

# Round II Broadband Stimulus Requirements

American Public Power Association

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# NTIA BTOP Round I Review

- \$4.7B total allocated to NTIA BTOP as part of ARRA
- Round I (\$1.6Billion):
  - “Broadband Infrastructure” (\$1.2 Billion)
    - Last Mile or Middle Mile
    - Had to include “underserved” or “unserved” areas
    - Bonus points for high value targets
  - “Public Computer Centers” (\$50 Million)
  - “Sustainable Broadband Adoption” (\$150 Million)
  - Broadband Mapping (up to \$350 Million)
  - Total of 2,200 applications to NTIA/RUS for \$28 Billion
  - Approx. \$200M awarded so far; Middle Mile emphasized
  - All Round I awards to be announced by end of February 2010

# STATUTORY GOALS

- Provide access in “unserved” areas
- Improve access in “underserved” areas
- Provide broadband support to schools, libraries, medical and health care providers, higher education institutions, other community-based groups that support vulnerable populations, and “job-creating strategic facilities” in various programs
- Increase access to, and use of, broadband by public safety agencies
- Stimulate demand for broadband, economic growth, and job creation

# NTIA BTOP – Round II Overview

- \$2.6 Billion in grants available for Round II
- \$2.35 Billion available for Comprehensive Community Infrastructure Projects (CCI)
- \$150 Million available for Public Computer Centers (PCC)
- \$100 Million available for Sustainable Broadband Adoption (SBA) projects
- No more funding available for State broadband mapping
- BTOP Application Window: February 16 – March 15, 2010
- BTOP Awards: June 2010 through September 30, 2010

# NTIA BTOP – Application/Review Process

- NTIA and RUS have separated application process
- NTIA Round II application process more streamlined than Round I process; less up-front burden on applicants
- Review process in three steps:
  - 1) Initial eligibility (no upfront evaluation of technical / financial feasibility)
  - 2) Merit review (objective scoring by “at least two” reviewers)
  - 3) Due diligence

# BTOP CCI Projects – Overview

- NTIA will focus on Middle Mile projects “that offer new or substantially upgraded connections to community anchor institutions, especially community colleges”
- Community anchor institutions include schools, libraries, medical and health care providers, public safety entities, community colleges, and other higher education institutions, and other community organizations and agencies that provide outreach, access, equipment ...to vulnerable populations
- Last Mile projects discouraged; NTIA will fund them only if part of MM projects and in underserved/unserved areas; NTIA will consider stand-alone LM projects only after all MM projects
- “Unserved” or “underserved” not required, but will get extra credit
- In theory, can apply to either agency if serving an area that is 75% rural, but agencies have different focus

# BTOP CCI Projects – Funding Priorities

1. Commitment to offer service to a significant # of Community Anchor Institutions [CAI] that “express a demand or indicate a need” for access to “new or substantially upgraded service”
2. Incorporate public-private partnership, “particularly those that have expressed a demand or indicated a need”
3. Intent to bolster growth in economically distressed areas
4. Community colleges – that have expressed demand
5. Public safety entities – that have expressed demand
6. Middle Mile infrastructure that includes (i) Last Mile component in unserved/underserved areas (20%<), or (ii) “commitments or nonbinding letters of intent from one or more Last Mile broadband service providers”
7. Provide match > 30%

# BTOP CCI Projects – Evaluation Criteria (1)

- Project Purpose (20 points)
  - Fit with statutory purposes (Compelling problem, effective solution, broad significance, replicability; additional credit for addressing more than one statutory purpose and project category; ability of enhanced service for health care, education, children)
  - Fit with BTOP priorities
  - Potential job creation
  - Recovery Act collaboration
  - Involvement of Indian tribes and socially and economically disadvantaged businesses

## BTOP CCI Projects – Evaluation Criteria (2)

- Project Benefits (20 points)
  - Level of Need in Proposed Funded Service Area (whether existing providers there, including prices, coverage, capacity; proportion of users in unserved and underserved areas; unemployment rates, median income)
  - Impact on the Proposed Funded Service Area
  - Network Capacity and Performance (ability to meet current and future needs; the higher the end-user speed, the more credit)
  - Affordability of Services Offered (compare to local, national)
  - Non-discrimination, Interconnection, and Choice of Provider (Extra credit for exceeding minimum requirements, wholesale, binding arbitration, more than one provider)

