TABLE OF CONTENTS

MESSAGE FROM THE PRESIDENT AND EXECUTIVE DIRECTOR 2

MISSION, VISION AND ORGANIZATIONAL VALUES 3

MEDIA CENTER SERVICES 4
   PEG CHANNELS 4
   TRAINING AND EQUIPMENT 4
   COMMUNITY PROGRAMMING 5
   STAFF PRODUCTIONS 6
   NEIGHBORSPACE 7
   INTERN PROGRAM 7
   PRODUCTION SERVICES 8
   COMMUNITY BULLETIN BOARD 8

THE MEDIA CENTER PLANS FOR THE FUTURE 9

WHO WE ARE 10
   BOARD OF DIRECTORS AND ADVISORY COUNCIL 10
   STAFF MEMBERS 11
   HONOR ROLL 11

FINANCIAL REPORTS 12
MESSAGE FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

2002 marked our first full year as the Media Center following the merger of MPAC and SVCC in 2001. We had two critical priorities for 2002: develop a three-year strategic plan, and find a new facility.

A New Home
After a long and emotional roller coaster ride, with many visits to potential sites and many meetings with community leaders, we took ownership of a 10,000 square feet building at 900 San Antonio Road on April 4th, 2003. The building has a very creative feeling to it. It was remodeled extensively in 1997 by a dot.com that spared no expense. As this report goes to press, construction crews are preparing to build our new studio and make a few other improvements.

Purchase of the new facility for $2.1 million was made possible by the members of Cable Co-op. When they sold the cable system to AT&T, the Cable Co-op board of directors negotiated a donation from AT&T Broadband (now Comcast) to support community access television. We are deeply grateful to the members of Cable Co-op for making the new facility possible. The new building and equipment will allow us to make higher quality shows in a much more up-to-date and welcoming setting.

Living in “Interesting Times”
2002 was a difficult year for us financially. The weak economy reduced our cable subscriber revenues, and the cities cut back on our production contracts. With the help and support of the staff we cut costs in several areas, but we were still able to increase the number of hours of shows produced and cablecast. The board’s goal over the next few years is to achieve long term financial sustainability while improving our service to the community.

In 2003, we are tackling the top priorities in the strategic plan: developing a fund-raising plan, increasing our visibility in the community, and reviewing our programs. We also have the welcome challenge of breaking in a new facility and mastering an automated cablecasting system. Watch for an announcement of our open house, probably in the fall. We look forward to seeing you then.

We owe a debt of gratitude to four people who rotated off the board of directors and on to our Advisory Council: Jim Burch, Jose Fernandez, Sally Kiester, and Christine Shambora. Each of them put in many hours of extra time and effort to help us find a new home.

Seth Fearey
Board President

Annie Niehaus
Executive Director
MISSION
Using communications technologies, such as television and the Internet, the Midpeninsula Community Media Center works with local governments, community members and community organizations to create and distribute programs that promote and celebrate individual expression, local achievements, learning, cultural exchange, arts appreciation, and civic engagement. The Center provides a venue for connecting producers and viewers that is unavailable through commercial media.

VISION
Our vision is of a community that explores and uses video and other electronic communications technologies to tell its stories, learn about the diversity of the community, and engage in a dialogue that crosses political and cultural boundaries. We see these technologies as tools for public engagement, as affordable communications tools for local governments and non-profits, as a means of creative expression, and a path to an attractive career. In our community, all residents and community organizations will have the opportunity to learn how to use and apply these tools, and to share their opinions and creations with the rest of the community. Our youth will understand how to create and analyze video as a means of communication and expression. Local governments will have easy access to communications channels to keep the community informed about services, events, and policies of local interest. Community organizations will have affordable access to those channels to tell their stories and attract support.

