Broadband Infrastructure- Session 2

Broadband Initiatives Program (BIP) &

Broadband Technology Opportunities Program (BTOP)

Agenda – Session 2

Scoring

- Evaluation Criteria

  - BTOP (1st Half)

  - BIP (2nd Half)

Selection Process

- Screen for Eligibility

- Step One: Application Review

- Step Two: Due Diligence Review

- State Prioritization (BTOP Only)

Four Categories of Criteria

Project Purpose
- Applicant's strategy aligns with priorities designated in Recovery Act for each program

Project Benefits
- Broadband offering delivers a strong value proposition (e.g., speed, price) and exceeds minimum requirements for interconnection and non-discrimination

Project Viability
- Demonstrates that project can be successfully and quickly executed upon receiving funding

Project Budget & Sustainability
- Offers reasonable, well-supported budget and financial forecast
- Convincingly demonstrates ability for sustainability post funding period
- Goes beyond minimum matching requirements

Allocation of Points & Key Components for BTOP

Category	Points	Components	
Project Purpose	30	✓ Fits with Statutory Purposes ✓ Collaboration with other Recovery Act Programs and State and Federal Development Programs ✓ Enhanced Service for Healthcare Delivery, Education, and Children ✓ Socially and Economically Disadvantaged Small Businesses	
Project Benefits	25	Last Mile	Middle Mile
		✓ Cost Effectiveness ✓ Performance of Offered Service ✓ Affordability of Services Offered ✓ Nondiscrimination, Interconnection and Choice of Service Provider	✓ Impact on Area ✓ Level of Need ✓ Network Capacity ✓ Nondiscrimination, Interconnection and Choice of Service Provider ✓ Affordability of Services
Project Viability	25	✓ Technical Feasibility ✓ Organizational Capability ✓ Community Involvement ✓ Ability to Promptly Start Project	
Project Budget & Sustainability	20	✓ Reasonableness of Budget ✓ Sustainability of the Project ✓ Degree of Matching	

Similar categories with BIP; differences exist with points allocation and category components

Project Purpose:
Fit w/ Statutory Purpose (1st of 4)

Evaluating Fit

- Addresses compelling problem

- Effective solution to problem

- Broad significance and replication for future projects

Additional Consideration

- Targets unserved or underserved areas of a state as described by the State as part of Broadband Mapping program

- Addresses more than one statutory purpose

- Includes multiple broadband programs

Project Purpose: Other Factors (continued)

Next Three Criteria (for Purpose)
• Leveraging other federal and state programs • Enhanced service for health care, education, and children • Socially and economically disadvantaged small businesses

Project Benefits
(Last Mile)

1 **Cost Effectiveness**

- Measures the total project cost per household passed

2 **Performance**

- Consider factors as: a) speed; b) latency; c) scalability

3 **Affordability**

- Pricing of service offered compared to existing broadband services in the proposed funded service area

Project Benefits
(Last Mile) – continued

4

Extent to which project exceeds minimum standard for network interconnection & non-discrimination

Additional consideration for:

- Displaying policies on website and providing notice of any changes

- Offering wholesale access to the project facilities at reasonable rates and terms

- Committing to binding arbitration of disputes

- Whether the technical or business plans would allow more than one provider to serve end users in the proposed funded service area

Project Benefits – Middle Mile

Five Key Benefit Criteria

1) Impact on the extended project area

2) Need for project

3) Network capacity

4) Affordability

5) Interconnection and non-discrimination

Project Viability – Four Key Areas

1

Technical Feasibility

- Technical approach is appropriate to the problem being addressed

- Proposed network will deliver the promised services

- Proposed network will deliver the promised performance levels

- Proposed network contains developments that can be duplicated in other situations

- Project timeline is feasible from a technical perspective

Project Viability
(continued)

2

Organizational Capability

- Ability to undertake and complete project

  - ✓ Years of experience

  - ✓ Expertise of project management team

  - ✓ Track record

3

Community Involvement

- Participation of local organizations with the planning and operation

- Projects that partner with socially and economically disadvantaged small businesses

4

Ability to Promptly Start Project

- Reasonableness of timeline and milestones

- Planned start date

- Applicant has secured the necessary licenses, franchises, or regulatory approvals

- Status regarding key contractors and vendors being lined up to sign contracts once an award has been made

Project
Budget and Sustainability

Three Key Components

1) Budget Reasonableness

2) Sustainability

3) Matching Funds

Budget Reasonableness

Factors in Budget Review

- Level of clarity & detail

- Comprehensiveness

- Appropriateness to proposed technical and programmatic solutions

- Reasonableness of costs

- Sufficiency of funds

Sustainability

Demonstration Required by Applicant → *Project will be sustained beyond funding period*

