

November 4, 2018

RE: Request for Interest  
Rural Broadband Expansion – Federal Application Assistance

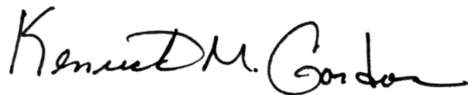
Local Officials:

The Maryland State Legislature provided \$2 Million in Operating Funds in the FY2020 budget to the Department of Housing and Community Development to support the Office of Rural Broadband (Office) in its efforts to assist in expansion of broadband into unserved, rural areas of Maryland.

Attached you will find a Request for Interest (RFI) directed at Local Jurisdictions and/or their ISP partners' interested in partnering with the Office of Rural Broadband to improve the delivery of broadband services to unserved, rural residents and businesses. The RFI outlines the Office's intention to leverage the provided funds through direct financial and technical assistance as needed to obtain full project funding via federal funding sources. Responding to the RFI does not obligate the Local Jurisdiction to any actual work or costs associated with a potential project. If some information requested is not immediately available, please submit all that is available with the understanding that the Office may require any missing information to be supplied as it becomes available.

The response process is outlined in the RFI; responses are requested by December 15, 2019. The Office is available to answer questions via phone or email, or to meet directly with Local Jurisdiction personnel to discuss the RFI. Please contact Kenrick (Rick) Gordon, at 301-429-7426 (O), 301-802-0671 (M) or [kenrick.gordon@maryland.gov](mailto:kenrick.gordon@maryland.gov) with any questions or concerns.

Respectfully:



Kenrick M. Gordon, P.E.

Director

# Governor's Office of Rural Broadband



## Request for Interest

in

Assistance for Broadband Expansion

for

Unserved Rural Areas

Federal Funding

Application Preparation Assistance

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Prepared by: Kenrick M. Gordon, P.E., Director

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## 1. Executive Summary

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The State of Maryland's Legislature provided \$2 Million in Operating Funds in the FY2020 budget to the Department of Housing and Community Development to support the Office of Rural Broadband ("Office") in its efforts to assist in expansion of broadband into unserved rural areas of Maryland.

In order to best use the limited resources at its disposal, the Office is looking to partner with Local Jurisdictional Governments (including any Partner) interested in solving the problem of delivering broadband to unserved rural residents and businesses ("Project") via Federal funding. While the Office will assist with the Project, the Local Jurisdiction and/or its Partner will be the Project owner and will be responsible for the overall funding and implementation of the Project.

The Office understands that geography and population distribution may require creative options for ubiquitous broadband deployment. As such, the Office is technology neutral, any technology capable of meeting speed and latency requirements set forth in this document are permissible.

This Request for Interest ("RFI") is issued as a means of information gathering. Evaluation of responses to this RFI will guide the Office in determining initial partnerships. With adequate future funding, additional assistance may be made available for additional Projects. Response to this RFI does not confer an obligation to the Office to establish a partnership with the responding Local Jurisdiction or Partner.

Participation in this RFI is voluntary and the Office will not pay for the preparation of any information submitted by a respondent in response to the RFI or for the Office's use of that information.

## 2. Assistance Program

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The Office will offer assistance in the preparation and review of federal funding applications to ensure that applications are complete and competitive. The Office will coordinate with other State Agencies on the use of State assets where they will feasibly benefit the Project.

### 2.1. Funding Program

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The Office is proposing to assist Local Jurisdictions and any Partner in developing competitive applications for Federal funding opportunities. The funding opportunity targeted by this RFI is the next round of funding from the USDA ReConnect program (“Program”) initiated by Congress in the 2018 Omnibus spending bill and renewed in 2019. Additional information on the USDA ReConnect program can be found at <https://www.usda.gov/reconnect>.

The Program is being managed by the USDA Rural Utilities Service, Telecommunications Program. First round awards are currently being announced. First round Program regulations are available; it is unknown if this new round will maintain those rules, or if modifications will be made. It is anticipated that the second round application period will open in late calendar year 2019 or early 2020. The first round of funding offered a fixed 2% loan product, a 50% loan and 50% grant product and a 100% grant with a 25% required cash match product.

Federal regulation 2 CFR 200 governs the grant programs offered by USDA. One of the requirements of the regulation is that the funding recipient own the facilities constructed with Federal funds. The ownership requirement is included in the ReConnect Program.

### 2.2. Timeframe

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It is the Office’s intent to offer partnerships with Local Jurisdictions or their preferred partner beginning in December 2019. Timing of partnership offers is to allow sufficient time to prepare funding applications for the upcoming funding window.

### 2.3. Funding Program

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As part of the Office's assistance, certain costs and outlays may be reimbursed or paid by the Office to the Local Jurisdiction and/or its Partner, as is appropriate. The Office expects to reimburse for properly-contracted services required for the application, such as:

- Engineering consultants
- Financial consultants
- Marketing studies
- Legal consultants

It is typical for USDA to require a Project to include a 5 year forecast of proposed revenues and expenses and a cash flow Projection for those years via a pro-forma. USDA will require that cash remain positive throughout the Projection period. The Office will consider funding a deficient cash flow Projection via a cash reserve, where necessary for the creation of a competitive application. Other costs may also be considered on a case by case basis.

