The mission of the MIDPENINSULA COMMUNITY MEDIA CENTER is to inform, inspire and empower people to speak and act on behalf of their communities, to use television and the Internet to create and distribute programs that promote and celebrate individual expression, local achievements, education, cultural exchange, arts appreciation and civic engagement.
We did it! In 2003, we bought a building, refurbished it under budget, ahead of schedule, and celebrated with a fantastic open house event for the community. We now have one of the most advanced television studios in the Bay Area. The new facility is attracting new talent and helping us produce high quality programs cost effectively. Automated cablecasting equipment is allowing us to increase our hours of programming. We added two more Channels — 29 and 30. We now operate a total of five channels: Channels 27, 28 and 30 for the community and 26 and 29 for our government agencies.

Buying the building was one of our 2002-2004 strategic priorities. The purchase is saving us over $600,000 per year in lease payments. A second priority was to reduce our operating deficit by increasing revenues through a combination of developing new services and fundraising. A Legacy Grant from Cable Co-op is providing us with the capital to develop new capabilities that include:

- Dedicating a room as an “auto-pilot” studio that will allow anyone to create a studio production without assistance from our professional staff.
- Setting up a video server that will enable anyone with an Internet connection to view several of our programs at any time. The first priority is city council meetings — always popular in this highly engaged community.
- Developing new professionally produced programs of community interest.

In early 2004 we hired Kathy Phelan as our Senior Development and Marketing Director (a priority for 2004). Kathy is in the process of developing and implementing both a fundraising and marketing strategy to improve our visibility in the communities we serve.

Our top priority in 2004 is to implement a plan to achieve financial sustainability in 2005. We have a strong team. We need your continued support and enthusiasm — the Media Center is developing into an extraordinary, cutting edge organization for our communities. We thank you for letting us serve you.

Sincerely,

Seth G. Feariey
President, Board of Directors
BACKGROUND

The Midpeninsula Community Media Center is a 501(c)(3) non-profit corporation. The Media Center, formerly known as MPAC (Mid-Peninsula Access Corporation) before merging with SVCC (Silicon Valley Community Communications), began operations in 1990. The Media Center provides cable television programming, media production classes, and production services for hire.

The Media Center is officially designated as the Cable Access Organization to bring community media services to the communities served by the Cable Joint Powers Authority. Our service territory includes Atherton, East Palo Alto, Menlo Park, Palo Alto, Stanford and unincorporated portions of San Mateo and Santa Clara counties. This designation gives the Media Center the right to use the cable access channels and receives $0.88 per subscriber per month, as negotiated in the Joint Powers Cable Franchise agreement with Comcast.
Our service territory covers Atherton, East Palo Alto, Menlo Park, Palo Alto, Stanford, and includes unincorporated portions of San Mateo and Santa Clara Counties.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Atherton</td>
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<tr>
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Changes in the national and local environments are profoundly changing the role of the Media Center in our community.

**Changes in the National Environment**

**An evolving mission.** Access organizations are evolving from a model based on providing an outlet for free speech with access for everyone, to a model that facilitates connections across different community groups, informs people about the richness of community life and resources, and provides opportunities for learning, exploration and civic engagement. This results in a mix of services including open access for individual expression, community programming, and staff-originated productions.

**Falling costs of technology and improving ease of use.** In the last few years, video production has evolved from a complex, expensive process to something anyone can do with an inexpensive camera and a home computer. The television industry is shifting from analog to digital media, necessitating investment in new equipment, but reducing production time and costs.

**Institutional Networks facilitate satellite facilities.** Cities are building fiber optic networks to provide very high-speed connections between public facilities and community resources. A camera at a baseball diamond will be able to plug in and transmit live shows to homes throughout the service area. For less than $20,000, a senior center or library will be able to set up a small room as a studio, and produce and transmit shows.

**Broadband — turning the Internet into a medium for video.** The Internet is already contributing to the strength of a community. With the addition of video streaming, the Internet becomes a new form of television that can serve small communities of interest.

**Is it the end of the cable monopoly?** Satellite television companies are taking subscribers away from cable companies. In some communities, new entrants are building fiber optic lines to offer cable television in direct competition to the incumbent provider. Congress and the Federal Communications Commission have not been active in protecting the role of community television access providers.

