



San Bernardino Community College District
Transforming the Spectrum of The Inland Empire

Presented by KVCR

April 13, 2017

State of KVCR

A Station in Transition

Numerous challenges stand in the way of growth and sustainability:

- **DEFICIT** - In this Fiscal Year 2017, we're projecting a deficit of \$2,120,335 at KVCR TV/FM.
- **LOSS OF FEDERAL FUNDING** - Reduced CPB funding could potentially be a loss of \$900,000 annually
- **FCC MANDATED SHIFT** – The 90-day clock has started 4/13 on FCC required transition from UHF to VHF and a new mandatory broadcasting standard (ATSC 3.0) has been approved and we'll need to be compliant.
- **LOW RATINGS** - A lack of budget for the acquisition and production of new programs for KVCR has led to low ratings on non-PBS TV programs—this seriously hinders Underwriting efforts.
- **NARROW AUDIENCE** – The diversity of the IE isn't reflected in KVCR programming. Our current prime-time audience is predominately 50+ Women. With 31% Latino, 9% Black and 8% Asian, we need more diversity.
- **AGED EQUIPMENT** - Equipment for TV and Radio are nearly a decade old and dangerously obsolete.
- **LIMITED STAFF** - There are part-time Employees at KVCR and FNX that have been at the station for over 5 years with limited pay and no benefits. This hurts our new program initiatives.

Our Mission

Rebirth of the Region Through Media

The new management team at KVCR will help transform public media throughout the Inland Empire by producing compelling original content, penetrating local news and innovative community-building strategies.

In becoming **financially self-sufficient** and operationally efficient, the newly launched KVCR aims to provide the SBCCD District with:

- **TRAINING** - Higher education and training possibilities for both Colleges and local workforce
- **COMMUNITY UPLIFT** - Becoming a media outlet firmly integrated in the growing economic engine that is propelling the IE forward in the years to come
- **PRODUCTION FOCUS** – Developing award-winning and revenue generating programs
- ✓ **REVENUE GENERATION** – Shifting into a self-sustaining, income earning, media entity of the San Bernardino Community College District

Strategy for Success for KVCR TV/FM

A Better Coordinated Path With Benchmarks

Our primary mandate is to increase revenue at the station progressively, eliminating the existing deficit by FY 2020 and **becoming fiscally sustainable** thereafter.

- **PROGRAMMING EMPHASIS** – Modernize and streamline the organizational structure of the station by reassigning and empowering staff in creating content for TV and radio with a focus on community education
- **UNDERWRITING FOCUS** – Attract new corporate allies through original TV production and increase radio sponsorship by ramping up local News and marketing efforts
- **FOUNDATION RE-LAUNCH** – Large target Corporate Sponsorship and Donor Cultivation
- **PARTNERSHIP WITH THE COLLEGES** – True commitment to working with SBVC and CHC going forward
- **GET DIGITAL** – Develop Digital Platform for TV so that we can dramatically increase both our audience size and ability to measure their viewing patterns; Develop standalone KVCR Radio App for Podcasts and Music

An Emphasis on Programming

Strategic Analysis and Decisive Execution at KVCR

Television Initiatives

- 1 Launch a slate of local **original scripted and non-scripted series** for worldwide distribution
- 2 Develop a robust **Local News Team** to serve the Inland Empire
- 3 Realign and extend audience demographics to **better reflect the IE's diverse composition**
- 4 **Collaborate with PBS on co-productions** to strengthen KVCR's local and national presence

Radio Initiatives

- 1 **Hire a full-time Journalist** and elevate Rick Dulock to Director of Radio
- 2 **Cross-produce Local News with KVCR TV** so that we have a daily segment to air during morning and afternoon drive
- 3 Curate and **cultivate exceptional Podcasts** to capture this quickly growing audience
- 4 **Develop KVCR Radio App** that allows us to program music, podcasts and local content

Community Outreach Initiatives

Community Action and Scholarships are embedded into the programming



1

FIRE FIGHT

Scholarship Docu-Series of **Crafton Hills College** Fire Science Dept. and includes scholarships

