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FCC overhaul a Congressional priority

by Frank Saxe

Frustrated by the way the FCC is doing business, House Commerce Committee Chair **Billy Tauzin** (R-LA) and his Senate counterpart, **John McCain** (R-AZ), are considering ways they would like to change it. Tauzin is presently putting together a list of people to sit on a panel which will propose how FCC functions can be changed.

"The goal is to remove many of the roadblocks to competition in the marketplace," said Tauzin spokesman **Ken Johnson**. "Despite criticism of the Telcom Act, it [Telcom Act] is not creating the problems, it's the way the law has been interpreted."

FCC Chair **Bill Kennard** has been "receptive" to change according to some on Capitol Hill, although one

staffer said they expect Kennard to "resist attempts to pare the agency back." Kennard told senators during a hearing in July that he is already looking at consolidating some functions and he asked Congress to authorize an early-retirement program for FCC employees.

When Congress convenes in January, McCain and Sen. **Conrad Burns** (R-MT) will hold hearings on an FCC reauthorization bill. It will look at the agency's budget, and where efficiencies can be found. "It will be one of his top priorities," said a McCain aide.

McCain has criticized the Commission as too top heavy, with the average FCC employee paycheck totalling \$74,000 a year, compared to \$58,000 at the Securities and Ex-

change Commission and \$46,000 at the Justice Department.

Ripe for change is the FCC's bureau set-up. With the Commission set to lose its authority to regulate cable rates in March, many on M Street believe the remaining cable functions could be rolled into the Mass Media Bureau. "It is not the Commissioners, it's the way the FCC is structured," said Johnson.

Before it adjourns Oct. 9., Congress will be preoccupied with other issues. Johnson says that includes **Kenneth Starr's** report on the President's conduct.

BP makes on-air systems talk

Groups may no longer have to throw out costly on-air systems in order to link their huge portfolio of stations. Broadcast Programming says its engineers have figured out "a file conversion process" which allows digital on-air systems talk to each other.

BP plans on licensing the solution and is in discussions with a couple of unnamed groups. "What we want to do is go through that process to determine to a degree what each level of licensing will be worth. We're going to price it on a case-by-case basis, depending on the level of service," said **Jim LaMarca**, VP/sales, who adds the technology also works to merge communications between differing LANs, WANs, satellite systems, news data and traffic and billing systems. —CM

See related story on virtual programming services, p. 8.

Q4 pacing shaping up

All year, the story has been the same: radio sales are brisk. Going into Q4, October is nearly 60% sold and November is more than half sold, according to the latest *RBR/Miller Kaplan* forward pacing report. So far, the rollercoaster stock market has yet to slow radio's roll. —KB

RBR/Miller Kaplan Market sell-out percentage report

	1998	1997
Sept. 1	81.4%	79.3%
Oct.	59.3%	55.7%
Nov.	52.8%	51.2%

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RCS' "traffic" jam

by Carl Marcucci

It may be hard to tell if RCS is coming or going in the traffic biz. RCS sold its four-year old "RCS Traffic" division to Datacount for an undisclosed sum. But waiting in the wings is Airwaves, a New Zealand-based traffic system RCS purchased in January 1996.

Lee Facto, RCS' international CFO says "no decision has been made" to market Airwaves in the U.S. Widely used in New Zealand and Australia, RCS has just recently started selling Airwaves in Europe.

Acquiring traffic systems has been an ongoing strategy for Datacount, now more than 3,000 clients strong. It acquired the Jefferson-Pilot JDS 850 PC product in '92 and in '96 acquired Superlog from Electric Works. With the RCS acquisition, Datacount assumes support and service for about 200 RCS customers.

Datacount isn't sure what the future holds for the RCS Traffic system. "It's written in COBOL for the Unix operating system, which is not mainstream PC today. We're spending another couple of weeks on evaluation," said **Jerry Johnson**, president, Datacount.

► RBR News Briefs

► The FCC is doing too much of its work without issuing a notice of proposed rulemaking (NPRM), according to a new report by the General Accounting Office (GAO). In a specific example, GAO says the FCC issued a final rule amending the Table of FM Allotments to reassign a Class A station to Belview, MN. Although it is a seemingly routine action, a GAO spokeswoman says that is exactly why a NPRM should have been issued. The FCC did not return calls seeking comment.

► Arbitron is marketing a new product called Exit Poll to broadcasters in the top 10 markets plus Atlanta and St. Louis. Conducted after the Fall and Spring surveys, Exit Poll is a diarykeeper reinterview study consisting of 30 questions in a 12-13 minute interview to determine diarykeepers' top line perceptions of stations. Arbitron says the study, designed for music stations, will be priced less than a custom research study.

► Through a one-year marketing agreement, Strategic Media Research (SMR) will be offering call-out music research services as the exclusive sales agent for San Diego-based ComQuest. Other peripheral services will be forthcoming from the alliance, says SMR President/CEO **Bruce Masterson**.

9/14/98 RBR

Gore Commission closer to consensus

by Frank Saxe

After months of wrangling, members of the Gore Commission fell into a consensus-building stride last week. Although many believe its recommendations will eventually effect radio, for the moment the group is centered on TV.

During its seventh meeting, the group agreed to call on TV stations to provide five minutes each night for candidate-centered discussion in the 30 days before an election, adopting a code of conduct for broadcasters, and setting aside spectrum space for public discourse. The Commission may also recommend putting additional public service requirements on broadcasters if they choose to multiplex—the splitting of digital TV spectrum into multiple channels.

The largest area of dissension remains over whether to allow broadcasters to buy their way out of airing public service programming.

Although the recommendations are voluntary, if made final they would require action by the FCC and Congress.

"Reform should not be solely on the backs of broadcasters," said Co-Chair **Norman Ornstein**, of the American Enterprise Insti-

tute. In exchange for providing free time, the group will likely recommend that Congress repeal the complex and cumbersome lowest unit rate and equal time requirements.

Former FCC Chair **Newton Minnow** feels that a total ban on political advertising may also be warranted.

"Candidates will simply buy more and more time and we won't get rid of this corruption of the democratic system," said Minnow, echoing comments made by NAB President **Eddie Fritts** last spring.

The NAB has been reluctant to take a public stand on bringing back a code of conduct, stemming from antitrust concerns which led to its court-ordered demise 15 years ago. But behind the scenes, NAB has tried to pressure the group to oppose a code. During an NAB board meeting in June, Fritts made "impassioned" remarks against setting a voluntary standard, according to one NAB board member, who said Fritts likened his message to the Gore Commission as a "heat-seeking missile."

The group's next meeting is Oct. 26, and it is expected to issue its report to the Vice President in December.