ORGANIZATIONAL VALUES
• We believe communications technologies can strengthen communities by providing information about the community, by creating opportunities for cross-jurisdiction dialogue, cultural validation, cross-cultural exchange, and voter awareness, and by allowing more voices to be heard.
• We believe in supporting creativity because of its role in building a vital, vibrant community and economy.
• We believe everyone should have the opportunity to learn how to use the latest communications technologies.
• We believe media literacy helps people interpret and respond effectively to the messages they receive in their everyday lives.
• We believe in upholding and protecting the First Amendment rights of citizens.
• We believe public benefit organizations should have affordable access to video-based communications tools to help them tell their stories.
• We believe local governments should have affordable access to television and Internet-based channels to help them reach their constituents.
MEDIA CENTER SERVICES

PEG CHANNELS
Valuable Community Resources

The Media Center operates three channels on the local cable system. Channel 26, the Government Access Channel, carries:

- City council agendas
- “Live” meetings from city halls
- Replays of meetings
- Other programs of civic interest

Channels 27 and 28, the Community (or Public Access) Channels, carry:

- Programs produced or sponsored by community residents
- Programs produced or facilitated by staff
- The Interactive Video Bulletin Board that publicizes jobs, community resources and events
- The preview guide “scroll” announcing upcoming programs
- The California Channel (the State Legislature live from Sacramento)

In 2002, the Media Center cablecast a total of **5,782 hours of community programming** over Channels 27 and 28. In addition the Media Center provided 1,120 live hours of coverage of the California State Legislature.

TRAINING AND EQUIPMENT
Valuable Tools for Community Productions

In 2002, there were **262 graduates** from Media Center classes that cover a range of video production skills. Students learn basic field and studio production as well as analog and non-linear editing. After taking a class students become certified community producers and are eligible to use Media Center equipment and facilities to create their own programs. Students pay nominal fees for the classes and equipment use. Scholarships are available for the classes. Community producers can also trade volunteer hours for equipment use. Staff members play various roles in assisting community producers. For example, Studio Tech Ken Russell, known as “Dr. Studio,” developed Producer’s Roundtables to help regular producers hone their skills.
COMMUNITY PROGRAMMING
The Voice of the Community
By Jesse Norfleet, Programming Director/Public Awareness

In 2002, the Media Center continued to be a valuable and accessible asset for a number of community groups, individuals and organizations. With the technical support of the Media Center staff, and a host of community volunteers, these groups provided a wide array of “locally flavored” television programs. The programming was an excellent mix of entertainment, information, local issues and topics targeting particular special interest groups. Week after week, access producers and crews came together to create something they could all feel good about, something that wasn’t being provided by any other channel.

This unique local programming included:

**Other Voices**
Community voices and guest speakers discuss national and international issues. Sponsored by the Peninsula Peace and Justice Center.

**Ask Dr. Business**
Roy Blitzer and his guests answer viewers’ questions and give tips on all aspects of business and employment.

**Tanu Sia Ma’a Tonga TV**
Community affairs and entertainment of particular interest to the local Pacific Islander Community.

**Parent Talk**
A forum to bring together parents, children, and experts to discuss issues facing today’s youth.

**Regular People**
A variety talk show that brings together local musicians and artist to express themselves.

**3rd Eye**
Local and national issues as seen through the eyes and minds of African Americans.

**Sports & More**
Discussion of national and local sports issues, featuring local residents.

In all, community producers created 708 programs in 2002. Adding these to the 183 staff productions (see following page), the Media Center produced a total of 891 new programs in 2002, a 20% increase over the 741 programs produced in 2001.
STAFF PRODUCTIONS
Providing Venues for Community Voices
By Elliot Margolies, Executive Producer

Media Center staff members produce a number of ongoing series to bring local organizations, artists, athletes, and issues to the forefront. In addition to the series programming, the Media Center produces a number of special feature programs. In 2002, we produced five election forums to provide a close look at candidates and ballot measures during election season. We also produced our fourth annual 48-hour telethon to benefit the Ecumenical Hunger Program – featuring a stream of local musicians and artists. Our goals in creating these programs are to:

• Create a venue for local organizations and agencies
• Provide useful, up-to-date local information
• Build a greater sense of community pride and involvement

For example, in a collaborative program, unique to our Media Center, we worked with **20 organizations** in 2002 to produce stories for **Community Journal**. The organizations produced the story content and Media Center staff provided all of the technical work. The lineup of staff produced series includes:

**NEWSWatch**
In-depth analysis and debate about local issues featuring many of the stakeholders

**Community Journal**
News wrap-up and feature stories presented by a wide array of community groups

**Arts and Minds**
Profiles of local artists and arts groups

**West Bay Game of the Week**
Professional, coverage of area high school and college sports match-ups; shot on location with the mobile studio truck

