

CENTRAL CALIFORNIA EDUCATIONAL TELEVISION AND CABLE

A PRESENTATION

TO THE SACRAMENTO COUNTY BOARD OF SUPERVISORS

April 10, 1980

Last August, the Central California Educational Television (CCET) Board of Directors passed a resolution (Appendix A) stating in a general way our desire to see public service and public access programming become an important element in the cable television franchise process. The resolution also stated that CCET hopes to play a significant role in many of the public service activities made possible by cable.

As the franchising process moves into high gear, we want to define our position more explicitly and urge the Board of Supervisors and staff to include language in the ordinance and the request for proposals that would require the franchisee to devote a substantial part of its total system capacity to serving the public interest and public access needs of the community.

"Public Service" in cable programming can include formal instructional programming at all levels, informal educational programming, governmental programs, health programs, interaction with a broad spectrum of special interest groups and coverage of community events. KVIE has more than two decades of successful experience in providing precisely these kinds of public service programs to people in the Sacramento Valley. As cable becomes a reality here we want to use the new technology to expand and

improve our capacity to provide services to the community.

Some Supervisors and staff have expressed a desire to avoid language in the ordinance or request for proposals that is overly specific. While as a general rule, leaving a request for proposals as non-specific as possible produces creative and beneficial proposals, in this case we feel that particular specifications should be required to not only insure that an adequate level of funding flows to "public access", but that this community is ready to use those funds in a meaningful and productive manner. We believe that these specific recommendations will, if made a part of the bid requirements, insure that this community receives the best possible "total" cable system.

Channel Assignment

KVIE should be carried on cable channel 6. If the cable company offers a "tiered" service, now or in the future, KVIE should be included in the lowest or basic tier of service.

Additional Channels

The national Public Broadcasting Service is ready for the cable revolution. We now receive all of our PBS signals from the Westar I satellite which allows us to receive multiple signals simultaneously. After two years of planning, PBS has now been restructured to begin offering three separate program services. One service will focus on general audience programming such as that seen now in prime time on PBS. A second service will concentrate on target audience or "community of interest" programs of significance to smaller but important segments of the community. The third service will include instructional and educational programming aimed at in-school and at-home audiences at all levels. Using programming from just these three services, we will soon have the capacity to schedule two cable channels in addition to KVIE, channel 6.

Also, we are working with the state legislature now to install broadcast production facilities as part of the Capitol renovation project. This will enable us to provide "gavel-to-gavel" coverage of floor sessions and committee hearings much in the same way that C-SPAN covers Congress.

Other local production plans for the coming year include a weekly review of legislative and state governmental affairs, a series of programs featuring the arts in our community and a series dealing with public affairs issues of local importance.

We also receive programming from the Pacific Mountain Network, the Latino Consortium and the newly-formed Independent Program Service.

As we begin to investigate the sources and costs of cable programming and cable rights to broadcast programming we find foreign language programs, agricultural information programming, programs for the handicapped, high school equivalency lessons, programs for older people and training programs in nearly every conceivable field of endeavor.

A further service made possible by our satellite earth terminal is state-wide, regional or national participation in teleconferences. We are already active in this area. On April 16 we will take part in a teleconference, "Update: Adult Learning and the new Technologies." However, participation is limited to those who are willing to come to our Garden Highway studio. If we had the capacity to distribute the teleconference signal to the community via cable many more people could benefit from it. Such limited audience programming would be of particular value to people who are home-bound for whatever reason -- a physical handicap, no babysitter or not enough money to fill the gas tank.

Many of our programs would provide a greater service to the community if we could repeat them more often. The program we produced on CPR (cardio-pulmonary resuscitation) was broadcast three times to help motivate and train as many people as possible in this life-saving procedure. However, on cable we could have repeated it three times a day for several weeks if necessary, as part of a community-wide training effort.

This fall we will take part in a pilot project with the National University Consortium, making use of the British Open University courses adapted to an American audience for college credit. Our dilemma, as with other adult education courses, is whether to schedule the program material during the day while most people are working or eating, or at night when it would disrupt our prime time programming. With additional cable channel capacity, we could repeat each program several times over a period of several days and reach a much larger share of the potential audience.

Finally, there are many people who would appreciate the opportunity to see repeats of "Masterpeice Theater", "NOVA" and other major PBS offerings when cable rights to these series become available.

With the programs we now have available and expect to have in the very near future we will be capable of providing a strong, meaningful public service schedule for 5 channels in addition to our regular KVIE broadcasts.

