

BROADBAND FUNDING – USDA RECONNECT WORKSHOP

Overview: Application
Process, Service Area Map &
Evaluation Criteria

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Agenda

- Registration & Identification Requirements
- Application Contents
- Submission Highlights
- Closing, Servicing and Reporting
- Application Service Area Mapping
- Evaluation Criteria
- Resources
- Q&A

Application: Registration and Identification Requirements



Application Identification Requirements

- **Application Identification Requirements**

- Taxpayer Identification Number (TIN)

- § <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

- DUNS Number

- § <https://fedgov.dnb.com/webform>

- Current SAM.gov registration (including certifications)

- CAGE Code

- § More information on CAGE and SAM.gov: <https://www.sam.gov/content/home>

Key First Steps for Applying

- **Online Applications (One application per applicant)**
 - All applications are submitted through the online system at <https://www.usda.gov/reconnect>
- **System Registration Requirements**
 - USDA verified (Level II) eAuthentication (or eAuth)
 - Authorized Representative Request (ARR)
- **Application Identification Requirements**
 - Taxpayer Identification Number (TIN)
 - DUNS Number
 - Current SAM.gov registration (including certifications)
 - § More on SAM.gov registration on next slide
 - CAGE Code



Key First Steps for Applying (continued)

- **SAM.gov Registration**

- Applicants will be asked “Does [Entity Name] wish to apply for a Federal financial assistance project or program, or is [Entity Name] currently the recipient of funding under any Federal financial assistance project or program?”

§ The system **default** answer to this question is “No”.


§ Applicants **must make the certifications and representations required** of entities which are applying for or have received funding under any Federal financial assistance project or program in order to be eligible for the ReConnect Program. **To do this, applicants must change the answer to “Yes”.**

§ Please see the screenshot on the next slide for an example of this question.

SAM.gov Registration - Screenshot

■ FINANCIAL ASSISTANCE REPRESENTATION AND CERTIFICATION

The Grants Certifications are a common set of certifications and representations required by Federal statutes or regulations in accordance with the grants guidance under Title 2 of the Code of Federal Regulations (2 CFR 200.208 Certifications and Representations). Those non-Federal entities who intend to apply for, or are already recipients of Federal grants or agreements, must read and agree to the corresponding certifications and representations. Registrants who reply yes to the following questions are required to keep these certifications and representations current, accurate, and complete as part of their entity registration.

Does [REDACTED] wish to apply for a Federal financial assistance project or program, or is [REDACTED] currently the recipient of funding under any Federal financial assistance project or program? No 

ReConnect Program Application Contents



Application System Changes

- FY 2022 FOA requirements incorporated into application system
- New GeoEnrichment service for mapping
- Non-Funded Service Areas (NFSAs) do not need to be submitted by:
 - Grant-only applicants offering an Irrevocable Letter of Credit (ILOC) as security
 - Publicly traded companies that have a bond rating from Moody's, Standard and Poor's, or Fitch of Investment Grade at the time an application
- New and improved ARR process: entities now get access to the Intake System and Community Connect
 - Existing ReConnect/Telecom customers will also have access to the Reporting & Compliance system.
- Level II eAuthentication accounts only need to be created once.

Contents of Application

A complete application will include the following:

- Description of the project, including network design, a map of the PFSA(s), and any NFSAs
- Estimated dollar amount of the funding request with itemized budgets of the proposed project costs
- Executive summary of the project and applicant
- Description of the PFSA including premises passed
- Subscriber projections
- A map of the PFSAs and NFSAs in the Agency mapping tool

Contents of Application (continued)

- Description of advertised competitor service offerings in the same area
- A network design
- Resumes of Key Management
- A legal opinion
- Cost estimates for the proposed project
- Description of working capital
- Audited financial statements



Contents of Application (continued)

- Historical and projected financial information, including an audit and sources of funds
- Scoring sheet, analyzing any scoring criteria set forth in current FOA
- List of outstanding and contingent obligations
- All required environmental information
- Certification from tribal official in support of the project (as needed)
- Any additional requirements as outlined in the Federal Register

APPLICATION GUIDE – PAGES 20 - 22

Contents of Application - Exceptions

- **Publicly traded companies** that have an investment grade bond rating from Moody's, Standard and Poor's, or Fitch at the time of application submission do not need to submit NFSAs
- **Grant-only applicants** offering an **Irrevocable Letter of Credit (ILOC)** as security do not need to submit NFSAs and have exceptions with Financial Documents.

