



NATIVE PUBLIC MEDIA

Changes, Requirements and Critical Details: Final Broadband Stimulus Opportunity for BIP

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The American Recovery and Reinvestment Act of 2009 (ARRA), more commonly known as the Stimulus Act, allocated \$7.2 billion for broadband projects. Administrated by the US Department of Agriculture Rural Utilities Service (RUS) Broadband Initiatives Program (BIP) and the National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunities Program (BTOP), the first round of funding was announced through a Notice of Funding Availability (NOFA) in July 2009 made \$2.4 billion available through and, \$1.6 billion through NTIA.

On January 15, 2010, RUS announced the final round of broadband stimulus funding. This NOFA makes \$2.2 billion available, including \$1.7 billion for Last Mile projects; up to \$300 million for Middle Mile projects; up to \$100 million for Satellite projects, as well as any funds not committed to Last Mile or Middle Mile; and up to \$5 million for Rural Library and Technical Assistance projects. Additionally, \$95 million is kept in reserve and funds may be reooled from one category to another. This paper distills the critical details of the January 15, 2010, RUS NOFA that communities and organizations will need in order to develop strategies for applying for this final round of funding from BIP. Additionally, this paper outlines how this round differs from the first round and how those changes affect applicants.

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Important Highlights and Recommendations

Key Changes

- Separate BTOP and BIP applications and Notices of Funding Availability (NOFAs).
- Funding for Satellite, Technical Assistance and Rural Library Broadband Projects.
- Defines areas lacking High-Speed Access as those that do not have broadband service of 5 megabits per second (Mbps) (upstream and downstream combined). [NOFA p. 6]
- RUS to focus on Last Mile projects while NTIA focuses on Middle Mile. [NOFA p. 6]
- RUS will only fund Middle Mile projects for current RUS loan or grant recipients.
- Eliminates "Last Mile Remote" funding category. [NOFA p. 7]
- Creates new categories:
 - Satellite Project category: any project to provide satellite broadband service to unserved rural premises (including households, businesses, public safety entities, and critical community facilities), either by funding customer-premises equipment, terrestrial equipment, and/or discounted broadband service for at least one year [NOFA p. 18];
 - Rural Library Broadband Projects; and,
 - Technical Assistance Projects.
- Funding provided as 75/25 grant/loan combinations. Applicants may request a greater than 75% grant. [NOFA p. 8]
- Rural applicants may apply directly to BTOP.
- Single-step review process. [NOFA p. 11]
- No longer based on census-block data. [NOFA p. 13]
- If the NTIA rejects a project that meets BIP's requirements, BIP might consider funding the project. [NOFA p. 14]
- Administer may favor applicants that provide certain intervention such as libraries or "persistent poverty counties." [NOFA pps. 14 - 15]
- Critical community facilities means public facilities that provide community services essential for supporting the safety, health, and well-being of residents, including, but not limited to, emergency response and other public safety activities, hospitals and clinics, libraries, and schools. [NOFA p. 16]

Strategic thoughts on preparing a BIP grant application

The revisions to Round 2 require more upfront documentation. There is now a single-step application, requiring all documentation to be provided when applying. There is still a due diligence portion of the evaluation process during which RUS reserves the right to request additional documentation. The expectation is that the application will provide a clear understanding of the process.

The Round 2 NOFA gives greater guidance to applicants in terms of what types of proposals BIP will look on most favorably. In this NOFA, RUS is strongly encouraging Middle Mile applicants to apply to BTOP, although it will still accept Middle Mile applications with restrictions, and is instead giving priority to Last Mile infrastructure applications. However, more anchor institutions can now participate in infrastructure proposals. In contrast to Round 1, only 75 percent of the interconnection points must be in underserved rural areas, though being

located in those areas will count favorably for an application. To further make this requirement easier for applicants, the Round 2 NOFA states that to be considered underserved, at least 50 percent of the proposed service area must be without a 5 megabits per second (Mbps) or greater broadband service offering. Those applications with greater underserved service areas and underserved interconnections will receive higher application grades.