In Spokane, Washington, the PBS station KSPS operates seven channels in addition to its regular broadcast channel. Bill Freeman visited the station with me and can provide details and observations if you like. I learned that once a station has acquired the equipment and staff necessary

to program one or two cable channels, the incremental cost of operating still more channels is quite small. Our own cost projections support the KSPS experience in that regard.

Consolidating Local Origination

Because of the economy of scale mentioned above, it would be logical for us to be the operational and coordinating agency for other public service channels besides the ones we program exclusively.

In Spokane, one cable channel is devoted to health programming. The programs are selected and purchased by a consortium of health-related entities. KSPS gathers the programming together and distributes it on the health channel they operate. The health consortium pays a small hourly fee to the public television station to defray the cost of operating that one extra channel. It would cost the health consortium a great deal to establish its own origination system and their operating costs would be much higher since all costs would have to be borne by that one channel.

We would like to work with the schools, colleges and universities, hospitals and health agencies, and governmental agencies including the city and county in developing a central local origination operations control center. We have an established working relationship with the Television Consortium of Valley Colleges and with VITA, the Valley Instructional Television Association, with whom we now contract for broadcast services. Initial discussions with County Superintendent of Schools, Leo Palmiter, indicate that he is supportive of the concept of consolidating local origination operations.

Please be assured that we have no desire or intention of controlling the programming on the channels discussed in this section. Our role would be to facilitate the operation of these channels in the most effective and cost-efficient way possible and to maintain technical quality at a high level.

Revenue

The primary function of a cable company is to sell entertainment programming to subscribers and make a healthy profit. Public service and public access programming costs money and does not generate income. Very few people subscribe to cable because of the public service channels. There is little motivation for the cable company to maintain an on-going interest in local public service once the franchise has been awarded.

On the other hand our sole function is public service and we will maintain an enthusiastic interest in serving the public for decades to come. (See Appendix B & C) Further, we serve a broad spectrum of interests in the community and are accustomed to dealing with community institutions and groups of all descriptions.

Traditionally, cable companies have been willing to provide some channel space for public service or public access use but the funds to support the programming and the management and technical expertise to operate the channels successfully are not forthcoming.

We urge the county to set the franchise fee at the legal maximum, taking care that the percentage specified is based on the cable company's gross receipts from all cable activities within the franchise area, and

not just a percentage of the basic subscriber fee.

If CCET assumes the level of public service responsibility outlined in the above sections, and to that extent releases the public service burden from the cable company, then CCET should receive a major part of the franchise fee directly from the cable company or indirectly from the county via a simple pass-through mechanism.

Even if we receive an amount equal to 2 or 3 percent of the cable operator's annual gross receipts, this source of revenue will never provide 100% of the costs of operating the public service channels. However, a portion of the funds coming to CCET in this manner will be matched by the Corporation for Public Broadcasting, increasing our annual local Community Service Grant and further defraying the cost of providing the cable channel services.

The portion of the franchise fee that comes to CCET will help provide effective, cost-efficient professional public service programming and generate additional funds to help support the local origination operation.

Building, Facilities and Land

We have 6.9 acres of land five minutes from downtown Sacramento. Our building is totally inadequate and beyond rehabilitation (See Appendix D) and we would have to spend \$2.6 million to bring our production facilities up to state-of-art status.

The cable franchisee will probably need a new building and a place to put it. Most competitors for the franchise will include in their proposals one or more studios and production facilities for the studios.

We are willing to provide the franchisee a long-term land lease at a nominal rate if the franchisee will build a building on our property and provide space for CCET, including studios and facilities for public service program production.

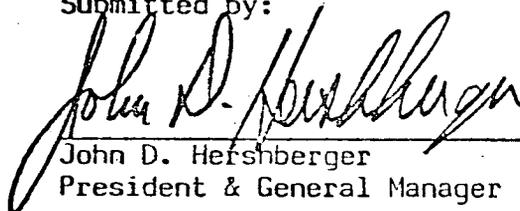
Such an arrangement would reduce or eliminate the necessity for KVIE to launch a multi-million dollar capital fund drive which would take years to accomplish, drain community resources and compete with other major fund drives such as the Crocker Museum project.

Conclusion

One of the deciding factors in awarding franchises in other communities has been the degree of local public service proposed by competing cable companies. Yet, when performance is compared to promise after a few years of cable operation, the local public service aspect of the franchise has historically been one of the most disappointing and failure-prone aspects.

