

99.3 County FM
("Prince Edward County Radio Corporation")
Annual Report to Members 2013-14
January 16th, 2015

INTRODUCTION

The Annual General Meeting of station members is the highest decision-making authority of our community radio station. Each year at the AGM members are entitled to receive a report from the Board, to approve the Financial Statements and to elect the Board which will operate the station for the next year on their behalf. In a spirit of transparency and accountability, this annual report has been prepared by the current Board to ensure that Members are fully informed about the station's affairs.

The past year witnessed massive changes for the station. As of mid-January a year ago, the station was still a dream. Then, on the day before last year's Annual General Meeting, the CRTC announced our license approval. With heroic efforts by over 65 active volunteers, 99.3 County FM became a reality in only nine months.

More than that, in the mere three months that the station has been on the air, it has already become an important focal point and resource for the community. To the extent that the station succeeds in becoming an essential part of the fabric of the County, the Board and the Members have an important stewardship responsibility to ensure that the station is on the right track. To promote transparency and accountability, the Board is therefore presenting this Annual Report so that members can better understand the key accomplishments and the key challenges addressed over the past year.

STATION LAUNCH

The station launch started in earnest when our license was approved in January last year and finished when the station went on the air in mid-October.

Transmission

Work began immediately after the AGM on the radio transmission front, where equipment with long lead times had to be ordered shortly after the license was granted.

The County is geographically large and required a powerful transmitter with antennas high up a Rogers cell tower to reach the whole County. Because the tower specified by the broadcast engineer was in the middle of a farmer's field with no telephone lines nearby, a studio-to-tower microwave link had to be built, including installing a special purpose tower on top of the County Farm Centre. Finally, to locate our equipment on the Rogers tower, the station had to comply with truly exhaustive engineering requirements which slowed the project and added significantly to cost.

(In the end, Rogers should be recognized for going out of their way to help us get on the air on a timely basis, postponing some of their own work on the tower so as not to delay our launch.)

In the original forecasts developed in 2012 to support our license application, transmission costs were estimated at \$90,000 whereas the ultimate cost from inception through going on the air was just over \$150,000.

Studio

The studio work was more straightforward because it was largely under our control. Professional contractors (including Woodcrafters, Greenbush Electric and Prince Edward County Windows) were able to complete the studios on a timely basis and local businesses donated virtually all the furnishings while volunteers did the painting and cleanup. After an unsuccessful effort to find used sound Boards and other audio equipment in good working order, the Board decided to purchase new studio equipment instead. In addition, because there was no experience of setting up a broadcast studio on the Board or in the volunteer pool, the Board engaged the services of an outside broadcast engineer to spec, test and install the studio equipment.

Studio costs were originally estimated at \$32,000 in the license application, whereas the actual cost from inception to launch was close to \$66,000 including construction of studios, purchase and installation of equipment.

Staffing

The original plan for the station provided for one full-time General Manager starting three months before go-live at an annualized rate of \$40,000. The station was extremely fortunate to have well-known broadcast industry veteran Jim (JJ) Johnston come on Board as Interim General Manager to steer the launch. Jim joined the station on a full-time basis in December 2013 and volunteered his time until the start of June 2014 when the Board agreed to set late August as the target to put the station on the air. In practice, the station went live in mid-October due largely to schedule coordination issues with Rogers. Because of this six week delay, 4-1/2 months of GM costs were incurred before launch, rather than the expected 3 months.

Other Costs

Other costs were originally estimated at \$8,000 in our license application when we expected to have an eight month wait from application until license approval. Due in important part to the dispute with KWE over the use of 92.3 FM, the approval process actually took close to 19 months. Ultimately we incurred significant unplanned costs including 8 months of rent for the studio in advance of launching the station, tower rentals, insurance costs, and accounting fees with the result that other costs were close to \$35,000 by the time the station went on the air.

Cost Control

Until large-scale construction got underway, any expenditure over \$100 required prior Board approval. Once implementation began to scale up, the Board delegated most spending decisions, at the same time putting a system in place to maintain control over costs including adopting an implementation budget which was monitored and updated monthly, setting out clear levels of authority for spending decisions and implementing a purchase order system. The Board feels strongly that appropriate cost controls were in place and that there was tight financial discipline during implementation.

Financing

In the summer of 2012 when our licensed frequency was occupied by KWE FM, the Board decided to downplay public communication about our station to minimize conflict. Given the uncertainties that the dispute created, the Board further decided to put off the start of the fundraising campaign until the

license was granted. As a result, the station lost a year of fundraising momentum and had to start from scratch when the license was finally approved last January.

Based on the cost information on hand at the time, the Board set a fundraising target of \$150,000 to be raised from business sponsorships, individual donations (with a tax receipt provide by the PEC Community Foundation), grants, local events and membership sales, in that order.

The station was very successful in pursuing grants, with support received from the Municipality of Prince Edward County (\$10,000), the Community Radio Fund of Canada (\$30,000) and the Ontario Trillium Foundation (\$20,000).

