

Roadmap for a Coordinated Vermont Broadband Stimulus Proposal:
Vermont Office of Economic Stimulus and Recovery
2009-05-21

The State of Vermont Office of Economic Stimulus and Recovery (ESR) Announces Process for Identifying Vermont State Priority Projects for Broadband Stimulus under the American Recovery and Reinvestment Act (ARRA)

Executive Summary:

The Vermont Office of Economic Stimulus and Recovery (ESR) seeks, to the extent possible, to coordinate requests from Vermont for broadband stimulus funding, as directed by the Governor and the legislature. Based on responses to its March 6, 2009, Request for Comments (RFC), ESR believes that it is possible to identify a coordinated set of proposals covering the following elements of a broadband strategy in Vermont:

1. A set of geographically coordinated proposals to provide broadband service to all end users currently without access to broadband service and not already covered by a binding, legally-enforceable commitment to provide broadband by the end of 2010.
2. A single multi-use backhaul and institutional network proposal addressing the needs of broadband and cellular service providers, state government, electric utility operations, K12 and higher education users, and health care institutions.
3. A single coordinated effort addressing broadband mapping and data collection, use of broadband and broadband demand stimulation, and public computing centers.

ESR intends to support coordinated requests as its highest priority for federal broadband stimulus funding. This document provides further direction regarding how ESR will work with willing potential applicants for federal funding to produce a consolidated application or a coordinated set of applications, and where necessary, select among geographically overlapping proposals seeking support of the State of Vermont. Identification of projects that will be part of a coordinated Vermont proposal and the scope of those projects will be guided by state goals and priorities, and federal requirements and priorities, as well as the level of funding likely to be available for projects in Vermont.

Background:

The American Recovery and Reinvestment Act (ARRA), enacted by Congress and signed by the President on February 17, 2009, contains a number of initiatives related to advancing the availability and use of broadband infrastructure. Most specifically, the ARRA provides funding to the National Telecommunications and Information Agency (NTIA), part of the U.S. Department of Commerce, for grants through the Broadband Telecommunications Opportunity Program (BTOP) and to the Rural Utilities Service (RUS), part of the U.S. Department of Agriculture, for grants, loans, and loan guarantees for broadband infrastructure. Funding awards will be made by these agencies, and not by the State of Vermont. Other elements of the ARRA may also provide direct or indirect support for broadband infrastructure.

Although the state will not make funding decisions under either of these programs, the authorizing language for the BTOP provides that NTIA may consult with states regarding areas that are “unserved” and “underserved” for broadband within the state, and regarding the allocation of grant funds within the state

for projects affecting the state. In addition, no area of a project funded with amounts made available under the ARRA funding through RUS may receive funding to provide broadband service under the BTOP. The full text of the ARRA is available through the ESR website at recovery.vermont.gov.

On March 6, 2009, ESR issued a Request for Comments soliciting input on a coordinated strategy for supporting broadband service and related purposes in Vermont under ARRA. ESR received a number of responses from various potential applicants for broadband stimulus funding. This document builds on those responses and establishes a process for identifying a single consolidated application from Vermont for broadband stimulus funding or a coordinated set of applications.

Objectives:

ESR desires to see the most competitive applications from Vermont that will maximize the benefit available for the advancement of broadband availability and use in the state under the ARRA. ESR believes it is likely that Vermont will see the greatest benefit from the ARRA's broadband programs under a coordinated approach to applications to these programs. Consistent with the direction given to it by the governor¹ and the legislature,² ESR seeks cooperation from interested parties to this end.

ESR intends to provide its support for an application or applications to NTIA and RUS that are part of a coordinated strategy for broadband stimulus funding. Depending on their merits, other proposed projects may receive secondary support, but in any ranking of state priorities, the elements of a coordinated strategy will receive the highest level of support of ESR on behalf of the State of Vermont.

