

**Digital Distribution Fund (DDF)
Round 10 Guidelines**

**Application Period:
September 21 through October 30, 2006**

Table of Contents

| | |
|--|----|
| Digital Distribution Fund Round 10 | 3 |
| Priority Code Table | 4 |
| Priority Codes Defined | 4 |
| FUNDING | 5 |
| APPLICANT QUALIFICATIONS | 6 |
| FINANCIAL QUALIFICATIONS | 7 |
| Rechannalization Priority Code 1 Match Requirements..... | 7 |
| Rechannalization Priority Code 2 Match Requirements..... | 7 |
| Rechannalization Priority Code 3 Match Requirements..... | 7 |
| Hardship eligibility | 8 |
| PROJECT QUALIFICATIONS | 8 |
| PROJECT EVALUATION | 9 |
| GENERAL APPLICATION AND CONTRACT REQUIREMENTS | 11 |
| SIGNATURES | 12 |
| AMENDMENTS AND EXCEPTIONS TO APPLICATIONS | 12 |
| CONDITIONS OF AGREEMENT | 13 |

Digital Distribution Fund: Round 10

Pursuant to the requirement that all analog television stations cease operations in February 17, 2009, the Corporation for Public Broadcasting (CPB) commissioned a research project to determine the impact of the pending FCC Final DTV Table of Allotments on *costs* and *requirements* for CPB-qualified non-commercial educational (NCE) television licensees.

A survey of more than 100 CPB-qualified NCE television licensees was conducted by the firm of Meintel, Sgrignoli, & Wallace (MSW) and Best Consulting to determine the current status and final DTV transmission configurations of the stations that will change DTV broadcast channels for their permanent post-transition DTV facilities as required in the pending Final DTV Table of Allotments. The Table, once complete, will include final DTV channel assignments that are in many cases the same as current operating facilities, some that must change due to limitations of current operating facilities, and some that have requested changes for various individual reasons during the FCC managed process to develop the Final Table.

The MSW survey was performed, during late spring/early summer 2006 and presented its findings to the Digital Television Consultation Panel which convened July 19, 2006. At that time approximately **92%** of the stations that are changing channels knew their tentative final FCC DTV channel designation¹. The reasons for changing channels can be broken into two general categories: stations that **MUST** change their DTV channels due to regulatory requirements (Priority 1), and stations that have **ELECTED** to change channels but were not required to change channels by regulatory requirement (Priorities 2 & 3). Each of these categories was further divided into several subcategories and ranked by the Digital Consultation Panel. The priorities are further described below.

The priority ranking system established by the Digital Television Consultation Panel is as follows:

- 1 = Required
- 2 = High impact on level of service (i.e. signal delivery or maintenance of universal service)
- 3 = Substantial impact on finances

¹ As of this writing the FCC has released tentative final DTV channel assignments for most stations but has not yet released the final table of DTV allotments.

Table 1
The Digital Television Consultation Panel Recommended Reason and Priority Summary

| Reasons for New DTV Channel | Priority Code |
|--|---------------|
| Both NTSC & DTV channels out of core | 1 |
| NTSC channel in core, but DTV channel out of core | 1 |
| DTV channel out of core, but NTSC channel is low VHF | 1 |
| FCC selected this channel | 1 |
| Canadian coordination required for <i>current</i> channel | 1 |
| Mexican coordination required for <i>current</i> channel | 1 |
| Flash Cut | 1 |
| Zoning Issues | 1 |
| Both NTSC & DTV channels are low VHF | 1 |
| Both NTSC & DTV channels in core, but NCA established | 2 |
| Interference Issues | 2 |
| Required Site Change | 2 |
| Better Coverage than low VHF | 2 |
| Reduced Implementation Cost | 3 |
| Both NTSC & DTV channels in core, but found better channel | 3 |
| To save power by using VHF channel | 3 |
| Other | 3 |

Digital Distribution Funding will assist in the purchase and installation of digital transmission equipment necessary to complete construction of final DTV facilities. Although the focus of DDF Round 10 is Rechannalization, CPB will also consider transmission projects that are necessary to meet FCC requirements and deadlines for the final digital television transmission transition.

