



**Built to Lead**

**New NY Broadband Program  
Bidders / Stakeholders Forum**

**February 9, 2016**

# Introduction

- On January 8<sup>th</sup>, the Broadband Program Office launched 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
- The combined effect of the two announcements will have a dramatic impact on reshaping NYS's broadband landscape
- Governor Cuomo has identified broadband as a key priority for strengthening our infrastructure in his "Built to Lead" agenda
- New NY Broadband builds on Governor Cuomo's commitment to broadband, having committed in excess of \$70m to date

**Broadband is not a luxury, but a necessity**

**A modern  
broadband network  
is key to economic  
growth and  
commerce.**

# Broadband is Essential

98.5%

of students report that they use the Internet to learn in school

31%

of students say that they are required to use the Internet to complete homework assignments outside of school daily

More than 85%

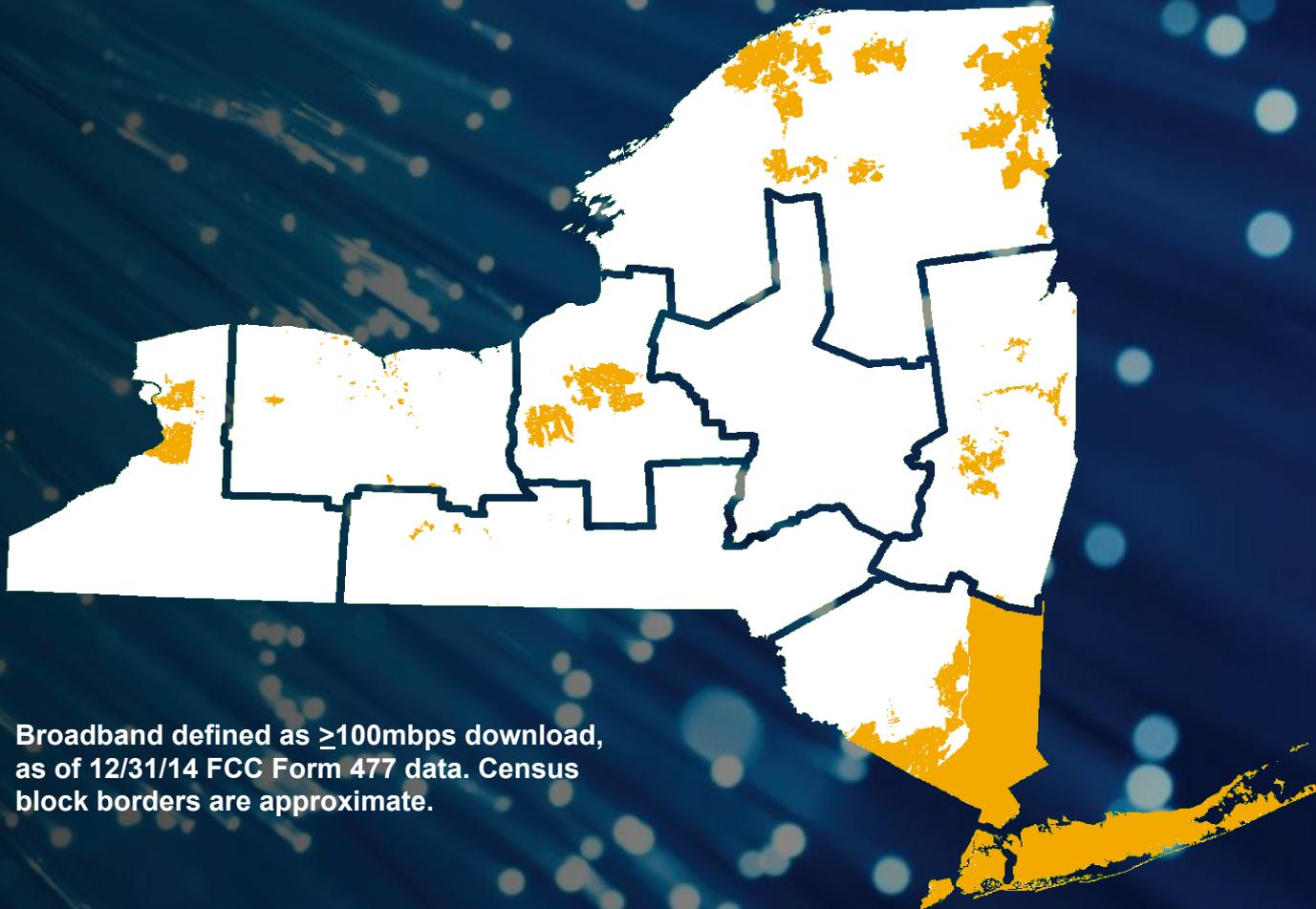
of colleges receive applications online

Nearly 80%

of job seekers used online resources in their most recent job search and many indicated it was the critical factor in obtaining work

Millions

of New Yorkers are telecommuting, using broadband to start businesses and even receive medical care at home



Broadband defined as  $\geq 100$ mbps download,  
as of 12/31/14 FCC Form 477 data. Census  
block borders are approximate.

