

# Broadband Initiatives Program (BIP)

## NOFA 2 Requirements



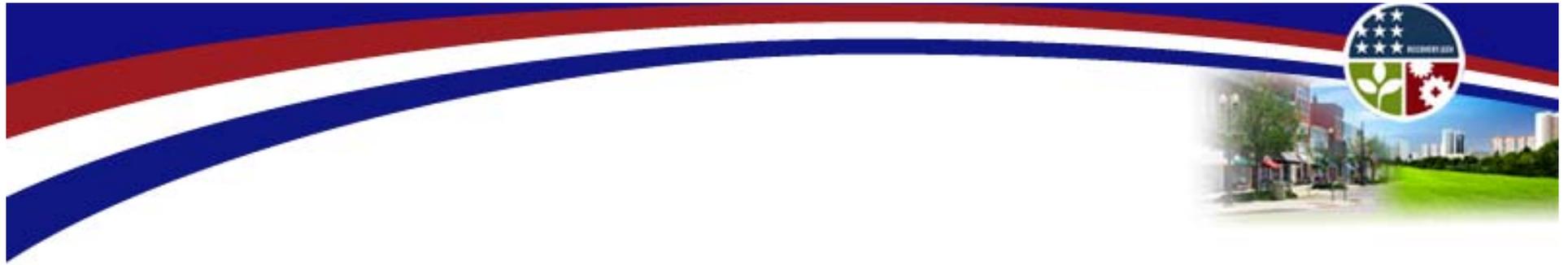
# NOFA 1 vs NOFA 2

## NOFA 1

1. Combined BTOP and RUS NOFA
2. LMR, LMNR, MM
3. Unserved & underserved
4. 50% grant/ 50% loan
5. Joint application process
6. Two-step process
7. Census block reporting
8. Paper applications

## NOFA 2

1. **Separate NOFAs**
2. **Last Mile & MM (RUS)  
Satellite, TA, Rural  
Libraries**
3. **5 Megabite service**
4. **75% grant/ 25% loan**
5. **Single application process**
6. **One step process**
7. **No census block reporting**
8. **All electronic applications**



# NOFA 2



## New definitions

- CALEA – Communications Assistance for Law Enforcement
- High Speed Access means high speed broadband service to facilitate rural economic development, or service at the rate of at least 5 Mbps (upstream and downstream combined).
- Interconnection Point means the termination point of a Middle Mile project.



## New definitions

- Proposed funded service area means, for Last Mile projects, the contiguous area (either in all or part of an existing service area or a new service area) where the Applicant is requesting funds to provide broadband service pursuant to this NOFA. An Applicant may propose to serve more than one proposed funded service area. **For Middle Mile projects, the proposed funded service area shall be the locations of the proposed interconnection points.**



## New definitions - continued

- Satellite Project means any project to provide satellite broadband service to unserved rural premises, either by funding customer-premises equipment, terrestrial equipment, and/or discounted broadband service for at least one year.
- Unserved area means a service area with no access to facilities-based, terrestrial broadband service, either fixed or mobile, at the minimum broadband transmission speed. A premises has access to broadband service if it can readily subscribe to that service upon request.



## Funding Categories

- **Last Mile projects: \$1.7 Billion**
  - 75% grant & 25% loan
- **Middle Mile projects: \$300 Million**
  - 75% grant & 25% loan
- **Satellite projects: \$100 Million**
  - 100% grant
- **Rural Library Broadband & Technical Assistance projects: \$5 Million**
  - 100% grant



## Eligible Entities – LM & MM

- a. States, local governments;
- b. A territory or possession of the United States;
- c. An Indian tribe ;
- d. A native Hawaiian organization;
- e. A non-profit entity;
- f. For-profit corporations;
- g. Limited liability companies; and
- h. Cooperative or mutual organizations.



