



## South Carolina Broadband Infrastructure Program



### Funding Agreement and Program Requirements FAQ

(09/01/2020)

1. What would be the Project ID in exhibit A of the Funding Agreement?
  - A. Please assign a Project ID corresponding to each project application you attach to your company's executed Funding Agreement. Project IDs should be five characters in length consisting of the first three letters of the company's name and two numbers identifying the project application. For example, if the company "Broadband, Inc." submitted two applications for projects, the Project IDs would be BRO-01 and BRO-02.
2. Assuming we submitted an application that built to and passed inf 600 homes and assumed 100% adoption. If the network is built and service is available to all 600 homes but only 200 actually signed up for service and got installed before the deadline, would this project be considered complete and all eligible expenditures fully eligible for reimbursement?
  - A. Yes. The entire project in the scenario above would be considered complete and you can invoice for 100% of the fees as agreed upon in the Funding Agreement, regardless of the number of homes actually signed up for service before the deadline.
3. If service is available to an address but the address does not subscribe to the service before the deadline, does this address meet the requirements of "served" as it is used in the agreement and its attachments?
  - A. Yes. Service must be available to the address. Speedtests at the address may be performed by the providers at the NID to demonstrate availability of service in this scenario.
4. Normal capitalization for plant assets allows for the inclusion of certain overhead into the capital item for labor. Will we be able to include our normal overhead, benefits, and other costs, as part of the capitalization process for the SC Cares Broadband program?
  - A. Any ongoing operational expenses, including overhead, not directly related to the construction of the project are ineligible.
  - B. Broadband infrastructure construction, installation, materials and equipment costs are eligible costs.
5. One question we have is regarding the completion date of 12/18/20 that is referenced throughout the funding agreement. We don't see any allowance for a lag allowing contractors/vendors to submit invoicing. Some of our contractors/vendors only invoice once a month. We don't see anything that addresses this in the agreement. It appears that it may be based on what we can actually report on 12/19 that has actually been invoiced and paid. If so, then this shortens our window for buildout, and we have to work with our contractors/vendors to send us an invoices on that day for services completed to date. We believe we can manage this, but it would be nice to have a lag to allow contractors/vendors to get invoices submitted. Aside from that I believe we can manage the reporting requirements.

- A. Due to the deadlines provided in the CARES Act, all expenses must be incurred and documentation provided by the provider to ORS prior to the project completion date of 12/18/2020.
6. In the Project Description on Page 2, it reads: "The Project may be completed in phases or milestones so long as each fully completed phase or milestone enables broadband service to be available to a home, business or otherwise available to the public for use during the public health emergency and supports telehealth, telework and/or distance learning." Must a home or business be connected to services in order to get reimbursed OR does attesting to the ability to services being available at the street and requiring a drop/ONT qualify for reimbursement? The Construction Progress Report document includes a section for Speedtest results, indicating we must have services installed at homes.
- A. See responses to Questions 2 and 3 above.
7. Page 3, Section 2A. – a specific Exhibit A & C are referenced. So we will have a whole contract per application area (8)?
- A. One Funding Agreement will be executed per provider. The Funding Agreement covers all projects. Additional pages may be attached as necessary to complete the exhibits to the Funding Agreement.
8. Do the project milestones have to be broken down and specified ahead of time to ORS.....or is it just....based on the % of homes that have access to broadband service out of the total % for each project at each financial reimbursement submission? Exhibit C shows three milestones, each with xx%. Milestone 2 states 40% completion. Also in Exhibit C, the following example is provided. "Percent completion of the Project(s) is determined by the number of homes or businesses as set forth in the Application. For example, if a Project was to serve 100 homes/businesses at a cost of \$10,000. The first 20% or 20 homes/businesses that have broadband available would allow a payment of \$2,000." Again, do services need to be "available" meaning at the street, or connected? If only "available", how are we to report on Speedtest results in the progress reports?
- A. Milestones: Milestones must be specified and included in the executed Funding Agreement submitted to ORS. All milestones must ensure service is available to a customer.
- Service Available vs. Connected: See responses to Questions 2 and 3 above.
- Speedtests: See responses to Questions 2 and 3 above.
9. What would ORS consider to renew this agreement for the 6 month term specified in Page 5, Section III. A.?
- A. U.S. Treasury extension of the deadline for expenditure of CARES Act funds beyond the current cut-off date of December 30, 2020.
10. As I was looking through this list, I wanted to confirm what we can and can't include in terms of costs for these projects. Is employee labor eligible? Construction labor? Engineering labor? Are contractors treated any differently? If we pay a 3rd party contractor to plow cable or if we have an employee plow cable, are they treated the same? What about overheads? This is not executive, accounting, HR, or administrative, but direct supervision. We are required to capitalize engineering, vehicle, and network administration expenses based on labor hours. If it is following FCC rules, is it reimbursable under this program?
- A. Employee labor: Yes, labor expenses are eligible for reimbursement.
- Construction labor: Yes, labor expenses are eligible for reimbursement.

