



California Emerging Technology Fund Notice of Funds Availability (NOFA) Summary: 1st Round Broadband Deployment & Infrastructure

Purpose

The purpose of this document is to outline important application material from the combined Notice of Funds Availability (NOFA) for the United States Department of Agriculture (USDA) Rural Utilities Service (RUS) Broadband Initiatives Program (BIP) and the United States Department of Commerce (DOC) National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunities Program (BTOP). The programs with funds available were enacted into law via the American Recovery and Reinvestment Act of 2009 (ARRA).

This document will only outline the broadband deployment and infrastructure BIP and BTOP NOFA application language and requirements.

Page listings following each headline refer to the specific pages for the respective material within the Broadband Deployment and Infrastructure NOFA.

Background

The first round NOFA, released July 1, 2009, for federal broadband deployment grant, loan, and loan/grant programs can be found at the following Uniform Resource Locator (URL):

http://broadbandusa.sc.egov.usda.gov/files/BB%20NOFA%20FINAL%20with%20disclaimer_1.pdf

The total amount available for this first round is \$4 billion leaving \$3.2 billion for subsequent rounds. The \$4 billion is allocated as follows:

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

BIP is to extend loans, grants and loan/grant combinations to facilitate broadband deployment to unserved and underserved rural areas.

BTOP is to make available grants for deployment of broadband infrastructure in unserved and underserved areas, enhance broadband capacity at public computer centers, and promote sustainable broadband adoption projects.

Definitions (p. 17-23)

Broadband: 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.

Remote area: An unserved rural area 50 miles from the limits of a non-rural area.

Rural area: Any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within:

- a) A city, town, or incorporate area that has a population of greater than 20,000 inhabitants; or
- b) An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.

Underserved area: A proposed funded service composed of one or more contiguous census blocks meeting certain criteria that measure the availability of broadband service and the level of advertised broadband speeds. These criteria conform to the two distinct components of Broadband Infrastructure category for eligible projects – Last Mile and Middle Mile. Specifically, a proposed funded service area may qualify as underserved for last mile projects if at least one of the following is met, though the presumption will be that more than one factor is present:

- a) No more than 50% of the households in the proposed funded service area have access to facilities-based terrestrial broadband service at greater than 768 kbps downstream and 200 kbps upstream; and/or
- b) No fixed or mobile broadband service provider advertises broadband transmission speeds of at least three Megabits per second (Mbps) downstream in the proposed funded service area; and/or
- c) The rate of broadband subscribership 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.

Unserved area: A proposed funded service area composed of one or more contiguous census blocks where at least 90% of households in the proposed funded service area lack access to facilities-based terrestrial broadband service, either fixed or mobile, at the minimum broadband transmission speed of 768 kbps downstream and 200 kbps upstream. A household has access to broadband service if the household can readily subscribe to that service upon request.

High Level Objectives (p. 2)

1. Facilitating the expansion of broadband communications services and infrastructure.
2. Spur job creation.
3. Stimulate long-term economic growth and opportunity.

NOFA Submission and Options (p. 2-3)

Paper and electronic applications will be accepted between July 14, 2009 at 8:00 AM and August 14, 2009 at 5:00 PM, Eastern Time.

Paper submissions are permitted under the following conditions:

- Applicants are requesting less than \$1 million in total assistance if filing electronically would impose hardship on the applicant; and/or
- Applicants whose authorized representatives are individuals with disabilities.

Paper submissions must be postmarked no later than August 14, 2009 or hand-delivered no later than the window deadline.

Unless an applicant meets the above criteria and elects to submit a paper submission, electronic submission is required and must be received prior to the window deadline.

Program Priority and Process (p. 10-14)

Applications to fund broadband infrastructure projects in areas that are at least 75% rural **must** be submitted to RUS for consideration under BIP. All other applications for broadband infrastructure **must** be submitted to NTIA for consideration under BTOP.