## Eligible Entities - Satellite

- Satellite Internet Service Provider (ISP);
- Reseller of satellite ISP service;
- Distributor or dealer of satellite ISP service;
- and
- Consortium of a, b, or c above.



## Eligibility Factors – LM & MM

- Fully Complete Application
- Timely Completion
- Technical Feasibility
- Nondiscrimination and Interconnection
- Fully funded
- Financial Feasibility
  - TIER of 1, Current Ratio of 1, positive cash balance



## Eligible Service Area Last Mile Project

- Service Area (LM) – 75 percent or more rural, within which not more than 50 percent of the premises in the rural areas have High Speed Access.

# Last Mile Project

At least 75%  
rural

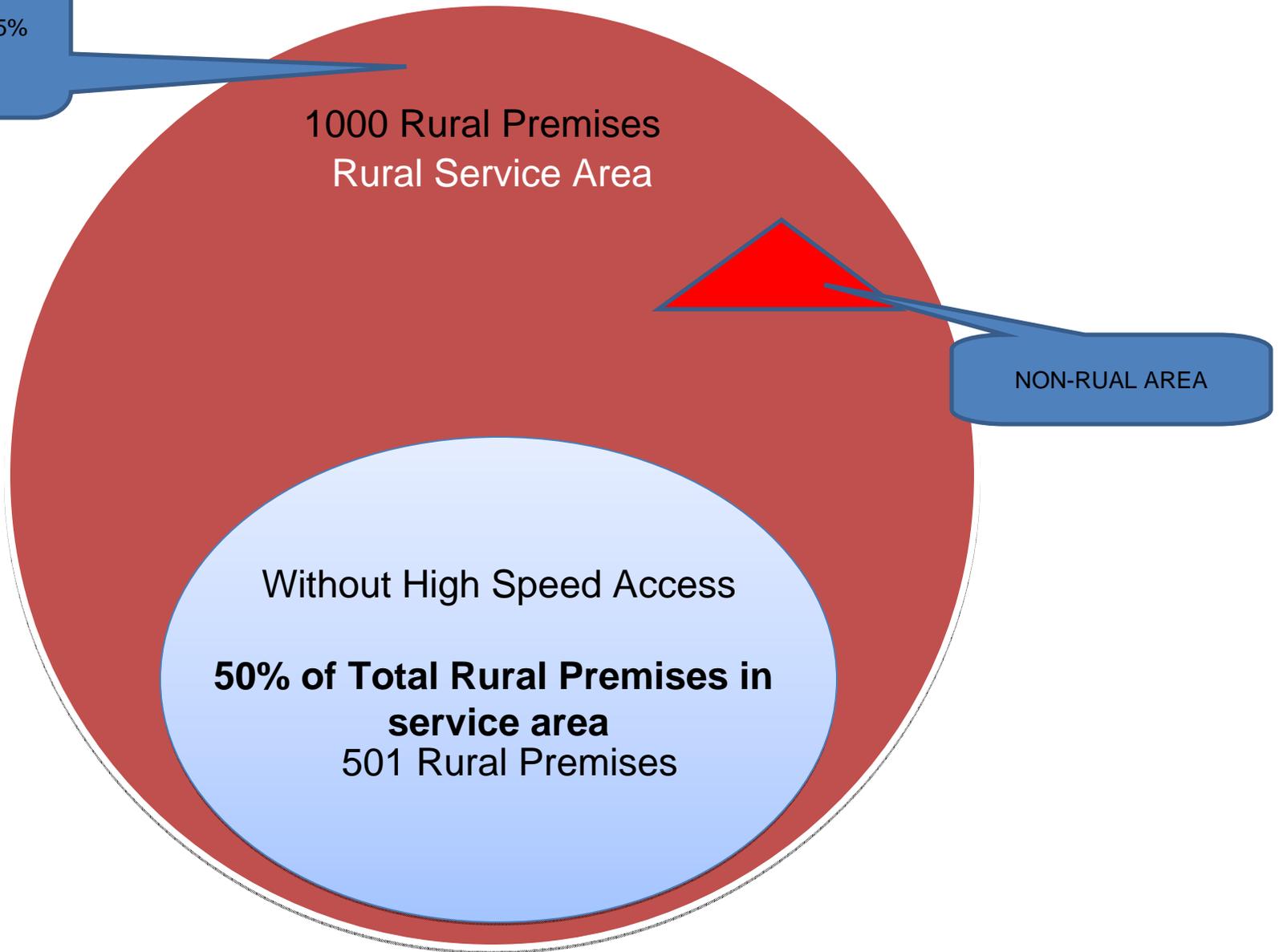
1000 Rural Premises  
Rural Service Area

