



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

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Connecting Michigan Communities Grant Frequently Asked Questions

Revised August 16, 2019

How do I submit my application?

Completed application and supporting documentation must be received by the Department of Technology, Management, and Budget (DTMB), Center for Shared Solutions by 4:00 p.m. on Friday, August 30, 2019, to be considered for funding. Applicants should email their applications and all attachments in PDF format to DTMB-CMICGrant@michigan.gov. Applicants will receive an email confirmation of their submission within 48 business hours. Please fill out the entire application and clearly label any attachments with the question/statement number from the application form. Award decisions are estimated to be made in the fourth quarter of 2019.

What if my attachment(s) is too large?

Emails coming into the State of Michigan are limited to 35Mb in size. Applicants may submit zipped files or in multiple emails to accommodate larger attachments. Multiple emails should be noted in the subject line (i.e. Company Name, Attachment Name, email 1 of 4). If you will be submitting a file(s) larger than 35Mb, please contact Pamela Matelski at (517) 373-0084 or DTMB-CMICGrant@michigan.gov to establish an uploadable link at least 10 days prior to the submission deadline.

What areas are eligible for grant funding?

The State of Michigan is not designating geographic areas of the State as officially eligible or ineligible for the grant. The legislation states: The department shall not award a grant to an applicant if verifiable information is made available that shows any of the following:

- The proposed project includes an area that is already being served by at least one provider offering broadband service.
- The proposed project includes an area where construction of a network to provide broadband service is underway, and the construction is scheduled to be completed within one year of the date of the application.

- The proposed project includes an area where the construction of a network to provide broadband service is to be completed no later than three years after the date of an application.
- The project includes an area that has been selected to receive, provisionally or otherwise, Connect America funds from the Federal Communications Commission.

“Broadband service” is defined as a retail terrestrial service capable of delivering high-speed internet access at speeds of at least 10 megabits per second downstream and 1 megabit per second upstream.

It would not be possible for the State to have comprehensive data on all existing and proposed broadband deployment. Applicants are to use information available to them, (e.g. federal or state broadband maps, local surveys, speed tests, etc.) to identify areas of the state for which they are proposing service and demonstrate their unserved nature.

Will service provided by mobile wireless carriers be considered in determining eligible areas for this grant program?

Preliminary grant recommendations will be made within three months after the close of the application window. These recommendations will be posted on the grant website and are subject then to a 60 day comment/objection period per the grant enabling legislation. During the comment/objection period, any entity that believes broadband service is already available in the service area proposed in the preliminary grant recommendation may file a comment/objection form with the department stating as such. Entities filing an objection for such a reason will need to provide substantial evidence that service at the broadband defined speed is already available in the proposed service area of the preliminary grant recommendation. This evidence should include, but is not limited to, as-built network designs and wireless propagation diagrams.

For objections based on mobile broadband service, all areas objected as already being served, (both outdoor and indoor) in the objectors submission must meet speeds of at least 10 Mbps download and 1 Mbps upload at the network’s edge, measured from stationary user equipment at three feet from ground level with a 95 percent confidence margin for the network area with a uniform network load of 50 percent for the download and upload.

If an application is considered for funding, but the applicant is requesting \$500,000 and only \$400,000 is available after all higher scoring applications are funded, does DTMB negotiate with that applicant?

Yes. The Department will work with applicants to amend the application, project scope, and/or partially fund applications. Similarly, if a portion of a preliminary grant recommendation is successfully objected, the Department will work with the applicant to amend the scope and/or partially fund the application.

Are grant preparation costs eligible costs?

Costs incurred prior to the grant award date are not reimbursable. Since the costs to prepare the grant will be incurred prior to the award date, they are not reimbursable.

Can you give some examples of why applications may not be competitive or not funded?

We encourage applicants to keep in mind the scoring criteria as they complete their application. The scoring is based on the contents of the application and the accompanying attachments, so if the questions are answered completely and the attachments are present, the scoring should follow. Applications that are credibly objected will also not be funded.

Does the project area need to be contiguous?

No. The project may include areas that are not adjacent to each other. However, census blocks in the proposed service area should fit within or touch a single circle drawn on a map with a radius of 10 miles. Projects that impact census blocks in areas of the state outside of this single circle should be submitted as separate and complete applications.

Can grant funding be used to support fixed wireless broadband if the signal enters into a census block that already has limited service?

The CMIC Grant is a technology-neutral grant program. The state recognizes that fixed wireless connections often work well in rural areas where low household density makes wired internet service less feasible. Due to the nature of the technology, wireless signals cannot be contained to individual addresses or census blocks, and wireless equipment constructed in an unserved area as a result of this grant may extend into areas already served by broadband. The grant can only support connections to homes that are currently unserved by broadband at 10/1 Mbps, and grant applicants proposing a fixed wireless connectivity solution should take care to minimize the wireless signal "bleed" into already served areas of the state.

