



# KSQD-FM- Natural Bridges Media

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*Community Radio for Santa Cruz County*

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**Business plan**  
Updated 3/2/19

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# Executive Summary

## Opportunity

## Problem



KSQD-FM will serve an unmet need for local news and culture in Santa Cruz. Listeners miss the community radio station KUSP since it went off the air in August of 2016 because it helped them connect with news, arts and music unique to Santa Cruz. Although the area has many noncommercial radio stations, none is local in focus and branded with the Santa Cruz cultural brand. With nautical call-letters, K-SQUID will be both whimsical and meaningful in tone, creating loyalty to a sound that is uniquely Santa Cruz. Listeners have limited access to local news and public affairs. Most online news focuses on national issues, not what is happening locally. We believe communities will be stronger and more resilient if citizens are well-informed about the issues affecting their lives. We also believe that by presenting the cultural treasures of the region to the listeners, we will improve support for the arts locally. People need to feel connected. We will help create that feeling through our programming and local events where people can gather in person. Listeners miss mixing with people from different generations, neighborhoods, and cultures. They are very atomized. Community radio has the potential to bridge cultural divides and create common purpose and empathy towards groups not used to interacting.

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## **Solution**

Our new community radio station will offer exciting, engaging and informative programs of, for, by and about our area. Listeners will be able to participate in creating the programming as volunteers. Youth, seniors, children, people of diverse ethnic backgrounds will have access to the media so their voices can be heard. This cross-demographic approach will build community connection and improve social capital by featuring local nonprofits and community movers and shakers. We will broadcast both to Santa Cruz and to the world via the internet. We will provide news, public affairs, music, and other types of programming that enhances life for listeners. We will also create a training program for up and coming radio producers and storytellers.

## **Market**

With a studio centrally located in Santa Cruz, we will be uniquely situated to engage with local businesses as potential underwriters/sponsors. Our research suggests there are 151,000 people within the primary broadcast signal, and another 100,000 in the secondary signal area. In addition, many more listeners are reachable via the live stream. The median household income in Santa Cruz County is \$61,533. This relatively high standard of living means there is discretionary income for donations to meaningful causes, such as community radio that bring value to people's lives. Small businesses owned by local companies tend to support their local media via underwriting. Factor in the recent decline in local news and information available to this population and you have a strong demand for our services.

## **Competition**

The media environment we are entering is fragmented and saturated, both from podcasting, terrestrial radio stations offering a wide range of programs, and of course the constant allure of internet offerings like Pandora and Spotify, Instagram and Facebook. That being said, we have a unique offering, since no other local broadcast outlets are covering in-depth public affairs and news, nor are they focusing on the types of music we plan to present. We are also the only station with a welcome mat to the

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community, be it on the air shows or free public service announcements. Few offer an opportunity to be "the voice of Santa Cruz County". Finally, our location will mean a robust community engagement level, leading to support. Although there are stations airing some local programming, service is spotty and content is not found at times most people listen. We plan on providing professional, yet accessible programming that covers topics people want to hear about. Localism is what is not happening and what we will do. That, and shows like Democracy Now!

## **Why Us?**

Natural Bridges Media, the entity which runs KSQD, is run by media, legal and music experts. Our team has expertise in radio and television and a background in entertainment law. Several of us have been deeply involved in community radio for our entire careers. Rachel Anne Goodman has a Peabody Award for her work on NPR's "The DNA Files". Professor Emeritus Linda Burman-Hall is an expert in many kinds of music. Ned Hearn has three decades working in the media industry as an attorney. Mathilde Rand has years of experience producing radio and television and working as treasurer for many campaigns. We have a seven-member board, with over 100 volunteers. Through our long-term commitment to seeing this station to fruition, we have shown tenacity and purpose, as well as expertise. In addition, we have a pool of already trained radio hosts who were displaced by the closing of KUSP. Our long-time connection to this community will enable us to reach out to volunteers and underwriters who can support the station.

