Department of Economic & Community Development

Capital Projects Fund

CPF LAST MILE BROADBAND GRANT

PROGRAM DETAILS AND APPLICATION PROCESS

March 13, 2024

Welcome!

Agenda

A. Program Description
B. Maps
C. Eligibility Requirements
D. Application Review Process
E. Community Impact
F. Budgets
G. Next Steps

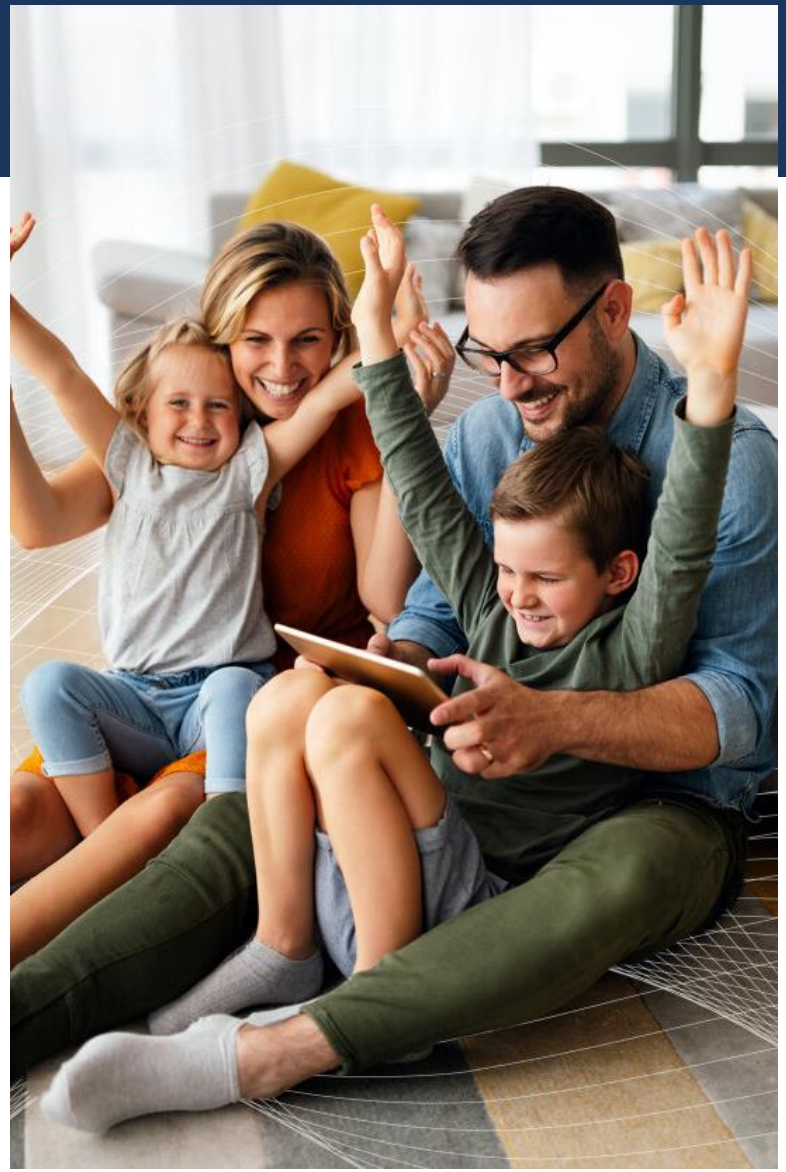
We will have time for Q&A at the end of the session

A. Last Mile Grant: Program Description

Purpose of the Grant

Last Mile: Assist with capital expenses pertaining to last mile broadband deployment in **Carroll, Henderson, Unicoi, Johnson, Meigs, Roane, Marshall, and Moore counties** which have:

- High percentage of historically unserved or underserved households and businesses
- Low population density
- Geographic challenges that make broadband deployment both high cost and challenging



High-Level Details

There are some key information about the program

Key Differences:

Grant Program	Last Mile
Infrastructure Type	Last mile (middle mile component optional)
Eligible Areas	Carroll, Henderson, Unicoi, Johnson, Meigs, Roane, Marshall, and Moore counties ONLY
Additional Restrictions	Areas where federal or state funding has been obligated are not eligible. No more than 30% of the total project funds may be allocated to the middle mile component.

Federal Award Information

Period of performance for the program:

- All contracts must be in effect by June 30, 2024.
- The contract period must end within two years of execution of the contract.

Funding:

Grant Program	Budgeted $	Maximum
Last Mile	$25M	No maximum grant request

Last Mile and Middle Coordination

Middle mile infrastructure is essential to last mile infrastructure's abilities to enable residents with high-speed broadband networks. **Without last mile infrastructure, middle mile infrastructure cannot provide service to households and businesses**.

- **Last Mile Project** application requirements:
  - For any portion of **middle mile infrastructure included in the application, associated partners must be identified**.
  - Partnerships should be explicitly outlined within the application.
- Proof of partnership:
  - In cases where partnerships are integrated into the application:
    - Applicants are required to submit evidence of the partnership.
    - This can be accomplished through a formal letter detailing:
      - The commitment of the parties involved.
      - The specific terms and conditions of the partnership agreement

Funds Matching

Each grant ("Grant") will **cover up to 70% of eligible project expenses**, with a required **30% match** by the grantee ("Grantee Match").

- The **70% match will be applied to the original project funding** amount only.
- Therefore, if a recipient has an **additional match,** they will receive a **lower percentage of reimbursement** per invoice, as the additional match increases the total funding of the project.

Grant	Grantee Match	Additional Match	Total	Calculation	Ratio/Breakdown	Monthly Invoice	TNECD Reimbursement
$7M	$3M	N/A	$10M	$3M (total match) ÷ $10 (project total)	TNECD pays 70% Grantee pays 30%	$60k	$60k x 70% = $42k
$7M	$3M	$2M	$12M	$5M (total match) ÷ $12 (project total)	TNECD pays 58.3% Grantee pays: 41.7%	$60k	$60k x 58% = $35k

B. Maps

Counties eligible for LM Round 2 Grant Program

The Last Mile Round Two Grant Program is established for assistance with capital expenses related to last mile broadband deployment in the following counties:

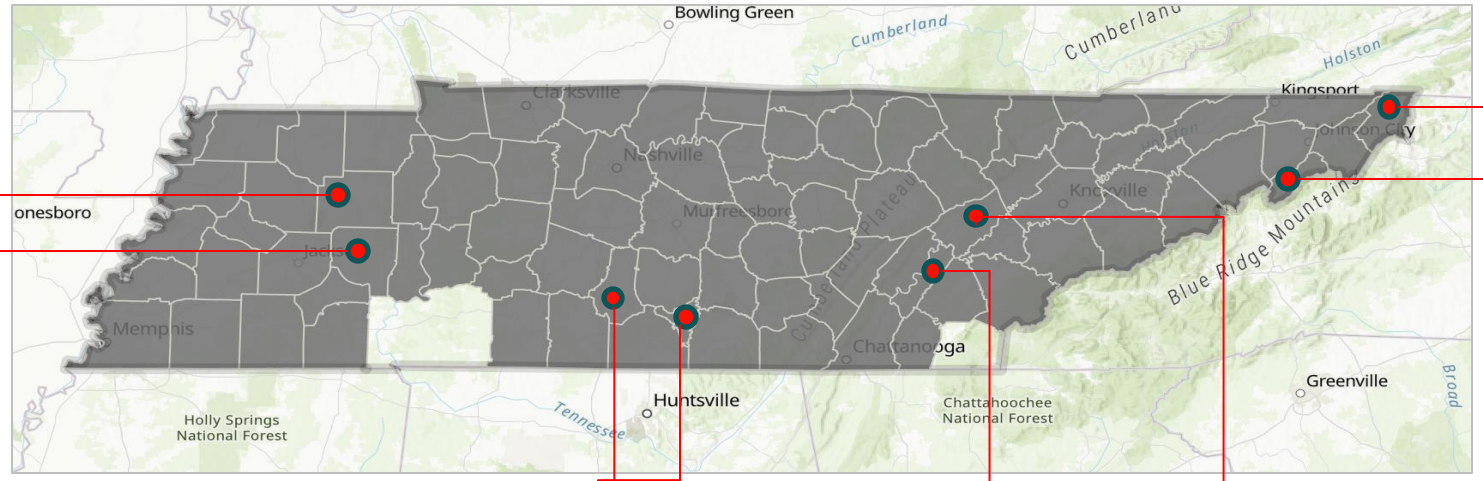
- Carroll
- Henderson
- Unicoi
- Johnson
- Meigs
- Roane
- Marshall
- Moore

Last Mile Map Upload requirements for Applicants

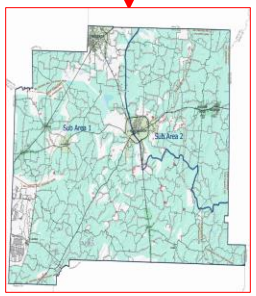
Applicants are required to submit multiple maps of the proposed project areas. These maps will be reviewed during the technical review process. A list of the necessary documents and their required format is below:

- Provider Information section
  - Map of the existing service area
    - Attach GIS in the following formats .shp or .kml/.kmz file
- Primary Service Area section
  - .csv file containing the Broadband Serviceable Location (Fabric) Location IDs
    - Should include all locations within the proposed grant area
- Primary Service Area section
  - Map of the project area(s)
    - Attach a .shp or .kml/.kmz file map showing the proposed service area routes for each proposed project area
- If applicable, Additional Documentation section
  - Boundary map of service for middle mile partner

