

Michigan Department of Technology, Management, and Budget
Center for Shared Solutions
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www.michigan.gov/CMICGrant
DTMB-CMICGrant@michigan.gov

Connecting Michigan Communities Grant

Guidelines and Overview

1. **Grant Submission Overview**

- 1.1. **Application Deadline:** All grant applications are due by 4:00PM EST, Friday, August 30th, 2019.
- 1.2. **Submission Guidelines:** 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 24 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.
- 1.3. **Questions and Contact:** If you have questions after reviewing the application and supporting documentation, please see the Frequently Asked Questions document available on the grant website at: www.michigan.gov/CMICGrant. The FAQ will be updated throughout the application process. Questions and comments can also be submitted via email to: DTMB-CMICGrant@michigan.gov.

2. **Scope of the Program**

- 2.1. **Purpose/Background:** Pursuant to [Public Act 618 of 2018](#), the Connecting Michigan Communities (CMIC) Grant program for statewide broadband shall be awarded by the Department of Technology, Management, and Budget to applicants for projects that exclusively extend broadband service into unserved areas in Michigan. “Broadband service” means 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. “Unserved area” means either a census block without at least 1 provider providing broadband service within the census block, or a delineated area within a census block without at least 1 provider providing broadband service.
- 2.2. **Funding Availability:** As designated in [Public Act 618 of 2018](#), \$20 million has been appropriated and authorized as available funding for the CMIC grant program. Priority shall be given to projects that demonstrate collaboration to achieve community investment and economic development goals of the area impacted, and that are able to demonstrate that they have the managerial, financial, and technical ability to build, operate, and manage a broadband network. All grant project work must be completed by September 30, 2023.
- 2.3. **Procuring and Contracting Agency:** This request for applications is issued by DTMB, which is the sole point of contact for the State of Michigan during the selection process. The person responsible for managing the grant is Pamela Matelski, CMIC Grant Program Office, Center for Shared Solutions. The grant award(s) resulting from this application process will be administered by DTMB. The grant administrator will be Pamela Matelski, CMIC Grant Program Office, Center for Shared Solutions.

2.4. Eligible Applicants: Eligible applicants for the CMIC Grant include internet service providers. “Internet service providers” 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.

2.5. Eligible Unserved Areas: Projects that deploy broadband service to unserved areas are eligible. An “unserved area” is defined as either a census block without at least one (1) provider providing broadband service within the census block, or a delineated area within a census block without at least one (1) provider providing broadband service. “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. Areas not eligible for the CMIC Grant include:

- Areas that are served by at least one (1) broadband provider offering service with a speed of at least 10 Mbps downstream and 1 Mbps upstream;
- Areas that have been selected to receive, provisionally or otherwise, Connect America funds from the Federal Communications Commission;
- Areas where construction of a network to provide broadband service is underway, and the construction is scheduled to be completed within 1 year of the date of the application; and
- Areas where the construction of a network to provide broadband service is to be completed no later than 3 years after the date of an application.

Proposed service areas are not required to be contiguous, however, census blocks in the proposed service area should fit within or touch a single circle drawn on a map with a radius of ten (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.

The State of Michigan is not designating geographic areas of the state as officially eligible or ineligible for the grant. 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. The statute establishes a comment/objection period that will follow the grant application period. Initial grant recommendations will be posted online and the public will have the opportunity to comment on those applications. If a commenter wishes to file an objection to a grant recommendation because they already provide broadband in the proposed service area, the commenter will need to provide substantial evidence proving that the minimum sustained broadband speed is offered to the proposed service area. Evidence provided in such an objection will be validated and vetted to ensure the evidence provided is accurate and complete and that service at the defined speed already exists or will be constructed throughout the proposed service area.

2.6. Maximum Grant Award: The maximum grant amount is \$5 million.

3. Grant Terms and Funding

3.1. Eligible Program Costs: The CMIC Grant Program can pay up to 90% of the eligible costs for a qualifying project. “Broadband deployment costs” or “costs” means the cost of 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.

Ineligible costs include:

- Indirect or operational expenses that exceed 10% of the total project cost or \$250,000, whichever is less;
- Costs associated with completing or filing an application for the grant;
- Middle-mile infrastructure that is not directly connected to last-mile infrastructure serving an unserved area; and
- Expenses related to the provision of telephone or video services which are not necessary for the delivery of broadband services.

Neither DTMB nor the State of Michigan is liable for any cost incurred by an applicant in preparing a CMIC grant application.