Applicants are required to include in their narrative a description of circumstances as it relates to the priority category but CPB reserves the right of final decision.

Eligible DTV facilities build-out projects will fall into one of three prioritized categories

Rechannalization Priority 1 (Table 1, Priority Code 1):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition.

Stations with remaining issues related to requirements and deadlines as described in the FCC Second DTV Periodic Review Report and Order (MB

Docket No. 03-15, FCC 04-192) will be considered under this priority on a case by case basis and, before completing application should contact:

Michelle Ranger, CPB, TV Digital Fund Grant Manager, 202-879-9737, or mranger@cpb.org

Dana Golub, PBS, Senior Manager, DTV Strategic Services Group, 919-834-2259 or dgolub@pbs.org.

Rechannelization Priority 2 (Table 1, Priority Code 2):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition, and which channel assignments were developed as a result of considerations listed under Priority code 2.

Rechannelization Priority 3 (Table 1, Priority Code 3):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition, and which channel assignments were developed as a result of considerations listed under Priority code 3.

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| FUNDING |
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Grants of up to \$1,000,000 per transmitter will be awarded for Rechannelization Priority Code 1 applications on a 25% station matching basis; up to \$500,000 per transmitter will be awarded to Rechannelization Priority Code 2 applications on a 25% station matching basis; and up to \$500,000 per transmitter will be awarded to Rechannelization Priority Code 3 applications on a 50% station matching basis.

“Hardship” Status

A licensee that can demonstrate that it will not be able to undertake and complete its digital conversion project with a grant funded by CPB at the standard funding levels described above may apply to CPB for “Hardship Status.” If CPB grants Hardship Status, CPB will provide additional support beyond the maximum funding levels described above for the licensee’s conversion project. However, CPB will grant Hardship Status sparingly and the status is only intended for a licensee whose financial contribution to the total eligible digital conversion cost, as calculated under the standard program funding levels, represents a disproportionately high percentage of the licensee’s total station revenues.

The additional CPB support for hardship stations may take the form of an increase in the CPB-funded matching portion of the total eligible digital conversion costs and/or relief from the relevant funding cap. CPB will tailor any additional support for individual hardship cases to the circumstances presented in the licensee's hardship showing on a case-by-case basis. It will be CPB's sole discretion to determine the nature and extent of hardship relief.

The application process for hardship status is described in more detail in the guidelines below.

All applicants will be notified of award status following vetting of applications, Panel review, and CPB Executive concurrence.

APPLICANT QUALIFICATIONS

Applications for grant awards will be accepted from CPB-qualified, noncommercial educational (NCE) television licensees only.

Applicants must be current with all pertinent FCC filings that are due by the application deadline, and, for those applicants that are awarded Round 10 DDF grants, all pertinent FCC filings that are due at the time of contract execution. Due to the uncertainty of the timetable and requirements that the FCC will establish after the Final Table of Allotments has been published, grantees will be responsible for remaining current with all applicable FCC requirements and filings and providing updates to CPB per their grant contracts. Applicants must be on the air with a DTV signal or have a FCC DTV Construction Permit, with appropriate extension requests on file. Applicants must provide a copy of the first and any subsequent FCC extension notification(s) and/or other relevant FCC applications and documentation upon request.

Stations that are experiencing FCC-related construction permit delays are urged to discuss their specific circumstances with Michelle Ranger, TV Digital Fund Grant Manager, CPB, 202-879-9737, mranger@cpb.org.

Applications for retroactive funding will not be accepted.

Eligible equipment purchased within the twelve months prior to the date of application submission for the DDF Round 10 will be reviewed for in-kind consideration during contract negotiation, as appropriate and relevant to project budget and schedule.

MULTI-STATION GRANTS

Applications for multi-station projects will not be accepted during DDF Round 10.