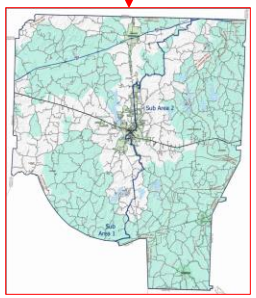
Last Mile Eligibility Maps



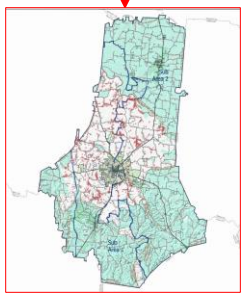
Last Mile Eligibility Map



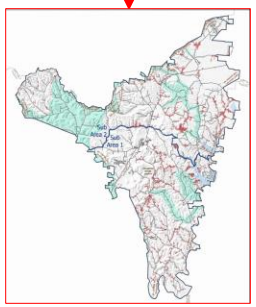
Carroll County



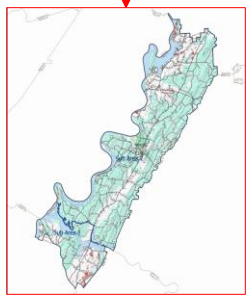
Henderson County



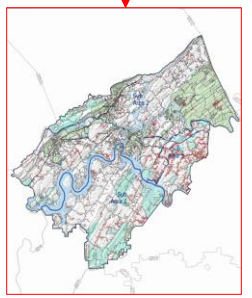
Marshall County



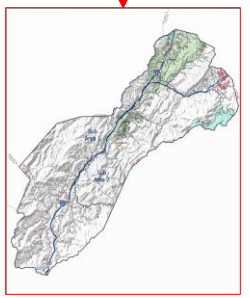
Moore County



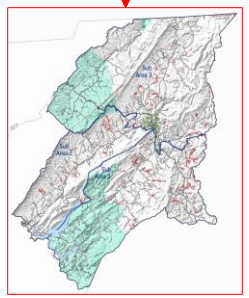
Meigs County



Roane County



Unicoi County



Johnson County

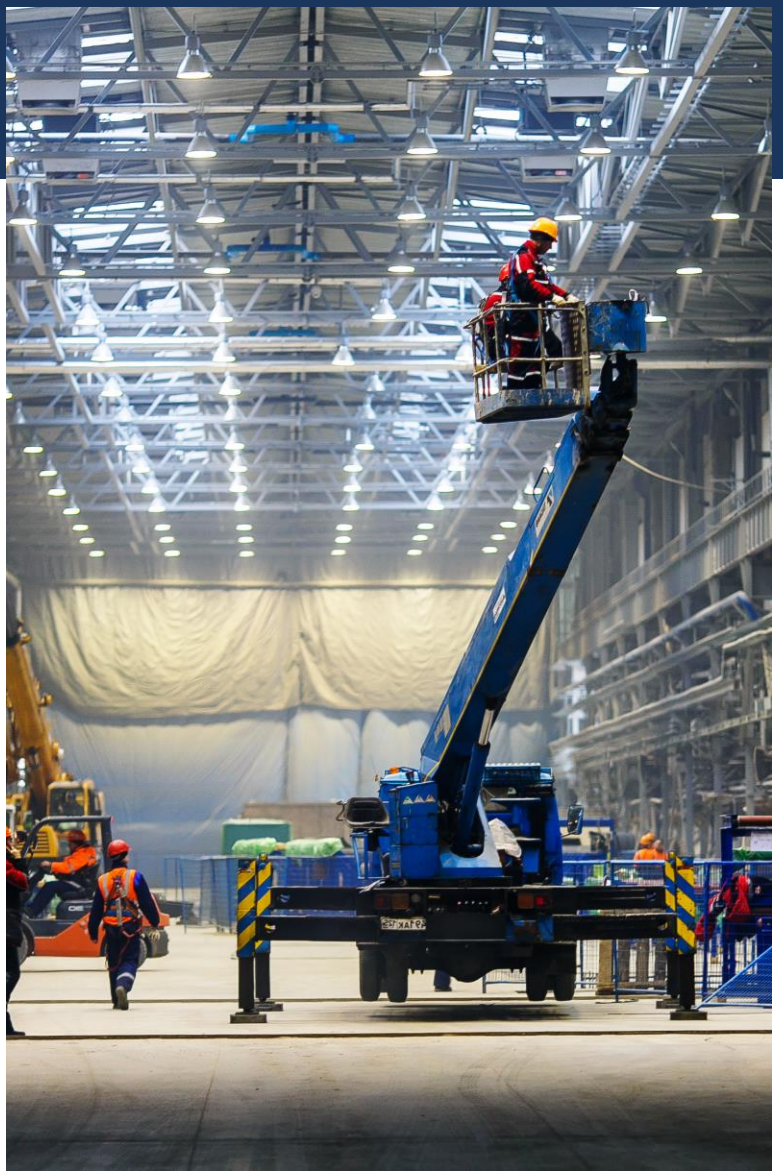
Source: *TNECD Website, Last Mile Round 2 Maps (March 13,2023), Link:* ***Grants (tn.gov)***

C. Eligibility Requirements

Eligible Applicants

The following entities are eligible to apply for the Last Mile Grant:

- Political subdivisions or entities of political subdivisions
- Corporations
- Limited liability companies (LLCs)
- Partnerships or other business entities
- Cooperatives organized under Tenn. Code. Ann. § 65-25-101 et seq. and § 65-29-101 et seq.
- Any other entity authorized by state law to provide broadband services

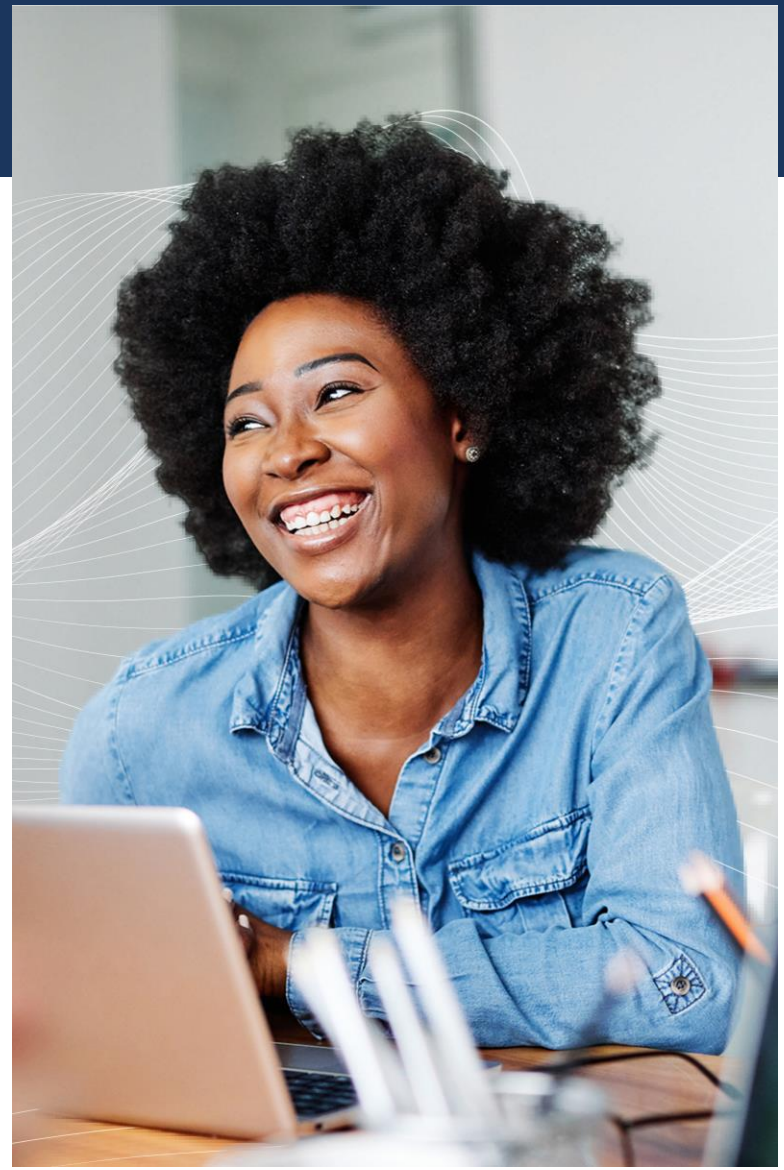


Applicant Qualifications

Qualified applicants should demonstrate a **need** for funding assistance to serve the project area, quality **partnerships**, and **support** from community organizations. Applicants will be assessed on:

- Their **financial, managerial,** and **technical capabilities** to complete the project on time and within budget
- Their **experience** with broadband or ability to bring on qualified experts
- Their **impact** on the community served, e.g.:
  - Plans to provide service to a community anchor institution (CAI)
  - Impacts on:
    - Job creation
    - Healthcare delivery
    - Economically distressed areas
    - Educational access

Applicants should demonstrate a thoughtful plan for adoption of broadband, including addressing **relevance, skills,** and **affordability**.



Applicant Qualifications: Financial Capability

Applicants must provide certification verifying that they:

- Are **financially qualified** to meet the obligations associated with a project
- Have **available funds** for all project costs that exceed the grant amount
- **Will comply** with all program requirements set forth

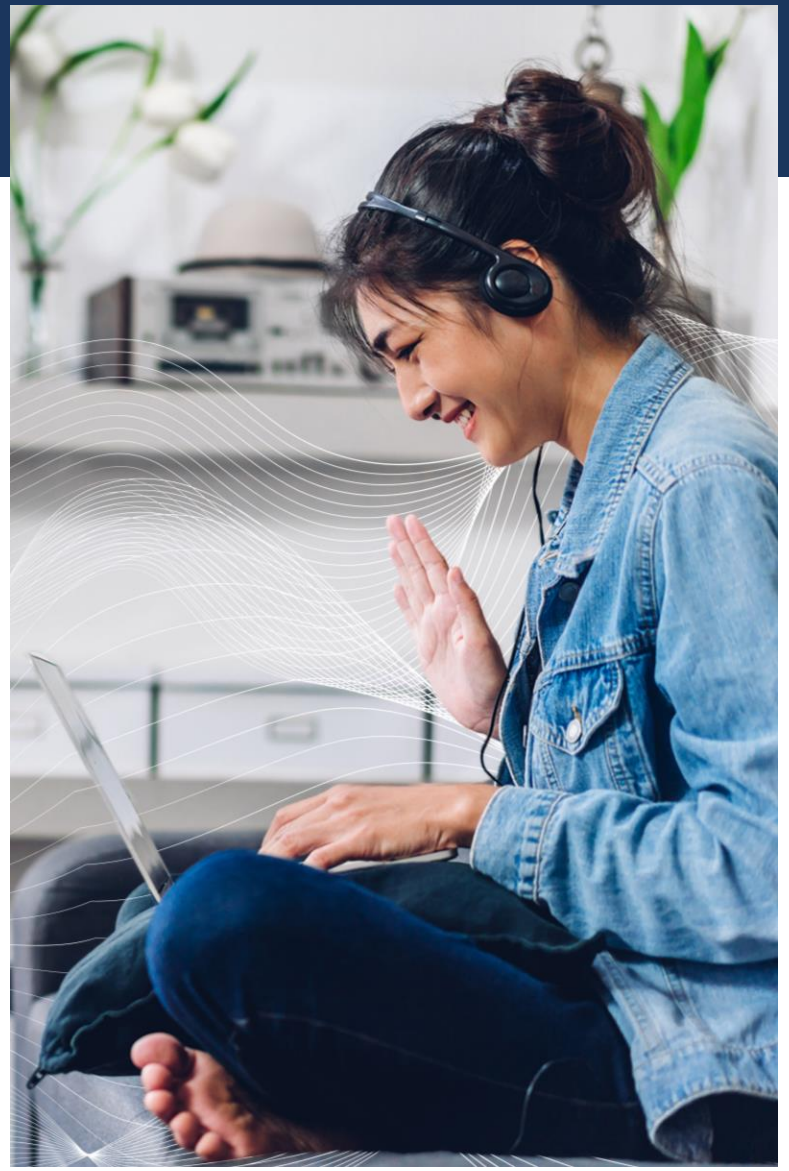
Applicant Qualifications: Financial Capability

Applicants must submit documentation demonstrating that they have the financial capability of covering costs associated with the grant prior to reimbursement. This amount must include the grant match (no less than 30% of the award amount) and any additional funding needed to meet the project milestones and timeline in the grant application prior to reimbursement of those expenses.

