

# DWT Broadband Stimulus Mini-Webinar: What You Must Know Now to Apply for Federal Grants, Now That the NOFA is Out!

**Tuesday, July 7, 2009**  
2:00 p.m. - 2:45 p.m. EDT

Anchorage  
Bellevue  
Los Angeles

New York  
Portland  
San Francisco

Seattle  
Shanghai  
Washington, D.C.



# Opening Remarks and Review of the Overall Structure of the Program

Speaker: Jim Smith

# Agenda

- 2:00pm – 2:08pm**      **Opening Remarks and A Review of the Overall Structure of the Program**
- July 1 Notice of Funds Availability (“NOFA”): Overview
  - Timelines for This NOFA
  - Amounts to Be Dispensed in This Round
  - Definitions Are Critical
  - BIP/BTOP Bifurcation
  - Two-Step Process
- 2:08pm – 2:16pm**      **Key Operational and Strategic Issues**
- Nondiscrimination and Network Interconnection
  - Role of States
  - Other Key Operational Issues
- 2:16pm – 2:25pm**      **Application Requirements**
- Two Step Application Process
  - Step I: Broadband Infrastructure
  - Step I: Computer Training Centers and Adoption
  - Step II: Due Diligence
- 2:25pm – 2:35pm**      **The Point System: How to Differentiate Your Application**
- BTOP Scoring System
  - RUS BIP Scoring System
- 2:35-2:45pm**      **Your Turn: Q&A**

# July 1 Notice of Funds Availability (“NOFA”): Overview

- \$4 Billion to be Expended in This First of Three “Waves” by USDA Rural Utilities Service (RUS) and Commerce Dept. NTIA
- Filing Window: July 14 – August 14(!!!)
- 2-Step Process:
  - Step 1 (Aug-Sept): “Screening” Using Scoring System to Determine “Most Highly Qualified” Applications
  - Step 2 (Sept-Nov): “Due Diligence”
- “Last Mile” & “Middle Mile” Projects to “Unserved” & “Underserved” Areas
- ALL Applications for “Rural” Areas **Must** be Filed With RUS (and May be Filed With NTIA)
- All Projects Must Be Substantially (67%) Completed in 2 Years, Fully Completed in 3 Years

# Timelines for This NOFA

- By August 14 (5 PM EDT): Applications Filed
- @ September 15: Step Two Finalists Announced
- Oct. 15 or 30 days after Announcement: Submit Step Two Information/Documentation
- @ Nov. 7: First Awards Announced
- Award + 30 Days: Award Docs Issued
- Award + 60 Days: Documentation Completed, Award Finalized
- Two More Application Windows and NOFAs:
  - Winter-Spring 2010
  - Spring-September 30, 2010 (deadline for ARRA awards)

# Amounts to Be Dispensed in This Round

- RUS “Broadband Initiatives Program” (BIP): \$2.4 Billion in Grants, Loans and Loan/Grant Combinations
  - \$1.2B To Last Mile (to End Users)
    - \$400M for “Remote” Area Grants
    - \$800M for “Non-Remote” Rural Loans and Grant/Loan Combos
  - \$800M for Middle-Mile Rural Loans and Grant/Loan Combos
  - NOTES:
    - Combos must be at least 50% Loan Component
    - RUS leveraging lending vs. grant capacity (loan multiplier factor of 14) to increase total estimated loans and grants to up to \$9 billion.
  
- NTIA “BTOP” Program: \$1.6 Billion in Grants
  - \$1.2B for Broadband Infrastructure Grants
  - \$150M for Sustainable Broadband Adoption Grants
  - \$50M for Public Computer Center Grants

# Definitions Are Critical

- “Broadband”: minimum speed of 768 kbps downstream and 200 kbps upstream to end users
- “Unserved” area (1 or more census blocks): 90% of households have no access to terrestrial broadband
- “Underserved”: Fewer than 50% of households have access to terrestrial broadband, or fewer than 40% subscribe, or no provider advertises speeds of at least 3 mbps downstream
  - Question: based on what data??(Middle-Mile: 1 interconnection point is in unserved or underserved area)
- “Rural area“: outside a town of 20,000+ or an urbanized area contiguous to a town of 50,000+
- “Remote area“: **Unserved** rural area 50 miles from a non-rural area (per above)