VP Al Gore

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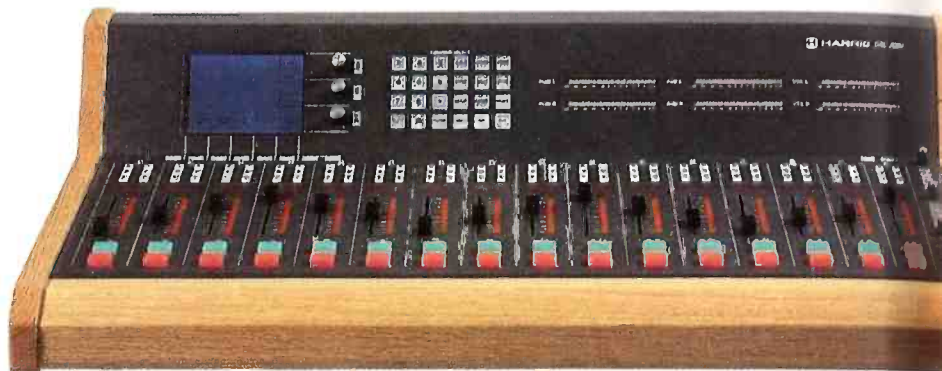
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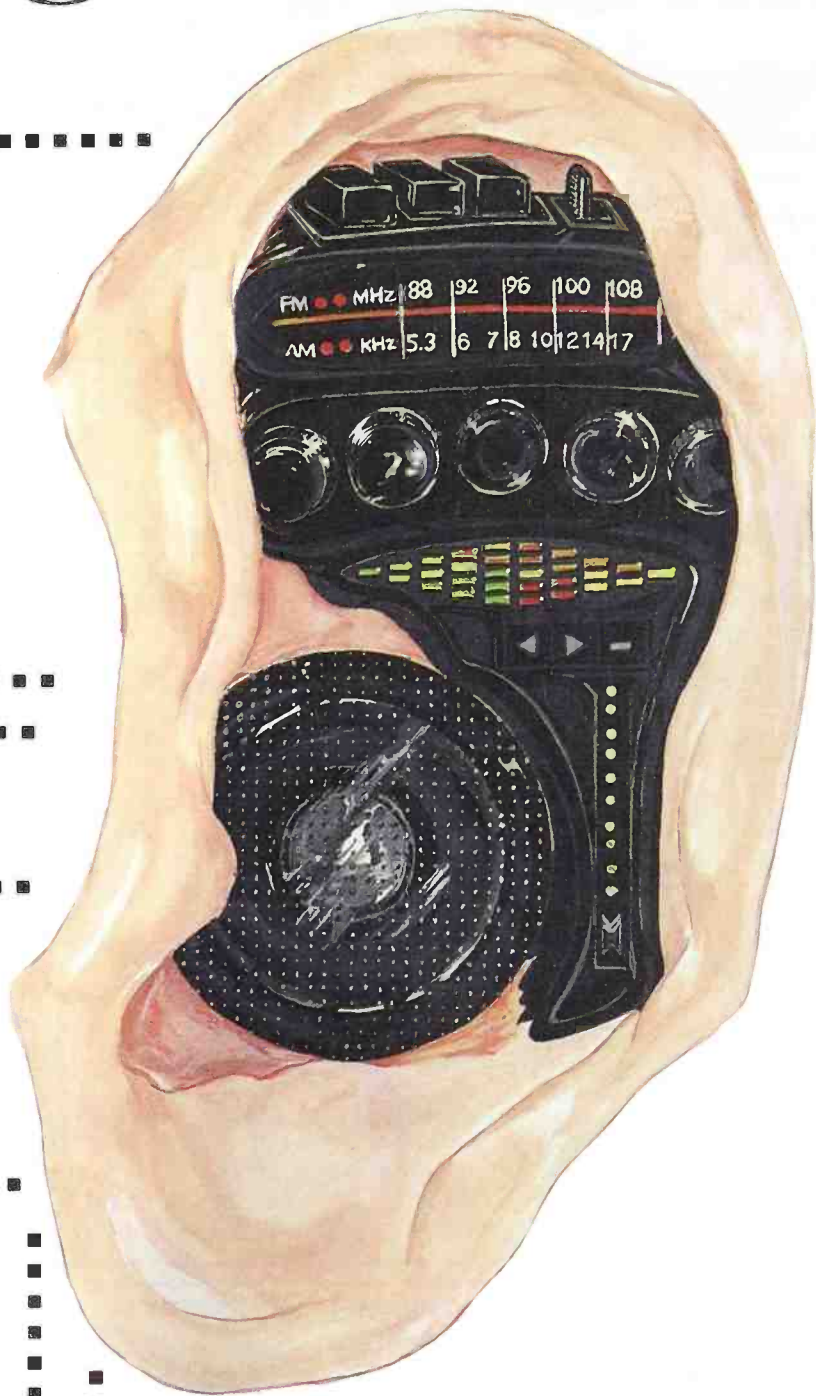


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Competing Media

Radio's June ad share strong at 19%

by Katy Bachman

RBR/Miller Kaplan Total Media Index June 1998 (Expenditures in \$000)

Category	Newspaper	TV	Radio	Total Media	Radio % of Total
Automotive	83,400	88,388	20,532	192,320	10.7%
Restaurants	1,586	33,205	8,971	43,762	20.5%
Department Stores	43,188	11,524	6,262	60,974	10.3%
Foods	1,262	23,029	7,559	31,850	23.7%
Communications/Cellular	17,865	18,388	12,631	48,884	25.8%
Furniture	12,728	11,579	3,405	27,712	12.3%
Financial Services	14,705	10,442	7,709	32,856	23.5%
Movies/Theater/Concerts	7,384	9,239	3,999	20,622	19.4%
Grocery Stores	8,318	5,958	5,459	19,735	27.7%
Appliances & Electronics	12,218	6,199	3,448	21,865	15.8%
Hotels/Resorts/Tours	14,839	3,834	2,167	20,840	10.4%
Drug Stores/Products	4,430	6,738	2,780	13,948	19.9%
Computers/Office Equipment	10,980	2,358	5,444	18,782	29.0%
Specialty Retail	11,402	11,005	6,760	29,167	23.2%
Health Care	2,878	7,651	3,878	14,407	26.9%
Auto Parts/Service	3,359	5,882	4,659	13,900	33.5%
Music Stores/CDs/Videos	1,787	4,952	3,052	9,791	31.2%
Transportation	4,787	2,082	1,492	8,361	17.8%
Entertainment-Other/Lottery	1,484	3,640	3,892	9,016	43.2%
Home Improvement	7,979	6,334	2,425	16,738	14.5%
Professional Services	6,589	7,286	3,518	17,393	20.2%
Beverages	452	13,943	10,389	24,784	41.9%
Television	2,493	2,592	4,080	9,165	44.5%
Personal Fitness & Weight Centers	386	1,981	511	2,878	17.8%
Publications	5,425	1,500	1,170	8,095	14.5%
TOTAL	281,924	299,729	136,192	717,845	19.0%

*Based on Media Market X-Ray composite data for 13 markets (Atlanta, Cleveland, Dallas, Hartford, Houston, Minneapolis-St. Paul, Pittsburgh, Portland, OR, Providence, Sacramento, San Diego, San Francisco, Seattle). Newspaper and television data compiled by Competitive Media Reporting and radio data compiled by Miller, Kaplan, Arase & Co., CPAs. For further information contact George Nadel Rivin at (818) 769-2010.

Although radio's local ad share was slightly higher last month, June was only a whisper away at 19.0% (RBR 8/24, p. 4). Any trending, however, should be made cautiously, as this month's RBR/Miller Kaplan Total Media Index includes three additional markets (Cleveland, Houston and San Francisco), for a total of 13 markets. The top 25 categories listed represent 90% of the local ad dollars.

For the first month this year, newspapers did not capture the largest share of local dollars. TV, with 41.8% of the total bested newspaper's 39.3%.

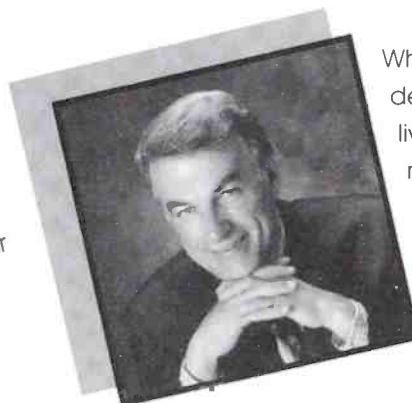
Radio continues to do well among certain categories such as Communications/Cellular at 25.8%, Grocery Stores at 28.7%, Computers/Office Equipment at 29.0%, Health Care at 26.9%, Auto Parts/Service at 33.5%, Music Stores/CDs/Videos at 31.2%, and Entertainment-Other/Lottery at 43.2%. Even without TV sweeps, radio also gets a hefty 44.5% of Television advertising.

It was also a strong month for radio in the Restaurant category, but TV really dominated the category with 75.9% of the dollars. TV also pulled in 72.3% of Food advertising expenditures, 53.1% of Health Care, and 56.3% of Beverages, another strong category for radio.

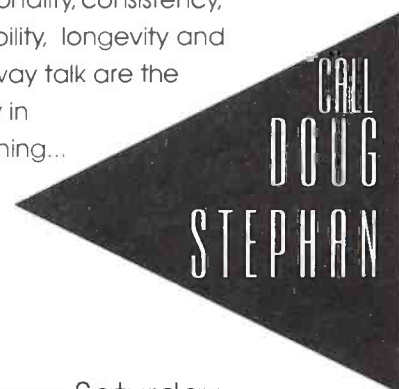
Newspapers dominated the usual categories strong for the medium such as Department Stores at 70.8%, Automotive at 43.4%, Furniture at 45.9%, Financial Services at 44.8%, and Appliances & Electronics at 55.9%. In keeping with the season, newspapers also scored a 71.2% of the Hotels/Restorts/Tours category.