2

INFANT-TODDLER SUCCESS

Promoting Child development classes and support for families with children 0-36 months in the SB Unified School District

3

THE COMMON GOOD

30 Minute Radio/TV Series being Produced with local religious leaders to promote interfaith dialogue

4

HIDDEN HIKES

30 Minute show with US Forestry gets inner city kids (through 4th grade free admission program) hiking in our local mountains

5

EMPIRE CARS

30 Minute show highlighting locals' cars and includes auto scholarships to **SBVC**

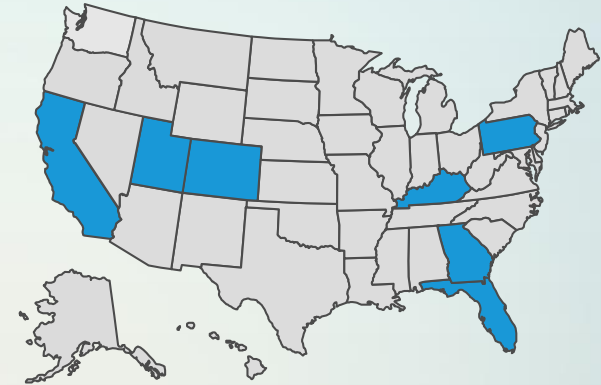
Nationwide Revenue - PBS Indie Distribution

Collaboration Between PDP Stations to Capture Greater Carriage nationwide

New Source of Revenue

We will partner with 17 PBS stations to build a distribution consortium across the U.S. This will enable us to:

- Attract quality Documentary Film and TV Series Producers seeking a greater audience for their Underwriters and Sponsors.
- Charge \$20,000-\$75,000 as a Presenting Station fee to each project depending on the carriage corridor offered.
- Target at least 10 projects in Year 1 for \$200,000 in new revenue.



■ KVCR has already begun working relationships with PBS affiliates in Denver, Philadelphia, and Louisville, as well as full PBS affiliates in Atlanta and others soon to come.

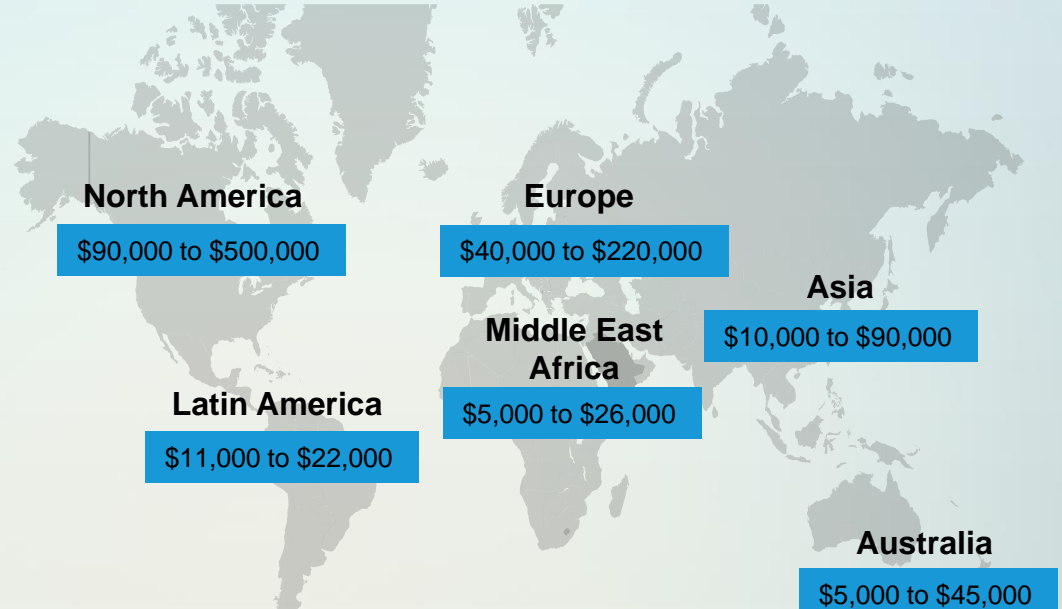
Global Distribution Revenue Potential

Exploring Broader Global Possibilities for KVCR

Worldwide Documentary Feature and Docu-Series Distribution

With wider global distribution of digital media becoming more vital to monetizing content and mitigating production risk, KVCR will actively develop feature-length Documentaries and Factual Docu-Series with an eye on the world.

