



# Applying for Federal Broadband Stimulus Funds



**Broadband ARRA Workshops  
Commissioner Rachelle B. Chong  
California Public Utilities Commission**

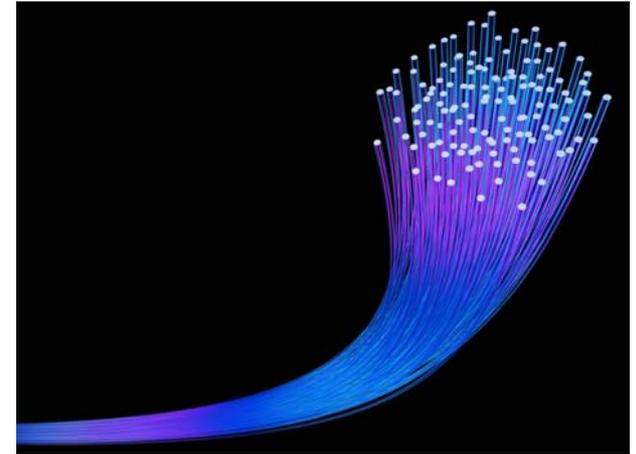
July 10 and 13, 2009





# Overview

- Background of NOFA
- Key Dates
- Definitions
- General Eligibility factors
- Nondiscrimination & Interconnection Requirements
- General Application Requirements
- BTOP NOFA highlights (requirements/scoring)
- BIP NOFA highlights (requirements/scoring)





# Background

The **American Recovery and Reinvestment Act of 2009** (ARRA) established about **\$7 billion in federal funds** for broadband infrastructure and subscribership/ adoption programs.

- Statutory purpose of ARRA includes promoting economic recovery, preserving and creating jobs, and promoting investments in infrastructure.
- **National Telecommunications and Information Administration** (NTIA, part of Dept. of Commerce) administers **Broadband Technology Opportunities Program (BTOP)**
- **Rural Utilities Service** (RUS, part of Dept. of Agriculture) administers **Broadband Initiatives Program (BIP)**





# Joint NOFA for BTOP and BIP

- July 1, 2009 – RUS and NTIA issued a joint Notice of Funds Availability (NOFA)
- \$4 billion distributed this round:

	<u>RUS</u>	<u>NTIA</u>
<b>Grants for Remote Areas</b>	<b>\$400 million</b>	
<b>Loans and/or Grants for Non-Remote Areas</b>	<b>\$800 million</b>	
<b>Loans and/or Grants for Middle Mile Projects</b>	<b>\$800 million</b>	
<b>National Reserve to Augment NOFA</b>	<b>\$325 million</b>	<b>\$200 million</b>
<b>Broadband Infrastructure Projects (Not Rural as defined by RUS or denied by RUS)</b>		<b>\$1.2 billion</b>
<b>Public Computer Center Projects</b>		<b>\$50 million</b>
<b>Sustainable Broadband Adoption</b>		<b>\$150 million</b>
<b><u>Total for Round 1</u></b>	<b><u>\$2.4 billion</u></b>	<b><u>\$1.6 billion</u></b>





# BTOP and BIP Projects

- **NTIA/BTOP projects**

Grants for:

- **Broadband infrastructure**
  - Last mile
  - Middle mile
- **Public computer center**
- **Sustainable broadband adoption**
- **80% funding (20% matching funds required)**

- **RUS/BIP Projects**

Loans, grants or loan/grant combinations for:

- **75% of funded area must be in rural area that lacks sufficient access to broadband**
- **Applicants for “rural areas” must file with RUS but may also apply for BTOP. NTIA may only award after RUS denies BIP funding.**
- **Demonstrate that project can be fully funded (preference given to loans)**





# Application Process

**Applications to be reviewed in 2-step process:**

Step 1: Eligibility evaluation: NTIA and RUS will review applications to ensure that applications meet eligibility criteria and application guidelines

Step 2: Due Diligence: Further review and prioritization of applications. Applicants will be asked for more information to support application in step 2.





# Key Dates for Current BTOP/BIP NOFA

- Application window: **7/14/09, 8 a.m. Eastern Time until 8/14/09, 5:00 p.m. Eastern Time.**
  - Electronic submissions required for requests over \$1 million with certain exceptions.
  - Watch <http://www.broadbandusa.gov> for official application package to be posted.
- Pool of eligible applicants for Phase 2 review announced on or after **9/14/09.**
  - Applicants must submit additional information requested by 10/15/09, or 30 days after request, whichever is later
- NTIA and RUS to announce awards starting **11/07/09**





# Who's Eligible for BTOP/BIP?

- States, local governments, agency subdivision, instrumentality, or political subdivisions
- District of Columbia, territory or possession of the U.S.
- Indian tribe, native Hawaiian organization
- Non-profit foundation or corporations
- For-profit corporations, limited liability companies, cooperatives or mutual organizations