**SEE FORMS AND RESOURCES FOR ILOC TEMPLATE
AND DRAFT GRANT AGREEMENT**

Financial Feasibility

- **Financial Feasibility**

- Generate sufficient revenues to cover expenses
- Have sufficient cash flow to service all debts and obligations
- Have a positive ending cash balance for each year of the forecast period
- By the end of the forecast period, meet at least two of the following:
 - § Minimum TIER requirement of 1.2
 - § Minimum DSCR requirement of 1.2
 - § Minimum current ratio of 1.2
- Demonstrate positive cash flow from operations at end of forecast period

Financial Information

- **The following financial information is required for all applications:**
 - Unqualified, comparative, audited financial statements for the previous year from the submission date the application is submitted
 - § Can use the consolidated audit of a parent if the parent fully guarantees the award
 - Detailed information for all outstanding and contingent obligations
 - Evidence of all other funding necessary to support the project
 - Historical financial statements for the last four years
 - Pro forma financial analysis prepared in conformity with GAAP and RUS guidance

Technical Feasibility

- Determined by evaluating network design and other relevant information
- Pursuant to the FOA, facilities proposed to be constructed with award funds must be capable of delivering the buildout speed defined in the current FOA.

**FY2022 NETWORK BUILDOUT REQUIREMENT
100/100 SYMMETRICAL SPEED**



Application Submission Highlights

Application Evaluation and Processing Procedures (continued)

- **100% Loans** will be accepted, evaluated, and processed on a *rolling basis*
- **Combination Loan/Grants** will be evaluated and scored in a *competitive process*
- **100% Grants** will be evaluated and scored in a *competitive process*
- RUS reserves the right to ask applicants for clarifying information and additional verification of assertions in the application
- Applications that have been selected for funding will receive award documents from RUS

Application Evaluation and Processing Procedures

- USDA will conduct **Service Area Validations** (SAV) on all PFSAAs that receive a Public Notice Response (PNR).
 - If an application has 10 PFSAs, but only one PFSA receives at least one PNR, then only one PFSA will be validated.
 - PFSAs that do not receive a PNR will be considered eligible (assuming they meet all other eligibility requirements).
- **SAVs** on applications will:
 - Check for 100/20 Mbps service in the PFSA
 - Validate other information submitted in the application
 - Consider any public notice responses, which will be posted online for 45 calendar days

Closing, Servicing, & Reporting



Offer, Closing, and Construction

- **Offer and Closing**

- Successful applicants will receive an offer letter and award documents from RUS

- **Construction**

- All projects must comply with 7 CFR part 1788, 7 CFR part 1970, Program Construction Procedures, any successor regulations, and any other guidance from RUS
- Build-out must be completed within five years from when funds are made available
- Build-out is considered complete when:
 - § Network design is fully implemented
 - § Service operations and management systems infrastructure is operational
 - § Awardee is ready to support the activation and commissioning of individual customers to the new system

Servicing

- **Servicing of Grants, Loans, and Loan/Grant Combinations**
 - Awardees must make payments on the loan as required in the note and Award Documents
 - Awardees must comply with all terms, conditions, affirmative covenants, and negative covenants contained in the Award Documents
 - The sale or lease of any portion of the Awardee's facilities must be approved by RUS

Accounting, Monitoring, and Reporting Requirements

- System of accounts for maintaining financial records
- Annual comparable audited financial statements, report on compliance and internal control over financial reporting, and management letter
- Balance sheets, income statements, statements of cash flow, rate package summaries, and the number of customers (submitted 30 days after end of each quarter)
 - The Reporting & Compliance (R&C) system will generate the necessary reports at the end of each quarter.
 - Awardees will also complete and submit these reports in R&C.

Accounting, Monitoring, and Reporting Requirements (continued)

- Annually updated service area maps
- Compliance with RUS monitoring requests
- Retain records in accordance with 7 CFR part 1770, subpart A
- Annual reports for 3 years after completion of the project

Default and De-Obligation

- RUS reserves the right to de-obligate awards that demonstrate:
 - Insufficient level of performance
 - Wasteful or fraudulent spending
 - Noncompliance with environmental and historic preservation requirements
- RUS may complete a Management Analysis Profile (MAP) of the entire operation
 - RUS reserves the right not to advance funds until the MAP is completed and any issues are addressed
 - Funds may be rescinded if following a MAP, RUS determines the Awardee is unable to meet the award requirements

ReConnect Service Area Mapping

Overview of Service Area Tab and PFSA interaction.