The documentation must include **at least two** of the following:

- Letter of credit from a bank detailing the amount of credit offered with the issuing bank's agreement to follow the TNECD Broadband terms and conditions
- Audited financials
- Bank statements
- Additional supplemental proof of funds

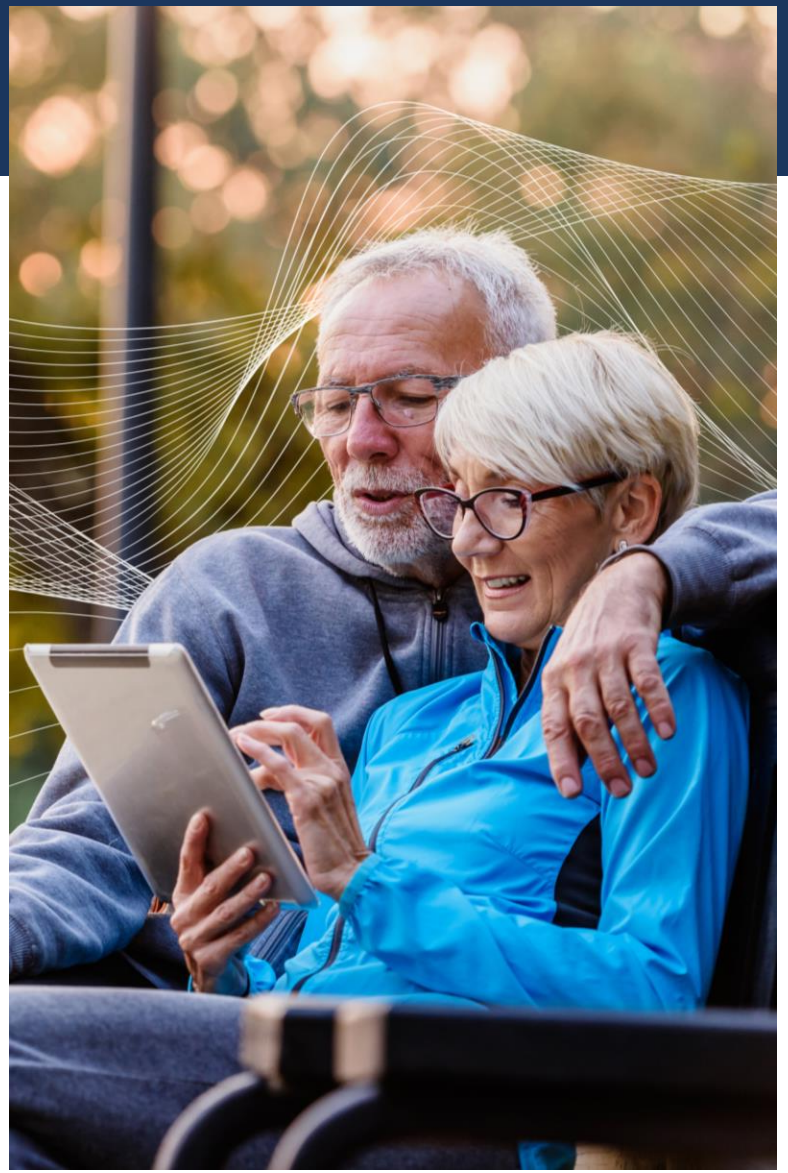
Note: Documents uploaded must be signed and dated no more than six months earlier than the application launch date of March 6, 2024.



Applicant Qualifications: Technical Capability

To demonstrate their technical capability, applicants must provide:

- A network design description
- Project costs
- A buildout timeline
- Project milestones

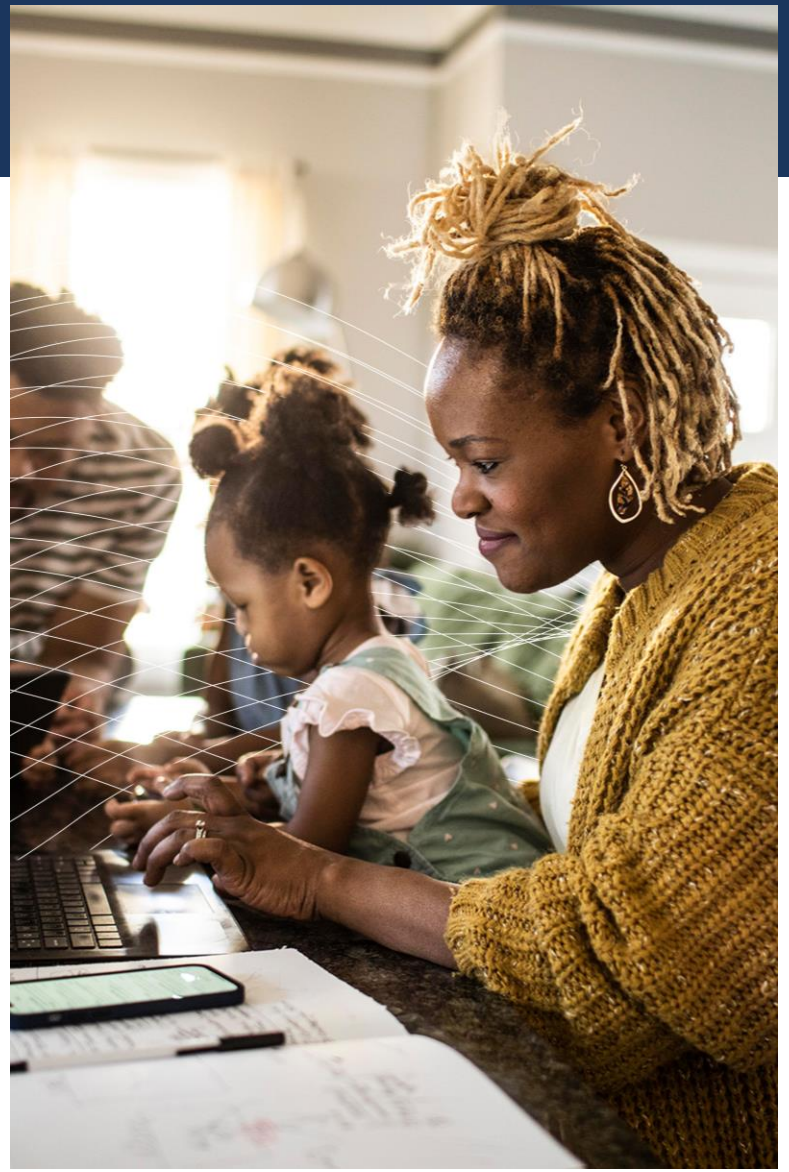


Applicant Qualifications: Technical Capability

To demonstrate their technical capability, applicants must provide information pertaining to the area that will be served in the proposed project, e.g.:

- Level of need
  - Based on unserved or underserved locations
- Difficulty of serving the area
  - Make ready costs
  - Distance from current served location
  - Type of technology with current served locations
  - Types of installation
  - Costs for installation
- Population density ready costs for difficulty
  - Number of homes per mile
- Percentage of locations within the area that lack 100/20 or greater connection

An award will not be approved until TNECD Broadband determines that the materials submitted prove the applicant's technical capabilities with respect to the proposed project.



D. Application Review

The Application Review

All applications will be assessed for eligibility and completeness to confirm that:

- **Administrative** information is complete and correct
- The applicant is in **good standing** with their other federally funded projects
- The applicant adhered to **application instructions, submitted budget and other supplementary attachments, and included their signed certification forms**
- **The project design is certified by a professional engineer certified in the state of Tennessee**
- Applicants must obtain **a SAM Unique Entity ID (UEI)** from SAM.gov

The Application Review

Technical Review

Applications determined to be complete will undergo a technical review. These are the categories, followed by the total number of points possible for the Last Mile grant.

Category	Required/Expected Information	Maximum Score
Technical Need	• Is the applicant eligible? Please consider eligibility guidelines in addition to FCC registration status. • Does the applicant demonstrate or include information for the level of need for the area? While assessing the description of need, please consider why the area is difficult to serve and likelihood the area will be served without grant funding. • What is the percentage of locations in the grant area lacking 25/3 connection? • What is the percentage of locations in the grant area lacking 100/20 connection?	45 points

The Application Review Con't

Technical Review

Applications determined to be complete will undergo a technical review. These are the categories, followed by the total number of points possible for the Last Mile grant.

Category	Required/Expected Information	Maximum Score
Leveraged and Match Funds	• Additional leveraged funds - leveraged funds are a financial commitment toward the costs of a project from a source other than the applicant; i.e. additional funds from the County or City. • Additional matching funds - any funds provided by the applicant that exceed the required match of 30%.	15 points
Sustainability and Implementation Readiness	• Please rate the ability of applicant to implement project on time and within budget. Consider managerial, technical, and financial capabilities of the organization; prior experience with broadband or ability to bring on qualified experts; long-term stability to manage network moving forward. • Reasonableness of applicant business model, project scope, budget, and timeline.	15 points

The Application Review Con't

Technical Review

Applications determined to be complete will undergo a technical review. These are the categories, followed by the total number of points possible for the Last Mile grant.