- 3.2. Match Requirement: The applicant must provide the funding for the total project cost not covered by the grant as a local match, (the grant can cover up to 90% of the total project cost). The match can come from any private, non-profit, or public sources available to the applicant. An application will receive additional points for providing local match that is higher than the 10% minimum required. Match requirements can be met with cash or in-kind contributions or a combination thereof. Any eligible project expenses incurred between the grant award date and the end of the project or September 30th, 2023, whichever is earlier, can be counted as part of the local match. The state grant funding period begins after the grant application is received, evaluated, and officially approved with an award letter. Documentation to support the match is required as part of the application. Examples of in-kind contributions can include, but are not limited to, assets transferred to the applicant, donated equipment, services, or expertise, or cash equivalents such as stocks, bonds, or mutual funds. Applicants will provide evidence that the in-kind contributions are directly related to the expansion of broadband in the proposed service area.
- 3.3. Reimbursement: Grantees will submit invoices and proof of payment to the department quarterly following the successful execution of a grant agreement. Upon the execution of a grant agreement, the Department 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. Grant closeout will require certification from a Professional Engineer certified in Michigan that the build has been completed; that the design and installation conforms to all applicable federal, state, and local requirements and standard engineering practice; and that the installed infrastructure will provide the service levels stated in the application. Grantees are expected to offer service at the pricing and speed levels stated in the application for a minimum of five (5) years after grant closeout. While not a contractual requirement, it is expected that the selected applicants will have incorporated this criteria into their business plan.
- 3.4. Accountability and Reporting: Per the statute, grantees will be required to provide a semiannual report to DTMB from the time it receives funds to five (5) years after completion of the project. The semiannual reports shall be made publicly available on the department's website with any proprietary information redacted. The reports shall be in a format specified by the department and shall give an accounting by the applicant of the use of the funds received and the progress

toward fulfilling the objectives for which the funds were granted including all of, (but not limited to), the following:

- The number and location of residences and businesses that will receive the broadband service;
 - The speed of broadband service;
 - The average price of broadband service; and
 - The broadband service adoption rates within each census block or the delineated area within a census block proposed for service in the application.
- 3.5. Resolution/Affidavit Authorizing Application: The applicant must complete and approve a resolution or affidavit authorizing the application and guaranteeing the local match. A sample resolution/affidavit will be provided as part of the application.
- 3.6. Amendment: The Department reserves the right to amend the application or project scope and/or partially fund applications.

4. Preparing and Submitting an Application

4.1. General Overview

- 4.1.1. Deadlines/Requirements: The CMIC Grant Program is a competitive one-time grant program. The application deadline is 4:00 p.m. EST on Friday, August 30, 2019. 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 24 business hours. Elaborate applications (e.g., expensive artwork), beyond that sufficient to present a complete and effective application, are not necessary or desired.
- 4.1.2. Format: The application should be typed using the fillable PDF forms available on the grant website: www.michigan.gov/CMICGrant. A handwritten application will not be accepted.
- 4.1.3. Multiple Applications: An applicant may apply for more than one project, but an individual (separate) and complete application must be completed for each project. Applicants are required to fill out the entire application and clearly label any attachments with the question/statement number from the application form.
- 4.1.4. Late Applications: Applications filed after the deadline will be rejected. Official application submission date and time will be determined by the time stamp accompanying the application email. Applications dated and time stamped in any other way will be rejected.
- 4.1.5. Withdrawal: An applicant may withdraw an application in writing at any time up to the application closing date and time. To accomplish this, the applicant must submit a written request to withdraw the application, and the request must be signed by an authorized representative of the applicant and submitted to the Department. If a previously submitted application is withdrawn before the due date and time, the applicant may submit another application at any time up to the application closing date and time.
- 4.1.6. Public/Non-Public Applications: In order to protect sensitive information required as part of the application, the Department is requesting that applicants submit two versions of the applications;
- 4.1.6.1. One application will contain all of the necessary information and attachments needed for the evaluation and scoring of the grant including information that the applicant may consider confidential or proprietary. This application is not subject to Freedom of Information Act (FOIA) requests.
- 4.1.6.2. A second, FOIA redacted application to be put forth for publication on the grant website. Should the grant application be selected, this application will be published online and the Department will gather comments or objections concerning the

application. At a minimum, this application must include the proposed geographic broadband service area by census block or the areas within a census block to be served and the proposed broadband service speeds.

4.1.7. Incurring Costs: Neither DTMB nor the State of Michigan is liable for any cost incurred by an applicant in preparing a CMIC grant application.

4.1.8. Schedule of Events: Listed below are dates and times of actions related to the application. In the event that the state finds it necessary to change any of the dates and times to the schedule of events listed below, it will do so by issuing those revisions on the www.michigan.gov/CMICGrant website.

