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Federal Communications Commission
Office of Secretary

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COPY

July 15, 1998

Magalie Roman Salas, Secretary
Federal Communications Commission
Washington, DC 20554

Re: **Report of Ex Parte Communication**
MM Docket No. 91-221 and MM Docket No. 87-7

Dear Ms. Salas:

Pursuant to Section 1.1206(a)(2) of the Commission's Rules, this is to report that oral *ex parte* meetings were held on July 14-15, 1998, with decision-making personnel in the above-referenced rule making proceedings, on behalf of **Montclair Communications, Inc.** ("Montclair") and **Waterman Broadcasting Corp. of Florida** ("Waterman"). An original and three copies are being filed, allowing two documents for each docket file.

The following people attended the meetings:

On behalf of Montclair and Waterman:

Lara Kunkler, President, Montclair
Peter Tannenwald, Counsel for Montclair
Steven H. Pontius, Executive Vice President, Waterman
Roy R. Russo, Counsel for Waterman

On behalf of the Commission:

July 14, 1998:

Susan Fox, Senior Legal Advisor to Chairman William E. Kennard
Commissioner Harold Furchgott-Roth
Helgi C. Walker, Legal Advisor to Commissioner Furchgott-Roth
Jane E. Mago, Senior Legal Advisor to Commissioner Michael K. Powell
Rick Chessen, Senior Legal Advisor to Commissioner Gloria Tristani

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July 15, 1998:

Anita L. Wallgren, Legal Advisor to Commissioner Ness
Roy J. Stewart, Chief, Mass Media Bureau

The purpose of these meetings was to explain why an agreement entered into in 1994, under which Waterman Broadcasting Co., Inc., licensee of Station WBBH-TV, Fort Myers, Florida, provides programming for broadcast on Monclair's Station WZVN-TV, Naples, Florida, has resulted in significant improvements in the local service provided by WZVN-TV, the acquisition of new equipment by WZVN-TV, and the advancement of television station ownership by a woman who lives in and takes a deep personal interest in the station's service area. The Commission was urged not to adopt rules in the above-captioned proceedings that would force the termination of this beneficial arrangement, especially since such termination would threaten the Station's financial ability to implement digital broadcasting.

If "local marketing agreements" are made attributable interests, the definition of the relationship that is attributable should not be patterned after the definition of "local marketing agreement" for radio stations and should not include arrangements that are in the public interest. Examples of factors that should be considered are where the programmed station's owner is a local resident and works full time at the station, less than 50% of the programmed station's air time is taken up by the programmer, the two stations together do not control an excessive percentage of market revenues, both stations are UHF and face VHF competition, air time on the stations is sold separately, the programmed station is owned by a small business, and/or the arrangement was entered into in good faith before the Commission first expressed concern about television local marketing agreements.

Attached is a copy of written materials that were left with the offices of each of the Commissioners.

Very truly yours,



Peter Tannenwald

cc: All meeting attendees named above

AN ARGUMENT FOR LOCAL MARKETING AGREEMENTS

WZVN-TV NAPLES, FL

Respectfully Submitted by

Lara Kunkler

Montclair Communications

AN ARGUMENT FOR LOCAL MARKETING AGREEMENTS

WZVN-TV NAPLES, FL

Brokered Station: WZVN-TV, Channel 26 Naples, FL Montclair Communications ABC affiliate

Brokering Station: WBBH-TV, Channel 20 Fort Myers, FL Waterman Broadcasting NBC affiliate

DMA: Naples-Fort Myers, FL Rank 83

LMA Term: June 1, 1994-May 31, 2004 with 5 year extension option

I. Community Benefits: The Local Issue

A. Brief History

1. WZVN-TV
 - a. Extreme Financial Difficulties
 - b. Four Ownership Changes in Four Years
 - c. Not Located in City of License
 - d. Outdated Equipment
 - e. Small Staff
 - f. L.M.A. - June 1, 1994

B. Purchase by Montclair Communications - October 10, 1996

1. Local Ownership
2. Female Ownership
3. Owner On Site, Full Time
4. Mentored Relationship
5. Station Focus: Children and Family Issues

C. LMA

1. Expanded, Improved & Focused Public Affairs Commitment
 - a. KidsFest
 - b. Lifeline: Summer Blood Drive
 - c. Klothes for Kids
 - d. Toyland
 - e. Stormbusters
 - f. Hurricane Seminars, Tracking Charts, Preparedness Special
 - g. In the Wild: Florida Style
2. Expanded Local News (unique, unduplicated, non-simulcast)
 - a. 1994: M-F 6p-6:30p M-F 11p-11:35p
Sa-Su 11p-11:30p
 - b. 1998: M-F 6:30a-7a M-F 6p-6:30p M-F 7p-7:30p M-F 11p-11:35p
Sa 7p-7:30pm Su 6:30p-7p Sa-Su 11p-11:30p