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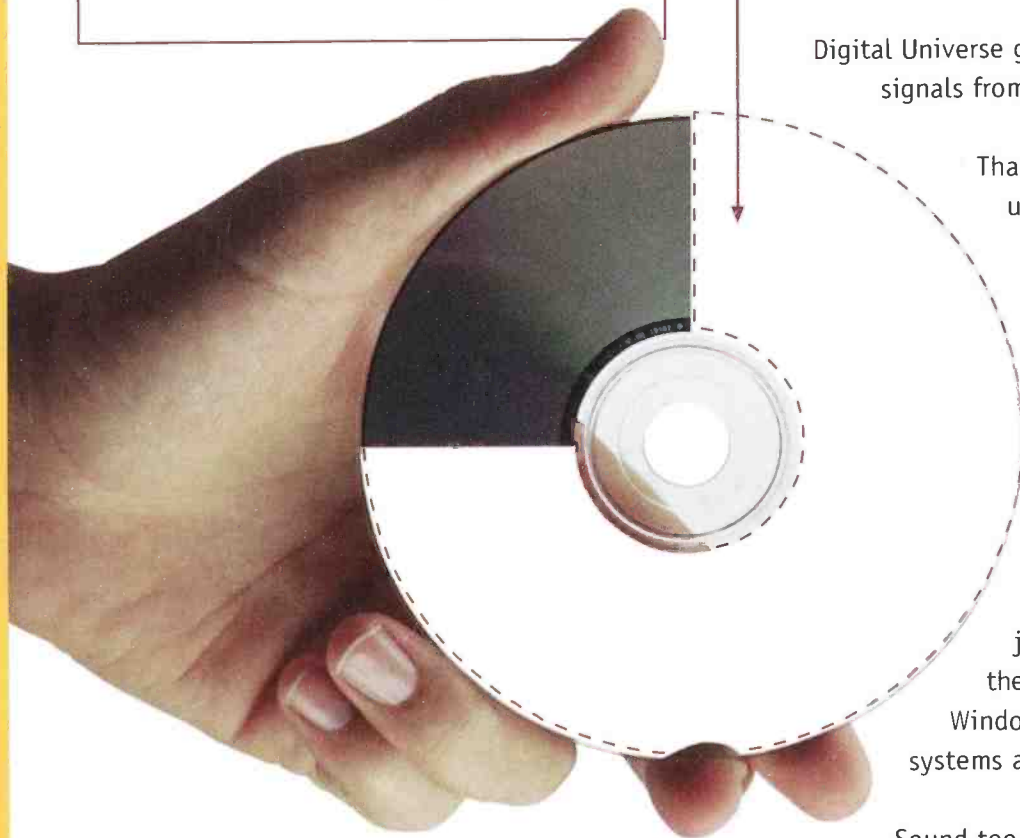
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Virtual competition leads to real ratings, revenue

by Carl Marcucci

When Capstar (N:CRB) launched its StarSystem (RBR 9/15/97, p. 10) concept a little over a year ago, it brought industry-wide attention to "virtual radio," syndicated programming that is customized for the station using localized voice tracks. The major selling point: big-market sound at an affordable price using top-notch DJs who intersperse local-market topics on voice tracks delivered to the receiving station's digital on-air system. Local market information is faxed and mailed from each client station on a daily and weekly basis to provide the local stopset items.

So far, four vendors now offer localized voice tracking as part of their programming offerings: The Research Group's Virtual Radio Programming (VRP), Broadcast Programming's Total Radio, Radio One's Satellive and Satellive II, and the newest entrant, Jones Radio Network's Jones Radio Consulting and Programming.

These systems don't just stop with programming, but are capable of working with requests and handling contesting, remotes and promotions—sounding live isn't the only objective. "We forward faxes, e-mails and recordings of phone calls down the wide area network. For instance, we have a client that does a lunch time giveaway. They get faxes on a daily basis. They pull the winners, they send them to us in Seattle and we announce them on a daily basis. We play their three songs and they win a free lunch or something," says VRP VP **Michael Dalfonso**.

Today, the competition among these four companies is heating up as an increasing number of medium and small market broadcasters are finding the services save expenses and improve their stations' sound. Ultimately, they may all lose out to bigger groups such as Capstar's (N:CRB) GulfStar and Jacor (O:JCOR), who are using their own talent in custom-designed virtual programming systems (RBR 5/18, p.6).

That hasn't discouraged the virtual vendors. "There will be smaller groups that don't have the wherewithal or personnel to set up that infrastructure—buy all the equipment and have enough access to talent. We will offer our expertise and transfer that knowledge to [groups doing it themselves] on a consulting basis as well," said BP President/GM **Edie Hilliard**.

Price is determined by the number of localized custom breaks an hour, the amount of custom production, the number of dayparts used and level of consulting. Payment is barter, cash, or combination, depending on ratings and market size. "80%+ of the people we talk to can go full barter. In the smaller markets, the barter value of the average quarter hours will fluctuate. If they have a down ratings book, we will take some of it in cash to maintain it. If they have a better book, then we can put them back on full barter," said **Jim LaMarca**, VP sales, BP.

Here, a review of the current virtual choices and some insight from the stations that use it.

VRP increases ratings in Huntsville

While most broadcasters using virtual radio programming take only a daypart and/or weekends, Capstar's WWXQ-FM and WTAK-FM Huntsville, AL rely upon Seattle-based VRP for almost everything. In fact, **Mark Goodwin**, GM/GSM/PD WWXQ-FM (Oldies) and WTAK-FM (Classic Rock), which pays over \$4500/mo. per station for 24/7, swears by it. "WTAK morning drive is **John Boy & Billy**, but on the other station it's 100%. The way I look at it is it comes out to about \$7.00 an hour for [on-air talent and] programming, which includes jingles and liners. VRP allows a small-market broadcaster for the first time to focus on broadcast cash flow and actually deliver. I don't get lost in hiring announcers, or trying to play the small market radio thing with limited talent and resources. It frees

VRP ups ratings in Huntsville

After using VRP beginning in Oct. '97, CapStar's WTAK-FM has shown notable improvements in Summer '98 share trends. The WWXQ-FM simulcast showed dramatic improvements, especially in the P25-54 demo.

WTAK Share Trends

	SU 97	May-Jul 98
18+	6.8	7.8
25-54	9.1	10.0

WWXQ/WXQW-FM Share Trends

	SU 97	May-Jul 98
18+	2.9	9.0
25-54	3.6	12.0

Source: Arbitron

me up to develop sales, which is the name of the game."

And develop he did. WWXQ's net revenues climbed from \$234K in '96 to an estimated \$1.99M in '98, according to Goodwin.

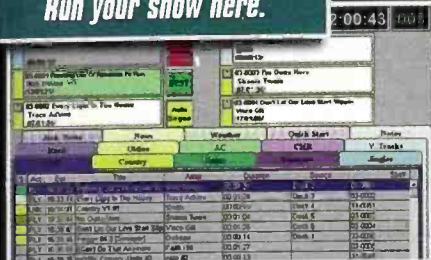
Because WWXQ and WTAK are Southern Star stations, Capstar's StarSystem hasn't yet been wired in Huntsville. Goodwin isn't sure which way he will go when offered virtual radio from corporate. "We've been with VRP since Oct 1. '97 and will continue [at least] until Aug. '99. To take the radio stations that I have which are running at an optimum right now and are doing very, very well in the ratings to just blow them up and start something new, I would have reservations about that. We probably will switch to the StarSystem, but there's no definite plans either way."

Launching VRP last October, WWXQ and WTAK are on their third Arbitron book. Ratings have gone up and stayed there. Added together, their power is only 8500 watts and they're beating the big boys. Says Goodwin: "It is great programming and the market has embraced it be-

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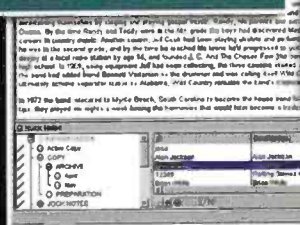
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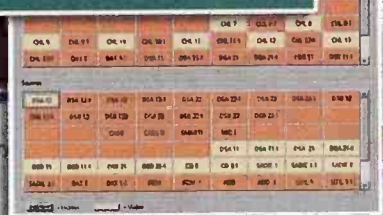
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For sheer jazz energy and excitement, two nights will match the power and pizzazz of a big band Saturday and Sunday, September 16th and 17th, feel the energy and excitement. As two nights of big band music come to the Skyline Stage at Navy Pier. With Dr. John and the Aftershow Big Band. The GRP All-Star Big Band featuring Tom Scott, Nelson Rongell, Eric Manterhall, and more. And the Chicago Jazz Ensemble conducted by William Russo. Columbia College Chicago in association with Brio Productions presents big band music.