Sacramento has already demonstrated an enlightened approach to cable by offering identical franchises to a single operator for all jurisdictions within the county. By insuring a major role for CCET in cable public service programming and operation, you will be insuring long-term on-going quality public service to the community. In so doing you will also be setting a standard for the nation to follow.

Submitted by:



John D. Hershberger
President & General Manager

APPENDIX A

CENTRAL CALIFORNIA EDUCATIONAL TELEVISION

RESOLUTIONS

CABLE TELEVISION IN SACRAMENTO COUNTY

August 29, 1979

WHEREAS the sole purpose of CCET is to bring public service programming to viewers in central California; and

WHEREAS CCET has a 20-year track record of service to a broad spectrum of community interests including formal instruction, adult education, cultural and performing arts, government and civic affairs, consumer interests, health, the environment and public safety; and

WHEREAS CCET in the relatively near future will have the capacity to offer three complete schedules of programming; and

WHEREAS CCET recognizes the telecommunication needs of many educational, governmental, cultural and other non-commercial entities in the greater Sacramento Community; and

WHEREAS CCET believes that any cable system should be managed by a public service entity; Therefore be it

RESOLVED, That CCET recommends to the Sacramento County Board of Superivsors that any franchise agreement allowing the development of cable television in Sacramento County include the following provisions:

1. That a substantial percentage of all cable channels available be reserved for non-profit public use;
2. That a percentage of the franchisee's gross receipts generated in Sacramento County be allocated for the management, acquisition and production of public service programming;

3. That the franchisee provide funding to establish and maintain broadcast quality television production facilities and related equipment sufficient to permit high quality production for the public service channels; Be it further

RESOLVED, That the Sacramento County Board of Supervisors be made aware that CCET is eager to collaborate with the eventual cable franchisee in the management, production and acquisition of programming for the public service channels, using funds allocated in the franchise agreement for that purpose.

These resolutions were discussed and adopted by majority vote of the Central California Educational Television Board of Directors on August 29, 1979.

William J. Slaton
President, CCET Board of Directors

Date

Jean Nickles
Secretary, CCET Board of Directors

Date

APPENDIX B

THE MISSION AND PURPOSE
OF
CENTRAL CALIFORNIA EDUCATIONAL TELEVISION

Approved October 24, 1979

It is the mission of Central California Educational Television (CCET) to use television broadcasting and other forms of electronic distribution to inform, illuminate and inspire viewers through the presentation of consistently outstanding programs that are responsive to the public's varied interests and needs. We strive to bring to the citizens of central California (a) exposure to local, state and national public affairs of importance, (b) the opportunity for cultural and artistic enlightenment and enjoyment, and (c) a process for life-long learning through formal instruction and general educational programming for viewers from pre-school ages through retirement years.

THE OPPORTUNITY

Public television possesses the unique potential of a mass medium whose program content is not limited by the requirement to compete constantly for maximum audiences. Public television can put excellence ahead of acceptability, can broadcast not just the popular but also the profound, can serve as the community's cutting edge by experimenting with new concepts in the world of the arts and ideas. In addition, public television can deliver special programs and events which for the lack of a commercial sponsor or because of problems of copyright and royalty clearances might not otherwise be available.

Because of our location in the state capital, CCET has a unique opportunity and a unique obligation to provide continuing and comprehensive coverage of state governmental affairs for distribution to a statewide audience. We can enhance the democratic process by showing government in action, by examining the issues in depth, by informing and enlightening the electorate.

The overriding criterion for producing, acquiring and distributing programming will be the degree to which that program or series of programs helps fulfill the stated mission and purpose of CCET. We will acquire programming from the Public Broadcasting System, state and regional networks, independent producers, and other program distributors. We will produce programming for local and statewide distribution. In addition, programs for national distribution will be produced when the program content is of interest to a national audience.

CCET will collaborate with educational institutions at all levels in the production and acquisition of programming that is in keeping with our mission of encouraging life-long learning opportunities for people in central California.

Innovation in programming may occasionally raise questions of taste and propriety. CCET management will exercise care to insure that programs dealing with novel or controversial themes reflect an integrity of purpose. CCET will not be a leader in permissiveness; neither will it be chained to the conventional by occasional letters or calls of complaint.

CCET management will take care to present a fair and balanced view when dealing with controversial issues. While all sides of an issue may not be presented within the context of one program, balance and fairness will be achieved in total programming.

CCET's programming is planned to be mindful of the interests and concerns of all racial and ethnic groups represented within the station's coverage area. However, public broadcasting will not be truly public if programs are conceived as exclusive messages intended only for certain audiences. Public telecommunications can best serve many minority audiences through the presentation of a wide variety of subjects and viewpoints within the regular schedule of public affairs, instructional, cultural and artistic programs.