The KVCR management team has experience in international distribution and plans to utilize their relationships to bring additional revenue streams for the projects we produce.



- The above data represents the latest pricing for feature Documentaries provided by World Screen Publishing, the industry leading resource on global media sales.

New Focus on TV Underwriting

Create Stronger Focus of Historically Underutilized Area

Very often potential Underwriters assume that TV rates are too expensive and don't understand the true benefits provided.
We will:

- **CREATE VALUE** - Work with all available audience measurement analytics (Nielsen, MediaTrac) to quantify true audience make-up and present the value offered to business looking for Underwriting in a language they understand.

Ex. KVCR Prime-Time programs typically capture anywhere from 20,000 viewers (*Nova* or *Antiques Roadshow*) to 100,000 viewers (PBS Masterpiece programs). When you apply an L.A. area CPM (cost-per-thousand) of \$34.75 per :30 message, this can equate to anywhere from \$695-\$3,475 per message.

- **IDENTIFY MISSION** - Provide targeted presentations for Underwriters that more clearly define how KVCR and PBS specifically fits their mission, demographic and audience.

Ex. Jet Blue has a dedicated Autism support mission. KVCR is developing a new cooking show featuring a 15-year old African-American Chef who is on the Autistic spectrum. Underwriting a show of this type fits Jet Blue's mission and helps provide much-needed revenue for a new KVCR program.

Foundation Prospect **Development**

Institutional Support is a result of Community Action NOT THE REVERSE

Our new Prospect development will involve five key steps:

- 1) Create programming around local issues and include Educational Initiatives, Community Action and Scholarships
- 2) Use these shows as catalysts for engaging in Social, Community and Educational Change, and Scholarships to increase enrollment into the colleges.
- 3) Create new 'TV Personalities' with the new shows to attend PBS member events and community-related local events.
- 4) Approach Corporate and Institutional Support to Expand the Initiatives and PBS Events to Prospect Large Donors.
- 5) Attract anchor Donors and Supporters to the KVCR because of our measurable results from these initiatives.

A New Foundation Growth Cycle

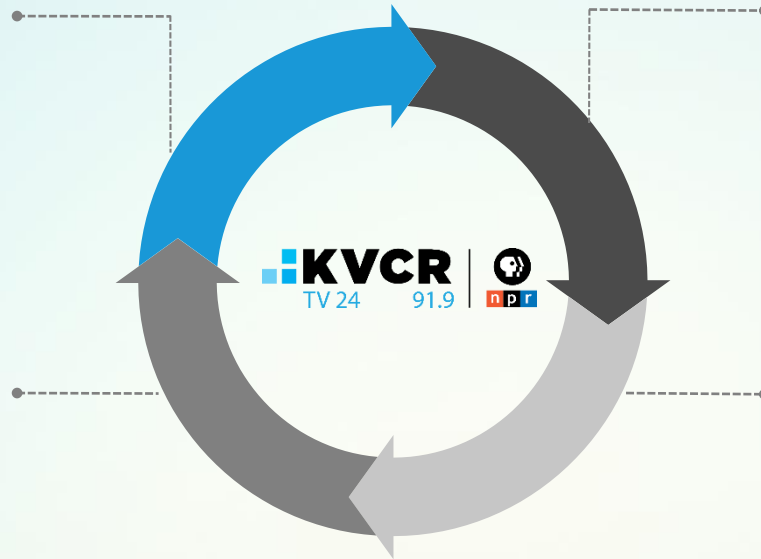
A new way to approach Gifts, Grants and Corporate Sponsorship

PBS Creative Partnership Program

With PBS guiding the process, a 12-18 Month Mission-building initiative will begin in May 2017 aimed at significant Foundation expansion and outreach.

