

Blue Mountain Translator District

**Board of Directors Special Meeting
January 28, 2019**

Regular Meeting at 5:00 PM
Denny's
2604 Island Ave
La Grande, OR 97850

Agenda

1. Call to Order and Roll Call Vote
2. Declaration of Conflict of Interest
3. Local Channel Discussion
 - o Introduction to Discussion
 - o OTA Channel
 - o OTT Channel & RFP
 - o Advertising & RFP
 - o Strategic Plan Draft 2
 - o 2020-20201 Budget
4. Expenditures
5. Adjournment

Local Channel Discussion

Staff Summary

Translator districts received authorization from the Oregon Legislative Assembly to operate a low power TV station upon the passage of Senate Bill 394, effective 1/1/2020. BMTD is tentatively pursuing launch of a viable version of an LPTV station by Q3 2020. This special meeting is intended to discuss in depth the needs to create and operate the channel, including FCC approval for creating an LPTV station, creation of a streaming version of the channel, recruitment of sponsors to support the broadcast channel, and sale of ads to support the streaming channel.

The following order of discussion topics is suggested but may be modified by the President or the Board. Certain topics may be interrelated, and transition between topics will not require formal ascent by the Board. This discussion is intended to provide staff, contractors, and Directors with action items, including the presentation of final drafts of documents at the next meeting of the Board of Directors.

- OTA Channel
- OTT Channel & RFP
- Advertising & RFP
- Strategic Plan Draft 2
- 2020-2021 Budget

Over-The-Air Channel

BMTD's primary service is broadcasting TV signals over the air in Baker and Union Counties. The District will need to find channel space, apply for a construction permit with the Federal Communications Commission, and include the necessary capital outlay for equipment and technician time.

Channel Study

- Hatfield & Dawson Consulting Engineers, LLC performed a channel study in January 2020. The firm found that Channel 19 is available for an LPTV station at 970 watts. Two other channels are available for an LPTV station at 670 watts. Information is included later in the Board Packet.

FCC Approval

- The FCC is focusing operations on repacking channels following the 2017 Incentive Auction and is not accepting new applications for LPTV stations until summer 2019 at the earliest. This time frame is not guaranteed.

Capital Outlay. The 2020-2021 Budget should include funding to create both an LPTV station and a streaming version of the station. The following capital expenses must be determined to ensure compliance with Oregon local government budget law:

- Media Server. Equipment that can receive and store video content for distribution on an LPTV signal. To be installed in office.
- PTP Delivery Antennas. BMTD will pursue installation of an antenna at the Joseph Building in La Grande that permits video in the media server to be delivered to a receive antenna on Mt. Fanny.
- Channel Equipment. Equipment necessary to operate the channel, including a transmitter, exciter, EAS, transmit antenna, and other.

Technicians. BMTD must budget for appropriate time for installation and maintenance of this channel, separate from the budget for operation and maintenance of other channels translated by the District.

OTT Channel & RFP

SB 394 authorizes BMTD to distribute signals "via alternative methods." Testimony submitted by BMTD officials focused on streaming as the primary "alternative method" for distribution, but SB 394 may also be interpreted as including cable TV among unnamed "alternative methods." While the FCC approval process may not permit BMTD to launch an LPTV station in Q3 2020, BMTD should consider creating a streaming version of the channel delivered "Over-The-Top," i.e. made accessible to viewers online through a web browser and software applications for Smart TV platforms and mobile devices.

A streaming service should provide the following features:

- The restriction of access to content for viewers who have paid a service charge to BMTD.
- The ability to distribute multiple live feeds of continuous content.
- The ability to maintain online archives of content for on-demand view by viewers.
- The creation and maintenance of applications to view live video streams and archived content on additional platforms besides a web browser, including smart TV's and mobile devices.

Additional features preferable for BMTD's activities include:

- Methods for syndicating content procured by the District, as well as for receiving syndicated content distributed by other TV stations and content creators.

- The ability to use equipment and online components to distribute content via alternative methods, including OTA broadcast, cable TV, and additional online platforms.

BMTD has primarily communicated with TelVue Corporation, a New Jersey company, following pricing discussions with both TelVue and Vimeo, a subsidiary of InterActivCorp, a New York company. BMTD will be required to submit a public RFP and receive bids from potential OTT streaming partners. TelVue has confirmed that their platform for creating OTT versions of TV channels, including equipment and services, provides all necessary and preferred features sought by BMTD. Costs for services proposed by TelVue included the following:

- Hypercaster All In One server \$9,950.00 MSRP (Capital Outlay)
- Cloud Connect
 - \$1,000 setup (Materials and Services)
 - \$1,200 annual CMS (Materials and Services)
 - \$1,800 annual channel management per channel (Materials and Services)
- Streaming Encoder \$4,950.00 (Capital Outlay)
- App \$2,950.00 per platform (includes Roku, Amazon Fire, Apple TV)
- TELVUE TOTAL without App = \$18,900.00
- TELVUE TOTAL with 1 App = \$21,850.00

TelVue's platform can be used to deliver content simultaneously to an OTT channel, an OTA TV channel, a cable TV channel, and additional online platforms such as Facebook. While TelVue's platform is primarily used for OTT and cable TelVue, a representative of the firm has clarified that their technology can be utilized for OTA broadcasting. The firm's first client was an OTA broadcaster, the defunct New Jersey Network.