## BTOP CCI Projects – Evaluation Criteria (3)

- Project Viability (30 points)
  - **Technical Feasibility of the Proposed Project** (comprehensiveness, appropriateness, clarity, level of detail, coherence, and cost-effectiveness of proposed technical solution)
  - **Applicant's Organizational Capability** (years of relevant experience and expertise of the management team, track record with projects of similar size and scope)
  - **Level of Community Involvement** (linkages to unaffiliated organizations, e.g., non-profits, public, private, anchor institutions, public safety, etc. )

## BTOP CCI Projects – Evaluation Criteria (4)

- Project Budget and Sustainability (30 points)
  - Reasonableness of the Budget (reasonableness based on clarity, level of detail, comprehensiveness, , appropriateness to technical and programmatic solutions, reasonableness of costs, completeness, etc.)
  - Sustainability of the Project (must convincingly demonstrate the ability of the project to be sustained beyond funding period, based on business plans, market projections, third-party funding obligations, etc.)
  - Leverage of Outside Resources (ability to meet 20% match; extra credit for greater than 20% match)

## BTOP PCC Projects – Overview

- PCC projects “provide broadband access to the general public or a specific vulnerable population and must either create or expand a public computer center or improve broadband service or connections at a public computer center, including those at community colleges, that meets a specific public need for broadband service.”
- A “logical complement” to CCI projects, because they are “uniquely positioned to serve many members of a community with computer equipment, computer training, job training, and access to job and educational resources that might not otherwise be available.”
- Must serve a specific purpose, e.g., education, employment, economic development, healthcare, children, etc.

# BTOP PCC Projects – Evaluation Criteria

- Project Purposes (20 points)
- Project Benefits (20 points)
  - Availability to the Public (capacity, hours, fees, restrictions, outreach, accessibility to disabled persons)
  - Training and Educational Programs Offered
  - Availability and Qualifications of Consulting and Teaching Staff
  - Projects in Community Colleges
  - Nothing about Non-discrimination, Interconnection, Choice
- Project Viability (30 points)
- Project Budget and Sustainability (30 points)

## BTOP PCC Projects – Eligible Costs

- Acquiring broadband-related equipment, instrumentation, networking capability, hardware and software, and digital network technology for broadband services, computer peripherals, and computer maintenance services and virus-protection software
- Developing and providing training, education, support, and awareness programs or web-based resources, compensation for qualified instructors, technicians, managers, and other employees
- Facilitating access to broadband services, including to the disabled
- Installing or upgrading broadband facilities on a one-time, capital improvement, basis in order to increase broadband capacity
- Funding reasonable indirect costs
- Pre-application costs up to 5%, including consultants; not lobbying

## BTOP SBA Projects – Overview

- The SBA program funds “innovative projects that promote broadband demand, especially among vulnerable population groups where broadband technology traditionally has been underutilized.”
- Projects should focus on “broadband awareness, access, training, and education”
- Projects must establish a subscribership baseline in a given community and demonstrate “a clear ability to measure and sustain the expected increase in broadband adoption without ongoing Federal grant assistance, so that the nation will continue to see the benefits of these projects well after the period of performance for the grant award has ended.”

# BTOP SBA Projects – Evaluation Criteria

- Project Purposes (20 points)
- Project Benefits (20 points)
  - Number of New Subscribers (must estimate, measure and track the benefits generated by the project)
  - Cost Per New User (cost per new subscriber or regular user)
  - Innovation (replicable new ideas, approaches and methods)
  - Support for Vulnerable Populations (number of individuals in vulnerable populations and steps taken to engage them and meet their particular needs)
- Project Viability (30 points)
- Project Budget and Sustainability (30 points)

## BTOP SBA Projects – Eligible Costs

- Acquiring broadband-related **equipment**, instrumentation, networking capability, **hardware and software**, and digital network technology for broadband services
- Developing and providing **training**, education, support, and awareness programs, as well as web-based **content** that is incidental to the program's purposes, and reasonable compensation for instructors
- Conducting broadband-related **public education, outreach, support, and awareness** campaigns
- **Implementing programs** to facilitate greater access to broadband service, devices, and equipment
- Funding reasonable **indirect costs**
- **Pre-application costs** up to 5%, including consultants; not lobbying

# NTIA BTOP - Don't Forget...

- Many Important Factors Didn't Change:
  - “But for” requirement
  - Project sustainability
  - Open and nondiscriminatory access, interconnection
  - Operating expenses ineligible
  - Eligible entities unchanged (i.e., everyone)