**Changing funding models.** Cities are cutting back on their support for general operating expenses. At the same time, they are increasing the use of access organizations to produce and cablecast public meetings and other programming of value to the community.

**Growing interest in regional collaborations.** Access organizations are breaking loose of the strict one cable franchise, one access organization per community and forming regional alliances. Networks are being interconnected, and there is interest in providing specialized services to each other.
Some things have not changed. Access consultants report that across the country, the top three local viewing needs have not changed:

- City council meetings
- High school sports
- Local events and issues

Changes in the Local Environment

A number of forces are changing the character of the Midpeninsula region. The Media Center’s strategy needs to recognize and work with the following changes and trends:

New vitality in East Palo Alto. The economy of East Palo Alto is growing. The boom of the 1990’s brought new people to the community, new investment in housing, the construction of a large office complex and the development of a shopping center with several large retail chains that bring tax revenues to the city. Plans are proceeding for a new downtown next to City Hall. Residents of East Palo Alto have long been among the most active users of our resources.

Creativity — a factor in Silicon Valley’s success. Research from Carnegie Mellon University links economic success to concentrations of creative people. Resources like the Media Center attract and encourage creative people.

Decline in the Commercial Real Estate Market. The economic recession in Silicon Valley brought rents and prices for commercial properties down. The Media Center was in the fortunate position of being able to purchase property.

A new Institutional Network. A high-speed, fiber optic network is connecting all of the public schools and city buildings in our communities. The network will allow people to originate programming at any of the nodes on the network, and send it to the Media Center for distribution on the cable television system.

Is fiber to the home coming soon? The City of Palo Alto has been testing fiber to the home in one of its neighborhoods. If the project is a success and the residents are willing to pay for the service, a few years from now we will have an audience that will be able to watch our shows on the Internet. The availability of next generation broadband in the home could dramatically change how we distribute our programming.
Our New Facility

On April 4, 2003 we purchased our new facility located at 900 San Antonio Road, Palo Alto, CA. We hired Facilities First, project managers who helped us find MCON Construction. Contractor Tom Malloy and his exceptional team designed and built our new studio, technical areas and offices. They managed to come in ahead of schedule and under budget. We moved in on June 25, 2003 and started unpacking. In addition to learning the new studio and control room set up, we also switched to an automated cablecast system and took over the operation of two new channels. Staff members unpacked many boxes, learned new technical skills and worked enthusiastically to make our new space operational.

On Saturday, November 8, 2003 we celebrated! The Media Center held an open house for members of the communities we serve showcasing our new state of the art facility. During the festivities we hosted a “live” television show, provided on-going tours and, of course, served food and refreshments.

Two New Channels

In July, the Media Center started operating two more Channels—29 and 30. We now operate a total of five channels—they are Channels 27, 28 and 30 for the community and 26 and 29 for our government agencies.

Government Access Channels 26 and 29 carry:

- City council agendas and city department announcements
- “Live” meetings from city halls and replays of meetings
- The California Channel (the State Legislature live from Sacramento)

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

- Programs produced or sponsored by community residents
- Programs produced or facilitated by staff
- The preview guide “scroll” announcing upcoming programs

Community Channel 30 carries:

- The Interactive Community Bulletin Board that publicizes jobs, community resources and events
- Special programming such as the OICW Telethon and LDS Conference
- Future home of programming of educational and cultural interest

Community Programming

In 2003, the Media Center cablecast a total of 6,836 hours of community programming over our three community channels — 27, 28 and 30. There were 3,576 hours on channel 27, on channel 28 there were 3,200 hours, and 60 hours cablecast on channel 30, including a 15-hour film festival honoring the 20th Anniversary of the City of East Palo Alto.

“Our new facility has such a creative feeling to it. When community producers come through the door to the studio, I can almost see their self esteem go up!”

KAREN ADAMS
Production Manager/Staff Producer
Cable Co-op Legacy Grant
On December 11, 2003, Cable Co-op awarded approximately $4,000,000 in grants to 26 regional non-profit agencies, schools and government organizations. The Media Center was grateful to receive $303,000 to fund five projects, plus some equipment funding related to the five school districts in our service area. Plans are underway to leverage the Legacy Grant funding in ways that will generate new revenue streams.

