



## Broadband Program Office

# New NY Broadband Program

**Jeffrey Nordhaus,  
EVP Broadband & Innovation**

*Please note that the following presentation provides an introduction to Phase 2 of the New NY Broadband Program. However, Phase 2 applicants are directed to consult the New NY Broadband Program Phase 2 Request for Proposal Guidelines ([available here](#)) as the definitive source for all terms and requirements of Phase 2 of the Program. Nothing in this presentation will waive, alter, or otherwise modify the Phase 2 RFP Guidelines.*

# Introduction

- **On January 8<sup>th</sup>, Governor Cuomo launched Phase 1 of the \$500m New NY Broadband Program**
- **RFP launch was announced simultaneously with the PSC's approval of the merger of Time Warner Cable with Charter Communications**
- **Phase 1 of the Program closed on April 15, 2016 and Awards were announced August 3, simultaneously with the announcement of Phase 2**
- **The combined effect of these announcements will have a dramatic impact on reshaping NYS's broadband landscape**

***“Access to high-speed internet is critical to keeping pace with the rising demands of the modern economy”***

To  
this in 2018.

**Broadband For All**

Built to Lead



A close-up photograph of a network switch or patch panel. Several blue Ethernet cables are plugged into the ports. Some of the ports have glowing green LEDs, indicating active connections. The numbers 20 and 21 are visible on the switch face. The background is slightly blurred, focusing attention on the cables and lights.

# Phase 1 Awards

# Phase 1 Awards

---

- **\$75** million in Total Project Costs
- **\$54** million State Funding
- **25** projects
- **8** upstate regions received funding
- **34,000** new homes connected to broadband

# Statewide Awards

## Phase 1

---



# Charter Commitment

---

- Expands service to approximately **145,000** currently Unserved and Underserved premises
- Service at 100 Mbps available to approximately **2 million** upstate home and businesses by early **2017- nearly two years ahead of schedule**
- Also launched **first-ever NYS low-income broadband program**

## Year One Priority Counties

- \* Columbia County
- \* Erie County
- \* Jefferson County
- \* Onondaga County
- \* Oswego County
- \* Sullivan County

---

**Following Phase 1 Awards and Charter  
Commitments 97% of New Yorkers will have  
access to Broadband**

---

A close-up photograph of a network switch or patch panel. Several blue Ethernet cables are plugged into the ports. Some of the ports have small yellow LEDs that are illuminated. The numbers 20 and 21 are visible on the switch face. The background is slightly blurred, showing more of the network infrastructure.

# Phase 2 Introduction

# Phase 2 Introduction

---

- **A statewide RFP was issued for Phase 2 of the Program on August 3, 2016**
- **Phase 2 is larger in scope than Phase 1**
- **Applications will be accepted through the CFA Portal October 17, 2016 – November 30, 2016**
- **The BPO anticipates announcing the winners of Phase 2 in the beginning of 2017, along with the launch of Phase 3**
- **Anything not auctioned in Phase 2 will be included in a 3<sup>rd</sup> and final Phase**

# Program Design

---

1. Award grant funding to applicants to provide last-mile services to **Unserved and Underserved** areas of the State
2. Evaluate applications through a reverse-auction process conducted by sealed bid. Bids evaluated by ESD with the support of industry-leading technical advisors
3. Allocate funding based on the lowest State subsidy-per-unit served
4. Conduct auctions in each of the REDCs to ensure statewide allocations
5. Areas not addressed in current RFP will be the focus of succeeding rounds of funding

# Phase 2 Requirements

---

- **The RFP requires that speeds of 100 Mbps be offered statewide; 25 Mbps in most remote areas**
- **Technology and network must meet approved standards**
- **Targeted 50% private sector co-investment across the Program; minimum of 20% match required**
- **Priority will be given to unserved areas, libraries and educational opportunity centers, as per Appropriation**
- **Applicants must demonstrate suitable fiscal standing and management capabilities; cover a minimum 250 Units; and offer Broadband Service for no more than \$60/month**

# Changes in Phase 2

---

**The New NY Broadband Program has made the following key changes in Phase 2:**

- All Unserved and Underserved territory Statewide eligible for bidding**
- Accepting Additional Service Area Proposals to address Unserved and Underserved Units within “Served” Census Blocks**
- Reducing Minimum Service Area from 2,500 to 250 Units**
- Permitting Dependent Applications based on cost-savings**
- Permitting Mixed-Technology Proposals**
- Requiring Applications to accept a mandatory reduction of 20% of their proposed Service Area where there are overlaps**