## **Opportunity**

### **Problem & Solution**

#### **Problem Worth Solving**

In August 2016, Santa Cruz lost its longtime community radio station, KUSP to bankruptcy. Santa Cruz lost its voice at that moment and has yet to have another media outlet that caters solely to local interests. Following a trend in reductions in local news coverage, many local radio stations no longer provide local news and information

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programming and print media has cut back on local reporting as well. Our nearest competitor, KAZU 90.7 FM, only runs one local story per week. Given the major issue and challenges facing our population, having a lack of information robs citizens of the tools needed for a functional democracy and making informed decisions. They can't participate or get involved in helping make our community better if they do not know about ways to plug in to local issues and charities. If they do not know where their elected officials stand on the issues because they rarely hear from them in the media, citizens cannot hold them accountable for their actions. In a news-poor media environment, fake news and rumors abound and misinform. The need for quality local journalism has never been so great. In addition, the local arts world, be it music or drama, is in need of stronger advocacy and participation. By highlighting the activities of local musicians, actors, writers, artists, and the like, the station can support this vibrant ecosystem, one of the richest in the nation. A strong, local independent media supports a strong community.

## **Our Solution**

The F.C.C. granted Natural Bridges the license for 90.7 FM in 2018. The signal reaches most of Santa Cruz County with independent news and music and an even wider audience via the internet. This station provides a combination of local public affairs/talk programming and diverse music and arts shows. It will allow diverse viewpoints to be heard, from youth, seniors, women, ethnic minorities, and other groups rarely heard on the air. In addition, the station will provide a strong brand identity for Santa Cruz, which when listeners tune in, will instantly reflect the sensibility of this region, known for its artistic and creative capital. Local nonprofits will benefit by having their issues aired regularly. Local citizens will benefit from hearing the best of their community on the air, and also from hearing from elected officials with whom they can interact in real time. In addition, during emergencies, listeners will hear real-time information about public safety, weather, road closures, etc.

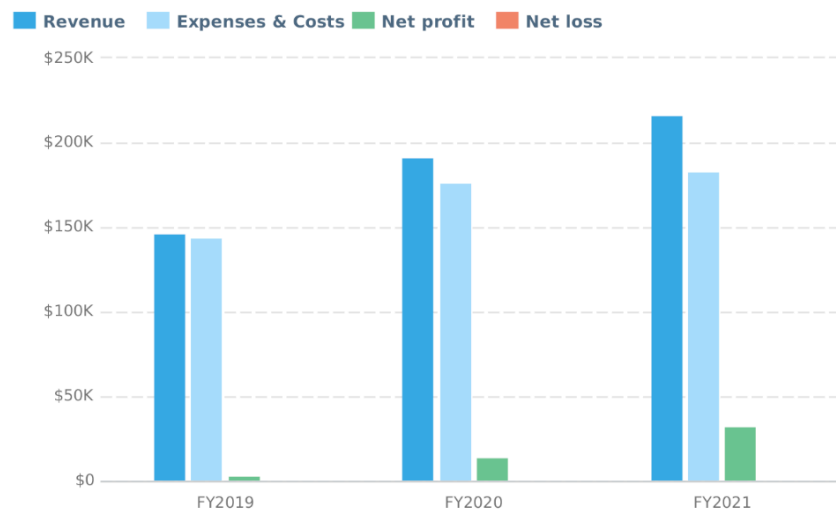
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## Expectations

### Forecast

We are projecting revenues to be a conservative \$150,000 the first year, mostly through donations and some underwriting. The second and third years, we will run a modest profit (given we are a nonprofit, this is not atypical). Relying as we will on a large volunteer contingent to program the station, we anticipate our personnel costs remaining somewhat static throughout the first three years. As revenues increase, we intend to add key personnel, but in general, the model is to run a lean operation with maximum participation by volunteers.

### Financial Highlights by Year



### Financing Needed

We would prefer not to take on long term debt to finance our project. So far, we have raised enough to purchase the license without taking on debt.

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## Target Market

We expect our strongest supporters to be adults ages 30-60, with a college education. The median age in Santa Cruz County is 37. There are some 151,000 people within the primary coverage area of the station. The median income in Santa Cruz County is \$65,000.

In addition, thousands more can access the station online. In a survey recently conducted, 70% said they would support the station on a monthly basis upwards of \$20/month. As with any station, building loyalty with consistently quality programming builds financial support and the ability to sell underwriting. We anticipate the potential for building revenues with our target market to be very high, given the large percentage of people with a college degree living here.