New projects include:
- Purchase equipment and develop a new streaming video service that will allow people to view public meetings and other Media Center programming over the Internet.
- Create a repository for the historical records of Cable Co-op. Hire a professional librarian or archivist to assist with the project.
- Support staff-produced programming of local interest and related operations.
- Purchase equipment for a new “auto-pilot” studio that can be used for both public access and to create production services for hire.
- Purchase and install satellite reception equipment to offer additional educational programming and offer services to the community.

Youth Broadcasting Collaborative (YBC)
As part of our strategic plan, we met with staff members at the Palo Alto Unified School District and proposed the formation of a multi-district task force that includes youth groups, to develop a detailed plan that creates programs targeting youth. Setting up what we thought of as “satellite facilities” in the schools was the topic of a series of discussions.

The Media Center is now working with the Youth Broadcasting Collaborative, a partnership program among five public school districts created to provide video production training for students in our local cable service communities.

YBC School Districts include:
- Las Lomitas Elementary
- Menlo Park City Elementary
- Palo Alto Unified
- Ravenswood City
- Sequoia Union

The five districts share a common mission of improving all areas of student achievement and development. The Legacy Grant will provide state-of-the-art equipment and training to all districts.

Our New Community Channel 30
We will support the successful development of programming that connects our students in school to the community at large. Parents will benefit from knowing what is happening on campus and feel proud as their children’s achievements are showcased on channel 30. Such showcasing will boost the students’ self-esteem while preparing them for careers in new technologies.
**Transition Year**

The implications of the sale of the Cable Co-op system to AT&T in 2000 carried over into 2003, complicating our financial statements. We expect 2004 to be our first "normal" year of operation since the sale. The following notes highlight the accompanying excerpts from our audit performed by Parrish and Peterson.

**New Facility**

With funds provided by Cable Co-op, we purchased an existing 10,000 square foot building in Palo Alto for $2,145,000. We invested an additional $848,000 on building improvements, video production and cablecasting equipment. We paid $410,000 to terminate our lease at our old facility. Now that we are in our new building, our facility-related expenses will drop from $456,000 in 2003 to $45,000 in 2004.

**Operating Deficit**

Without extraordinary items such as grants and the lease buyout, our operating expenses exceeded our income by $539,000 in 2003. The deficit resulted from several factors: the high rent for the first half of the year ($329,000), inherited programming expenses for local origination programming from Cable Co-op, and minor cutbacks in funding from the cities of Palo Alto and Menlo Park. In anticipation of the deficit, the management team cut back on staff produced programming by half and discontinued the internship and NeighborSpace programs. The Board of Directors approved a plan to begin building new sources of revenue that will put the Media Center on track for long-term sustainability.

**Cable Co-op Legacy Grant**

In December 2003 Cable Co-op awarded the Media Center a grant of $345,000 including money for equipment to support the five schools district partnership. The funds are restricted to projects described earlier that include an “auto-pilot” studio and video streaming services. Under the terms of the grant agreement we will spend the funds over the next two years. The funds do not cover on-going operation expenses.

**Reserve Fund**

Most community media centers are provided with facilities and equipment by the cable company through the Cable Franchise agreement. We are fortunate in that the members of Cable Co-op made a charitable contribution to us to cover our facility and equipment needs. The fund balance stood at $4,500,000 at the end of 2003. We are managing that fund to generate sufficient income to maintain our facility and equipment in perpetuity. Excess investment returns, if any, can be used to develop new services for the community.