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Read the news live from here.

Last year was the safest year in history. Only twenty people died in farm accidents last year, according to the university's farm safety and health program.

That's down from 38 deaths in 1996 and 126 deaths thirty years ago, recorded by the University of Minnesota.

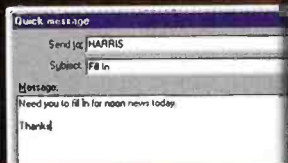
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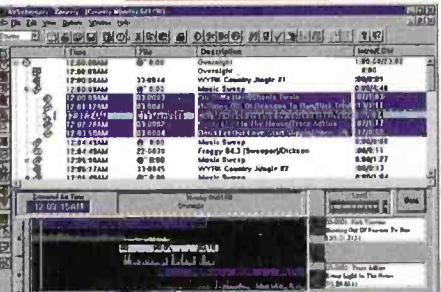
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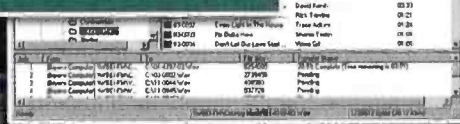
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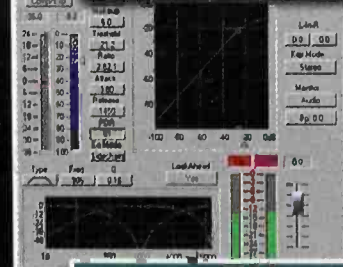
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yond our expectations—it's shown up in the numbers (see chart, page 8). Each one of them in format is beating 100,000 watt Class C FMs. WTAK and WXXQ basically never, ever generated any cash flow. This instantly allowed us to turn them around and start making money with them."

Goodwin credits VRP's parent, The Research Group, with much of the stations' ratings success: "We gave them some background information The Research Group had done in previous years here on Huntsville's preference in music, and on that research and other people they've gotten involved, they pick the music for Huntsville on a daily basis. That's what made it so easy with VRP—they've been in the market working for us on our flagship station for 10 years."

Total Radio saves money on talent in Long Island

WLVG-FM Nassau-Suffolk, a new (18-month) sign-on at 96.1, put Total Radio (also based in Seattle) on in mid-May for weekday overnights. **Stefan Rybak**, Director of programming and operations, may expand it to other dayparts within the next 60-90 days with the possibility of six or seven overnights per week, and early morning or late night on weekends.

"This allows you to cut down on the number of part-timers. First of all, I don't have to have a full-time overnighter. If we expand the service, it will allow me to cut down on my expenses for part-time talent," said Rybak.

While still a little early to gauge ratings success, that isn't Rybak's sole objective: "I haven't seen any ratings change on it at all, and I didn't do it for a ratings-related reason. I wanted my overnights to have a major-market quality sound without the expense. It's not a big money-making daypart, so basically I have a major-market on-air personality between midnight and 6AM and sounding like he's in the studio, referring to different station features and events going on in the community."

Like Goodwin, Rybak is responsible for "feeding" Seattle with local information. Lucky for both, nothing needs to be sent in a report form. "Once a week, we fax station liners,

The screenshot shows a software interface for a radio station. At the top, there's a 'BE' logo, a 'Menu' button, a folder icon, and an 'Auto' button. The time is 2:58:52 PM on 9/4/98. A large digital display shows '00:46:55'. Below this are several tabs: 'TEMP', 'corn', 'Music', 'jingles', and 'liner'. A 'Playlist' tab is active, showing a list of songs with columns for 'Title+', 'Artist', and 'In Length'. The current song is 'Baby, Come To Me' by Patti Austin & James I. To the right of the playlist are several control buttons: 'Fade', '00:44', and 'Auto Segue'. Below the playlist are several track information boxes, each with a play button icon and details like '05-9102-04 Impulsive Wilson Phillips :18/03:53/'.

Title+	Artist	In Length
Baby, Baby	Amy Grant	20:00:03:50
Baby, Come Back	Player	24:00:03:29
Baby, Come To Me	Patti Austin & James I	11:00:03:30
Baby, I Love Your Way	Will To Power	12:00:03:56
Baby, I Love Your Way	Big Mountain	0:00:04:20
Baby, It's Cold Outside	Vanessa Williams	9:00:04:10
Baby, What A Big Surprise	Chicago	14:00:03:00
Back For Good	Take That	16:00:03:59
Bad Boy	Gloria Estefan	32:00:03:52
Baker Street	Gerry Rafferty	59:00:05:57
Ballerina Girl	Lionel Richie	10:00:03:36
Barely Breathing	Duncan Sheik	19:00:04:13
Beau's All Night Radio	Joshua Kadish	0:00:00:00
Beautiful In My Eyes	Joshua Kadish	6:00:04:04
Beauty And The Beast	Celine Dion & Peabo Bryson	14:00:03:30
Because	Dave Clark Five	8:00:02:23
Because I Love You	Stevie B.	30:00:04:16
Because The Night	10,000 Mania	8:00:03:32
Because You Loved Me	Celine Dion	0:00:04:31
Being With You	Smokey Robinson	20:00:04:02

BP's Total Radio: a screen shot for client WLVG-FM.

promos, different articles out of the newspaper that we feel it would make sense for the personality to mention on the air. They utilize that information in cutting programs for the following week," says Rybak.

But how quick can a pressing local announcement, especially involving sales and promotions, get on the air? "In real life, people don't generally need to be doing it on a day-to-day basis, but we're capable of returning it to them within hours," said **Dave Newton**, VP/Marketing, BP.

Hilliard says any virtual radio user needs and has the ability to break into the system for any big news or weather announcements. "There needs to be somebody at the station that is always with a pager who can get into these systems remotely by phone or PC and override what's there. When a station is a member of a cluster, one station in that group is going to be the news-oriented station. There is the capability on that station to get on to the FM to say 'this has happened, tune in to the sister AM for more details.'"

New Palm Springs CP relies on Satelive

Tom Mitchell, GM, KMRJ-FM Palm Springs was pleased with Satelive's ability to get his new CP up to speed when it launched July 11. "I came

straight out of the box at a full run. I didn't have to take the time to pick up steam. They got me going at full-tilt the second I went on."

Mitchell says running the station 24/7 on Satelive minimizes his expenses. "I'm paying \$1800/month for 24 hours. I've got a full virtual staff, new music, shows, programs, stingers—the whole nine yards and I don't have to hire the staff."

Radio One President **Cliff Gardiner** says, while the music is no different from his competitors, he positions his company as quicker to respond to local inserts. "An AC format for us is going to be within a record or two of an AC format from Westwood One or ABC. If we get a phone call from an affiliate that there's a major accident on the highway, we can have it on the air in three to four minutes. They just can't do that."

Radio One's tight turnaround time between station and jock does allow for quick announcements. Said Mitchell: "We ran a contest—when a song played, a person called in and won. And I called Radio One up and on the next break they mentioned the guy's name and everything on the air. It's just like live guys, except I don't have to pay them."

It will take some time to see how well KMRJ fares in ratings and revenues, especially when this is the

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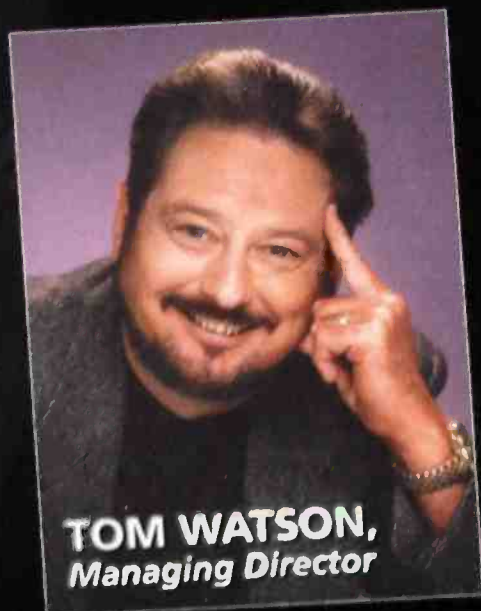
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TOM WATSON,
Managing Director

first time Palm Springs has had an Alternative format. "For me, it's a little too early. My first book hasn't even been here yet. Our sales staff has been at it for about two weeks and we have some spots on the air. It takes time to build up a portfolio of clientele, but there are a lot of clients in the works," said Mitchell.