Category	Required/Expected Information	Maximum Score
Speed, Scalability, and Affordability	• Please rate the proposed maximum advertised speed tiers ability to meet community needs. • Rate the scalability of the proposed network to be built. • Does the applicant offer a package at 100/20 for less than $70 per month or does the applicant offer a package for $70 or less? • Compare the pricing levels to current market rates in rural Tennessee (tier closest to 100/20). • Does the applicant have an installation cost outside of the tier price? • Does the applicant have equipment that is required outside of the tier price?	45 points

E. Community Impact

Community Impact Review

Following are the scoring categories, expected information under each category, and respective maximum scores possible for each Last Mile applicant.

Category	Required/Expected Information	Maximum Score
Economic and Community Impact	• Does the applicant provide service to a Community Anchor Institution (CAI)? • Economic Development Impact: Consider and describe how the completion of the proposed project will lead to job creation, improve health care delivery, serve an economically distressed area, and/or how it will impact educational access. • Is the project tailored to meet a need specific to that community? Look for evidence that provider worked with community in designing project.	30 points

Community Impact Review - Con't

Following are the scoring categories, expected information under each category, and respective maximum scores possible for each Last Mile applicant.

Category	Required/Expected Information	Maximum Score
Community Support and Adoption Strategy	• Partnerships and support from local community: Consider the quality and quantity of partnerships and community support. The partnerships can address adoption or access. • Assess the quality of the adoption plan. Consider the ability of the plan to address key drivers of adoption: relevance, skills, affordability, perception, etc. • Has the applicant provided their own resources for adoption efforts? Consider whether the applicant is putting its own resources (beyond marketing) toward adoption (could be providing digital literacy, promoting low-income assistance, free/low-cost devices, etc.) • Does the applicant participate in the Affordable Connectivity Program (ACP) or offer their own low-cost service plan?	40 points

Impact Statements

Examples of sufficient impact statement:

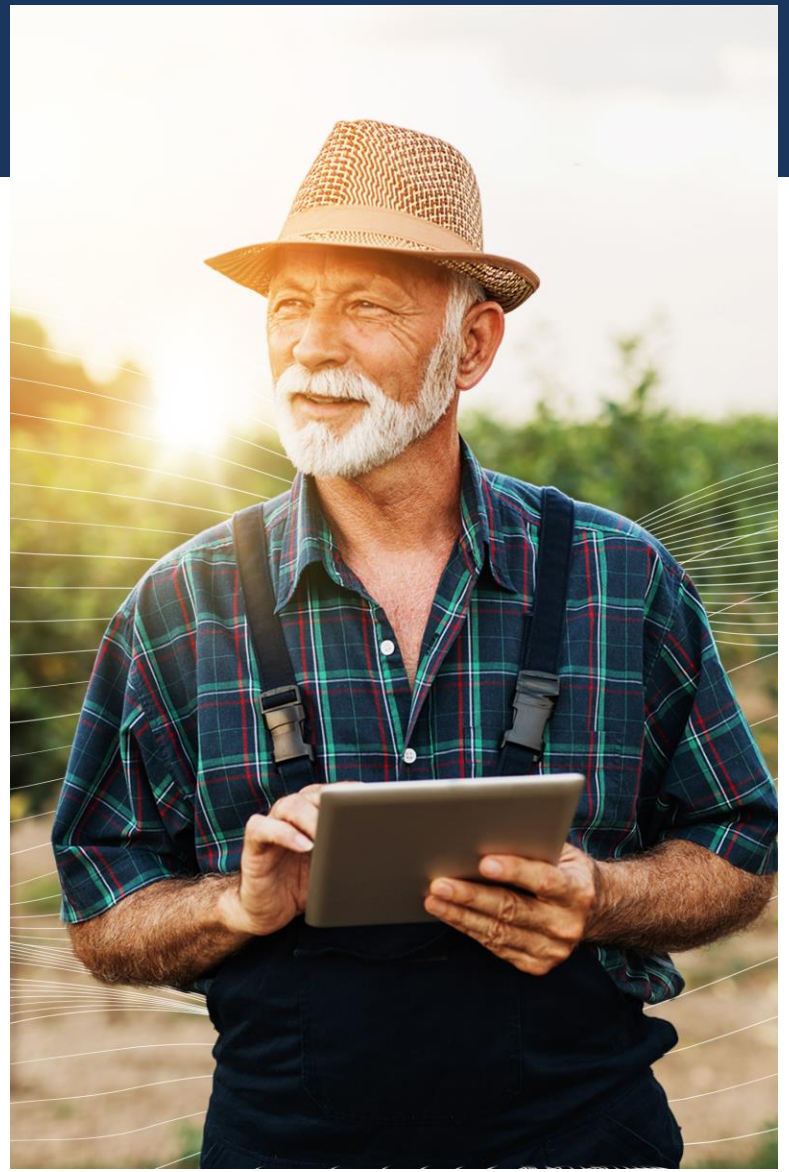
- "Our proposed project has the potential to create [#] jobs and a projected contribution of [$] to the local economy."
- "The proposed project is expected to provide improved healthcare services to [#] residents while indirectly supporting community well-being."
- "The proposed project is expected to improve access to educational services in the proposed area through [X] initiative, which would directly impact the lives of [#] schoolchildren and provide access to educational services for [#] children outside the scope of formal education."
- "The grant area serves [#] political subdivisions designated as Broadband Ready Communities."
- "The grant area serves [#] political subdivisions in a designated Appalachian Regional Commission (ARC) "at-risk county" or "distressed community."
- "The proposed project has planned to collaborate with [X] community organization for [Y] purposes for [Z] duration/phases of the project, which would create [ABC] impact for the larger community and provide [XYZ] support to project activities."

⚠ **These impact statements <u>are</u> specific, time-bound, or measurable.**

Community Impact Narrative

Applicants are required to explain their impact on the community they seek to serve, including:

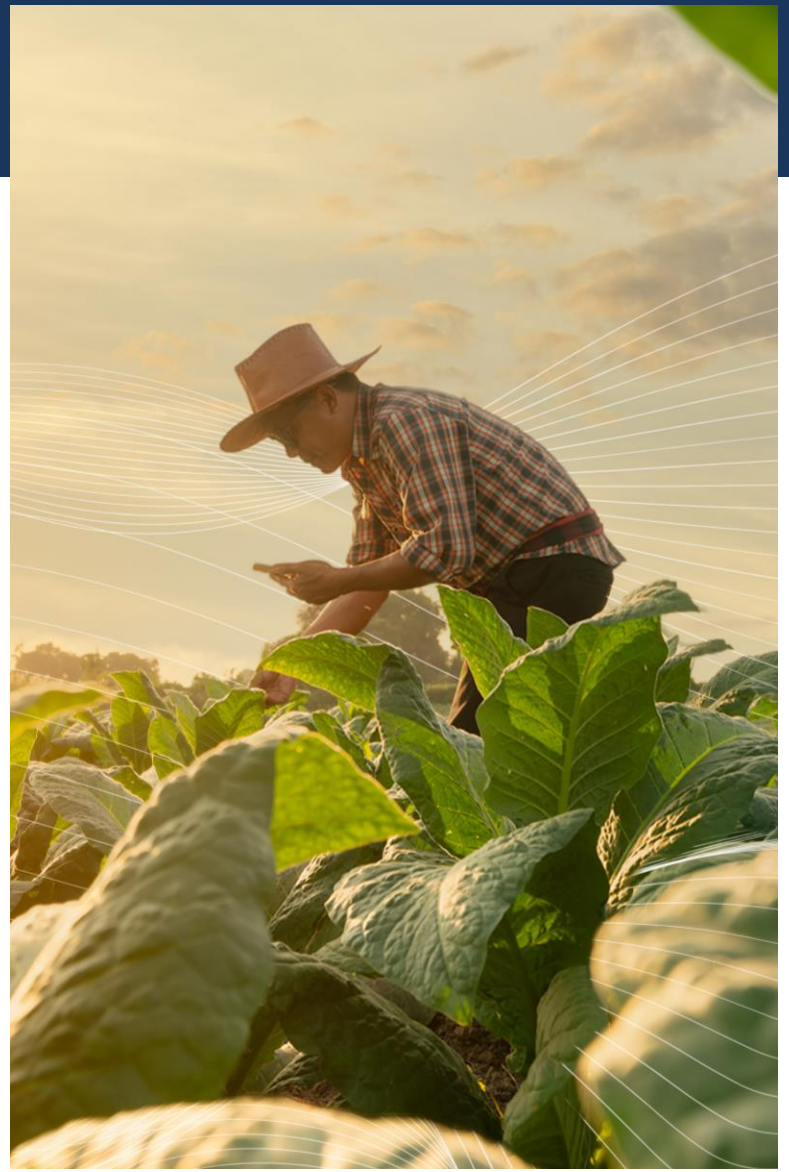
- **Economic and community impact:** how the completion of the proposed project will:
  - Lead to **job creation**
  - Improve **healthcare** delivery
  - Serve an **economically distressed** area
  - Improve **educational access**