# BIP/BTOP Bifurcation

- These Definitions Critical Because . . .
  - **ALL** 75% “Rural” Area Projects Must be Filed in the RUS “BIP” Program. They **may** also be submitted to the NTIA BTOP program (requiring additional application elements), but NTIA will consider funding only if RUS decides not to fund.
  - RUS will issue grants **ONLY** to last mile projects in “*remote, unserved* rural areas.” It will award only loans and loan/grant combinations to projects in “*non-remote and underserved* rural areas.”
    - Will grant-seekers want to “opt out” of BIP and ask for BTOP-only consideration??
  - “Middle Mile” broadly defined (not to end users; includes transport, backhaul, Internet connectivity or special access); **but** seems (as with last-mile) limited to unserved and underserved areas



# Key Operational and Strategic Issues

Speaker: KC Halm

# Nondiscrimination and Network Interconnection

- Five specific nondiscrimination and network interconnection conditions:
  1. Adherence to FCC Internet “principles”
  2. Nondiscrimination
  3. Posting and notice of network management policies
  4. Mandated connection to Internet (prohibition on “entirely” closed networks)
  5. Physical interconnection for exchange of traffic

# Nondiscrimination and Network Interconnection (cont'd)

- **Key aspects of nondiscrimination and network interconnection obligations**
- **Nondiscrimination principle**
  - “Neutral traffic routing” mandate
  - However, “managed services” are *exempt*
- **Physical interconnection for exchange of traffic**
  - Obligation to negotiate terms in good faith
  - Disputes go to FCC for “interpretation” of applicable rules
  - Unresolved issues noticed to funding agencies
- **“Reasonable” network management practices *permitted***
  - caching and “application-neutral bandwidth allocation”
  - measures to address spam, denial of service attacks, illegal content, and other “harmful” activities

# Role of the States

- **States will help pick winners and losers**
  
- **Step 2 “due diligence” review**
  - Each State (Governor’s office) receives list of applicants under consideration in Phase 2
  
  - States invited to provide:
    1. List of recommended projects
    2. Ranking of recommended projects
    3. Explanation of why selected proposals meet greatest needs of the State
  
  - State recommendations required within 20 days

# Other Key Operational Issues

- **Prohibition on sale/lease of facilities for “life of facilities”**
  - Sale or lease of any portion of award-funded broadband facilities is prohibited for “life of facilities”
  - Except, NTIA/RUS may approve sale or lease under certain limited conditions
  
- **Last mile coverage obligation**
  - Presumption that applicant will provide service in entire proposed funded service area (census block)
  - Exceptions where applicant shows infeasibility
  
- **Cost sharing / matching funds obligation**
  - Applicant must provide matching funds of at least 20% of project costs (unless waiver sought)

# Other Key Operational Issues (cont'd)

- **Access to records for audits, site visits, monitoring and law enforcement purposes**
  - Agency reps. may access and inspect broadband system, and any other property funded by the grant; includes access to books, records, accounts, etc.
  - Audit of award may be conducted “at any time”
  
- **Accounting, monitoring and reporting requirements**
  - GAAP system of accounts
  - Annual audited financial statements, including financial reporting details and management letter
  
- **Detailed reporting and data collection obligations**
  - Confidential info may be protected, but some application details publicly available

# Application Requirements

Speaker: Maria Browne

# Two Step Application Process

- Step I – applications evaluated and ranked – due August 14, 2009
  - NTIA will conduct a preliminary screening
- Step II – due diligence – due October 15, 2009 (or 30 days after request from RUS or NTIA, whichever later)
- Application format available on [www.broadbandusa.gov](http://www.broadbandusa.gov)
- Electronic filing required with limited exception
- Must have DUNS and CCR (CAGE) numbers
- No material revisions once submitted
- End of Step I: Public Notice of proposed funded areas; 30 days for existing providers to submit information



# Step I: Broadband Infrastructure

- **Required versus “point scoring” information**
- **Required contents include:**
  - Project description for public dissemination
  - Amount of funding being requested
  - Congressional Districts affected
  - Verification that application meets eligibility requirements
    - Project meets broadband speeds, is technically feasible and will be completed within timeframes
    - Applicant agrees to non-discrimination, interconnection and last mile obligations
    - BIP and BTOP specific program eligibility requirements

# Step I: Broadband Infrastructure cont.

- Executive summary
- Proposed funded service area description
- Service offering description and prices
- Technology type and systems design (PE certified)
- Timelines including key milestones (PE certified)
- Management information including resumes
- Legal opinion
- Partnerships
- Itemized budget
- Financial data
- Certain information for BIP and BTOP applications