Gardiner plans to launch improved software this month, "Satellive II," which also allows stations to partially customize playlists for more localized programming. All existing affiliates will be converted over to the new software and will have a choice to take the music customization option.



BP's Delilah (center) visits new CP WLVG-FM in 1997. With Director, Programming/Ops. Stefan Rybak (left), and other WLVG staffers.

Loss of localism?

Taking the human element out of the studio draws some ideological criticism. Any real-time interaction between listener and DJ is lost, which is why most virtual radio proponents stress morning drive should be left to a warm body.

"We embrace technology, but we're very dubious of this application," says Cumulus Media's (O:CMLS) Executive Vice Chairman **Lew Dickey, Jr.** "It impacts advertisers and the listeners. On the advertiser side, we wouldn't have the on-air talent to go out and do the remotes and on the other side, it's bound to have an impact—people still like to be able to call up and talk to the DJ—specifically in the high-involvement formats like Top 40 or AOR or New Rock or Urban. If not, it's a turn-off, it makes it more sterile."

WWXQ/WTAK-FM GM **Mark Goodwin** addresses the call-in problem with staff answering phones on behalf of the DJ who is "too busy," forwarding the call info to VRP for feedback and requested spins. He also uses VRP for remote voice tracking. "Even if a remote has been canceled, we would have a jock come in and recut the tracks that talk about that remote. Ideally they'd need several hours to a day, but could do it in a couple hours," said Goodwin.

Cumulus will begin using its WAN for short-form delivery of syndicated talent like **Tom Joyner, John Boy** and **Billy and Delilah** in some markets. "We may test some virtual programming applications, but we are not jumping the gun," said Dickey.

Dickey says Cumulus needs live, tangible DJs to help execute sales strategies. "We need these guys out on the street doing remotes. From a sales standpoint, if I've got a good local morning show, they can't go sell Fords on Thursday or Saturday morning in three markets. Any cost savings anybody may realize by using one jock to do five markets I'll get back in spades by having those jocks doing remote broadcasts at a premium."—CM

A Virtual Comparison

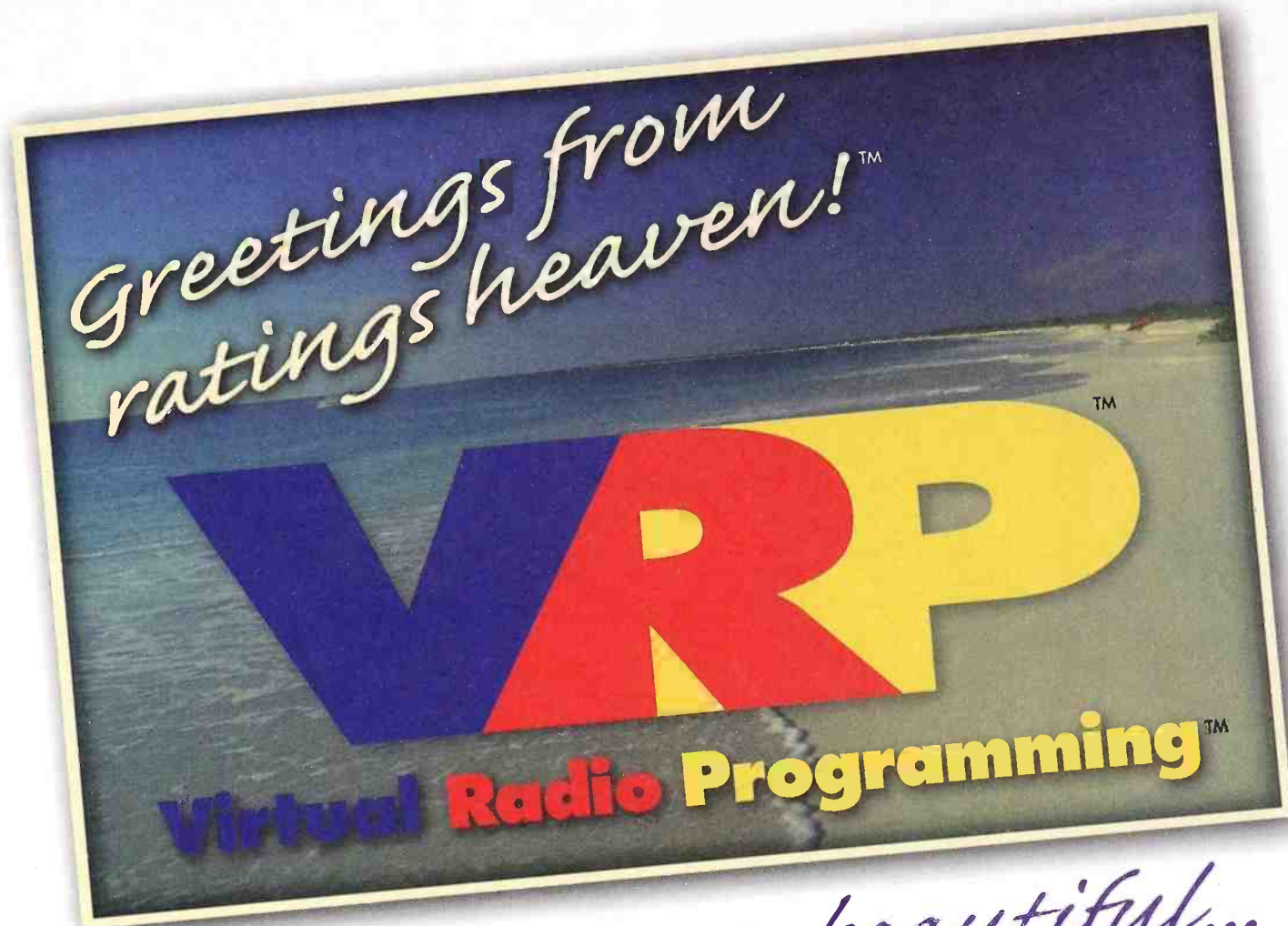
	Launch Date	# of Clients	Actual Time Check?	Delivery Method	Voice Track Return Time	Adjustable Playlists?
VRP	Jan. '97	8 ²	No	WAN	hours	Yes
Total Radio	Mar. '98	12 ²	No	Satellite/CD	hours	Yes
Jones	June '98	1 ¹	Yes	Satellite/CD	24 hours	Yes
Satellive	April '93	62	Yes	Satellite	minutes	Yes ⁶

	# of Formats	# of Talent Choices	Works With Mult. Systems?	Payment Method	Cost per 24/7	Does Custom Formats?
VRP	custom	37	some	cash/barter	\$4,500	all are
Total Radio	35	9 ⁴	all	cash/barter	\$3,300	yes
Jones	11	100	in planning	cash/barter	?	yes
Satellive	3 ³	none	No ⁵	cash/barter	\$1,800	no ⁶

¹ four others signed but not using custom voice tracking yet ² not all up and running yet

³ five more coming, Oldies & Urban first in Oct. ⁴ more available on subcontract basis

⁵ need to install "light" version of their system, but can keep existing systems. ⁶ new Satellive II system gives stations the ability



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September 9—RBR Stock Index 1998