3. Equipment Investment in WZVN-TV Made by Waterman Broadcasting-
 - a. New Digital Studio Control Room
 - b. New Digital Studio and News Set - includes digital cameras capable of 16 x 9
 - c. Digital News Gathering: Sony SX
 - d. Digital Router
 - e. Doppler Radar
 - f. New Transmitter Remote Control
 - g. Fixed Satellite Uplink
 - h. New Microwave Truck
 - i. Use of Satellite Truck and Two Additional Microwave Trucks
 - j. Digital Commercial Playback
 - k. New Studio-Transmitter Link Tower
 - l. Conversion from 3/4" Tape to Betacam at Start of L.M.A.
 - m. wzvntv.com (local and national news, local Doppler radar, election returns on the internet)

4. Digital Commitment
 - a. New Tower
 - b. New Transmitter
 - c. Research and Planning Underway for Complete Studio Digital Conversion
 - d. Presently Produce News out of Digital Studio Control Room
 - e. Presently Acquire and Edit News on Digital Tape

5. Separate and Unique Voices
 - a. Unique Station Purpose and Image
 - b. Intentional Diversity
 - c. Programming Exclusivity
 - d. Exclusive Local News
 - e. Exclusive Public Affairs

6. Support from Expanded Staff
7. Economies of Scale Benefit Both Companies
8. Unique Operation and Affiliation Helps to Attract Talented Employees

II. State of the Industry:

A. National Issues

1. Consolidation
2. Proliferation
3. Market Size

B. Southwest Florida Market:

1. WTVK-TV (WB affiliate) purchased by ACME Television 4/98
2. WFTX-TV (Fox affiliate) purchased by Emmis Communications 4/98
3. WTOG (UPN affiliate) in St. Petersburg cancels local news 7/8/98
4. Cable Companies in DMA: Adelphia, Comcast, MediaOne, Time Warner
5. Radio Consolidation

WZVN-TV

BRIEF HISTORY

(PRIOR TO JUNE 1, 1994)

- * Extreme Financial Difficulties**
- * Four Ownership Changes in Four Years**
- * Not Located in City of License**
- * Outdated Equipment**
- * Small Staff**

JUNE 1, 1994

**LOCAL MARKETING
AGREEMENT**

*** BROKERED STATION:**

**WZVN-TV (formerly WEVU-TV)
Ellis Communications**

*** BROKERING STATION:**

**WBBH-TV
Waterman Broadcasting**

**MONTCLAIR
COMMUNICATIONS
PURCHASES WZVN-TV
OCTOBER 10, 1996**

- * Local Ownership
- * Female Ownership
- * Owner On Site, Full Time
- * Mentored Relationship
- * Station Focus:
Children & Family Issues

EXPANDED & IMPROVED PUBLIC AFFAIRS

- * KidsFest**
- * Lifeline: Summer Blood Drive**
- * Klothes for Kids**
- * Toyland**
- * Stormbusters**
- * Hurricane Seminars, Tracking Charts, Preparedness Special**
- * In the Wild: Florida Style**
(1998 Gracie Award - A.W.R.T. National Award)

EXPANDED LOCAL NEWS

(UNIQUE, UNDUPLICATED, NON-SIMULCAST)

*** 1994:** Mon-Fri 6pm-6:30pm
11pm-11:35pm
Sat-Sun 11pm-11:30pm

*** 1998:** Mon-Fri 6:30am-7am
6pm-6:30pm
7pm-7:30pm
11pm-11:35pm
Sat 7pm-7:30pm
11pm-11:30pm
Sun 6:30pm-7pm
11pm-11:30pm

EQUIPMENT INVESTMENT IN WZVN-TV MADE BY WATERMAN BROADCASTING

- * New Digital Studio Control Room**
- * New Digital Studio & News Set**
- * Digital News Gathering: Sony SX**
- * Digital Router**
- * Doppler Radar**
- * New Transmitter Remote Control**
- * Fixed Satellite Uplink**

EQUIPMENT INVESTMENT IN WZVN-TV MADE BY WATERMAN BROADCASTING

- * New Microwave Truck**
- * Use of Satellite Truck and Two additional Microwave Trucks**
- * Digital Commercial Playback**
- * Studio-Transmitter Link Tower**
- * Conversion from 3/4" Tape to Betacam at start of L.M.A.**
- * wzvntv.com (local & national news, local Doppler radar, election returns)**

DIGITAL COMMITMENT

- * New Tower**
- * New Transmitter**
- * Research and Planning Underway for Complete Studio Digital Conversion**
- * Presently Produce News out of Digital Studio Control Room**
- * Presently Acquire and Edit News on Digital Tape**

SEPARATE AND UNIQUE VOICES THROUGH:

- * Unique Station Purpose & Image**
- * Intentional Diversity**
- * Programming Exclusivity**
- * Exclusive Local News**
- * Exclusive Public Affairs**

OTHER BENEFITS

- * Support from Expanded Staff**
- * Economies of Scale Benefit Both Companies**
- * Unique Operation and Affiliation Helps to Attract Talented Employees**

NATIONAL ISSUES

***Consolidation:**

- Large Companies Growing Larger while Small Companies are Disappearing

***Proliferation:**

- More Forms of Media to Serve the Public

***Market Size:**

- The Difference between Large and Medium Size Markets

SOUTHWEST FLORIDA

- * **WTVK-TV purchased by ACME Television (Warner Brothers) 4/98**
- * **WFTX-TV purchased by Emmis Communications 4/98**
- * **WTOG-TV, St. Petersburg cancels local news 7/8/98**
- * **Cable Companies:
Adelphia, Comcast, MediaOne,
Time Warner**
- * **Radio Consolidation**