**In too many parts of the State, New Yorkers don't have  
access to high-speed broadband.**

# **New NY Broadband Program Launch**

**\$1 Billion public-private partnership initiative to ensure that all New Yorkers are at the forefront of the digital economy by end of 2018**

**Statewide Request for Proposals  
(RFP) issued January 8<sup>th</sup>**

# Program - Overview

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- 1. Bids must meet all Program Requirements**
- 2. Funding will be allocated through a Reverse-Auction process addressing all eligible Unserved and Underserved Census Blocks**
- 3. Will select projects which require the lowest State investment on a Dollars-per-Unit served basis**
- 4. There will be a Reverse-Auction for each REDC Region and separate auctions for Unserved and Underserved service areas in each Region**
- 5. Unserved and Underserved areas not addressed by this initial round will be diverted to subsequent rounds**
- 6. Portal opens on March 1 and bids are due on April 15, 2016**

# Program Requirements

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**This presentation will address key Program Requirements:**

- Eligible Bidding Entities & Potential Service Areas**
- Required Speeds / Technologies**
- Timing for completion**
- Required matching funds**
- Pricing**
- Qualifications**
- Fees / Deposit**

***Each of these Requirements is discussed in greater detail in the following slides.....***

# Eligible Entities

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**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

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**Eligible Territories included in the RFP include any Census Block in NYS which is currently Unserved or Underserved**

**The lists of CB's are posted on the BPO Website and exclude:**

- Areas currently served at download speeds of at least 100 Mbps, according to the FCC's December 2014 Form 477 data;**
- Time Warner Cable and Charter NYS Franchise Areas (pending TWC-Charter merger negotiations);**
- Unclaimed Connect America Fund (CAF) territories; and**
- Areas with pending Connect NY/REDC broadband projects which will deliver download speeds of at least 25 Mbps**

# Service Area Requirements

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Projects must provide last-mile services, including middle-mile infrastructure required to deliver last-mile service, to Eligible CB's

- Proposed Service Areas may not divide Eligible CB's
- Applications must serve:
  - At least 2,500 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

# Adjoining Service Areas

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**An application may also propose to provide service to certain Unserved or Underserved Units in adjacent “Served” CB’s**

**These areas are referred to as “Adjoining Service Areas”**

- Adjoining Service Areas must be adjacent to at least one Eligible CB proposed to be served by the applicant**
- Applicant must provide documentary evidence demonstrating that all Units proposed in the Adjoining Service Area are actually Unserved or Underserved**

# Speed Requirements

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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

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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)
- Projects using Digital Subscriber Line (DSL) and Fixed Wireless will only be considered where 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

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**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

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**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

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**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**

# Financial and Management Capabilities

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**Applicants must demonstrate suitable fiscal standing and management capabilities:**

- **Applicant must operate at least 1 wired or wireless network business with at least 500 customers**
  - **Where multiple entities, including municipalities or tribal 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)**
- **Project must be fully-financed through a combination of State investment and the applicant's co-investment**
- **Applicants must be in good standing in performance of any existing NYS Contracts, and in substantial compliance with all laws**

# Waivers

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- 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

# **Application Fee and Deposit**

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**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. 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**
- ESD will issue instructions for submission of both the Application Fee and the Application Deposit prior to March 1**

# Regional Auctions

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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

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Multiple applications are required in the following circumstances:

- Projects using more than one Technology (limit of one technology per application)
- Applications may not propose to serve a combination of Eligible Unserved and Underserved CB's
- 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)

# Overlapping Proposals

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- 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
- In order to facilitate necessary adjustments in case of overlaps, applicants are requested to indicate if they would accept such Modified Awards
- The Program recommends that applicants agree to accept a 20% reduction in service territory in case of overlaps

# REDC Priority Areas

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**Each REDC has been invited to recommend the designation of “Priority Areas” for broadband deployment prior to Feb. 15th**

- REDC Priority Areas must be CB’s eligible for the Program in each respective Region**
- To the extent two applications request equal amounts of State Investment, an application serving an REDC Priority Area in its entirety will be given preference**

**This REDC process facilitates input of regional leaders into broadband deployment efforts**

# **Selection of Awardees**

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- 1. Applications due, by electronic submission, at 4:30pm on April 15, 2016**
- 2. Program will select applications seeking lowest State Investment in each REDC Region**
- 3. Unserved and Underserved Areas not addressed in this first round of funding will be eligible for future rounds**

# Anticipated Program Timeline

January 8, 2016: Program Launch

February 9, 2016: Today's Conference in Liverpool

April 15, 2016: RFP Closes, Evaluation Process Begins

Summer 2016: Awards Announced and Contracts Sent Out

BPO will announce further Program Phases as Needed

# PSC Approves TWC-Charter Merger

- TWC- Charter is the first major cable merger reviewed under the New Cable Law
- The new Law, strengthened by Governor Cuomo, requires transactions be deemed “in the best interest” of New Yorkers prior to approval
- As a result of these requirements, the PSC was able to obtain substantial benefits for New Yorkers
- Consumer benefits for New Yorkers and company investments are valued at **\$1.1 billion**
- The approval of the transaction by the PSC with conditions was announced on Friday January 8<sup>th</sup>