Service Areas

- **Applicants must add all service areas where it is offering voice, video, and data services, or planning to offer those services during the forecast period.**
- Proposed Funded Service Area (PFSA) vs. Non-Funded Service Area (NFSA)
 - PFSA – One or more areas indicating where applicant will be using ReConnect award funds to provide broadband service
 - NFSA – All other areas where applicant currently provides services
- PFSA does not have to follow “census block or tract” areas
- PFSA(s) will be required prior to starting Network and Financial Tabs
- If a PFSA is deleted after Network and Financial Tabs have been started, any connected data will be deleted also. It is important to plan out your applications to limit changes.
- PFSA areas also drive some Scoring Criteria
- Application Guide provides step by step process for drawing or uploading PFSA/NFSA areas

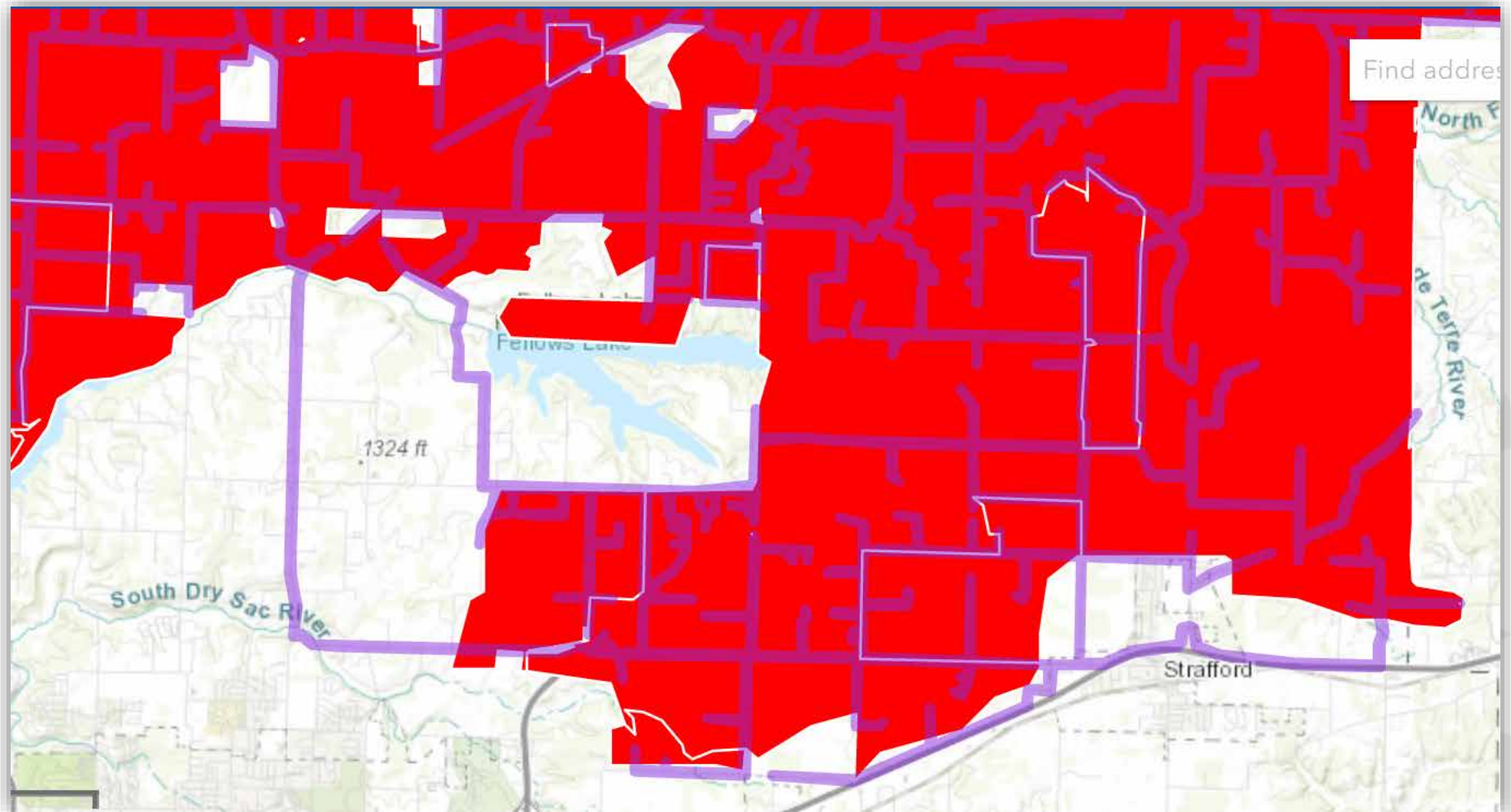
Key Considerations: Shapefile Requirements

- All map areas must be closed, non-overlapping polygons with a single, unique identifier
- Shapefile must have an assigned projection with an accompanying .prj file
- Shapefile must use an unprojected (geographic) WGS84 geographic coordinate system
- Shapefile must be submitted as a *.zip file.
- The .zip file size must not exceed 2GB.