The CMIC Grant Steering Committee will make preliminary grant recommendations following the close of the grant application period. These preliminary recommendations will then be subject to a 60-day comment/objection period during which anyone with an interest in the proposed grant project may provide a comment on or object to the preliminary recommendation. If a fixed-wireless-based preliminary grant recommendation "bleeds" into an area already served by broadband and a credible objection is filed and verified by the department pertaining to this "bleed," there will be conditions added to the grant agreement that prohibits service being offered in those served areas for a period of time, to be specified at a later date.

Are local governments eligible to participate in this grant?

The enabling legislation defines eligible applicants as: (1) (g) "Internet service provider" means any of the following:

- (i) An entity holding a license under the Michigan telecommunications act, 1991 PA 179, MCL 484.2101 to 484.2603.
- (ii) An entity holding a franchise under the uniform video services local franchise act, 2006 PA 480, MCL 484.3301 to 484.3315.
- (iii) An entity currently providing broadband service in Michigan.

And further states: (2)...The 1-time funds shall not be directly or indirectly awarded to a governmental entity or educational institution or an affiliate, to own, purchase, construct, operate, or maintain a communications network, or to provide service to any residential or commercial premises.

Local governments may participate as informal partners with an internet service provider to demonstrate the community's ability to leverage broadband for community and economic development, such as rural development, tourism, new investment, or business attraction or retention. Priority shall be given to projects that demonstrate collaboration to achieve community investment and economic development goals of the area impacted.

How many points are earned for various thresholds of increased matching funds.

The Grant to Project Cost scoring criteria section is worth 10 points of the total application score. Applicants proposing a grant to project cost ratio of 90%, (the maximum allowed), will received 2 points in this section. Applicants proposing a grant to project cost ratio of at least 80% but less than 90% will receive 5 points in this section. Applicants proposing a grant to project cost ratio of 79% or less will receive the full 10 points for this section.

Can the grant be used for feasibility studies?

Feasibility studies are not eligible under this grant program. Eligible program costs include: “Broadband deployment costs” or “costs” for the acquisition and installation of middle-mile and last-mile infrastructure that support broadband service with a minimum speed of 10 Mbps downstream and 1 Mbps upstream. Last mile infrastructure is broadband infrastructure that serves as the final leg connecting the broadband service provider’s network to the end-use customer’s on-premise telecommunications equipment. Middle mile infrastructure is broadband infrastructure that links a broadband service provider’s core network infrastructure to last-mile infrastructure. Construction of broadband infrastructure may include any of the following: project planning; obtaining construction permits; construction of facilities, including construction of both “middle mile” and “last mile” infrastructure; equipment; and installation and testing of the broadband service.

Does the reference to “Connect America funds from the FCC” refer only to the CAF II Auction areas, similar to the eligibility criteria as established under the USDA ReConnect Broadband Program, or is the intent to have any area that may be receiving any type of Connect America Funds (CAF, CAF II and CAF II Auction) be deemed ineligible? As a follow up, if the intent of the program is to only restrict areas receiving funding under the CAF II Auction, would a winner of the CAF II Auction funds be eligible to apply for grant funds for their awarded areas?

Areas that have been selected to receive, provisionally or otherwise, funds from any of the Connect America Fund programs from the Federal Communications Commission are ineligible for the grant. This would include the recent CAF 2 Auction, CAF 2 funds for price cap carriers, the Alternative-Connect America Cost Model (A-CAM) for rate-of-return carriers, USDA ReConnect, and others. A spreadsheet of the Census Blocks that have been selected for funding through these programs to date can be found here:

https://www.michigan.gov/documents/dtmb/Michigan_Census_Blocks_CAF_650783_7.xlsx

A provider that is receiving funds from a federally funded program cannot apply for funds from CMIC for the same geographic area. However, such a provider could apply for CMIC funds for areas that are geographically adjacent to, but not part, of their federal deployment obligations that are CMIC-eligible in order to more fully leverage their funding into additional unserved areas of the state.

Can I apply for the USDA ReConnect funding and the CMIC Grant funding for the same service area? If so, could I accept both awards?

You may apply for funding for the same service area if the award has not been made prior to submitting the CMIC grant application. If ReConnect funding is granted prior to the CMIC grant award, that area would then become ineligible to receive CMIC funding. A provider could apply for CMIC funds for areas that are geographically adjacent to, but not part of, their federally funded deployment obligations that are CMIC-eligible in order to more fully leverage their federal funding into additional unserved areas of the state. Additional information on the ReConnect program can be found at www.usda.gov/reconnect

What are some examples of acceptable financial documentation?

Applicants should demonstrate their financial viability by providing relevant financial information for the previous three years of business operations. Relevant financial information may include, but is not limited to, annual reports, balance sheets, Form 10-K, Form 10-Q, income statements, and/or audited financial statements. Confidential information may be submitted and should be so marked.

Can a subsidiary submit financial documentation from its parent company?

An applicant may provide relevant financial information for the parent company or another entity if the applicant is a wholly owned subsidiary of the parent company or entity.

