

MCPB General Manager's Report

John Coate, July 2014

Operations

The most recent problem with the 91.5 signal was very difficult to solve. The intermittent staccato-like dropouts exhibited symptoms that pointed to interference with the STL system that sends the signal across the county from Cold Springs to Laughlin. In troubleshooting it, we discovered various problems with that system. Most notably, the "send" antenna at Cold Springs had been physically moved out of alignment by someone working on a state-owned antenna that hangs right next to our antenna. Our tower climber, Keith Bussman, went up and set it back where it needs to be. That caused a 5X increase in the signal strength to Laughlin. But it did not fix it.

Not long after, up at Laughlin, in an astute attempt to "move the problem" Rich Culbertson reduced the output power in the 91.5 transmitter and, voila, the problem stopped. He turned the power back up and the problem returned. So the problem was in the transmitter itself. Eventually we found a bad cable inside the transmitter that seems to have been allowing interference inside the transmitter itself. We replaced the cable and the problem has not returned. This was a very rare problem that vexed a number of skilled engineers.

What this really points to is the fact that without backup equipment at every stage of the signal chain (which is what all the big stations have), certain equipment failures will cause the signal to go down. Our transmitters and STLs have been in continuous service for more than ten years. Equipment failure is inevitable. We do now have one backup set of STLs and we have a backup of the transmitter exciter (works on both 90.7 and 91.5) and a backup FM audio processor. So we are making progress.

Speaking of failing equipment, we ordered a replacement on-air phone system for the Philo studio, which will arrive soon. We were able to get a good secondhand set for half the budgeted expense.

And we replaced the air compressor that maintains positive air pressure inside the big 90.7 antenna cable, an unexpected \$600 expense.

Finances

The budget for FY 2015 is a continuation of our approach in previous years where we proceed with caution and minimal risk. Although we have had two profitable years in a row, we can't automatically assume it will be the case in future years. Expenses continue to rise across the board and we know that our CPB grant will go substantially down starting in October.

Also, we had unexpectedly high costs in the second half of this past year. This spring we had numerous high expenses related to 91.5 signal problems that will total more than \$6K. Our legal bills related to renewing the KZYX FCC license have been very high – more than \$8K higher than expected (and all of it dealing with complaints from members who would rather KZYX lose its license than continue with current management).

After five years of our pledge drives and other membership administration managed by Diane Hering, we had to manage on our own for virtually all of last year, with Mary Aigner assuming the lead role in organizing three pledge drives. We know we would have had better pledge drives with her help. The good news is that she will be returning to us this year. In April we lost our bookkeeper of four years. Our new bookkeeper Dan McDonnell is coming up to speed learning the large number of details involved in keeping the money on an even keel. Another reason to proceed with caution.

Our May pledge drive went pretty well, but did not supply us with all we had hoped for. So, at the end of FY2014, at the time of this writing we have made our July 1 payroll, we have about \$36K in the bank and our \$75K line of credit fully intact. We have a few thousand dollars more in unpaid pledges to collect. We receive about \$5K/month from bill-of-the-month payments. Our membership fundraising strategy for the summer consists mainly of sending mail to lapsed members along with asking for additional donations. It should be noted that every mailing we have done in the past five years has made money. I think we will get to our October pledge drive ok, but money is going to be tight this summer.

The 2015 Budget

(Budget numbers are attached at the end of this report.)

Because we are not nearly as flush with money as we had hoped, the budget reflects the same risk-averse approach that characterized previous years. This approach got us out of dire trouble and we are not going to abandon it now.

No big spending cuts are proposed, but you will note that the “Ukiah Project” has been separated out and must be regarded outside of this budget. If we have enough money on hand to pull it off, then we will. But until we do, it is too risky to commit to doing it at this time. Had we not had huge unexpected legal bills and had 91.5 not had so much trouble, then it might have made sense to go forward. But this is not the time.

