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RADIO NEWS

| | |
|--|---|
| Station trading benchmark: \$15 Billion topped | 3 |
| Hefty Heffel deal for New York FM put station trading for 1997 over the \$15B mark—a stunning record which should stand for..... a year? | |
| Pacing for Q1 1998 is brisk | 3 |
| Booze news: Congresspersons want FCC in the spirits | 3 |
| Meyers' tarot cards point to sunny '98 for radio | 3 |
| RIP: Arbitron plays "Taps" over monthlies concept | 4 |
| Jacor gives NSN a Wegener edge | 4 |
| Beta buddies: Citadel, DCI link up for tech tests | 4 |
| Many vendors replacing contracts with resumes | 4 |
| Lesourd caught in mousetrap? Sommers returns to LA trio | 4 |

ENGINEERED FOR PROFIT™

| | |
|---|------|
| Towering infernal: Increased need will lead to crunch | 6-10 |
| Towers: Environmental concerns make it tough to get an erection | 10 |

BROADCAST INVESTMENTS™

| | |
|--|----|
| Theme scheme: Disney readies new Tokyo park project | 11 |
| You Otter do as well: Owner finds fat funds in Fargo | 11 |

MEDIA MARKETS & MONEY™

| | |
|--|----|
| Heffel plays "skip to my Liu" to score Apple FM | 12 |
| Heffel makes a major move in getting an FM in Market #1. To do so, they are giving WPAT-AM plus \$115M cash to Multicultural Broadcasting. | |
| Max boardroom (plus radio/TV stations) going to Sinclair | 12 |
| Cloudy weather in four more markets as Cumulus moves in | 13 |
| Now it can be told: Deal dollars revealed | 13 |
| LMAs live: Cox to rent trio in Dayton | 13 |
| KJR Seattle gets a little brother | 13 |
| Withers adds Sterling addition to portfolio | 13 |
| Direct stock market passing radio by | 14 |

TOWER BUSINESS REPORT

| | |
|--|----|
| Telecom Towers picks up 148 new sticks | 14 |
| American Tower Systems gets it in Gearon | 14 |

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Trading breaks \$15B barrier!

It was hardly imaginable back in the recession years of 1990 and '91, when station trading volume was struggling to get back to \$1B per year, that before the decade was over we would be talking about back-to-back years in the double-digit billions. Despite the efforts of the DOJ to put the superduopoly genie back in a bottle, 1997 trading has broken the \$15B barrier.

The deal that put trading over that mark was Heftel's \$150M deal to buy WNWK-FM New York (see page 12). With half of December remaining, the record is certain to move even higher. Breaking the \$16B mark seems unlikely, though, but with the incredible pace of trading since the Telcom Act became law in Feb. 1996, anything is possible.

This year's trading had surpassed last year's record of \$14.4B in late October (*RBR* 11/17, p. 3).

Lawmakers want FCC booze review

Congressman **Joe Kennedy** (D-MA) sent a letter Dec. 3 to FCC Chair **Bill Kennard** (D) urging him to move forward with a review of liquor ads on radio and TV. The letter was signed by 24 House lawmakers, including Republicans **Mike Castle** (R-DE), **J.C. Watts** (R-OK) and **James Hansen** (R-UT). Last month, Kennard said he felt the FCC should consider reviewing the affects of alcohol advertising (*RBR* 11/10, p. 4).

"We believe the FCC has a critical role to play within its own jurisdiction to safeguard the public airwaves. The FCC's review...would produce a factual record on the topic of liquor advertising," Kennedy wrote.

The letter comes on the heels of Kennedy winning funding for two studies aimed at gathering data on alcohol advertising and its effects on underage drinkers.

It's crystal ball season

Jack Meyers of *The Meyers Report* is throwing his predictions into the forecasting ring. Meyers sees overall national ad spending growing 7% in '98, to \$58.72B. "For 1998 we're on the conservative side. We continue to anticipate a slight downturn, softness, in the first quarter [but] we're extremely bullish in the long term," says Meyers.

Network and national spot radio will have another up year, but Meyers sees 1998 growth at just 4.3%, to \$2.78B. That is significantly lower than other predictions made earlier this year. Local predictions will be offered in early '98. "We don't necessarily see the strength of radio as being a network," says Meyers.

The calculations are based on interviews with top ad executives, and 76% see more of their budgets going toward building brand equity. "You don't launch major new brands

Pacing forecasts holiday cheer

December radio inventory is going fast, according to the latest *RBR*/Miller, Kaplan pacing report. But it's the strong early showing for January and February that will be the best holiday present. Those numbers show that so far, radio will be keeping up its strong pace into 1998, following a robust 1997. "We're expecting that those markets seeing double digit growth will be able to maintain that in 1998," predicts Miller, Kaplan's **George Nadel-Rivin**. Cheers!

RBR/Miller Kaplan Market sell-out

| | 1997 | 1996 |
|--------|-------|-------|
| Dec. 1 | 72.9% | 73.4% |
| | 1998 | 1997 |
| Jan. | 24.3% | 20.8% |
| Feb. | 14.9% | 12.7% |

through radio," says Meyers. *Next week: RBR looks at all the dueling predictions for 1998 and beyond.*

RBR observation: Meyers believes other media are better suited for building brands, and that is why national radio is getting shorter shrift in his predictions. We're still puzzled that Meyers does not take into account national spot radio's tremendous growth in 1997, up 16% YTD (*RBR* 12/1, p.3). A lot of that growth came due to the new advertising efficiencies offered by consolidated radio groups.

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Arb Council kills monthlies

After months of controversy, Arbitron said it will not be producing monthlies. The issue headed the agenda of the Arbitron Advisory Council, which met last week. Broadcasters were split on the issue, but the RAB Board and the Advisory Council were strongly opposed (*RBR* 10/27, p. 6; 11/3, p. 4; 11/10, p. 6).

Arbitron also announced council election results: **Chuck DuCoty**, GM, WISN-AM Milwaukee is the new Chair. **Irv Goldstein**, VP/GM, Berkshire Broadcasting Corp.

Jacor wires NSN with Wegener for major markets

Putting its purchase of NSN Network Services (*RBR* 4/28 p. 4) to work, Jacor announced the satellite delivery company has placed an initial order for Wegener digital send and receive hardware totaling \$700K. The equipment will allow major market Jacor radio properties to send and receive short and long form programming, production and commercial spots.

For sending, each market group will be equipped with its own SCPC uplink to include the Wegener DE98 digital audio encoder, the DM196 variable rate modulator and a COMPEL network control system. Wegener's DR96Q variable rate QPSK receivers will also be installed to complete the two-way capability.

"This is the first step towards what we trust will be an expanding network. The COMPEL network control system will tie in their master control in Avon, CO with Jacor's top markets and allow control from all those areas so that there's both a master control for a large future network and control within regions," said **Keith Smith**, VP business development, Wegener.

