



# **TRRC Last-Mile Broadband**

## **Call for Proposals & Program Guidelines**

**(Pre-applications due 12/21/18; Full applications 3/1/19)**

### **Program Background**

The Tobacco Region Revitalization Commission (TRRC) has long recognized and directed significant funding to address the “digital divide” that has existed between telecommunications infrastructure and service in its largely rural footprint, and that which exists in more urbanized areas of the Commonwealth. Since the inception of the Commission, in excess of \$140 million has been granted to construct robust broadband fiber infrastructure in every Tobacco Region locality. Those historic investments have generated substantial dividends, including the construction of several large data centers such as the nearly \$2 billion Microsoft facility in Mecklenburg, significant high-paying employment opportunities for residents in IT careers, increased access to secondary and post-secondary educational content for residents, expanded access to healthcare services delivered via telemedicine, and increased local and state tax revenues which in turn fund essential government services such as education and public safety. The Commission’s investments have also leveraged tens of millions of matching investments from other sources, primarily federal broadband funding programs. However, despite these investments over the past 15+ years by the Commission and its funding partners in fiber backbone and middle-mile broadband infrastructure, there continues to be a pronounced lack of “last-mile” service to premises including residents, businesses, institutions and others within the Region, as evidenced by mapping of broadband availability across the Region and Commonwealth.

### **Program Objectives**

In 2017 the TRRC Research & Development Committee recommended, and the Commission approved setting aside \$10 million as a multi-year commitment to assist in constructing “last-mile” broadband telecommunications infrastructure in unserved areas of the Region. In March 2018 the Commission approved an initial round of funding to nine projects for \$11 million, leveraging an additional \$16 million of matching project funds to serve 31,500 premises in parts of 13 Tobacco Regional counties.

In this second round of funding, the R&D Committee will use up to \$5 million of budgeted funds as grant and loan incentives to localities and qualified experienced private sector broadband providers working in partnership to provide new or expanded service to unserved Tobacco Region premises. Projects may include fiber-to-the-premise, fixed wireless or some combination thereof, assuming greater than 10/1 Mbps service can be provided, with a preference for higher speeds. However, expansion or upgrade of Digital Subscriber Line (DSL) service will not be a funding priority. Projects will be awarded funding in a competitive process, and TRRC reserves the right to make awards in whole or in part, based on the quality and quantity of proposals received. Proposals which do not receive funding are generally eligible to re-apply in a future funding round.

The primary objective of the Last-Mile funding is to provide one-time financial assistance to supplement construction costs by private sector broadband service providers, in partnership with local units of government, to extend greater than 10/1 Mbps or higher service to areas that presently are unserved by any broadband provider. Should a locality demonstrate need and be unable to find a qualified private-sector partner, commission staff may consider that project, but such projects will be lower-priority relative to public-private partnerships.

### **Eligible Applicants**

As required in all TRRC proposals, applications must be submitted by a unit of government within the Tobacco Region (Towns, Cities, Counties, EDA/IDA, Broadband/Wireless Authorities, Planning District Commissions, etc.). Along with an eligible government, a qualified and experienced private sector provider should be included as a co-applicant. While IRS-designated nonprofits are generally eligible applicants for TRRC funds, it is not anticipated that non-profit organizations (e.g. community associations) will be preferred as lead applicants on Last-Mile projects.

### **Eligible Requests and Uses of Funds**

Funds may be requested as a grant for up to 50% of the costs, or a loan of up to 80% of costs, to design, construct, equip, and put into service broadband infrastructure that serves residential and commercial subscribers in Tobacco Region project areas that are designated as unserved.

Projects seeking loan assistance from the Commission shall in all cases be preferred to those seeking grant funds. TRRC loans shall be negotiated at interest rates that are, in all cases, lower than and preferable to other potential lenders, public or private, with forbearance of principal payments during construction and initial year(s) of broadband service offering. For additional information on TRRC loans please contact Staff or visit <https://www.revitalizeva.org/grant-loan-program/loan-programs/>.

Proposals that request ongoing operating support to subsidize delivery of broadband to subscribers shall not be funded by this program. Middle mile fiber that is necessary to extend last mile service to end users can be considered, however, requests that seek to build backbone or middle-mile fiber without directly providing service to unserved customers shall not be funded. It is suggested that any backbone or middle mile project expenses be funded from the required matching funds.

Applicants are strongly encouraged to review the [Funding Policies for Grant Awards: Information for Grantees and Applicants](#) (Revised May 2016) document available on the TRRC website.

### **Projects Must Only Address Unserved Areas**

TRRC will award funding to applicants to provide service to unserved areas of the Tobacco Region. Unserved areas are defined as having broadband speeds of less than or equal to 10 Mbps download and 1 Mbps upload. Projects may include fiber-to-the-premise, fixed wireless or some combination thereof, assuming greater than 10/1 Mbps service can be provided. However, expansion or upgrade of Digital Subscriber Line (DSL) service will not be a funding priority.

