

Message from the Chair of Pacifica National Board Re: Sale of the KPFK Studio Building in Los Angeles.
Julie Hewitt, March 10, 2023

Dear friends,

I am writing to update you on a noteworthy event at Pacifica Foundation. Pacifica is selling the building we own in Los Angeles that houses Pacifica-owned KPFK Community Radio, because of the poor financial situation in which we find ourselves. We are an asset-rich and cash-poor nonprofit and have been running deficits for years. Declining membership and the consequent decline in revenue are the cause. Operating at a loss can't be sustained over time.

KPFK is also the station among the five Pacifica-owned stations that has suffered the deepest losses most recently. Those losses must be and have been covered by Pacifica's other stations and the Affiliate Network Unit. Those six units are meant to be self-sustaining: the radio stations by listeners' donations and the Affiliates Network by fees the affiliates pay. The Pacifica Radio Archives unit earns revenue from selling copies of recordings we own and is also partially supported by the other units. All five stations have at some point in their history been supported through tough times by the other units, but in the past, the other units have been financially healthy. What distinguishes the current situation is that the other units don't have reserves to help shoulder that burden.

Through the pandemic, we have learned that we can use a much smaller footprint to run our radio stations. The building that houses KPFK also includes space for our national office and a portion of the Pacifica Radio Archives. Still, we are only actively using about 25 percent of the space in the building. To rent out that space for income would require modifications for which Pacifica doesn't have the funds. Selling the building makes the most financial sense. That does not mean that it was easy to arrive at this decision.

However, in the last two years, we were able to sell another building that we owned and find a new home for our Pacifica-owned station in Houston – KPFT – while paying off some of our debt. Staff there pulled together with listener volunteers to invest sweat equity into their new home, making the move an opportunity for renewal of their station. Listenership is up at KPFT, and so are their finances. Pacifica is optimistic that the very same thing will happen at KPFK.

The sale can have other up-sides. Some of the proceeds could be used to create a development department, bringing Pacifica into the 21st century, and shoring up KPFK's finances. We could also retire some expensive debt and hire professionals who, among other things, could help us succeed in securing Corporation for Public Broadcasting grants, which we had a decade ago. The sale can be win-win, like it was in Houston, with the distinction that here it would help lift the entire foundation.

Assertions that Pacifica is looking to sell KPFK's signal or to close the station are completely inaccurate. Pacifica would lose the largest signal area west of the Mississippi if we were to do so. Pacifica owns the radio tower for KPFK. There are no plans to sell this. While we have too much debt, that debt is tiny compared to the value the KPFK signal holds for Pacifica. We are selling the building precisely to avoid having to swap or sell a signal.

While things may sound dire, there is some good news. After some difficult years, Pacifica is up to date on its financial audits and our auditors deemed our accounting records to be sufficiently reliable for the auditors to express an opinion about our financial status.

While we aren't yet financially sound, we hope to use the proceeds of the sale of the KPFK building to make some critical investments that will help keep Pacifica going strong for decades. Thank you for listening to and supporting Pacifica radio by being a member of the Pacifica Foundation.

In solidarity,
Julie Hewitt, Chair of the Pacifica National Board of Directors