Company	Mkt:Symbol	9/2 Close	9/9 Close	Net Chg	Pct Chg	9/9 Vol (00)	Company	Mkt:Symbol	9/2 Close	9/9 Close	Net Chg	Pct Chg	9/9 Vol (00)
Ackerley	N:AK	21.875	21.187	-0.688	-3.15%	40	Harris Corp.	N:HRS	34.438	35.000	0.562	1.63%	4327
Alliance Bcg.	O:RADO	0.688	0.687	-0.001	-0.15%	0	Heftel Bcg.	O:HBCCA	32.875	30.875	-2.000	-6.08%	3574
Am. Tower	N:AMT	19.250	20.875	1.625	8.44%	3946	Jacor	O:JCOR	57.438	54.125	-3.313	-5.77%	8169
AMSC	O:SKYC	5.875	4.875	-1.000	-17.02%	382	Jeff-Pilot	N:JP	57.563	58.625	1.062	1.84%	1323
Belo Corp.	N:BLC	19.500	19.437	-0.063	-0.32%	1246	Jones Intercable	O:JOINA	24.250	24.000	-0.250	-1.03%	507
Big City Radio	A:YFM	5.750	4.000	-1.750	-30.43%	429	Metro Networks	O:MTNT	34.750	37.000	2.250	6.47%	130
Broadcast.com	O:BCST	37.750	41.250	3.500	9.27%	1504	NBG Radio Nets	O:NSBD	1.125	1.125	0.000	0.00%	7
Capstar	N:CRB	17.938	15.875	-2.063	-11.50%	429	New York Times	N:NYT	28.313	29.437	1.124	3.97%	2638
CBS Corp.	N:CBS	27.563	26.250	-1.313	-4.76%	20551	News Comm.	O:NCOME	0.969	0.812	-0.157	-16.20%	40
CD Radio	O:CDRD	18.500	19.125	0.625	3.38%	1152	OmniAmerica	O:SCTR	25.000	22.437	-2.563	-10.25%	213
Ceridian	N:CEN	53.313	55.375	2.062	3.87%	3538	Otter Tail Power	O:OTTR	35.000	35.750	0.750	2.14%	143
Chancellor	O:AMFM	37.563	30.500	-7.063	-18.80%	8770	Pacific R&E	A:PXE	2.500	2.437	-0.063	-2.52%	0
Childrens Bcg.	O:AAHS	3.063	2.937	-0.126	-4.11%	347	Pulitzer	N:PTZ	79.625	76.375	-3.250	-4.08%	489
Citadel	O:CITC	23.875	25.812	1.937	8.11%	164	RealNetworks	O:RNWK	19.875	19.000	-0.875	-4.40%	2227
Clear Channel	N:CCU	45.188	41.875	-3.313	-7.33%	15354	Regent Pfd.	O:RGCIPI	4.000	5.000	1.000	25.00%	0
Cox Radio	N:CXR	42.438	41.875	-0.563	-1.33%	153	Saga Commun.	A:SGA	16.000	16.000	0.000	0.00%	147
Crown Castle	O:TWR5	9.563	9.500	-0.063	-0.66%	1169	Sinclair	O:SBGI	18.938	18.062	-0.876	-4.63%	13900
Cumulus	O:CMLS	9.750	11.375	1.625	16.67%	1039	SportsLine USA	O:SPLN	23.125	16.750	-6.375	-27.57%	8019
DG Systems	O:DGIT	3.344	3.000	-0.344	-10.29%	1	TM Century	O:TMCI	0.290	0.290	0.000	0.00%	0
Disney	N:DIS	29.813	27.812	-2.001	-6.71%	83559	Triangle	O:GAAY	0.060	0.095	0.035	58.33%	3484
Emmis	O:EMMS	37.750	31.875	-5.875	-15.56%	3376	Triathlon	O:TBCOA	11.375	11.000	-0.375	-3.30%	175
Fisher	O:FSCI	68.000	66.500	-1.500	-2.21%	29	Tribune	N:TRB	61.000	62.562	1.562	2.56%	1873
Gaylord	N:GET	26.750	26.125	-0.625	-2.34%	278	Westower	A:WTW	24.250	23.375	-0.875	-3.61%	33
Granite	O:GBTVK	6.125	5.875	-0.250	-4.08%	10944	Westwood One	O:WONE	18.625	17.000	-1.625	-8.72%	1273
							WinStar Comm.	O:WCII	22.563	22.562	-0.001	0.00%	15093

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TM Century on rebound

TM Century (O:TMCI) reported net income of \$31,651 for its fiscal Q3 which ended June 30, compared to a loss of \$106,111 a year earlier. Revenues slipped 13.2% to \$1.7M, largely due to the company's sale in June 1997 of the Ultimate Digital Studio division. That also cut expenses by nearly \$400K, so Q3 posted an operating profit of \$33,339, compared to an operating loss of \$101,564 a year earlier.

Symbol change for tower co.

As planned when OmniAmerica merged with Specialty Tele-constructors in April (RBR 4/20, p. 11), the company's name is being formally changed to OmniAmerica Inc. (which RBR has used throughout the past five months) and the current stock symbol, O:SCTR, is being changed to O:XMIT. The change will be concurrent with a reincorporation under Delaware law, which is expected to take place today (9/14).

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Chairman, Jacor Communications & Keynote Speaker



Bill Kennard

FCC Chairman Kennard will make his first ever address to The NAB Radio Show this year at the annual Chairman's Breakfast.



Dr. Laura

Premiere Radio Networks' internationally syndicated talk show host & Radio Luncheon Speaker



Lowry Mays

Chairman & CEO of Clear Channel Communications will be honored as the winner of the 1998 National Radio Award.

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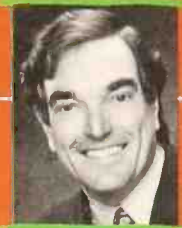
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by Jack Messmer

Money Radio cashes out

Money talks, so financial Talk radio is exiting the 1600 kHz dial position in the Los Angeles market. **Vera Gold's** Money Radio Inc. and Spectrum Enterprises Inc. are selling KMNY-AM to **Arthur Liu's** Multicultural Radio for \$7.55M. The station, licensed to Pomona, CA, will join Liu's fast-growing collection of time-brokered ethnic stations in major markets, including five other AMs and one FM stretching across the sprawling L.A. market. Broker: **William B. Schutz Jr.**

Commonwealth crosses state line

When *RBR* profiled Commonwealth Broadcasting Corp. and its Internet-based traffic/billing/production operation last month (*RBR* 8/31, p. 8-10), the company's six multi-station clusters were all in Kentucky. Now though, Commonwealth President **Steve Newberry** is heading across the state line into Tennessee to form cluster number seven. He's paying \$615,000 for WTZX-AM & WSMT-AM & FM Sparta, TN. The seller is **Bill**

Austin's Austin Broadcasting Corp. An LMA began September 1. Broker: **Doyle Hadden**, Hadden & Assoc. (seller); **George Reed**, **Scott Knoblauch** and **Mitt Younts**, Media Services Group (buyer)

Desert deal for Jacor

Expanding from Jacor's (O:JCOR) L.A. hub, **Randy Michaels** is taking the company into the California desert with a deal to buy three stations from Antelope Broadcasting for around \$4M. The stations—KAVL-AM Lancaster, KAVS-

FM Mojave and KYHT-FM Yermo—will simulcast KXTA-AM & KIIS-FM L.A. to the growing Antelope Valley region, according to *RBR* sources. Coincidentally, the new Jacor acquisitions compete with stations owned by **Regent Communications** (O:RGCI), headed by Jacor founder and former chairman **Terry Jacobs**. Broker: **Jorgenson Broadcast Brokerage**

Also adding in San Bernie

Another Jacor AM addition adjacent to L.A. is KCKC-AM San Bernardino. **Willie Davis' All-Pro Broadcasting** is selling for \$2.3M. Broker: **Jody McCoy**, McCoy Broadcast Brokerage

Big City exits New City

WRKL-AM New City, NY didn't fit Big City Radio's (A:YFM) strategy of linking same-frequency suburban FMs to cover major Arbitron markets, but it was part of the combo that **Stuart Subotnick** owned before he and **Mike Kakoyiannis** launched Big City (the FM is now part of the 107.1 New York tri-mulcast). The AM in New York's upscale northern suburbs is being sold for \$1.625M to **Walter Kotaba's** Polnet Communications Ltd., which owns a couple of local AMs in Chicago's toney suburbs. Broker: **Frank Boyle**, Frank Boyle & Co.

