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Vision Statement

LPCTV strives to be a primary source for exchanging information in our region by increasing and enhancing the delivery of locally-produced media and expanding the reach of its service area and modes of delivery.

Mission Statement

LPCTV gives voice to the community by facilitating the production and delivery of media and providing state-of-the-art facilities.

Goals

- 1) To provide a state-of-the-art facility and modern media tools for community use
- 2) To increase locally-produced programming
- 3) To support arts in the community
- 4) To enhance the educational opportunities
- 5) To broaden community awareness of our identity and services.
- 6) To increase participation and expand market penetration
- 7) To foster open communication and free speech
- 8) To achieve financial vitality in order to grow and thrive

Financial Sustainability

Drafted September 27, 2010

Overview

LPCTV has been in operation for nearly ten years, slowly growing the organization and its assets over this period. It is now time to plan for the next period of the organization's development. A commitment to increasing revenue streams is crucial to LPCTV's sustainability, as it transitions into a new facility, which will carry increased expenses.

Five years after the Board of Directors initiated a plan to move to a larger, more accommodating facility, the Town of Ludlow finalized a deal to purchase the former Armory property from the Vermont National Guard to use for community purposes, including LPCTV. To finance the up-front cost of the renovation project, the Town obtained a bond, which was approved by a Town Meeting Day vote in March 2010. As this is being written, the up-front renovations are underway, scheduled for completion in the near future; once completed, LPCTV will be responsible for its own "leaseholder improvements", in addition to paying monthly rent which will be structured around amortizing the cost of the bond payments over a 20-year period. Both entities will also be responsible for paying their own utilities.

Moving to the former Armory property is the best proposition LPCTV has had since it began its search for a new facility. It meets all of the most important criteria, including location, size, floor plan, and ceiling height. It is one large open space, providing a clean slate from which to design and build, is located in the hub of LPCTV's service area (Village of Ludlow) and is proximate (next door) to its current location. While the operational cost will be lower than other comparable spaces in the area, of which there are not many, it will be a significant increase from what LPCTV has been paying. The new rent is projected to be somewhere between \$1050 - 1100, which LPCTV anticipates paying beginning July 2011, as compared to the \$300 per month fixed rental fee it has paid to the Ludlow Elementary School in recent years. Utility costs in the new building, which LPCTV will also be responsible for paying, are still unknown.

LPCTV has successfully established itself in the region as a recognizable and valued community organization. Looking ahead and steering this next period of growth requires long-term planning. As such, LPCTV has outlined a strategy to not just be financially sustainable, but also to be financially viable, over the next 3-years and into the future.

Identifying Current Strengths

As LPCTV looks to develop its 3-year financial plan, it is important to identify some of the current strengths, so that the organization can build and strengthen them. For starters, LPCTV's single largest revenue source, the PEG Franchise Fees received from Comcast, are consistent and dependable. The Franchise Fees have provided LPCTV with a reliable means from which to build its annual budgets. Through a combination of a slightly increased subscriber base and a larger subscription-fee base, the Franchise Fees have slowly but steadily increased over the last several years, from \$73,911 in FY05 to \$106,742 in FY10. In 2006, LPCTV added a second FTE (full-time employee) and has achieved excellent employee retention among these FTEs, as well as its part-time employees. This has aided in the flow and efficiency to operations, which has an indirect benefit to operational expenditures.

LPCTV has historically had some money in the bank and has been able to make payroll, pay bills on time, and generally operate without stress. Capital expenses, such as equipment purchases, have been budgeted for - and executed - using reserve money from its "Start-up Funds", received in FY02 and FY03. Over the years, these start-up funds, more than \$200,000 in total, have been used for capital purchases, including a studio upgrade with new, professional studio cameras & accessories, a digital master control system, non linear editing computers, and a studio production switcher / character generator.

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Slowly but steadily, LPCTV has established and grown a series of reliable alternative revenue streams. These include business underwriting, membership fees, video duplication, Town appropriations, and production service for-hire.

Lastly, LPCTV's annual budgeting has proven to be accurate and the organization has made it a practice to "live within its means".

Addressing Current Weaknesses / Threats

There are many threats to LPCTV's financial viability, but they are challenges to be overcome by a dedicated Board of Directors. First, the Franchise Fees alone are not sufficient and LPCTV must avoid being so heavily reliant upon them. We do know that for the next 3 fiscal years (the remainder of the contract term), Comcast will be paying the 5% of its subscriber revenue per quarter to LPCTV (projected to range between \$25K - \$30K per quarter). However, in consideration of the increased expenses associated with the new facility, this amount is not nearly enough.

As noted above as a current strength, LPCTV has developed additional streams off revenue and these must be more substantially developed in order to have a strong impact. In terms of additional fundraising potential, there are many unexplored areas, including local charitable giving and fundraising events. Beyond the business underwriting program, which has been in place for 4 years, LPCTV does not have a recognizable relationship with the business community. The challenge with developing that relationship is the notion that the business community in the Ludlow area is already over-burdened with other fundraising efforts.