Service Area Map vs Construction Map

- Service Area Map
 - Establishes area for funding
 - May be Large or Small depending on Project
 - Setups other sections of Application
 - Layers for scoring and eligibility
- Construction Map
 - Establishes area of construction disturbance (Sites & Routes)
 - Should be minimal width of proposed environmental impact. Too large of a polygon could involve Biological or Historical sites not really affected.
 - Independent of other Application Sections
 - Layers for environmental impacts (Flood Hazard, Wetlands, Historical, etc.)

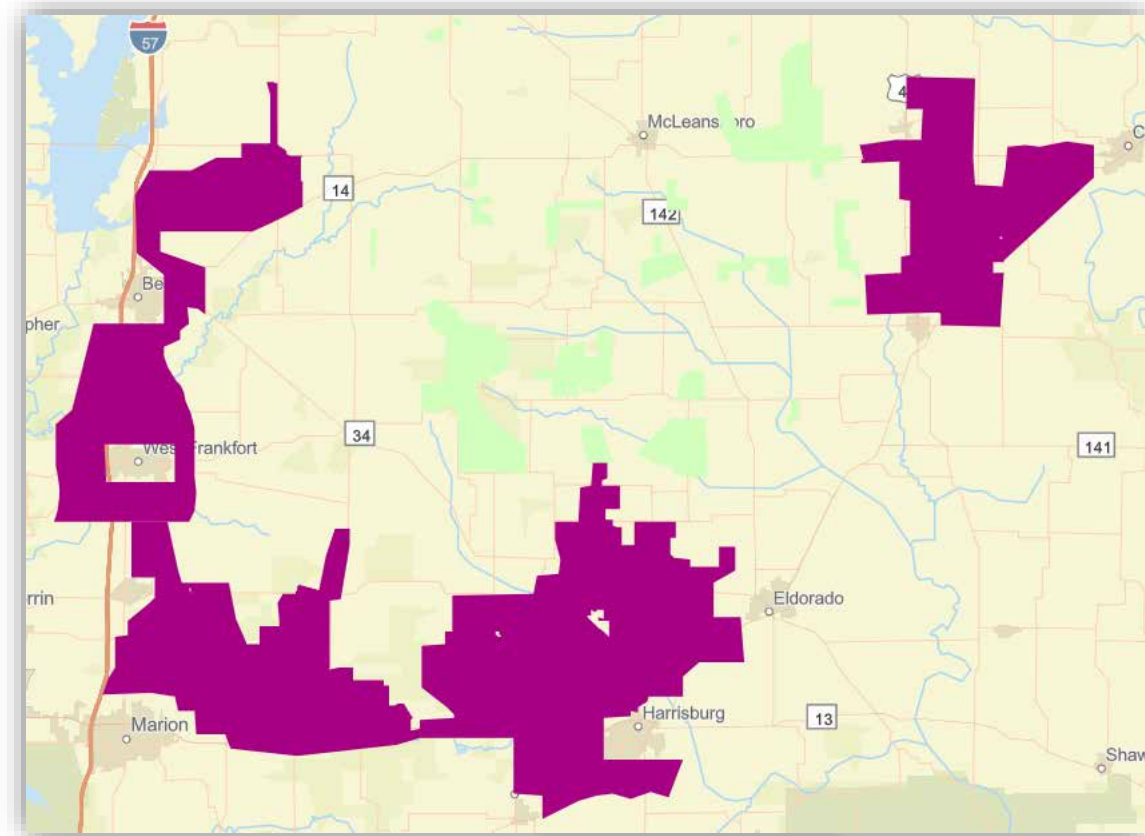
Service Area Map vs Construction Map



PFSA Examples

Large PFSA(s) with cutouts for Served Areas:

- Applicants may design their Project/Application as a Single or Multiple PFSA.
- Each contiguous PFSA will have its own Name
- Naming should be relevant to covered areas to make other sections of application more meaningful. Other sections using PFSA names are:
 - Network Buildout Schedule
 - Budget (Capital Investment Workbook)
 - Financial Subscriber Projections
 - Environmental Route/Site Descriptions