SUMMARY

*** Grandfather existing L.M.A.'s in
perpetuity**

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Review of the Commission's)	MM Docket No. 94-150
Regulations Governing Attribution)	
of Broadcast and Cable/MDS)	
Interests)	
)	
Review of the Commission's)	
Regulations and Policies)	MM Docket No. 92-51
Affecting Investment in the)	
Broadcast Industry)	
)	
Re-examination of the Commission's)	MM Docket No. 87-154
Cross-Interest Policy)	

To: The Commission - Mail Stop 1170

**RESPONSE OF WATERMAN BROADCASTING CORP. OF FLORIDA
AND MONTCLAIR COMMUNICATIONS, INC.
TO REQUEST FOR FURTHER INFORMATION REGARDING TELEVISION LMA'S**

Introduction

This is the joint response of the above-named parties to the Commission's Public Notice, DA 97-1246, released June 17, 1997, requesting further information regarding existing local marketing agreements ("LMA's") involving television broadcast stations. The respondents will first respond directly to each of the Commission's questions. They will then discuss why the LMA to which they are a party has resulted in dramatically improved local service to the audience of both television stations and an investment in equipment for both stations that no prior owners have been willing to make. Further, the LMA has turned WZVN-TV into a viable operation for the first time and may be the only realistic vehicle to enable that station to convert in a timely manner to digital operation. The LMA has made it possible for WZVN-TV to be owned by a corporation controlled by a woman; and the owners of both stations feel very strongly that the survival of the LMA is even more vital in this 83rd DMA, where it ensures the availability of a major network service that the public might lose if WZVN-TV failed, than it would be in a major market, where an LMA might be used to support a fifth, sixth or even tenth station. The information presented herein demonstrates that the public is better off with the WBBH/WZVN LMA than it would be without that arrangement.

Responses to Commission's Questions

1. For both the brokering and the brokered stations, the name of the licensee, call letters, channel number and community of license.

Brokering station: Waterman Broadcasting Corp. of Florida
WBBH-TV, Channel 20, Fort Myers, Florida

Brokered station: Montclair Communications, Inc.
WZVN-TV, Channel 26, Naples, Florida

2. The name and rank of the Nielsen Designated Market Area(s) in which the brokering and the brokered station are located.

Both the brokering and the brokered stations are located in the Fort Myers-Naples DMA, DMA rank no. 83.

3. Whether the brokering and brokered stations have overlapping signal contours and, if so, specify the degree of City Grade, Grade A or Grade B overlap.

The brokering and brokered stations have overlapping signal contours. Please refer to Exhibit 1 - Signal Overlap Analysis (attached) for complete information. It should be noted that this exhibit shows that the Grade B contour of WINK-TV, the VHF competitor to WBBH-TV and WZVN-TV, is substantially larger than the Grade B contour of either WBBH-TV or WZVN-TV and encompasses almost the entire area served by the combined Grade B contours of both UHF stations.

4. The date on which the parties entered into the LMA.

The Commencement date for the LMA agreement was June 1, 1994.

5. Information regarding the term of the LMA -- specifically, the start and end dates of the initial term of the LMA, whether the LMA includes renewal provisions, and, if so, the specific terms of such renewal provisions, e.g., length, at which party's option the renewal may be exercised, whether renewal is automatic, notice for renewal option, etc.

The LMA agreement is for a period of ten years, ending on May 31, 2004. One five year extension beyond the initially scheduled ten year term is available, but it is neither

automatic nor unilateral. It requires both parties to reach an agreement to extend before 180 days following the seventh anniversary of the Commencement date.

6. The percent of brokered station's weekly broadcast hours that is brokered to brokering station.

The brokered station receives **60%** of programming from the ABC Television Network, pursuant to an affiliation agreement between the licensee and the network, to which the broker is not a party. The brokering station does not carry any ABC programming.

The remainder of the brokered station's programming is furnished by the brokering station, under three arrangements:

- 1) National syndicated programming comprises **32%** of the brokered station's schedule.
- 2) Exclusive local news programs comprise **6%** of the brokered station's schedule.
None is broadcast on the brokering station, and each station has its own separate producers, reporters and news, weather and sports anchors.
- 3) Exclusive public affairs programs comprise **2%** of the brokered station's programming. None is duplicated on the brokering station.

The controlling stockholder of the licensee of the brokered station works full time at the station. The LMA provides that the licensee retains sole responsibility to determine the needs of the community of license and service area; has the right and obligation to broadcast such additional programming, either produced or purchased by brokered station, as the licensee determines appropriate to respond to the ascertained community needs; and has the right to delete at its sole discretion any of the brokering station's programming for transmission of such programs.

7. Whether the brokering or brokered stations are owned by or affiliated with the ABC, CBS, Fox, NBC, UPN or WB broadcast television networks. If so, please specify the identity of the network and whether the relationship between network and station is that of ownership or affiliation.

The brokering station is an affiliate of the NBC Television Network. The brokered station is an affiliate of the ABC Television Network.

