Giants game. Unofficially I can say that we made money on each, not a lot and not as much as we had hoped, and that we'll have the final numbers after we intake all of the expense receipts.

Event revenue and expenses for FY2012:

<u>Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
Oak and Thorn concerts	\$1,129	\$300	\$829
Ruth Moody/Laurie Lewis	\$4,861	\$3,854	\$1,007
Raffle	\$7,630	\$920	\$6,710
Holiday Auction	\$6,290	\$1,234	\$5,056
Bill Bottrell concert	\$4,945	\$469	\$4,476
TOTALS	\$24,855	\$6,777	\$18,078

The Oak and Thorn concerts are a combination of three events produced by Tim Bray for Oak and Thorn that are a new model for how we can benefit from events. He does most of the work, we get the insurance rider and the nonprofit discount for the venue and we publicize the event on the air. After everyone else gets paid, KZYX gets the remainder. He is doing one more in October. And, in late September, a Richard Thompson concert at Cotton Auditorium will have a similar arrangement. Concerts are difficult for us to produce because we have to fit all the work into an already busy schedule running the station. This approach is a real win-win. The Bill Bottrell concert did so well in part because Bill owns the venue (Old Albion schoolhouse), provided the music, there was no sound guy to hire, and all the food and drinks were donated.