

# Frequently Asked Questions

## Border to Border Broadband Grant Program

(revised for 2019)

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### Project Area Questions:

- 1. What areas are eligible for grant funding--those unserved at 25 Mbps download and 3 Mbps upload or those underserved at 100 Mbps download and 20 Mbps upload?**

Both areas are eligible for the Border to Border Broadband Development grant program. Underserved is defined as having wired service of at least 25Mbps download and 3Mbps upload but less than 100Mbps download and 20 Mbps upload. The definition for unserved remains at the FCC definition of not having broadband service of at least 25Mbps download and 3Mbps upload, and via a wired connection. As a starting point for determining eligibility, an interactive map is available on our website at [Minnesota Map](#). Individual county maps are also available in PDF format at <https://mn.gov/deed/programs-services/broadband/maps/county-maps.jsp>.

- 2. Can a grant application be filed that includes both unserved and underserved areas?**

Yes, an application can request a grant for both unserved and underserved areas. The application must separately identify the location count for each and the projected improvement in broadband service.

- 3. Will service provided by wireless carriers be considered in determining areas eligible for this grant program?**

No. The law that establishes the parameters of the grant provides that any area unserved or underserved is eligible and defines those areas in regard to availability of a [wireline](#) service.

- 4. Should applicants include information to support claims that the maps may not be accurate?**

The maps will be a primary tool in determining the eligibility of an area for the grant program but we will work with any region that identifies discrepancies in the maps to correct the information. We encourage anyone that sees inaccuracies on the map to contact our office as soon as possible so any corrections can be made prior to an application being submitted.

**5. Does the project area need to be contiguous?**

No. The project may include areas that are not adjacent to each other.

**6. Can you apply for multiple grants (to cover multiple project areas)?**

Yes, if an applicant has multiple projects they can submit an application for each project they wish to have considered for the grant program.

**7. Can a portion of a larger project be considered a "project" for which matching grant funds may be requested? In that situation, if allowed, would the financial feasibility of completing the entire project be what is reviewed?**

Only areas qualifying as un- or underserved are eligible for grant funding. However, an applicant may choose to present information on a larger project area to demonstrate context and sustainability of the proposal.

### Project Documentation Questions:

**8. Does an applicant have to document that it contacted all broadband providers in writing that serve in the proposed project area and ask each provider for their plans to upgrade service in that area?**

Yes, this was a new requirement in 2016 and continues to be required in law. If an application does not include the required documentation, it will not be considered for a grant award. Our office has made available templates for the letter and the provider response to assist in implementing this component of the grant application process. The templates are in the application instructions at pages 29 and 30. For this process, you should contact the broadband providers by email and copy our office at [deed.broadband@state.mn.us](mailto:deed.broadband@state.mn.us). The application instructions include specific contact information for some of the largest broadband providers in Minnesota. If you need assistance identifying broadband providers for your proposed project or the email address for that provider, please contact our office at 651/259-7610 or [deed.broadband@state.mn.us](mailto:deed.broadband@state.mn.us).

**9. The grant program, by law, requires a potential applicant to contact in writing all existing broadband providers in the proposed project area to see if they have plans to improve broadband service. How long do the existing providers have to respond to these inquiries?**

The law does not provide a timeline for the existing providers to respond. However, we are recommending that existing providers respond within ten business days/two weeks. That schedule should allow existing providers time to prepare responses, recognizing they may have several inquiries to respond to, while still enable a potential applicant time to consider the response and decide whether to finish completing their application for submission.

**10. If an incumbent telephone company is submitting an application and is the only wired broadband provider in proximity to the project area, who do they need to contact at least six weeks prior to submitting their application?**

The incumbent telephone company applicant should submit information, such as a screen shot from the interactive map available on the Office of Broadband website, showing that there are no cable, fiber or DSL providers in or near the project area other than the incumbent.

**11. If we have an existing cable or telephone company in our project area that does not currently offer broadband service, so that they are not included on the map or on the list of broadband providers by county, should we contact them to see if they have plans to deploy broadband service in our project area?**

Yes, you should. Generally the wired broadband options in a location are the incumbent telephone company and/or the cable company. So, while they may not currently offer broadband service, it is possible they have plans to upgrade their facilities to do so, and that information should be considered by the potential applicant.

**12. What happens, if as a result of the pre-application notification, an applicant decides to change the footprint of its project area?**

The law requires that an applicant notify in writing all existing broadband providers in the proposed project area at least six weeks prior to submitting an application. An applicant could decide to submit an application for a portion of the project area that was included in the pre-application notification. An application could not be submitted for a project that includes areas that were not a part of the project identified in the pre-application notification.