FINANCIAL QUALIFICATIONS

The Digital Distribution Fund seeks to support the greatest number of station applicants while recognizing that the financial resources to which stations have access may differ substantially in relation to the communities they serve.

Funding from state, corporate, private donors and other sources should be leveraged to the greatest extent possible. However, Digital Distribution Fund grant money may not be used as matching dollars for existing federally-funded programs, such as the Department of Commerce's PTFP program. Stations with projects already underway and supported by CPB, PBS, APTS, NPR or other public broadcast entities may apply, provided the project objectives are consistent with goals of the Digital Distribution Fund as described in this document, and any new funds requested are matched by non-federal sources. Equipment used to match other federally-funded grant programs may not also be used as an in-kind match for a Digital Distribution Fund grant.

Funding requests for operating costs or buildings, including leases of all forms, are not eligible for consideration.

RECHANNELIZATION PRIORITY CODE 1 MATCH REQUIREMENTS

Individual station applicants may request matching grants of up to \$1,000,000. Applicants must provide local matching funds totaling at least 25 percent of the cost of the proposed project.

RECHANNELIZATION PRIORITY CODE 2 MATCH REQUIREMENTS

Individual station applicants may request matching grant awards of up to \$500,000. Applicants must provide local matching funds totaling at least 25 percent of the cost of the proposed project.

RECHANNELIZATION PRIORITY CODE 3 MATCH REQUIREMENTS

Individual station applicants may request matching grant awards of up to \$500,000. Applicants must provide local matching funds totaling at least 50 percent of the cost of the proposed project.

HARDSHIP ELIGIBILITY

As indicated above, CPB intends the hardship status only for those licensees that are unable to complete the digital conversion process at the standard CPB funding level.

Applicants seeking hardship status must check the “Request Hardship Status” box on the application form and submit a detailed narrative statement in the form of an additional single page attached to the two page application narrative. The hardship narrative statement must explain why the applicant will be unable to complete the digital conversion process at the standard CPB funding level and must support that explanation with data, including the licensee’s total station revenue as reported to CPB for the **previous three years**.

Licensees with a parent institution, such as a university or state entity, should report on the level of financial support that the licensee receives from the parent institution and must explain why the parent institution is unable to provide the licensee with additional capital funds for digital conversion.

After panel review and ranking, CPB will evaluate requests for hardship status on a case-by-case basis, and the eligibility of hardship status and subsequent award, if at all, will be at CPB’s sole discretion.

Inquiries should be directed to Michelle Ranger, 202-879-9737, mranger@cpb.org.

PROJECT QUALIFICATIONS

Eligible projects will be classified into one of three prioritized categories:

Rechannelization Priority 1 (Table 1, Priority Code 1):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition.

Stations with remaining issues related to requirements and deadlines as described in the FCC Second DTV Periodic Review Report and Order (MB Docket No. 03-15, FCC 04-192) will be considered under this priority on a case-by-case basis and, before completing application should contact:

Michelle Ranger, TV Digital Fund Grant Manager, 202-879-9737, or mranger@cpb.org

Dana Golub, PBS, Senior Manager, DTV Strategic Services Group, 919-834-2259 or dgolub@pbs.org

Rechannelization Priority 2 (Table 1, Priority Code 2):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition, and which channel assignments were developed as a result of considerations listed under Priority code 2.

Rechannelization Priority 3 (Table 1, Priority Code 3):

DTV transmission facility construction to support DTV transmission on new DTV channel assignments as specified in the pending FCC DTV Final Table of Allotments and related FCC requirements and deadlines for the final digital television transmission transition, and which channel assignments were developed as a result of considerations listed under Priority code 3.

Applicants will be notified of any equipment deemed to be unnecessary or not critical for an applicant to meet the FCC replication requirements. Applicants with questions about the appropriate priority for their project should contact Lewis Zager, PBS DTV Strategic Services Group, 703-739-3988/lzager@pbs.org

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|---------------------------|
| PROJECT EVALUATION |
|---------------------------|

Applications will be evaluated based on their merits in three categories: (1) Applicant Qualifications; (2) Financial Qualifications; and (3) Project Qualifications.