Engineering labor: Yes, labor expenses are eligible for reimbursement.

Contractors & Employees: No distinction.

Overhead: See response to Question 4 above.

Capitalization: See response to Question 4 above.

**11.** How frequently will we need to prepare the reports attached? Are they on demand, weekly, monthly?

- A. The Construction Progress Report and the Financial Progress Report are to be submitted to ORS on a monthly basis on their respective due dates.

Construction Progress Report – due to ORS on September 15, October 15 and November 15, 2020.

Financial Progress Report – due to ORS on October 1, November 1 and December 1, 2020

**12.** The funding agreement states, “The project may be completed in phases or milestones so long as each fully completed phase or milestone enables broadband services to be available to a home, business, or otherwise available...” Given this statement how would the following situation be funded?

To construct within a construction zone a transport route is required to be constructed from existing network facilities to the far end of the construction zone. This transport route will go past many roads leading to the interior of the construction zone and of course will also pass service locations along the transport route. The completion of the transport route is required prior to the construction of facilities to the interior of the construction zone.

Does the establishment of a phase or milestone that is based on the completion of the transport route as outline above allow for the reimbursement of the entire transport route as long as broadband service is made available to locations along the transport route, even if full buildout is not achievable within the entire construction zone?

If reimbursement is made will it be based on the cost of the transport route or simply a prorata share of the entire project? For example assume the entire construction zone consist of the transportation route and construction down 10 side roads. The transportation route allows service to 40 locations directly on the route. There are a total of 400 locations in the construction zone, with 360 locations on side roads. Assume due to factors outside the control of the broadband funding award only the transport route is completed by the dead line and this is 40% of the total approved project cost would the reimbursement be the 40% cost completed or the 10% locations served.

- A. You can amend such that those sections with higher costs are grouped together.

**13.** By choosing to complete the project in phase/milestone how can we handle for funding late signups within these areas? Example; Construction is complete and Service is available in an area; we have a large number of signups close to the December Deadline.

- A. See responses to Questions 2 and 3 above.

**14.** As part of the Funding agreement we submit to ORS, do we include our application and all exhibits including letters of support and map files?

- A. Yes. Please include as Exhibit E to the Funding Agreement your application(s) as amended (if applicable) and with ALL exhibits, attachments, and related documentation.