Eric H. Halvorson, Vice President of
Oasis Radio, Inc.

has agreed to transfer the assets of

**KAVC-FM
Lancaster, California**

for

\$1,600,000

to

Terry S. Jacobs, Chairman, and William L. Stakelin, President, of
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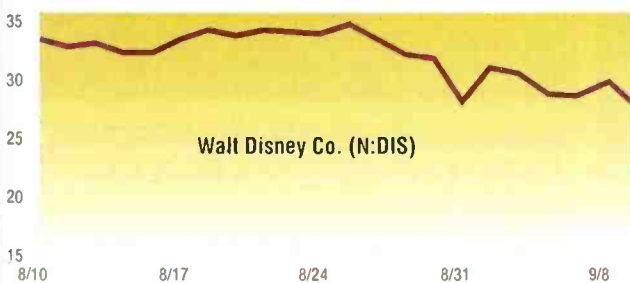
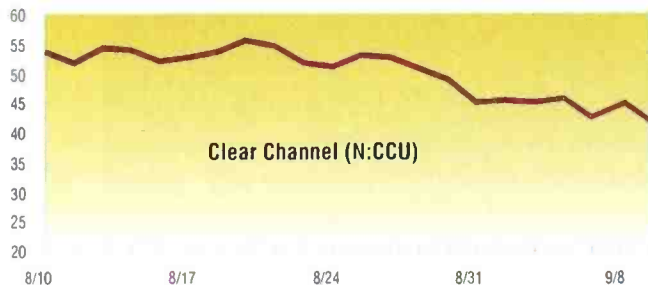
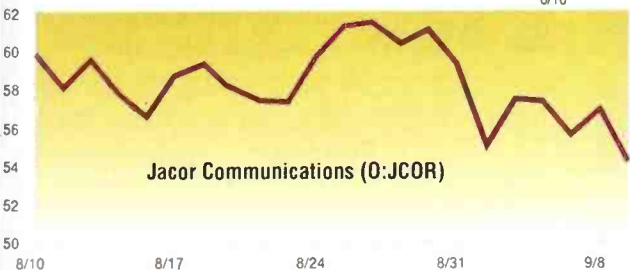
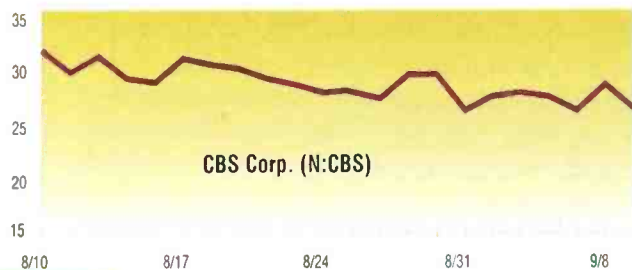
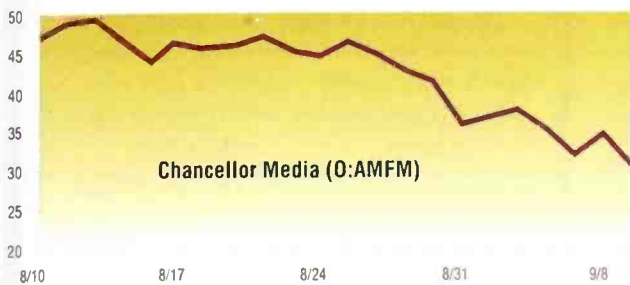
RBR's deal digest

Robert Liggett gets his second Saginaw-Bay City signal with a \$3.585M buy of **Richard Doud's** WTCF-FM... Ethnic WSRF-AM Ft. Lauderdale is going to **Carl Nelson's** Gallery Broadcasting for \$1.5M. The seller is **Jon Mark's** Entertainment Radio Systems. Broker: **Doyle Hadden**... Citadel (O:CITC) is adding to its Scranton/Wilkes-Barre superduopoly with a \$1.2M buy of Fairview's WBHT-FM... Entercom (N:ETM, IPO pending) is buying KSLM-AM Salem, OR to simulcast KFXX-AM Portland. Broker: **Andy McClure**, The Exline Co... **Adam Lindemann's** and **Otto Miller's** Freedom Network is entering Orlando with a \$550,000 deal to buy **Efrain Archilla-Roig's** WUNA-AM Ocoee, FL. Broker: **Doyle Hadden**... **R.V. Williams' Williams Broadcasting** is getting a second Gainesville, FL station with an \$850,000 buy of WYOC-FM from **Donald Boyd's** Millstone Broadcasting. Broker: **Doyle Hadden**

Taking a thrill ride on Wall Street

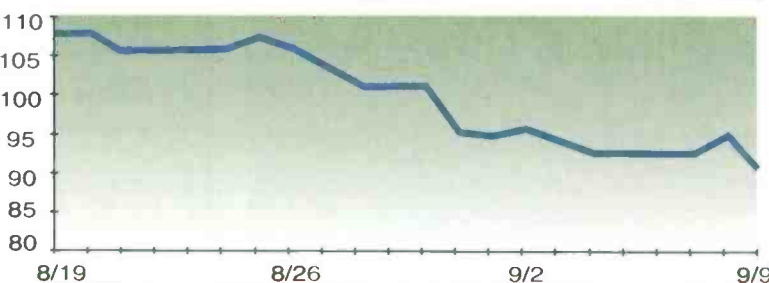
Market turmoil has made Wall Street an exciting place to be lately, although not necessarily a happy place for investors and CEOs. With the Dow Industrials down more than 500 points, then back up more than 300 points, the stock market has been a roller coaster in recent days.

Here's a look at the day-by-day stock price fluctuations of radio's top five group owners over the past month (8/10-9/9).



The Radio Index™

Bears continued to beat back the bulls on Wall Street. A rally on Tuesday (9/8) was followed by a pullback Wednesday (9/9). For the week, The Radio Index™ lost 5.59, continuing the recent downhill slide.



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FCC changing course without a compass

By Jack Messmer

For several decades the FCC has recognized that various types of media compete with each other for audience and advertising dollars. Thus, the Commission instituted rules to prevent a single owner from dominating a market through ownership of multiple media.

For example, the FCC has prohibitions on common ownership of newspaper and broadcast stations in a local market (the crossownership rule), radio and TV (one-to-a-market) or TV and cable. All, of course, may be waived by the Commission for good cause and some are now under review to see if they should be relaxed to reflect competition from new types of media.

Now though, two commissioners want to take the Commission down the foolish path blazed by the Department of Justice to judge radio combinations in a vacuum, as though no other media exist. As we have noted previously and repeatedly, DOJ's position is based solely on the political dictates of Vice President **Al Gore** and is without any rational basis in economics or antitrust law. Now these two would have the FCC also throw off its established policies, which do have some rational basis, and follow DOJ's dangerous course.

If Commissioners **Susan Ness** and **Gloria Tristani** are to follow their new course to its logical conclusion, they must also propose elimination of all restrictions on cross-media ownership. We don't expect to see that happen, since there is no logic in their position.

Commissioners Ness and Tristani seem to be oblivious to the fact that small markets have always had single owners with large shares of local radio ad spending. Even before duopoly, many tiny counties had only

a single radio station or an AM-FM combo. These small market owners, with 100% of the local radio ad "market," had never been able to boost ad rates to extreme levels because all faced competition of some sort, whether from a daily or weekly newspaper, an adjacent county's radio stations, cable TV or something else. Also, they and their competitors all faced the economic reality of doing business in a small market, where retail sales and ad budgets are also small. Rather than having licenses to print money, virtually all small market radio owners have operated with much smaller cash flow margins than their big market brethren. That is, when they have cash flow at all, since receivership and bankruptcy have always been much more common in small market radio than in large markets.

Passage of the 1996 Telcom Act didn't magically inject extra ad dollars into small markets. Rather, it gave broadcasters an opportunity to make small market radio a better business by combining station operations and eliminating overhead duplication. Instead of teetering on the brink of financial ruin, these station "clusters" are now able to generate revenues and cash flow which will ensure that their payroll checks don't bounce and that their employees can view radio as a career—not just a youthful passtime that has to be abandoned for more serious pursuits when marriage and family beckon.

Small market radio station clusters are still engaged in a daily fight with newspapers, cable and other competitors for ad dollars. The only thing that has changed is that they're able to serve their advertisers and their communities better. After all, you can't invest profits into local news and community service unless you have profits.

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Transaction Digest
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Cantrell) to Citizen Band Potawatomi Indian Tribe of Oklahoma Inc. (John A. Barrett Jr., chair.). \$77.5K escrow to transfer at closing, \$77.5K note. LMA since 7/15.

\$150,000—WPTB-AM Statesboro GA from Statesboro Media Inc. (John S. Whetzell, James A. Penney) to Skyline Communications Inc. (Gary A. Bacon). \$6.25K escrow, balance in cash at closing.

\$125,000—* WLOD-AM Knoxville (Loudon TN) from Loudon Broadcasters Inc. (Doyle F. Lowe) to MetroWest Radio LLC (Susan K. Horne, Douglas A. Horne). \$5K escrow, additional \$25K in cash at closing, \$95K note. **Superduopoly** with WATO-AM, WBLC-AM & WESK-FM.