Citadel to wire up with DCI?

Free trial offer? Citadel has agreed to have Digital Courier International's Internet server application and ISDN lines installed at all 101 stations as a company-wide corporate intranet test. Citadel already has 90% of its O&Os wired with DCI to receive commercial spots. Incorporating the remaining stations will complete Citadel's ability to send and receive data, programming, spots and other inventory corporate-wide.

News Analysis

Radio vendors, pick your partner!

by Katy Bachman

Consolidation is forcing many radio consultants and vendors to rethink their businesses. "A lot of the service people are going to have to choose a partner," said **David Lebow**, Chancellor's new station research and development VP. "They're going to have to decide how they're going to play consolidation."

Last week, Lebow finalized his choice to align himself with his biggest client, Chancellor Media (O:AMFM), shuttering Rating Point Management, the Westport research consultancy he founded three years ago. For Lebow, it was a matter of making the choice himself before it was made for him. Some of his three-years work will live on through the The Research Group, which was a "silent investor" in Lebow's firm and will be marketing Lebow's software and Arbitron ratings crunches.

Lebow is not the first consultant in the consolidation age to go from owner to employee. Other consultants have made similar choices. **Jaye Albright**, formerly with Broadcast Programming and then her own firm, Albright, Hill and O'Malley, recently took a position as Jacor's (O:JCOR) VP, Country programming. **Dave Martin**, founder of the Radio Consultants, became a CBS (N:CBS) Dallas GM. **Rick Peters** gave up the program consultancy bearing his name to take the position of President/CEO for Capstar's Southern Star Communications radio group.

Even the larger research and consultant firms will need to make tough decisions. For example, Paragon Research, which has always done business with select packaged goods clients, is looking to step up that part of its business.

RBR observation: There will be more vendor fallout as groups continue to bring inside or consolidate services and resources, either hiring key individuals or buying the company (*RBR* 7/21, p. 3). Look for programming and research to go first—those two resources are critical to radio station and radio group's competitive success.

Here's "The Buzz" —Lesourd out, Sommers back

by Carl Marcucci

Perhaps it was the December *Buzz* (LA's trendy monthly mag) article that broke **Maureen Lesourd**'s back, but shortly after last Wednesday's big meeting of all three ABC LA stations' staff, the news came down that Lesourd had resigned after 18+ months tenure. KLOS-FM veteran **Bill Sommers** is returning from semi-retirement to take her place. Sommers had been with KLOS since 1973, and was President/GM from 1986-96.

The three-page article, "Squeeze Play," chronologically bashed Lesourd's term at the LA group and was peppered throughout with stories of rash firings and poor morale. "There were almost 60 families that were impacted by her and there was a very thick trail of blood around that facility. They were all people that I had hired. I feel very bad about that," said consultant **George Green**, 38-year KABC vet, who was forced to retire when ABC brought Lesourd to LA.

Author **Ray Richmond** wasn't able to interview Lesourd. In-market sources told *RBR* that the decision for Lesourd and ABC not to talk to Richmond came all the way down from Disney corporate, not ABC as the article said.

The episode caps off weeks of controversy since Lesourd decided to move KABC-AM host **Michael Jackson** from weekdays to weekends. Jackson resigned.

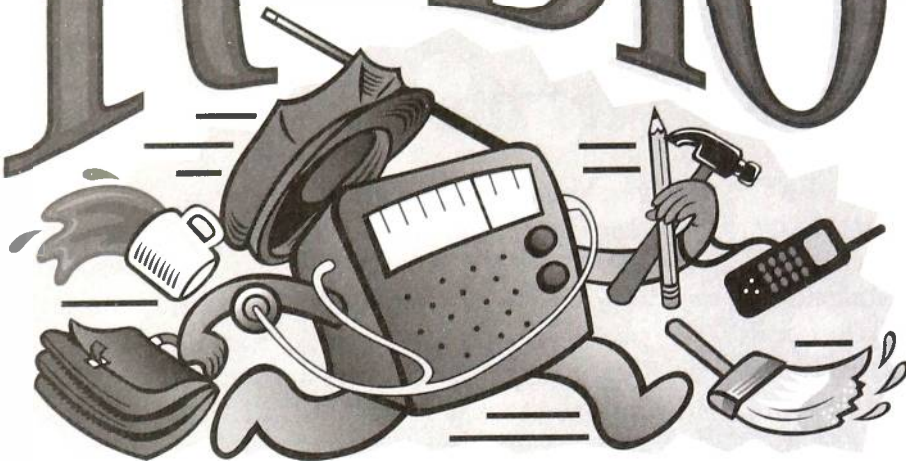
Ratings for all three stations have been flat. KABC-AM, averaging a 3.0 P12+, slipped slightly in Summer to 3.1 from a year ago. KLOS-FM went from a 2.5 to a 2.0 in Summer and KTZN-AM, now a Radio Disney station, posted a 0.7.

RBR observation: *RBR* sources say Disney hasn't been thrilled with the performance of its ABC LA stations since acquiring ABC in Feb. 1996. Indeed, all three had slipped from former glory even before Mickey made the buy. So, a lot of changes were made in a short period of time: Bringing in Lesourd, retiring Green and Sommers, reprogramming KABC to a younger audience, switching KMPC from News/Talk to KTZN-Women's Talk, and then to Radio Disney.

KTZN's "The Zone" (Lesourd's "baby") was given only six months before Disney pulled the plug. *Talkers* magazine named The Zone "format of the year" and Lesourd, executive of the year.

With all the management changes, and now the return of Sommers, it appears ABC and/or Disney management is "grasping at straws," again looking for the quick fix.

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ARBITRON

by Carl Marcucci

Towering hurdles: Preparing for the crunch at the top

It's all hitting the fan at once—FCC DTV conversion deadlines, soon to be displaced FMs lessees, a shortage of tall tower crews, zoning restrictions and new RF emission standards—are driving the industry into an imminent "tower crunch." In addition, the FCC will have to approve permits for building, modifying and consolidating the ensuing multitude of towers.

Its a boon for the tower industry, but DTV coverage often requires tall towers to equal the current analog. Of the estimated 100+ tower erecting crews nationwide, only six or seven build and modify tall towers. That number isn't going to change much in the next few years.

The DTV deadline for network affiliate conversion is May 1, '99 in the top 10 markets, November 1, '99 for the top 30 markets, and May 1, 2002 for the remaining markets. All 1,500 US TV broadcasters will need DTV antennas by 2006. Where necessary, many TV broadcasters will not renew FM antenna leases to make room for DTV—those FMs will have to be relocated to other tall towers.