LOCAL PROGRAM PRODUCTION

One of the cornerstones of the American broadcasting system is the importance placed on localism. In public broadcasting, CCET has an even greater opportunity than our commercial counterparts to pursue that ideal of local service through locally produced programming. Even the most modest local production is far more costly than acquiring a program from a national or regional source. Consequently, it is not economically sound for a commercial station to mount an ambitious local programming effort. Most stations do very little production beyond news, weather and sports shows. Without the pressure of the profit motive, CCET can afford to invest a larger portion of the programming budget in providing service to the unique needs and interests of the local and regional communities.

New technology will continue to expand and multiply the viewers' sources of television programming. As satellites, cable, videotape, videodisc and other systems bring a vast array of programming to central California from distant sources, it will be important for CCET to maintain a unique service with strong emphasis on local and regional programming.

DISTRIBUTION SYSTEMS

In addition to broadcasting on KVIE, CCET will make use of whatever telecommunications systems are available to carry out our mission in an effective and cost-efficient manner.

ASCERTAINMENT AND COMMUNITY FEEDBACK

Ascertainment of the community's needs and interests is an ongoing and periodic regulatory requirement for CCET. Management officials and staff make numerous contacts with community institutions and individuals monthly to ascertain the community's needs and interests. CCET seeks further citizen input through its Community Advisory Board, a group of people throughout KVIE's coverage area who are representative of the socio-economic, racial and ethnic mix of the population, and who represent a wide variety of occupational and civic interests.

The management and staff of KVIE are encouraged to participate in community activities and civic organizations as an informal means of keeping abreast of current interests and concerns and as a means of reminding people that KVIE is a part of the fabric of the community.

KVIE programming will reflect the needs and interests of the community as determined by the formal and informal ascertainment process.

Volunteers

Volunteers have always been a crucial element in the successful operation of KVIE. It is impossible to fulfill the mission of CCET without a strong enthusiastic volunteer effort to assist the staff in promotion, development and other aspects of station operations. The importance of KVIE is illustrated by the fact that the Friends of Six organization is an integral part of the corporate structure of CCET with representation on the Board of Directors. The Board and the staff will continue to encourage the growth and expanded participation of the Friends of Six organization and individual volunteers.

FINANCIAL SUPPORT

Portions of the funding for CCET come from federal, state and local governmental sources. However, at the very heart of the concept of public broadcasting is the concept of voluntary public participation in the financial support of the station. Public television should be supported by the communities it serves. Only through the broad-based financial participation of its own audience can CCET serve that audience in a professional and successful manner.

The Mission and Purpose of CCET
October 12, 1979
Page 4

Financial support in the form of underwriting from area businesses, federal and state grants and foundation grants is seen as an important element in the overall funding structure of CCET. However, no commercial financial support which is conditional upon control or review of program content will be accepted. Program content must be the licensee's responsibility.

RESPONSIBLE MEMBER OF THE PROFESSION

It is vital for CCET management and members of the Board of Directors to play an active role in the formulation of national and state regulations and laws and to participate in the policy and procedural decision-making process of our national membership organization, the Public Broadcasting Service. Only through enlightened participation in these activities and organizations can CCET have a voice in shaping the future of public telecommunications in Sacramento, in California and in the United States.

APPENDIX C

CENTRAL CALIFORNIA EDUCATIONAL TELEVISION

FIVE YEAR PLAN

GOALS & PRIORITIES

Approved January 22, 1980

This plan grows out of the Statement of Mission and Purpose adopted by the Board of Directors on October 24, 1979. It is in reality a 4 1/2-year plan with goals to be accomplished by June 30, 1984 or before. The top priorities during this period will be: (1) provide adequate building space and technical facilities to meet present and future needs, (2) improve programming, especially local and statewide programming, (3) broaden viewership through increased promotion, and (4) develop new distribution methods, including cable, satellite, microwave and a new video library. To support these activities all other aspects of the operation will have to expand accordingly, including production, funding and administration. The goals and timetables in this plan are ambitious calling for rapid but orderly growth. The plans are based on the best available knowledge of the economic future of the Sacramento Valley, projected population growth, technological advancement and the competitive market place.

The Board of Directors whole-heartedly endorses this Five Year Plan with the understanding that it will be reviewed on an annual basis, and revised as needed using a timetable that coincides with the annual budget planning process.