# Connect America Fund

---

- In parallel to Phase 2, the Program is launching a simultaneous process to address the CAF-Eligible territories
- The BPO is actively pursuing opportunities to leverage unclaimed CAF funding to complement the New NY Broadband Program
- The BPO posted instructions for the submission of non-binding, preliminary Statements-of-Interest on August 30, 2016, inviting respondents to submit proposals to address CAF-Eligible territories
- Responses due at Noon, October 14th

# **New York State's CAF Proposal**

---

- **NYS has proposed a Federal – State partnership for the declined CAF territories**
- **BPO would auction the declined territories in line with current RFP structure**
- **Broadband service must meet Governor's speed goals and timeline, which are expected to exceed Federal requirements**
- **Winners of the NYS auction could then “step into the shoes” of the carrier, and thereby receive CAF funding**
  - **Federal funding available in updated eligible Census Blocks and reserve price amounts**
- **New recipients would need to comply with FCC requirements, including reporting, timeline and qualify/ register as an Eligible Telecommunications Carrier**
- **This proposal is under review at the FCC**

A close-up photograph of a network switch or patch panel. Several blue Ethernet cables are plugged into the ports. Some of the ports have small yellow indicator lights that are illuminated. The numbers 20 and 21 are visible on the switch face. The background is slightly blurred, showing more of the network infrastructure.

# Phase 2 Details

# Eligible Entities

---

Eligible types of applicants include, but are not limited to:

- Incorporated organizations
- Native American tribes or tribal organizations
- A local unit of government, or a group of multiple units of government
- A cooperative, private corporation or limited liability company, organized on a for-profit or not-for-profit basis
- A group of public and/or private sector partners\*

\*To the extent an application submitted by more than one entity is selected as a grant recipient, each entity may be required to execute a Grant Disbursement Agreement for the Project

# Eligible Territories

---

- **Eligible Territories for Phase 2 include the Unserved and Underserved Areas across the State**
- **The BPO has published three lists of Eligible Census Blocks**
  - ❖ **List A: Eligible Unserved Census Blocks**
  - ❖ **List B: Eligible Underserved Census Blocks**
  - ❖ **List C: Additional Service Areas**
- **Lists of Eligible Census Blocks are based on the FCC July 2015 Form 477 Data**
- **The BPO has also utilized confidential information regarding Charter's build out plans to formulate precise bidding areas**
- **These steps ensure that all unserved areas in NYS are eligible for bidding in Phase 2**

# Phase 2 Service Area Requirements

---

Phase 2 Projects must provide last-mile services, including middle-mile infrastructure required to deliver last-mile service, to Eligible Census Blocks

- Proposed Service Areas may not divide Eligible CB's, except relative to:  
(1) Partially-Eligible CB's, (2) Additional Service Areas, and (3) Cable/Telephone Providers whose Service Boundaries divide a CB
- Applications must serve:
  - At least 250 Units, OR
  - All Eligible Unserved or Underserved CB's within an REDC Region
- Applications may not propose to serve a combination of Eligible Unserved and Underserved CB's

# Additional Service Areas

---

**An application may propose to provide identifiable Unserved and Underserved Units within “Served” Census Blocks. These areas are referred to as “Additional Service Areas (ASAs)”**

- May include Unserved & Underserved Units within:**
  - (1) any CB identified on List C,\* or**
  - (2) any Served CB in New York City, Long Island, Rockland County, or Westchester County**
- Additional Service Area applications may address Unserved & Underserved Units in combination**
- Such applications must be submitted on a stand-alone basis**

# **Additional Service Areas (cont'd)**

**ASA Applications will be required to include documentation demonstrating the Unserved or Underserved status of proposed Units to be addressed:**

- Shapefiles identifying the Unserved or Underserved Units based on Ride-Outs of the Service Area or Qualifying Consumer Surveys**
- Network Diagrams demonstrating that the proposed networks address the Unserved or Underserved Units**

**Proposed networks must address all Unserved or Underserved Units within proposed CB's**

# Speed Requirements

---

Projects must provide Internet download speeds consistent with the Governor's goals:

- Projects must offer download speeds of at least 100 Mbps, except:
- In Unserved areas where no commercially-reasonable bids at 100 Mbps are submitted, lower download speeds will be considered, to a minimum of 25 Mbps

# Technology Requirements

---

Technology solutions must meet the Governor's goals:

- Based on the speed goals, the Program has pre-approved Fiber-to-the-Home (FTTH) and Cable/Hybrid Fiber-Coaxial (HFC), including combinations of FTTH and HFC
- Projects may utilize FTTH or HFC in combination with Digital Subscriber Line (DSL) or Fixed Wireless, BUT --
- Projects using DSL and Fixed Wireless, in whole or in part, will only be considered were no commercially-reasonable applications using FTTH or HFC are submitted
  - Applicants must submit documentation demonstrating that DSL or Fixed Wireless solutions can achieve the Governor's speed goals