"It's happening now. We've already put in a notice in a couple of markets that the lease will not be renewed," said **Gary Hess**, director of tower operations, American Tower Systems (ATS).

While Hess gave an FM displacement estimate of 25%, it's hard to

arrive at any exact figure before engineering studies are done and choices are made.

"We really don't know the extent of the problem. We don't have a handle on how many FM stations are on TV towers, how many new TV towers are going to have to be built, how many existing TV towers can handle the additional load without having to take something off, or whether there's space on existing towers," said communications attorney **Gregg Skall**, Pepper & Corazzini.

With NAB and FCC estimates of 600 new DTV towers needed and a substantial number of FMs kicked out of the nest, there's a lot of work to be done. Can the industry toe the mark under current conditions? *RBR* examines the hurdles.

Safety a major concern

"Crews and safety are just a huge issue. I can't stress that enough. To hurry things up for all the wrong reasons would be inappropriate," said **Carl Hirsch**, CEO, OmniAmerica Wireless. (OmniAmerica is backed by Hicks, Muse, Tate & Furst and recently purchased a one-third interest in fabricator Kline Tower).

The tower industry has seen four collapses in the past year, three of which caused crew fatalities. The latest in Jackson, MS (*RBR* 11/3, p.14)

claimed three workers for LeBlanc Communications—a fabricating and erecting company headquartered in Canada. The other collapses occurred in Fargo, ND (from weather), Dallas, TX and Monroe, LA.

Is four per year a normal figure for the industry? "I would say the latest number of collapses is not typical—we've had some bad accidents in the last year. The problem is the Bureau of Statistics has only provided data for the past three years on why towers collapsed, or even if they were a communications tower," said **Gordon Lyman**, safety and QC manager, LeBlanc.

Towers are weakened from the ice, wind and coastal saltwater. From time to time, structural reinforcement is required—especially when adding antennas. When you have 2,000 feet of metal up in the air and you take one of the guy wires away to replace it, it can be precarious. Imagine what happens when you start making changes to the weight distribution on a 45-year-old tower.

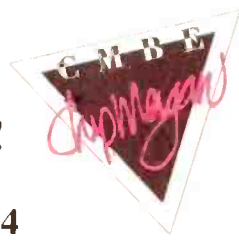
While the recent Jackson, MS tower collapse is still under investigation, *RBR* spoke with **Bob Henke**, CE of FM lessee KYNG-FM Dallas. The gin pole that caused the Oct. 12, '96 Dallas collapse is a heavy steel derrick that is slung from the top of the tower with a winch attached. It is used to lift

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sections of the tower while being built, and is moved higher on a track system until at the top, where antennas are hoisted up. Three deaths resulted in the collapse of the Ch. 39 KXTX tower.

"We do not know what caused the gin pole to fail. It broke loose and did a 180, turning completely over, hitting and snapping a guy wire. That started the whole tower to swivel and then it came down. The day it fell, three workers were raising Channel 39's new DTV antenna to the top of the tower. Two of them came straight down with the tower, the other was catapulted through space and out into the woods. It was horrible," said Henke.

Henke was left in a difficult position—KYNG had no back-up or auxiliary site. "It was kind of a scramble. The technical departments of other stations realized that I was in trouble. Their management and the chief engineers offered immediate help—there was no more competition. KDMX-FM Dallas offered to retune their auxiliary transmitter to 105.3, which is our frequency. In doing so, I was able to get back on the air at a lower power."

Spreading it thin

There are probably only six or seven crews—three or four people in each—that can erect tall towers in excess of 1,000 feet. Both ATS and OmniAmerica are concerned about those numbers, along with the industry's manufacturing capacity.

"My hope is that instead of having lower-skilled crews trying to do [these tall tower jobs], more crews will get trained. But in reality, I think you're going to see more of a slow-down in getting DTV towers deployed. Also, there's only three or four manufacturers who can fabricate big towers. If I want a tower built by the end of next year, I have to order that tower right now [early Nov.]," said **Jim Eisenstein**, VP corporate development, ATS.

Hirsch echoes Eisenstein's concerns. "At the moment, we are able to handle the demand that exists. As time goes on, that remains to be seen," he said. "Some of the metal benders' capacity is going to be taxed in the fabrication process, and as such we believe that our investment in Kline Tower certainly is going to help our situation and our clients because we will prioritize—first in and first out."

LeBlanc employs its own crews—out of 40 US crews, only one or two work on tall towers. U.S. production ratios are similar—so far this year, the company fabricated and erected 350 cell towers and one tall tower. "Until somebody comes up with how many more tall towers will be needed, I don't know how much of a crunch there will be. I think it's pretty obvious that manpower is a huge problem. The work that's there just can't be done, and I don't think it can be manufactured in time," said Lyman.

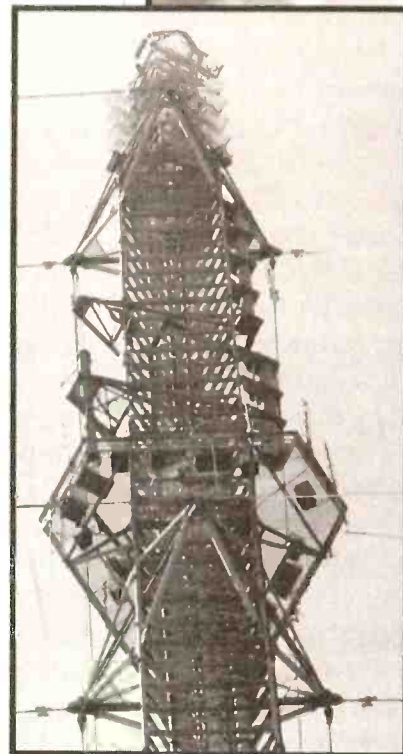
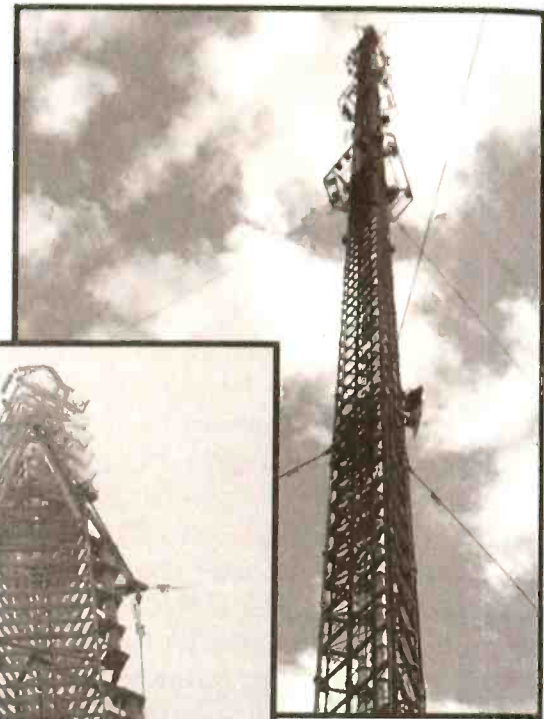
Finding and training tall tower crews takes on-the-job training and a lot of time. Out of Dallas-based Doty-Moore Tower Co.'s 40 erector employees, only eight are qualified to work on or build tall towers. **Don Moore**, 20-year veteran and co-owner Doty-Moore, explains: "You can't just run out and teach people how to do this kind of work. We would be spreading ourselves too thin to try and do that. We're expecting a lot more work, but I'm not training people—we're not going to be any larger than we are right now. You have to spend at least three years to get a decent person, and probably five before they can be left on their own. Even when we bring people in that have worked on small towers, these large towers are a different animal. There's a lot more room for error in small towers. You make a mistake in your loads on a large tower, and it's a critical one."