EXPANDED QUARTERS & FACILITIES

KVIE will move into new quarters by Christmas, 1982. Plans for the station's expansion will be based on the anticipated needs of Central California Educational Television through the end of this century. New equipment as needed will be incorporated into the overall plan. KVIE will strive to accomplish the expansion without incurring a burdensome long-term debt.

PROGRAMMING

Local: KVIE will quadruple the amount of locally-originated programming, broadcasting an average of 10 hours per week by June 30, 1984. Programs produced exclusively for audiences within the KVIE coverage area will fall into three major categories, all of which will receive approximately equal emphasis. The categories include a) public affairs, b) performing and visual arts, and c) all other programming as determined by community needs and interests. Program series in this third category could include "Ask the Doctor", "Fix Your Own Car", "California Gardener", "Sacramento Valley Farming", "California Wines", "Local News for Kids", "Jobs Available this Week", "Consumer Action and Answers", "Energy Alternatives", "Video Originals", etc.

Our schedule will also include regular programming dealing with legislative and state governmental affairs (See more on this under "PRODUCTION")

PBS & Other Acquisitions: While major resources will be devoted to locally-originated programming, those efforts will produce less than 10% of the program hours needed to fill the KVIE schedule. KVIE will continue to rely upon PBS and a growing number of other program suppliers to build an outstanding and competitive schedule in keeping with the station's mission and purpose. Toward that end, KVIE will increase its capacity to receive PBS satellite programs by adding satellite receivers that will allow KVIE to use material carried on a variety of transponders.

KVIE-2: Assuming PBS proceeds on schedule to develop the three program services, and assuming a cable franchise is awarded in Sacramento County by January 1981, these developments within the next five years would enable CCET to develop a new separate program service. Cable television will reach into a substantial number of homes in Sacramento County. KVIE is now carried on 71 cable systems serving over 500,000 homes and that number will double in five years with the addition of Sacramento County subscribers. At the same time PBS will have developed three limited-schedule program services. KVIE can then assemble two complete program schedules. The traditional schedule, as described in the paragraphs above, will be broadcast on Channel 6 and all cable systems in and around the Sacramento Valley. The second schedule, "KVIE-2", will have as its foundation programs from the new PBS services, and will also include community access, target audience local programming, some of which will be produced by community groups or individuals not otherwise associated with the station. KVIE-2 will be distributed exclusively by cable. KVIE-2 will initiate a limited schedule in 1981 and work toward a full schedule by July 1, 1983.

PRODUCTION

Local: To quadruple the quantity and at the same time improve the quality of local production will require a realignment of resources, a major new infusion of people and equipment. The full-time staff now producing, hosting, writing, designing, engineering and directing local programs is 24. Within five years we will need 60. Whereas some equipment needs can be included as part of the plans for KVIE's new quarters, many items are required prior to that time. Major production equipment acquisitions during the next three years will include: film chain, new and additional studio/portable cameras, more sophisticated audio production equipment, additional videotape

machines, and increased transmitter facilities.

State: There will be a major emphasis on statewide legislative and governmental affairs program production. Funding is being sought to develop, maintain and staff a self-supporting production unit which will service the capital production needs of KVIE, other public television stations in California, cable systems statewide, and other entities ranging from universities and state agencies to commercial television news departments.

National: KVIE will seek opportunities to produce programs or series for national or regional distribution. However, this effort will not be pursued at the expense of local and state production priorities.

Cable: The cable franchise in Sacramento County will include some provision for community access channels in addition to the ones to be occupied by KVIE and KVIE-2. To the extent that resources are available, CCET will produce or assist in producing programming for local cable channels.

External Projects: KVIE will continue to rent its facilities (except those items restricted from such use) during those times when they are not required for other production. Additional equipment will be obtained to augment KVIE's overall production capacity. This equipment will be financed in part from the income of external projects. A separate department, Creative Services, will be established to manage the external projects. Implementation will begin in January, 1980.

DISTRIBUTION

KVIE: The primary means of distribution for CCET programming during the next five years will continue to be KVIE, Channel 6.

Cable: Cable will play an increasingly important role in expanding the potential audience for the traditional KVIE programming and for the new

cable-only service, KVIE-2, as described in earlier paragraphs.

Satellite/Microwave: By June, 1980 KVIE will be connected by microwave via KQED to the Western Union satellite uplink in San Francisco. Through this system KVIE can distribute programming to all public television stations in the state or the nation, or any combination of stations in the country. This system will facilitate the development of statewide legislative and governmental affairs programming and production services. To complete this system KVIE plans to install a microwave link from the Capitol to KVIE. (In time the San Francisco uplink may be superceded by other more advantageous uplinks.) KVIE may eventually purchase the equipment necessary to convert the current receive-only satellite terminal into a receive/transmit terminal (uplink).