ESR prefers that the elements of the coordinated application or applications be established along broad guidelines established by ESR, through voluntary negotiation and collaboration among entities which responded to the Request for Comments. ESR also may solicit additional proposals from additional entities which have not responded in order to ensure all of the desired elements of a compensative strategy are addressed in a satisfactory manner. However, ESR anticipates that it may be necessary to select among competing proposals for participation in the coordinated application or applications (e.g. two broadband service providers who have made proposals to serve the same unserved areas). Anticipated funding levels are also unlikely to be sufficient to provide for all contemplated projects at the level of funding requested, and ESR anticipates requesting that some or all potential participants in a coordinated strategy to modify or limit requests for this reason. When it is necessary to select among competing proposals in order to achieve a comprehensive proposal that is as competitive as possible, ESR intends to be guided by state goals and priorities, the requirements and priorities established in ARRA, any announced rules, requirements, or priorities of NTIA and RUS.

¹ On March 2, 2009, Governor James Douglas announced the creation of the Office of Economic Stimulus and Recovery (ESR) to coordinate the Vermont's use of federal funds authorized by the ARRA, including competitive broadband stimulus funding opportunities.

² H. 313 of the 2009 legislative session, as passed by the Vermont House and Senate, states at Section 2(b):

The American Reinvestment and Recovery Act of 2009 ("ARRA") provides economic development resources that are available to the state, its subdivisions, and the private sector. In order to realize the full potential of these funds, and in order to most effectively increase the opportunities for Vermonters to benefit from the ARRA, the director of Vermont's office of economic stimulus and recovery ("VOESR") shall, to the extent possible: coordinate efforts to obtain funds under the ARRA; oversee the use of those funds received by or through the state; and, collect information on the use of funds awarded to Vermont recipients."

State goals include especially the goals of universal availability of broadband services and mobile high-speed data services. Other priorities or preferences for broadband stimulus funding that ESR will use are:

1. Universal adoption of broadband service;
2. Providing an information infrastructure for smart grid, e-education, and health information technology;
3. Investments in infrastructure anticipated to have a long useful life;
4. Investments in infrastructure capable of providing very high speed broadband service to residential and small business users (at least 50 Mbps in at least one direction);
5. Investments in infrastructure capable of supporting super high speed broadband service to institutional users (1 Gbps symmetrical); and
6. A substantial reduction in bandwidth scarcity and scarcity pricing for backhaul used by broadband and mobile service providers and for large business and institutional users.

Broadband stimulus funding may or may not be sufficient to allow all goals, priorities, and preferences to be met.

Programmatic Areas:

A number of types of activities related to broadband infrastructure development and the use of broadband may be funded through the ARRA. ESR anticipates supporting the following elements as part of a comprehensive strategy for ARRA broadband funding:

4. A single coordinated effort addressing broadband mapping and data collection, use of broadband and broadband demand stimulation, and public computing centers. Based on responses to the March 6 RFC, entities responding in these subject areas are already collaborating in a working group to produce a consolidated proposal. ESR anticipates asking broadband service providers which are part of a comprehensive strategy to coordinate with the efforts of this working group.
5. A single multi-use backhaul and institutional network proposal addressing the needs of broadband and cellular service providers, state government, electric utility operations, K12 and higher education users, and health care institutions. Based on responses to the March 6 RFC, public sector and non-profit entities responding in these subject areas are already collaborating to produce a consolidated proposal, and ESR seeks the formation of a combined working group.
6. A set of geographically coordinated proposals to provide broadband service to all end users currently without access to broadband service and not already covered by a binding, legally-enforceable commitment to provide broadband by the end of 2010. ESR will especially seek to support projects which provide service to all unserved users in defined geographic areas, such as towns, counties, or telephone exchanges. Based on responses to the March 6 RFC and subsequent meetings with all respondents in this programmatic area, ESR anticipates supporting multiple coordinated projects addressing broadband service to the end user. Entities wishing to be considered for state support will be asked to provide additional information for evaluation of their projects and to cooperate voluntarily to adjust their proposals to create a set of geographically non-overlapping projects. Because of the likelihood of competing proposals, ESR does not anticipate that all entities seeking inclusion in a state-supported coordinated proposal will receive such support.