Jul. 1, 2019:	Application window opens
Aug. 30, 2019:	Application due by 4:00PM EST
Sep. – Nov. 2019:	Application review and award recommendations published
Dec. 2019 – Jan 2020:	Comment/objection period
Feb. – Mar. 2020:	Comment/objection validation
Apr. 2020:	Final grant awards announced

4.2. Evaluation

4.2.1. Review and Eligibility: The evaluation of an application and selection of an applicant for an award will be based on the information submitted in the application including any required attachments and documentation. Failure to respond to each of the requirements in the application may be the basis for rejecting a response.

4.2.2. Scoring Summary: Applications will be reviewed by the grant steering committee. Applications will be given a score between zero and 145. Points will be awarded in the following categories based on the responses and materials submitted by applicants:

Scoring Criteria and Sub-Criteria	Total Points
Locations Passed	30
Experience, Financial Wherewithal, and Long-Term Viability	30
<i>Financial wherewithal and sustainability</i>	10
<i>Organizational capacity</i>	5
<i>Technical demonstration</i>	10
<i>Scalability</i>	5
Readiness to Build, Operate, and Maintain the Project	25
<i>Demonstration of project readiness</i>	15
<i>Comprehensive proposal</i>	10
Community and Economic Development	20
<i>Evidence of community support</i>	10
<i>Benefits to community anchor institutions</i>	5
<i>Economic development impact</i>	5
Affordability and Service Limitations	20
<i>Affordability</i>	5
<i>Data caps</i>	5
<i>Lifeline or low-income service offering</i>	5
<i>Distressed community</i>	5
Adoption Strategy	10
<i>Training</i>	5
<i>Awareness</i>	5
Grant to Project Costs	10
Total	145

4.2.3. Scoring Details: The following provides more information on each of the scoring criteria elements listed previously.

- 4.2.3.1. Locations Passed: The following table will be used to score applications based on the total number of proposed locations passed and the highest proposed speed of service to be provided upon completion of the project.

Locations Passed	Maximum Speed Tier Proposed			
	10/1 Mbps	25/3 Mbps	100/20 Mbps	1,000/100 Mbps
Less than 50	0	10	15	20
51 – 300	5	15	20	25
301 or more	10	20	25	30

- 4.2.3.2. Experience, Financial Wherewithal, and Long-Term Viability: Applications will be awarded points in the following categories upon review of the materials submitted which may include, but are not limited to, the examples provided below.

4.2.3.2.1. Financial wherewithal and sustainability: Examples include identification of eligible costs, leveraging existing broadband, financing is secured, additional costs identified, need for funding clearly identified, financial plan, financial strength demonstrated, and a resolution/applicant affidavit. Applicants should also indicate whether they have outstanding broadband loans or grants from any other organization. Additionally, applications will be reviewed for the long-term sustainability of the network to provide service to the proposed unserved area.

4.2.3.2.2. Organizational capacity: Examples include quality/experience of partners and project manager, organizational charts, company history and resumes.

4.2.3.2.3. Technical demonstration: Examples include a clear and concise project description, commitment to offering service for a minimum of five years, a realistic project schedule that syncs with broadband infrastructure to be provided and the project budget, clear documentation of areas to be served, and provision of MI vendor ID number, MI identification number, federal employer identification number (EIN), Service Provider Identification Number (SPIN), and Federal Communications Commission (FCC) Registration Number (FRN). Applicants should also provide evidence of experience with similar infrastructure deployments and service offerings.

4.2.3.2.4. Scalability: Evidence that the proposed network can scale to meet the future connectivity needs of the community and the homes, businesses, and institutions to be served.

- 4.2.3.3. Readiness to build, operate, and maintain the project: Applications will be awarded points in the following categories upon review of the materials submitted which may include, but are not limited to, the examples provided below.

4.2.3.3.1. Demonstration of project readiness: Examples include a solid engineering and design plan, financing secured, other approvals secured or in process (e.g. environmental, historic or architectural, etc.), project schedule thorough and complete, and evidence of readiness to build, manage, and operate the project, and financial plan described.

4.2.3.3.2. Comprehensive proposal: partners in place, application complete and well prepared, budget complete.

- 4.2.3.4. Community and Economic Development: Demonstrating collaboration to achieve economic development goals in the community

4.2.3.4.1. Evidence of community support: including project partners and demonstration of customer interest such as potential/current customer surveys and/or canvasses as to desire/need for improved service; letters of support, and take-rate estimates.

