WEST VIRGINIA BROADBAND ENHANCEMENT COUNCIL

RECONNECT PROGRAM BRIEFING

reconnect.usda.gov

1. Summary

The U.S. Department of Agriculture (USDA) Rural Development announced in December 2018 a funding opportunity for a new program created under the Consolidated Appropriations Act of 2018, the ReConnect Program. This program will offer grants, loans, and grant-loan combinations to improve broadband service in rural unserved areas from a pool of $600 million in available funds.

The West Virginia Broadband Enhancement Council (WVBEC) seeks to support applications for projects in West Virginia to this important new program. Application deadlines will begin in April 2019. Visit broadband.wv.gov for more information or send email to WVBroadbandCouncil@wv.gov.

2. Official Information from USDA

The WVBEC stands ready to assist potential applicants obtain the information that they need from USDA. This document contains some of the key pieces of information that potential West Virginia applicants will need, especially information about working with the State of West Virginia, as states have an important role in the ReConnect Program.

Applicants should review the materials published by the USDA at reconnect.usda.gov which contains information in greater detail and required resources. In the event of any discrepancy, the USDA information will prevail.

3. Eligible Applicants

A wide range of entities can apply for ReConnect Program funding, including:

- Cooperatives, non-profits, or mutual associations
- For-profit corporations or limited liability companies
- States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof
- A territory or possession of the U.S.
- An Indian tribe

An applicant must be able to provide retail broadband service to customers.

4. Types of ReConnect Applications

The ReConnect Program has three separate funding categories. Applicants may submit only one application to the program in this funding opportunity, in only one of the three categories. Applicants will be responsible for defining one or more Proposed Service Areas (PFSA(s)) in their application. Categories include:

a. 100% Grant: Deadline April 29, 2019
b. 50% - 50% Loan-Grant Combination: Deadline May 29, 2019
c. 100% Loan: Open through June 28, 2019

In each category, USDA announced that up to $200 million will be available. The maximum awards are:

a. $25 million for a Grant,
b. $50 million for Grant-Loan Combination, and
c. $50 million for Loan.

5. Areas in West Virginia Eligible for Funding

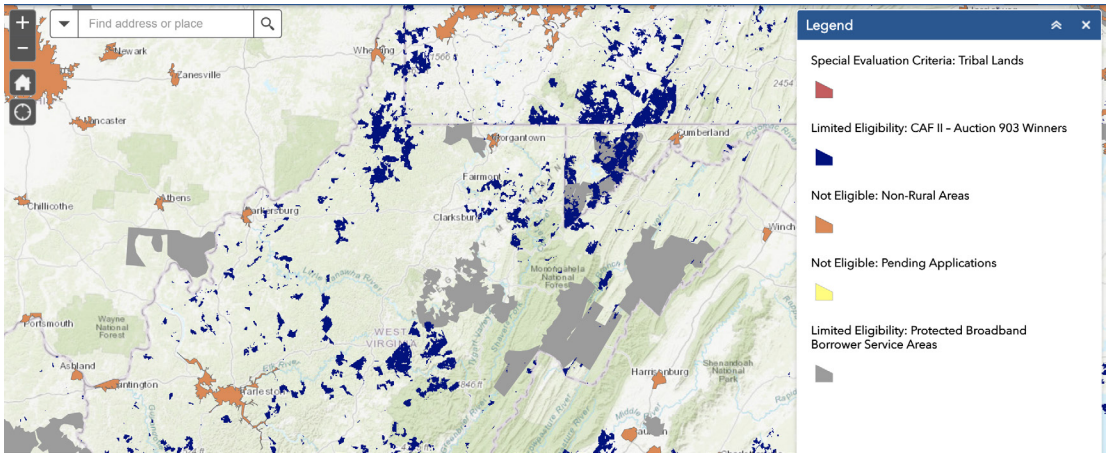
- Eligible areas include “any area that is not located in a city, town, or incorporated area that has a population of greater than 20,000 inhabitants or an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.”
- The ReConnect Program will fund projects in rural areas without sufficient access to broadband, defined by USDA as 10 Mbps downstream and 1 Mbps upstream ("10:1 service").
- The USDA has not prescribed a method that applicants must use to determine whether a PFSA lacks 10:1 service. It has stated it will use a variety of methods to validate that PFSA lack sufficient access to broadband.
- Limitations on who may apply or under what category may apply in areas that previously received awards of USDA broadband grants or loans, state broadband grants, or areas in which the Federal Communications Commission made awards under the Connect America Phase II Auction.
    - Note: CDBG funds are considered Federal grants. However, CDBG funds may be recognized as matching funds to other Federal funding sources in most circumstances.
    - Funding for service areas of CAF II recipients can only be requested by the entity that is receiving the CAF II support, and such funding is limited to a 100% loan.

6. Mapping Assistance

The WVBEC has participated in broadband mapping efforts, including analysis of federal broadband mapping data and collection of broadband speed test data. The WVBEC will assist possible applicants in identifying potentially eligible areas within West Virginia.

The USDA interactive mapping tool is available at: https://reconnect.usda.gov/s/rd-rdae-mapping-tool. The tool provides the following information:

- CAF II Winners
- Non-Rural Areas
- Pending Applications
- Protected Broadband Borrower Service Areas
- Special Evaluation Criteria, such as community facilities, health care facilities and educational facilities.