Regulation restriction

Many say if the FCC wants broadcasters to stick to its DTV construction timetable, the bureaucracy needs some streamlining. State and local zoning delays, building permit delays and new RF emission standards all can impede that timetable. The FCC rules for DTV rollout state that the tower must be located at or within three miles of the the existing analog site—now almost always surrounded by suburbs and zoned residential.

While the current ordering-to-completion time frame for tall towers is over a year, no one can place an order until they have zoning and building permits—so add four to six

OmniAmerica's Miami supertower: 79 total clients; 11 FMs 3 TVs, 3 DTVs to come. Minor strengthening will be needed to house the DTV antennas.



Enlarged view of the tower

months average for that in most cities.

However, local jurisdictions sometimes have a tendency to draw

these things out as long as possible. "In Hudson, MA, a Home Shopping Network affiliate wanted to take down an existing tower and replace it with a stronger one of the same size that could also support their DTV antenna. It took close to two years of fighting with the township, and finally a win in court for the tower to be replaced," said **Pete Starke**, director of broadcast tower development, ATS.

Important to the zoning issue is an FCC Petition for Rulemaking proceeding first instituted by the NAB May 30. The notice, labeled MM Docket 97-182, was released August 19. If adopted, the FCC would have authority to preempt local and state zoning regulations for DTV tower placement and modification (the FCC can currently override local restrictions on cellular and PCS tower siting as granted by the Telcom Act of '96). The Petition also asks for rules to limit the review of CP proposals to 21 days when replacing or modifying towers at an existing site; 30 days to move a tower 300 feet or less, consolidate

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facilities or increase tower height; and 45 days for every other proposal.

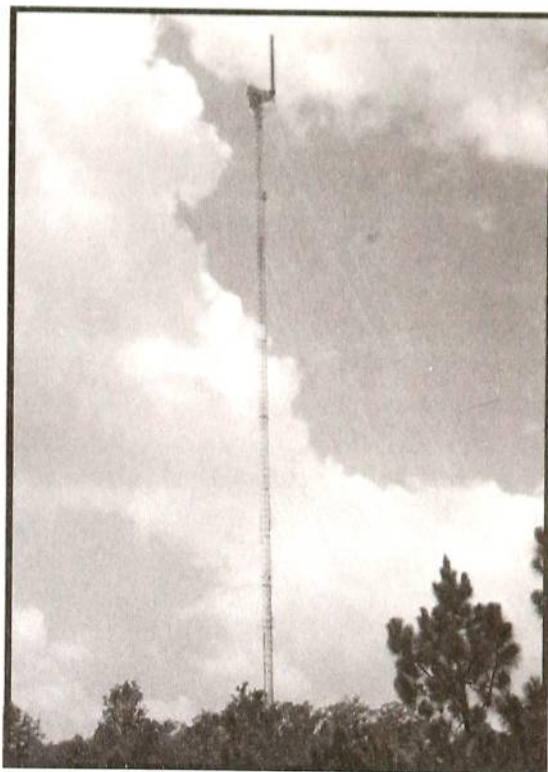
The FCC could also make things better for FMs by adopting a waiver policy under the contour protection rules (73-207, 215) to allow more stations to site at existing antenna farms. "This may mean short-spacing with other broadcasters, but in many cases only minimal. More people could get on fewer towers," said Skall.

While Docket 97-182 would remove one bottleneck, a recently introduced Senate bill (Oct. 30) could lengthen it. S-1350, the Tower Siting Repeal bill introduced by Senators **Patrick Leahy** (D) and **James Jeffords** (R) of Vermont seeks not only to remove pre-emptive power for cell towers, but prohibit the FCC from adopting 97-182.

Tower design is another ever-evolving regulatory process. Information from historical weather events is gathered to come up with new wind load specifications that new towers have to meet. They have to be built to meet the latest specification set by engineering groups like TIA, EIA, ANSI and IEEE. The latest—RS 222-F spec is provided by TIA/EIA (Telcom Industry Assoc./ Electronic Industries Assoc.). This is the standard that most insurance underwriters require, along with state and local building codes.

While new standards are issued every few years, old standards are grandfathered to existing towers. Most insurance companies continue to underwrite to the original design load spec if it is maintained, regardless of added antennas. It is the tower owner's responsibility to conduct an engineering/structural analysis study to assure coverage and reduce liability when adding to the tower.

New RF emission standards be-



American Tower Systems' West Palm Beach supertower: Completed in January and not yet full, it can host 4 DTV antennas, 5 FMs and a large assortment of government and personal communications antennas.

came effective Oct. 15. While most tall tower broadcasters won't need to make changes to comply, mountaintop and rooftop antennas holders will.

Uncontrolled environments where the public could wander in close proximity to the antennas are areas that the new regulations target—and maybe for good reason. Said Hess: "I remember getting too close to an antenna—my skin felt like a swarm of bees was attacking me. No one really knows what RF level or exposure time will cause damage, but it's better to be safe until we do."

A light at the top of the tower?

Tower companies like OmniAmerica and ATS will aid broadcasters in certain markets, providing turnkey solutions.

Instead of spending a tremendous capital outlay to build a DTV tower themselves as many broadcasters did for analog, all they have to worry about is making a lease payment.

"We have the capacity to target a market with a soup-to-nuts kind of product—community towers with master antennas, or what we call 'supertowers,' are vertical shopping malls. At the top we would have our anchor tenants, which is the DTV setup, and below that FMs, and lower down the personal communications antennas. If there's enough broadcaster support in that market, we will own and manage the site, finance the construction, zone it and build it," said Hirsch. "That is the answer."

ATS, recently spun off from parent company American Radio Systems (ARS) in the sale to CBS (*RBR* 9/22 special insert), has already consolidated ARS FM O&Os in West Palm Beach, Austin, Seattle, San Jose, Boston and Portland antenna sites. The recently built candelabra tower in Austin can hold four DTV antennas and has a top-mounted master FM antenna that can host 10 stations.