Community Impact Narrative

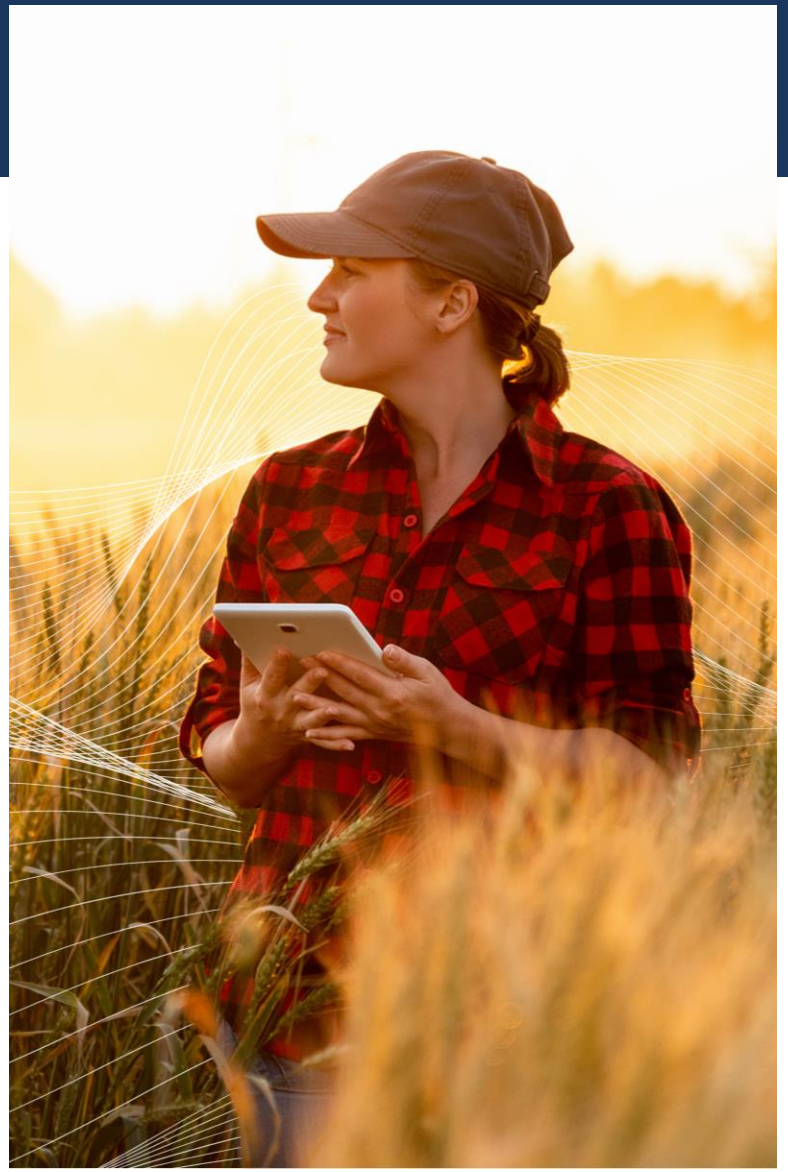
Applicant is required to explain:

- Adoption plan:
  - Descriptions of **relevance, skills, and affordability** in relation to the community and the proposed project
  - Whether the applicant is providing their own resources for adoption efforts, such as **promoting digital literacy** and promoting low-cost plans and/or financial assistance
  - Whether the applicant participates in the Affordable Connectivity Program (ACP) or if they offer a **low-cost service plan**



Partnering with Community Anchor Institutions (CAIs)

- **Grantees should partner with CAIs** to demonstrate their understanding of the needs of the communities in which they are building their projects and to encourage digital adoption.
- A CAI is an entity such as a school, library, health clinic, health center, hospital or other medical provider, public safety entity, institution of higher education, public housing organization, eligible faith-based institution, or community support organization that facilitates greater use of broadband service by vulnerable populations, including, but not limited to, low-income individuals, unemployed individuals, children, the incarcerated, and aged individuals.

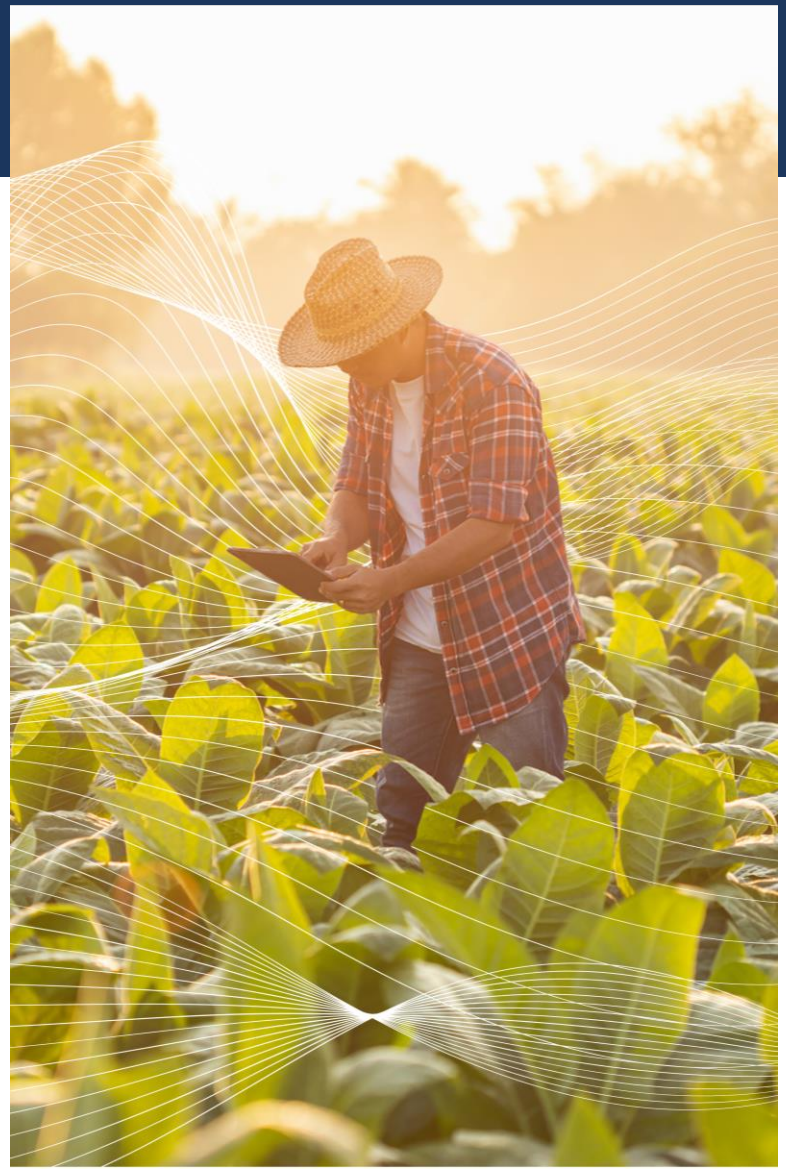


Impact Statements (cont'd)

Examples of insufficient impact statements:

- "Our project is a catalyst for job creation, set to invigorate the community by generating numerous employment opportunities across various sectors."
- "Our project aims to provide certain changes to healthcare service delivery."
- "The proposed project aspires to provide improved quality in educational service delivery through certain programs and services."
- "The proposed project is expecting to collaborate with a community organization for activities related to the adoption plan."
- "The proposed project aims to provide services to Broadband Ready Community designated areas."

⚠ **These impact statements <u>are not</u> specific, time-bound, or measurable.**



Key Points Discussed

- TNECD is offering Last Mile grants to provide broadband access in unserved and underserved areas in Tennessee.
- Applicants will be assessed on several criteria, including:
  - Their financial, managerial, and technical capabilities to complete the project on time and within budget
  - The potential impact on the community served
- Each applicant is required to:
  - Obtain a SAM Unique Entity ID from SAM.gov
  - Register with and submit their application through the grant management software SmartSimple
  - Undergo a thorough review of their application for completeness and community impact
  - Abide by a variety of federal regulations, if approved for a grant
  - Submit a detailed budget narrative that explains and justifies all costs

Submission Period: March 6 to April 10

F. Budgets

Major Application Updates

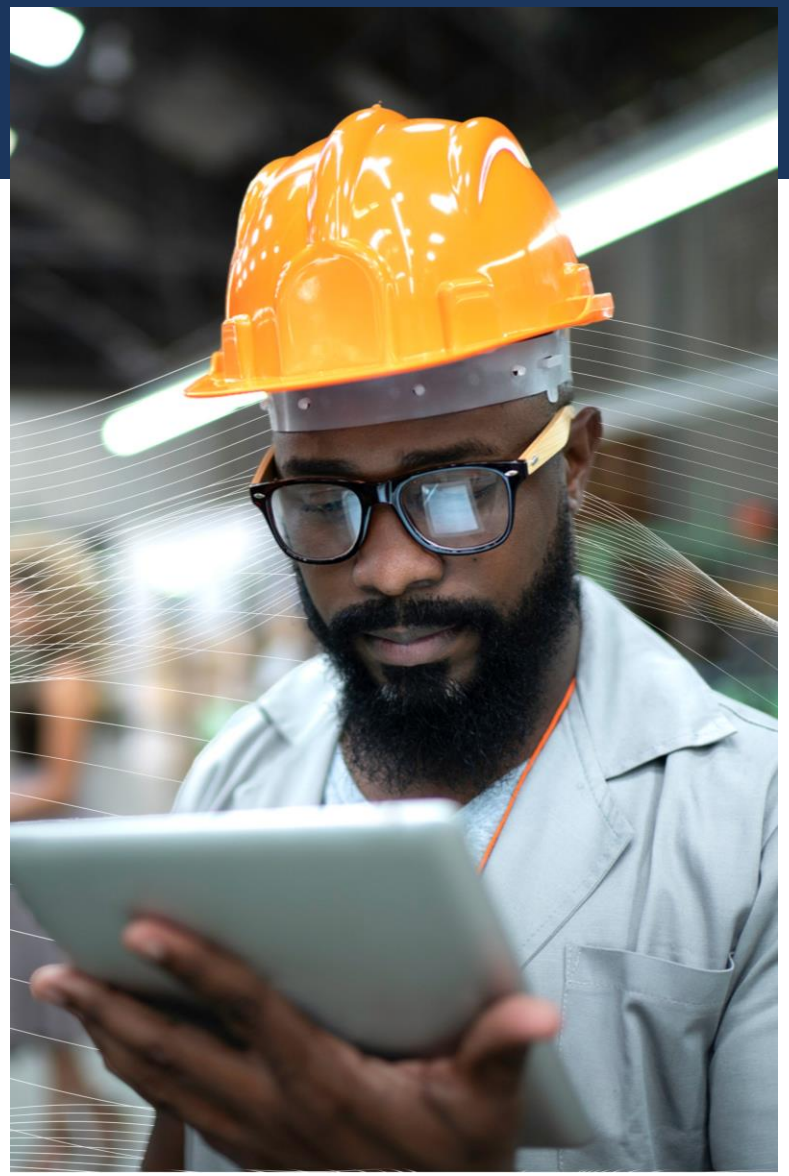
- Updated Resources
  - New! Last Mile Round Two Guidebook
  - New! Budget Narrative Template
  - New! Excel Budget Template that matches Smart Simple (Please do not upload)