8. The reported Nielsen all day audience share (measuring 9 a.m. through midnight) for both the brokering and brokered stations during the last three most recent rating periods.

	<u>November 1996</u>	<u>February 1997</u>	<u>May 1997</u>
Brokering station:	19 share	18 share	18 share
Brokered station:	10 share	8 share	8 share

*It is noteworthy that WINK-TV, the only VHF station in the market had a 25 share in February 1997 and a 24 share in May 1997, approximately equal to WZVN-TV and WBBH-TV's combined share of 26.

9. A brief summary of any other information that parties to an LMA, at their option, may wish to bring to the Commission's attention, such as any efficiencies, or public interest benefits they believe have resulted from the LMA, whether the station was off the air prior to the LMA being entered into, whether the station has been or is for sale or whether the station was constructed while under the LMA.

The brokered station was not off the air when the LMA was entered into and is not for sale now; but as discussed below, it was economically unsuccessful, and was sold several times, prior to the commencement of the LMA. The efficiencies from common staff and facilities for the two stations have resulted in significant and substantial public benefits.

MORE PUBLIC AFFAIRS

WZVN-TV and WBBH-TV have presented increased and improved separate public affairs and public service programming since the inception of the LMA. Following the most recent ownership change in October 1996, WZVN-TV has made children's issues one of the station's primary focuses. WZVN-TV is a committed partner with the ABC Television Network's Children's First campaign. The following lists WZVN-TV's largest public affairs campaigns for 1997. Many of these public interest projects could not have been completed without the staff and financial support that Waterman Broadcasting Corporation of Florida provides through the LMA.

***KidsFest:** On May 3, 1997, WZVN-TV held a one day event for and about children. The festival attracted more than 25,000 people, mostly children and their families. We provided 9 hours of Disney Entertainment including an educational puppet show which teaches kids to stay away from drugs, alcohol and tobacco. We invited local groups to perform on stage demonstrating a variety of activities for children including ballet, martial arts, gymnastics and theater. We offered a classroom area for parenting and other educational seminars. We had a variety of interactive areas for children, places where they could participate in hands-on activities such as digging for fossils, performing as a news anchor on our mobile set or creating a tornado in a bottle. With a turn-out of more than 25,000 our community was obviously in need of an event like this for families and kids. Our station recognized that need and proudly fulfilled it. (Please see: Exhibit Two..Letter from Mayor of Fort Myers.) Employees from the staffs of both WBBH-TV (brokering station) and WZVN-TV (brokered station) were required to make this event a reality. Through the cooperative nature of the LMA, we were able to promote KidsFest on WBBH-TV informing even more viewers about the WZVN-TV event.

***March Against Drugs:** A month-long effort, in conjunction with the ABC Television Network, encouraged parents to take time to talk to their children about the detrimental effect of drug abuse. We aired hundreds of local Public Service Announcements and provided informative news stories almost nightly discussing the dangers of drugs.

***Lifeline:Summer Blood Drive:** The local blood banks experienced a critical shortage of blood leading up to the July 4th weekend. WZVN-TV teamed up with the local blood banks to hold a one day blood drive. Donors were asked to come to the television station to donate. They were given the opportunity to tour the television station facilities and meet the station's news anchors and reporters. This one day event resulted in donations of 486 pints of blood, the largest single day total in the history of the Edison Blood Bank.

***Stormbusters:** This is the third year for the Stormbusters Coloring Books. The coloring books provide kids a fun and entertaining way to learn about severe weather and what to do when a hurricane, tornado or severe thunderstorm hits our area. The coloring books are endorsed by local educators and used in the curriculum of every second grade classroom in our six-county DMA.

***Hurricane Seminars, Tracking Charts & News Specials:** Throughout the hurricane season, our meteorologists provide local community organizations and businesses with hurricane seminars. The seminars detail storm preparation, evacuation routes and convenient places to find information in the case of a storm. We also provide thousands of hurricane charts to the community to track the paths of the season's storms. Since the inception of the LMA, WZVN-TV has kicked off the start of every Hurricane season with a highly produced, 30 minute broadcast featuring storm safety information. The program features a telephone hot-line so that viewers can call

the station and speak with local Emergency Management officials, insurance representatives and building contractors.

***Nature's Classroom:** A weekly television series set to debut in September 1997, produced by WZVN-TV to teach children about the sensitive Florida environment and the unique surroundings in which we live. The program features Gary Clements, a fourth generation Floridian and Native American, who is a positive role model as well as an informed, entertaining host. This program has been accepted as an approved supplement to the "Environmental Curriculum" for middle school students. The program will feature a professionally written study guide and teacher's supplement which will be distributed to every middle school in our 6 county DMA. "Nature's Classroom" is also endorsed by Florida Gulf Coast University. Before the LMA, neither station would have been able to take on an endeavor of this magnitude. With increased staff and production facilities, we are able to pursue a very worthwhile project.

***WZVN-TV PSA Commitment:**

1996...200 different PSA announcements ran for at least eight weeks and aired a minimum two times per day.

1997...105 different PSA announcements ran for at least eight weeks and aired a minimum two times per day (year to date).

***WZVN-TV Public Speaking Engagements:**

1996... WZVN-TV provided its service area with 105 informational and educational public speeches.