General Information

- Only Technical Assistance and Rural Library broadband grants will be submitted in paper form, and paper applicants must submit one original and one copy.
- Last Mile, Middle Mile, and Satellite Projects must submit electronically.
- For areas at least 75% rural and "without sufficient access to high speed broadband service to facilitate rural economic development." [qtd from NOFA p. 5]
- Current BIP loan or grant recipients are recommended to apply to BIP. [NOFA p. 10]
- Applicants may not apply to both BIP and BTOP for the same or similar projects. [NOFA p. 10]
- There may be a second review process during which applicants can provide supplemental information and receive a second chance at funding, pending on the availability of funding. [NOFA p. 14]
- Proposed funded services portions of Last Mile and Middle Mile applications will be posted for 30-day public notice. Existing service providers will have the opportunity to privately provide information on current service offerings to RUS.

Available Funds

This NOFA makes \$2.2 billion available for BIP split into the following categories: [NOFA p. 23]

- \$1.7 billion for Last Mile projects;
- Up to \$300 million for Middle Mile projects;
- Up to \$100 million for Satellite projects, as well as any funds not committed to Last Mile or Middle Mile; and,
- Up to \$ 5 million for Rural Library and Technical Assistance projects.

Additionally, \$95 million is kept in reserve and funds may be repooled from one category to another.

Funding Categories

- Late Mile Projects: Must predominantly provide end-user access [NOFA p. 19]
 - Default funding is 75% grant, 25% loan.
- Middle Mile Projects [NOFA p. 20]
 - Recommended only for previous RUS loan or grant recipients.
 - 75% of interconnection points must be rural with less than 50% of premises having combined upstream and downstream speed of 5 Mbps [NOFA p. 20].
- Satellite Projects: Areas unserved by other technologies
 - Funding amount to be announced. [NOFA p. 20]
 - "At a minimum, an application must commit to providing broadband service, to providing customer-premises equipment

(CPE) to subscribers at no cost (including no costs for installation, activation, or other hidden fees) and to providing to such subscribers at least a 25 percent reduction in the Applicant's service rates as of December 1, 2009, for a term of at least one year." [qtd. from NOFA p. 21]

- The United States will be divided into eight service area regions eligible for Satellite applications. Applicants must propose serving only unserved rural premises in any of the eight regions. [NOFA p. 49]
- Technical Assistance: Additional funds, up to \$200,000, available to first round awardees or second round applicants for broadband development strategies in rural areas. [NOFA p. 50]
 - Paper grant only.
- Rural Library Broadband Grants
 - Available to first round awardees or second round applicants.
 - Provides grants to cover the costs of connecting any rural library being constructed or to be constructed in the proposed funded services area.
 - This funding is available through the Rural Housing Service of the USDA's Community Facilities program.
 - Paper grants only.
 - To be announced in a future Request for Proposals,

Important Dates

- Last Mile and Middle Mile Applications are due March 15, 5:00 pm: All applications for funding Last Mile and Middle Mile BIP projects must be submitted between February 16, 2010, at 8:00 a.m. Eastern Standard Time (EST) and March 15, 2010, at 5:00 p.m. Eastern Daylight Time (EDT).
- Awards Date: BIP will announce all awards September 30, 2010.

Websites

For additional information on broadband stimulus opportunities please visit:

- The Open Technology Initiative's Broadband Stimulus Resource:
<http://www.newamerica.net/broadbandstimulus>
- Broadband USA: <http://www.broadbandusa.gov>
- Notice of Funding Availability (NOFA) for Broadband Initiatives Program:
<http://www.broadbandusa.gov/files/RUS%20Round%20Two%20NOFA%20Final.pdf>
- ARRA Statutory language:
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf
- Broadband USA Information Library:
http://broadbandusa.sc.egov.usda.gov/info_lib.htm
- Broadband Match (to find potential application partners):
<http://match.broadbandusa.gov/BTOPpartners/BPMhome.aspx>

BIP Eligibility and Application Requirements

Eligibility Requirements

- Last Mile Service Area must be at least 75% rural and less than 50% of the proposed served premises must currently have access to broadband faster than 5 Mbps combined upstream/downstream. [NOFA p. 28]