NON-RUAL AREA

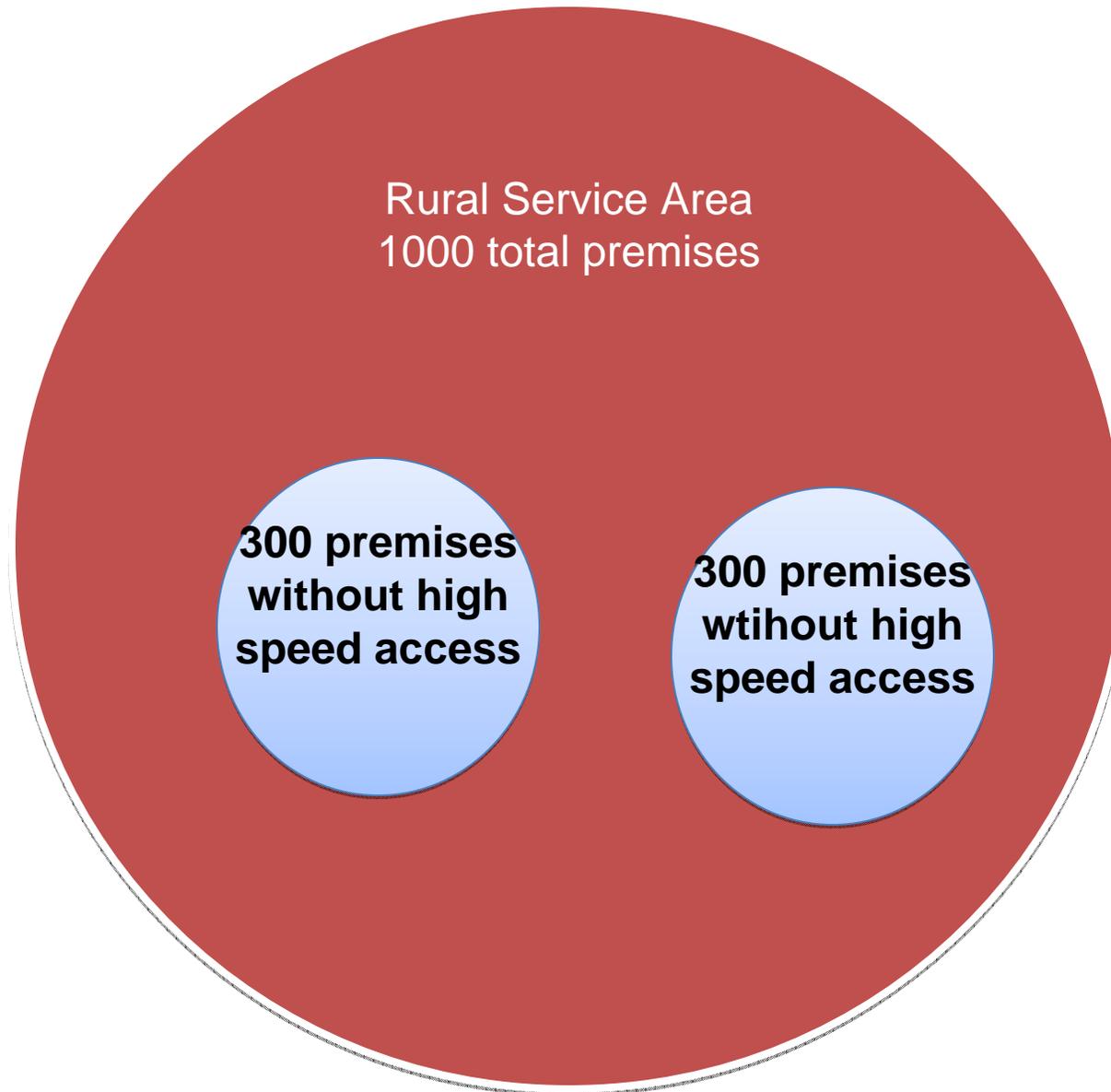
Without High Speed Access

**50% of Total Rural Premises in  
service area**

501 Rural Premises



# Last Mile Project

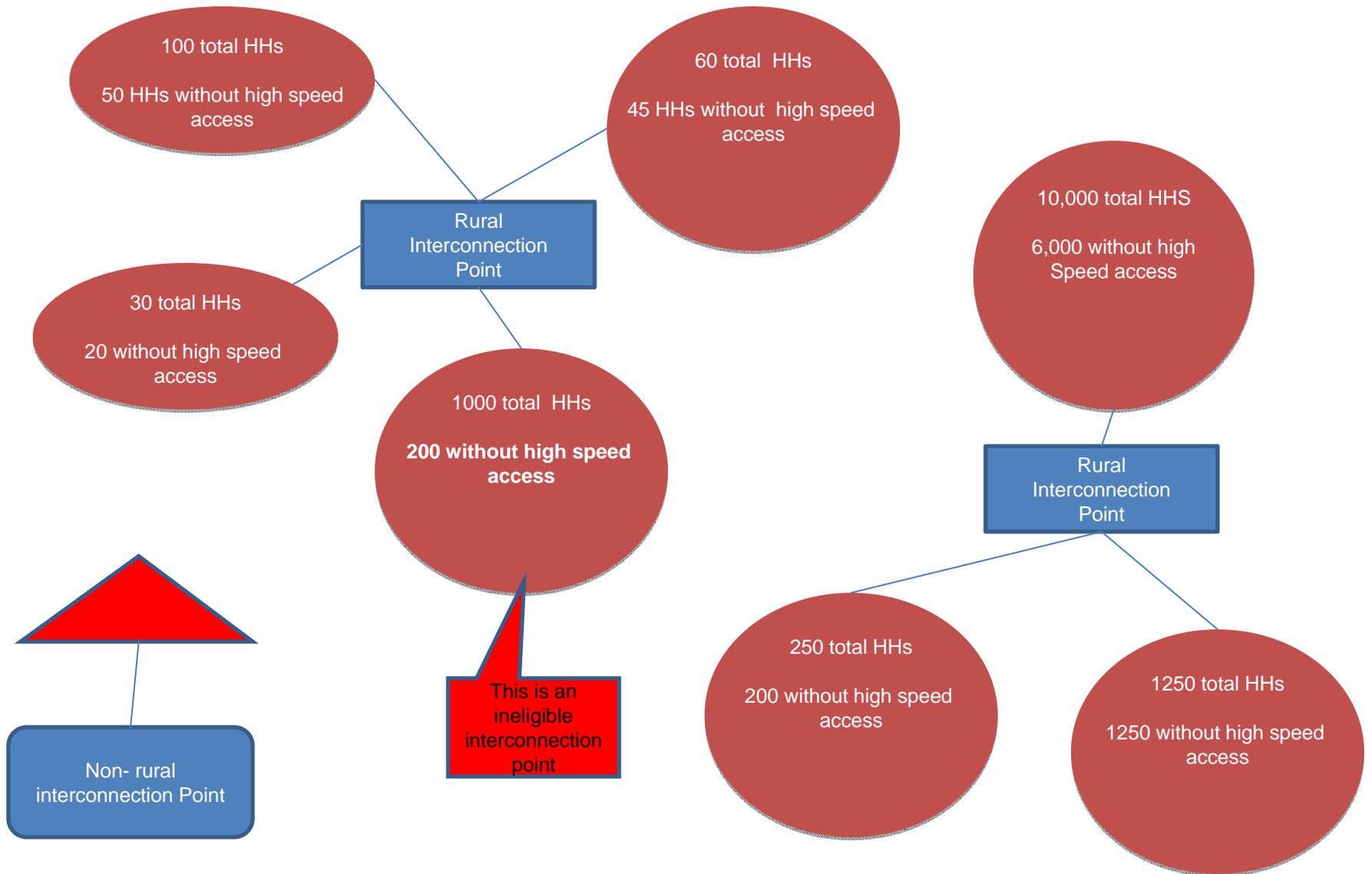


## Eligible Service Area Middle Mile Project



- Service Area (MM) – 75 percent of the interconnection points must be in rural areas with no more than 50 percent of the premises having High Speed Access.

# Middle Mile Project





## Ineligible Service Area – LM & MM

- Overlapping service area: Round 2 applications
  - RUS will not fund more than one project to serve any given geographic area
- Incumbent service area
  - Service areas of existing RUS borrowers providing broadband service
  - Service areas of awardees under the first round BIP/BTOP NOFA.

# Leveraging of Recovery Act Funds



- Last Mile: Awards will be limited to \$10,000 per premises passed
  - Maximize number of eligible projects
  - Ensure as many households as possible have access to high speed broadband service
- To calculate take total award requested/ total premises passed with facilities funded by award

# Leveraging of Recovery Act Funds



- Waiver Request
  - Significant number of critical community facilities