PFSA Examples – Cutout Considerations



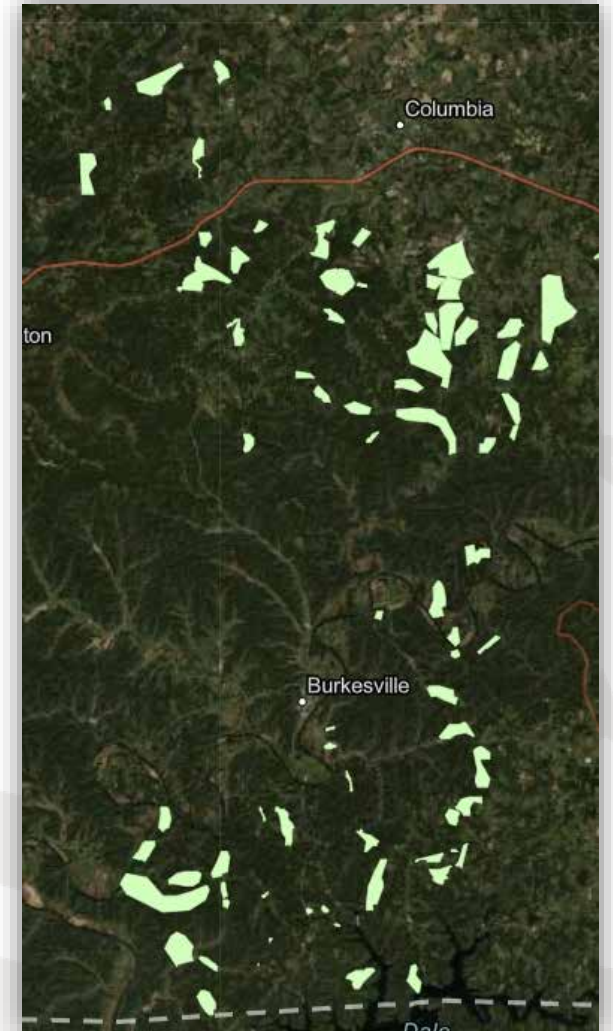
Cutouts for Served Areas:

- May cut out areas of a PFSA to avoid HOUSEHOLDS where Sufficient Access to Broadband is available
- Common Network Facilities may still be funded within area not in PFSA
- Common Network funding will be limited to the Allowable, Reasonable and Allocable cost to the ReConnect Project

PFSA Examples – Small vs Large

Considerations for Service Area Size:

- Sufficient Access to Broadband based on 90% UNSERVED HOUSEHOLDS
- Small areas with fewer households require fewer Served Validations
- Areas should have at least ONE household
- Greater investment in Common Network which may be restricted
- Each PFSA requires its own:
 - CIW – Budget
 - Subscriber Inputs
 - Mapping Shapefile



Evaluation Criteria

Review of scoring points as related to Competitive Opportunities

Scoring Criteria Overview

Points	Criteria
25 Points	Rurality of the Proposed Service Area
25 Points	Level of Existing Service
20 Points	Economic Need of the Community
20 Points	Affordability
20 Points	Labor Standards
15 Points	Tribal Lands
15 Points	Local Governments, Non-Profits, and Cooperatives
15 Points	Socially Vulnerable Communities
10 Points	Net Neutrality
10 Points	Wholesale Broadband Services
Total: 175 Points	

Competitive categories

- a) 100% grant
- b) 50/50 loan/grant combination
- c) 100% grant for Tribal Governments and Socially Vulnerable Communities

Rurality of PFSA - (25 Points)

How points will be awarded:

- There are two possible ways an applicant can gain points for rurality:
 - Population densities of 6 or less as measured by the population of the PFSA(s) per square mile; **OR**
 - If each PFSA is located at least 100 miles away from a city or town that has a population of greater than 50,000 inhabitants

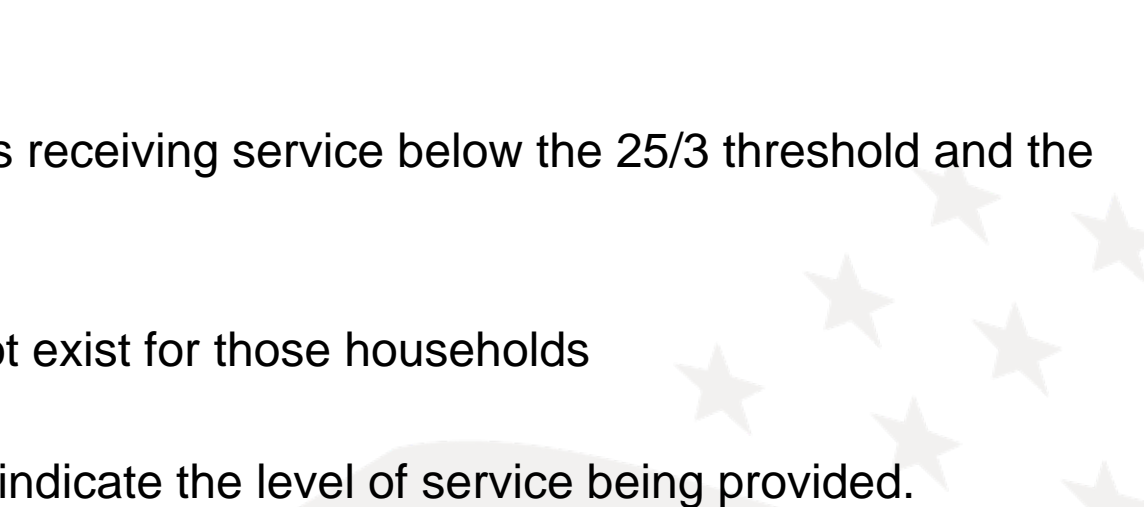
Ø If multiple service areas are proposed, the density calculation will be made on the combined areas as if they were a single area and not the average densities

Ø Points for this criterion will be automatically calculated by the RUS mapping tool.