- Middle Mile projects must have at least 75% of interconnection points in rural areas and less than 50% of premises have access to broadband faster than 5 Mbps combined upstream / downstream. [NOFA p. 28]
- Service Areas are ineligible if they overlap with awardees from the first funding round or services already provided by a RUS borrower.
- NTIA strongly recommends that applicants that are current RUS loan or grant recipients, as well as any applicant whose project is for a Last Mile area that is at least 75 percent rural, apply to BIP for funding. [BTOP NOFA p. 48]
- No more than \$10,000 per "premises passed," though an applicant may request a waiver. [NOFA p. 11]
- Broadband means providing two-way data transmission with advertised speeds of at least 768 kilobits per second (kbps) downstream and at least 200 kbps upstream to end users, or providing sufficient capacity in a Middle Mile project to support the provision of broadband service to end users. [NOFA p. 15]
- Critical community facilities means public facilities that provide community services essential for supporting the safety, health, and well-being of residents, including, but not limited to, emergency response and other public safety activities, hospitals and clinics, libraries, and schools. [NOFA p. 16]
- Satellite projects are open to those already involved in satellite ISP services such as satellite ISPs, resellers of satellite ISP service, distributors of satellite ISP service. [NOFA p. 25]
- Satellite applicants must propose serving only unserved rural premises in any of the eight regions [NOFA p. 68]; however, unserved rural premises in proposed funded service areas of awardees under the Round 1 NOFA and this NOFA shall not be eligible for services from satellite projects. Applicants may submit an application for more than one region; however, each region in the application must be broken out, so that the Agency can analyze the proposal for each region individually. Applicants are encouraged to serve all unserved rural premises throughout the region on a first-come, first-served basis until the award funds are expended. [NOFA p. 49]
- Like the first round, applicants must still provide system and network diagrams, a project timeline, and certification by a professional engineer (for projects requesting over \$1 million in funds) to demonstrate technical feasibility. [NOFA p. 25]
- Applicants *must commit to* five Nondiscrimination and Interconnection obligations: [NOFA p. 26]
 - Adhere to the principles contained in the FCC's Internet Policy Statement (FCC 05-151, adopted August 5, 2005) or any subsequent ruling or statement;
 - 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 (Awardees must describe any business practices or technical mechanisms they employ, other than standard best efforts Internet delivery, to allocate capacity; differentiate among applications, providers, or sources; limit usage; and manage illegal or harmful content);
 - Connect to the public Internet directly or indirectly, such that the project is not an entirely private closed network; and
 - Offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations,

- on reasonable rates and terms to be negotiated with requesting parties. This includes both the ability to connect to the public Internet and physical interconnection for the exchange of traffic.
- Applicants must disclose their proposed interconnection, nondiscrimination, and network management practices with the application.
- Managed services such as telemedicine, public safety communications, and virtual private networks are permissible. [NOFA p. 27]
- Interconnection cannot be used for ineligible purposes under the Recover Act.
- Applicants must demonstrate evidence of all funded reported towards the project. [NOFA pps. 29-30]
- Eligible costs are generally capital expenses, and not operating expenses or acquisitions. [NOFA p. 32]
- Waivers for grants above 75% of the award may be granted for Last Mile and Middle Mile projects based on distance from non-rural areas, targeting areas greater than 75% rural, density of the proposed funded target area, median household income, and/or unemployment.
- Awardees must follow RUS' accounting, monitoring, and reporting requirements. [NOFA p. 51 - 56]

Application Process for Last Mile and Middle Mile Projects

Although BIP now has a one step review process, Last Mile and Middle Mile applicants rejected during the initial review may be reviewed a second time if funding is available. Applications initially rejected by the NTIA that are eligible for RUS might also be reviewed during this second period. [NOFA p. 48]

First Review

- Application evaluated
- 30-day public notice of proposed funded service area given
- Eligibility of proposed funded service area may be verified by Agency field staff
- RUS reserves right to request clarifying information
- RUS announces awards

Second Review (subject to available funding)

- Applicants with applications that have not been approved under the first review, may be requested to provide additional information if the application: (a) can be revised, reviewed, and awarded funds before the expiration of Recovery Act funding, (b) contains specific and limited adjustments; and (c) promotes significant economic rural development, as determined by the Administrator.
- Applicants not accepted during the first review may be requested to provide additional information for additional review within a 15-day window.