# Completion by 2018

---

**Projects must be completed by December 31, 2018**

- Applicants must demonstrate that their projects can be completed by December 31, 2018**
- Applicants must provide a timeline detailing major benchmarks and anticipated achievements**

# Required Co-Investment

---

**Applicants must provide a required Co-Investment:**

- The Governor’s goal for private-sector Matching Funds is 50% of total eligible project costs or greater**
- In no event can the applicant’s financial commitment be less than 20% of total eligible project costs**
- At least 10% of total eligible project costs must be equity capital injected into the project by the applicant**

# Broadband Pricing Tier

---

Applicants must agree to offer a Broadband Tier for a period of five years from completion of their Project

- The Required Pricing Tier will provide service to residential users at minimum Internet speeds of 25/4 (download/upload), at a monthly rate not to exceed \$60
  - Rate should include any connection fees, equipment fees, and/or surcharges. The service must not impose data-caps
  - The rate is effective as of December 2015 and may be increased annually at the higher of CPI or a rate published by the BPO
- In addition to the \$60 monthly rate, Applicants will be permitted to charge a \$49 Installation Fee
  - Custom Installation Fees above \$49 permitted for drops in excess of 300 ft
- Changes to the Required Pricing Tier for future rounds of the Program will be extended to existing grantees

# Financial and Management Capabilities

---

Applicants must demonstrate suitable fiscal standing and management capabilities:

- Must operate at least 1 wired or wireless network business with at least 500 customers
  - Where multiple entities submit a joint application, it is sufficient for any one such entity to fulfill this requirement
- Applicants must submit documentation demonstrating their good fiscal standing, including: (1) past 3 years of audited financials; (2) past 2 years of tax returns; (3) evidence of an investment-grade bond rating (for municipalities with a bond rating)
- Projects that are fully-financed through a combination of State investment and the applicant's co-investment at the time of application will receive priority
- Applicants must be in good standing in performance of any existing NYS Contracts, and in substantial compliance with all laws

# Waivers

---

- Applicants may request a Waiver from one or more Program Requirements
- Applicant should provide a written explanation of why they are unable to meet the Requirement(s) and a justification for issuance of the Waiver
- Waivers will be granted at the discretion of the President and CEO of ESD
- It is not anticipated that Waivers of core Program provisions will be issued

# **Application Fee and Deposit**

---

**Applicants must provide an Application Fee and Deposit:**

- Nonrefundable \$250 Application Fee**
- Applicants will be required to provide an Application Deposit in the amount of \$100,000, in the form of a Letter of Credit. The Deposit will be nonrefundable if the applicant is selected for the Program and refuses to enter into a Grant Disbursement Agreement with ESD for their proposed project**
  - If an applicant submits multiple applications, they will only need to provide one Deposit. However, such applicants will be required to enter into GDAs for all projects selected by the Program**

# Regional Auctions

---

To address broadband needs across the State, the Program will conduct separate auctions for each REDC Region:

- Qualifying applications ranked in order of requested State Investment dollars per-Unit served, by REDC Region
- Separate auctions will rank applications addressing the Unserved and Underserved within each REDC Region
- When an application proposes to serve Units in more than one REDC Region, the application will be considered in the Region where the largest number of Units to be served are located

# Multiple Applications

---

Multiple applications are required in the following circumstances:

- Applications cannot propose to serve a combination of Eligible Unserved and Underserved CB's
- Additional Service Area applications must be submitted on a stand-alone basis
- Proposals may serve non-contiguous areas in the same REDC
- Non-contiguous areas in different REDC's must be submitted through separate applications
  - Contiguous service areas spanning more than one REDC may be submitted in a single application (and will be attributed to the REDC containing the largest number of Units to be served)

# **Dependent Applications**

---

- Where an Applicant submits multiple applications, the Program will evaluate each application independently**
- However, Applicants may designate an individual application as “Dependent” on not more than one other application, to the extent awards for both projects would reduce costs**
- If both applications are awarded, projects will proceed on the basis of the reduced-cost budgets**

# Overlapping Proposals

---

- Where applications propose to serve overlapping areas, the qualifying proposal that offers the lowest cost will be selected
- The Program may, however, still offer the higher-cost applicant a Modified Award -- for the non overlapping portion
  - Modified Awards would be made on a pro rata basis for the reduced number of Units
- The Program requires that applicants agree to accept a 20% reduction in service territory in case of overlaps
- Applicants may indicate that they would accept a reduction in service territory in excess of 20%