Level of Existing Service (25 Points)

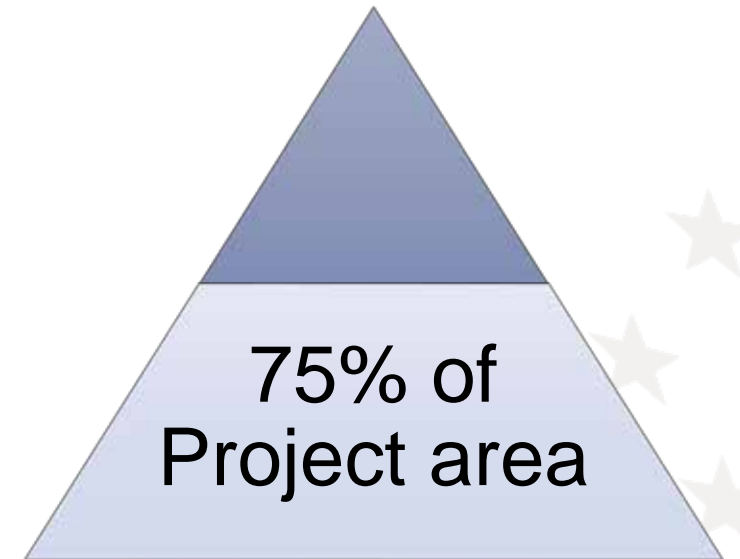
Applicant will select YES or NO indicating participation in this category:

- Applicant will be evaluated on projects proposing to build in areas not receiving service of at least 25 Mbps downstream and 3 Mbps upstream. Input number of households within project.
 - Documentation Required for Upload:
 - Applicants should identify areas in their PFSA receiving service below the 25/3 threshold and the total number of households in that area.
 - Supporting evidence that 25/3 service does not exist for those households
 - Identify all existing providers in the PFSA and indicate the level of service being provided.
- 

Economic Need of the Community (20 Points)

How points are calculated:

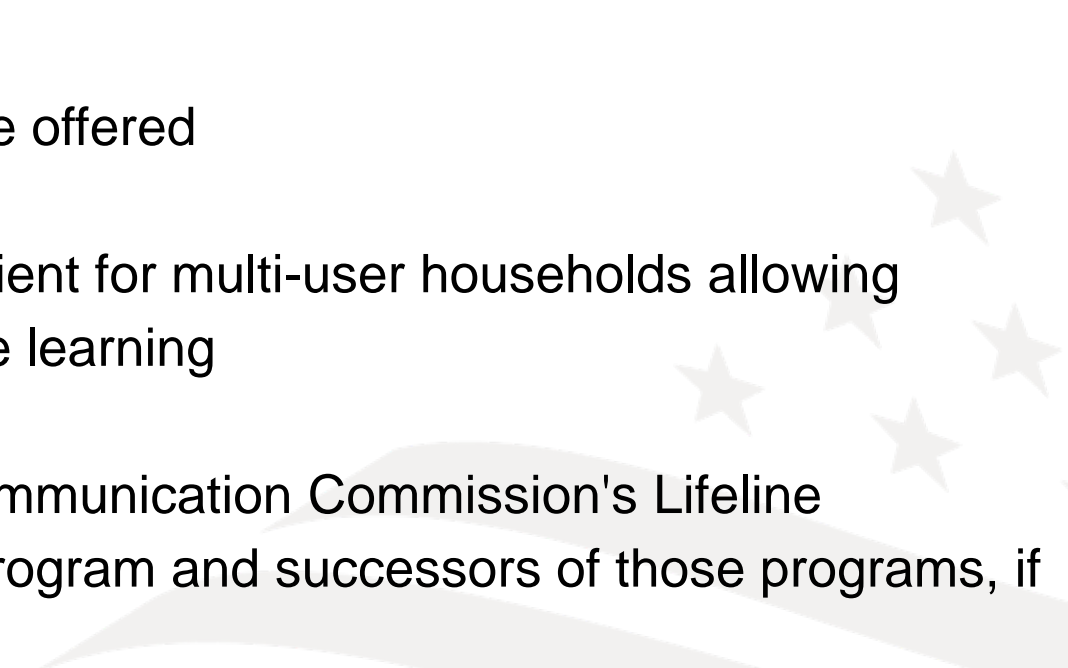
- 75 percent of the PFSA(s) are proposing to serve communities with a SAIPE score of 20 percent or higher.
- If no SAIPE data exists for the PFSA(s), the PFSA(s) will be determined to have an average SAIPE poverty percentage of 30 percent.
- Determined by using the United States Census Small Area Income and Poverty Estimates (SAIPE) Program.
- **Points for this criterion will be automatically calculated by the RUS mapping tool.**