1997... WZVN-TV has provided its service area with 49 informational and educational public speeches (year to date).

MORE LOCAL NEWS

News Programs. A principal value of the LMA is that it (1) has provided the brokered station with a news staff and news equipment to equal that of other competitive stations in the market and (2) has made it possible for the brokered station to carry separate and exclusive local and network newscasts by the brokered station, including the only 7:00 p.m. 30-minute daily newscast in the market. With emphasis on a separate news voice for each station, the following unduplicated, non-simulcast daily newscasts are presented:

WBBH-TVWZVN-TV

Mon-Fri	6:00-7:00 a.m. Local News 7:00-9:00 a.m. NBC "Today" Show with local inserts 12:00-1:00 p.m. Local News 5:00-6:00 p.m. Local News	5:00-7:00 a.m. ABC World News 7:00-9:00 a.m. ABC "Good Morning America" with local inserts
Mon-Sun	6:00-6:30 p.m. Local News 6:30-7:00 p.m. NBC News 11:00-11:35 p.m. Local News	6:30-7:30 p.m. ABC News 7:00-7:30 p.m. Local News (Mon-Sat.) 11:00-11:35 p.m. Local News
Sat	7:00-9:00 a.m. NBC "Today" Show with local inserts 9 a.m.-10:30 a.m. Local News	
Sun	8:00-9:00 a.m. NBC "Today" Show with local inserts	8:00-9:00 a.m. ABC "Good Morning America"

Each station has its own separate news staff that anchors, reports, and produces the news. There is no duplication or simulcasting of news between the stations. While maintaining some aspects of the news operations separately, certain resources are used to support both news products that do not deter from a separate voice for each. These arrangements may be analogized to the efficiencies that are gained by newspaper "joint operating agreements." For example, this market is one of the major hurricane and storm prone areas in the United States. Such emergencies lend to a natural pooling of both stations' resources so that the public is better served.

More Jobs. Many expect LMA's to negatively impact the number of jobs in a market. In this case, with the strong financial support of Waterman Broadcasting Corporation of Florida, the LMA has actually increased the number of news positions between the two television stations and along with that increase has increased the number of news hours available in the market. At the inception of the LMA in June 1994, WEVU, as WZVN-TV was called at the time, had 21 full time news employees and three part time news employees. On June 1, 1994, WBBH-TV employed 45 people full time in the news department and two

people part time. To broadcast the news on WBBH-TV and WZVN, Waterman Broadcasting Corporation of Florida presently employs 80 full time employees and two part time employees in its News Department serving both stations. This news organization provides the community with the most extensive news gathering staff in the market. Certain news employees, anchors, reporters and producers work exclusively for one station. Other employees, Executive Producers, Assignment Editors, Photographers and Editors work on product for both stations' newscasts. This arrangement provides for a unique product and different points of view on each television station.

Fulltime Personnel on Duty. Prior to the LMA, WZVN-TV was unable to staff the newsroom overnight or during much of the weekend. If breaking news or severe weather occurred, they were unable to inform the community. With news staff now on duty at the station 24 hours a day, both stations are able to disseminate critical information to the public almost instantly.

Establishment of Remote Bureaus. Another feature of our combined news operation is the use of news bureaus in other counties. These bureaus are equipped with live capabilities and allow both stations to better serve the public in a wider geographic area. WZVN-TV was unable to afford any remote bureaus as a single station and provided virtually no local news coverage to some of the counties in our DMA.

EFFICIENCY COMBINED WITH AUTONOMY

The day-to-day business operations of the LMA are designed to provide both WZVN-TV and WBBH-TV with as much autonomy as possible, while taking advantage of the benefits of economies of scale and their associated efficiencies.

Examples:

Management: Autonomy is assured because the President and General Manager of the brokered station, who is also the controlling stockholder of the licensee, maintains a full time office at studios shared by the two stations. The Executive Vice President and General Manager of the brokering station discusses all significant matters involving programming scheduled for broadcast on the brokered station with the brokered station's President/General Manager and defers to her decisions. The President/General Manager of the brokered station also participates in the weekly department head and marketing meetings of the brokering station's staff to discuss matters pertinent to the brokered station. Autonomy is also enhanced through each station employing its own Chief Engineer.

Sales: Sales autonomy is maintained through each station having its own Local and National Sales Manager. Each station also has its own local sales staff that includes eight account executives on the brokered station and nine account executives on the brokering station. Each station uses its own rate card. The stations are not sold in combination. Each station also has its own exclusive sales assistants and separate traffic personnel. The brokered station maintains an independent main studio location in Bonita Springs with its own receptionist. Efficiency is advanced because the WBBH-TV receptionist is able to provide services for WZVN-TV in Fort Myers, and the WZVN receptionist is able to provide services for WBBH-TV in Bonita Springs.

Additional Operational Considerations: The brokered station (WZVN-TV) has a staff of producers, news, weather and sports anchors that exclusively serve that station. WZVN-TV is licensed to Naples, Florida. Its transmitter is approximately 46 km. from the transmitter of the brokering station. The prior owners of WZVN-TV operated their main studio at Bonita Springs, approximately 15 miles north of the community of license. The present licensee, in cooperation with the brokering station, has made arrangements to close the Bonita Springs office and to open a live news studio in Naples itself. The news studio will be supported by serving both the brokered and brokering stations and is expected to open by the

fall of 1997. Station WTVK-TV, licensed to Naples but also located in Bonita Springs, does not provide local news.