Eligibility Requirements

Use of project funds: eligible uses

Grant funding can only be used to pay for necessary construction, acquisition, and improvement of middle mile and last mile infrastructure. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. Examples of eligible uses for the grant program:

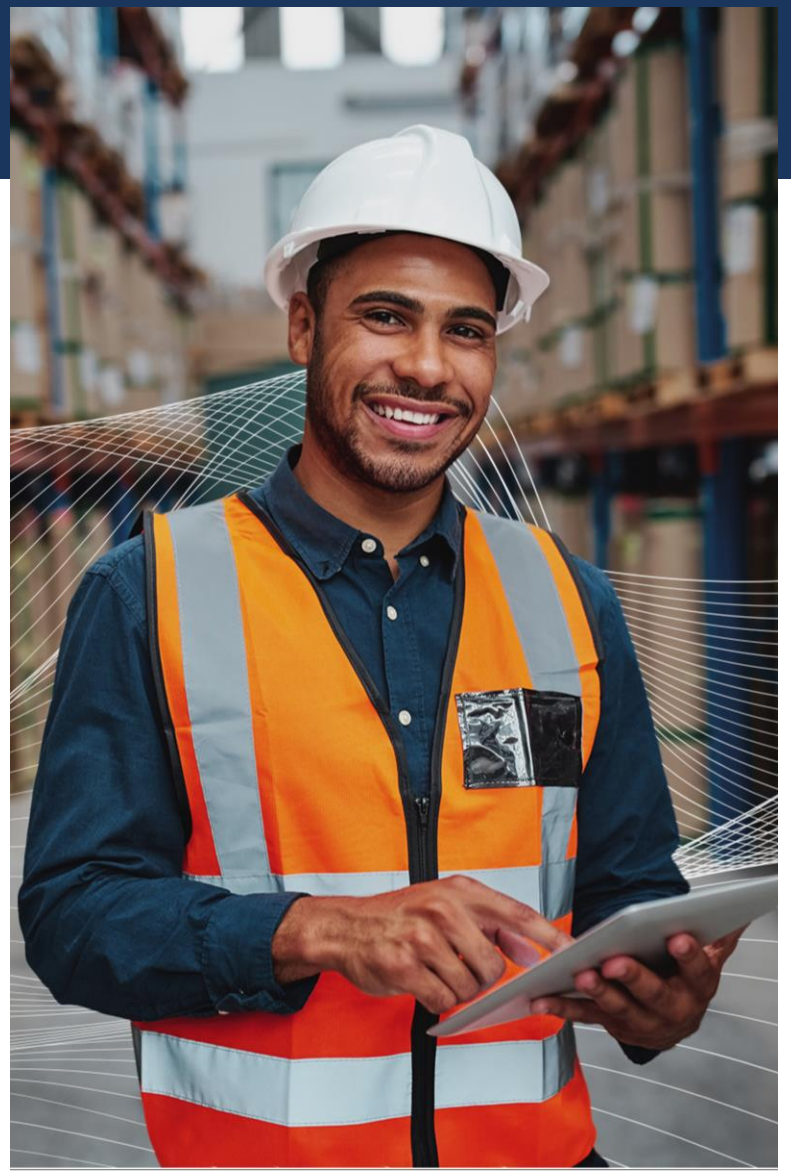
- Internal labor costs incurred as part of eligible project activities
  - Only reimbursable up to the proportion of employees' time spent exclusively on project activities during the period for which reimbursement is sought. Indirect costs are not reimbursable.
- Network and access equipment costs
- Reasonable make-ready (includes stored materials) and one-time pole licensing costs, excluding recurring pole attachment payments
- Testing
- Vehicles (on a case-by-case basis)



Eligibility Requirements

Use of project funds: eligible uses

- Equipment shelter, land, site preparation, and site restoration costs
- Professional services (including engineering and project management costs of design and instruction)
- Other miscellaneous upfront costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material
- Capital purchase to include vehicles or equipment purchased at ≥$5,000
- Tax payments, including sales tax paid by the grantees on vendor invoices



Eligibility Requirements

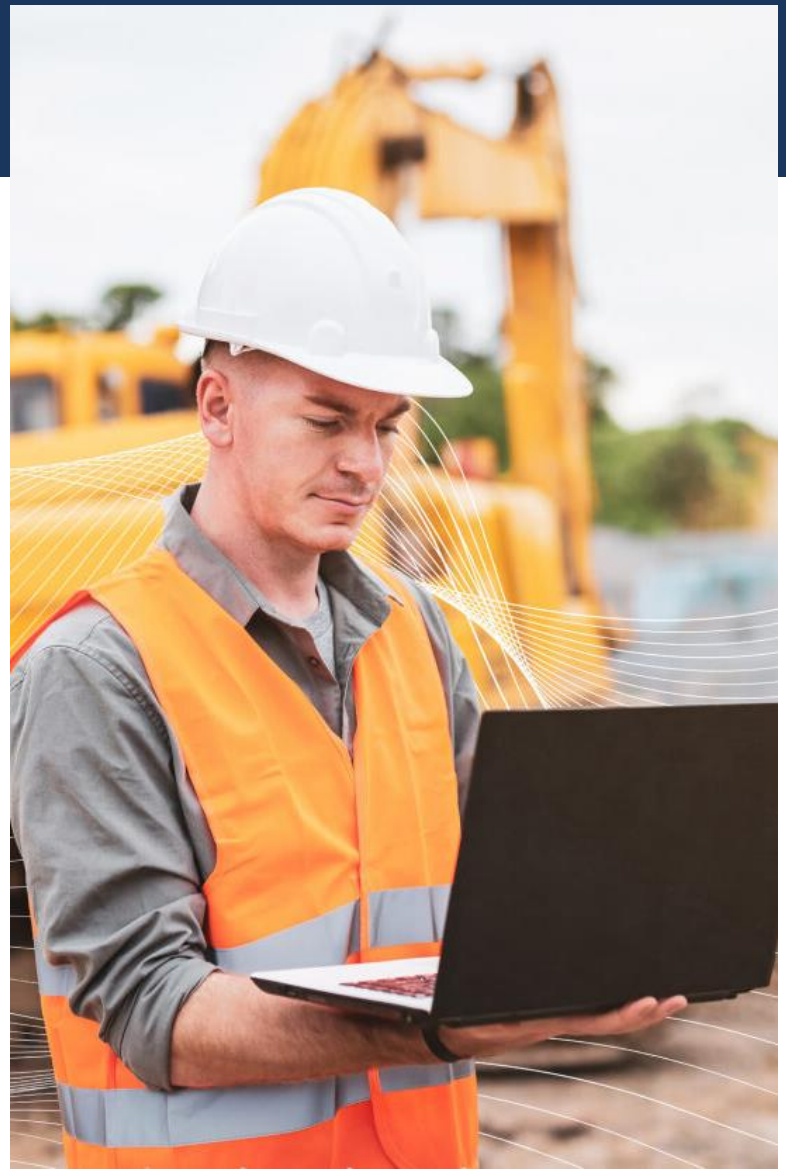
Use of project funds: ineligible uses

Ineligible costs include any costs that are not for necessary construction, acquisition, and improvement of middle mile and last mile infrastructure in unserved or underserved areas. Examples of ineligible uses for the grant program:

- Internal administrative activities
- Fundraising activities
- Computers or office equipment
- Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point
- Operating expenses
- Expenses incurred prior to the date of the grant award announcement (with the exception of make-ready and inventory backdated to March 15, 2021)

Use of Project Funds: Ineligible Uses (cont'd)

- Payment of interest or principal on outstanding debt instruments, or other debt service costs
- Fees or issuance costs associated with the issuance of new debt
- Satisfaction of any obligation arising under or pursuant to a settlement agreement judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding
- Activities to support or oppose collective bargaining



Budget Categories

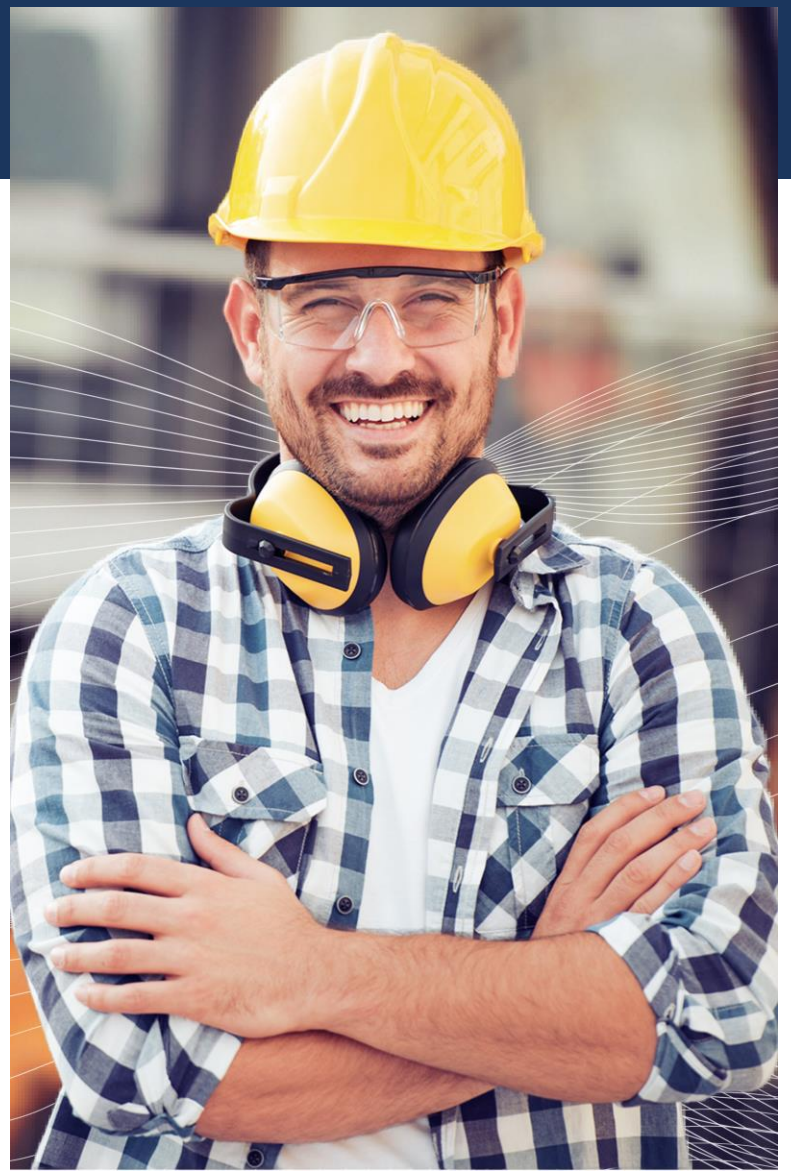
Each applicant is required to submit a detailed budget narrative that explains and justifies all costs. Following are the allowable budget categories for the Last Grant Program.