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**STATEMENT OF FINANCIAL POSITION**

*December 31, 2003*

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<tr>
<th>Assets</th>
<th>Liabilities and Net Assets</th>
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<td><strong>Total Assets $8,294,120</strong></td>
<td><strong>Net Assets $8,270,595</strong></td>
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<tr>
<td><strong>Liabilities</strong></td>
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<td><strong>NET ASSETS</strong></td>
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<td><strong>Total Net Assets $8,270,595</strong></td>
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<td><strong>Total Liabilities and Net Assets $8,294,120</strong></td>
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SUMMARY OF ACTIVITIES
For the Year Ended December 31, 2003

Revenue
Cable Subscriber Pass-through Fees $283,320
Production Services and Contracts 215,175
Unrestricted Grants and Contributions 33,494
Class Tuition, Studio and Equipment Use Fees 22,217
Tape Sales (Net of Cost) and Miscellaneous 6,276
Net Investment Returns 173,015
Total Revenue $ 733,497

Expenses
Salaries, Salary Costs and Employee Benefits 575,643
Professional Fees and Outside Services 17,129
Occupancy and Facility Expenses 456,384
Depreciation 112,960
General Operating Expenses 98,047
Total Expenses 1,260,163

Net Revenue and Expenses (526,666)

Non-Recurring Items
Release of escrow funds relating to prior year tax liability on asset transfer from Cable Co-op 1,130,618
Lease Termination Costs (410,000)
Temporarily Restricted Cable Co-op Grant for ’04/’05 345,000
Total Non-Recurring Items 1,065,618

Net, Including Non-Recurring Items $ 538,952

Net Assets — Beginning of Year $ 7,731,643
Change in Net Assets — Current Year 538,952
Net Assets — End of Year $ 8,270,595
“The studio production class is a hands on, crash course in how to produce a TV show. It is one of the most amazing experiences I’ve ever had. After three 4-hour classes, I left with a feeling of exhilaration, expertise, camaraderie, and pride. It was truly a priceless experience for me.”

KATHY PHELAN
Studio production class participant and Senior Development & Marketing Director at the Media Center
WHAT WE'RE ALL ABOUT

Training and Equipment
In 2003, there were 240 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 office volunteer hours for equipment use. Staff members play various roles in assisting community producers.

Community Programming
The Voice of the Community
By Jesse Norfleet, Programming Director

In 2003, 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 plethora 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, and something that uniquely expressed the feel of our communities.

This unique programming included:

- **Other Voices**  Community voices and guest speakers discuss national and international issues. Sponsored by the Peninsula Peace and Justice Center.
- **Tanu Sia Ma’a Tonga TV**  Community affairs and entertainment of particular interest to the local Pacific Islander Community.
- **Girl Talk**  A youth and teen oriented talk show hosted by local girl scouts.
- **Everyone’s Yoga**  A made for TV yoga class hosted by a local yoga instructor.
- **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.
- **The Killen Report: 50+ Edition**  A show that addresses issues and concerns of senior citizens.
- **Live Poet’s Society**  Local poets and spoken word artists share their works.
- **Friday Night Music**  Jam sessions featuring local musicians.

In all, community producers created 504 programs in 2003. Adding these to the 92 staff productions, the Media Center produced a total of 596 new programs in 2003.

“Being able to produce our show “The Live Poet’s Society” through the Media Center has given us a tremendous advantage. Instead of jumping from one temporary venue to another at significant expense, we have been able to concentrate on our poetry. Through a combination of superb studio facilities and a great crew of volunteers to staff the show we can bring more local poets to viewers and we can greatly broaden our audience. My thanks to everyone connected with the Media Center.”

RYLAND KELLEY
Producer
Media Center staff members produce a number of ongoing series to bring local organizations, artists, athletes, and issues to the forefront.

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 2003, we produced five election forums to provide a close look at candidates and ballot measures during election season. We capped that off with an election night show highlighting Midpeninsula results and interviews with winning and losing candidates. In November we celebrated our Open House with a day of special programming featuring musicians and performance artists in our new studio.