4.2.3.4.2. **Benefits to community anchor institutions:** Provide a list of significant community institutions and how they will benefit. Examples of specific types of community institutions would include libraries, fire halls, government & community centers, township halls; hospitals and nursing homes; state facilities; and educational institutions, and similar. Provide some examples of how broadband will be incorporated into specific community programs. Applicants should submit letters of support from impacted CAIs that describe the benefits to be gained from the proposed connectivity. Evidence of experience with the FCC/Universal Service Administrative Company E-rate program, or evidence of application for SPIN, should be provided if the applicant intends to provide connectivity to schools or libraries.

4.2.3.4.3. **Economic development impact:** Does the project demonstrate economic development impacts and how? This might include documenting via specific impact statements from businesses as to business retention, expansion, and attraction impact, including home-based businesses and telecommuting. Also evidence of education, health and public safety benefits and general quality of life improvement. Additionally, evidence should be presented that shows that broadband is included in a local, county, or regional economic development plan, master plan, or similar, or that the community in which the proposed service is to be deployed has a specific broadband or technology plan. The proposed project, if awarded, should further the community's economic development objectives.

4.2.3.5. **Affordability and Service Limitations:** The following tables will be used to score applications based on several elements of the proposed service.

4.2.3.5.1. **Affordability:** Applications will be awarded points based on the proposed monthly cost of service compared to the FCC's Reasonable Comparability Benchmark Calculator (<https://www.fcc.gov/reasonable-comparability-benchmark-calculator>). Applicants will be asked to provide the service packages offered to customers in the proposed service area and include the download speed, upload speed, monthly cost, and monthly data caps (if applicable), for each service tier to be offered. Grant reviewers will compare the proposed monthly cost of service for the grant's minimum required connection speed of 10/1 Mbps to the monthly cost returned by the FCC's Reasonable Comparability Benchmark Calculator. The ratio, expressed as a percent, will be compared to the table below and points will be awarded.

Ratio of Proposed Monthly Cost of Service to the FCC Reasonable Comparability Benchmark Calculator	Points
Less than 60%	5
60% to 79.9%	3
80% to 99.9%	1
100% or more	0

4.2.3.5.2. **Data caps.** Data caps limit the amount of data to be accessed via an internet connection, usually refreshed monthly. The following table will be used to score applications based on the use of data caps for the proposed service.

Monthly Data Cap	Points
No Monthly Data Cap	5
Monthly Data Cap \geq 500 GB	3
Monthly Data Cap < 500 GB	0

4.2.3.5.3. **Lifeline and Low-Cost Service Offering:** The federal Lifeline program provides a monthly discount for home broadband service for qualifying

households. Applicants should demonstrate that they have been approved by the FCC to offer Lifeline and receive subsidies (if applicable) or demonstrate that they have applied for approval. Additionally, some internet service providers offer discounted internet service for low-income or other qualifying homes passed by their network. Points will be awarded based on the applicants indicated participation in Lifeline and/or their implementation of a subscription plan for low-income or vulnerable populations. Applicants proposing to implement a low-cost service offering must provide eligible customers with a similar level of service to that which is provided to non-eligible customers. Applicants participating in Lifeline or that offer a low-cost subscription program for eligible households will receive five (5) points for this section. Applicants not offering such a program or not participating in Lifeline will receive zero points.

- 4.2.3.5.4. **Distressed Community:** Distressed Areas are those cities, villages and townships which exhibit higher than statewide average levels of economic distress. The Michigan State Housing Development Authority maintains a list of eligible distressed areas/communities that can be found online here: https://www.michigan.gov/mshda/0,4641,7-141-48987_75951-181277--,00.html. The following table will be used to score applications based on the inclusion of distressed communities in the proposed service area.

Distressed Communities in Proposed Service Area	Points
Proposed service area wholly contains at least one eligible distressed community	5
Proposed service area includes part of at least one eligible distressed community	3
Proposed service area does not include an eligible distressed community	0

- 4.2.3.6. **Adoption Strategy:** Broadband adoption efforts ensure that once a connection is available, residents and businesses are able to afford and use the connection and are aware of the benefits of being connected to high-speed internet service.
- 4.2.3.6.1. **Training:** Applicant proposes to provide digital literacy training materials and resources to residents and businesses in the proposed service area or applicant proposes to work with and support local training organizations (e.g. libraries, non-profit organizations, etc.) to provide digital literacy training in the community.
- 4.2.3.6.2. **Awareness:** Applicant proposes to provide information to homes, businesses, and institutions passed by the network promoting the use of an internet connection for improving quality of life, access to resources, economic opportunity, etc.