"So it's not this doomy, horrible situation that everybody thinks—that the FMs are just going to be put out of business. It's just going to drive them to be more efficient and consolidate into a top-mounted FM broadcast antenna, and get a better signal [than previous side-mounts]. One six-inch line can run five FMs," said Hess. "In most cities, one tall tower designed properly can handle everybody's needs—and that's exactly what we do."

RBR observation: The supertower solution will take planning and cooperation from everyone involved, including the FCC. The fewer towers that need to be built and the fewer delays they encounter, the faster the deadlines can be met.

In one respect, technology is driving the broadcasting and personal communications industries faster than towers can be built and land can be zoned to accommodate them. Add to the list LMDS (Local Multipoint Distribution Service), wireless cable and Internet, which will need cell-type towers in 492 cities. The auction for those licenses is coming in February.

Just imagine if the planned 1999-2000 IBOC digital conversion required additional antennas....

Turtles can slow the process, too

Gary Hess, director of tower operations American Tower Systems (ATS) offers a recent example of how environmental regulation can also impact tower placement:

"In the old days, even with AM, you would just buy a piece of farmland or swampland and build your tower. Today those areas may be more difficult to build than if you built it in the middle of the city—because of environmental issues, Army Corps of Engineers and endangered species [protectionism]. Right now, I'm migrating 14 turtles from a tower site in Florida [WBZT-AM West Palm Beach] at a cost of \$13,000 because we have to document them, mark them, trap them and relocate them all under the supervision of the Florida Game and Freshwater Fish Commission."

BROADCAST INVESTMENTS™

December 3—RBR Stock Index 1997

| Company | Mkt:Symbol | 11/25 Close | 12/3 Close | Net Chg | Pct Chg | 12/3 Vol (00) | Company | Mkt:Symbol | 11/25 Close | 12/3 Close | Net Chg | Pct Chg | 12/3 Vol (00) |
|----------------|------------|----------------|---------------|------------|------------|------------------|------------------|------------|----------------|---------------|------------|------------|------------------|
| Ackerley | A:AK | 15.562 | 16.875 | 1.313 | 8.44% | 93 | Heftel Bcg. | O:HBCCA | 36.750 | 42.750 | 6.000 | 16.33% | 2774 |
| Alliance Bcg. | O:RADO | 0.500 | 0.500 | 0.000 | 0.00% | 0 | Jacor | O:JCOR | 43.000 | 43.937 | 0.937 | 2.18% | 3118 |
| Am. Radio Sys. | N:AFM | 49.812 | 50.875 | 1.063 | 2.13% | 705 | Jeff-Pilot | N:JP | 76.125 | 76.750 | 0.625 | 0.82% | 3027 |
| AMSC | O:SKYC | 7.750 | 7.375 | -0.375 | -4.84% | 214 | Jones Intercable | O:JOINA | 13.625 | 13.687 | 0.062 | 0.46% | 94 |
| Belo Corp. | N:BLC | 49.250 | 50.625 | 1.375 | 2.79% | 1550 | Metro Networks | O:MTNT | 31.500 | 30.750 | -0.750 | -2.38% | 129 |
| CBS Corp. | N:CBS | 29.250 | 30.250 | 1.000 | 3.42% | 35093 | New York Times | N:NYT | 57.937 | 60.375 | 2.438 | 4.21% | 3786 |
| CD Radio | O:CDRD | 18.312 | 17.125 | -1.187 | -6.48% | 1671 | News Comm. | O:NCOM | 1.750 | 1.750 | 0.000 | 0.00% | 0 |
| Ceridian | N:CEN | 43.187 | 44.750 | 1.563 | 3.62% | 3236 | Pacific R&E | A:PXE | 4.000 | 3.750 | -0.250 | -6.25% | 10 |
| Chancellor | O:AMFM | 59.000 | 61.250 | 2.250 | 3.81% | 3088 | Paxson Commun. | A:PAX | 8.562 | 7.875 | -0.687 | -8.02% | 1609 |
| Childrens Bcg. | O:AAHS | 3.750 | 3.500 | -0.250 | -6.67% | 333 | Pulitzer | N:PTZ | 53.625 | 56.000 | 2.375 | 4.43% | 64 |
| Clear Channel | N:CCU | 67.187 | 68.500 | 1.313 | 1.95% | 2825 | RealNetworks | O:RNWK | 17.250 | 15.562 | -1.688 | -9.79% | 2598 |
| Cox Radio | N:CXR | 33.250 | 37.812 | 4.562 | 13.72% | 261 | Saga Commun. | A:SGA | 19.562 | 19.812 | 0.250 | 1.28% | 0 |
| DG Systems | O:DGIT | 3.562 | 3.625 | 0.063 | 1.77% | 245 | SFX Bcg. | O:SFXBA | 74.875 | 77.062 | 2.187 | 2.92% | 251 |
| Disney | N:DIS | 93.687 | 95.312 | 1.625 | 1.73% | 11240 | Sinclair | O:SBGI | 34.500 | 36.125 | 1.625 | 4.71% | 1427 |
| Emmis Bcg. | O:EMMS | 45.125 | 45.000 | -0.125 | -0.28% | 288 | Sportsline USA | O:SPLN | 8.062 | 7.750 | -0.312 | -3.87% | 706 |
| Faircom | O:FXCM | 1.000 | 0.937 | -0.063 | -6.30% | 20 | TM Century | O:TMCI | 0.656 | 0.656 | 0.000 | 0.00% | 0 |
| Fisher | O:FSCI | 121.000 | 122.000 | 1.000 | 0.83% | 21 | Triathlon | O:TBCOA | 11.000 | 11.000 | 0.000 | 0.00% | 69 |
| Gaylord | N:GET | 31.375 | 31.000 | -0.375 | -1.20% | 532 | Tribune | N:TRB | 55.250 | 58.500 | 3.250 | 5.88% | 1286 |
| Granite | O:GBTVK | 9.500 | 9.062 | -0.438 | -4.61% | 3888 | Westwood One | O:WONE | 30.375 | 30.000 | -0.375 | -1.23% | 337 |
| Harris Corp. | N:HRS | 45.937 | 47.562 | 1.625 | 3.54% | 3449 | WinStar Comm. | O:WCII | 26.562 | 27.937 | 1.375 | 5.18% | 7623 |

Disney sets sail for new theme park

Disney (N:DIS) is teaming up with a Japanese company, Oriental Land Co. Ltd., to develop a new theme park adjacent to the existing Tokyo Disneyland Park. The new park, to be called Tokyo DisneySea, will be the first Disney park to feature an ocean theme, with opening slated for Fall 2001.