While the initial response from local businesses for sponsorships was very positive, it became clear by May that the pace of implementation was being held back by the speed of fundraising, threatening to delay our launch considerably. In addition, it was also becoming clear that costs -particularly for transmission equipment and engineering services- were going to be more expensive than originally planned.

This led the Board to consider two options: either “pay as we go”, where the pace of implementation would continue to be set by the pace of fundraising, or borrow the additional money required to put the station on the air, in the expectation that once it was on the air, it would be easier to do fundraising. The Board ultimately chose to borrow the money required.

An equipment supplier was prepared to loan the station money to cover the costs of the transmission and studio equipment at a 14% annual interest rate. While our investigation showed that this high rate was not out of line for an organization like ours with no other assets and no revenue history, 14% interest would have been too large a burden for the station to support.

Instead, the Board was able to borrow \$150,000 from individual supporters on terms extremely favourable to the station, with 5-year, interest-only loan agreements at 7% interest, with no security provided, and where the station has the right to pay off principal at any time with no penalty.

Volunteer Management

Early in the launch a formal volunteer management process was put in place. The process included an online application and intake interview to determine volunteer experience and work area (and police checks for volunteers working on-air). Volunteers were then assigned to one of a dozen specialized teams. Finally, weekly meeting were held with all the volunteer team leaders to update progress and coordinate work.

Outreach

To raise the profile of the station, extensive outreach activities were organized including Canada Day, the Wellington Bubblefest, a joint venture play at Mt. Tabor (with Festival Players), Pumpkin Fest, numerous 50:50 draw tables, etc. In addition, the station organized two high-profile events of its own with a combined attendance of over 700: Radio Night at the Regent in June, and the launch event at the Regent in October.

After nine months of intensive work by more than 65 active volunteers, the station ultimately went on the air for testing on October 6th and began its regular broadcasting on October 25th, 2014.

POST LAUNCH

The station has been on the air ever since, broadcasting 7 x 24 over the airwaves and the internet.

Programming

In the three months since the station went live, more than 40 programs have been launched as well as a series of one-off programs including the mayoralty candidates' debate, Remembrance Day and extensive holiday season programming. The station has adopted a distinctive programming formula which includes a mix of music during the daytime, an informative noontime talk show called "The County Grape Vine", news and sports, with specialty music programming during the evening.

The station depends on more than 50 volunteer on-air hosts and newscasters, some with previous on-air experience, but the majority without. Because the studio was only completed shortly before the station went on the air in mid-October, training was condensed into a short period before launch, with additional training and coaching for hosts since then. The hosts –first timers and veterans alike— responded to the challenge of a compressed training period and have been doing a great job.

In addition to the on-air program hosts and news team, the station has benefited from a great team of volunteers for production --producing commercials and information items-- often under lots of pressure and short deadline.

Our music sound captures most of the popular styles of music. The County has diversified musical tastes, most of which are covered at one time or another.

During the day, which is where we deliver most value for advertisers, the sound is wide and diverse, playing many different styles of music. During "prime time" the music is familiar and hit-oriented, generally from the wide "adult contemporary" music category plus a steady diet of music from County musicians. Our daytime philosophy is summarized in the tagline "you never know what you'll hear next." This makes us distinct, separating us from the commercial stations.

At night, the emphasis is on specialty programming dedicated to other styles of music including Worldbeat, Hip-Hop, Modern Jazz, Pop, Folk and Roots, Blues, Alternative, Hard Rock, Reggae, Country, Nostalgia, Classical and Big Bands and Crooners. In addition to nighttime music programme, the schedule also includes a weekly PantherCast hosted by PECL radio club members, a pet talk show and a comedy show.

There are many important and controversial topics in the County. The Board has established a policy of editorial neutrality, meaning that the station as an organization will not take sides, while at the same time, such issues are covered extensively in our news and in paid advertising.

CRTC policy requires the station to offer balanced points of view on controversial issues. We have adopted a policy where we do not include such issues in our regular programming. As was the case with the mayors' debate, we will handle hot topics outside regular programming in a controlled environment where balance can be assured.

Sales

Along with fundraising, advertising sales will always be one of the largest revenue sources for the station. Our three part-time sales people, working on a commission-only basis, have done a great job, with advertising sales for the first three months considerably ahead of budget. One member of the sales team serves as a national sales representative, which should help the station capture advertising for next fall's election.

One of the key reasons for setting up the station was to support local economic development by providing local businesses with a cost-effective way to use radio advertising to reach local residents...and initial results are very encouraging. The station ran an intensive "buy local" campaign in the weeks before the holiday, and several advertisers have reported a significant sales impact from advertising with the station.

Fundraising

Fundraising was proceeding well before the station went on the air, but the pace of individual donations, in particular, went up significantly when the station went live. Donations from individuals totaled \$20,000 in the 36 weeks before launch and \$38,000 in the 12 weeks after launch. (Business sponsors contributed \$55,000 in the 36 weeks before launch and \$17,000 in the 12 weeks following launch.)