MORE INVESTMENT IN FIXED ASSETS

An important efficiency resulting from the LMA is the shared utilization of fixed assets. A station that is financially and fixed-asset distressed, such as WZVN-TV, can become a viable television station through utilization of specific fixed assets of a brokering station, such as WBBH-TV. The stronger television station can provide financial and fixed asset support that would otherwise be unavailable. This arrangement enables both stations to better serve the public interest, convenience and necessity.

Examples:

Doppler Radar: A \$400,000 investment that brokered station could not have made individually. Now, the community can benefit from a powerful and accurate life-saving tool in an area with severe weather conditions. Previously, WZVN-TV had no local radar. WBBH-TV had an outdated, weak weather radar. This radar gives both station's meteorologists the tools needed to predict and inform viewers before severe weather strikes.

New Digital Routing System: The combination of two television station operations allows an investment in one larger digital routing system rather than buying two smaller systems at a greatly increased price. Now both WZVN-TV and WBBH-TV are capable of routing digital signals in preparation for Digital Television. This is equipment that WZVN-TV would not have if it were not for the combined operation. Cost: \$180,000

Satellite News Gathering Vehicle and 3 Microwave Live Trucks: WBBH-TV previously was the only station in the market that could provide live remote coverage of stories of local importance happening outside the region. Now, WZVN-TV benefits from this news gathering tool. WZVN is also able to provide the ABC Television Network for the first time with satellite feeds of regional/national importance. Additionally, Waterman Broadcasting Corporation of Florida purchased a new state-of-the-art ENG vehicle dedicated for WZVN. Previously, WZVN-TV had an unsafe home-made live vehicle. WZVN has access to the other ENG trucks owned by WBBH-TV. Cost for live vehicles: \$675,000

New Digital Studio and Control Room: A \$3.5 million investment by the brokering station provides the brokered station with the most advanced broadcast studio in the market. The 3600 square foot facility was built by

Waterman Broadcasting Corporation of Florida exclusively for WZVN-TV's use adjoining the WBBH-TV facility. The fully digital control room will provide for a smooth transition to Digital Television and High Definition Television.

Transmitter Remote Control: Waterman Broadcasting Corporation of Florida purchased and installed a state-of-the-art transmitter remote control system to serve both stations. This gives Master Control Operators a better and more reliable system to monitor and resolve transmitter problems. When severe weather strikes or WZVN-TV suffers a power outage at its transmitter, the station is now able to switch to generator power at the touch of a button. This makes the station more reliable for the viewers. Previously, an engineer had to make a 30 minute trip to the transmitter to switch to generator power.

Water.Net: Waterman Broadcasting Corporation of Florida created and constructed a local internet service company, Water.Net. In addition to access to the Worldwide Web for both stations, Water.Net created elaborate home pages for both WZVN-TV and WBBH-TV. The internet sites provide a simple and easy way for viewers to communicate with the brokered station. The pages also feature up-to-the minute weather forecasts, programming information and other important information. In April, Waterman Broadcasting Corporation of Florida made Doppler Radar available on the WZVN-TV and WBBH-TV home pages. This feature is already being used by schools in planning outdoor activities such as track meets and outdoor graduation ceremonies and by the Southwest Florida Boy Scout Council at their summer camp to protect young scouters.

RadarNet: Unlike the Doppler image provided through the stations' home pages (which is updated every five minutes), RadarNet provides subscribers with real-time, live, manipulative Doppler radar. RadarNet is designed as an economical way for public service agencies and commercial enterprises to have access to instant, accurate weather information. This image, which is distributed via the Vertical Blanking Interval (VBI) of the broadcast signal, is identical to what is used by our on-air meteorologists and can be manipulated by subscribers. Storms can be tracked in real-time by public safety officials who can then more intelligently deploy response teams. As a public service, Waterman Broadcasting Corporation of Florida has waived all RadarNet data charges (normally \$125 per month) to area public safety organizations. This is a direct benefit of the WZVN/WBBH LMA.

Conversion from 3/4" to Beta Tape Format: Waterman Broadcasting Corporation of Florida advanced WEVU-TV from 3/4" to Beta tape format in news and programming playback. Prior to that change, the quality of the on air picture on WZVN-TV was inferior to that of other stations in the market, thus contributing to a poor station image. The Beta format provides for more streamlined operations and fewer on-air discrepancies.

Digital Commercial Playback: WZVN-TV was the first station in our market to provide a digital, non-linear commercial playback system. This system represents one of the many steps necessary to convert WZVN-TV into a fully digital television station. Both Waterman Broadcasting Corporation of Florida and Montclair Communications, Inc. embrace the FCC's mandate to develop digital and advanced television. We are committed to provide our communities with complete digital television service. We will be able to transition to digital television by being able to share digital infrastructure between the two stations working together under the LMA.