To date, there has not been an ongoing (annual) fundraising campaign of any kind, aside from the fee-for-services (membership, production-for-hire, underwriting, etc.). This has been identified as a clear weakness. In addition, there has been no capital campaign before and many of the current board members feel inexperienced in this area. However, the Board realizes the importance in launching a capital campaign, in that it can be essential to the organization's long-term viability for many reasons. This is especially so in consideration of the upcoming renovation project.

Long-term Financial Planning (3-year)

LPCTV's financial vitality begins with addressing the need for decreasing its reliance on franchise fees while increasing other revenue streams at the same time. While the Board of Directors believes it must decrease the level of dependence on franchise fees as a source of funding, also has identified this as an area for further exploration. The Board will evaluate how it can influence the potential expansion of the organization's service area and the subsequent franchise fees that come with a larger cable subscriber base.

The Board will look into this possibility of service area expansion through regulatory means, beginning locally, with the viability of adding Weston & Londonderry into LPCTV's service area. Those Towns are currently part of GNAT (Greater Northshire Access Television), but events over the last two years have indicated that there is some potential for a change to be made. Should it come to fruition, franchise fees in Weston and Londonderry would come to LPCTV. There has been some discussion among the LPCTV Board of Directors of the potential of "regionalizing" or consolidation of PEG Access / community television in our area of Vermont. While we do not expect any activities to take place within the next three years, it is a consideration for the future, as we and our colleagues in the field aim to evolve and remain meaningful to the communities we serve.

It is understood that PEG Access franchise fees were established by the FCC as a means for cable companies to "give back" to local communities in exchange for using public rights-of-way. There is no such requirement placed on terrestrial (over-the-air) broadcast TV or on satellite TV services, since neither are using public rights-of-way or infrastructure. The Board has discussed getting involved with any regulatory movement to include PEG Access television on satellite television. There is a disproportionate level of satellite TV subscribers, as opposed to cable TV subscribers in our service area. Board members have numerous reports of local satellite

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subscribers stating their wishes that they could view LPCTV's channels in their homes. In order to provide the clearest possible answers to community members, the Board will explore the question of whether or not is petitioning the necessary government regulatory bodies (Vermont Public Service Board, US Congress & FCC) to consider placing satellite dish providers under a local franchising authority and to require their signals - and the content they carry - to be more "localized".

The other regulatory area the Board will explore affects the expansion of franchise fees. In 2002, the FCC ruled to exclude cable modem revenues from Franchise Fees. In light of the evolution of technology and broadband deployment since 2002, LPCTV will explore the potential of there being a reversal of this ruling, possibly in association with the Community Access Preservation (CAP) Act, currently on the table in US Congress.

In terms of annual fundraising, the LPCTV Board of Directors recognizes the need to establish a fundraising plan that will have an increasing level of ongoing success, resulting in defined and reliable revenue streams. There are two models for generating revenue: 1) the more traditional non-profit "ask" model and 2) the fee-for-service model. Both are important to the overall financial vitality of LPCTV. In terms of fee-for-service, the Board will consult with a CPA regarding the best reporting methods for income vs non-business related income as it relates to LPCTV's 501c3 status.

The Board of Directors intends to strengthen the existing streams while establishing new ones immediately, with direction and an action plan coming from the Board's Fundraising Committee. The Board has identified a few core activities to develop into regular, annual revenue streams: annual giving / "special gifts", on-air fundraising (TV auctions and pledge drives), and facility & equipment rental. The Board has discussed the concept of involving Okemo Mountain Resort in some form of studio / rental in the new facility, but that discussion has been temporarily tabled until architectural plans are in-hand and the capital campaign has been launched.

The Fundraising Committee will regularly meet to plan various activities and events, including the development of existing initiatives such as the annual membership drive and annual underwriting campaign, in addition to launching the new initiatives. The committee will propose a fundraising plan to the Board each year, for its approval, and then coordinate the execution of that plan.

LPCTV has the capacity to generate more revenue and that potential must be reached in order to grow. Over recent years, the organization has generated approximately 10% of its income outside of the franchise fees. Over the next three years, the Board's goal is to earn at least 20% of its total revenue through means other than the mandatory PEG franchise fees each year. Through a sound annual fundraising plan, executed by a dedicated Board of Directors, with guidance from professional staff, it is anticipated that these revenue projections will be met.

Capital Campaign

The Board of Directors recognizes the importance of launching and managing a time-specific capital campaign for the purposes of raising funds to pay for its "leaseholder improvement" project within the former Ludlow Armory tank barn. The goal of the campaign is to raise \$300,000, which will be used towards architectural, engineering, consultant, and contractor expenses. The Board has developed a special project budget, which is currently (as of September 2010) \$200,000. Any funds raised over and above that figure, towards the \$300,000 goal, will be applied towards the increased operational expenses of the new facility (rent and utilities). The plan for the capital campaign has two major components: 1) grants and 2) local fundraising.