# Other BTOP Issues

- Environmental Questionnaire
- “Buy American” provision
- Communications Assistance for Law Enforcement Act
- Davis-Bacon Act wages
- Privacy
- Certification by appropriate government official that project has been vetted and is as good use of public funds
- Compliance with State and Local laws: right of way / tower siting / franchise issues/etc.
- Political support

# RUS BIP – Review

- \$2.5B allocated to RUS as part of ARRA
- Round One (\$2.4B in available funding):
  - “Broadband Initiatives Program”
    - Only in areas that were at least 75% rural
    - If met “rural” criteria, had to go to RUS BIP first
    - Had to include “underserved” or “unserved” areas
    - Last Mile and Middle Mile projects could qualify for up to 50% grant/50% loan
    - Last Mile “Remote” could qualify for 100% grants

# RUS BIP – Round Two Highlights

- “RUS will concentrate on funding Last Mile projects”  
(\$1.7 Billion)
- Last Mile “Remote” eliminated
- Will fund Middle Mile projects only by current RUS loan/grant recipients (\$300 Million)
- New programs for satellite, rural libraries, training

# RUS BIP – Round Two Highlights

- “Eligible service area” changed
  - “Unserved” / “underserved” no longer essential, but extra points
  - Now, “any rural area in which 50 percent of the premises in the area do not have access to broadband service at the rate of 5 Mbps (upstream and downstream combined). [“High Speed Access”]”
  - Proposed funded service area must be at least 75% rural
  - Rural: “not located within: (1) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or (2) an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.”
  - Will not fund overlapping service areas

# RUS BIP – Round Two Highlights

- Standard award of 75/25 grant/loan combination (waiver available, extra credit for higher % loan)
- “Cost Effectiveness / Reasonableness”
  - Award limited to no more than \$10,000 per premises passed (waiver available)
- Elimination of Census Block reporting
- Mapping tool still required (unlike NTIA)

# RUS BIP – Evaluation Criteria

1. Proportion of rural residents in unserved area (10 pts.)
2. Rural area targeting (10 pts.)
3. Distance from non-rural areas (5 pts)
4. Existing Title II borrowers (8 pts.)
5. Other Recovery Act awards (5 pts.)
6. Performance of the offered service (10 pts.)
  - Last mile wireline > 5 Mbps: 5 pts.
  - Last mile wireline > 20 Mbps: 10 pts
  - Middle Mile > 100 Mbps: 10 pts

# RUS BIP – Evaluation Criteria

7. Discounted service to Critical Community Facilities and Socially and Disadvantaged Businesses (6 pts.)
8. Applicant's organizational capability (10 pts.)
9. Socially / economically disadvantaged small business (3 pts.)
10. Leverage of outside resources (10 pts sliding)
11. Extent of grant funding (15 pts. sliding)
12. Cost effectiveness (8 pt. sliding scale for Last Mile projects, based on cost per premises passed)

# RUS BIP – Eligible Costs

- “Construction or improvement of all facilities required to provide broadband service, including facilities required for providing other services over the same facilities, and including equipment required to comply with CALEA”
- “[T]he cost of leasing facilities required to provide broadband service if such lease qualifies as a capital lease under GAAP ... for no longer than the first three years [after the date of the award]”
- Reasonable pre-application expenses
- Operating expenses NOT eligible

# RUS BIP – Round Two

- New funding categories:
  - “Satellite Projects”
    - To reach premises left unserved by other technologies
    - Separate RFP forthcoming after other grants
  - “Rural Library Broadband”
    - Grants to reimburse cost of connecting rural library
    - Separate RFP forthcoming
  - “Technical Assistance”
    - Public-private partnerships to develop plans for “critically unserved” areas
    - Grants up to \$200,000

# RUS BIP - Applications

- Front-loaded (unlike NTIA). Could be *more* involved than last round.
- Must be filed electronically
- Application window:

February 16 – March 15

# RUS BIP - Don't Forget...

- Many important factors didn't change from Round One:
  - Sustainability
  - “But for” requirement
  - Fully funded
  - Substantial completion (2/3 within 2 years; completed within 3 years)
- Similar “other issues” as above for BTOP

# Questions:

[www.baller.com/economic\\_stimulus.html](http://www.baller.com/economic_stimulus.html)

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