# Key Definitions

- **Broadband:** providing two-way data transmission with advertised speeds of at least 768 kilobits/second (kbps) downstream and at least 200 kbps upstream to end users, or sufficient capacity in a middle mile project to support provision of broadband service to end-users
- **Last Mile project:** infrastructure project the main purpose of which is to provide broadband service to end users or end-user devices
- **Middle Mile project:** broadband infrastructure project that does not predominantly provide broadband service to end users or to end-user devices and may include interoffice transport, backhaul, Internet connectivity or special access





# Key Definitions (cont'd)

- **Proposed funded service area:** the area (either in all or part of the service area or a new service area) where the applicant is requesting BIP or BTOP funds to provide broadband service pursuant to this NOFA.
- **Public Computer Center:** a place, including but not limited to community colleges, libraries, schools, youth centers, employment service centers, Native American chapter houses, community centers, senior centers, and Neighborhood Network Centers in public housing developments, that provide broadband access to the general public or a specific vulnerable population, such as low-income, unemployed, aged, children, minorities and people with disabilities.





# Key Definitions (cont'd)

- **Remote area:** an unserved rural area 50 miles from the limits of a non-rural area.
- **Rural area:** any area (confirmed by last decennial census of the Bureau of the Census) not located within
  - A city, town or incorporated area with greater than 20,000 persons
  - An urbanized area contiguous and adjacent to a city or town with more than 50,000. (“Urbanized area” in this context means a densely populated territory per the latest decennial census of the U.S. Census Bureau)
- **Service area:** entire area within which a service provider either offers or intends to offer broadband service and may include proposed funded service area.
- **Underserved area:** a proposed funded service area composed of one or more contiguous census blocks meeting certain criteria measuring availability of broadband. See next slide (criteria for underserved last mile and underserved middle mile.)





## Definitions (cont'd)

- A proposed funded service area is **underserved for Last Mile projects** if one of the following is met:
  - No more than 50% of households in the proposed funded service area have access to facilities-based terrestrial broadband service at greater than the minimum “broadband” transmission speed (per definition of broadband)
  - No fixed or mobile broadband service provider advertises broadband transmission speeds of at least 3 megabits/second (mbps) downstream in the proposed funded service area
  - The rate of broadband subscription for the proposed funded service area is 40% of households or less
- A proposed funded service area may qualify as **underserved for Middle Mile projects** if one interconnection point terminates in a proposed funded service area that qualifies as unserved or underserved for Last Mile projects.





# Definitions (cont'd)

- **Unserved area:** a proposed funded service area, composed of one or more contiguous census blocks, where at least 90% of households in the area lack access to facilities-based, terrestrial broadband service, either fixed or mobile, at the minimum broadband transmission speed (per “broadband” definition).
  - A household has access to broadband if it can readily subscribe to that service upon request.





# Confirming unserved and underserved areas

- NTIA may consult with states and territories in identifying unserved and underserved areas within borders and allocating grant funds for projects in their jurisdiction. California will use updated broadband maps.
- Notice of proposed funded service area of each broadband infrastructure application will be posted at <http://www.broadbandusa.gov> for 30 days.
  - Existing service providers have 30 days to submit information regarding whether they offer service in a proposed funded service area.





# Common General Eligibility Factors

- Timely completion: Project is “substantially complete” when the applicant has received 67% of funds and has completed 67% of the project.
- Infrastructure projects:
  - offer service meeting “broadband” definition;
  - technically feasible (system design/project timeline certified by professional engineer for funds over \$1 million);
  - **nondiscrimination/interconnection requirements**
  - last mile coverage obligations for last mile projects.





# Nondiscrimination/ Interconnection Rules for Infrastructure Projects

- Comply with the **FCC's Internet Policy Statement** (FCC 05-151, adopted August 5, 2005): <http://www.publicknowledge.org/pdf/FCC-05-151A1.pdf>
- **Not favor any lawful Internet applications and content** over others;
- **Display any network management policies in a prominent location on the service provider's web page** and provide notice to customers of changes to these policies;
- **Connect to the public Internet directly or indirectly** such that the project is not and entirely private closed network; and
- **Offer interconnection, where technically feasible** without exceeding current or reasonably anticipated capacity, on reasonable rates and terms to be negotiated with requesting parties. This includes both the ability to connect to the public Internet and the physical interconnection for the exchange of traffic.
  - These requirements subject to the needs of law enforcement and reasonable network management





# Eligible and Ineligible Costs

- **Infrastructure Eligible costs:** Includes construction/improvement of broadband facilities (and for BIP – facilities required for providing other services over same facilities); “capital leases” of facilities for broadband service
  - *Ineligible costs:* fixed or recurring and operating expenses of project
- **Broadband Adoption Eligible Costs:** Includes broadband-related equipment, hardware, software, and digital network technology for broadband services; training, education, support and awareness, public outreach program campaigns, programs to facilitate greater access to broadband.
- **Public Computer Center Eligible Costs:** May use BTOP funds for expanding computer center capacity with broadband-related equipment, instruments, networking capability, hardware/software; training, education, support and awareness; access to broadband for disabled persons.