A review of applicant and financial eligibility for Rechannelization grants will be made prior to the ranking of applications. Only those applicants that meet the minimum qualifications for both applicant and financial eligibility will be considered. At minimum, applicants must meet the eligibility requirements outlined in this document, and be able to meet the relevant matching requirement.

Project proposals will be evaluated on the degree to which they meet or exceed fund objectives. An applicant's project narrative should present a compelling justification of the ways in which the proposed project will address the objectives as described for the applicable Priority as described above under Project Qualifications.

Project proposals will also be evaluated on the proposed project schedule submitted by the applicant in the Proposed Schedule tab on the electronic application form. Proposals should demonstrate a realistic, concrete and expeditious schedule. Additionally, in all but extraordinary cases, proposed projects are expected to begin in a timely and realistic manner to meet the FCC required date for final transition to DTV only broadcasting. Applicants proposing project schedules with an unrealistic start date or with a project period longer than fifteen months should include an explanation in their application project narrative.

In-kind services or equipment submitted as match must be verified by the fund administrator and approved by CPB prior to contract execution.

An applicant's project narrative should indicate the relevant priorities, outline a thorough project description, and present a compelling case for funding based on one or more of the cited fund objectives. Applicants should also state how the project will be implemented, if funded, and applicants should provide a specific schedule or timetable for project implementation. If appropriate or applicable, applicants should include evidence of community needs assessment or description of objective evaluation procedures used to determine the desirability and value of the proposed services to the community that will be served.

The project narrative should also provide an explanation of how the equipment and/or professional services requested will be used to meet the proposed project's objectives. The narrative must tie the project goals specifically to the proposed equipment list.

The narrative should refrain from hyperbole or project descriptions that are not or cannot be supported by objective supporting documentation, such as, but not limited to, coverage maps, information about population served and specifications of equipment or services requested.

General Application and Contract Requirements

Applications for the Digital Distribution Fund, Round 10, will be accepted from Thursday, September 21 until 5:00 p.m. EST on Monday, October 30, 2006.

The online application form for Round 10 will be posted on PBS Connect in September; stations will be notified via PBS Connect that the online form is available.

Applicants must use the electronic application form that will be posted on PBS Connect to file their applications. In addition to completing the electronic form, applicants must also provide three (3) signed hard copy originals of their application, along with three hard copy sets of all necessary attachments and/or exhibits.

Applications must be received at the offices of the Public Broadcasting Service, CPB's designated fund administrator, by no later than 5:00 pm EST on the above referenced date. Both the electronically completed form and the three (3) required hard copies of the application materials and attachments are due on or before Monday, October 30, 2006 at 5pm EST. It is recommended that hard copies of applications be sent by registered or certified mail, or by other forms of delivery that provide a written record of receipt. All deliveries of application materials must be scheduled to arrive on or by the deadline shown above.

The address for both mail and hand delivery of signed applications is:

Public Broadcasting Service
DTV Strategic Services Group
2100 Crystal Drive
Arlington, VA 22202
Attention: Digital Distribution Fund - Round 10

Questions regarding the electronic application should be directed to Dana Golub, PBS, Senior Manager, DTV Strategic Services Group, 919-834-2259 or dgolub@pbs.org.

SIGNATURES

Signatures are required on the application form. The “Authorized Representative” who signs the application form must be an official of the applicant’s organization and must be empowered to sign contracts on behalf of the organization.

AMENDMENTS AND EXCEPTIONS TO APPLICATIONS

While CPB will consider each application complete as submitted by the applicant prior to the application deadline, CPB may, at its discretion and either through CPB or PBS personnel, initiate discussion with any applicant to clarify points in a proposal and/or request additional information. If CPB or PBS request clarification or additional information, applicants will be notified by telephone or by email and will be expected to provide the requested information within three (3) business days of the request.