# **TWC-Charter Merger Conditions**

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## **Substantial Speed Upgrades:**

- Currently, upstate TWC only offers download speeds of 50Mbps
- The agreement today doubles to 100Mbps by end of 2018
- The Company will further increase speed to 300 Mbps download by end of 2019

## **Build Out of Unserved Areas**

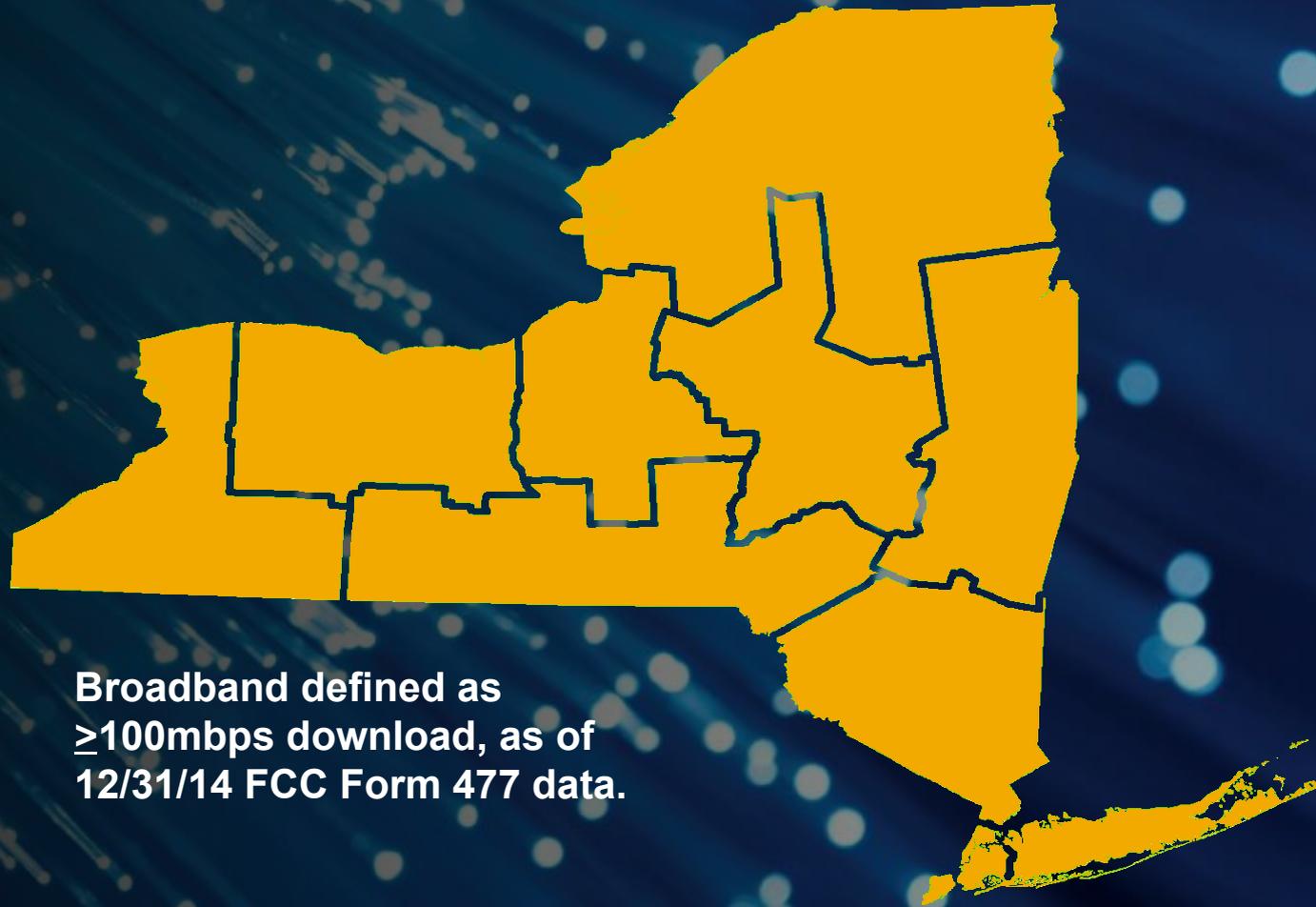
- New Charter will connect approx. 145,000 currently unserved customers in the existing Time Warner and Charter franchise areas, plus the Chatham Market

## **Other benefits**

- Low income Program; standalone broadband pricing; cost savings for consumers; workforce protection; customer service and strong enforcement

**As a result of the initiatives  
discussed today...**

# Broadband For All - 2019



**Broadband defined as  
≥100mbps download, as of  
12/31/14 FCC Form 477 data.**



**Built to Lead**