New Studio-Transmitter Link Tower: As part of Waterman Broadcasting Corporation of Florida's \$3.5 million studio expansion, a new studio-transmitter-link tower was constructed for WZVN-TV. This tower was specifically designed with four goals. 1) A taller tower (165 ft. vs. 90 ft.) provides a more reliable signal from the studio to the transmitters during marginal weather conditions which may have created a signal loss using the old tower and equipment. 2) The tower was designed to house the new Doppler Radar and its 14 foot protective radome. 3) The tower was built to exceed all current wind loading requirements in southern Florida - thus making the signals for both stations more reliable during tropical storms and hurricanes. 4) We agreed with the city and county governments to design the tower strong enough to accommodate all interested PCS companies and to offer rental space at reasonable prices. This reduces the need for the construction of other towers in this area of our community.

New Studio Cameras: Waterman Broadcasting Corporation of Florida purchased two Phillips LDK-10 cameras for use by WZVN's news studio. The cameras have a digital output and are capable of providing a picture in the 16 x 9 format that will be needed in the future. They will further help the station in its transition to digital television.

11-22-94

**ADDITIONAL INFORMATION REGARDING THE STATION
AND THE FORT MYERS-NAPLES, FLORIDA, MARKET**

Size of Market. The designated market area (DMA) for measuring television audiences in the market where WBBH-TV and WZVN-TV operate consists of six counties: Collier, Lee, Charlotte, Desoto, Hendry and Glades. Naples (WZVN-TV's community of license) is located in Collier County. Fort Myers (WBBH-TV's community of license) is located in Lee County. Collier, Lee and Charlotte counties account for 90% of television homes in the DMA. A wide range of media voices serve the DMA. Because of the wide variety of media owners in the market, many with multiple stations and multiple revenue streams, we believe that the LMA between WZVN-TV and WBBH-TV is appropriate and essential for the survival of WZVN-TV.

History of WZVN-TV, WBBH-TV, and the LMA. Before entering into the subject brokering agreement, the President of the brokering station, along with counsel, met with FCC staff members in 1992 to discuss the possibility of similar arrangement involving WTVK-TV (formerly WNPL-TV), another distressed station in Naples. This meeting provided helpful advice to avoid conflicts of interest and also stressed emphasis to be placed on serving the community's needs. The LMA with WZVN-TV was structured pursuant to the advice given at that meeting, including that each station should continue to provide service to its own community of license.

The license for the brokered station has been assigned or transferred four times in the past four years. It was sold by Caloosa Television Corporation to FCVS Communications in 1992 and by FCVS to Elcom of Florida, Inc. ("Elcom") in 1993. In April 1994, Elcom contacted Waterman Broadcasting Corporation of Florida to discuss a time brokerage agreement with WBBH-TV. Elcom emphasized its reluctance to properly equip WZVN-TV and to invest in a competitive news staff to properly serve the area. WZVN-TV's marginal cash flow severely limited any licensee's ability to earn a return on any investment in the station. The LMA began on June 1, 1994.

Subsequently, control of Elcom was transferred to Raycom Media, in August 1996. After further consultation with the Commission's Staff concerning the LMA, Raycom in turn sold the station to Montclair Communications, Inc. ("Montclair") in October 1996. Montclair's president and sole stockholder, Lara Kunkler, was able to purchase the brokered station supported by payments received through the LMA. She provides, as an on-site local owner, daily input into all aspects of the brokered station, underscoring and assuring the continuation of the exclusive public affairs and public service programs and daily newscasts broadcast by WZVN-TV.

For the 12 years before entering into the time brokerage agreement, WZVN-TV had, at best, only marginal financial success. Now, through the LMA, the station serves the public through a state-of-the-art television station, providing competitive news and public affairs programming to better serve its viewers and without duress of financial restraint. The Brokering station pledged at the inception of the LMA to provide state-of-the-art physical facility and qualified staff to program WZVN-TV and has fulfilled that obligation. Please refer to Exhibit #3 for chronological details.

Local Dedication and Commitment

WBBH-TV, the brokering station, has been owned by Waterman Broadcasting Corporation of Florida since 1979. Bernard Waterman is President, and Bernard and Edith Waterman are sole stockholders. Mr. and Mrs. Waterman are dedicated local residents of the Florida West Coast. They made up their mind to be economically successful in the local television business and have invested in both WBBH-TV and WZVN-TV with more than just the bottom line in view. They have invested more than might be expected of a non-local owner managed by Wall Street financiers focused on stock value appreciation.

Market Competition

The public in the Ft. Myers-Naples DMA receives mass media services from many diverse sources, and WBBH-TV and WZVN-TV face substantial competition from other

television stations serving Southwest Florida. The LMA does not lessen this competition in any significant way. Media in the market include:

***VHF**

WINK-TV	VHF	Channel 11	CBS Affiliate	Licensed to Fort Myers
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***UHF**

WBBH-TV	UHF	Channel 20	NBC Affiliate	Licensed to Fort Myers
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WFTX-TV	UHF	Channel 36	FOX Affiliate	Licensed to Cape Coral
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WGCU-TV	UHF	Channel 30	PBS Affiliate	Licensed to Fort Myers
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WRXY-TV	UHF	Channel 49	Religious	Licensed to Tice
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WTVK-TV	UHF	Channel 46	UPN Affiliate	Licensed to Naples
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WZVN-TV	UHF	Channel 26	ABC Affiliate	Licensed to Naples
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Radio Stations serving Southwest Florida: 32 radio stations serve the market.