Transformational Giving

Through identifying and aligning our interests with that of high-net worth individuals and organizations in the community and implementing synergistic programs, we aim to close six and seven-figure donations.



Activate the Board

Successful PBS fundraising is best maximized with access to a strong Board composed of powerful educational, corporate and community influencers who can help service the Mission.

Earn Trust as a Fiduciary

Demonstrate sound stewardship of the initial round of giving with strong fiscal management and demonstrable increase in high quality programming along with visible community involvement.

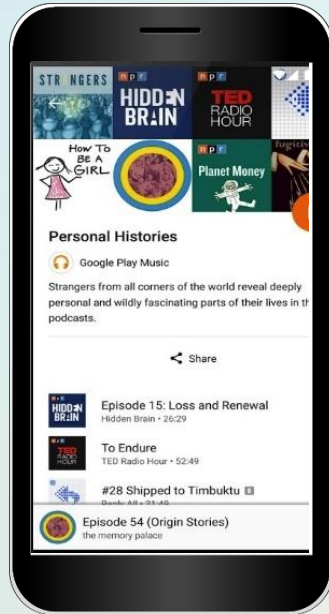
SBVC & CHC Partnership

Looking to the Future with Potentially Our Most Productive Allies

- **Internship / Training** - We will restore the previous relationship to allow a free flow of Production and Administrative through both FOR CREDIT and PAID training internships for Film and TV as well as other related majors
- **Funding Equipment** – Our anticipated state of the art Studio facilities, Production and Editing equipment will designed to enhance the program’s reputation for potential future students
- **Event Coverage** - Provide opportunities for KVCR to develop content by providing exclusive coverage and documentation of their events.
- **Strong Workforce** - Develop curriculum under the Strong Workforce Initiative with industry recognized certification, training students on TV and radio production.
- **Media Library** - KVCR and CHC can build a media library for use in courses as well as content production.
- **How-To Videos** - Creation of How-To Videos, Professional Development and Industrial Videos to provide both training and highlight educational aspect for viewers.

KVCR TV & Radio Applications

An Untapped Source of Revenue for KVCR



KVCR will develop a digital Over-the-Top (“OTT”) platform for streaming TV, Radio, and Podcast content for ALL mobile devices as well as with streaming services in 2017.

- ❑ 67% of the U.S. population has access to OTT platforms—over 90 Million Americans use digital devices/platforms
- ❑ 64% of American 12 or older have listened to a Podcast in 2016—up from 55% in 2015. This number will only grow.
- ✓ Apps provide revenue in 2 important ways: Serving as direct source for donations and as an advertising platform for outside vendors. We may not be able to sell ads on TV or radio, we CAN on apps!

Our Proposal

A Path to Greater Success as Public TV Relies on Funds from the Spectrum Auction

KVCR TV/FM, in order to grow and sustain itself, needs:

TV/FM FCC Requirements / Studio Upgrade

\$18,000,000

Co-Production Event Series with PBS

\$1,000,000

Endowment Support to cover deficit for the Next 3 Years

FY2018 -- \$2,300,000

FY2019 -- \$1,545,000

FY2020 -- \$831,000

Empire News Production Annual Budget

Year 1 -- \$330,000

Year 2 -- \$632,000

Year 3 -- \$941,000

A State of the Art **Studio in 4K**

Becoming the Production Epicenter of the Inland Empire

\$17,711,774 required to bring KVCR TV to the current broadcast standard and make it the media center of the region

- **FCC Mandated Radio Tower to complete requirements to move to VHF**
- **VHG and FM Transmitter Systems**
- **4 Camera TV Studio and Audio Control Room**
- **Central Apparatus Room and Supporting Systems**
- **Fully upgraded Master Control Room and Supporting Systems**
- **News Room System**
- **4 Camera News Gathering Panel Van**
- **Fully upgraded Radio Studio, Radio Tower and Associated Equipment**
- **Field Equipment**
- **Edit Suites (4)**
- **KU Band Uplink**
- **Training Budget & Maintenance/Services Agreement**

KVCR News For TV and Radio

Cementing our Commitment to the Both the Colleges and Community We Serve

STATE OF THE EMPIRE NEWS REPORT

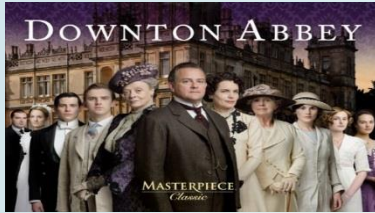
A weekly ½ hour News Program covering the latest events and issues that face the IE. We will utilize Valley College and Crafton Hills College Interns to help gather news and we will hire a dedicated Journalist to Produce the weekly segment.