## Competition

### Current Alternatives

On the radio dial, we face two types of competitors; commercial and noncommercial stations. The commercial station most likely to draw listeners from us is KPIG-FM which has an Americana/rock blend and quirky local personality. It also has live shows similar to what we are planning. In addition, the noncommercial stations reaching the area are KAZU-FM, which is all NPR programs and no local content, but quite popular, and KZSC-FM, the campus student station, which has diverse music, which changes quarterly, but offers some news and public affairs that is local.

### Our Advantages

We will distinguish ourselves from the competition by one thing: Localism. Tuning in to a hyperlocal station will be a very different experience for listeners. The variety of voices and information they will get will be relevant to their lives in a more vital way because it is about their own town. In addition, we will capture the talents of the large group of community volunteers, some of whom have been broadcasters since 1980, who

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were displaced when KUSP went all NPR and then off the air. The quality will be high, and the engagement as well. Only by offering a highly appealing and vital resource to listeners will we succeed, and we feel confident we have all the ingredients to do so. In addition the collective experience of our team in the field of radio will mean a high probability of success.

## **Building Social Capital**

By investing in community institutions like a community radio station, the social capital of all other nonprofits is increased. The positive connections between community members forged through collaborative endeavors like making local programs can have benefits beyond the station. For example business networking, nonprofit fundraising, and other efforts that connect through the station.

The station will be at all the important local events, from basketball games, surfing contests, to concerts, festivals, arts events, and lecture series. We will have a regular presence at the local museum to allow people to record their personal histories. Broadcasting from these events will increase participation and engagement of the audience.

We will build alliances with local arts, cultural, business, youth, health, music, environmental, and civic organizations to make sure their concerns have space on the dial. There will be a regular citizen journalist training class offered twice yearly. Interns from the local community college will ensure the station's age demographic remains diverse.



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## Programming Vision

A fully up-to-date schedule can be found at [www.ksqd.org](http://www.ksqd.org).

KUSP had a 45-year run, with much of its early years serving community interests. It had local news, poetry, children's, youth, and senior's shows, and a variety of music that supported the vibrant music scene. This new effort draws from the best of what KUSP was, while aspiring to meet listeners where they are now with public service and localism at its heart. The programming will celebrate local cultural, political, and artistic voices. It will be combination of news/information and music/arts programs.

Our goals are to improve communication, inclusiveness, and access to diverse ideas.

Community radio is relevant because it connects us to one another in an increasingly digital world, and yet it can take advantage of the mobility and time-shifted nature of internet technology. The "community" it serves is not defined by only geography, but

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by shared values of journalistic ethics, integrity, and a commitment to quality, both broadcast and program, community engagement – volunteer-based and listener-supported, creativity, fiscal responsibility, transparency, honesty, and of course, having fun.

### **Programming/Vision:**

It has been said that community radio should be 10 percent radio and 90 percent community. Community radio has been built around the ideals of access and participation. This station will be run by locals to serve a local audience. While we may have news and programs from BBC and the California Report, our station will have primarily local content. Public service means that local nonprofits and arts organizations will have access to both producing shows and underwriting as well as receiving airtime through sponsorships and other outreach and promotions. Additionally, we will provide emergency broadcast programming during disasters and regular weather, surf, traffic, public safety, and news alerts. As extreme weather events caused by climate change become more frequent, having real-time information builds community resilience and public safety. We will have local residents hosting and being interviewed and telling their stories on air, thus increasing listeners' local knowledge of their own area.

### **Sample shows:**

**Talk of the Bay:** Hosted by Rachel Goodman and Royal Calkins. Daily one-hour news roundup of local/regional news. Contributors include Wallace Baine, (Sentinel) Maureen Davidson (Good Times) Betsy Anderson, Brad Kava, (Gilroy Dispatch), Geoffrey Dunn, author, Gary Patton, and more.

**Ask Dr. Dawn: Host: Dr. Dawn Motyka**

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Local physician hosts informational call-in program about medical issues such as cancer treatments, medical errors, drug prices, and superbugs.