We don't have payroll in Michigan and don't have a Michigan Tax Identification Number. After contacting the Michigan Department of Treasury and the Unemployment Insurance Agency, they have informed me that the TIN is not issued until we have at least \$1000 in gross payroll. Is this required for a grant application or would we be able to explain this situation as part of our grant application explaining the lack of a Michigan Tax Identification Number?

Eligible applicants for the CMIC Grant are designated in Public Act 618 of 2018 as "Internet service providers," and are defined as any of the following:

- An entity holding a license under the Michigan telecommunications act, 1991 PA 179, MCL 484.2101 to 484.2603;
- An entity holding a franchise under the uniform video services local franchise act, 2006 PA 480, MCL 484.3301 to 484.3315; and
- An entity currently providing broadband service in Michigan.

The Applicant Identification Numbers requested in the application (including the Michigan Tax Identification Number) are to be provided “if available.” They are not required to submit a successful application, however in this case it is recommended to include the explanation in your application to avoid any confusion.

Can an applicant submit a .kml file for Attachment 2: GIS-compatible file of the proposed service area?

A .kml file is an acceptable file type.

Can we submit excel and .pdf files?

All attachments other than GIS files should be in .pdf format.

Is the maximum grant award of \$5 million per grant application or per entity? As an example, could an entity submit two \$5 million funding applications for a total of \$10 million in funding?

Public Act 618 of 2018, the enabling legislation, states, “The department shall not award more than \$5,000,000.00 of the one-time funds to any one project.” The CMIC Grant Application Information document states, “Section 4.1.2. Multiple Applications: An applicant may apply for more than one project, but an individual (separate) and complete application must be completed for each project.” Using your example, an entity could submit a \$5 million funding application for each project, for a total of \$10 million in funding to an entity if both projects were approved.

Section 3.3.2 of the CMIC Grant Application Information document states “Applicants should provide a five-year stand-alone financial plan/forecast for the project, including a description of how the costs and anticipated revenues will result in the financial viability of the project over time. A brief written narrative may be included along with the completed Project Financial Plan template provided in the appendix of this document.”

There is no template provided in the appendix of this document. Applicants may submit their five-year stand-alone financial plan/forecast for the project in the format that best aligns with the documentation submitted.

Question #25 / Attachment 9 requires a five-year, stand-alone project financial plan/forecast. Does this mean the cost and revenue in the model addresses only the funded project area or do you want the company financials with the project overlaid on top?

The response to Question #25 / Attachment 9 should address only the cost and revenue model for the proposed project area. Company financial information should be submitted under Question #23.

For the spreadsheet requirement under total number of households and number of unserved households (Attachment 3), would you like for applicants to include the total number of households and unserved households within the census block, the proposed service area, or both?

Applicants must attach a spreadsheet of the census blocks that are part of the proposed service area. The spreadsheet should contain the census block identification number, total number of households, number of unserved households, whether the applicant will provide service to the whole census block or only part, and whether the census block is wholly or partially contained within the proposed service area.

If we were to receive the grant we would get 25% of the funds up front, but do we have to spend all of that money before we receive the next lump sum, even if we have not spent all of the initial 25%?

Grant payments are made as follows: Upon the execution of a grant agreement, the State will provide 25% of the grant award to the grantee as a lump sum payment. Following this initial payment, 60% of the remaining grant award will be reimbursed quarterly following the validation of invoices and evidence of payment from grantees. The remaining 15% of grant funds will be available at grant closeout and submission of a final grant report upon project completion.

Grantees are required to submit invoices and proof of payment to the department on a quarterly basis following the successful execution of the grant agreement and are required to spend down the initial 25% lump sum payment before drawing down from the subsequent funds.

Are we supposed to put percentages or some other measuring system in the project task box fields (Question 27) on the application?

Please indicate the individual tasks involved in the project and enter a checkmark in the expected completion date field (quarter and year) of the activity on the provided schedule form.

Are farms considered businesses under Question 27?

Farms may be counted as a business. If multiple dwellings/housing units are located on the property, they may also be included in the household count.

Are applicants required to submit all of the attachments or just one for the Locations Passed and Proposed Service (Attachments 1-3)?

Applicants are required to submit all three attachments for this section.

- Attachment 1: Map of proposed service area in PDF format (including both last mile coverage and middle mile routes)
- Attachment 2: GIS-compatible file of the proposed service area (including both last mile coverage and middle mile routes)
- Attachment 3: Spreadsheet of census blocks that are part of the proposed service area.

If the applicant submits a reviewed financial report, would that be acceptable on its own or would they need to include any other types of documents?

An audited financial statement is the preferred form of documentation. The burden is on the applicant to provide the necessary financial information for the committee to make an accurate determination of their financial wherewithal. If an applicant submits another form of documentation, such as a “reviewed” financial report, they should indicate who reviewed them, name, title, and organization, and if that review was done in-house or by a third party. This will help interpret the validity of the financial statements.