## **Broadband Internet Speed(s)**

This program is designed to provide unserved areas of the Region access to broadband speeds of greater than 10 Mbps download and 1 Mbps per second upload. Projects proposing higher speeds may receive greater consideration, however, the objective is to serve as many project areas and premises as possible, rather than providing superior service to a few areas. In each case, the co-applicant will be required to demonstrate how their proposed technology solution will deliver the promised speeds in the proposed area once operational.

## **Outcome Measures**

When the co-applicant is a private sector broadband provider, the co-applicant must own, operate, and maintain the network and the application must indicate the provider's managerial, financial and technological ability to do so. When the co-applicant is a public broadband provider, the co-applicant is expected to describe and be prepared to measure the anticipated ROI (e.g. capital investment, numbers and types of customers subscribing to service, etc.) in relation to proposed Commission investments.

## **Pre-application (required) and Proposal Due Dates**

In this second round of funding a Last Mile Pre-Application must be submitted to TRRC using the format posted on the Commission's website. Pre-applications must be submitted to the Commission website by **December 21, 2018** and will be reviewed by the Commission's R&D Committee at a public meeting in January 2019.

Full Proposals are to be submitted via the Commission's online application portal by **March 1, 2019**.

## **Evaluation Criteria**

The Full Proposals will be evaluated on factors including but not limited to:

- the documented need for greater than 10/1 Mbps or higher broadband service in the project area;
- numbers of premises to be provided service, and anticipated take rates;
- unserved community anchor institutions and services, including schools, libraries, public safety, etc.;
- experienced private broadband provider(s) partnering on the project;
- reasonable industry-standard costs of construction and monthly subscriber service packages;
- project readiness, as demonstrated by planning, preliminary engineering, committed matching funds, etc.

## **Applicants Must Demonstrate Suitable Fiscal Standing and Management Capabilities**

To participate in the program, the Local applicant and private co-applicant must demonstrate suitable fiscal standing and management capabilities. To determine whether applicants meet these criteria, applicants and private sector partner(s), must submit the following documents and/or attest to each of the following:

1. Documentation that proposed project area is unserved based on program criteria;
2. Private Service Provider (the Co-Applicant) must provide proof that they have filed an FCC

Form 477 for two years prior to submission of application.

3. Projects must be fully-financed, through a combination of the total requested TRRC funds, committed funds from the Applicant or Co-Applicant or other non-TRRC sources;
4. Public or private Co-applicants must provide the Summary Statement of an audited annual financial report for the most-recently concluded fiscal year, which should be marked “Confidential and Proprietary”;
5. Applicant and Co-Applicant(s) must be in good standing in performance of any and all existing Commonwealth of Virginia contracts, and compliance with all federal, State, and local laws.

### **Multiple Applications and/or Service Areas**

An applicant may designate separate Service Areas through a single or multiple applications where: (1) the applicant proposes to serve geographic areas that do not share a contiguous boundary AND are wholly-located in different localities, OR (2) the applicant is proposing the use of different technology solutions for each area.

- A. Applications proposing Service Areas that span more than one locality will be considered regional, will have greater funding consideration, and must provide documentation of the support and participation of the localities served.
- B. Applications that propose use of more than one technology may be filed in the same application (e.g. wired and wireless solutions).

### **Project Budget and Required Matching Funds**

There is no minimum or maximum amount for requests or total project budgets, although requests that seek a majority of the \$5 million available in this funding round will receive lesser consideration. Per statutory requirements and Commission funding policies, TRRC grant funding shall not exceed fifty-percent of the total project cost. Matching funds may come from any public or private non-TRRC source, including but not limited to state or federal funds, private provider investments, local government funds or any other non-TRRC source. Awards will be contingent on the commitment of required matching funds, prior to use of TRRC funds.

### **Required Budget Documents for Funding Request**

Supporting documents with line-item details on the use of grant funds are required. Requests for the acquisition, construction or equipping of long-lived physical assets must include:

- **Construction Budget** – A detailed, itemized construction budget is required.
- **Equipment List** – An itemized equipment list is required.

### **Other Program Guidelines/Requirements**

Additional information in the form of attachments is required to provide details critical to the evaluation of the full application. Failure to submit all required information may result in a recommendation of no award.