\$75,000—WENR-FM Englewood TN from M&H Broadcasting Corp. (Elizabeth Mull) to Paul Wilson d/b/a 1090 Radio. \$3K escrow, \$40K (less escrow) in cash at closing, \$35K note. Note: The contract also gives Wilson the option to buy WDEH-AM & FM Sweetwater TN for two times gross billings plus the appraised value of the real estate.

\$65,000—* WBLC-AM Knoxville (Lenoir City TN) from Lauderdale-McKeehan Christian Broadcasting Corp. (Earl Lauderdale) to MetroWest Radio LLC (Susan K. Horne, Douglas A. Horne). \$2K escrow, additional \$18K in cash at closing, \$45K note. **Superduopoly** with WATO-AM, WLOD-AM & WESK-FM.

\$54,402—WIZK-AM Bay Springs MS from Mitchell Jerome Hughey to Willis Broadcasting Corp. (Bishop L.E. Willis). \$5K escrow, additional \$20K in cash at closing, balance in a series of five payments ending 1/2/2003.

\$50,000—KRRP-AM Coushatta LA from Bethard Broadcasting Corp. (James G. Bethard) to Francis V. Hobbs. \$1K deposit, additional \$14K in cash at closing, \$35K note.

\$42,800—KAJI-FM Point Comfort TX from BMW Broadcasting of Texas (Michael Mintz) to BK Radio (Bryan King, James S. Bumpous). \$42.8K cash.

\$35,000—WRMG-AM Red Bay AL from Redmont Broadcasting Corp. (Maurice Fikes, J.M. Page) to Redmont Broadcasting Co. (Hillard Sparks, Jimmy Pyle). \$1K downpayment, additional \$16.5K in cash at closing, \$17.5K note. Note: The buyers have an option to purchase the studio building and the tower site for a total of \$45K.

\$20,000—WPNC-AM Plymouth NC, 100% stock sale of Durlyn Broadcasting Co. from William B. Cox III and others to Free Temple Ministries Inc. (Timothy L. Baylor). \$2K downpayment, additional \$2K due 9/23, \$16K note. Note: The buyer owns a low-power TV station at Williamston NC.

\$14,000—FM CP (94.3 MHz) Norlina NC, 51% stock sale of CSN of North Carolina Inc. from Alvin Woodlief Jr. to CSN International (Charles Smith, Jeff Smith, John Lavdadio, Michael Kestler). Exercise of option under December 1997 settlement agreement whereby CSN is buying Woodlief's 51% interest for \$10K and paying him \$4K under a consulting agreement.

N/A—KOFE-AM St. Maries ID from Pentacle Broadcasting LLC (Frank Janda,

Kelley A. McCormick) to Campbell River Holding Co. LLC (Frank Janda, Kelley A. McCormick, Bobby G. Meadows). This transaction is described as a reorganization, and the parties state that no consideration is being exchanged for Meadows' addition as a 30% owner. Note: This application includes a lengthy description of the circumstances of Meadows' guilty plea to a charge of conspiracy to defraud the IRS in connection with a tax shelter scheme and his completion of a 26-month prison term in 1989.

N/A—KIKO-AM & FM Miami-Claypool AZ from Willard Shoecraft and Claypool Broadcasting Co. (Willard & Ruth Shoecraft) to Shoecraft Broadcasting Co. (Willard & Ruth Shoecraft). In-family reorganization.

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by Jack Messmer & Dave Seyler

The deals listed below were taken from recent FCC filings. 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.

\$9,000,000—* KRRR-AM Los Angeles (West Covina CA) from KRRR License Inc., a subsidiary of El Dorado Communications Inc. (Thomas H. Castro) to Multicultural Radio Broadcasting Inc. (Arthur & Yvonne Liu). \$500K escrow, \$1M loan to seller, balance in cash at closing. **Superduopoly** with KWPA-AM, KYPA-AM & KAZN-AM. Broker: Ray Stanfield & Assoc.

\$1,650,000—* KORL-FM Honolulu from Loew Broadcasting Corp. (Robert Loew) to Caribou Broadcasting LP, whose general partner is CAT Communications II (J. Kent, J. Larry & John W. Nichols, Betty Nichols Street) and whose limited partner is Desert

Communications II Inc. (Matthew Breyne), a subsidiary of FINOVA Group (N:FNV). **Superduopoly** with KQMQ-AM & FM, KPOI-FM & KHUL-FM. Broker: Kalil & Co.

\$1,600,000—* KCAB-AM, KCJC-FM & KWKK-FM Russellville-Dardanelle AR from Johnson Communicaitons Inc. (Dewey Johnson) to River Valley Radio Group LLC (Frances C. Harp, Linda D. Cate and others). \$75K escrow, balance in cash at closing. **Superduopoly** with KVOM-AM & FM Morrilton AR. Broker: Media Services Group

\$1,500,000—* KTXX-FM San Antonio (Devine TX) from KTXX-FM Inc. (Khan Harmon) to Clear Channel Radio Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$50K escrow, balance in cash at closing. **Superduopoly** with WOAI-AM, KTKR-AM, KAJA-FM, KQXT-FM, KEYI-FM, KSJL-FM & KCHG-FM. LMA to begin 11/27. Notes: This station has a CP to upgrade to class C2 on 92.5 MHz. Even after the upgrade,

KTXX will have contour overlaps only with WOAI-AM, KTKR-AM & KAJA-FM. Broker: Norman Fischer & Assoc.

\$888,648—WYYX-FM Bonifay FL from Group M Communications Inc. (Christopher L. Murray & others) to Mark A. Pirtle. Transfer by foreclosure order of the Circuit Court, 14th Judicial Circuit of the State of Florida, in and for Bay County. Pirtle is a 15% shareholder of Group M and the corporation's major creditor. The foreclosed debt is approximately \$888,648.

\$850,000—WCAT-AM & FM Orange-Athol MA from P&S Broadcasting Inc. (Jean & Richard Partridge) to CAT Communications Corp. (Jeffrey D. Shapiro). \$25K escrow, \$400K (less escrow) in cash at closing, \$425K under non-compete agreements.

\$700,000—* KLMB-FM Monroe (Bastrop LA) from A.T. Moore d/b/a Max Broadcasting Co. to Holladay Broadcasting of Louisiana Inc. (Clay E. Holladay). \$35K escrow, \$100K (less escrow) in cash at closing, \$600K note. **Duopoly** with KRVV-FM. LMA since 5/1.

\$495,975—* WWND-FM Raleigh, 51% stock sale of Triangle FM Broadcasters LLC from Bernard Dawson to WXXX LLC (Donald W. Curtis, Donna C. McClatchey), which will own 100% thereafter. \$495,975 cash. **Superduopoly** with WCHL-AM, WPTF-AM, WNDC-AM, WQDR-FM, WBBB-FM & WKXU-FM.

\$450,000—KNEA-AM Jonesboro AR & **FM CP** (95.9 MHz) Harrisburg AR, 100% stock sale of John J. Shields Inc. from Paul R. Boden to John J. Shields. \$5K deposit, additional \$45K in cash at closing, note for \$400K minus balance of loan for expenses related to the CP.

\$400,000—KCES-FM Eufaula OK from Harmon Davis to K95.5 Inc. (William H. Payne). \$8K deposit, additional \$98K in cash at closing, \$300K note.

\$380,000—WOON-AM Providence (Woonsocket RI) from Woonsocket Broadcasters LP (David R. LePage) to Willow Farm Inc. (Keating Willcox). \$90K escrow, balance in cash at closing.

\$265,000—WBYA-FM Searsport ME from Searsport Broadcasting Partnership (Dan Spears) to Moon Song Communications Inc. (Jerry & Leslie Evans). \$26.5K escrow, \$165K (less escrow) in cash at closing, \$100K note. Broker: Media Services Group

\$155,000—KGFF-AM Oklahoma City (Shawnee OK) from Sanders-Cantrell Partnership (Danny G. Sanders, Steven Michael

Big City Radio, Inc. Michael Kakoyiannis – President

has acquired

WRNJ-FM Hackettstown, NJ

for \$5,350,000 from

Radio New Jersey Lawrence Tighe and Norman Worth, co-owners closed – August 14, 1998

*We were privileged to serve as
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9/14/98 RBR