**Reel Review**
The latest films dissected by local critics, Jeanne Aufmuth and Tim Sika

**Speaking of Menlo Park**
Conversations with movers and shakers of Menlo Park

**CityBeat**
Feature stories about the workings and workers of Palo Alto (produced under contract for the city)
NEIGHBORSpace
No time for Online Community
By Elliot Margolies, Executive Producer

The end of 2002 also marked the end of NeighborSpace, the Media Center’s online community forum initiative. Unfortunately, we were not able to generate the critical mass of ongoing "posting" activity that would insure a vibrant community resource for participants. After five years, the Media Center discontinued efforts to make it function as an online, "everyday" community. There is no longer a staff person dedicated to NeighborSpace outreach, publicity and tech support.

A survey of registrants confirmed that the biggest hurdle was the lack of time that people have to devote to an online forum. NeighborSpace was less attractive to those who did visit the site because there weren’t enough people using it.

We have kept the NeighborSpace domain online and hope to use it from time to time for special community events such as a candidate forum or a locally based symposium. At such times we will launch a publicity campaign for that particular event.

The Media Center Directors recognize the valiant and ever-optimistic efforts of the volunteer Steering Committee. Committee-members, David Greene, Annette Ashton, Sally Kiester, and Marcie Brown designed and deployed numerous strategies to turn NeighborSpace into a vital community resource. We also thank our project partners, the Palo Alto Weekly and Yolke Communications.

INTERN PROGRAM
Focus on Youth

In 2002, a total of 37 interns, representing six local high schools and 11 colleges, completed three sessions of the internship program. The spring session focused on youth art and entertainment, while the fall session targeted social and political issues. Students in the summer session worked with local public benefit organizations producing 20 Public Service Announcements. In all, 48 agencies and organizations were served by the interns who also taped 11 studio shows and six field productions.

Intern Coordinator Karen Adams remarked on the diversity of the programs that included open mic poetry, a political parody to raise awareness about Iraq sanctions, Latin rhythms dance performances, teen issues forums, and improv performed in front of a live audience.
PRODUCTION SERVICES
Video Coverage of Civic Events

In addition to community programming, the Media Center also produces most of the government coverage found on our community’s municipal channel, as well as on neighboring community channels, including:

- Palo Alto City Council, Committees and Commissions
- Menlo Park City Council
- Belmont City Council
- City Council of Redwood City
- San Mateo City Council
- San Mateo County Board of Supervisors

In 2002 the Media Center produced a total of 1,717 hours of government meetings, a 7% increase over the 1,605 hours in 2001.

In July we negotiated a new agreement with the Joint Powers Authority that requires us to provide the basic public access services to the public with the 88¢ per subscriber fee. Prior to this contract the subscriber fee was available to support staff-produced programming.

COMMUNITY BULLETIN BOARD
Publicizes Community Resources

The Interactive Video Bulletin Board received 2,618 requests for information from viewers in 2002. Viewers who flip on Channel 27 during non-programming hours can call in to request more information about community services and events. Calls about job opportunities continue to top the list of most requested topics. Local community groups and municipal departments use the service to get their word out.
THE MEDIA CENTER PLANS FOR THE FUTURE
By Audrey Seymour, Board Chair of the Strategic Planning Committee

The board spent much of 2002 working on a three-year strategic plan. A Stanford Business School Alumni Consulting Team (ACT) interviewed community leaders to identify issues and opportunities. We met with staff members, our producers, and many of our volunteers. A consultant who specializes in helping community media centers facilitated a board retreat and briefed us on forces that are re-shaping access centers across the country.

Trends that shaped our strategy include:
- Access centers are becoming more directly involved in their communities, proactively seeking opportunities to make a contribution.
- As satellite television takes viewers away from the cable television system we are losing potential viewers.
- The fiber optic Institutional Network being built by Comcast for our cities presents us with opportunities to provide new services.
- Falling commercial real estate prices are making it more attractive to own property instead of leasing.
- Community leaders say they would like to see us do more to serve young people in the community.