**Thom Hartmann:** A daily talk show taking on the issues of the day.

**Counterspin:** An alternative look at the news.

**Making Contact:** Progressive news and views.

**Ralph Nader Hour:**

**Richard Wolff:**

**Laura Flanders:**

**Reveal:** From the Center for Investigative Journalism, a deep dive into the stories behind the stories.

**Democracy Now! Host Amy Goodman:** A national, daily, independent, award-winning news program hosted by journalists Amy Goodman and Juan Gonzalez.

**Your Call, Host Rose Aquilar:** Politics and culture, dialogue and debate and call-ins. Produced by KALW.

**First Person Singular:** Short personal commentaries and stories from local voices.

**Soul Shack:** Hosted by Charlie Lange, blues expert, this show mines the deep seam of American blues music, from the early days to the present.

**Deep Dive:** A daily morning eclectic music show featuring acoustic music. A wide variety of music, local and regional news and events from Al Green to Rufus Wainwright, from the Grateful Dead to Alison Kraus to Bela Fleck and beyond.

**Running on Grassoline: Leigh Hill presents** Bluegrass and old time music from the classics to the newest sounds rising out of the southern traditions.

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# Execution

## Marketing & Sales

### Marketing Plan

We plan on using our own airwaves to market our station, as well as Facebook, website, twitter, Yelp, and other online sites. We have good relationships with local print media and will do trades in advertising for underwriting in all local papers. We plan on doing lots of live remote broadcasts and appearances at local music clubs, venues, coffee shops, museums, farmers' markets, schools, etc.

In addition, our on air approach is to constantly market and brand ourselves as "Santa Cruz' Community Radio" in all spots that run three times an hour. We will produce t-shirts and other giftware that advertises our station. We may also do radiothons for other charities to boost community service.

### Sales Plan

Our underwriting sales person will make regular visits to local businesses and be part of "Think Local First" the local networking business association. They will be constantly in touch with potential underwriters, inviting them to support this new and exciting station. We will make regular presentations at Rotary, Business Council, and other public forums. Our pledge drives will follow best practices for making a case for membership, using case/close statements and incentives such as matching gift periods and other contests.

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## **Operations**

### **Locations & Facilities**

We have signed a long term lease with the Santa Cruz County Office of Education for a 600 square foot space which has been renovated into an on-air studio, a production studio and a small office space.

### **Technology**

We have installed two digital Wheatstone Wheatnet 16-channel digital boards, microphones, computers, tcd players, and even turntables in the studio and production rooms. We have a phone system and will feed the transmitter by cable feed through the comrex system of IP boxes. The transmitter is a Crown FM500 MDM 3100, and the antenna is a TX LPX 1E. Software includes ENCO automation system for live assist and running station off hours with music and dropping in spots. We are streaming live and archiving shows for podcasts.

### **Equipment & Tools**

The transmitter is located at the UCSC campus on the KZSC tower and 90.7 reaches most of Santa Cruz County. See coverage map [here](#):



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## Key Metrics

Our focus right now is on basic metrics such as: membership, individual donations, volunteers, costs of overhead such as office rent and tower rent, and finally equipment purchases. Keeping our overhead low is a key indicator of our sustainability. The metrics of success will be number of listeners, number and size of donations per listener, and the level of community engagement that increases as a result of our operation. The latter is the hardest to measure, but it is why we exist. One way to measure this is to count the number of nonprofits, charities, local groups, and local musicians engaged on and off air in the station's programming and being mentioned or interviewed on the air. Success will mean we offer a vital program service that knits the fabric of the community together and builds new alliances and partnerships as a result. Of course, the basic success will be to stay solvent and on the air, because without that, none of our other goals are possible. To that end, we must build a loyal listening audience through high quality relevant programming.

## Operating Model

The operating model will be similar to that of Community TV, which relies heavily on volunteers to produce much of the programming, thus limiting program fees normally associated with nationally syndicated shows. This also limits personnel costs to core staff. Another model is KKUP in Cupertino which has only two paid employees and two contract staff. Paid personnel are there to make sure F.C.C compliance and fiscal management are top priorities, as well as fundraising. Program management/volunteer-coordination and training are the other key positions we will look to maintain the quality of the programming. Underwriting spots can bring in considerable revenue.