Requests for exceptions to any of the administrative requirements or procedures stated in these guidelines are strongly discouraged. If, however, requests for exceptions are made, applicants must detail and justify proposed exceptions in writing prior to the deadline for application submissions. Waiver of any requirement should not be presumed. If granted, exceptions will be conveyed by specific written authorization only. Oral authorization will not be considered valid.

Applicants may withdraw a proposal at any time by written notice to CPB and a copy to PBS. CPB reserves the right to alter or withdraw this program at any time with no financial, legal or other obligation to any applicant responding or planning to respond.

Neither CPB nor PBS are responsible for loss or damage to the materials submitted, or for any unauthorized use or misuse of the submitted materials by any third party. Materials submitted for fund consideration are not considered confidential in nature and may be made public at the discretion of CPB or PBS.

By submitting a proposal, each applicant:

- (1) grants to CPB and PBS the right to duplicate, use, disclose and distribute all of the materials submitted for purposes of evaluation, review and research;

- (2) guarantees that the applicant has full and complete rights to all of the information and materials included in the proposal; and
- (3) guarantees that all such materials are not defamatory and do not infringe upon or violate the privacy rights, copyrights or other proprietary rights of any third party.

CONDITIONS OF AGREEMENT

Once a project is selected for funding, the applicant will be required to sign a binding agreement to receive grant funds. Until both the applicant and CPB have executed the grant agreement, CPB shall not be deemed to have made any express or implied commitment to support the project financially. Applicants are not authorized to commence work on a project, nor commit Digital Distribution Fund monies, until the grant agreement is fully executed.

Should applicants opt to commence work with expenditure of non-federal funds prior to contract execution, they do so at their own risk, and are urged to contact CPB to discuss their situation prior to expenditure.

No oral or written statement other than the signed, written agreement will govern or modify the relationship.

As a condition of the agreement, applicants must guarantee that, among other things, the project is not defamatory and will not violate or infringe upon the privacy rights, copyrights or other proprietary rights of any third party. Grant recipients must also agree to indemnify CPB against any loss resulting from breach of any of the guarantees contained in the agreement.

Those receiving funds from the Digital Distribution Fund must be able to comply with a number of requirements that will be included in the written grant agreement. These requirements include, but are not limited to:

- (1) A demonstration of adequate financial support to complete the project and to deliver reports and/or other intellectual property created for it;
- (2) A demonstration of adequate financial support to sustain the operation of any facilities and/or services provided as a result of the award of grant;
- (3) Maintenance, for three years following receipt of relevant funds, of all financial records related to the project, which records shall be accessible to CPB and its agent, PBS, and to the U.S. Comptroller

General or other representatives for examination and audit purposes; *(Recipients will additionally ensure that any subcontractors or consultants under the agreement shall also maintain such records for the period specified and under the same terms);*

- (4) Maintenance, for three years after approval of a final financial report, of a complete file of all subcontracts and other agreements, licenses, clearances and other documents related to the project, copies of which shall be made available to CPB or its agent, PBS, on request;
- (5) Submission to CPB and its agent, PBS, of a copy of any U.S. Comptroller General final audit report concerning the grant award;
- (6) Acquisition of all necessary authorizations from the Federal Communications Commission to commence and complete the grant project prior to contract execution;
- (7) Compliance with equal employment opportunity and nondiscrimination laws and policies;
- (8) Competitive bids for equipment and professional services: applicants will be expected to obtain competitive bids, and to provide assurances that the prices obtained for any such equipment and services are fair and reasonable. Sole source justifications may be submitted, but CPB retains the right to make final determination regarding substitution of sole source justifications in lieu of competitive bids; and
- (9) Documentation of actual project costs: applicants will be required to provide documentation as to actual project costs, and provide supporting detail demonstrating that all project costs are reasonable, necessary and allocable to the project requirements and objectives.

Specific terms and provisions will be set forth in the documents provided to each applicant that successfully completes the selection process.