BMTD should confirm whether technology provided by TelVue is compatible with the vision for an LPTV station offered by RS Technology. If a firm can provide the technology to distribute signals over-the-top, over-the-air, and on Cable TV, procuring their services for an OTT Channel positions BMTD to quickly distribute content over the air, as well as expand to additional distribution services such as cable TV. One of the additional benefits of a firm being able to include additional live streams for an OTT channel is that it allows BMTD to create a "subchannel" for OTT viewers, and a compatible OTA system may allow this OTT "subchannel" to be broadcast as a digital subchannel.

Sponsor Recruitment/Advertising & RFP

The main goal of launching a noncommercial LPTV station and OTT service is to raise additional revenue to operate BMTD's translators. This Local Channel should ultimately become BMTD's main source of

revenue, and permit the District to engage in reform of its existing revenue system.

A noncommercial TV station is forbidden from broadcasting advertisements. Features of advertisements include:

- Announcements containing price information. This would include any announcement of interest rate information or other indication of savings or value associated with the product.
- Announcements containing a call to action.
- Announcements containing an inducement to buy, sell, rent, or lease.

A noncommercial TV station that receives financial support from donors and underwriters may provide "enhanced recognition" for supportive firms and individuals in its broadcasts. Features of enhanced recognition video, graphics, and audio may include:

- Logograms or slogans which identify but do not promote;
- Location information;
- Value-neutral descriptions of a product line or service;
- Brand and trade names and product or service listings.

BMTD will need to adopt policies regarding station sponsorship and recognition to guide a sponsor recruitment sponsor. Many public access stations in the US, as well as public access media distribution services, require that programming syndicated for their use adhere to advertising guidelines from the Public Broadcasting Service. It is suggested that BMTD adopt PBS' exist "Funding Guidelines and Procedures" Policies, with appropriate modification for use by BMTD. PBS, for example, forbids recognition of corporate sponsors like casinos and sellers/manufacturers of firearms and spirits, which would limit potential sponsors.

PBS guidelines limit sponsor recognition to 60 seconds per 30-minute program; 60 seconds per 1-hour program; or 60 seconds every hour for a program exceeding 1-hour in length. 30-minute programs increase the amount of enhanced recognition that a sponsor is able to receive. PBS requires sponsor recognition segments in the 60-second slot to not exceed 15 seconds, and BMTD should consider allowing 30-second segments. BMTD may utilize extra time in a program to ask for financial support from viewers and businesses, educate viewers about District work, and broadcast PSA's.

BMTD is not held to any of the above restrictions when distributing content for OTT streaming. While it will be difficult to create two live streams, one with only sponsor recognition for the OTA signal and one with ads for the OTT stream, BMTD can instead use the same stream for OTT and OTA. Archived programs available on-demand can incorporate advertising material forbidden for noncommercial

broadcasts, including lower ⅓ ads, corner watermarks, and additional video and graphic ads.

BMTD has no pedigree in selling advertisements, necessitating a partnership with a firm or multiple firms that can recruit sponsors for the LPTV station and sell ads for the OTT service. Either BMTD or the sponsor recruitment/ad sales service must be able to create and incorporate enhanced recognition and advertising media into BMTD programming. The ideal partner for this service is a radio station or printed publication with a pedigree in advertising; such an entity can jointly partner with an additional entity to provide a joint bid for sponsor recruit, ad sales, and media production. Lastly, a radio station or other media production entity may be offered use of an additional OTT livestream and OTA subchannel for their content as part of a pricing agreement in lieu of a higher commission.

RFP components should include:

- Qualifications - Sponsor Recruitment
 - Established business or division selling advertisements for a variety of media. Experience in broadcast preferred.
 - Adequate personnel to recruit sponsors and sell ads.
 - Existing database of clients from the following regions in descending order:
 - Baker and Union Counties
 - Northeast Oregon
 - Southeast Washington and Treasure Valley region, Idaho
 - Oregon
 - Pacific Northwest
 - US
- Qualification - Media Production
 - Established business or division editing video, audio, and graphic advertisements.
 - Adequate personnel to generate enhanced recognition and advertising media, and edit this media into BMTD programming.
- Scope of Work - Sponsor Recruitment
 - Contractor will be able to recruit sponsors and sell ads. Recruiter will be able to explain the difference to their clients.
 - Contractor will help BMTD build enhanced recognition and advertising packages that address price, frequency of enhanced recognition/ads, type of enhanced recognition/ad media used, and duration of enhanced recognition/ads in content.
- Scope of Work - Media Production