Here are highlights of this year’s proposed budget:

- The California minimum wage goes to \$9/hr as of July 1. Salaried employees must be paid more than 2X the minimum wage or the organization must pay time-and-a-half for overtime. Thus the salaries of the three FTEs on staff must rise to cover it.

- PRI programming costs rise again this year as they have each year while we work our way to full financial strength, at which point their fees will top out at their full amount. They have been exceptionally flexible with us since 2009.
- We do not plan to make large capital purchases this year as part of our basic operation. But our equipment continues to age and it has to be replaced as it breaks. This is shown in “Supplies/Small Equipment – Broadcast.” Also in that category is some funding for a replacement pole for the Philo-to-Cold Springs STL to set it higher so it goes above the trees. This is to buy some time while we prepare for the Ukiah Project.
- More money is budgeted this year for freelance news.
- Legal fees are projected to return closer to normal levels. We expect the KZYX license will be renewed.
- We plan to subscribe to a new archiving service from Pacifica (\$150/mo). That service will archive all of our programs and make all our programming available “on demand” and should set us up to create a better way to access KZYX programming on mobile devices.
- October is our 25th anniversary. We plan to have a memorable party and we will order a commemorative item, either a T shirt or a hat.
- On the revenue side, we project a stronger year of listener donations (\$350K) that is closer to our all-time high of \$358K in FY2013.
- As noted, the CPB will definitely give us less grant funding from now on. But with strong donations, we will lessen the impact because the grants are tied to the amount of our earned income.
- Revenue from events is projected higher, though not at an all-time high. We will continue to work with Oak and Thorn and their Celtic concerts and we plan to have a bigger, more comprehensive raffle this year. We do not plan to do the holiday auction. We will also do the online auction with Nevada Public Radio. We will volunteer at Beerfest. The Board will initiate a few fundraising events for higher-end donors.
- We will be eligible for an equipment grant from the Community Foundation of Mendocino County this year and we plan to apply.
- Underwriting is projected to remain at current levels.

The Ukiah Project is shown as a separate set of expenses after this budget section.

The Ukiah Project

The estimates listed below show that this project is an expensive proposition, made more so by the recent news that we do not yet qualify for a replacement satellite dish for Content Depot, which is how we get all NPR content as well as Democracy Now. Because it is complicated as well as expensive, I have to conclude that we are not ready to undertake this until we have enough money on hand to cover most of it while time we keep up with our current bills.

Cost Estimates:

Signal portion

Setup:

1500	STL antennas & mounts (1 on hand, 1 borrow from Keith for test)
6500	STL install - Ukiah+Laughlin (Test + final)
11000	Satellite install - NPR will not install or offer replacement at this time.
1500	cables, connectors, supports
8000	Codecs Ukiah-Philo (2)
500	FCC license
100	T1 Install
500	Power UPS & conditioning
200	router
29800	SETUP TOTAL

Recurring:

300	office rent
100	utilities
350	T1
750	RECURRING SIGNAL TOTAL

Studio portion

Setup:

5000	Console
2500	Phone system
2400	PC
750	2 CD players
500	Microphones and stands
500	Cables and connectors
1000	Furniture
1000	Carpentry and Acoustics
13650	STUDIO SETUP TOTAL

Studio Recurring:

120	DSL
120	Phone lines
578	Rent for a bigger room @ \$1.05/ft
818	RECURRING STUDIO TOTAL

A booster into Lake County

It is our intention to help pay for the Ukiah Project (as well as improve our overall income) by boosting our signal into Lake County. But it won't be as simple as we had recently hoped when we thought we could install a booster on Mt. Konocti (which is line-of-sight to Laughlin), because Konocti is just outside our legal perimeter. So we have to come up with a different site. Cow Mountain in one possibility but it doesn't have anywhere near the coverage and it has the potential of interfering with the regular 91.5 signal. So it will take more research. Stay tuned.