**13. What level of detail is required for the engineering design and diagrams for the project?**

The engineering design and diagrams for the project should be adequate to support the requested grant amount, that the service will reach all locations within the project area, and demonstrate the reasonableness of the timeline for the project's completion. When working with an engineer in preparing a proposal, an applicant will want to ask for budgetary design documents as opposed to construction documents, which will only be necessary should the project move to the construction phase.

**14. Do applicants for the state infrastructure grant program have to include a voice component in the services they plan to provide? If not mandatory, will additional points be awarded if an applicant includes a voice product?**

Voice service is not a mandatory component of the state's program. There are also no specific scoring criteria that would award points for providing voice service. That said, an applicant could make a case for the idea that offering voice or triple-play creates a more robust and sustainable business case. The applications will be scored for evidence of sustainability factors. (If an applicant elects to include a voice service, keep in mind that costs incurred to include the voice component that are not necessary for provisioning broadband service are not eligible costs for purposes of the grant program.)

**15. How important is it to document service to Community Anchor Institutions (CAIs) since most of these are already served?**

Service to community anchor institutions is not a grant requirement. But applicants should look for these opportunities if they exist within the project service area. An application should document any instances where a community anchor institution will receive new or upgraded service. If the services provided by a community anchor institution will be made more accessible by the project being proposed, that should also be noted. Information on significant community institutions that will benefit from the proposed project, the provision of new or substantially upgraded broadband service to important community institutions, and evidence of strong support for the project are all areas that the law indicates should be considered.

**16. What does scalable to 100 Mbps download and upload mean?**

An applicant must provide documentation by the manufacturer or certified by an engineer that the systems being purchased using grant dollars are capable of being scaled to offer 100Mbps service. This does not mean that 100Mbps service must be offered at the time construction is complete. The requirement is that the service that is offered at the time the network adds initial subscribers meets state minimum speed goals of 25Mbps download and 3Mbps upload for an application for an unserved area and 100Mbps download and 20 Mbps upload for an application for an underserved area. Points will be awarded for higher speed service availability.

**17. In order to qualify for Border-to-Border Broadband development dollars, does a project need to be wired access only or would a high speed wireless provider qualify if it met the speed goals defined by the grant?**

The statute that created the grant fund defines eligible expenditures as "the acquisition and installation of middle-mile and last-mile infrastructure that support broadband service scalable to speeds of at least 100 megabits per second download and 100 megabits per second upload." To meet this requirement, the grant application (at question 4.7) asks for a demonstration that the installed infrastructure is scalable to speeds of at least 100 Mbps download and 100 Mbps upload and that the information must be certified by the manufacturer or a professional engineer. Any technology that meets this standard will be considered eligible.

- 18. At questions 4.6 of the application, engineering designs, diagrams and maps that show the proposed project must be certified by a Professional Engineer (PE) registered in Minnesota. Would a letter from the PE verifying that the proposed project does meet all the requirements be sufficient or do all designs, maps, etc. need to have the PE stamp?**

The budgetary plan as a whole needs to have evidence that a certified engineer/designer has reviewed them, but each page of the application in support of the design and infrastructure does not have to be certified individually.

- 19. Do applicants need to consider State Historic Preservation Act (SHPA) or environmental reviews in preparing their applications?**

Applicants are responsible for addressing SHPA and environmental requirements. The application will include questions to ensure that the applicant is addressing these issues as they relate to the proposed project. Additional information is available on our website at <http://mn.gov/deed/programs-services/broadband/grant-program/index.jsp>

- 20. Does the applicant need to be the owner of the infrastructure that is built with the grant dollars?**

The applicant does not need to be the owner of the infrastructure that is built with the grant dollars. However, the applicant must be in close partnership with the entity that would own the network and offer the services in order to provide the documentation and service commitments required by the application. The applicant will be entering into a grant agreement and committing to all grant requirements. It is recommended that if the applicant is different than the entity constructing and owning the network that a formal contract be drawn up between the partner entities.

- 21. If an applicant will build and own the network but have a provider partner operate and provide service over the network, what type of documentation is needed to demonstrate that partnership?**

In addition to listing the provider partner on the cover page of the application, a lease agreement between the applicant and the provider partner should be included with the application as documentation of the partnership. The lease agreement can be contingent upon receipt of the grant funding, the network being built, etc. but provides the demonstration needed to respond to several other questions in the application (speed tiers and pricing structure, specific pricing information, documentation that service will be offered for at least five years, financial plan, project schedule, etc.).

- 22. Does question 3.3 refer just to the budget for the project area for the purposes of the application and not to a larger project area that may be planned in conjunction with the project proposed for purposes of grant funding?**

This question refers to the status of the financing for the project being applied for and not any additional phases that may be in the works.

