

# LOS ANGELES BUSINESS

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## Battling erupts over Gulf War troops parade

BY CHIP JACOBS  
AND ANNE RACKHAM

A planned Los Angeles homecoming parade for the Desert Storm troops is being tarnished and disrupted by disagreements between city officials, the Hollywood Chamber of Commerce and local television stations over rights to the parade and whether anyone should be allowed to make money on it.

The issues threatening to rain on the parade include:

- The only organization that stands to make a profit in the deal is KTLA-TV (Channel 5), even though the parade is being billed as a city/chamber event and taxpayers are helping to foot the bill.

- Television stations are angry because the chamber and the city made a deal to sell broadcasting and syndication rights to KTLA without going to bid. At least one station thinks this is illegal, because the parade is a public event on city streets and has lawyers examining the problem.

- KTLA vice president Johnny Grant is

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## Front Lines

### Flickering lights

Southern California Edison Co.'s Redondo Beach facility may be forced to shut down if the utility loses a case alleging the plant violates the city's noise law.

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### Expensive sips

A Los Angeles assemblyman introduced three bills in March proposing subsidies for desalination plants, yet drinking water made from salt water may cost much more than conventional supplies.

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### Low to the ground

Twelve thousand jobs at Northrop Corp. are at stake as Congress begins another round of debate on the future of the B-2 "stealth" bomber.

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## NEWS SUMMARY

A guide to stories in this week's edition

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## Wall Street Lockheed State delegation bring huge project

BY TIM DEA

Wall Street analysts are betting that the Lockheed will win the mammoth \$80 contract to manufacture the F-22 fighter jet for the U.S.

Meanwhile, political forces and the two contractors are lining up for the Air Force's decision in the next few weeks to win what could be the last program for many years.

At stake are the financial interests of Calabasas-based Lockheed Corp. in Century City, as well as jobs for Los Angeles County.

On Wall Street there has

# Parade: TV stations skirmish over KTLA exclusive-coverage deal

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wearing three hats as chief parade organizer. As a chamber board member, he is writing checks for parade expenses on an account containing donations from corporate sponsors. He's also co-host of the parade, as honorary mayor of Hollywood. He is orchestrating KTLA's coverage, as a paid employee.

Los Angeles City Councilman Michael Woo, who represents the Hollywood area, where the parade is scheduled, said he has "questions in my mind why the city is subsidizing a profit-making venture."

The idea for the May 19 parade came from Grant, who, upon returning from a trip to Saudi Arabia, convinced his station to put on a parade. Grant said the station even agreed to give him three months off to do nothing but organize the event.

Grant next went to the chamber, where he is a long time board member and honorary mayor of Hollywood. It was agreed that a fund used by the chamber to buy radios and batteries for the troops, with donated money, would be used to accept corporate sponsorship contributions to pay parade expenses.

KTLA agreed to kick in \$225,000 in the fund, in exchange for exclusive broadcasting, syndication and licensing rights.

Mayor Tom Bradley agreed that the City of Los Angeles would put its name on the parade and contribute police officers, traffic control and clean-up services, at an estimated cost of \$300,000.

A news conference was organized and the event was heralded as a grand show of patriotism, sponsored by the city and the chamber. But, perhaps because KTLA was mentioned only as the station with exclusive rights to broadcast the parade, KNBC (channel 4) questioned why only one station was favored, specifically Grant's station.

Bradley, confounded by an angry KNBC, came up with a compromise plan under which other stations could broadcast the parade if they paid \$250,000 toward general costs, agreed not to syndicate the event and agreed not to run commercials. A

March 15 sign-up deadline was set, but none of the other stations were willing to agree to the terms.

KNBC pointed out that - due to federal regulatory constraints - it can't make up the cost of the \$250,000 fee through syndication revenue, as KTLA can. KTLA is syndicating the parade across the country through its parent company, Tribune Entertainment, and stands to make money off national commercials sold by the syndicate.

KTLA has volunteered to donate 50 percent of its syndication profits to the troops' families, but the station will keep all its profit from selling local commercial advertising packages.