- 15.** Is it likely that we could have an extension to complete the Infrastructure projects? If an extension is granted, would the initial funding award be able to be used to complete currently awarded projects?
- A. We do not know.
- 16.** Do we need to complete the funding agreement for each application award?
- A. No. See response to Question 7 above.
- 17.** Will documentation collected by the ORS remain confidential if labeled Confidential?
- A. ORS will make this determination on a case-by-case basis. ORS will not make public any organization's confidential financial information. These are public funds and ORS will be required to provide documentation in any future audits.
- 18.** How can ORS help the facilitation of "Right of Way" issues/requests while trying to meet the 12/18 deadline?
- A. Contact Tom Allen, ORS's Director of Safety, Transportation and Telecommunications by emailing [tallen@ors.sc.gov](mailto:tallen@ors.sc.gov).
- 19.** Exhibit C of the agreement is where we document our % milestones. These percentage fields are currently not modifiable. Can the document be updated to allow these percentages to be updated?
- A. Exhibit C to the Funding Agreement is meant to be an illustrative example of how you might want to structure your milestones. Please attach project-specific milestones as additional pages to your executed funding agreement.
- 20.** For documentation of speed test results, should these be reported based on the subscribed level of service or the maximum capability of the network? For example, ONT at the house may be capable of 1 Gig speed, but subscribed level of service may only be 200 Meg.
- A. The speed test results should reflect the maximum available speed.
- 21.** If we already have a vendor number with the state, can we use that or should we create an additional number for this project?
- A. If you are already registered with the State Fiscal Accountability Authority and have a vendor number, you do not need to re-register or obtain an additional vendor number. Please use your existing vendor number.
- 22.** Do you want one contract with our parent company, or do you want individual agreements with subsidiaries?
- A. One Funding Agreement will be executed with the parent company for multiple subsidiaries' projects.
- 23.** Our parent company has a SFAA vendor number. Will this number be ok to use or do we need to have one for our subsidiary applying for the program?
- A. If you have previously registered with SFAA and have a current vendor number with the state, there is no need to re-register. Please verify the address and FEIN associated with the existing vendor number to ensure it is the correct entity and payment is remitted to the correct address.
- 24.** Do "milestones" have to be pre-defined, and submitted with the contract this week? - If so, how defined do they need to be? (# of homes, determination of which homes fall in which milestone within

the project, etc.). Or, are “milestones” not necessarily predefined. Are they just the periodic filings we do on the Financial and Construction reports? If that is the case, is a “milestone” just informing ORS during the monthly filings that we have made service available to X% of homes in the project and therefore we are filing for X% of reimbursement prior to December 18th?

- A. If you wish to structure a project using milestones specific to that project, the milestones must be pre-defined and submitted as Exhibit C to your executed Funding Agreement. All milestones must ensure service is available to a customer. Financial and construction reporting requirements may be related to, but are independent of, any milestones you wish to include in your amended application(s).

**25.** Where within the contract do we set forth milestone percentages? Exhibit C? (My understanding is that the provider sets its own milestones)

- A. Please provide your milestones in Exhibit C to the Funding Agreement. See response to Question 19 above.

**26.** Are the milestone dates set at Oct 1, Nov 1 and Dec 1?

- A. Milestones are set by the company based on the specifics of the company’s project(s). All milestones must ensure service is available to a customer. See response Question 19 above. The dates of Oct 1, Nov 1 & Dec 1 are dates for submission of the Financial Progress Report for EACH PROJECT. If a milestone is met as of that date, also submit an invoice (on company letterhead, signed & certified by an officer of the company), related to the percent complete of service available, as defined by the milestones you submitted with your executed funding agreement. A completed Exhibit D and Exhibit F is also required with any invoice submittals. We anticipate a final billing of milestone(s) on or before December 18 if you have made service available to additional locations after your December 1 submittal.

**27.** If the milestones (percentage of completion) set by the provider is not hit by the milestone date, will we still be entitled to reimbursement upon hitting the milestone as long as this occurs prior to Dec. 18?

- A. Yes.

**28.** Is it the State’s intent to seek reimbursement of all grant money paid if the Project is not completed by Dec 18? Assuming we hit 2 milestones but miss the 3rd.

- A. Any milestone you have met, based on the percent of service available to the number of locations listed in your application, is eligible for payment. Reimbursement to the state of any funds paid out based on these milestones, and confirmation that service is available by ORS staff, will not be sought.

**29.** Will the State accept clarifying edits to the agreement or is the agreement not subject to modifications? If so, can I get an editable version?

- A. No.