If BIP applicants also choose to be considered for BTOP funding, then they must complete the additional elements required of BTOP infrastructure applicants. NTIA may make awards to such applications only after RUS has reviewed the application and determined not to fund it.

A total of \$4 billion has been allocated to this NOFA, broken out as follows:

- \$2.325 billion for BIP.
 - Up to \$1.2 billion for Last Mile projects, remote and non-remote projects.
 - Up to \$400 million for grants for remote areas.
 - Up to \$800 million for loans and loan/grant combinations for non-remote projects.
 - Up to \$800 million for Middle Mile projects, loans and loan/grant combinations.
 - Up to \$325 million for a national reserve that could augment the BIP categories or remain unused for subsequent NOFAs.
- Up to \$1.6 billion has been made available for BTOP.
 - Up to \$1.4 billion for broadband infrastructure, public computer center and sustainable adoption projects.
 - Up to \$200 million for a national reserved that could augment the BTOP categories or remain unused for subsequent NOFAs.

BIP Specifics

BIP grants: Projects to exclusively serve remote, unserved, rural areas.

BIP loan and loan/grant combinations: Projects to serve non-remote and underserved rural areas.

BIP loan and loan/grant combinations: Projects that include non-remote and remote areas.

The size of the grant portion of any loan/grant combination award is determined by the applicant, but can't exceed the loan portion. Applicants can propose 100% loan funding. RUS will seek to make the extension of broadband infrastructure into difficult-to-serve areas affordable.

BIP Preferences

- For loan/grant combinations, applications that propose a higher percentage of loan funds over grants.
- Projects that can commence construction promptly and demonstrate technical and financial feasibility, organizational capacity, and compliance with other Administration priorities.

BIP Priorities

- 75% of a BIP-funded area to be in a rural area that lacks sufficient access to high speed broadband service to facilitate rural economic development.
- Priority be given to projects that:
 - Give end users a choice of providers.
 - Serve the highest proportion of rural residents that lack access to broadband service.
 - Applicants are current or former RUS borrowers.
 - Fully funded and ready to start once funding is received.

BTOP Infrastructure Specifics

Broadband infrastructure consists of two components, last mile and middle mile, and will fund projects to deliver broadband access to unserved and underserved areas.

Awardees must adhere to the principles contained in the FCC's broadband policy statement.

Core BTOP Infrastructure Purposes

- Provide access to broadband service to consumers residing in unserved areas.
- Provide improved access to broadband service to consumers residing in underserved areas.
- Provide broadband access to community anchor institutions, or organizations and agencies serving vulnerable populations, or job-creating strategic facilities located in state- or federally-designated economic development areas.
- Improve access to broadband service by public safety agencies.

BTOP Infrastructure Priorities

- All projects must advance one of more of the five BTOP purposes.
- Serve the highest priority needs for federal investment, particularly project that offer the potential for economic growth and job creation, and provide benefits to education, health care and public safety.
- The program will support viable, sustainable and scalable projects.

BTOP Infrastructure Preferences

- Proposal that satisfy the public-interest objective specified in the statute and detailed in the NOFA.
- Applicant is a socially and economically disadvantaged small business concern as defined under section 8(a) of the Small Business Act (SBA).
- Applications that propose to provide matching funds of greater than 20% and that are all cash will be given additional favorable consideration in step one of the application review process.

Two-Step Application (p. 14-17 and 23-26)

RUS and NTIA have developed a two-step application process. Each is individually outlined below.

RUS

Step one is to create a pool of viable and potentially fundable applications while step two is to fully validate the submissions in step one and identify the most highly qualified applications.

Step one of the application process requires the submission of the information described in section VI.D.1.a in the NOFA. It will be evaluated for completeness and eligibility. Ineligible or incomplete applications will be rejected. Eligible applications will be evaluated and ranked based on the applicable scoring criteria in section VII of the NOFA.

The highest scoring applications will be invited to participate in step two of the application process by submitting the additional documentation described in section VI.D.1.b to further support the applicants' representations made in step one of the application process. The application will be rejected if the additional documentation does not adequately verify the first submission.