## Project Financial Questions:

### **23. What costs are eligible for the grant program?**

The grant program is to support infrastructure costs such as costs related to project planning, obtaining construction permits, purchase and/or construction of facilities (middle mile and/or last mile), and installation and testing of the equipment used to provide broadband service including facilities to bring the service to the home. Costs related to providing video service or voice service that are not necessary to be incurred to provide broadband service are not eligible infrastructure costs for purposes of the grant program.

### **24. Are tower costs eligible infrastructure costs?**

The cost of a tower necessary to provision the broadband service proposed in the grant application would be an eligible cost. The intent of the grant program is not to fund duplicative infrastructure, so please include in your application justification of the necessity for the infrastructure you propose to build.

### **25. What type of “planning costs” are eligible costs for the grant program?**

As clarification, project planning costs eligible for the grant program would include those costs specifically related to planning for the project’s network design and engineering. Feasibility studies, general business plans, etc. would not be considered project planning costs for purposes of the grant program.

### **26. How are the grant awards made?**

If an applicant is selected for an award, the applicant will submit invoices and DEED will reimburse at the percentage level of the grant amount awarded until the full amount of the grant has been paid out. For example, if an applicant was awarded a grant totaling \$250,000 which was for 50 percent of the eligible project costs, then an applicant would submit invoices for the eligible expenses and receive reimbursement equaling 50 percent of the invoice amounts until a total of \$250,000 was paid by the state.

### **27. Would the costs incurred by a broadband provider to maintain the new infrastructure be considered an eligible cash match, especially if the costs were ensued during the grant period?**

The purpose of the grant program is to assist in the costs of deploying the middle mile or last mile network. Ongoing maintenance costs would not be eligible costs under the grant program.

**28. Is a local government match required?**

No, but public/private partnerships are encouraged and additional points will be awarded if there is a verified financial commitment from a community partner. Also, note that projects that request less than the 50% allowed for state grants are awarded extra points.

**29. Can bonding be used as a source of funding towards the match required for the grant program?**

Applicants/application partners should consult with their own financial advisors and bond counsel for advice on using bonds towards the project match. If bonds will be used, for purposes of the application, supporting documentation should include a letter from the local government administrator that bond counsel have been consulted and find this method of financing appropriate, the type of bond that will be used, and the amount (and that the amount is within the local government's limits for this type of funding). The letter should also address that there are no foreseen obstacles that would prevent the local government entity from moving forward with a bond process should the grant be awarded and then include the estimated timeframe for a bonding process (and also include this information in the application timeline). This letter would be in conjunction with the local governing body's resolution in support of the project and financial commitment. Should the match include debt, application reviewers will also look for evidence that the business model adequately accounts for the repayment of that debt, should it be required.

**30. Can an RUS loan or CAF II/ACAM funding be considered for the match?**

The legislation is agnostic on match. The intent was to allow any legal source of funds. An RUS loan or CAF II/ACAM funding can be used towards the match, just ensure that the appropriate information is included in the application.

**31. Can costs incurred for building out ineligible components of a proposed project area be considered as matching funds for the grant program?**

No, only un- or underserved locations and infrastructure related costs are eligible for support under the broadband grant program and only those areas should be counted towards the cost for which up to a 50 percent match may be requested.

**32. Will DEED award all of the \$20 million appropriated by the legislature for 2019 in this grant award period?**

Yes, DEED anticipates that this grant round will be very competitive and intends to award the amount appropriated for this fiscal year in one round.

**33. How would any grant award be treated for tax purposes?**

The Department of Revenue's response to this question is prefaced with the disclaimer that they do not give advice on federal tax questions and that their response is not binding on the Internal Revenue Service (IRS). The Minnesota Department of Revenue's response is that to the extent grants are awarded under the broadband infrastructure grant program to a for-profit corporate recipient, that recipient could exclude the grant from gross income but only if they reduced their depreciable basis in the broadband system by the amount of the grant they received. In other words, they could exclude it now but they will have smaller deductions later. It was also advised that each recipient should check with their accountants and legal counsel because each circumstance is different.

**34. Can you clarify the definition of what is last mile and middle mile infrastructure?**

Minn. Stat. 116J.394 includes definitions for last mile and middle mile as follows:

(e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service providers' network to the end-use customer's on-premises telecommunications equipment.

(f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.

Last Mile: The last mile is the portion of the network infrastructure that carries signals from the backbone network to and from the home or business. Depending on network design and density of the area served, the actual distance of the last mile can be relatively short or may be considerably longer than a mile.

Middle Mile: The portion of the telecommunications network that connects a network operator's core network to the local network (last mile) plant. Middle mile facilities provide fast, large capacity connections and can range from a few miles to a few hundred miles. They are often fiber, but microwave links may be used.