Grants are being managed by LPCTV staff but largely written by freelance professionals as the budget allows. Patrick is maintaining an ongoing list of foundations with grants for which LPCTV is eligible and is working closely with grant writers to get proposals submitted on time. While the

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Board recognizes the importance of submitting grant proposals, it also realizes the difficulty in projecting an accurate success rate. Any grant funding that LPCTV does obtain will be applied towards the total capital campaign goal of \$300,000. This is the target amount around which the campaign is being built and will be communicated through fundraising literature and in-person meetings with potential donors.

The local fundraising component requires dedication and extensive involvement from the Board. This portion of the capital campaign is the most significant to the success of LPCTV's move into the new facility. It will involve identifying individuals in the community to ask for support, as well as businesses, plus hosting multiple fundraiser events. While the Board accepts the responsibility of operating the campaign, it is presently investigating outside professional support with the effort.

Leading up to the launch of the campaign, LPCTV will have specific literature as well as any architectural drawings and / or artist renderings of the new facility on-hand. These will be shared during in-person meetings, at events, and through various media. LPCTV will also make use of local media outlets, including its own TV channels, website, and online social media pages to distribute information and updates on the campaign.

Potential donors will be identified by selected individuals on the Board, while each donor will be visited by 2 to 3 individuals from the organization. Formal presentations will be made to each potential donor. Follow-up meetings may be necessary to properly cultivate successful responses.

A general fundraising letter will be prepared during the Fall 2010. This letter, with accompanying materials (e.g. flyer, architectural drawings), will be used for mass mailing distribution to individuals throughout the service area and to leave with targeted potential donors as supporting literature after in-person meetings.

Two to three key events will be coordinated during this period. It is critical to have supporting materials beforehand and to strategically plan the dates. The Board plans to hold at least one event at the new location and another at an unaffiliated location.

A special television pledge drive will be produced during the campaign. LPCTV can produce this live if additional phone lines are donated for the event. The Board will ask TDS-Telecom to partner with us for that occasion, in exchange for on-air sponsorship acknowledgement.

The Board plans on conducting this in the very near future, though no dates have yet been set (deciding between late Fall through mid-Winter or mid-Winter through late-Spring). Establishing a clear end date for the capital campaign is important and LPCTV's will last for no more than four months. The successful culmination of the capital campaign will be celebrated by an event and press releases thanking each individual and business.

Marketing / Branding
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LPCTV's ultimate goal in the area of marketing is to increase awareness in the community. This will be accomplished through a multi-faceted approach including producing more programming in-house to draw attention to what the organization is doing, producing more live remote programming, using traditional advertising (by both paying for it and utilizing the twice-per-year Comcast-funded newspaper ads), using creative forms of advertising (such as paid VPR sponsorships), sending press releases to the print media (especially taking advantage of the free weekly papers serving the region), and increased participation in public events.

The Board has also discussed obtaining a new banner for identification purposes at public meetings and events, as well as buying equipment bags with logos, new shirts, and hats. The Board will also explore the option of creating a mascot for marketing purposes.

In terms of branding, the Board has engaged in an occasional discussion on the organization's name and the possibilities for changing it. It has been noted that LPCTV is not an easily-recognizable name and that the letters stand for "Ludlow-Plymouth-Cavendish", the first letters of the 3 Towns the organization was first serving (before adding Mount Holly and, possibly, Weston and Londonderry). Some institutions have the corporate name as "LPCTV Corp" while other have on file "Ludlow-Plymouth-Cavendish" television. LPCTV's current banner actually says "Ludlow-Plymouth-Cavendish Television" and it is on display at Dorsey Field in Ludlow during the high school soccer season. There is no consensus on name changing and the Board has decided to table it until after the move to the new facility, since there is much on the table to work on at the moment regarding the move and the capital campaign and changing our identity prior to moving could be damaging. However, some ideas have been brought up, including creating a new "umbrella" name for the organization and keeping "LPCTV" as the brand of the TV channels, such as "(XYZ Here, home of LPCTV 8 and 10)". This discussion is connected to the vision for the organization being a community-based multi-media, educational, and arts organization.

It has been decided that the logo needs changing. This work will be drafted during the coming year, but it, like the name, is part of the organization's brand. Any changes will be made after the move to the new facility.

Board Governance

Drafted September 29, 2010

Role of Board

The Role of LPCTV's Board of Directors is to oversee all financial resources and management of the organization and to provide encouragement vision. This piece involves planning for the future, through the development of a strategic plan. As advocates for the organization, Board members are equally responsible to help LPCTV thrive through activities such as fundraising and general operational support.

One large piece to the Board's role is the periodic review and revision of policies and procedures, as well as the adoption of new ones. The Board has set a plan for this task, deciding to stagger operational and personnel policies & procedures from year-to-year. In addition, a recommendation from LPCTV's recent financial audit was to adopt accounting policies & procedures, which the Board will be working on immediately.