BTOP Infrastructure

Prior to step one, NTIA will require an initial screen of applications to determine whether it means the mandatory threshold requirements, such as application completeness, set for in section V.C. of the NOFA. Applicants that fail to meet any of the eligibility factors will be rejected. Applicants that pass this screen can proceed to step one.

Step one consists of at least three peer/expert reviewers that independently score the application. All scores are averaged, and the applications that are considered the mostly highly qualified will advance to the "due diligence" step two. All other applicants will be rejected.

Step two consists of applicants submitting additional information, as appropriate, such as more detailed plans or supporting documents. The information will be reviewed by NTIA staff, with support of external engineering, business and subject-matter experts to evaluate the consistency of the application with the supporting documents and ensure applications merit awards. NTIA staff will assign a rating (1 through 5) with five representing the highest consistency and conformity with information already provided, especially on technical and budget considerations.

Each state will be provided an opportunity to make recommendations concerning the allocation of funds for qualifying projects in or affecting the individual states during step two of the process. The states are strongly encouraged to provide mapping and planning data to support their recommendations and will have 20 calendar days to submit the information to NTIA.

NTIA senior executives will review and approve proposals based on:

- Evaluation criteria review score.
- Due diligence review rating.
- Satisfaction of the program's purpose and priorities.
- Geographic distribution of the proposed grant awards and diversity of populations served.
- Range of technologies and uses of the technologies employed by the proposed grant awards.
- Avoidance of redundancy, conflicts with the initiatives of other federal agencies and avoidance of unjust enrichment.
- Availability of funds.
- Recommendations of the state, if applicable.

Program Eligibility (p. 26-27)

The following entities are eligible to apply for BIP and BTOP:

- States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof;
- The District of Columbia;
- A territory or possession of the United States;
- An Indian tribe;
- A native Hawaiian organization;
- A non-profit foundation, a non-profit corporation, a non-profit institution, or a non-profit association;
- Other non-profit entities;
- For-profit corporations;
- Limited liability companies; and
- Cooperative or mutual organizations.

Eligibility Factors (p. 27-35)

BIP and BTOP Infrastructure common eligibility factors include:

- Fully Completed Application.
- Timely Completion.
 - Project can be substantially completed within two years of the date of the grant, loan or loan/grant award and finished within three years of the date of award.
 - BIP: substantially complete when an awardee has received 67 percent of its award funds.
 - BTOP: substantially complete when an awardee has met 67 percent of the project milestones and received 67 percent of its award funds.
- Broadband service must meet the definition of Broadband as per the NOFA.
- Projects must be technically feasible, and applicants must at a minimum submit a system design and project timeline certified by a professional engineer for any project requesting funds over \$1 million.
- Applicants must commit to the Nondiscrimination and Interconnection Obligations, that are in effect for the life of the awardee's facilities used in the project :
 - Adhere to the principles contained in the FCC's Internet Policy 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.
 - Connect to the public Internet directly or indirectly, such that the project is not an entirely private closed network.
 - Offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations, on reasonable rates and terms to be negotiated with requesting parties.
- Last Mile applicants must identify the census block(s) selected for the project and provide documentation supporting the applicant's determination that the proposed funded service area is either unserved or underserved. There is a presumption that the applicant will provide service to the entire territory of each census block included in the proposed funded service area, unless the applicant files a waiver and provides a reasoned explanation as to why the providing coverage for an entire census block is infeasible.