The FCC's Broadband Deployment Map, in combination with the mapping tool published on the ReConnect Program websites are good starting places for identifying potentially eligible areas (broadbandmap.fcc.gov/#/). Because FCC data is known to contain some inaccuracies, including overstating the extent of broadband coverage in some areas, applicants who have specific, granular, documentable information about areas that lack 10:1 service are encouraged to use that information as well.

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7. Speed Requirements for Funded Projects

Applicants must propose to build a network that is capable of providing service to every household, farm, and business in the Proposed Service Area at a speed of 25 Mbps downstream and 3 Mbps upstream. Under the 50% loan / 50% grant and 100% grant categories, projects that are proposing to build a network capable of providing at least 100 Mbps symmetrical service will score higher in the evaluation process, and therefore will be more likely to be funded than otherwise comparable projects proposing only 25 Mbps downstream and 3 Mbps.

8. Local Match Requirements

Applicants seeking an award that is 100% grant must provide a matching contribution equal to 25% of the cost of the overall project. In other words, in this category USDA will provide 100% of its assistance in the form of grant funding, but that grant funding will only cover 75% of the project's eligible costs. Applicants submitting under the 50% loan / 50% grant category may choose to provide in the form of cash the portion that would otherwise be a loan.

9. Audited Financial Statements

Applicants must submit unqualified, audited financial statements for the two previous years. For startup operations formed from partnerships of existing utility providers, audited financial statements are required for the two previous years from each of the partners, and the partners must guarantee any loan component of the requested funding.

10. Application Portal Announcement(s) and Scoring

USDA has stated it will publish a notice in the Federal Register in late February to advise applicants that the online application portal is open. Proposals for the 100% Grant category will be due by April 29, 2019, while proposals for the 50% - 50% Loan-Grant combination will be due by May 29, 2019. USDA will score and prioritize proposals received by the deadline in these categories using a set of competitive criteria. Proposals for the 100% Loan category will be accepted on a rolling basis, ending June 28, 2019. USDA will award qualified loan projects on a first-come-first served basis. If funding set aside under this category is expended, USDA will return any remaining applications.

11. Points and Scoring

USDA will score proposals for the 100% Grant and the 50% Loan-50% Grant categories using criteria to award points, up to a maximum of 150 points. The evaluation criteria cover a range of factors, including:

- Population Density
- Speed of Service
- Number of Qualified Facilities Served*
- Service to Tribal Lands

**Qualified facilities include farms, businesses, healthcare centers, schools, and critical community facilities*

Applicants are encouraged to carefully review specific point allocations. Specific point allocation levels are as follows:

Rurality of the PFSA (25 points)

25 points for population densities of six or less. Zero points for population densities greater than six. Density calculation equals the total population of the PFSA divided by the total square miles of the PFSA.

Businesses Served (15 points)

1 point for each business that pre-subscribes for broadband service, up to a maximum of 15 points.

Healthcare Centers Served (15 points)

1 point For every healthcare center served, up to a maximum of 15 points.

Critical Community Facilities Served (15 points)

1 point For every critical community facility served, up to a maximum of 15 points.

Farms Served (20 points)

1 point for each farm that pre-subscribes for broadband service, up to a maximum of 20 points.

Performance of Service (20 points)

20 points for networks capable of providing 100 megabits per second (Mbps) symmetrical service.

Educational Facilities Served (15 points)

1 point For every educational facility served, up to a maximum of 15 points.

Tribal Lands Served (5 points)

5 points if 50 percent of the PFSA includes service to tribal lands.

State Broadband Activity (20 points)

Described in detail below in section 12.

12. State Broadband Activity

Up to 20 points will be available for state broadband activity, as described below:

- Ten (10) points will be awarded if the state has a broadband plan updated within 5 years of the Reconnect
- Announcement. West Virginia's broadband plan was last updated within this five-year window.
  USDA will award an additional 5 points for projects in states that do not restrict utilities from offering broadband
- service.
  USDA will 5 more points for projects in states that expedite right-of-way and environmental requirements.

The WVBEC is working to obtain certifications for the State of West Virginia that would allow projects in the state to claim these points.

13. Services Provided by the West Virginia Broadband Enhancement Council

The WVBEC is committed to helping West Virginia projects maximize their opportunity to benefit from the ReConnect Program. In addition, the ReConnect Program specifically identifies state roles in the program that the WVBEC will facilitate for the State of West Virginia.

- The WVBEC is working to ensure that as many points as possible are available to West Virginia projects under the state broadband activity scoring criterion. Furthermore, USDA has designated areas that have received state funding to deploy 10:1 service as ineligible for ReConnect funding.
- Applicants are required to provide a map of the PFSA to the appropriate State government office, so the State can certify that either funds have or have not been allotted for the area. The WVBEC will perform this certification function in West Virginia.

14. Additional Technical Assistance

USDA is offering technical assistance through webinars and through six regional workshops. The specific time and venue of the regional workshops had not yet been announced at the time this document was published, with the closest proximity to West Virginia in Washington, PA in February 2019. Recorded webinars and future event announcements are available at reconnect.usda.gov.