  - Supports regional rural development plan
  - Supports public safety project
  - Broadband service to rural libraries
  - Supports persistent poverty counties



## Eligible Costs – LM & MM

- All facilities to provide broadband and other services
- Leasing facilities to provide broadband service is a capital lease – three years
- Pre-application expenses

# Ineligible Expense – LM & MM



- Operating expenses
- Costs incurred prior to submission of application
- To fund and acquisition, including stock or equipment of an affiliate
- Vehicles not used for construction
- Merger or consolidation expenses
- Cost incurred to acquire spectrum



## Eligible Satellite Expenses

- Customer-premises equipment up to \$750 per subscriber
- To reduce the monthly service cost
- Terrestrial ground facilities

# Eligible Rural Library Expenses



- Award funds may be used by the Applicant to pay for the costs of the last mile connection to the rural library.
- More details in future RFP



## Eligible Technical Assistance Expenses

- Award funds may be used by the Applicant to fund the provision of technical assistance for the development of a regional broadband plan. Such technical assistance must include both planning and economic expertise.



## Contents of Application LM & MM

(single application from an entity)

- Description of project that will be made public
- Executive summary
- Description of proposed funded service areas
- Subscriber projections
- Number of jobs created or saved
- Proposed service area maps
- List of communities served
- Proposed service offerings and rate packages
- Nondiscrimination and interconnection plan
- System Design
- Management resumes



## Contents of Application - continued

- Legal opinion
- Evidence of Recovery Act collaboration
- Itemized budget of proposed project
- Description of working capital requirements
- Historical financial statements
- Pro forma financial analysis
- Self scoring sheet
- List of any outstanding obligations
- Environmental questionnaire
- Description of service metrics



# Contents of Application

(multiple applications from one entity)

- All requirements for single application
- Consolidated pro forma financial statements
  - baseline financial statement for a five year projected period
  - additional set of financial statements for each addition application
- Commitment from investors indicating their willingness to commit funds if all applications are not approved