BIP-only eligibility factors include:

- The applicant must demonstrate that 75% of the proposed funded service area qualifies as a rural area without sufficient access to broadband service to facilitate rural economic development. “Without sufficient access” shall mean without access to broadband, as defined within the NOFA. “Area without sufficient access to broadband service” will include only rural areas which are unserved or underserved. Projects must serve at least 75% unserved or underserved rural areas.
- No more than one project to serve any given geographic area will be funded.
- A project is eligible only if after approval of the grant, loan or loan/grant combination, all project costs can be fully funded. Full evidence of all funding, other than the RUS award, necessary to support the project, such as bank account statements or firm letters of commitment from equity participants or other lenders documenting the timely availability of funds, are required.
- Projects must be financially feasible and/or sustainable. For loans and loan/grant combination projects, financial feasibility occurs when the applicant is able to generate sufficient revenues to cover expenses, has sufficient cash flow to service its debt obligations as they come due, and is able to meet the minimum Times Interest Earned Ratio (TIER) requirement of one by the end of the forecast period as determined by RUS. For grant projects, financial sustainability occurs when the applicant is able to generate a minimum current ratio of one by the end of the forecast period and can demonstrate positive cash balance for each year of the forecast period.

BTOP Infrastructure-only eligibility factors include:

- The project must advance at least one of the statutory purposes for BTOP.
- Awardees must provide matching funds of at least 20%, and must document their capacity to provide matching funds. A petition waiver for full 100% NTIA coverage is available for applicants that can demonstrate financial need.
- Federal funds may not be used as matching funds, unless except as provided by federal statute. In-kind contributions, including 3rd party in-kind contributions, are non-cash donations to a project that may count toward satisfying the non-federal matching requirements of a project’s total budget. In-kind contributions must be an allowable project expense, and may be accepted as part of an applicant’s matching when such contributions meet certain criteria.
- Applicants must provide documentation that the project would not have been implemented during the grant period without federal grant assistance.
- A project must demonstrate that its budget is appropriate to the proposed technical and programmatic solutions, its costs are reasonable and eligible consistent with the principles outlined in section V.D of the NOFA, and that the allocation of funds will be sufficient to complete the tasks outlined in the project plan.

Eligible and Ineligible Cost Purposes (p. 35-39)

Award funds must only be used to pay for eligible costs, as defined by the cost principles identified in the applicable OMB circulars and in the grant or loan/grant program’s authorizing legislation. Costs must be reasonable, allocable, necessary to the project, and comply with the funding statute requirements. Failure to comply will result in an application being rejected.

BIP and BTOP Infrastructure approved expenses include:

- To fund the construction or improvement of all facilities required to provide broadband service.

- Fund the cost of leasing facilities required to provide broadband service if such lease qualifies as a capital lease under GAAP. Funds for the capital lease of facilities can't exceed the first five years after the date of the first advance of award funds.
- Fund reasonable pre-application expenses in an amount not to exceed five percent of the award. Pre-application expenses may be reimbursed if they are incurred after the publication date of the NOFA and prior to the date on which the application is submitted to RUS or NTIA.

BIP-only approved expenses include:

- To fund the construction or improvement of all facilities required to provide broadband, as well as those required for providing other services over the same facilities.

BTOP Infrastructure-only approved expenses include:

- Other activities and projects as approved by the Assistant Secretary, consistent with the purposes for which the program is established, may be valid expenses.

Ineligible BIP and BTOP Infrastructure expenses include:

- Operating expenses for the project, including fixed and recurring costs of a project.
- Costs incurred prior to the date on which the application is submitted, with the exception of eligible pre-application expenses.
- Acquisitions, including the acquisition of the stock of an affiliate or the purchase of acquisition of any facilities or equipment of an affiliate.
- Purchase of lease of any vehicle other than those used primarily in construction of system improvements.
- Broadband facilities leased under the terms of an operating lease.
- Merger or consolidation of entities.
- Costs incurred in acquiring spectrum as part of an FCC auction or in a secondary market acquisition.