Affordability (20 Points)

What applicants need to provide as upload:

- Documentation demonstrating broadband prices offered are affordable for their target markets
 - Information for pricing and speed tiers to be offered
 - Low-cost Option: Offering at a speed sufficient for multi-user households allowing simultaneous usage for telework and remote learning
 - Commitment to applying to the Federal Communication Commission's Lifeline Program, Emergency Broadband Benefit Program and successors of those programs, if applicant is eligible.
- 

Affordability (continued)

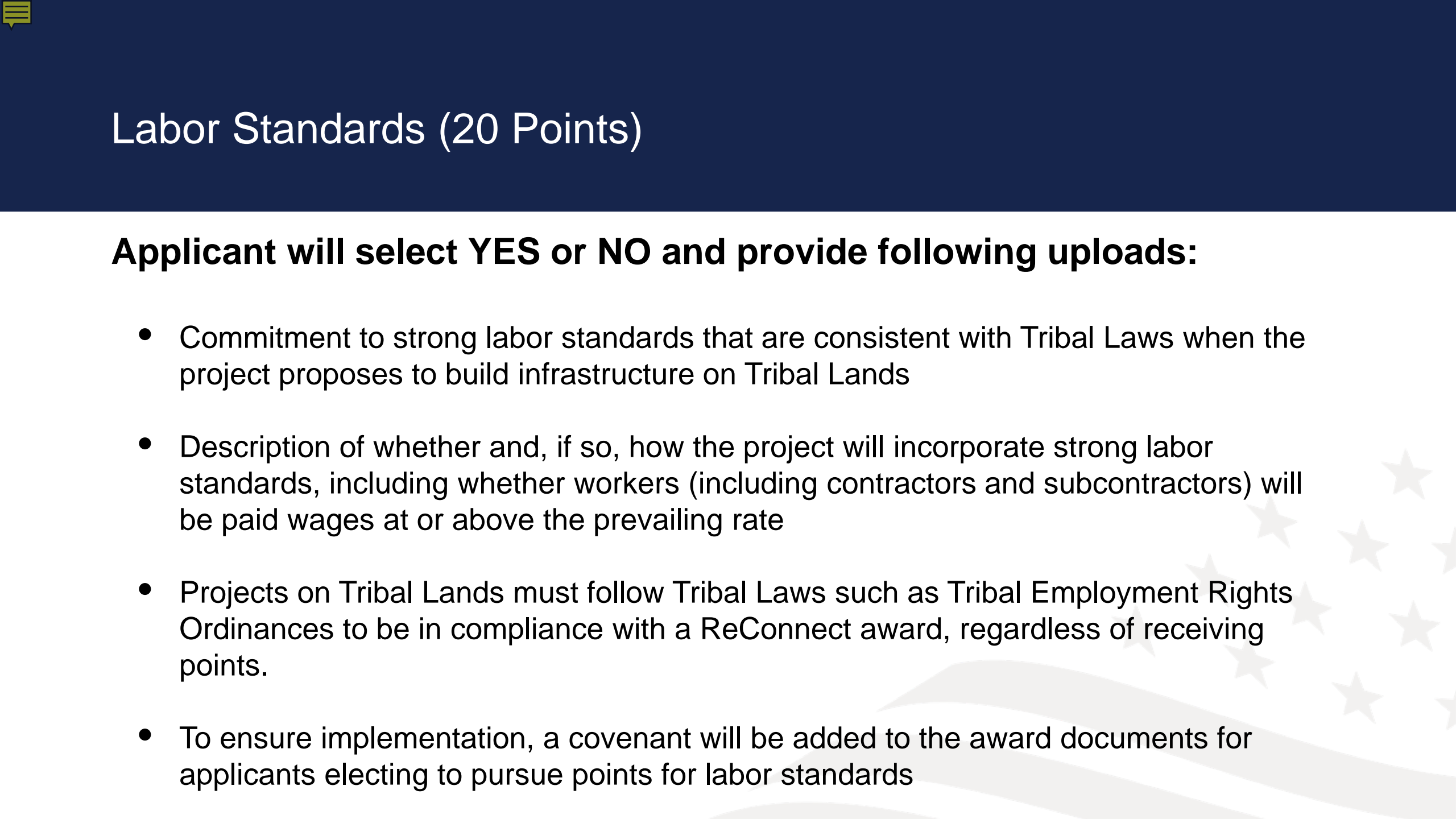
Resources and Conditions:

- Applicants should review the FCC's Urban Rate Survey Data which can be found at <https://www.fcc.gov> by searching for Urban Rate Survey Data & Resources
- To ensure implementation, a covenant will be added to the award documents for applicants electing to pursue points for affordability.
- RUS will evaluate pricing based on similar services near proposed project.