Microwave/ITFS: Through a system of microwave transmission and what is called "Instructional Television Fixed Service" transmission KVIE will tie into a growing network of institutions of higher education in the Bay Area and throughout northern California. This will allow KVIE to participate in broadcast and closed-circuit adult and K-12 education projects. One of the new PBS program services will include adult education materials useful in this context. Activity in this area will be conducted on a cost-recovery basis. KVIE will be connected to this system by January, 1981.

Video Library: The proliferation of video recording and playback systems will gain even greater momentum during the next five years. Within the parameters of its mission and purpose, KVIE will establish a video library to distribute programs in any video format that is marketable on a cost-effective basis. This will include the sale and rental of programs on videotape in several formats, and may include videodiscs or any other form of

electronic video display system. Film will not be included in the video library. Further, the library will not attempt to compete with established video libraries now in existence. Programs for sale or rent will consist of programs produced or acquired by KVIE for broadcast or cable distribution, programs for closed-circuit distribution via the higher education network, and other programs not otherwise readily available to schools, homes and businesses in central and northern California. The library could become the video archive of the state. Because of space and equipment limitations, the library will not begin operation until KVIE moves into expanded quarters. Prior to that time, KVIE will hire the necessary staff to develop and implement plans for the library.

MARKET PENETRATION

Viewership: Promotion will be crucial for KVIE during the next five years. Building a large and loyal audience for KVIE programming is an essential element in the overall plan. We must increase our audience size to remain faithful to our mission and purpose and we must bring enough people to our programs to provide a broad membership base to help finance the plans outlined in earlier paragraphs. Our weekly audience now includes 204,000 homes. By June, 1984 we expect to double that figure.

Community Services: Successful marketing and promotion of statewide programming, the videotape library, KVIE-2, and other services will require a substantially expanded budget and staff.

The promotion effort will require a great deal of volunteer help from Friends of Six and other individuals. Except for development activities, promotion is the one area where volunteers are most needed and can make the greatest contribution.

ADMINISTRATION

In a period of rapid growth within an organization, it is essential to maintain control of all resources and apply those resources in the most effective way to accomplish the established goals.

The Administration Division will develop and maintain systems of adequate controls to deal with rapidly changing fiscal patterns to keep abreast of all federal and state-mandated accounting controls, and to increase the level of sophistication of financial management.

A computer system will be used beginning in March, 1980 to provide for the necessary data and word processing needs of KVIE. This includes membership, auction, management information systems, programming, promotion, volunteer services, underwriting and other functions.

Administration will play a key role in the move to expanded quarters, handling all contracts and purchasing functions to assure the most productive use of assets.

The need for an increased emphasis on personnel administration will be vital during the five years as KVIE expands and re-organizes its staff to meet the established goals and objectives. Special attention will be placed on the recruitment, training and retention of talented professionals.

FUNDING & DEVELOPMENT

Expanded Quarters: A major capital fund drive will be launched in 1980 to generate between 3 and 4 million dollars in cash, materials, services and other assets. The amount needed will be determined when the Board approves a plan for the expanded home for KVIE. The capital fund drive will require a major commitment of staff and resources for an extended period of time.

Annual Budget: Many of the new activities planned for the next five years will be financially self-supporting. Statewide governmental affairs and legislative programming will be supported by a combination of funding from the state and California public television stations as well as other users of the capital production service. KVIE may need to budget some local production funds during 1980 and 1981 to help launch the statewide programming effort.

The video library, participation in ITV programming and the higher education network in northern California, national production and cable production will all operate on a self-supporting or net income generating basis. External production services will be self-supporting. Gross income will quadruple from \$75,000 budgeted in fiscal year 1980 to \$450,000 in fiscal year 1984.

The additional cost of adding a new cable program service will be relatively small in comparison to operating Channel 6. While some additional staff and equipment will be required, and some program production and acquisition costs will be incurred, the total cost will be a fraction of the cost of broadcasting the current schedule. Shared staff and equipment, multiple use of programs, and other shared fixed costs will make the operation of KVIE-2 cost efficient. Also, many regulations dealing with non-commercial broadcasting do not apply to the cable service so new sources and methods that are in keeping with Board policies could be explored.