Overlooking Tokyo Bay, the new park will be divided into seven "ports of call," including a Mediterranean harbor, a whimsical area styled after Disney's "The Little Mermaid" movie, and an American waterfront. The developers are projecting that 10M people will visit the new park each year.

Otter earnings

Otter Tail Power Co. (O:OTTR), which owns a radio superduopoly in Fargo and a small combo in Minnesota, reported Q3 revenues up 7.3% to \$101.9M. Earnings available to common shareholders rose 17.7% to \$7.2M. The majority of Otter Tail's revenues and earnings come from its electric utility business.

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by Jack Messmer

Heftel gets NYC FM in \$150M cash/swap deal

Heftel Broadcasting (O:HBCCA) is filling an important gap in its station portfolio with a deal to acquire a New York FM, WNWK-FM Newark, NJ, in a cash/swap deal with **Arthur Liu's** Multicultural Broadcasting.

"New York is the only top-ten Hispanic market in which we have not had an FM station," noted Heftel CEO **Mac Tichenor**.

Adding the 105.9 MHz signal, which broadcasts from the Empire State Building master antenna, will give the number-one Spanish radio group a long-sought FM signal in the Big Apple, where arch-rival Spanish Broadcasting System already has two.

No LMA is planned, so Heftel won't be launching its new Spanish for-

mat until closing, which is anticipated in February.

Liu's brokered foreign language programming won't be without a home. As part of the deal, Heftel is signing over WPAT-AM. That will give Liu two AMs in New York—the other is WKDM-AM—not to mention the \$115M cash payment. Heftel will retain its Spanish News/Talk WADO-AM.

AM sales in the number-one Arbitron market are few and far between. Heftel paid \$19.5M for WPAT-AM in late 1995 (*RBR* 11/6/95, p. 12), just before radio station prices began a meteoric rise. Our sources say the AM is being valued at \$35M in this deal, making the total price of the FM \$150M. **Broker:** Rumbaut & Co.

RBR observation: Arthur Liu

battled for ten years against a myriad of other applicants and an obstructionist interim operator (the previous owner's license had been revoked) before winning the FCC license and putting WNWK-FM on the air in 1992. He couldn't have imagined when that process began just what kind of regulatory and legal morass he was getting into, or that he would eventually bank \$100M+ in profits from selling the station. Even better, he doesn't have to abandon any of his clients who broadcast to New York's diverse melting pot of the world's citizens—just migrate them to a different band.

Sinclair Max-imizes

Sinclair Broadcast Group (O:SBGI) is growing both its radio and TV groups with a \$255M cash deal to buy Max Media Properties LLC. The deal includes eight radio stations in Norfolk and Greensboro/Winston-Salem, six TV stations and three TV LMAs. Two as-yet-unspecified FMs will be spun-off in Norfolk to comply with Telcom Act ownership limits.

Sinclair CEO **David Smith's** announcement said the deal is expected to close in the second quarter of 1998, following approval by the FCC and DOJ. The transaction will be financed with bank borrowings.

Max Media is headed by Chairman **Gene Loving** and President **John Trinder**. The radio group is headed by Exec. VP **Larry Saunders**.

RBR observation: According to BIA, the Max Media TV stations had 1996 revenues of \$36.2M and the radio group \$16.6M. That would make radio approximately 31% of this deal. However, the TV group includes three developing stations, one owned and two LMAs, so 1997 TV revenues should be growing faster than radio. Thus, we're estimating the radio portion of the purchase price at \$75M.

Lee Zapis, President of
Zapis Communications Corporation

has agreed to transfer the assets of

WICT-FM, WWSY-FM and WPAO-AM
Youngstown, Ohio

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\$2,600,000

to

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Cumulus buying spree continues

There seems to be no quenching Cumulus Media's thirst for medium and small market radio stations. Here's the latest update on buys in four markets—Myrtle Beach, Ocean City-Salisbury, Bangor and Beaumont-Port Arthur.

Five stations merged in Carolinas

Cumulus is heading to the beach—Myrtle Beach—with a series of deals to build an \$10.3M superduopoly.

Cumulus Media LLC is headed by **Richard Weening** and **Lew Dickey Jr.** Its operating subsidiary, Cumulus Broadcasting Inc., is headed by **William Bungeroth** and **Richard Bonick Jr.**

In one deal, the company will pay \$2.3M for WJXY-AM, WJXY-FM & WXJY-FM, currently owned by companies controlled by **Stan Karas**.

In a pair of related deals, Cumulus will also pay \$5M for WSYN-FM and \$3M for WDAI-FM. **Richard Laughridge** and **Lewis Cromer** are current investors in the licensees of both, while **Barry Brown** is also their partner in owning WDAI. Broker: (all Myrtle Beach deals) The Whittle Agency

Beach buy in Maryland

Another Atlantic beachfront market where Cumulus already owns a superduopoly is Ocean City-Salisbury, MD. It's now adding to that superduopoly with a \$1.3M buy of WJDY-AM & WSBY-FM from Connor Broadcasting, owned by **Parker** and **Susan Connor**. Broker: **William Shutz**

Buying in Bangor

Far from those beach resort areas, Cumulus is growing the Bangor, ME market with a \$6.4M purchase of an existing duopoly—WQCB-FM &

WBZN-FM. The seller is **Peter Haffenreffer's** Castle Broadcasting. Cumulus previously purchased WTOS-FM in the Bangor market.

Texas deal update

In the Beaumont-Port Arthur market, where Cumulus is buying KQHN-AM, KAYD-AM & FM & KQXY-FM from Petracom (*RBR* 11/24, p. 14), we now know that the price tag is \$10.77M. The double duopoly is being spun off as ABRY-backed PHI Holdings acquires Petracom's TV properties.

Prices revealed...

Recent FCC filings have revealed prices for the following deals:

- Clear Channel (N:CCU) is paying approximately \$28.6M for Capstar's (Atlantic Star) WEEEX-AM & WODE-FM Allentown, based on a multiple of 13 times 1997 cash flow (*RBR* 11/24, p. 14).
- Capstar's GulfStar is paying \$9M for Big Chief's KTCS-AM & FM Fort Smith, AR (*RBR* 11/10, p. 12). Broker: **John Barger**

So old it's news again...

Cox Radio (N:CXR) announced last week (12/2) that it had LMA'd three Dayton stations, WPTW-AM, WCLR-FM & WZLR-FM. *RBR* reported the LMA deal in its Oct. 13 issue, when the three were purchased for \$6M by **Charles Giddens'** Xenia Broadcasting. Cox itself can't buy any additional radio stations in the Dayton market because its parent company, Cox Enterprises, also owns the *Dayton Daily News* and the FCC has repeatedly said no to waiver requests in similar situations.