Information Reviewed

- Business plans and financial projections (pro forma Income Statements, Cash Flows and Balance Sheet) and underlying assumptions

- Market projections

- 3rd party funding commitment

- Other data as appropriate to nature of applicant and project

Critical to justify all assumptions and methodology used to estimate forecasts

Leverage of
Outside Resources
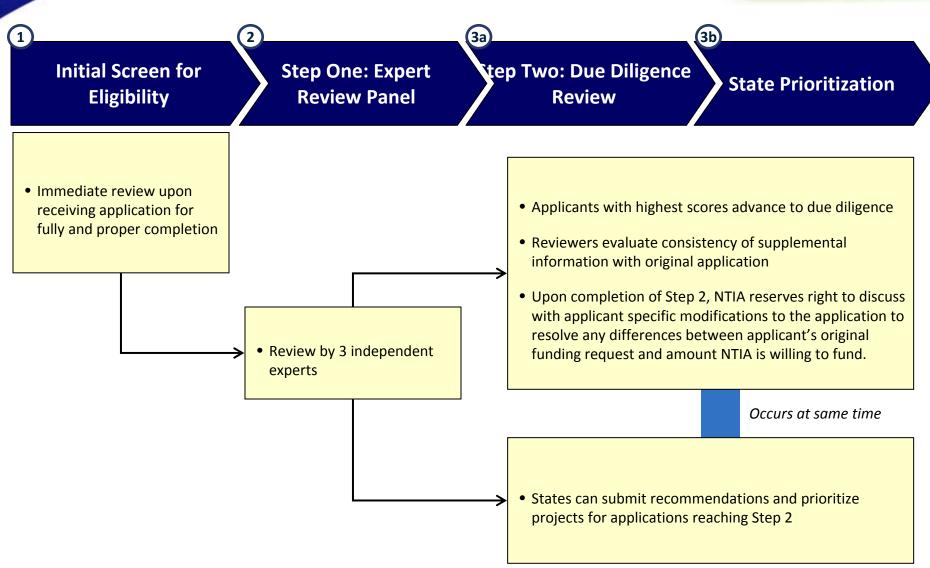
Key Considerations

- Demonstrate ability to secure funds

- Additional consideration for:

  - ✓ Exceeding 20% match

  - ✓ Providing cash matches

  - ✓ Receiving matching funds from acceptable federal sources

BTOP Selection Process

1	2	3a	3b
Initial Screen for Eligibility	**Step One: Expert Review Panel**	**Step Two: Due Diligence Review**	**State Prioritization**

- Immediate review upon receiving application for fully and proper completion

- Review by 3 independent experts

- Applicants with highest scores advance to due diligence

- Reviewers evaluate consistency of supplemental information with original application

- Upon completion of Step 2, NTIA reserves right to discuss with applicant specific modifications to the application to resolve any differences between applicant's original funding request and amount NTIA is willing to fund.

Occurs at same time

- States can submit recommendations and prioritize projects for applications reaching Step 2

BTOP
Final Selection Process

Application of Selection Factors

- ❑ Evaluation criteria review

- ❑ Due diligence review

- ❑ Satisfaction of program purposes and priorities

Other Considerations

- ❑ Geographic distribution and diversity of populations

- ❑ Range of technologies

- ❑ Avoidance of redundancy, conflicts with other federal agencies, and unjust enrichment

- ❑ Availability of funds

- ❑ State recommendations

- • Applied by Director of BTOP and the Associate Administrator for the Office of Telecommunications and Information Applications at NTIA

Recommendation to Assistant Secretary of NTIA

- ❑ Takes into consideration recommendations from BTOP Director & Associate Administrator

- ❑ Considers degree to which the application package – taken as a whole – satisfies the selection factors and the program's stated purposes and priorities.

- ❑ Makes final selection

General Priorities
for BIP

Key Priorities

- Provide and improve broadband service to the highest proportion of rural residents who do not have adequate access to broadband service for rural development, which RUS defines to mean rural residents who reside in unserved and underserved rural areas.

- Priority is to be given to projects which:

  – give end users a choice of providers;

  – serve the highest proportion of rural residents that lack access to broadband service;

  – are projects of current or former RUS borrowers (Title II borrowers); and

  – are fully funded and ready to start once Recovery Act funding is received.

- Coordination with other federal, state, and local programs, including Recovery Act programs, is highly encouraged as a way to more efficiently and effectively achieve program objectives.