Budget Category	Description
Construction (Including Inspection)	Examples of construction costs are costs related to railroad crossings, site preparation or restoration, reasonable make-ready and one-time pole licensing costs, customer premise equipment, and internal labor costs incurred as part of eligible project activities. Applicants are required to provide a brief memo regarding any railroad crossing costs that will be incurred for the project.
Engineering and Design	Examples of engineering and design costs are costs related to testing and engineering and project management costs involved in designing and constructing the proposed project. Engineering expenses can be included if they fall within the contract period. Mileage rates charged as a part of engineering expenses should be brought down to the state-level regulations ($0.655/mile), which also needs to be shown on the invoices.
Legal Services	Any proposed legal services that support the construction of the project
Appraisals	Any proposed appraisal costs for the project, such as land appraisals
Acquisition of Property	Any proposed acquisition of property costs for the project
Capital Purchases	Examples: costs related to equipment shelter, network and access equipment, vehicles, and equipment individually purchased at $5,000 or more
Project Contingency	Any proposed contingency costs for the project

Note: The total requested funding must be listed at the top of the budget narrative; this total must match exactly across all budget documentation.

Contingency Costs

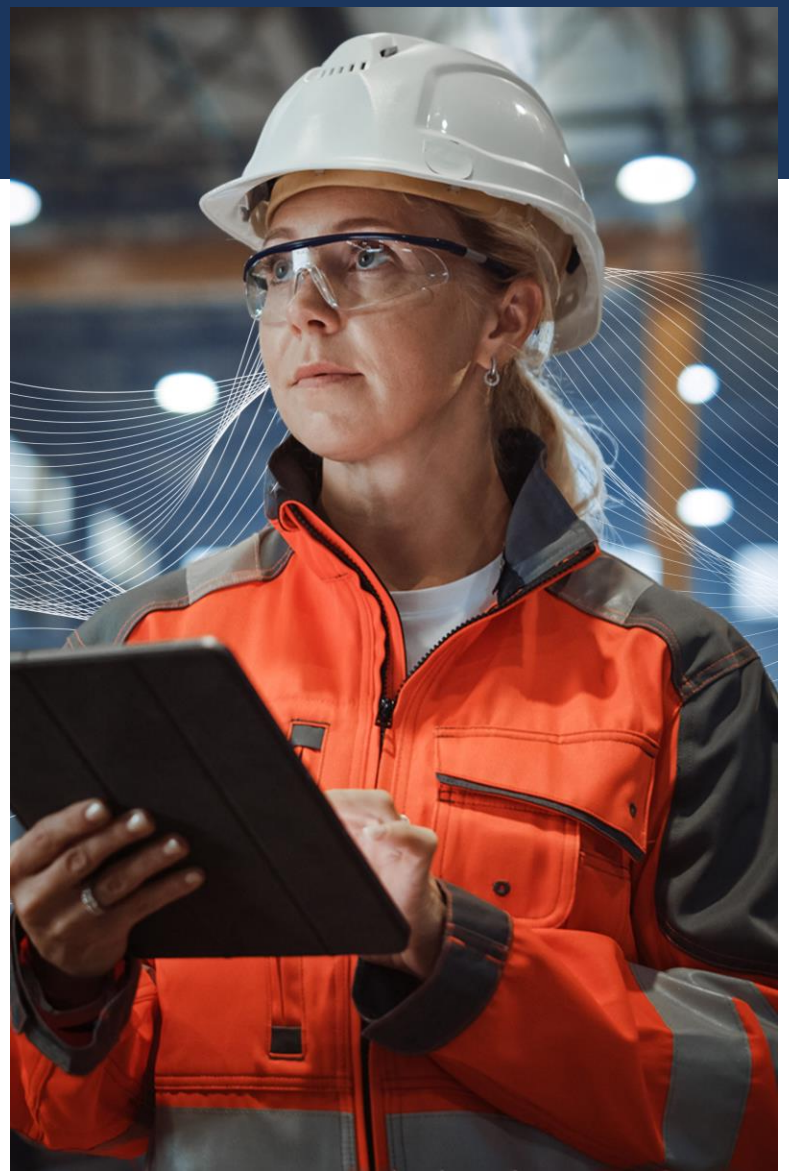
- Applicants may include contingency costs in budget estimates only if they are **necessary to improve the precision** of those estimates.
- Amounts should be estimated using **broadly accepted cost-estimating methods**, specified in the budget narrative, and accepted by TNECD.
- Contingencies are generally considered reasonable if they are **10% to 15% of total construction costs** or less; further justification is necessary for higher costs.
- Applicants will also be required to provide a narrative that includes a **detailed description of and justification for** the estimated contingency costs, along with any additional information to describe the costs around the contingencies.



Content and Form of Applications: Budget Information

The applicant should enter the Grant Budget Details as shown in the budget template across all budget categories, entering line items and descriptions into the appropriate sections and providing the following details for each of those line items:

- Unit cost
- Number of units
- Total unit cost
- Grant funds requested
- Cash match amount
- Leveraged funds (additional match funds)



Budget Narrative Format

Each applicant is required to submit a detailed budget narrative using the template provided that should be in the following format:

1. A Summary Cover Sheet:
   a) Briefly summarize the grant applicant's organization, any partnerships, the proposed grant project area, and should reference the timeline of the proposed grant project.
   b) Summarize the budget's categorical costs and totals.
   c) Sign and date by the grant applicant.
      - NOTE: The signatory should be the same as the individual who would sign the grant contract, should it be awarded.

2. The pages succeeding the cover sheet should contain a listed description of costs:
   a) Organize the budget justification categorizing items in the same order and format as the budget detail categories.
   b) Only include items that fall within the categories and descriptions found on the application instructions.
   c) The justification descriptions must match the budget submitted in the SmartSimple application.
   d) Categories and items should contain explanations as to why they are essential to execute the proposed grant project. Be specific to the item and do not restate the grant proposal.
   e) Where relevant, provide quotes and (sub)contracts for reference.

Budget Narrative: Best Practices

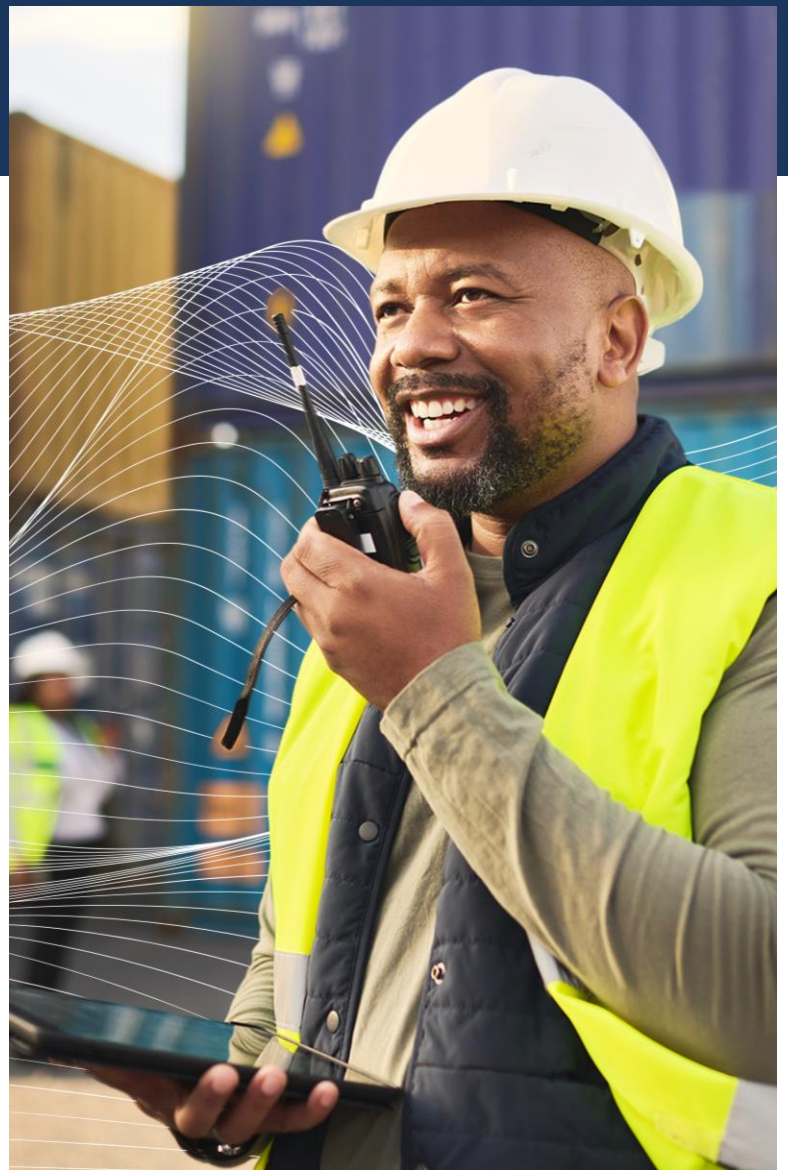
Each applicant is required to submit a detailed budget narrative that explains and justifies all costs. Applicant must consider the following guidelines while filling out the budget narrative template:

- The total requested funding must be at the top of the budget narrative; this total must match exactly across all budget documentation.
- For each object class, there must be descriptions and justifications for the necessity and basis for the listed costs.
- Costs must be within the scope of allowable/eligible cost and must be in compliance with Uniform Guidance, Cost Principles, and Audit Requirements set forth in 2 CFR Part 200.
- Costs are to be broken down by line item. The description should include methods used to calculate the costs and any additional information to describe the costs.
- All budget amounts must match exactly across all budget documentations. Identifying non-federal sources of the budget is also required to be included in the budget narrative, along with distinctions between non-federal and federal portions of the budget with clear explanation.