RBR's deal digest

The Ackerley Group (A:AK) is buying KHHO-AM Tacoma as a complement to Sports KJR-AM Seattle and a south Puget Sound signal for broadcasts of Ackerley's NBA Seattle SuperSonics. *The Seattle Times* reported that seller Southwave Wireless is being paid \$2.1M... **Russell Withers** is adding WSDR-AM, WSSQ-FM & WZZT-FM Sterling-Morrison, IL to his radio group, paying \$1.5M to **Alex Seith's** LH&S Communications. Broker: **Frank Boyle**, Frank Boyle & Co... **Dain Schult's** Texrock Radio is buying KVOP-

AM & FM & KKYN-AM & FM Plainview, TX for \$1M. The seller is Radio Music Box Co. LC, owned by **Michael Fox** and **Donald A. Williams**. Broker: **Terry Greenwood**, Patrick Communications... Capstar's GulfStar has a \$635,000 deal to add **John Bell's** KTFS-AM & KTWN-FM as its fifth and sixth stations in the Texarkana market. Broker: **Wally Tucker**; **John Barger**... **Peter Arpin's** ADD Radio Group is adding WARA-AM Attleboro, MA from Merolla Chiropractic Inc. Broker: **Robert Maccini & Stephan Sloan**, Media Services Group

SOLD!

Capstar Broadcasting Partners, Inc., R. Steven Hicks, Chairman and CEO, has entered into an agreement to acquire KFSO-FM/KEZL-FM/KTHT-FM, Fresno, CA in exchange for KRNO-FM/KWNZ-FM/KCBN-AM, Reno, NV, and additional consideration, for a total value of \$27,000,000.

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Radio missing out on direct stock market?

A growing number of companies are offering direct stock purchase programs, allowing small investors to buy shares directly without paying brokers' commissions.

In the December 1 issue of *Barron's*, **Charles Carlson** (who tracks the plans for his investment newsletter, *DRIP Investor*), lists more than 150 US companies that offer direct stock purchase plans—and nearly as many foreign companies whose shares trade in the US. Although the plans incur some expense for the companies in keeping track of numerous small accounts, they have the advantage of adding long-term buy-and-hold shareholders. Playing the market for short-term profits through the direct programs is virtually impossible, since most require all buy and sell orders to be executed on a set day of each month (and some use multi-day price averages).

Sound like a good way to invest in some of the hot broadcast stocks in *RBR's* weekly stock chart (page 11)? Sorry, Charlie—broadcasters offering the programs are extremely rare. The only radio station group owners listed by Carlson as offering the direct stock plans are Disney (call 800-948-2222 for sign-up materials) and Tribune Co. (800-924-1490). The only other company on the list that has a major involvement in broadcasting is a lender, Finova Group (800-774-4117).

RBR observation: The number of direct stock purchase plans has grown six-fold in the past three years. Maybe a few more broadcast companies will join the parade in 1998.

Meanwhile, we'll have to investigate investing in Boston Beer, either via the stock (888-266-6780) or a six-pack of Samuel Adams™ (local stores).



Tower Business Report™

Telecom Towers adds 148

Telecom Towers LLC, which is partly owned by Cox Enterprises, is buying the tower site management business of Arch Communications Group (O:APGR) for \$40M. The deal includes 148 towers and management contracts at 134 sites in 21 states. Arch is the nation's second-largest paging company. **Broker:** Daniels & Associates

Another stick deal for ATS

Steve Dodge is continuing to build American Tower Systems (ATS) for its early 1998 spin-off as a standalone company when American Radio Systems (N:AFM) sells its radio group to CBS (N:CBS). Dodge's latest tower acquisition is Gearon & Co., an Atlanta-based tower site acquisition and

construction management company. ATS will pay \$32M in cash and 5.3M shares of stock. Since ATS stock is being valued at about \$5.50 per share on Wall Street, the total deal value is approximately \$61M. (See related story, "Towering Hurdles," page 6-10.)

Supertower for beer city

After four years of planning, battling and negotiating, OmniAmerica was recently granted final approval for its 1,221 foot supertower by Milwaukee's Board of Zoning Appeals. Upon completion, the tower will host Milwaukee's Public DTV and FM antennas. In total, the \$7M tower when completed in late '98 will be able to house 12 DTV, 14 FM and 35 personal communications antennas.

Transaction Digest
continued from page 16

iam Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$115K escrow, balance in cash at closing. **Superduopoly** with WSYN-FM & WDAI-FM. Broker: The Whittle Agency

\$1,300,000—WJDY-AM & WSBY-FM Salisbury-Ocean City (Salisbury MD) from Connor Broadcasting & Connor FM Broadcasting Co. (J. Parker Connor, Susan C. Connor) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$1.3M in cash at closing. **Superduopoly** with WTGM-AM, WLWV-FM, WRXS-FM, WQHQ-FM & WLBW-FM. Broker: William Shutz

\$1,050,000—* KATI-FM California MO from CMB II Inc. (Alan Brill), part of the Brill Media group, to MVP Radio Inc. (David R. & Thomas M. Zimmer), part of the Zimmer Broadcasting group. \$600K escrow, balance in cash at closing. **Duopoly** with KWOS-AM & KJMO-FM Jefferson City MO. LMA since Nov. 1. Broker: Media Services Group

\$700,000—KVJY-AM McAllen-Brownsville (Pharr TX) from July Broadcasting Inc. (Philip J. Giordano) to Vie Dansante Broadcasting Inc. (Ramon Garcia, Fernando Zee Zepeda, Roberto Gonzalez). \$25K escrow, balance in cash at closing. LMA since Oct. 31. Broker: Arturo Palacios

\$650,000—WZXS-FM Wilmington NC (Topsail Beach NC) from Topsail Broadcasting Inc. (Sidney H. Williams) to Jacksonville-Topsail Radio LLC (Hoyle S.

Broome Jr.). \$25K escrow, balance in cash at closing. Broker: Snowden & Associates

\$600,000—WFTD-AM Atlanta (Marietta GA) from Pneuma Foundation Inc. (Nelson Price et al) to Providence Educational Foundation (Landrum P. Leavell II et al). \$25K in cash at closing, \$575K note. Also, the buyer must provide Nelson Price 30 minutes of air time five days per week for so long as he remains pastor of Roswell Street Baptist Church. LMA since Oct. 15.

\$500,000—WAAW-FM Williston SC from Bay Communications Inc. (Robert J. Cole) to Brown Family Broadcasting Inc. (LaTonya Brown, Deanna Brown Thomas, Larry Fridie). \$30K deposit, balance in cash at closing. LMA since Sept. 1. Note: the terms of the contract are guaranteed by James Brown, who is the father of Deanna Brown Thomas, grandfather of LaTonya Brown and a non-voting shareholder in Brown Family Broadcasting.