Application Requirements

1. DUNS Number: Applicants can receive a DUNS number at no cost by calling the dedicated toll-free DUNS number request line at 1-866-705-5711 or via the Internet at <http://www.dunandbradstreet.com>.
2. Central Contractor Registration (CCR): <http://www.ccr.gov/StartRegistration.aspx>

Required Documents

Single Application from Same Entity Last Mile and Middle Mile Projects [NOFA pps. 35-38]

- (A) Identity of the applicant and general applicant and project information including:
 - a. A description of the project
 - b. An estimated dollar amount
 - c. Description of the proposed funded services area including the number of premises passed
- (B) Executive Summary
- (C) Description of the proposed funded service area including number of premises passed
- (D) Subscriber projections
- (E) Number of jobs the project is expected to create or save
- (F) A map of the proposed funded service area identifying unserved areas and areas without High Speed Access
- (G) Names of the communities, census-designated places, and others areas, including tribal lands, within the proposed funded service area
- (H) Description of proposed service offerings and the associated price plans, including prices of services offerings by competitors
- (I) Description of nondiscrimination, interconnection, and network management plans
- (J) A system design including description of proposed technologies. Must be certified by an engineer if funding request is greater than \$1 million.
- (K) Resumes of key management personnel
- (L) A legal opinion addressing the applicant's ability to apply for funding, all pending litigation matters, and the applicant's ability to pledge security
- (M) Evidence of other ARRA awards or collaboration with other ARRA awardees
- (N) Summary and itemized budgets of the infrastructure costs
- (O) Detailed description of working capital requirements and sources of these funds
- (P) Historical financial statements, including Certified Public Accountant audits if applicable, for the previous two calendar years
- (Q) Pro Forma financial analysis, prepared in conformity with US GAAP and the Agency's guidance on grants accounting, found at <http://www.usda.gov/RUS/pasd/auditreg.htm>, related to the sustainability of the project
- (R) Attachments to be outlined in the application
- (S) Self-scoring sheet analyzing the objective scoring data
- (T) Pricing package offered to critical community facilities or socially and economically disadvantaged small business concern (SDB)
- (U) List of all outstanding and contingent obligations
- (V) An SDB if the applicant is an SDB
- (W) Environmental Questionnaire
- (X) Description of measurable metrics and target service level objectives (SLOs)
- (Y) Any waiver requests for projects proposing more than the \$10,000 per premises, or applications requesting more than 75% grant
- (Z) Certification from the applicant that agreements with or obligations to investors do not breach the obligations to the government under the draft Award Documents.

Multiple Applications from Same Entity Last Mile and Middle Mile Projects
[NOFA pps. 39]

- (A) All requirements listed above except:
- (B) Different set of financial details. See NOFA for details.
- (C) Commitment from investors to commit funds even if all applications are not funded.

Satellite Projects

- (A) Identity of the applicant and general applicant and project information including:
 - a. A description of the project
 - b. Congressional districts affected by the project
- (B) Executive Summary
- (C) Description of applicant's ability to cover an entire region
- (D) Description of the proposed funded service offerings
- (E) Resumes of key management personnel
- (F) A legal opinion addressing the applicant's ability to apply for funding, all pending litigation matters, and the applicant's ability to pledge security
- (G) Itemized budget
- (H) Pro Forma financial analysis, prepared in conformity with US GAAP and the Agency's guidance on grants accounting, found at <http://www.usda.gov/RUS/pasd/auditreg.htm>, related to the sustainability of the project
- (I) Historical financial statements, Certified Public Accountant audits if applicable, for the previous two years
- (J) Certifications required by the application
- (K) The pricing package being offered to critical community facilities, if any
- (L) List of all outstanding and contingent obligations
- (M) Detailed description of working capital requirements
- (N) Environmental Questionnaire
- (O) Description of measurable service metrics and target service level objects