- The team will also produce a minimum of two weekly 1:30 evergreen packages and a monthly news magazine show.
- KVCR would produce at least 1 Two-Minute news package 5 days/week.
- Tentative Annual Budget: \$687,000



Event Series Co-Production with PBS

KVCR TV will look to Co-Produce a National TV Series with PBS, Amazon TV and International Partners



6 Seasons of 62 episodes
PBS / BBC / ITV Co-Pro
3 Golden Globes



8 Episodes
Hulu Original
Emmy Nominee



6 Episodes
AMC / ITV Co-Pro
3 Golden Globes

1. KVCR will sign a deal with a leading Showrunner to create a Series pitch and treatment together.
2. Work with PBS Chief of Programming, Beth Hoppe, and her creative team. Once we're aligned on the pitch material and PBS agrees to air the program domestically, together we raise a percentage of the Production budget from other PBS partners.
3. Approach Amazon TV (whom PBS has previously worked with on *Mercy Street*, *PBS Kids*, *Masterpiece*, etc.) to have them license domestic video-on-demand rights for Amazon Prime.
4. KVCR and PBS will together seek Foundations or Corporate Sponsors to finance 30% of the Series' Production budget.
5. KVCR will hire the Showrunner to write the first two episodes of the Series along with a "Series Bible" – a detailed outline of stories for each episode in the 1st season and a summary of potential future seasons.
6. When KVCR, PBS and Amazon are ready, we will seek an International Distributor to help fill in remaining budget by selling the Series globally (Lionsgate, Sony, MGM, Fox Int'l)

Co-Production Possibilities

Becoming a Nationally Recognized Station

- We will not move forward with any Production without having a model that is profitable from its inception
- A low scenario will be a modest return of investment while still realizing perception boost
- A medium scenario will yield a 55% ROI
- A high scenario will nearly double our investment
- \$1,000,000 Budget needed for Development of this type.