After reviewing our strengths and weaknesses, and revisiting our mission, vision and values (see next page), we selected five strategic goals for 2002 - 2004:

1. To address the issue of declining revenues, we will grow our production services business, launch a fund-raising campaign, and restructure our working capital.
2. To reduce the high cost of our rental space and provide a lasting asset for the community, we will purchase and move into a new facility.
3. To improve our value to and visibility in the community, we will develop a marketing initiative to help us better understand what shows, classes and services are of interest to the community and increase awareness of what we have to offer.
4. To make the best use of technology to support satellite facilities and air live shows from the field, we will prepare to play a key role in the institutional network being built to connect local government and school facilities in our service area with fiber optic cable.
5. To meet the demand for youth, art and other unmet programming needs and to plan for the new community and government channels, we will review and update our programming mix.

We have already begun to make meaningful progress toward these goals and look to the future with anticipation and confidence. For a copy of the strategic plan, please call our office or visit our website: www.communitymediacenter.net/strategicplan.
**WHO WE ARE**

*Media Center Board: Front row: Meda Okelo, Mary Hanna, Jim Burch, Andrew Mellows. Back row: Randy Adams, Audrey Seymour, Janet Littlefield, Mike Stern, Barbara Noparstak, Seth Fearey*

**BOARD OF DIRECTORS 12/02**

- **Randy Adams**, TheatreWorks
- **Jim Burch**, Foundation for Global Community, Palo Alto City Council*
- **Seth Fearey**, Connected Communities, President
- **Mary Hanna**, City of Palo Alto
- **Linda Kelly**, City of Atherton
- **Sally Kiester**, Stanford University*
- **Janet Littlefield**, The Portola Group
- **Andrew Mellows**, MacroVision, Vice President
- **Barbara Noparstak**, San Mateo County, Treasurer
- **Meda Okelo**, City of East Palo Alto
- **Audrey Seymour**, City of Menlo Park
- **Christine Shambora**, MPAC Board*
- **Mike Stern**, Cooley Godward, Secretary

* Term of office ended 12/31/02

**NEW BOARD MEMBERS 4/03**

- **Barbara Insel**, Lee Hecht Harrison
- **David Kaval**, Stanford Graduate School of Business
- **Lawrence Lee**, High Tech Entrepreneur

**ADVISORY COUNCIL 4/03**

- **Bern Beecham**, Palo Alto City Council
- **Jim Burch**, Foundation for Global Community, Palo Alto City Council
- **Peter Carson**, Cooley Godward LLP
- **Ted Glasser**, Stanford University
- **Leo Joseph**, High Tech Entrepreneur
- **Kieran Kenney**, Palo Alto High School Student
- **Sally Kiester**, Stanford University
- **Joan King**, Former Director, MPAC and SVCC
- **Judy Kleinberg**, Palo Alto City Council
- **John Northway**, Stoecker & Northway Architects
- **Christine Shambora**, MPAC Board
- **Norma Sober**, Development Dir.
Media Center Staff: Justin Atkin, Annie Niehaus, Elliot Margolies, Louise Pencavel. Back row: Emilie Sweet, Jesse Norfleet, Betsy Tullis, Dave Sorokach, Karen Adams

Photo by Mike Kahn

FULLTIME STAFF MEMBERS
Karen Adams, Staff Producer/Intern Coordinator
Justin Atkin, Senior Staff Producer
Elliot Margolies, Executive Producer
Annie Niehaus, Executive Director

Jesse Norfleet, Programming Director/Public Awareness
Ken Russell, Production Manager/Staff Producer
Dave Sorokach, Office Manager
Emilie Sweet, Operations Manager

HONOR ROLL
We want to thank and recognize those who contributed a total of $152,000 in cash and in-kind support during 2002.

CASH DONATIONS
Randy Adams
Ken Allen
Seth Fearay
Mary Hanna
Janet Littlefield
Barbara Noparstak
Audrey Seymour
Joe Simitian
Vanessa Wells

CORPORATE CONTRIBUTIONS/GRANTS
Alliance for Community Media
Western Region
Electronics Manufacturing
Peery Foundation

IN-KIND DONATIONS
Anonymous
Cooley Godward LLP
Andrew Mellows
Richard Peery

MEDIA CENTER 2002 ANNUAL REPORT PAGE 11
FINANCIAL REPORTS

FINANCES
BY SETH FEAREY, BOARD PRESIDENT

Operating income fell in 2002 vs. 2001 by about $20,000. Most of the decline was due to a fall off in Cable Subscriber Fees and the loss of some production services contracts due to budget cutbacks by our customers. Expenses rose sharply vs. 2001 as we started paying rent for our facility and lost our subtenant, AT&T Broadband, early in the year. In response to these changes, we cut back on some programming and reduced expenses in several areas, but did not make drastic changes in our operations.