Application Checklists (p. 43-54)

Step One: BIP and BTOP Infrastructure Application

- Identity of the applicant including:
 - Description of the project (that will be made public).
 - Congressional Districts affected by the project.
 - Estimated dollar amount of the funding request.
- Verification that the application meets all eligibility factors, including but not limited to:
 - Complete application with all supplemental documentation.
 - Commitment to substantial completion of the project within 2 years and project completion within 3 years of the award date.
 - Demonstration that the project is technically feasible.
 - Proof that the applicant will provide broadband service meeting the definition.
 - Confirmation that the applicant agrees to comply with the nondiscrimination and interconnection obligations.
 - Validation that the application agrees to comply with the last mile coverage obligations.
 - For BIP applicants, demonstration that 75% of the proposed funded service area is a rural area, that the project will be fully funded, and that the project is financially feasible.
 - For BTOP Infrastructure, demonstration that the project advances at least one of BTOP's five statutory purposes, a commitment to or a waiver for the cost matching

- requirements, demonstration that the project could not be completed in the grant period but for federal funding, and that the budget is reasonable and all costs are eligible.
- Executive summary of the project including:
 - Identify the opportunity the proposed system seeks to address.
 - Description of the proposed funded service area.
 - Number of households and businesses passed.
 - Number of community anchor institutions, public safety entities and critical community organizations to be passed and/or involved in the project.
 - Proposed offering.
 - How non-discrimination and interconnection requirements will be met.
 - Type of broadband systems to be deployed.
 - Qualifications of the applicant.
 - Overall infrastructure cost of the broadband system.
 - Subscriber projections.
 - Number of jobs the project is expected to create or save.
 - A description of the proposed funded service area, including but not limited to:
 - Maps.
 - Data describing the geography and demographics of the proposed funded service area including information as to whether the proposed funded service area is unserved or underserved.
 - Names of the census designated communities and identification of areas not within a designated community within the proposed funded service area.
 - Information as to whether the communities and areas are rural or non-rural, remote and unserved, underserved or served.
 - Whether the applicant is seeking a waiver from providing less than 100% coverage of any census block.
 - For middle mile projects, the identification of the last mile areas to be served.
 - Technology type including:
 - Description of the system design used to deliver the broadband service.
 - A network diagram which must be certified by a professional engineer if the funding request exceeds \$1 million.
 - Whether the applicant is seeking a waiver of the Buy America provision.
 - Whether the project allows more than one provider to serve end users.
 - A timeline including:
 - Key milestones for implementation of the project.
 - Construction schedule certified by a professional engineer if the funding request exceeds \$1 million.
 - Identifies potential challenges and established the viability of the project timeline and associated milestones for build-out to the census blocks, households, businesses, community anchor institutions, and public safety entities identified in the proposal.
 - A list of all required licenses and regulatory approvals needed for the proposed project.
 - How much the applicant will rely on contractors or vendors to deploy the network facilities.
 - Corporate information including:
 - Resume of key management personal
 - Description of the organization's readiness to manage a broadband services network.
 - Organizational chart showing any parent organizations and/or subsidiaries and affiliates.
 - Legal material including:
 - Addresses the applicant's ability to enter into the award documents.
 - Describes all pending litigation matters.

- For loan and loan/grant combinations, addresses the applicant's ability to pledge security as required by the award documents.
- Partnerships with public, non-profit and private sector groups and collaborations with other states and federal development programs including other ARRA programs.
- An itemized budget including:
 - Infrastructure costs of the proposed project.
 - Ratio of loans to grants if applicable.
 - Any other source of outside funding.
 - Explanation of the reasonableness of the unit price.
 - Total number of units required for the project.
- Pro Forma financial analysis including:
 - Sustainability of the project.
 - Subscriber estimated.
 - Proposed service offering in addition to broadband Internet access.
 - Annual financial projections including balance sheets, income statements, and cash flow statements and supporting assumptions for a five-year forecast period as applicable.
 - List of committed sources of capital funding.
- Historical financial statements, Certified Public Accountant (CPA) audits if applicable, for the previous two calendar years.
- Certifications required for the application.
- For BIP applicants:
 - A self-scoring sheet, analyzing the objective scoring criteria set forth in the NOFA.
 - The pricing packages being offered to critical community facilities, if any.
 - Evidence that the applicant is a socially and economically disadvantaged small business concern (SDB) as defined under section 8(a) of the SBA.
- For BTOP Infrastructure applicants:
 - A description of how the applicant will advance the objectives of ARRA and the specific objectives of BTOP.
 - Demonstrate the need for grant funding, including that a project would be unfeasible but for federal assistance.
 - Description of how the applicant will enhance services for health care delivery, education and children to the greatest population of users in the area.
 - Additional verification related to the non-discrimination and interconnection obligations.
 - Percentage of matching funds the applicant will contribute to the projects, and its percentage of the total cost, as well as the specific amounts that are in cash or in-kind.
 - Whether the applicant receives any federal support for non-recurring costs in the proposed funded service area.
 - Evidence of collaboration with any socially and economically disadvantaged small business concern (SBD) as defined under section 8(a) of the SBA.