- **Operating budget** – Applicants are required to submit an operating budget to demonstrate how operating costs will be supported and how the project will be sustained beyond a start-up period.
- **Marketing Plan** – A marketing plan to describe the project’s target market and the plan to capture that market must be described in the application.
- **Cash Flow Analysis** – For expansions of existing networks, applicants must provide a detailed cash flow analysis that shows the effect of this project on revenues and expenditures. The analysis should include a baseline of current operations and demonstrate how the TRRC funded infrastructure will impact revenues and expenditures.
- **Rate Structure** – A rate structure and other relevant terms and conditions of service for proposed customers must be provided.
- **Construction Documents** - Additional supporting documents including Preliminary Engineering Reports or designs etc. should also be submitted with the application.
- **Real estate acquisitions** – If real estate is to be acquired or leased with Commission funds or proposed as matching funds, the applicant must provide an independent appraisal completed within the previous year.
- **Letters of Support** – Applicants are asked to provide letters from project partners, beneficiaries and others that demonstrate the commitment of resources to the project or document the project’s need.
- **Multiple & Multi-faceted proposals** – Multiple proposal submissions and proposals that involve multiple projects should provide a priority ranking of the initiatives so that the Commission may focus its primary consideration on the applicant’s stated #1 priority.

### **Review and Award Process**

Projects will be selected through a competitive application process, with review of proposals by TRRC Staff, the TRRC Research & Development Committee, and approval by the full Commission. Application questions will be centered on the applicant’s broadband needs, and project(s) needing financial assistance to supplement construction costs. The applicant must demonstrate a readiness to proceed with the project in a timely manner within the Commission’s standard project period of three years.

### **Grant Agreement and Terms**

All responsible participants in the project, including the Locality and Private Co-Applicant (and its affiliated LLC, if applicable), must be parties to the Grant Agreement that shall be executed prior to release of TRRC funds. The Grant Agreement stipulates that the Commission retains a security interest in all TRRC-funded assets for the useful life of those assets, which can not be leased, sold, transferred, disposed of or otherwise encumbered without Commission approval. In such cases, the Commission shall assert its interest to recover its share of the value of the asset.

### **Challenge Process**

The Commission will post electronic copies of all submitted applications to the agency website after

the deadline for application submissions has passed and before project approval. Any private sector service provider wishing to request that Commission deem a proposed project area as ineligible for the Last Mile Program must submit a challenge with the information required in this section no later than 5:00 p.m. on March 31, 2019. The Commission will have 30 business days to validate a challenge.

Applicants will be notified if their proposed project area is being challenged. Applicants will have 15 business days from notification of a challenge to provide any additional information to the Commission. Providers choosing to challenge a submitted application must provide an affidavit including the following:

1. Submit their current FCC Form 477 or equivalent
2. The incumbent provider's minimum/max speeds provided by their company in the proposed project area
3. Percentage of serviceable units that they provide the speed within normal service interval.
4. Provide the number of actual customers receiving service within the normal service interval for the proposed project area. Provide the speeds those customers are able to receive. Proposed or planned service to a proposed project area will not demonstrate service for the purpose of a challenge to a proposed project.
5. The Commission must receive all of the information referenced above or the challenge will be deemed invalid. The Commission shall evaluate challenges that submit all of the information referenced above and determine if the challenger has demonstrated that a significant portion of the project area is currently served. This determination shall be at the sole discretion of the Commission and such determinations shall be final.
6. The Commission shall notify the applicant and challenger in writing if a challenge is deemed valid or invalid. All applications will remain in consideration until the received challenge evaluation has been completed.

### **Project Period**

Applicants must demonstrate that their projects will be completed well within the Commission's standard three-year project period. Greater emphasis will be placed on projects that can deliver the required service levels in the most immediate timeframe. Proposals must detail major project milestones and deliverables and timing of anticipated achievement of each milestone/deliverable.

### **Start Date**

It is anticipated that the Commission will make final funding decisions at its meeting in May 2019. Commission policies do not allow use of grants funds for project expenses prior to approval, so TRRC-funded activities should not start prior to June 1, 2019.

## Definitions

**Connect America Fund (CAF)** – a Federal Communications Commission (FCC) program that supports the deployment of Internet access in Unserved areas at speeds of 10/1 Mbps (download/upload)

**Digital Subscriber Line (DSL)** - A technology for bringing high- bandwidth information to homes and small businesses over ordinary copper telephone lines

**Eligible Project Costs** – Expenses eligible for reimbursement under the TRRC grant

**Fiber-to-the-Home (FTTH)** – A network that delivers internet service over optical fiber directly to an end-user home, business, or other Unit

**Fixed Wireless** – Wireless devices or systems that are situated in fixed locations

**Hybrid Fiber Coaxial (HFC)** - A broadband network combining optical fiber and coaxial cable

**Last-Mile** – Components of a network that provide broadband service to end-user premises or devices through an intermediate point of aggregation (*e.g.*, remote terminal, fiber node, wireless tower, or other equivalent access point)

**Middle Mile** – Network components that provide broadband service from one or more centralized facilities (*e.g.*, the central office, the cable head-end, the wireless switching station, or other equivalent centralized facilities) to an Internet point of presence

**Service Area** – Refers to the geographic territory in which an applicant has proposed to provide service

**Unserved** – An area where broadband service is not available from a wireline or wireless facilities-based provider at advertised speeds of at least 10 Mbps download /1 Mbps upload