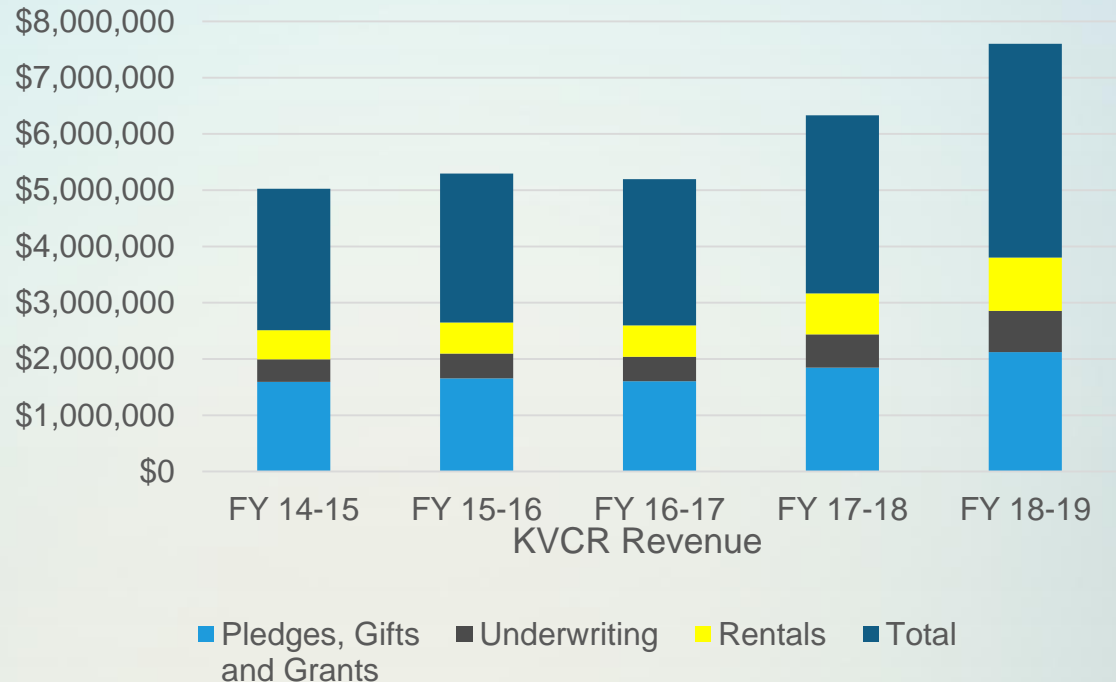


KVCR Revenue Analysis

Working Towards More Aggressive Revenue Growth

KVCR PAST, PRESENT & FUTURE

- Modest growth of 5% has taken place the past three years but it barely outpaces inflation and doesn't reduce deficit or lead to sustainability.
- Going forward we need to grow overall revenue at a minimum rate of 15% annually in order to become sustainable.



5 Year Forecast – KVCR TV/FM*

*This is based on the potential loss of federal funding after FY17—a distinct reality given the proposed federal budget

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|----------------------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| Revenues (Additions) | | | | | |
| Contributions (Pledges, Gifts) | \$ 1,846,218 | \$ 2,123,151 | \$ 2,229,308 | \$ 2,340,774 | \$ 2,457,812 |
| Radio Underwriting | \$ 367,862 | \$ 441,435 | \$ 529,722 | \$ 688,638 | \$ 826,366 |
| TV Underwriting | \$ 225,000 | \$ 292,500 | \$ 380,250 | \$ 456,300 | \$ 547,560 |
| Corporate Sponsorship | \$ 150,000 | \$ 225,000 | \$ 500,000 | \$ 1,000,000 | \$ 1,500,000 |
| Grants | \$ 30,000 | \$ 100,000 | \$ 200,000 | \$ 350,000 | \$ 500,000 |
| Distribution Fees | \$ 200,000 | \$ 350,000 | \$ 560,000 | \$ 896,000 | \$ 1,344,000 |
| Rentals & Leases | \$ 726,493 | \$ 944,441 | \$ 972,775 | \$ 1,001,958 | \$ 1,032,016 |
| Total Revenues | \$ 3,545,574 | \$ 4,476,527 | \$ 5,372,055 | \$ 6,733,670 | \$ 8,207,755 |
| Expenses (Subtractions) | | | | | |
| Salaries | \$ 1,964,958 | \$ 2,063,206 | \$ 2,125,102 | \$ 2,188,855 | \$ 2,254,521 |
| Employee Benefits | \$ 708,594 | \$ 729,852 | \$ 751,747 | \$ 774,300 | \$ 797,529 |
| Supplies & Materials | \$ 17,631 | \$ 18,512 | \$ 19,438 | \$ 20,410 | \$ 21,430 |
| Contracts & Services (PBS, NPR, etc.) | \$ 3,100,000 | \$ 3,193,000 | \$ 3,288,790 | \$ 3,387,454 | \$ 3,489,077 |
| Maintenance & Operations | \$ 40,575 | \$ 17,250 | \$ 17,768 | \$ 18,301 | \$ 18,850 |
| Total Expenditures | \$ 5,831,758 | \$ 6,021,820 | \$ 6,202,845 | \$ 6,389,319 | \$ 6,581,406 |
| Net Operating Income / (Loss) | \$ (2,286,184) | \$ (1,545,293) | \$ (830,790) | \$ 344,351 | \$ 1,626,349 |
| DISTRICT ENDOWMENT SUPPORT NEED | \$ 2,286,184 | \$ 1,545,293 | \$ 830,790 | \$ - | \$ - |

EMPIRE

NETWORK

K V C R