

Federal Funds for Broadband – And for Sewer Rehab, Too

It really does add up to real money, especially in rural areas

By Nancy Rutledge Connery ■ *Renaissance Integrated Solutions*

Various federal grant and loan programs for local broadband deployment could be used to support needed sewerage upgrades in conjunction with the Renaissance Integrated Solutions Dual Purpose Rehabilitation Solution.

Most of these programs – with the exception of E-Rate – are in budget limbo right now, awaiting the outcome of the Strengthening America's Communities Initiative ("SACI") in Congress. But they have been in effect for some time, and there is no reason to expect that any would be cancelled.

In a nutshell, dual-purpose rehab offers small and rural communities a way to access both Federal broadband and infrastructure financing programs. While available resources for each program are comparatively modest, narrowly targeted, and fraught with bureaucratic complexity, combining them in strategic fashion may provide enough capital and economic incentives to "kick-start" long overdue infrastructure investments and keep these small communities whole.

That's the goal of SACI anyway.

USDA Community Connect Broadband Grant Program

www.usda.gov/rus/telecom/initiatives/index_initiatives.htm

This program has been covered several times in *Broadband Properties*, but not in this context. According to the Agriculture Department, it "targets rural, economically-challenged communities and offers a means for the deployment of broadband transmission services to rural schools, libraries, education centers, health care providers, law enforcement agencies, public safety organizations as well as residents and businesses."

Eligible communities (counties are specifically excluded) must have populations under 20,000. But scoring criteria tilt strongly toward the smallest. Towns with less than 500 people have a 35-point advantage over those over 10,000.

In addition, per capita income must be less than 75 percent of the national average; communities with income less than half the national average gain 25 extra points. The final scoring category (up to 30 points) is "benefits derived from the proposed service," which evaluates the documentation of need, community support for and participation in the planning process. The educational or instructional value of the project and whether Web-based community resources are included also boosts the score.

Grants can be awarded to private broadband service providers if the community does not intend to own and operate the facilities outlined in the application. In those instances, Renaissance could be the applicant with the support and cooperation of the host community.

The minimum grant award is \$50,000 with no stated maximum. In 2005, \$9 million was awarded to 19 communities and companies in 14 states; grants ranged from \$200,000 to nearly \$800,000.

USDA Rural Development Broadband Loan and Loan Guarantee Program

www.usda.gov/rus/telecom/broadband.htm

This program provides loans and loan guarantees for "construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities." Of the \$2.157 billion available in 2005, the bulk of these funds – \$2.032 billion – will be issued as

direct cost-of-money loans, \$46 million will come as 4 percent direct loans, and \$79 million will provide loan guarantees.

Eligible rural communities include any incorporated or unincorporated place with a population of 20,000 or less (by most recent census) that is not located in an area designated as a standard metropolitan statistical area. To be eligible for a direct 4 percent loan, communities must have fewer than 2,500 residents, no current access to broadband service, a per capita income less than 65 percent of the national per capita income and a population density of no more than 20 people per square mile.

Universal Service Administrative Company E-Rate Discounts for Schools and Libraries

www.sl.universalservice.org

This program is targeted specifically to help local schools and libraries obtain affordable telecommunications and Internet access by offering "discounts of 20% to 90% of the costs of eligible services, depending on the level of poverty and the urban/rural status of the population served. Eligible schools, school districts and libraries may apply individually or as part of a consortium."

The E-Rate supports connectivity – the conduit or pipeline for communications using telecommunications services or the Internet. The school or library is responsible for additional resources such as the end-user equipment (computers, telephones, and the like), software, professional development, and other elements that are necessary to realize the objectives of that connectivity.

In the case of a community planning a needed sewerage upgrade, this program could support the pro rata costs of linking local schools and libraries within or in the

vicinity of the service area. While adding a host of educational obligations, it still provides economic benefits that may be well worth the effort.

Native American Communities

www.fcc.gov/indians/

The Federal Communications Commission offers an extensive Website and support to promote telecommunications initiatives for American Indian and Alaskan native communities and information on a variety of dedicated funding resources.

DOC Economic Development Administration Grants for Public Works and Economic Development Facilities

www.eda.gov/InvestmentsGrants/FFON.xml

Numerous Department of Commerce officials are publicly announcing a full-scale shift to the SACI in 2006 Federal Budget. Some money may still be available in the current Public Works/Economic Development program but the process and eligibility criteria are vague. According to an undated document on the above Website, the 2005 appropriation for this program was \$164,367,851.

The average funding level for an investment in FY 2004 was listed on the site as \$1,361,367. The site also says "This amount is not intended to restrict the size of future awards. EDA will provide Public Works investments to support the construction or rehabilitation of essential public infrastructure and development facilities necessary to generate private sector jobs and investment, including investments that support technology-led development, re-development of brownfield sites, and eco-industrial development, and heritage preservation development investments such as those supported by the Preserve America Initiative."

On Nov. 7, 2005, Michael Gallagher, Asst. Secretary for Communications and Information, US DOC National Telecommunications & Information Administration announced "EDA supports the proliferation of broadband networks as a key priority for regional economic growth. EDA's overall national investment budget is approximately \$224 million for FY05

and EDA grants are highly competitive.

"EDA encourages communities eligible for specific broadband programs, such as those offered by USDA's Rural Utility Service, to access those programs before applying for EDA investment dollars. The President's Strengthening America's Communities Initiative will consolidate 18 existing federal economic and community development programs, including EDA. The Administration's proposed FY

2006 budget focuses on robust funding for this Initiative. As a result, no funds are proposed for EDA grant programs in the 2006 budget." **BBP**

About the Author

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