Recommendations for Creating a Highly Competitive Application

Evaluation Criteria for Last Mile and Middle Mile Projects [NOFA pps. 42-46] [[

- Proportion of Rural Residents served in Unserved Area: one point for every 10% of unserved households compared to the total households served (10 points total)
- Rural Area Target: 2 points for each 5% of the total proposed funded service area that is above 75% (10 points total)
- Distance from Non-rural areas: For projects at least 10 miles from a non-rural area, one point will be awarded for each additional 10 miles (5 points total)
- Title II Borrowers: 8 points awarded to applications submitted by entities that have borrowed under Title II of the Rural Electrification Act.
- Five points awarded for cooperation with other Recovery Act programs
- Performance of the Offered Service (10 points)
 - Last Mile (scoring based on predominant technology used)
 - Wireline: 5 points for providing 5 Mbps combined, 10 points for providing 20 Mbps combined
 - Wireless: minimum of 3 Mbps combined, 8 points
 - Mobile Wireless: minimum of 3 Mbps, 10 point
 - Middle Mile: 100 Mbps service to all interconnection points, 10 points.
- Service to Critical Community Facilities and SDBs
 - 4 points for providing discount rate packages to all critical community facilities at least 25% lower than the proposed base rate for at least 3 years
 - 2 points for providing discount rate packages to SDBs at least 25% lower than the proposed base rate for at least 3 years

- Applicant's Organization Ability: up to 10 points based on the strength of the project's management team
- 3 points awarded to SDB applicants
- Leverage of Outside Resources: up to 10 points for leverage of outside resources (limited to new investments, not existing assets)
 - 10 points for a 100% ratio
 - 7 points for a ratio between 75% and 99%
 - 5 points for a ratio between 50% and 74%
 - 3 points for a ration between 25% and 49%
 - 0 points if the ration is less than 25%
- Extent of Grant Funding: up to 15 points based on amount of grant requested versus total award requested
 - 0 points if requesting greater than 70%
 - 5 points if requesting a grant between 51% and 70%
 - 10 points if requesting a grant between 16% and 50%
 - 15 points if requesting a grant between 0% and 15%
- Cost Effectiveness: up to 8 points based on cost per premises passed for Last Mile projects
 - 2 points if the cost per premises passed is less than \$8,000
 - 4 points if the cost per premises passed is less than \$7,000
 - 6 points if the cost per premises passed is less than \$6,000
 - 8 points if the cost per premises passed is less than \$5,000
- Administer's Bonus Points: The administer can award a maximum of 10 bonus points to applications that will provide significant assistance to critical community facilities, promote rural economic development, support persistent poverty counties, serve chronically underserved areas, demonstrate cost-effectiveness, offer low-cost service options, and/or provide geographic diversity. This bonus may not raise the total score above 100 points.

Satellite Projects [NOFA p. 49]

The United States will be divided into eight service area regions eligible for Satellite applications. Applicants must propose serving only unserved rural premises in any of the eight regions. Applicants may submit an application for more than one region; however, each region in the application must be broken out, so that the Agency can analyze the proposal for each region individually. Applicants are encouraged to serve all unserved rural premises throughout the region on a first-come, first-served basis until the award funds are expended.

Technical Assistance Grants [NOFA p. 49 - 50]

Applications for Technical Assistance grants will be evaluated based on the extent to which the awardee of the first round NOFA or applicant under this NOFA has considered developing a USDA-approved regional planning organization(s), the strength and scope of the regional broadband development strategy, and the proposed broadband service to be brought to rural areas that remain critically unserved. The proposal should provide various strategies and the anticipated costs of each.

Rural Library Program [NOFA p. 50]

Applications for Rural Library Broadband grants will be accepted from awardees of the first Round NOFA or applicants under this NOFA to cover the costs associated with connecting any rural library in their proposed funded service area, that is either being constructed, or to be constructed, with funding from USDA's Community Facilities Program of the Rural Housing Service.

Applications need only address the rural libraries involved, the cost of providing a broadband connection and the date by which such service will be provided. RUS, in its discretion, may increase or decrease the requested award amount based on its evaluation of the reasonableness of the costs and the level of funding available for this program.