Step Two: BIP and BTOP Infrastructure Due Diligence

- List of all outstanding and contingent obligations, including copies of existing notes, loan and security agreements, and guarantees.
- Detailed description of the working capital requirements and the source of these funds.
- Detailed description of the proposed technology that will be used to provide service at the proposed broadband speed, proving that all households and businesses in the proposed funded service area will be offered service at the proposed broadband speed.
- Detailed construction build-out schedule that includes:
 - A description of the necessary work force.
 - A timeline demonstrating project completion within the required timeframe.

- A depreciation schedule for the proposed facilities.
- A completed Environmental Questionnaire, other documentation requests and required environmental authorizations and permits.
- Provide any underlying documentation that is references in the application, as appropriate.
- For BIP applicants only:
 - Description of the measurable service metrics and target service level objectives that will be provided to the customer.
 - Description of the approach and methodology for monitoring ongoing service delivery and service quality for the services being employed.

High-Level Evaluation Criteria (p. 59-72)

BIP

- General priority and preferences as per the ARRA and NOFA, no formal points.
- Project purpose, total of 25 points.
 - Proportion of Rural Residents Served in Unserved Areas, 5 points.
 - Rural Area Targeting, 5 points.
 - Remote Area Targeting, 5 points.
 - Title II Borrowers, 5 points.
 - Recovery Act and other governmental collaboration, 5 points.
- Project benefits, total of 25 points.
 - Performance o f the offered service, 10 points.
 - Affordability of services offered, 5 points.
 - Choice of provider, 5 points.
 - Critical community facilities, 5 points.
- Project viability, total of 25 points.
 - Applicant’s organizational capability, 12 points.
 - Community support, 2 points.
 - Ability to promptly start project, 10 points.
 - Disadvantaged small business, 1 point.
- Project budget and sustainability, total of 25 points.
 - Reasonableness of the budget, 5 points.
 - Leverage of outside resources, 10 points.
 - Extent of grant funding, 10 points.

BTOP Infrastructure

- General priority and preferences as per the ARRA and NOFA, no formal points.
- Project purpose, total of 30 points.
 - Fit with statutory purposes.
 - Recovery Act and other governmental collaboration.
 - Enhanced service for health care delivery, education and children.
 - Socially and economically disadvantaged small business.
- Project benefits, total of 25 points.
 - Last Mile Projects.
 - Cost-effectiveness.
 - Performance of offered service.
 - Affordability of services offered.
 - Nondiscrimination, interconnection and choice of provider.

- Middle Mile Projects.
 - Impact of the area.
 - Level of need in the area.
 - Network capacity.
 - Affordability of services offered.
 - Nondiscrimination, interconnection and choice of provider.
- Project viability, total of 25 points.
 - The technical feasibility of the proposed project.
 - Applicant's organizational capability.
 - The level of community involvement in the project.
 - Ability to promptly start project.
- Project budget and sustainability, total of 20 points.
 - Reasonableness of the budget.
 - Sustainability of the project.
 - Leverage of outside resources.

Helpful Links

NTIA Broadband Grants Website

<http://www.ntia.doc.gov/broadbandgrants/>

Federal Recovery Website

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

State Recovery Website

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

State CPUC CASF Program Website

<http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/announcingcasf.htm>

CETF Website

<http://www.cetfund.org/>