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# Company

## Overview

Natural Bridges Media, a California nonprofit corporation, incorporated in December, 2017. We have chosen the call-letters KSQD-FM (K-SQUID). The structure of the organization is a nonprofit board of directors, consisting of 7-15 members. In addition, we will have a program advisory committee to vet proposals, do community outreach, and make sure the on air programming is diverse and representative of the community served by the signal. Once year one has passed, we will have a community advisory board. Staff will be a General Manager, Operations Director, Program Director, Engineer, Development Director and Underwriting sales Representative. Some of these positions will remain volunteer for the first year.

## Team

### Management Team

Ned Hearn, Esq. Entertainment industry attorney

Linda Burman-Hall - Artistic Director, Santa Cruz Baroque Festival founder and UCSC music Professor

Rachel Anne Goodman - Peabody Award-winning journalist, Journalism Professor, Cabrillo College

Mathilde Rand - Community TV producer/director/board member

Omar Guzman-Student of Broadcasting, San Jose State

Sandy Stone-Recording Engineer

Jean Kratzer-Retired UN Translator



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## **Program Committee**

Chair, Howard Feldstein, Former Program Director, KUSP, Natural Foods  
Representative

Sandy Stone, Recording Engineer

Charlie Lange, Music Expert, Radio Host

Linda Berman-Hall, UCSC Professor Emeritus, Music Dept, Artistic Director, Santa  
Cruz Baroque Festival

Rachel Anne Goodman, Peabody Award-winning journalist, Journalism Professor,  
Cabrillo College

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# Financial Plan

## Forecast

### Key Assumptions

We expect to reach a listener-base of 151,000 people, at a 5% share of market that is 7550 people at a given hour. Of those listeners, it is expected that 10% of those become regular members. We recently conducted a survey, and out of 100 listeners, 74% said they would give \$20/month.

A fundraising-aware programming strategy focuses on building regular, frequent, loyal use, a strong perception of personal value, and an understanding of the importance of giving.

For that reason, we expect it to take 6 months at minimum to build the kind of loyalty that causes people to give. On the other hand, there is a core group of some 300 donors who are giving to the station before it is even on the air because they believe in its mission and miss the now defunct KUSP, which went dark in August, 2016.

Four main revenue sources exist for noncommercial radio: donations, underwriting, grants and sponsorships. Donations come typically during pledge drives twice a year (though we may do some mini-drives half way between). We expect the first pledge drive to yield around \$50,000 if 300 people give an average of \$175 each. The other source of revenue the first year is individual gifts.

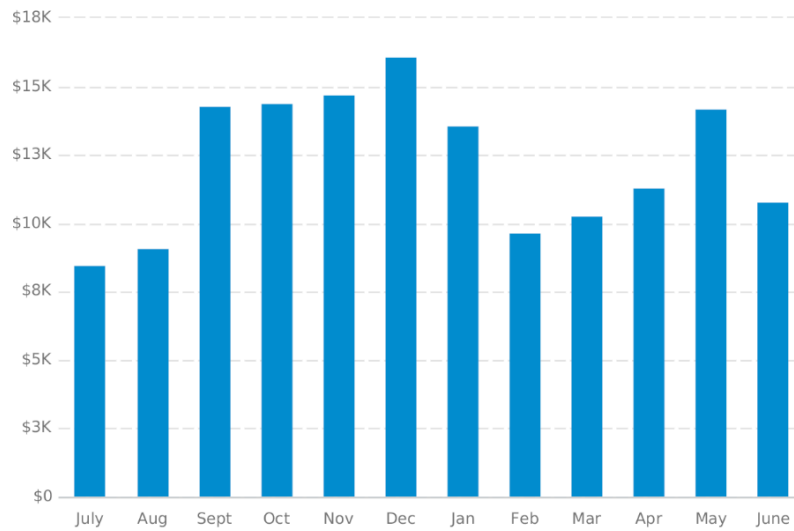
Underwriting is the second largest source of income for a noncommercial station. Local commercial stations are charging \$30/spot. We intend to be competitive with that price for package rates. The first year sales may average \$700/month, rising to \$4,200 average monthly in the second and third year.

Sponsorships of local events will round out the income. These are sporadic and based on events with a promotion budget that can include underwriting and other publicity.