## Scoring Criteria

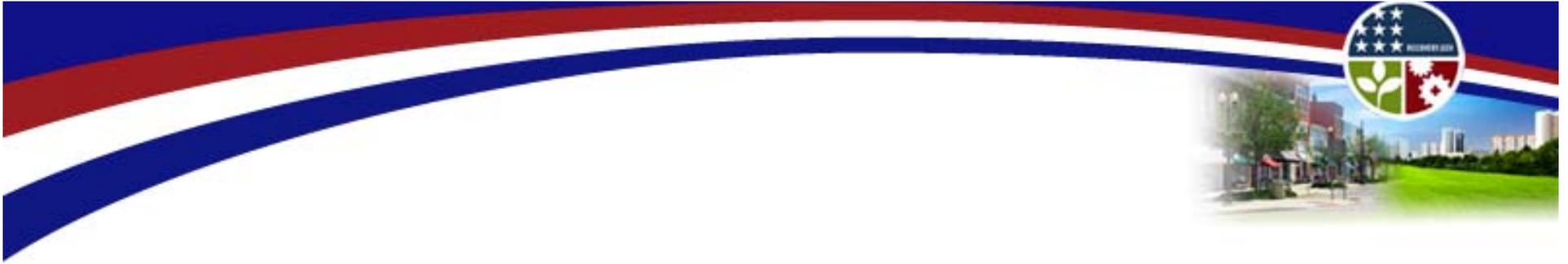
### **1. Proportion of Rural Residents Served in Unserved Areas (10 points)**

For every 10 percent of unserved households compared to the total households to be served that will receive broadband service, 1 point will be awarded up to a maximum of 10 points. For Middle Mile projects, this will be based on the location of the interconnection points.



## **2. Rural Area Targeting (10 points)**

For every 5 percent increase in the total proposed funded service area that is above 75 percent rural, 2 points will be awarded up to a maximum of 10 points. For Middle Mile projects, this will be based on the location of the interconnection points.



### **3. Distance from Non-Rural Areas (5 points)**

Up to 5 points will be awarded for proposed funded service areas that are at least 10 miles from the closest non-rural area. For each additional 10 miles that at least one proposed funded service area is located away from the closest non-rural area, 1 additional point will be awarded up to a total of 5 points. For Applicants with multiple service areas, this calculation will be based on the service area closest to the non-rural area. For Middle Mile projects, this will be based on the location of the interconnection points.



#### **4. Title II Borrowers (8 points)**

Eight points will be awarded to applications which are submitted by entities which have borrowed under Title II of the RE Act.

#### **5. Other Recovery Act Awards (5 points)**

Points will be awarded for cooperation with other Recovery Act programs, where collaboration would lead to greater project efficiencies.



## 6. Performance of the offered service (10 points)

### a. Last Mile Projects

#### Wireline projects:

- that deliver 5 Mbps service to the premises (upstream and downstream combined), 5 points
- that deliver 20 Mbps service to the premises (upstream and downstream combined), 10 points

#### Wireless projects:

- that deliver 3 Mbps **fixed** service to the end user (upstream and downstream combined), 8 points
- that deliver 3 Mbps **fixed** and **mobile** service to end users (upstream and downstream combined), 10 points



## **6. Performance of the offered service (10 points)**

### **b. Middle Mile Projects**

That are constructed to deliver 100 Mbps service to all interconnection points in their network



## **7. Service to Critical Community Facilities and SDBs (6 points)**

- discounted rate packages that are at least 25 percent lower than the proposed base rate packages to all critical facilities for at least 3 years, 4 points
- discounted rate packages at least 25 percent lower than the proposed base rate packages to SDBs in the proposed funded service area for at least three years, 2 points



## **8. Applicant's organizational capability (10 points)**

Up to 10 points will be awarded based on the strength of the project's management team.

## **9. Socially and Economically Disadvantaged Small Business Concern (3 points)**

Three points will be awarded to Applicant SDBs.