Excluding all the self-supporting activities, KVIE will still need to increase the annual budget from 1.6 million to 3.6 million during the next five years if the other goals are to be accomplished and assuming inflation will continue to rise at an average annual rate of 10%. We currently have a

staff of 48. The activities planned will require a staff of 103 by 1984.

While the increase in staff size is considerable, it doesn't begin to approach our commercial counterparts in Sacramento, at least one of which has a staff of 260. Major income will come from the following sources:

	<u>Budgeted FY 1980</u>	<u>Average Annual Rate of Increase</u>	<u>FY 1984</u>
Corporation for Public Broadcasting	349,000	4.1%	409,930
State of California	7,500	13.8%	12,000
External Production	73,500	57.5%	450,000
IIV (Including Post-secondary)	47,000	34.0%	150,000
Membership	686,000	23.8%	1,617,400
Auction	245,000	12.0%	385,500
Corporate Underwriting	75,000	47.5%	354,000
Grants & other revenue	<u>64,230</u>	<u>42.0%</u>	<u>260,000</u>
	\$1,547,230	24.0%	3,638,830

General operating support from the state is not expected to increase very much. Our Community Service Grant from the Corporation for Public Broadcasting will actually decrease during the next two years, and then rise slowly in future years.

By organizing our efforts in external production we are confident we can triple this year's income by FY 1984. (This year's income will be twice the amount budgeted.)

Although the instructional television income has decreased over the past few years the future looks better; particularly when post-secondary IIV income is included.

Funding from the private sector can reasonably be expected to increase at the rate projected. The Sacramento Valley is now enjoying the most rapid

business and industrial expansion of any area in California and that trend is expected to continue for at least the next ten years. Population in the 3 - county standard metropolitan statistical area, which represents KVIE's core coverage area, will grow from 971,460 for fiscal year 1979 to 1,079,423 in fiscal year 1984. Real income is expected to increase in spite of inflation. With the help of the Friends of Six organization and other volunteers assisting station staff KVIE can accomplish the goals related to private sector support.

Naturally, in order to increase private sector support from the present one million to the projected 2.35 million, it will be necessary to increase the Development Division staff. The present staff of 9, even with considerable help from volunteers, cannot sustain the present continued rapid growth without a parallel growth in personnel to a projected 15.

The most pressing need is for relief in the Membership Department which has had a staff level of 3 since 1977, although membership dollars will have increased by nearly 85% from 1977 to the end of this fiscal year.

Revenue from production grants (Leo Buscaglia, Old Sacramento Jazz Festival, Michael Lorimar and others) has expanded far beyond budget projections and can now be expected to grow to \$260,000 by FY 1984.

LONG RANGE PLANNING

Management, staff and the Board of Directors will engage in an on-going process of long range planning to build a maintain a unity of direction for CCET. The process will lead to greater specificity in defining goals and plans for attaining the goals.

A Board/management/staff team will review and revise the Five Year Plan

annually. Each year management will present for Board approval a list of objectives for the coming fiscal year, based on the current five-year plan. The annual budget will be built upon those objectives.

This planning process will permit CCET as a whole to focus consistently on its mission and purpose and to set and attain ambitious but realistic goals.

WHY DOES KVIE NEED AN EXPANDED AND IMPROVED BUILDING?

DOES THE PRESENT BUILDING MEET CURRENT NEEDS?

We are currently in a 25-year old building with 11,200 square feet. We have a staff of 50, 9 of whom are housed in rented quarters (1,450 sq. ft.) five miles away. There are logistical, budgetary, organizational and psychological problems caused by having part of the staff isolated from the rest. The other 41 work in extremely cramped quarters at the station. While 120 square feet is considered normal office size for one person, we routinely put 2 or 3 people in offices that size or smaller. We have no space for set construction, no space for production crew members, no dressing room, no space for people involved in production such as hosts, performers, etc., and almost no space for volunteers. We have inadequate space for video-tape storage, causing us to put tape on hallway shelves where it deteriorates because of environmental conditions. We have no space (other than the one production studio) for meetings of more than 10 people. The size of the existing building is totally inadequate to meet current needs.

WHAT ABOUT FUTURE NEEDS?

The Five-Year Plan adopted by the KVIE Board of Directors in January, 1980 calls for doubling the size of the staff by the summer of 1984. (Why we need to double the staff is also spelled out in the Five-Year Plan. To put our staff size in perspective, one of the commercial stations here has more than 260 employees, including a 75-person news staff.) By the year 2000, we will need a staff of at least 200.