In 2002, AT&T decided to treat the $17 million charitable contribution to the Media Center as part of the purchase price for the principal assets of Cable Co-op. After consulting with accountants, tax experts and legal counsel, the boards of the Media Center and Cable Co-op decided to file an amended return for 2002 and pay taxes of $6 million from the $7 million escrow account. As of April 2003, the Internal Revenue Service and California Franchise Tax Board are still reviewing the calculations.

The investments of our working capital performed poorly along with the economy. We sold our investment in the Technology Fund in October of 2002. We sold our investment in the Balanced Fund in early 2003 as our need for cash for the new facility became clear. All of our funds are now invested in a Money Market Pool.

### Media Center Balance Sheet
December 31, 2002

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
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<tbody>
<tr>
<td>Current Assets</td>
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<tr>
<td>Cash/ Cash Equivalents</td>
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<td>Working Capital</td>
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<td>Escrow Account (1)</td>
<td>1,220,674</td>
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<tr>
<td>Total Current Assets</td>
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<td>Accounts Receivable (2)</td>
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<td>Other Current Assets</td>
<td>79,043</td>
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<tr>
<td>Fixed Assets</td>
<td>165,050</td>
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<tr>
<td>Total Assets</td>
<td>$8,983,998</td>
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<table>
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<tr>
<th>Liabilities and Net Assets</th>
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<tbody>
<tr>
<td>Current Liabilities</td>
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<tr>
<td>Accounts Payable</td>
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<td>Deferred Income</td>
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<td>Escrow Account (1)</td>
<td>1,220,674</td>
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<tr>
<td>Total Current Liabilities</td>
<td>$1,252,354</td>
</tr>
</tbody>
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<tr>
<th>Notes</th>
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<tbody>
<tr>
<td>(1) Funds are being held in the escrow account awaiting final IRS and California Franchise Tax Board determination of the remaining tax liability associated with the $17 million charitable contribution in connection with the sale of the principal assets of Cable Co-op to TCI/AT&amp;T Broadband.</td>
<td></td>
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<tr>
<td>(2) Of this amount $42,829 is outstanding Cable Subscriber Pass-Through Fees and $30,328 is City of Palo Alto production services.</td>
<td></td>
</tr>
</tbody>
</table>

Net Assets, Dec. 31, 2001   $9,343,842
Net Decreases – Current Year    -1,612,198
Net Assets, Dec. 31, 2002   $7,731,643
Total Liabilities and Net Assets $8,983,998
### Ordinary Revenue and Expenses

**Revenue**
- Cable Subscriber Pass-Through Fees: $261,051
- Gov't Mtg Coverage & Production Serv.: 258,981
- Other Production Services: 13,198
- Grant from Menlo Park: 12,500
- Education and Outreach: 20,688
- In-kind Legal Services: 144,899
- Contributions/Net Tape Sales/Misc.: 10,324

Total Revenue: $721,640

**Expenses**
- Salaries: $582,661
- Salary Costs & Employee Benefits: 86,702
- Production Contract Services: 23,875
- In-Kind & Misc. Professional Services: 158,917
- Operating Expenses and Supplies: 27,904
- Insurance and Vehicle Expenses: 28,154
- Facility Expenses: 461,068
- Equipment Expenses: 39,852
- Depreciation: 50,244
- Conferences and Hospitality: 7,483
- PR and Outreach: 7,777

Total Expenses: $1,474,638

Net Operating Revenue and Expenses: -$752,997

### Other Revenue and Expenses

**Other Revenue**
- Interest and Dividends: $161,869
- Realized Capital Losses: -634,786
- Unrealized Capitalized Losses: -339,355

Total Other Revenue: -$812,272

**Other Expense**
- Investment Fees: $46,929

Net Other Revenue and Expenses: -$859,201

Change in Net Assets: -$1,612,198