# NTIA BTOP NOFA

- **BTOP Five Statutory Purposes:**
  - 1) Provide broadband access to unserved areas;
  - 2) Provide improved access to broadband in underserved areas;
  - 3) Provide broadband access, education, awareness, training, equipment and support to strategic institutions such as libraries, community organizations and job-creating facilities;
  - 4) Improve access to and use of broadband by public safety agencies; and
  - 5) Stimulate broadband demand as an engine for economic growth.





# BTOP Funding

- **\$1.6 billion for funding BTOP projects in this NOFA:**
  - Broadband infrastructure: \$1.2 billion
  - Public computer centers: \$50 million
  - Sustainable broadband adoption: \$150 million
  - National reserve (augments BTOP funding categories): \$200 million.





# General BTOP Application Requirements

- Advance one of statutory purposes for BTOP
- Demonstrate the project could not be implemented but for federal grants
- Provide documentation of matching funds for at least 20% of total eligible project cost
- Budget is appropriate and costs are reasonable
- Awards issued on a technologically neutral basis
- Sustainable beyond funding period





# BTOP Application Scoring

## 100 total points

- **Project Purpose -- 30 points**
- **Project Benefits -- 25 points**
- **Project Viability -- 25 points**
- **Project Budget and Sustainability -- 20 points**





# BTOP Application Scoring (cont'd)

- **Project Purpose (30 points):**
  - Fit with BTOP statutory purpose;
  - Collaboration with other state or federal development programs;
  - Enhanced services for health care delivery, education and children;
  - Consideration given to socially and economically disadvantaged small businesses (or contracting with these).





# BTOP Application Scoring (cont'd)

- **Project Benefits (25 points):**
  - **Last Mile projects:** cost-efficiency (ratio of cost/households passed); performance of offered service; affordability; nondiscrimination, interconnection, and choice of provider.
  - **Middle Mile projects:** impact on area; level of need in the area; network capacity; affordability of services offered; nondiscrimination, interconnection and choice of provider.
  - **Public Computer Center Projects:** availability to the public; training and educational programs offered; availability and qualifications of consulting/teaching staff.
  - **Sustainable Broadband Adoption:** number of new users generated; cost per new user; innovation.





# BTOP Application Scoring (cont'd)

- **Project Viability (25 points):**
  - **Technical feasibility of proposed project**
    - BTOP infrastructure and Public computer center projects scored on comprehensiveness and appropriateness of technical solution/clarity, detail and coherence.
    - Sustainable adoption projects scored on mechanics and operational details
  - **Organizational capability** (years of experience and expertise of management team)
  - **Level of community involvement** (links to unaffiliated organizations in the project area, particularly community anchor institutions and public safety organizations)
  - **Ability to start project promptly**





## BTOP Application Scoring (cont'd)

- **Project Budget and Sustainability (25 points)**
  - Reasonableness of budget
  - Sustainability of project
    - BTOP and Public computer center scored on business plan, market projections, third party funding commitments
    - Sustainable broadband adoption projects scored on whether increases in broadband adoption rates caused by project will be sustained beyond conclusion of project
  - Leverage of outside resources (demonstrate ability to provide from non-federal sources funds to meet or exceed 20% matching funds unless waiver has been requested)





# Contact for BTOP questions

- Anthony Wilhelm, Deputy Associate Administrator, Infrastructure Division, Office of Telecommunications and Information Applications, NTIA, DOC, email: [btop@ntia.doc.gov](mailto:btop@ntia.doc.gov) .
- See also fact sheet at <http://www.ntia.doc.gov/broadbandgrants/>
- **NTIA and RUS will hold a workshop in Los Angeles on July 24, 2009, 9 AM at:**
  - Omni Los Angeles Hotel at California Plaza  
251 S. Olive Street, Los Angeles, CA 90012
  - *Registration on this page:*  
<http://broadbandusa.sc.egov.usda.gov/workshop.htm>  
(Workshop powerpoints also available on this page)





# Rural Utility Service BIP Notice of Funding Availability

- Purpose: Loans, grants and loan/grant combinations for broadband infrastructure in rural areas. 75% of funded area must be in rural area lacking sufficient access to broadband
  - **Grants available** for projects for **remote, unserved, rural areas**
  - **Loans and loan/grant combinations available** for projects serving **non-remote and underserved rural areas**
    - Last mile non-remote projects may encompass remote and non-remote areas.
    - Middle mile projects