WHAT ABOUT FUTURE NEEDS? CONTINUED

Also, to remain viable in a new era of telecommunications, the Five-Year Plan calls for increased local production, and expanded program distribution capacity via cable, a videotape and videodisc library, and microwave and satellite interconnection with other stations and non-broadcast networks in California. The physical space for these activities does not now exist. If there is to be a growth in revenue to support these activities, KVIE will need an expanded Development division. The size of the current building is totally inadequate to meet future needs.

COULD WE FIX UP THE OLD BUILDING?

More than 6 years ago, the Board of Directors of KVIE recognized that the building was inadequate to meet the station's needs at that time. A capital expansion committee began exploring ways to expand, renovate or replace the existing building.

Since that time, the Board and management have been reluctant to invest money in maintaining or improving the old building. Nearly one-fifth of the building has no heat or air-conditioning and very limited electrical capacity. We can't get a permit to add electrical wiring without totally rewiring the whole station to bring our 25-year-old electrical system up to code. The present electrical capacity is inadequate to handle the demands of our production and operations equipment. We must be careful not to have too many pieces of equipment operating at once.

COULD WE FIX UP THE OLD BUILDING? CONTINUED

We have two restrooms for the entire staff, volunteers and guests. The Occupational Safety & Health Administration says we can't add staff until we add restrooms. We can't get a permit for new restroom facilities and other plumbing without adding a new septic tank and drain field.

The roof and guttering have been in need of major repair for several years. In the meantime, water damage inside the walls and elsewhere has rotted the studs and sill plates. In one room, (dubbed the "mushroom room" since mushrooms were actually growing there) the wood is so rotten one can poke a finger all the way through a stud and not meet any resistance.

The internal space has been partitioned and re-partioned so many times during the last quarter of a century that efficient use of existing space is not possible. Once again, a building permit cannot be obtained to properly restructure the space because the building is below code in many respects. For instance, we have no sprinkler system in case of fire. To install one would cost thousands of dollars no one wants to invest in such a delapidated old building.

Building security is a serious problem. Low windows, multiple doors and particle board walls offer inadequate protection for valuable electronic equipment and other portable merchandise.

Although some interim improvements have been made in the heating and air-conditioning systems, temperature control is not satisfactory causing some areas to be too hot while at exactly the same time, others are too cold.

COULD WE FIX UP THE OLD BUILDING? CONTINUED.

The combination of all of these elements creates a demoralizing work environment not conducive to high productivity. The existing building is in extremely poor condition. To bring the building up to minimum standards would cost tens of thousands of dollars and still result in a totally inadequate facility for either current or future needs.

WHAT IF WE DON'T BUILD OR MOVE INTO AN EXPANDED AND IMPROVED FACILITY?

The current facility is literally coming down around us. We could restore the building and continue to stay on the air. If that decision were made and plans for expansion were cancelled or postponed, KVIE would lose several of its best staff people who have been willing to work in intolerably cramped situations as long as they thought that major improvements were forthcoming. The quality of employees KVIE could attract would be the same as the quality of players a professional basketball team could attract if their home court was the local junior high school gym.

We could continue to rent more and more office space outside the station. However, as staff size doubles and as our requirements for other kinds of space increase, the long-range cost -- in terms of rent, transportation and staff time -- would soon begin to equal the cost of long-term financing of a new building.

WHAT IF WE DON'T BUILD OR MOVE INTO AN EXPANDED & IMPROVED FACILITY?CONTINUED

If we don't expand the facility, we will be in a poor position to deliver a viable television service in the context of the new telecommunication era which is already upon us. Within only five years, viewers in our market will have a choice of 30 - 40 cable channels, (many of which will resemble some aspect of public television) home box office, direct satellite - to - home to program delivery, and home videocassette and videodisc systems. To survive in that milieu we must provide a strong local program service and we must ourselves begin to use some of those other delivery systems. We cannot do that without a greatly expanded physical plant. For instance, a strong local program service requires a large number of people -- producers, directors, writers, camera operators, engineers, -- and, those people need a place to work.

Without a strong local program service and use of alternative delivery systems our audience will dwindle as cable, cassettes, discs and other media capture a larger share of the viewing audience. As our audience dwindles, membership revenue dwindles and our attractiveness to corporate underwriters wanes. Since we currently depend on the viewing public and the business community for more than 70% of our annual operating revenue, any reduction in these sources would hurt us badly.

In fact, as government funding from federal, state and local sources levels off or even subsides, we must place increased emphasis on private sector funding.

It is not an exaggeration to say that without greatly expanded and improved facilities KVIE could cease to exist within seven to ten years.