Labor Standards (20 Points)

Applicant will select YES or NO and provide following uploads:

- Commitment to strong labor standards that are consistent with Tribal Laws when the project proposes to build infrastructure on Tribal Lands
 - Description of whether and, if so, how the project will incorporate strong labor standards, including whether workers (including contractors and subcontractors) will be paid wages at or above the prevailing rate
 - Projects on Tribal Lands must follow Tribal Laws such as Tribal Employment Rights Ordinances to be in compliance with a ReConnect award, regardless of receiving points.
 - To ensure implementation, a covenant will be added to the award documents for applicants electing to pursue points for labor standards
- 



Tribal Lands (15 or 10 Points)

Based on 50% Project overlap with Tribal Lands and Entity type:

- **Tribal Governments and Tribal entities**
 - For applicants that are Tribal Governments and tribal entities and, at a minimum, 50 percent of the geographical area of the PFSA(s) is to provide service on tribal lands, 15 points shall be awarded.
- **Non-Tribal Entities**
 - For non-tribal entities where at least 50 percent of the geographic area of the PFSA(s) is to provide service on tribal lands, 10 points shall be awarded.
- The score for Tribal Lands will be automatically calculated by the application system using the RUS mapping tool. Visit <https://www.usda.gov/reconnect> to view the Tribal Lands GIS layer in the RUS mapping tool.

Local Governments, Non-Profits, and Cooperatives (15 Points)

Applicant selects entity type from Drop-Down – Following types eligible:

LOCAL GOVERNMENT

NON-PROFIT

COOPERATIVE

- This includes projects involving public-private partnerships where the local government, non-profit, or cooperative is the applicant
 - Applicants that are a subsidiary of a co-op but are a corporation or LLC are not eligible for these points.

Socially Vulnerable Communities (15 Points)

Following factors of Project area determines points:

- For applications where at least 75 percent of the PFSA(s) are proposing to serve Socially Vulnerable Communities (SVCs)
- The points for SVCs will be automatically calculated in the application system.
- A GIS layer identifying SVCs can be found at <https://www.usda.gov/reconnect>.
- An SVC is defined as: a community or area identified in the Center for Disease Control's Social Vulnerability Index with a score of 0.75 or higher.
- For purposes of this FOA, Puerto Rico, Guam, American Samoa, Northern Mariana Island, Palau, Marshall Islands, Federated States of Micronesia, and the Virgin Islands are considered to be Socially Vulnerable Communities.

Net Neutrality (10 Points)

Applicant chooses YES or NO and Uploads following support:

- A board resolution or its equivalent must be submitted in the application committing that the applicant's networks shall not:
 - 1) Block lawful content, applications, services, or non-harmful devices, subject to reasonable network management;
 - 2) Impair or degrade lawful Internet traffic on the basis of Internet content, application, or service, or use of a non-harmful device, subject to reasonable network management; and
 - 3) Engage in paid prioritization, meaning the management of a broadband provider's network to directly or indirectly favor some traffic over other traffic, including through use of techniques such as traffic shaping, prioritization, resource reservation, or other forms of preferential traffic management, either (a) in exchange for consideration (monetary or otherwise) from a third party, or (b) to benefit an affiliated entity.

Wholesale Broadband Service (10 Points)

Applicant chooses YES or NO

- For applicants that commit to offering wholesale broadband services at rates and terms that are reasonable and nondiscriminatory
- Wholesale broadband services are those purchased for resale to end user customers
- Applicants should submit evidence that they are actively marketing wholesale broadband services
- Example: A statement that the applicant is offering wholesale prices to other service providers.
- Applicants can offer these services through an open access network.

Available Resources

7 CFR 1970 – Title 07: Agriculture at <https://ecfr.io/Title-07/pt7.14.1970>

- Environmental Questionnaire hyperlinks to specific subparts of the 1970 Environmental Regulation
- **Technical Assistance**
 - Workshops
 - Webinars
- **Resources**
 - ReConnect website: <https://reconnect.usda.gov>
 - Fact Sheets & FAQs
- **Help Desk**
- **Rural Development eConnectivity Toolkit**
 - Rural Prosperity Taskforce - Launched February 6, 2019
 - <https://usda.gov/broadband>
- **General Field Representative (GFR) & State Office**
 - <https://www.rd.usda.gov/contact-us/telecom-gfr/all>
 - <https://www.rd.usda.gov/contact-us/state-offices>



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Rural Development
U.S. DEPARTMENT OF AGRICULTURE