Many of the individual donors have come to the studio to drop off their cheques and we have been truly touched by their generosity: when a senior with mobility issues living on Canada Pension makes the trip to the studio to make a \$100 donation, we know that the station is on the right track.

Transmission

The station's transmission equipment has performed as hoped and, as intended, the signal reaches all wards of the County (and beyond). At first, there was significant interference in Ameliasburgh from the tourist information station operating on 99.3 FM in Trenton. In some places the interference was strong enough to blank out our signal completely.

Tourist information stations are allowed to operate without a license at low power but must move to a new frequency as soon as there is a licensed station operating on the same channel. The Board voted to make resolving the interference in Ameliasburgh a top priority. After repeated communications with the tourist station owner, the station stopped its interfering broadcasts in December and is currently looking for a new frequency which 99.3 County FM will assist them in publicizing.

Administration

Administration has been a challenging area since the station launched. In addition to the workload experienced by all community groups, the station has a significant extra workload because of the large number of advertisements and sponsor messages which must be documented, scheduled for recording, scheduled for broadcast, audited to ensure they have run as planned, and finally invoiced. The station has been a "victim of its own success" because advertisers started to use the station heavily right after it went on the air and before automated business systems could be established. The result is that the station has provided quality administrative services, but at a high cost in terms of volunteer workload.

Management

As noted earlier, the station has been fortunate to have Jim (JJ) Johnston as our interim General Manager for our launch and first months of operation. Because he had to postpone other business commitments to take on the role of General Manager, our contract with JJ provided that his full-time role would wrap up at the end of February 2015, and that one of JJ's responsibilities was to help recruit a permanent replacement.

To find a permanent General Manager, the Board established a search committee in November 2014 which included Board members Bernie Finkelstein and Peter Fleming, JJ Johnston as interim General Manager, and Lynn Pickering, programming volunteer, all of whom had extensive experience both in radio and in hiring.

The Committee did an extensive review of all 19 candidates, including interviews with those who made a long list. Candidates who ultimately made it to the short list each were interviewed twice using a scoring system to compare against the criteria which were considered relevant for the role.

The search committee came to a unanimous recommendation which was presented to a special meeting of the Board, which unanimously approved the recommendation to hire Deb Simpson as the station's permanent General Manager. She will begin her paid position on February 1st to provide a one-month overlap.

The search committee recognized the potential for a perception of conflict of interest because Deb's husband, Treat Hull, was Chair of the Board of Directors. A special meeting of the Board was held from which Treat was absent. Following that meeting, the Board asked Treat to take a leave of absence from the Board until the hiring process was complete, which he did. Treat was not copied on any information regarding the search committee's work. After the Board's final decision was announced and Treat resumed his role as Chair, he informed the Board that after 3 years of serving in the role, he will step down as Chair immediately following the Annual General Meeting on January 28th, while continuing to serve on the Board, if re-elected.

Audience Size

The County is too small a market for commercial companies to measure listenership. While the station will likely conduct its own survey at a later date, there is already strong anecdotal evidence that the station is reaching wide audiences in the County, reflected in the fact that more than 160 members of the community have made donations of \$100 or more. In addition, we already have hard evidence of our online popularity, where we have had 6,659 listening sessions where users have streamed content since the launch.

Overall

Overall, the Board is extremely pleased with the station launch and first three months on the air. This tremendous success is a product of the hard work of volunteers in every area of the station and the active support of the local community.

CHALLENGES

Notwithstanding the immensely successful launch, the new Board which will be elected at the AGM will have to address several important challenges which reflect the fact that the station is only three months old:

Revenue Generation

It will be essential to maintain the current momentum in both fundraising and advertising sales. The new Board will have to decide whether to take advantage of our financial success to pre-pay the startup loans before they come due in 4-1/2 years or whether to bank any surplus.

Administration

The overload on those working in the admin team has been a persistent problem and will require further attention from the new Board.

Programming

As the thrill of launch wears off, it will be important to maintain the quality of programming and the motivation of our volunteer hosts. New programs will have to be developed to replace the shows/hosts who will leave through natural attrition. Finally, the Board will need to further consider the extent and nature of coverage of controversial local issues while preserving balance.

Facilities

Two major pieces of equipment will be needed to make the station complete. The station will require emergency power generation at both the studio and transmission tower to make sure it stays on the air in the event of public emergencies and severe weather such as last winter's ice storm. Because of the extensive electronic equipment which it houses, the studio will also require air conditioning next summer.

Volunteers

The station depends on having a motivated and engaged volunteer team of more than 60 people. Maintaining volunteer engagement will be critical to success.

Representation

A core part of our mission is pulling together people from various backgrounds. It will be important to continue and to enhance efforts to ensure that volunteers, governance structures and programming reflect the different wards, age groups, genders and other constituencies across the County.