\$400,000—WANN-AM Baltimore (Annapolis MD) from Annapolis Broadcasting Corp. (Morris H. Blum) to Nations Radio LLC (James M. Weitzman, Edwin Tornberg). \$40K escrow, balance in cash at closing. Notes: This sale does not include the station's real estate, studios, transmitter, towers or "vinyl records." This station has

an application pending to change its city of license to Highland Beach MD and add nighttime service.

\$230,000—WSNQ-AM & WMJZ-FM Gaylord MI from Morning Dove Inc. (David M. Essmaker) to Darby Advertising Inc. (Kent D. Smith). \$5K escrow, balance in cash at closing.

\$226,500—* KKNW-AM Port Angeles WA from Q Media LLC (Steve McCormick, John Stephens) to Radio Pacific Inc. (Terry L. & James R. MacDonald). \$25K escrow, balance in debt assumptions. **Duopoly** with KONP-AM Port Angeles. LMA signed Oct. 31, but will not take effect until this dark station returns to the air. Note: 11 stations in market.

\$195,000—KASO-AM Minden LA from Charles D. & Pattie C. Odom to Cole Broadcasting Inc. (Gordon & Jan Cole). \$5K escrow, \$45K (less escrow) in cash at closing, \$150K note.

\$180,000—WVAY-FM Wilmington VT from Rothschild Broadcasting Inc. (Martin Rothschild) to Border Broadcasting Inc. (William D. Goddard, Jeffrey D. Shapiro). \$10K escrow, balance in cash at closing. Broker: Media Services Group

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RADIO OUTLOOK

- Veronis, Suhler & Associates forecasts total radio advertising to grow 9.3% per year to \$18.3 billion in 2001
- Transaction volume is robust: more than \$23 billion worth of radio stations have changed hands in the last 18 months
- Debt and equity financing is readily available
- Financial players and public companies are entering the radio arena
- Valuations for private sale transactions are reaching all-time highs
- Reduction in capital gains tax is likely to spur additional activity

There has never been a more appropriate time for radio station owners to consider their transaction alternatives.



CHRISTINE L. BALCIUS

Veronis, Suhler & Associates, the leading investment bank exclusively serving the media and communications industry, specializes in helping entrepreneurs and family-owned businesses to maximize value through private sale transactions, mergers and acquisitions.

To discuss possible initiatives in complete confidence contact:

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by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Nov. 26 through Tuesday, Dec. 2. RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

\$624,000,000—* 18 stations from Nationwide Mutual Insurance Company (Robert Woodward, vice chair) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$30M escrow, additional \$590M in cash at closing, \$3M in consulting payments to Willard W. Hoyt Sr., Daniel S. Morris and Ronald P. Woods. Transfers existing **superduopoly** in Phoenix, adds to **superduopoly** and requires divestiture of two stations in San Diego, transfers existing **duopoly** in Houston, adds to **superduopoly** in Columbus OH with no more than eight Jacor-owned stations overlapping at any point (10 of the 12 Jacor stations are within the Columbus Arbitron market), creates **superduopoly** in Cleveland, transfers existing **duopoly** in Dallas-Ft. Worth, remaining stations are a combo in Minneapolis and a standalone FM in Baltimore. See RBR 11/3, p. 12-13 for details. Broker: Gary Stevens, Gary Stevens & Co.

\$14,975,000—* WTKA-AM, WDEO-AM, WIQB-FM & WQKL-FM Ann Arbor (Ann Arbor-Saline MI) from Arbor Radio LP (Alan S. Beck) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$750K escrow, balance in cash at closing. Existing double **duopoly**. Broker: Michael Bergner, Bergner & Co.

\$8,400,000—* WYRD-AM, WORD-AM & WFBC-FM Greenville-Spartanburg from Keymarket of South Carolina (Kerby Confer) to Sinclair Radio of Greenville Licensee Inc. (David Smith), a subsidiary of Sinclair Broadcast Group Inc. (O:SBGI). \$1M cash, cancellation of \$7.4M debt. **Superduopoly** with WSPA-AM & FM (below). The buyer is seeking a **waiver** to acquire these stations in the same market with WLOS-TV (Ch. 13, ABC) Asheville, NC. Note: Includes option to acquire WOLI-FM & WOLT-FM for \$3M in debt forgiveness. Broker: Star Media Group

\$6,625,000—* KLIX-AM & KTXY-FM Jefferson City MO from Central Missouri Broadcasting Inc. (Alan Brill), part of the Brill Media group, to Zimmer Radio of Mid-Missouri inc. (Jerome R., John P., Donald W. & James L. Zimmer), part of Zimmer Broadcasting group. \$2.4M escrow, balance in cash at closing. **Superduopoly** with KWOS-AM & KJMO-FM Jefferson City and KCMQ-FM & KCMQ-FM Columbia-Boonville MO. LMA since Nov. 1. Broker: Media Services Group

\$5,500,000—* WSBC-AM Chicago from WSBC Broadcasting LLC (Daniel R. Lee) to WSBC Inc. (Fred Eychaner). \$500K escrow, balance in cash at closing. **Duopoly** with WCFJ-AM. The buyer is seeking a **waiver** from the FCC to acquire WSBC-AM and WCFJ-AM in the same market where Eychaner already owns WPRW-TV (Ch. 50, UPN). Broker: Michael Bergner, Bergner & Co.

\$5,150,000—* WSPA-AM & FM Greenville-Spartanburg from Spartan Communications Inc. (Nick W. Evans) to Sinclair Radio of Greenville Licensee Inc. (David Smith), a subsidiary of Sinclair Broadcast Group Inc. (O:SBGI). \$5.15M in cash at closing under option acquired from Keymarket of South Carolina. **Superduopoly** with WYRD-AM, WORD-AM & WFBC-FM (above). LMA by Keymarket of South Carolina since 1992. The buyer is seeking a **waiver** to acquire these stations in the same market with WLOS-TV (Ch. 13, ABC) Asheville, NC.

\$2,600,000—* WPAO-AM, WICT-FM & WWSY-FM Youngstown OH (Farrell-Grove City, Sharpsville PA) from Zapis Communications Corp. (Leon X. Zapis et al) to Youngstown Radio License LLC, a subsidiary of GOCOM Communications (Richard & Katherine Gorman, Bain Capital). \$260K escrow, balance in cash at closing. **Superduopoly** with WRTK-AM & WBBG-FM. Note: GOCOM also LMAs WKBN-TV (Ch. 27, CBS) Youngstown and has an option to purchase the station. Broker: Star Media Group

\$2,300,000—* WJXY-AM, WJXY-FM & WXJY-FM Myrtle Beach (Conway-Georgetown SC) from Carolina Broadcasting Inc. & Georgetown Radio Inc. (Stan Karas) to Cumulus Licensing Corp. (Will-

continued on page 15