Budget Narrative Template : Construction

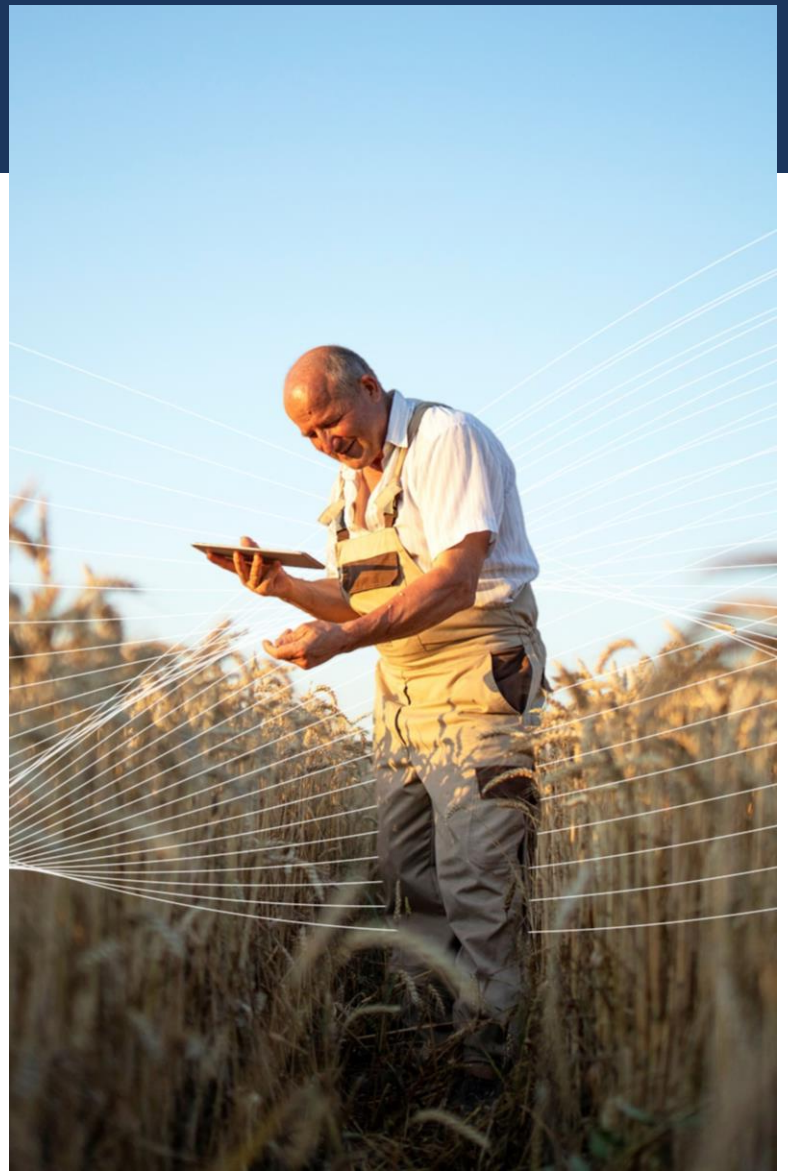
Example of a sufficient budget narrative detailed description for the line item on the preceding slide:

Design fees ($1,000): The designs will be completed by an engineer. Designs are necessary since new infrastructure is to be constructed and the designs will ensure that the infrastructure will be designed to best fit its planned use. The time is estimated at 10 hours at $100 an hour. The costs are estimated based on industry standards for the area.



Budget Resources

TNECD Grants Website:	https://www.tn.gov/ecd/rural-development/broadband-office/grants.html
Last Mile Round Two Guidebook:	https://www.tn.gov/content/dam/tn/ecd/documents/broadband/infrastructure/last-mile-middle-mile/last-mile-round-2/guidebooks-editions/Last%20Mile%20Guidebook%20-%20Round%202_E3.pdf
Last Mile Round Two Budget Help Text:	https://www.tn.gov/content/dam/tn/ecd/documents/broadband/infrastructure/last-mile-middle-mile/MM%20LM%20Budget%20HelpText%20Tool.pdf
Budget Template Sample: Note: Please do not submit this document as a part of the application.	https://www.tn.gov/content/dam/tn/ecd/documents/broadband/infrastructure/last-mile-middle-mile/last-mile-round-2/LM%20R2%20Budget%20Worksheet-Protected.xlsx
Budget Narrative Template:	https://www.tn.gov/content/dam/tn/ecd/documents/broadband/infrastructure/last-mile-middle-mile/last-mile-round-2/Budget%20Narrative%20Template%20-%20Last%20Mile.docx



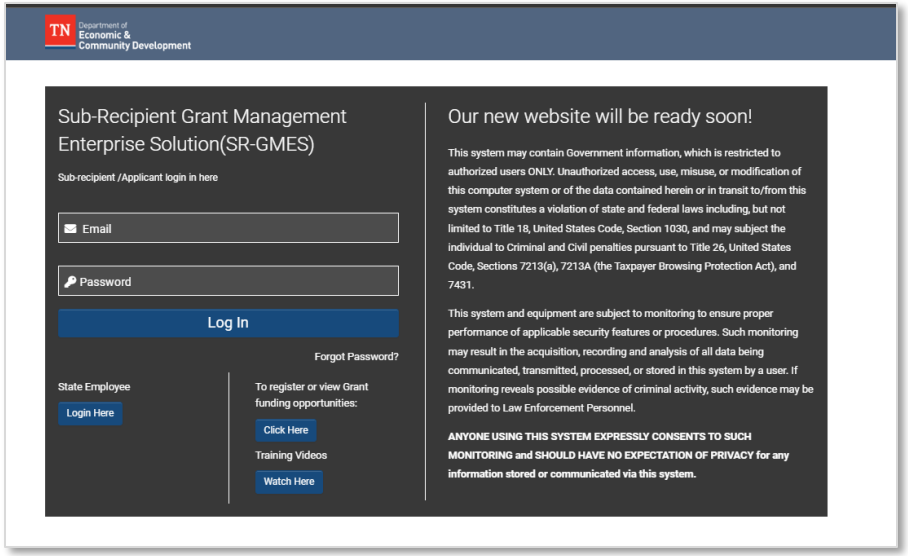
CPF LAST MILE BROADBAND GRANT

SESSION 3: SMARTSIMPLE

Content and Form of Applications

Applications will be submitted via the grant management software SmartSimple. Applicants will need to register with SmartSimple at https://ecd.grants.tn.gov/s_Login.jsp in order to access the grant application.

Submission Period: Mar. 6 to April 10

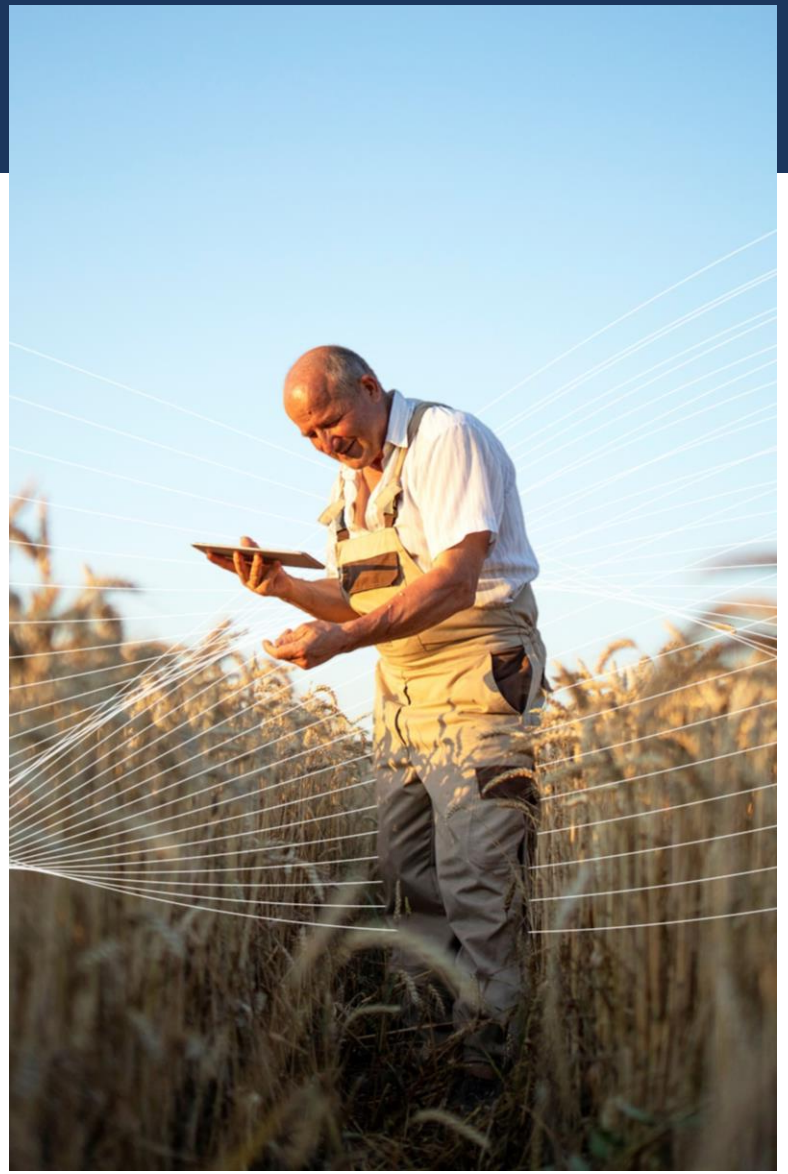


SmartSimple Registration Page

G. Next Steps

Resources and key dates

TNECD Broadband Office:	https://www.tn.gov/ecd/rural-development/broadband-office.html
TNECD Broadband Grant web page:	https://www.tn.gov/ecd/rural-development/broadband-office/grants.html
TNECD Last Mile eligibility maps:	https://www.tn.gov/ecd/rural-development/broadband-office/grants.html (Maps Tab)
Contacts:	Taylre M. Beaty, State Broadband Director: taylre.beaty@tn.gov Donovan Spann, Broadband Infrastructure Coordinator: donovan.spann@tn.gov
Last Mile application period: **Public comment period:** **Awards announced:** **Contract signature deadline:** **End of contract period:**	March 6 to April 10, 2024 April 2024 (tentative) May 2024 (tentative) June 30, 2024 (tentative) Within 2 years of contract execution



H. Q&A

Department of
Economic &
Community Development

THANK YOU