Project Purpose
(25 points)

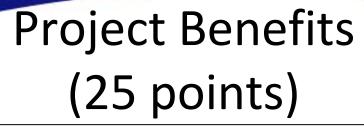| **Proportion of Rural Residents Served in Unserved Areas** **(5 points)**	• Awards points for the number of rural residents located in unserved areas. • For every 10,000 unserved households that will receive broadband service, one point will be awarded up to a maximum of five points.
Rural Area Targeting **(5 points)**	• Awards points for exceeding the 75 percent rural area service requirement. • For every five percent increase in the rural service area above the 75 percent rural area service requirement, one point will be awarded up to a maximum of five points.
Remote Area Targeting **(5 points)**	• Awards points for how far a proposed funded service areas exceeds at being at least 50 miles from a non-rural area. • If at least one proposed funded service area is a minimum of 50 miles from a non-rural area, one point will be awarded. • For each additional 50 miles that at least one proposed funded service area is located away from a non-rural area, one additional point will be awarded up to a total of five points.

Project Purpose (continued)

Title II Borrowers **(5 points)**	• Five points will be awarded to applications which are submitted by entities which have borrowed under Title II of the RE Act.
Recovery Act & Other Governmental Collaboration **(5 points)**	• Points will be awarded for cooperation with other governmental development programs as well as coordination with Recovery Act construction projects.

Project Benefits
(25 points)

Performance of Offered Service (10 points)	**Last Mile Projects** • For wireline projects that are constructed to deliver a minimum of 20 megabit per second service to the household (upstream plus downstream), ten points will be awarded. • For wireless projects that are constructed to deliver a minimum of two megabits per second service to the end user (upstream plus downstream), ten points will be awarded. For projects that are a combination of wireline and wireless projects, both of the above standards must be met for the corresponding parts of the network in order to receive the ten points. **Middle Mile Projects** • For middle mile projects that are constructed to deliver 100 megabits per second service to all end points in their network, ten points will be awarded.
Affordability (5 points)	• RUS will evaluate the level of support that is provided and award up to five points for applications that demonstrate that the proposed rates for the broadband service are affordable for the targeted audience. • The stronger the level of support that is provided, the higher the number of points that will be awarded.

Project Benefits
(continued)

Choice of Provider **(5 points)**	• Five points will be awarded to applications that propose to construct infrastructure and implement a business plan which would allow more than one provider to serve end users in the proposed funded service area.
Critical Community Facilities **(5 points)**	• For applications that are proposing to offer discounted rate packages at least 25 percent lower than the advertised rate packages to all critical community facilities in the proposed funded service area, five points will be awarded.

Project Viability
(25 points)

| Organizational Capability (12 points) | • The applicant will receive up to 12 points based on the strength of the project's management team. Reviewers will evaluate past performance and accomplishments. |

Organizational Capability

(12 points)

- The applicant will receive up to 12 points based on the strength of the project's management team. Reviewers will evaluate past performance and accomplishments.

Ability to Promptly Start Project

(10 points)

- Ten points will be awarded if the applicant can provide evidence that the following conditions have been satisfied:

  - All licenses, franchises and regulatory approvals required to operate the system and provide the proposed services have been received;

  - That the required contractors and vendors necessary to implement the project are prepared to enter into contracts as soon as funds are made available;

  - That all required equity contributions have been transferred into the applicant's accounts; and

  - That the project timeline and milestones are reasonable.

Project Viability
(continued)

Community Support (2 points)	• Up to two points will be awarded if letters of support are received from all communities in the proposed funded service area from the designated community leader.
Disadvantaged Small Business (1 points)	• One point will be awarded to applicants that meet the definition of a socially and economically disadvantaged small business concern under section 8(a) of the SBA.

Project Budget & Sustainability
(25 points)

Reasonableness of Budget **(5 points)**	• Up to five points will be awarded based on the clarity and reasonableness of the proposed budget.

Leverage of Outside Resources **(10 points)**	• Up to ten points will be awarded based on the amount of outside resources contributed to the total financing provided under BIP

Project Budget & Sustainability (continued)

Extent of Grant Funding

(10 points)

- Up to ten points will be awarded based on the amount of grants funds requested in relation to the amount of loan funds requested (grant funds/loan funds):

    – 0 points if grant funds are 100%

    – 1 points if this ratio is between 100% and 75%

    – 3 points if this ratio is between 75% and 50%

    – 5 points if this ratio is lower than 50%

    – 10 points if this ratio is zero

Questions?