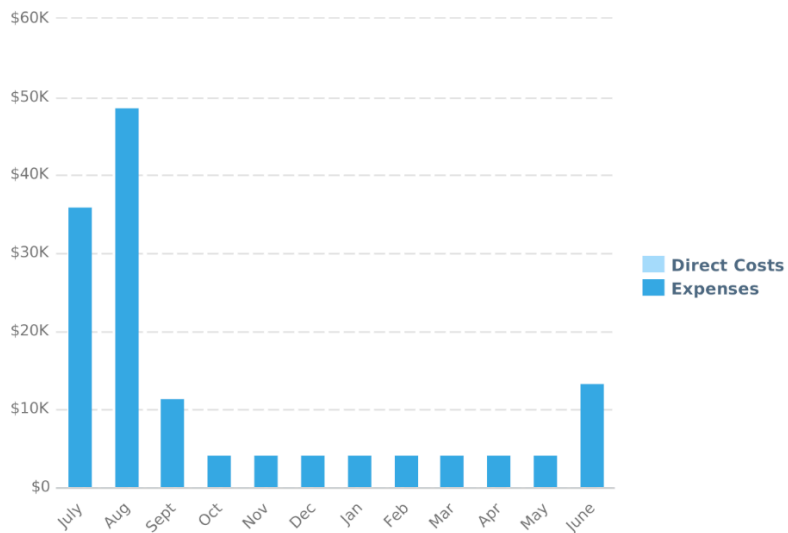
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Finally, the station expects to generate a modest revenue yearly from the public radio vehicle donation program.

## Revenue by Month

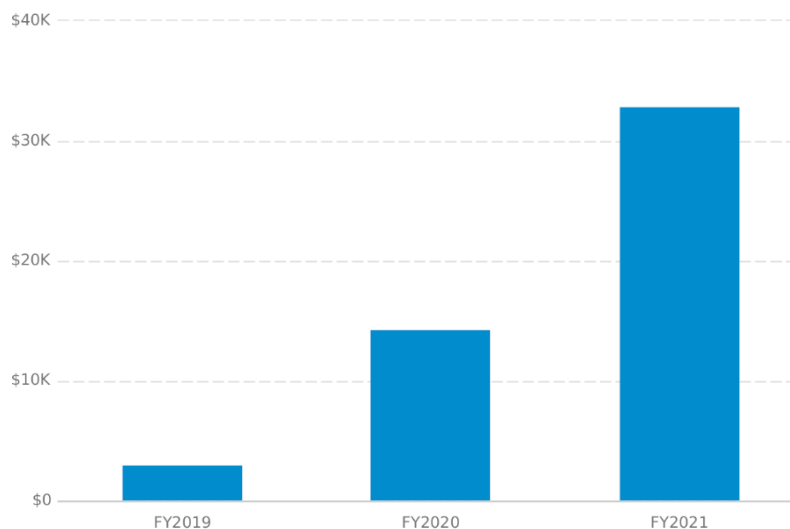


## Expenses by Month



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## Net Profit (or Loss) by Year



## Financing

### Use of Funds

The biggest expense was the purchase of the license and transmitters to get up and running. We paid \$265,000 to fund the purchase of the license. In addition, spent just over \$15,000 to purchase studio equipment and \$25,000 for installation costs. After that we will use the remaining funds to get us through the first half of the year as we hire contract staff, coordinate volunteers to host shows, and do community outreach and underwriting sales. We intend on using volunteers for most functions for the first six to twelve months until we can build a listening audience willing to pay memberships.

### Sources of Funds

We are gaining most of our revenue at this point from small, medium and large donations. Once on air we will be able to do membership drives. We do not expect to seek financing. We expect to begin to sell underwriting within a month of going on the air. This, and pledge drives will be our main source of revenue.