The staff-produced programming seeks 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

Due to a budget deficit we had to cut down our staff productions by about 50% in 2003 from the previous year. We produced the following program series:

- NEWSwatch (21 episodes) In-depth analysis and debate about local issues featuring many of the stakeholders.
- Community Journal (11 episodes) We collaborated with 20 organizations in 2003 to produce stories for our Midpeninsula news-magazine show. The organizations produced the story content and Media Center staff provided all of the technical work.
- West Bay Game of the Week (18 sports events) Professional, coverage of area high school and college sports match-ups; shot on location with the mobile studio truck.
- Close-up Café (14 episodes) Conversations with local movers and shakers.
- CityBeat (10 episodes) Feature stories about the workings and workers of Palo Alto (produced under contract for the city).
Production Services

The Media Center provides professional video production services to earn additional revenues to cover our operational expenses. We take on projects that are in line with our community-oriented mission and values. The services range from promotional tapes to web site audio-visual enhancements. Our clients in 2003 include:

- Peninsula Community Foundation
- Harmony House (Stanford)
- EPA Can Do
- Miss Tonga Beauty Pageant
- City of Palo Alto Youth Community Services
- NOVA (Santa Clara County)
- League of Women Voters – South San Mateo County
- City of Palo Alto Family Resources
- Pacific Art League
- Palo Alto Medical Foundation
- Palo Alto Unified School District
- City of San Jose
- TheatreWorks
- Palo Alto Junior League

The Media Center also produces most of the government coverage found on our community’s municipal channels, as well as on neighboring community channels, including:

- Palo Alto City Council, Committees and Commissions
- Menlo Park City Council
- Belmont City Council
- San Mateo City Council

In 2003 the Media Center produced a total of 1,384 hours of government meetings. The City of East Palo Alto is now planning to purchase video equipment for their city council chambers so they can offer televised coverage of the meetings.

Community Bulletin Board Publicizes Community Resources

The interactive video community bulletin board received 2,145 requests for information from viewers in 2003. Viewers who flip on Channel 30 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 provide publicity.

“After touring the Media Center’s excellent facilities, the board of the League of Women Voters decided to use the studio for some general meetings so that our outstanding speakers and programs will be available to a wider audience. This is a splendid opportunity for two communities serving organizations to join forces and greatly enhance the contributions of both.”

Sandy Eakins
President, League of Women Voters of Palo Alto
Volunteers

The Media Center’s television lineup relies almost wholly on the inspiration, expertise, resourcefulness, and dedication of hundreds of volunteers. Our volunteer community producers create the concepts for their shows that span a variegated spectrum from “New Consciousness” programming and “Everyone’s Yoga” to “Ask Dr. Business” and the hip-hop music scene. These producers seek out volunteer talent — artistic performers, academic scholars, political activists, athletes, scientists, health professionals, spiritual leaders — to appear as guests on their shows and recruit volunteer crew — directors, camera operators, graphic designers, audio engineers — to handle the technical aspects behind the scenes of their programming. During a typical week at the Media Center, volunteer producers create 10 programs requiring a minimum of 80 volunteer crewmembers and a myriad of volunteer guests.

Advisory Council

The Midpeninsula Community Media Center’s Advisory Council is a group of people whose advice is sought on projects. In addition, council members are the Media Center’s ambassadors in the communities we serve and they endeavor to promote and develop community involvement and encourage community members to utilize the Media Center and its services.

Our Board of Directors, at large, appoints Advisory Council members. The maximum number of members is 20 and each member serves a three-year term. The Advisory Council formally meets two times per year.

We are grateful to each member of our Advisory Council for the hours of service and expertise that they provide to the Media Center.

Advisory Council Members include:
Jim Burch, Chair
Bern Beecham
Peter Carson
Ted Glasser
Linda Kelly
Kieran Kenney
Sally Kiester
Joanie King
Tony Klein
Judy Kleinberg
John Northway
Audrey Seymour
Christine Shambora
Norma Sober
Ron Williamson

“I volunteer at the Media Center because of the people, the programs, and the emphasis on local matters—it makes me feel connected to my community.”

VIJA SINGH
Volunteer
Current Staff

Annie Niehaus
Executive Director

Elliot Margolies
Executive Producer

Kathy Phelan
Senior Development and Marketing Director

Dave Sorokach
Office Manager

Emilie Sweet
Manager of Operations and Finance

Karen Adams
Production Manager/Staff Producer

Justin Atkin
Director of Technical Operations

Jesse Norfleet
Programming Director

Part-timers include:
Nancy Brown
Ken Dickman
Craig Jutson
Jeff McGinnis
Chris Pearce
Louise Pencavel
Lupita Segura
Doug Smith
Betsy Tullis