- Contractor will assist sponsors in creating media.
- Contractor will create enhanced recognition media in accordance with FCC regulations for use in OTA broadcasts.
- Contractor will create advertising media for use in OTT streams.
- Contractor will edit BMTD programming to include enhanced recognition and advertising media.
- Bottom Lines
 - The most important part of the RFP is sponsor recruitment and ad sales. A Proposal that only includes sponsor recruitment and ad sales but excludes media production will be accepted. A Proposal that only includes media production will not be accepted.
 - BMTD will handle media production for sponsor recognition and advertising, and incorporation of this media into broadcast/streamed footage, if no bid for this service is accepted.
 - BMTD will consider multiple contracts for sponsor recruitment and ad sales if certain Proposers can generate revenue in regions beyond northeast Oregon.
 - Creation of media for enhanced recognition and advertising purposes can be charged to a client as an additional expense beyond sponsorship of BMTD content.
 - For example, a sponsor can pay a \$1,500 sponsorship package that includes one video recognition per week, and they need to have a video created. The \$1,500 would be split between BMTD, the Recruiter, and the content creator. The Recruiter, or Media Production partner if it is a legally separate entity from the Recruiter, can charge an additional fee beyond the \$1,500.00 to create the recognition video.
 - BMTD needs approximately \$20,000.00 to create a streaming service. A single/joint bid should be able to make at least \$20,000.00 solely for BMTD in one year. Additional preference for firms that have a plan to raise more than \$20,000.00 for BMTD.
 - A contract under this RFP can consider including the stream and broadcast of a radio station or other content library as part of compensation.
 - Sponsor recruiters must be willing to forego payment or revenue from content creators who have secured their own enhanced recognition media and advertising for distribution.

- o Media Producer must be willing to forego payment or revenue when sponsors and advertising clients provide their own media.

Strategic Plan

The Board must adopt a strategic plan to govern operations of the BMTD Channel. This plan will be used to inform the public and potential business partners of the District's intentions and business model. It will also guide the operations of an "LPTV Station Advisory Committee" that oversees the channel and makes recommendations to the Board. Lastly, action items in the plan will need to be governed by Board Policies approved by the Board with the input of the Advisory Committee as necessary.

2020-2021 Budget

BMTD must wait until the beginning of the 2020-2021 Budget Cycle before making any expenditures related to the LPTV Station. The Board must create a new Budget Program entitled "LPTV Station." While all expenditures and revenue related to this Budget Program will be included in the regular budget document, the Budget Message presented by the Budget Officer to the Budget Committee and Board of Directors will include special mandates to govern expenditures in the program. The other two Budget Programs, Administration and Engineering, will not be modified substantially from the 2019-2020 Budget, and expenditures will be governed under normal procedures.

The first expenditure to be authorized by the budget will be the OTT Channel, provided that the platform is platform with the OTA station. Price will be discussed with the OTT platform vendor. This is the most likely version of the channel to be ready to launch during Q3. Requirement Categories will include Capital Outlay for equipment and Materials and Services for online components.

Once the FCC announces a filing period for new LPTV stations, BMTD will contact Hatfield & Dawson and request that appropriate permits be filed. Requirement Category includes Materials and Services. If a filing window does not open, BMTD will not begin the permit process.

If a permit is filed, BMTD will purchase the equipment necessary to operate an OTA LPTV station. Requirement Categories will include Capital Outlay for Equipment, Materials and Services for currently unknown miscellaneous operations, and Personnel for installation by RS Technology. If the FCC does not grant a construction permit for the LPTV station during Q3 2020, BMTD will not make any expenditures for the OTA station. If a construction permit is granted after Q3 but

during a season when weather prevents installation, BMTD will not make any expenditures until installation is safe. BMTD will not make any expenditures regarding the OTA station during the 2020-2021 fiscal year if a construction permit is not granted.

As a rule, BMTD will refrain from spending any funds to procure content. Content offered to BMTD will contractually be used only when BMTD's Sponsorship Recruiter/Ad Sales service can guarantee revenue for the content. Limited use cases for content procurement expenditures will include:

- Authorizing grants in communities where new viewers increase revenue. For example, BMTD would offer a grant of 10% of service charges paid from new Baker City viewers to Baker High School Athletics to help pay for the cost of broadcasting and streaming athletic competitions. Grants will be Categorized as a Materials and Services Requirement
- Providing scholarships to student interns enrolled at local high schools, Eastern Oregon University, and Blue Mountain Community College who record and edit footage for use on BMTD's streams. Scholarships will be categorized as a Personnel Services Requirement.
- Purchasing equipment necessary for student interns to gather footage distributed by BMTD. Equipment will be categorized as a Capital Outlay Requirement.

If a Contract for Sponsor Recruitment/Ad Sales cannot be negotiated to ensure that the vendor handles payment of sponsorship/advertising dividends to content creators, the Budget Officer will make a recommendation for a content procurement Requirement categorized under Materials & Services.