## RUS BIP Notice (con.)

- **\$2.4 billion available this 1<sup>st</sup> NOFA round:**
  - **Last Mile - \$1.2 billion**
    - \$400 million in grants for remote area projects
    - \$800 million in loans or loan/grant for non-remote area projects
  - **Middle Mile - \$800 million** in loans or loans/grants
  - **National reserve - \$325 million**





# RUS BIP Preferences

- Preference given to:
  - Projects with higher percentage of loans or 100% loan requests
  - Projects that are “shovel ready” and can demonstrate technical, financial feasibility, organizational capacity
  - Projects that give end users choice of providers; serve highest proportion of rural residents; are projects of current or former RUS borrowers; and fully funded and ready to start once funds received.





# Highlights of BIP Application Requirements

- Meeting “broadband” service definition
- Technical feasibility (system design and project timeline to be certified by professional engineer) for funds over \$1 million
- Nondiscrimination/interconnection requirements
- At least 75% rural without sufficient access to broadband
- Last mile coverage obligation
- Awards not given to *multiple projects with overlapping proposed service areas*
- Must secure and have *verification of full funding*
- Demonstrate that proposed project is financially feasible and sustainable





# BIP Application Scoring Criteria

- **Project Purpose (25 points):**
  - *Portion of rural residents served in unserved areas (5 points)* (1 point for every 10,000 unserved households to be served up to 5 points)
  - *Rural area targeting (5 points)* (points given for exceeding 75% rural area service requirement)
  - *Remote area targeting (5 points)* (up to 5 points for proposed area that is at least 50 miles from non-rural area)
  - *Title II (Rural Electrification Act) borrower (5 points)*
  - Collaboration with other government development programs and Recovery Act construction projects (5 points)





# BIP Application Scoring Criteria (cont'd)

- **Project Benefits (25 points)**
  - **Performance of offered service (10 points)**
    - 10 points for last mile wireline – deliver a minimum of 20 mbps to household (upstream plus downstream).
    - 10 points for wireless last mile – minimum of 2 mbps to end user (upstream plus downstream)
    - Combination of wireline and wireless last mile- above standards must be met for corresponding parts of network
  - **Affordability of services (5 points)**
  - **Choice of provider (5 points)**
  - **Critical community facilities (5 points)**
    - for applications proposing to offer discounted rate packages at least 25% lower than advertised rates for critical community facilities





# BIP Application Scoring Criteria (cont'd)

- **Project Viability (25 points)**
  - **Organizational capability** (12 points)
  - **Community support** (2 points) - letters of support from communities in the proposed funded service area from designated community leader.
  - **Ability to promptly start project** (10 points)
    - Licenses, franchises and regulatory approvals required to operate and provide proposed services have been received
    - Required contractors and vendors necessary to implement project are prepared to enter into contracts as soon as funds available
    - Required equity contributions have been put into applicant account
    - Project timeline/milestones are reasonable
  - **Disadvantaged small business (SBA Section 8(a))** (1 point)





# BIP Application Scoring Criteria (cont'd)

- **Project Budget and Sustainability**

- **Reasonableness of the budget** (5 points)

- **Leverage of outside resources** (10 points)

- 10 points if ratio is greater than 100%
- 7 points if ratio is between 100%-75%
- 5 points if ratio is between 75%-50%
- 3 points if ratio is between 50%-25%
- 1 point if ratio is lower than 25%

- **Extent of grant funding** (10 points) (ratio of grants to loans sought)

- 0 points if grant funds are 100%
- 1 point if ratio is between 100%-75%
- 3 points if ratio is between 75% and 50%
- 5 points if ratio is lower than 50%
- 10 points if ratio is zero (i.e., loans are 100%)





# Contact for BIP NOFA Questions

- David J. Villano, Assistant Administrator Telecommunications Program, Rural Utilities Service, USDA, email: [bip@wdc.usda.gov](mailto:bip@wdc.usda.gov)
- *See also fact sheet at* <http://www.ntia.doc.gov/broadbandgrants/>





# BIP and BTOP Award Terms and Conditions and Reports

- Awardees must comply with requirements attached to award including:
  - No sale or lease of award-funded broadband facilities except as provided
  - BTOP – access to records for audits, site visits, monitoring, law enforcement
  - Broadband data provision
  - Reporting requirements
  - Davis-Beacon wage requirements
  - Financial and audit requirements (audits for recipients spending \$500k or more in federal funds during fiscal year)
  - Buy America provision, but some broadband equipment got exempted:





**Thank you!**

**For Additional Information:**

<http://www.recovery.ca.gov>

<http://www.cpuc.ca.gov/puc/stimulus>