# Anticipated Program Timeline

**January 8, 2016: Program Launch**



**August 3, 2016: Phase 1 Awards Made, Phase 2 Launch**



**October 14<sup>th</sup>, 2016: Statements-of-Interest to Address CAF-Eligible Territories due**



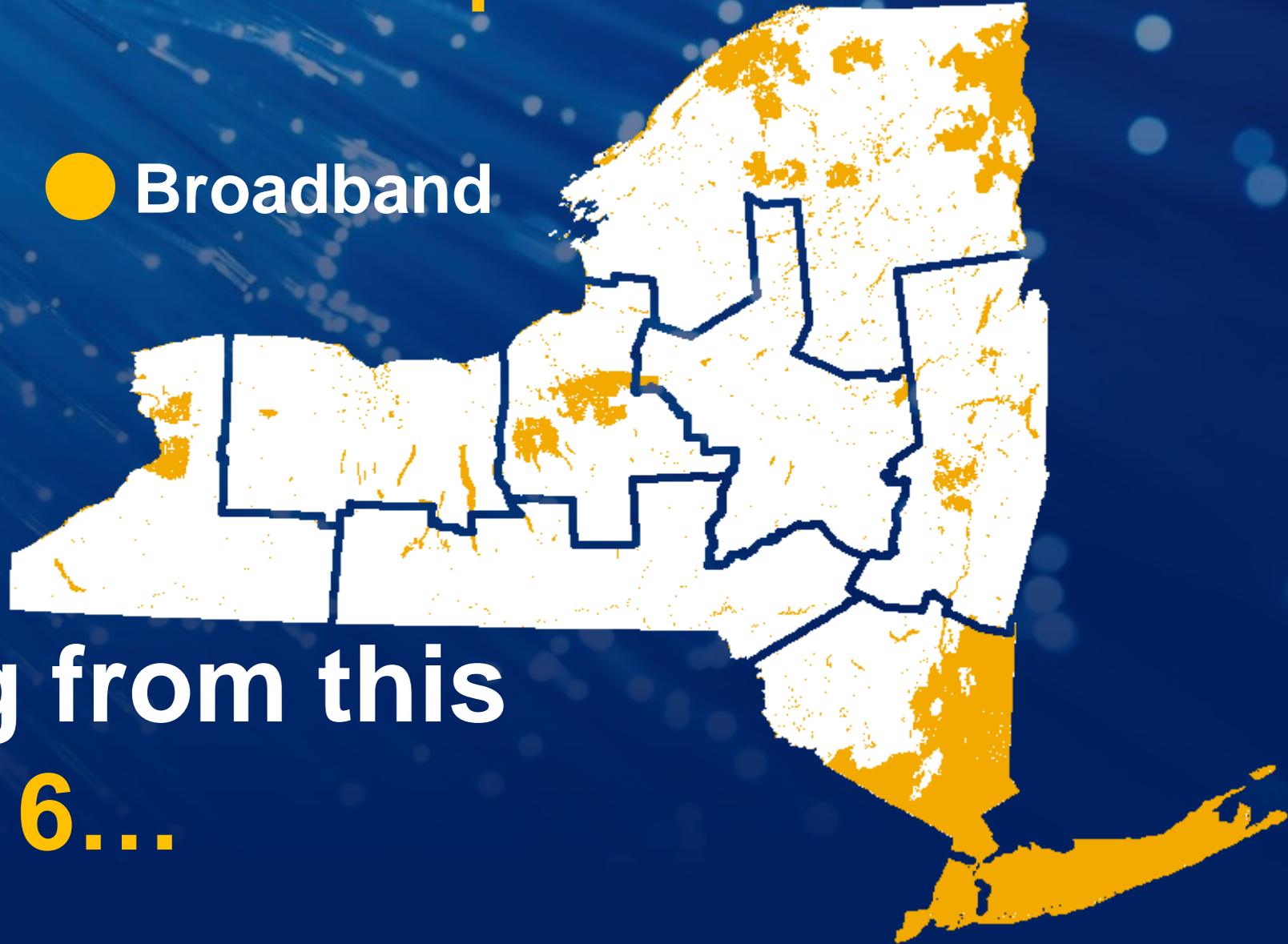
**October 17 – November 30, 2016: Phase 2 Accepting Applications**



**Early 2017: Phase 2 Awards Made, Phase 3 Accepting Applications**

With your Partnership...

● Broadband



Going from this  
in **2016...**

# With your Partnership...

● Broadband



# To this in 2017...

\*includes commitments

With your Partnership...

● Broadband



To  
this in **2018.**

\*includes commitments



**Built to Lead**