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# Statements

## Projected Profit & Loss

	FY2019	FY2020	FY2021
<b>Revenue</b>	<b>\$147,000</b>	<b>\$191,300</b>	<b>\$216,600</b>
<b>Direct Costs</b>			
Gross Margin	\$147,000	\$191,300	\$216,600
<b>Gross Margin %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Operating Expenses</b>			
Salaries & Wages	\$70,088	\$112,178	\$118,178
Employee Related Expenses		\$10,000	\$10,600
Marketing	\$1,300	\$2,000	\$2,000
Donor Management Software	\$3,400	\$3,200	\$3,200
Credit Card processing fees	\$2,000	\$2,000	\$2,000
Telephone / internet	\$3,120	\$3,120	\$3,120
Office Supplies	\$900	\$1,000	\$1,000
Copy / Print	\$1,200	\$1,200	\$1,200
Dues and Memberships	\$500	\$500	\$500
Music Licensing Fees-ASCAP / BMI	\$1,515	\$1,600	\$1,600
IT Software Licenses	\$1,000	\$2,100	\$2,200
Programming fees		\$2,000	\$2,000
Web hosting / live streaming	\$1,000	\$700	\$700
Studio Construction	\$18,000		
Broadcast Equipment	\$10,000	\$2,000	\$2,000
Office Equipment	\$2,000	\$2,000	\$2,000
Studio / office Rent	\$6,480	\$6,480	\$6,480
Tower Rent	\$16,424	\$19,708	\$19,708
Facility Maintenance and Repair	\$2,000	\$2,000	\$2,000
Liability Insurance	\$3,000	\$3,200	\$3,200
<b>Total Operating Expenses</b>	<b>\$143,927</b>	<b>\$176,986</b>	<b>\$183,686</b>

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<b>Operating Income</b>	<b>\$3,073</b>	<b>\$14,314</b>	<b>\$32,914</b>
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Interest Incurred			
Depreciation and Amortization			
Income Taxes	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$143,927</b>	<b>\$176,986</b>	<b>\$183,686</b>
<b>Net Profit</b>	<b>\$3,073</b>	<b>\$14,314</b>	<b>\$32,914</b>
<b>Net Profit / Sales</b>	<b>2%</b>	<b>7%</b>	<b>15%</b>

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## Projected Balance Sheet

	Starting Balances	FY2019	FY2020	FY2021
Cash	\$307,000	\$45,073	\$59,387	\$92,301
Accounts Receivable		\$0	\$0	\$0
Inventory				
Other Current Assets				
<b>Total Current Assets</b>	<b>\$307,000</b>	<b>\$45,073</b>	<b>\$59,387</b>	<b>\$92,301</b>
Long-Term Assets				
Accumulated Depreciation				
<b>Total Long-Term Assets</b>				
<b>Total Assets</b>	<b>\$307,000</b>	<b>\$45,073</b>	<b>\$59,387</b>	<b>\$92,301</b>
Accounts Payable	\$265,000	\$0	\$0	\$0
Income Taxes Payable		\$0	\$0	\$0
Sales Taxes Payable		\$0	\$0	\$0
Short-Term Debt				
Prepaid Revenue				
<b>Total Current Liabilities</b>	<b>\$265,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Long-Term Debt				
<b>Total Liabilities</b>	<b>\$265,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Paid-In Capital				
Retained Earnings	\$42,000	\$42,000	\$45,073	\$59,387
Earnings		\$3,073	\$14,314	\$32,914
<b>Total Owner's Equity</b>	<b>\$42,000</b>	<b>\$45,073</b>	<b>\$59,387</b>	<b>\$92,301</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$307,000</b>	<b>\$45,073</b>	<b>\$59,387</b>	<b>\$92,301</b>

## Projected Cash Flow Statement

	FY2019	FY2020	FY2021
<b>Net Cash Flow from Operations</b>			
Net Profit	\$3,073	\$14,314	\$32,914
Depreciation & Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	(\$265,000)	\$0	\$0
Change in Income Tax Payable	\$0	\$0	\$0
Change in Sales Tax Payable	\$0	\$0	\$0
Change in Prepaid Revenue			
<b>Net Cash Flow from Operations</b>	<b>(\$261,927)</b>	<b>\$14,314</b>	<b>\$32,914</b>
<b>Investing &amp; Financing</b>			
Assets Purchased or Sold			
Investments Received			
Change in Long-Term Debt			
Change in Short-Term Debt			
Dividends & Distributions			
<b>Net Cash Flow from Investing &amp; Financing</b>			
Cash at Beginning of Period	\$307,000	\$45,073	\$59,387
Net Change in Cash	(\$261,927)	\$14,314	\$32,914
<b>Cash at End of Period</b>	<b>\$45,073</b>	<b>\$59,387</b>	<b>\$92,301</b>