Concentrated Ownership; Fort Myers Broadcasting, licensee of VHF station WINK-TV, also owns one AM and two FM radio stations. Meridian Broadcasting, recently formed by the former General Manager of WINK-AM-FM-TV, and which is financed by Fort Myers Broadcasting, owns two FM and one AM radio stations. Additionally, Meridian Broadcasting programs the three radios owned by Fort Myers Broadcasting under LMA's, thus giving one broadcasting company an interest in and/or significant influence over six radio stations and the only VHF network affiliate in the market.

More Consolidation Coming. Clear Channel Broadcasting, Inc, recently purchased some 50 radio stations in Florida, and already owns 3 FM and 2 AM stations in the local market. Beasley Broadcasting, owner of 16 stations nationwide, owns two FM stations and one AM station locally.

Cable Television Companies. Four major Cable Companies cover 95% of the DMA, including, MediaOne (a.k.a. US West-Continental), Jones Inter-Cable, Time Warner and Comcast. Additionally, there are two viable MMDS systems. Our area also has a 5% DBS penetration.

MediaOne and Jones Intercable (which together cover 70% of the market) have formed a subsidiary company called Southwest Florida Interconnect. This company sells

commercial television advertising on eight of the top cable channels and competes with television broadcasters in the area. According to best estimates, Southwest Florida Interconnect now has television advertising sales which exceed those of two other commercial stations and is approaching the total billing of WZVN-TV.

MediaOne also serves as the local network affiliate for the WB Network. They carry the network on their cable channel 10 and market it as "WSWF-TV". Now, all of the other cable operators carry the MediaOne WB Network station "WSWF-TV" on their cable channel 10. This gives "WSWF-TV" coverage parity with the over-the-air licensed broadcasters in the market. Additionally, "WSWF-TV" competes with over-the-air broadcasters producing daily newscasts and competing for syndicated programming. "WSWF-TV" should be given full recognition when considering television "voices" in our market.

Newspapers and Magazines. The Scripps Howard Group owns the daily local newspaper serving Naples. The Gannett Group owns the daily local newspaper serving Fort Myers. A local owner publishes a daily local newspaper in Charlotte County. More than thirty weekly newspapers and magazines are published in the area.

CONCLUSION

The key tenet of commercial television broadcasting is that the licensee operate in the public interest, convenience and necessity. It is not the normal concern of the licensing agency whether or not an owner (or licensee) is financially successful. But in today's complicated broadcasting landscape, the ability to successfully serve the public interest, convenience and necessity is directly related to a station's financial stability.

The harsh reality is that when a station faces the choice of whether to pay the electric bill or to hire someone to explore the possibilities of a locally produced children's program, the decision is obvious. When faced with the choice between simply passing through a network's digital signal to be "in technical compliance" with the digital requirements or to operate a full service digital news operation, the choice will, again, be obvious to a financially distressed station.

Please keep in mind that small stations face the same digital transmitter costs as their major market cousins. Without the financial safety net of group or network ownership...or the possibility of an LMA or dual ownership... many small market stations will not survive the digital transition. And of those that do survive, many will be forced to sacrifice services that would allow them truly to serve the public interest. These stations will be forced into "minimum service broadcasting."

While the conventional wisdom may be that LMA's are most important to help independents in large markets where no major network affiliations are available, in truth, smaller market stations are in greater need of the financial security provided by LMA's than those in large markets. The government has long recognized that some communities may be better served with newspaper joint operating agreements rather than completely losing a newspaper voice. We believe that small market television is in a similar situation.

The question to the FCC should not be entirely "what is the impact of LMA's and duopolies on the public interest?" Rather it should be "what will the cost to the public interest be without LMA's or duopolies?" In the case of Fort Myers-Naples, Florida, the public is most assuredly better off with the WBBH/WZVN LMA than with the alternative.

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WZVN-TV/WBBH-TV PROGRAMMING LINE-UP

	<u>WZVN-TV, ABC</u>	<u>WBBH-TV, NBC</u>
5am-6am	ABC News	NBC News
6am-6:30am	ABC News	Local News
6:30am-7am	Local News	Local News
7a-9a	Good Morning America	The Today Show
9a-10a	LIVE with Regis & Kathie Lee	Sally Jesse Raphael
10a-10:30a	Martha Stewart: LIVING	Jerry Springer
10:30a-11a	The Gayle King Show	Jerry Springer
11a-12p	The View	Jenny Jones
12p-12:30p	Pictionary	Local News
12:30p-1p	Port Charles	Local News
1p-2p	All My Children	Sunset Beach
2p-3p	One Life to Live	Another World
3p-4p	General Hospital	Days of Our Lives
4p-5p	Judge Judy	Howie Mandel
5p-6p	Ricki Lake	Local News
6p-6:30p	Local News	Local News
6:30p-7p	ABC News	NBC News
7p-7:30p	Local News	Wheel of Fortune
7:30p-8p	Entertainment Tonight	Jeopardy!
8p-11p	ABC Network	NBC Network
11p-11:35p	Local News	Local News