## 10. Leverage of outside resources (10 points)

Up to 10 points will be awarded based on the amount of outside resources contributed to the total financing provided under BIP:

- 10 points if ratio is 100 percent or greater.
- 7 points if ratio is between 75% & 99%.
- 5 points if ratio is between 50% percent & 74%.
- 3 points if ratio is between 25% & 49%.
- 0 points if ratio is less than 25%.

This ratio is calculated by the amount of new equity that the applicant proposes to support the project compared to the requested amount of the award.



## 11. Extent of grant funding (15 points)

Up to 15 points will be awarded based on the amount of grants funds requested in relation to the total amount of the award requested:

- 0 points if grant is greater than 70%
- 5 points if grant is between 51% & 70%
- 10 points if grant is between 16% & 50%
- 15 points if grant is between 0 & 15%



## 12. Cost Effectiveness (8 points)

For Last Mile projects only

- 2 points if cost per premises passed is less than \$8,000.
- 4 points if cost per premises passed is less than \$7,000.
- 6 points if cost per premises passed is less than \$6,000.
- 8 points if cost per premises passed is less than \$5,000.



## Scoring – THE END

### **B. Administrator's Bonus Points (10 points)**

- ❖ 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
- ❖ geographic diversity



## Possible Waiver

- An applicant may request a waiver to exceed the 75% grant limitation
  - Distance from non-rural area
  - Rural area targeting
  - Density
  - Median household income
  - unemployment



## Public Notice Process

- RUS will post a Public Notice of the proposed funded service areas of each Last Mile application, and the communities in which the interconnection points terminate for Middle Mile applications at for a 30 day period.



## Second Review – LM & MM

- Subject to available funding, Applicants with applications that have not been approved under the first review, may be requested to provide additional information.
- Such Applicants will have no more than 15 days within which to provide the additional information.



## Transfer of Applications

- For applications that NTIA determines it will not fund, but that may be consistent with RUS' BIP requirements and priorities, NTIA will transfer to BIP for consideration of funding.
- RUS will handle such applications, if timely received from NTIA, under its Second Review process outlined above.



# Satellite Projects

- 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
- Applications will be evaluated using the criteria set forth herein and in the Request for Proposals.



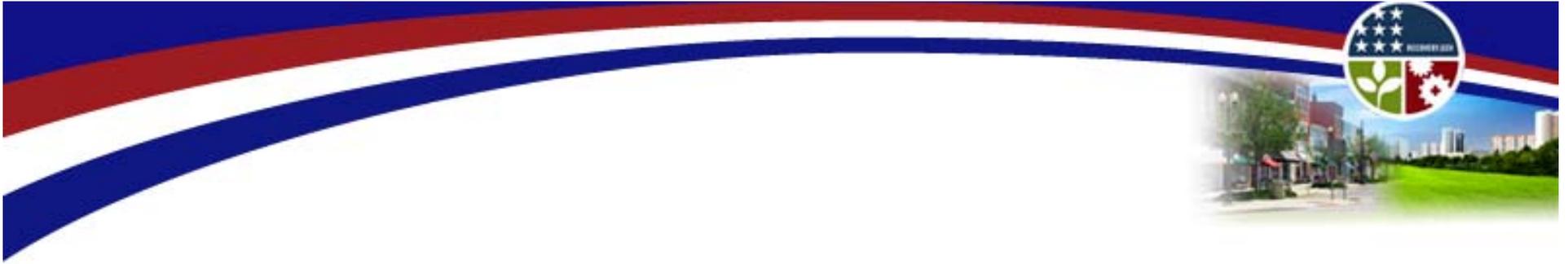
# Technical Assistance Grants

- Awardee of the First Round NOFA or Applicants under this NOFA
- Applicants may request up to \$200,000
- Additional requirements in future RFP



# Regional Library Broadband Grants

- 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.
- Additional requirements in future RFP



Questions?