According to a local advertising executive who talked to KTLA's sales department, the station plans to sell six advertising packages for \$255,000 each. For that money, each advertiser will receive a pre-parade show commercial, a "super" air crawl line during the commercial-free parade and a commercial during the parade rerun on Memorial Day weekend, and the KTLA staff will build the client a float.

If KTLA sells six packages, it will gross \$1.53 million, plus the syndication revenues. KTLA General Manager Steve Bell estimates the station's production costs (including the money it put in the chamber fund) at about \$700,000.

KTLA publicist Ed Harrison said the price of the packages compares to that charged for spots on the Tournament of Roses Parade coverage, which Bell said "is not the station's biggest profit maker, but big."

So far, KTLA reports selling only one sponsorship for the Desert Storm parade, but there are seven weeks left before the May 19 event.

"We think it's going to be the biggest thing we've ever had, but we don't know," said Bell. "It is a commercial event. I have no idea if we're going to make money."

Asked why news relatives and parade stationary promote the event as a city/chamber project, Bell said: "I think both the chamber and the city have seen the advantage in promoting it that way. It certainly carries more weight if it's sponsored by the



Hollywood Christmas Parade: Who has rights to public events?

city, rather than being just a KTLA parade, but that's what it is."

Randy Reiss, executive vice president of Walt Disney Studios, which owns KCAL-TV (Channel 9), said his station is considering organizing "pool" coverage with the other stations in town if attorneys determine that the exclusive deal is illegal.

"When I first heard about this, I was surprised that our great City of Los Angeles and a great company like KTLA would try to . . . keep this to themselves," Reiss said. "We are checking the law. On public streets they can't prevent one station from putting its cameras next to theirs."

Reiss said if all the stations in town shared the costs and pooled coverage, KTLA wouldn't have to worry about selling sponsorships or about its profit margin.

John Rohrbeck, general manager of KNBC, claims that Los Angeles taxpayers have been "duped" into underwriting costs for a commercial parade at a time when their own city services are being cut.

Newly appointed chamber Chairman Christopher Baumgart said the competition among stations is not the chamber's concern and he wants only for Hollywood to

have an opportunity to express thanks to the troops.

Bradley spokesman Bill Chandler said it is "unfortunate a cloud has formed over the parade" and that the mayor wants the event to have "as broad a media coverage as possible."

Chamber President Bill Welsh said he would "like to see the television industry and the movie industry and the chamber sit down and see if they can come to an understanding."

The movie industry thus far is involved because of the sponsorship of Universal Studios, which is donating \$175,000 in cash and support costs to the parade.

The chamber, meanwhile, is only providing staffers who have worked on the Hollywood Christmas Parade (which also is broadcast annually by KTLA), and will make no money from the Desert Storm event. Any money left over in the chamber account has been earmarked to pay for a dinner for the troops' families, said Grant.

"This is a staged event. We had the idea," said KTLA's Bell. "We were taking the financial risk. It's our special."

But the backbiting and the turf war continue.

Said one Hollywood observer: "This is another example of the half-baked ideas that these guys jump into without any thought about who they are trying to serve. . . . And it definitely smacks of profiteering (on KTLA's part)."

Added one chamber board member, who spoke on the condition of anonymity: "The city should have had a bona fide concern about KTLA making money. . . . The city got beat up in the negotiations because it isn't serving the public interest."

Rohrbeck at KNBC challenged KTLA to prove it is sponsoring the parade in the public interest by donating all its profits to a charitable organization.

"However, if the intent is to create this event for the purpose of individual profit-making, (then) KTLA, Johnny Grant and their vehicle, the Hollywood Chamber of Commerce, have accomplished this," he said.

Grant said he's tired of KNBC efforts to "sabotage" the parade.

"Things must be awful slow at Channel 4 if all management has to do is sit around and take pot shots at our welcome home celebration," said Grant. "This thing has been blown so out of proportion. I don't think anybody really cares about these things."

"This is all I'm going to say about this subject, as I have a parade to put on."

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