**35. Can an applicant use its own employees to trench in fiber and have that cost included towards the grant amount?**

Invoices may be submitted for all eligible expenses, regardless of who provides the product or service. Note that this would be similar to a company's own engineers designing the project. For trenching in fiber, if for the middle mile portion of construction, keep in mind that prevailing wage rates apply.

**36. If both middle mile and last mile facilities are in a trench, and the grant request is \$200,000 or greater so that prevailing wage requirements apply to the middle mile piece, how should the prevailing wage provisions apply?**

If there are any middle mile facilities placed in the trench, prevailing wage provisions should be applied to all costs for the trenching.

## Challenge Process Questions:

### 37. How will the challenge process work in 2019?

The challenge process is spelled out in law but in summary, will be conducted as follows:

- Within three days of the application period closing, OBD will publish on its website the proposed project area and proposed broadband service speeds for each application submitted.
- A broadband provider serving in or near the proposed project has 30 days to submit a challenge to an application. The challenge must contain the following information: that the provider currently provides or has begun construction to provide broadband service to the proposed project area at speeds that meet or exceed the state speed goal; and the provider commits to complete construction and provide service in the proposed project area at speeds equal to or greater than the state speed goal no later than 18 months (July 2019) after the grant awards are announced.
- Information in the challenge will be evaluated and if found credible, no funding will be awarded to that application.

If funding is denied for an application because it was challenged, and the challenging provider does not fulfill its commitment to provide broadband service in the project area, challenges from that provider will not be considered for the subsequent two grant cycles, unless the reason the provider was unable to fulfill its commitment was outside of the providers control.

### 38. For a provider to submit a challenge, the law states that they must provide service in the proposed project area at speeds equal to or greater than the state speed goal in Minnesota Statutes 237.012, subdivision 1. There are two speeds listed in that subdivision, which one will be applied?

For an application from an underserved area, the challenging provider would have to demonstrate that it will provide service of at least 100Mbps download and 20Mbps upload as service would already be available at speeds of at least 25Mbps download and 3Mbps upload. For an application from an unserved area, the challenging provider must commit to providing service of at least 25Mbps download and 3Mbps upload.

### 39. If an application is denied due to a credible challenge, and the challenging provider does not deploy service at the speeds or within the timeline required, what recourse is available to the applicant?

If the project area remained eligible for any future grant application rounds, the applicant could resubmit an application for a project for that area.

**40. If an application is submitted and a portion of the project area is successfully challenged, is the entire application denied?**

As a general rule, we would ask the applicant if they wanted their application to be considered for grant funding with the successfully challenged portion of the project removed from the project area. If they did, we would also ask them to identify the costs that had been included for serving that portion of the project and have them remove it from the total eligible project costs and grant request amount.

**41. Will a challenger have to provide detailed maps of where it does or will provide high speed broadband service as part of its challenge?**

The law requires that the information submitted in a provider's challenge be evaluated by DEED to determine if the challenge is credible. As part of that evaluation, a challenger will have to submit to DEED detailed information as to where and when it will be providing broadband service at the state speed goals for each challenged project. The detailed information could be in the form of maps or location addresses.

**Grant Process Questions:**

**42. Are applicants that previously received broadband infrastructure grants eligible to apply for funds in the 2019 grant round?**

Yes, any eligible entity may apply for a grant in 2019.

**43. Will the scoring criteria be available online?**

Information on the selection criteria is included as part of the application material. New legislative language in 2016 required the Commissioner of DEED to have published on DEED's website at least 30 days prior to the application period opening, the specific criteria and any quantitative weighting scheme or scoring system that will be used to evaluate or rank applications and award grants. That information was posted 30 days before the application window opened.

**44. Will there be balanced geographic distribution of grants?**

Yes, the law establishing the grant program requires that the Commissioner endeavor to award grants to qualified applicants in all regions of the state.

**45. What will be the process to ensure geographical dispersion of the grant projects?**

All applications that are submitted and meet the initial eligibility criteria will go through the scoring and review process. That process will include tracking the location of the project within the state. The projects selected to receive a grant award will include consideration of the statutory directive that the Commissioner endeavor to award grants to qualified applicants in all regions of the state.

**46. Who makes the final decision on the grant recipients?**

The Commissioner of the Department of Employment and Economic Development will select grant recipients.

**47. Do projects that will complete over one construction season score higher than those that take the full two years to complete?**

There are many factors that go into scoring an application. Smaller projects may take only one construction season while larger projects will require the two full construction seasons allowed. We recommend that the project schedule included in the application be as realistic as possible as schedules are reviewed for reasonableness.