# Step I: Computer Training Centers and Adoption

- Must meet most BTOP application general requirements plus:
  - Computer Training Center specifics
    - Population to be served, hours of operation, any fees charged, number of workstations, proposed speeds of broadband connection, outreach strategy
    - Training and educational opportunities to be offered
    - Qualifications of consulting and teaching staff
  - Broadband Adoption specifics
    - Description including how the approach is “innovative”
    - Population to be served including number of new users expected to be reached
    - How project will create sustainable increases in subscribership
    - Projected cost for “new” user

# Step II: Due Diligence

- “Most highly qualified” applicants advance to Step II
- Advancing applicants must substantiate Step I by providing additional information including:
  - List of outstanding and contingent obligations
  - Detailed description of working capital requirements and fund sources
  - Detailed description of proposed technology
  - Detailed construction build-out schedule
  - Completed environmental questionnaire
  - Underlying documentation
  - BIP: measurable service metrics and target service level objectives
- States may weigh in during this phase

# The Point System: How to Differentiate Your Application

Speaker: Paul Hudson

# BTOP Scoring System

- **Project Purpose (30 points)**
  - Provide broadband to unserved and underserved areas and/or serve community anchor institutions, vulnerable populations, public safety, and/or create economic growth
  - Collaboration with other government or stimulus programs, if applicant convincingly demonstrates substantive and meaningful benefits
  - You are, or will contract with, a socially or economically disadvantaged small business

# BTOP Scoring System

## ■ **Project Benefits (25 points)**

- Ratio of the total cost of the project to households passed
- Speed, low latency, demonstration of upgrade path
- Affordability
- Exceed requirements for interconnection and nondiscrimination
- Support multiple ISP access
- Middle Mile applicants: Points based upon “level of need” in an area, ability to meet capacity needs and positively impact the area.
- Sustainable Adoption applicants: Points for the number of new users the project will generate, grant dollars per new user, and new ideas to encourage adoption.

# BTOP Scoring System

- **Project Viability (25 points)**
  - Demonstration of technical feasibility and program coherence
  - Applicant's organizational capability
  - Level of community involvement
  - Ability to promptly start and complete project



# BTOP Scoring System

- **Project Budget and Sustainability (20 points)**
  - Reasonableness of the budget, including clear and comprehensive presentation, business plans, market projections
  - Applicants must convincingly demonstrate the ability of the project to be sustained beyond the funding period
  - Points awarded for exceeding the 20 percent matching funds requirement and committing cash

# RUS BIP Scoring System

- **Project Purpose (25 points)**

- 1 point for every 10,000 unserved households, up to 5
- 1 point for every 5% increase above 75% rural, up to 5 for 100% rural
- 1 point for each 50 mile increment distance from closest non-remote area, up to 5 points for 250 miles
- 5 points awarded to past RUS borrowers
- 1 point for cooperation with a governmental or stimulus program, up to 5

# RUS BIP Scoring System

- **Project Budget and Sustainability (25 points)**
  - Clarity and reasonableness of the budget (5 points)
  - Specific formula of 1-10 points for exceeding 20% contribution requirement, but most applicants likely to receive 3 points or less (3 points for contributing 25-50%)
  - Specific formula of 0-10 points based upon grant to loan ratio requested. (0 points for 100% grant; 1 point for 75-99%; 3 points for 50-75%; 5 points for lower than 50%; 10 points for 100% loan)

# RUS BIP Scoring System

## ■ **Project Benefits (25 points)**

- 10 points for meeting speed thresholds: 20 mbps for wireline last-mile, 2 mbps for wireless, and 100 mbps for middle mile. For end-user connections, speeds are measured as upstream *plus* downstream.
- Up to 5 points for demonstrating that proposed rates for the broadband service are “affordable” for the targeted audience
- 5 points for enabling choice of multiple broadband providers
- Up to 5 points for committing to 25% discounts for “all critical community facilities”

# RUS BIP Scoring System

- **Project Viability (25 points)**
  - Applicant's organizational capability (12 points)
  - 2 points for having letters of support from a leader of all communities in the proposed funded service area
  - Ability to promptly start project (10 points)
  - 1 point if applicant is disadvantaged small businesses



# Your Turn: Q&A

# DWT Contacts

## For More Information Please Contact:

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