In addition, ESR may support as part of a comprehensive strategy projects which enhance the speed or other aspects of broadband service performance to underserved areas of the state having only lower-quality broadband service, but only after identifying projects that can meet the three objectives listed above.

Identifying Projects Supportable by Available Funding:

At this time, the total amount of broadband stimulus funding available to Vermont is not known. It is not known if NTIA or RUS will adopt any kind of state minimum level of funding for qualified projects. More information may be available when RUS and NTIA issue notices of funds availability. Until such time as more information is available about funding levels that Vermont may reasonably anticipate for broadband stimulus, ESR intends to adopt a tiered approach to identification of a portfolio of projects it may support as part of a comprehensive strategy, identifying sets of qualified candidate projects which could be completed if funding were available at the following levels:

1. Up to \$54 Million. This tier will be increased by up to an additional \$18.75 million³ to the extent that projects in the portfolio are eligible for RUS as well as NTIA funding.
2. Up to \$125 Million.
3. Up to \$200 Million.

Based on responses to the March 6 RFC and subsequent conversations with respondents, ESR believes that it may not be possible to support funding for all desirable projects, especially if Vermont can only reasonably expect to receive funding at the first tier. ESR intends to work with responding entities to identify a set of qualified projects within each tier which are competitive against the federal criteria. The set of projects identified at one tier may be different than the project set identified at a different tier. For planning purposes, ESR will seek to identify a set of projects supportable within the funding available on the first tier as follows:

- A. Up to \$1.6 Million in projects addressing broadband mapping and data collection, use of broadband and broadband demand stimulation, and public computing centers. This figure may be adjusted if further guidance from NTIA becomes available regarding the level of funding it expects to dedicate to these activities nationally.
- B. A single statewide joint backbone and institutional network. To the extent that there are insufficient funds available to support the desired set of projects within the first tier, priority will be given to those elements of a backhaul network required to support last mile broadband projects providing service to end users without access to broadband.
- C. Projects which provide broadband service to all end users currently without access to broadband service and not already covered by a binding, legally-enforceable commitment to provide broadband by the end of 2010. To the extent possible given funding available within the first tier, ESR will seek inclusion of at least one project which can offer very high speed broadband services (at least 50 Mbps in at least one direction) to end users.

To the extent that additional funds would be available within the first tier, or on higher tiers, ESR will seek to support additional enhancements to a coordinated strategy, including:

- D. Extension of the joint backhaul/institutional network to additional locations.
- E. Additional support for the adoption of broadband services, especially by low-income residents of the state.

³ \$18.75 million will be calculated assuming grant-equivalent dollars. To the extent that qualified candidates would be seeking RUS loan or loan guarantees, the amount will be further multiplied by a factor representing the ability of RUS to convert spending authority into loan or loan guarantee dollars.

- F. Additional very high speed broadband projects.
- G. Improved broadband mapping and data collection efforts.

To the extent possible, ESR will seek to identify projects which may be proposed in the first round of funds available from NTIA and RUS, pending further guidance from these agencies regarding how they will structure their funding opportunities.

Identification of Qualified Partners

Due to the interest from multiple entities interested in receiving broadband stimulus funding for projects serving end users in geographically overlapping areas, ESR anticipates the need to identify the subset of such projects it would support at the various funding tiers as part of a coordinated proposal. ESR intends to identify respondents to the RFC who it estimates would be likely to be qualified to receive broadband stimulus funding from NTIA or RUS. It may also identify some entities as “conditionally qualified,” if those entities would likely be qualified contingent on certain actions or events which may plausibly come to pass prior to the deadline for application and/ or funding. These estimates may be re-evaluated as additional information becomes available from NTIA or RUS regarding application requirements. Estimates by ESR regarding qualifications will necessarily be interpretation of known information, and are in no way final or binding on NTIA or RUS. ESR intends to identify a preliminary set of willing partners for the development of a set of projects providing broadband service to end users covering all unserved areas of the state from qualified or conditionally qualified entities, and to work cooperatively with all such partners preliminarily identified to develop a final set of proposals. ESR may identify different preliminary sets of applicants for different funding tiers. Substitutions may be made as necessary to the preliminary set of partners from the set of qualified entities if entities which are conditionally qualified fail to satisfy necessary contingencies or if necessary in order to produce an agreement covering all unserved areas within the state. Entities wishing to participate in this process should be prepared to:

- Provide requested information further described in this document to ESR.
- Share certain information regarding geographic coverage areas proposed for broadband stimulus support with other qualified or conditionally qualified entities.
- Agree to make funding requests to NTIA and RUS that are identified as elements of a coordinated request, and/or agree to participate as a subgrantee for a consolidated request to NTIA.

Entities which anticipate requesting broadband stimulus funding are encouraged to seek voluntary accommodation with other potential applicants to combine or consolidate proposals, if such accommodation can produce stronger projects.

Information Requested:

Entities requesting support for a project to provide broadband service to end users are asked to provide the following information:

1. All information requested in the March 6, 2009, Request for Comments, especially those items specifically enumerated in the “information requested” section updated with any changes or new information.
2. A project plan linked to a projected timeline for completion of the project.

3. A description of telecommunications infrastructure elements in the proposed project to be developed that would be funded using stimulus dollars, and elements of the proposed project that would be funded by non-stimulus dollars.
4. A demonstration of sufficient funding to complete the project if requested broadband stimulus funding is available.
5. Information sufficient to show that the infrastructure and services developed with stimulus funding will continue to be operated on an ongoing basis after the funded project is completed, either by the entity seeking funds or by a successor. The period covered should be as long a period as can be reasonably demonstrated, but not less than three years after completion of the project.

In addition, all entities potentially seeking NTIA broadband stimulus funding for any type of project are asked to respond with the following information:

- A. Is the entity provisionally willing to participate in a consolidated Vermont request to NTIA for broadband stimulus funding as a subgrantee to another organization?
- B. Is the entity provisionally willing to participate in a consolidated Vermont request to NTIA for broadband stimulus funding as the lead grantee with other organizations as the subgrantees? If yes, what organizational capacity does the organization have to manage grants and subgrantee reporting requirements which may be required by acceptance of ARRA funding?
- C. Is the organization provisionally willing and able to comply with ARRA reporting and accountability requirements, including but not necessarily limited to number of jobs created & retained, periodic accounting for expenditure of funds, and percentage of project completed, either as a lead grantee or subgrantee?

Information which has been previously provided to ESR in written form need not be re-submitted unless it has changed. Responses should indicate that the information has previously been provided, and when it was provided.

Responses

Responses may be sent by email to joan.stewart@state.vt.us or mailed to:

Vermont Economic Stimulus and Recovery Office
109 State St, 5th Floor
Montpelier, VT 05609-0201

To facilitate review of responses, please submit an electronic copy on CD if a mailed copy is provided.

ESR currently anticipates Notices of Funds Availability from RUS and NTIA on or about the middle of June, 2009. Due to the anticipated short timeframe for implementation of federal stimulus efforts, responses to this document are requested by 4:00, June 12, 2009.

Respondents are encouraged to provide information which may be shared with other parties in order to facilitate coordination. However, respondents who believe that information submitted as part of a response to this request is proprietary and not subject to a public records request pursuant to the provisions of 1 V.S.A. § 317 should clearly identify that information if they are requesting confidential treatment. Information for which respondents are requesting confidential treatment should be clearly marked as such and pages containing information should be segregated into a separate document or documents. Each page

containing information for which the respondent is requesting confidential treatment should be marked “confidential.”

Questions regarding this notice should be addressed via email by May 29, 2009 to:

joan.stewart@state.vt.us

Responses to such questions about this notice will be posted to the ESR website (recovery.vermont.gov).