### 3. Project Area

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Since this partnership opportunity is directed at funding provided via the USDA, the USDA program requirements will govern, unless the requirements contained herein are more stringent.

Typically, USDA does not allow funding to be used in an area where there are outstanding USDA Telecommunication loan or grant required services.

The program generally does not allow funds to be used in communities with populations greater than 20,000 as determined from the 2010 decennial census.

Both of the above ineligible types of areas are highlighted in base mapping found using the program's Broadband Mapping Tool located at <https://www.usda.gov/reconnect/mapping-tool>.

### 4. Network Requirements

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Unless the ReConnect Program requires higher speeds, the Office will only support Projects that are able to provide a minimum internet connectivity of 25 Mbps down and 3 Mbps up with a maximum latency of 50 milliseconds. Proposed subscribers must all be offered the minimum connectivity. Subscriber offerings of less than the minimum connectivity are

allowable; however the network must be capable of providing the minimum connectivity to all subscribers within the proposed Project area.

## 5. RFI Response Requirements

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Responses to this RFI should explain how the respondent's approach will further the Office's goal of ensuring that residents in rural, unserved areas, as defined herein, are to be provided access to high speed internet. While there is no minimum or maximum length of the required response, please be concise and limit your response to the information requested.

If a Local Jurisdiction's response to this RFI includes a Partner, most of the following information requested is expected to be prepared by the Partner or in close cooperation with the Partner. The response should also include assistance or cooperation that the Local Jurisdiction will offer to the Partner, if any.

### 5.1. Cover Letter

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Please include the Local Jurisdiction Name, authorized representative contact name, contact address, phone number and email address. Any Partner's information should also be included.

### 5.2. Business Model Summary

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Please summarize the business model you intend to use to provide subscriber service and manage debt service. The business model should outline the network operations and customer operations you plan to utilize.

It is not expected that a Local Jurisdiction will have the expertise necessary to successfully operate a broadband network. Partnerships with experienced ISPs are encouraged in order to ensure that the constructed network is sustainable. Any partnership between the applicant and an entity that will provide network and operational support should be completely explained. An operating agreement in draft or final form should be provided, if available.

### 5.3. Experience

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Please provide a statement of experience of the team that will participate in any application preparation as well as those that would be involved in the operation and delivery of service.

Clearly identify whether the team member is a Local Jurisdiction employee or from a partnering company.

#### 5.4. Network Design and Construction

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Please provide a description of the network to be constructed and the method of construction. The description should provide the network speed and latency capabilities and backhaul method and requirements. The description should also discuss pole attached vs. underground for wired networks and tower type expectations for a wireless network.

#### 5.5. Subscriber Profile

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Please provide the overall number of unserved households in the Local Jurisdiction and the number of unserved households that will receive service from the planned Project.

Please provide a description of the area you intend to serve and any existing internet service in the area. The expected number of passed households, Projected take rate and Projected pricing and types of new services should be included as should demographic information of the Project area.

#### 5.6. Schedule

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Describe the proposed schedule for implementing the construction Project assuming a spring 2021 start. Provide a timeline with key milestones. Include a description of how subscribers would be connected, whether phased construction and/or phased subscriber connections would be expected, etc.

### 6. Response Process

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Please submit one (1) electronic copy of your response to [rural.broadband@maryland.gov](mailto:rural.broadband@maryland.gov) on or before December 15, 2019. If multiple documents are included, they should be incorporated into a .zip file with each included file clearly named to reflect its content.

Please identify any proprietary or confidential information contained in your response as such.

The Office will do its utmost to timely answer questions related to this RFI. Questions should be provided in writing to the email address above.

- a. The Office reserves the right to waive any formalities on the RFI process, to re-advertise the RFI, to amend the RFI, to extend the dates provided herein or to suspend the RFI as the Office may determine, in its sole discretion, is in the best interest of the Office.



- b. No reimbursement will be made by the Office for any costs incurred in responding to this RFI, developing or submitting responses to the RFI, or attendance at meetings or interviews.
- c. The Office reserves the absolute right to conduct such investigations as it deems necessary to assist in the evaluation of any response to the RFI and to establish the experience, responsibility, reliability, references, reputation, business ethics, history, qualifications and financial ability of the respondent(s), proposed partners, independent Consultants and suppliers. The purpose of such investigation is to satisfy the Office that the respondent has the experience, resources and reputation necessary to perform the work.
- d. In the event RFI respondents are considered for a partnership with the Office, the Office reserves the right to partner with the Local Jurisdiction or its Partner dependent on which demonstrates the best ability to fulfill the requirements for the performing the subject services. The successful Local Jurisdiction(s) will be selected based on the qualifications, evaluation of submittals and a possible interview. The Office reserves the right to conduct such discussions or negotiations with Local Jurisdictions or other entities as it deems necessary to assist in the evaluation of any proposal, to secure maximum clarification and completeness of any proposal, and select the proposal that best meets the requirements of the Office and the public interest.