Universal Broadband:
Deploying High Speed Internet Access in NYS
Updated in July 2017
Universal Broadband

Overview | Today, there are still seven million New Yorkers and 113,000 businesses that do not have access to broadband Internet connections at 100 megabits per second (Mbps), according to the Governor’s Office. This speed has been identified by economic developers as the minimum speed needed to attract businesses. Over 70 percent of Upstate New York falls below this Internet speed threshold right now.

When individuals do not have sufficient Internet access, the economy suffers, and so does their quality of life. Parents are unable to access information on school websites, children are unable to do research and homework, jobseekers are unable to search online job postings, access civil service exams and other information, and businesses are unable to market their products to potential customers.

The following “Broadband Availability” map is a staggering look at just how far New York is from providing quality Internet access in all communities. This map illustrates those areas in New York that currently lack 100 Mbps broadband access.
The New NY Broadband Program: The Plan for New York

Governor Andrew M. Cuomo, in his 2015/16 NYS State Budget, allocated $500 million for the New NY Broadband Program to incentivize the expansion of high-speed broadband access in unserved and underserved areas. The New NY Broadband Program is administered by the New York State Broadband Program Office (the BPO), a division of the New York State Urban Development Corporation, d/b/a Empire State Development (ESD). Governor Cuomo should be commended for his vision to “connect” New York State, so that business, families, and students have an opportunity to succeed and stay in New York.

Broadband providers and communities will use this funding to deliver service in a given area. The budget requires priority be given to public libraries and educational opportunity centers, and also requires a report on planned investments.

Matching Private Sector Investments

Broadband providers will contribute, on average, at least 50 percent of the capital needed, which will push the size of the program above $1 billion. The State’s investment will serve to stimulate competition in the broadband market where none or little exists; improving affordability and quality of service.

Unprecedented Broadband Speed

Broadband providers must provide Internet access rates of at least 100 Mbps, with funding priority given to those delivering the highest speeds at the lowest cost. In certain limited cases, providers may offer 25 Mbps rates to the exceptionally remote unserved and underserved areas of the state (more than three times the current standard) scalable to 100 Mbps or more - if this provides the best means of achieving universal broadband access to the region.

Local Input to Guide Development

Building on the successful Connect NY model, each Regional Economic Development Council (REDC) will submit a comprehensive plan to the State that: 1) identifies unserved and underserved areas; 2) aggregates demand across residential, institutional and business sectors; 3) details the most cost-effective means to provide universal access; and 4) leverages state-owned assets where possible.
In September of 2015, the Broadband Program Office released a Request for Information ("RFI") to seek input from qualified parties to inform the preparation of guidelines for and structure of the New NY Broadband Program. The deadline to submit proposals was October 15, 2015.

The goals of the RFI were to identify:

• strategies for structuring and/or implementing the Program, and to stimulate interest in providing broadband access to all underserved and unserved areas of the State.

• ideas and/or recommendations on how to speed deployment of broadband infrastructure to meet New York State broadband goals and the proposed timeline.

• suggestions on how the State can leverage partnerships, utilize existing assets, coordinate broadband deployment with other infrastructure improvements, and/or take other steps to reduce broadband deployment costs.

• potential challenges and/or roadblocks related to the expansion of broadband access for underserved and unserved areas of New York State.

• information on potential technology solutions that might enable broadband access for underserved and unserved areas of New York State.

• regional considerations that might be relevant to the Program’s ability to meet its goals.

• barriers that may prevent residents and/or businesses from taking advantage of the benefits of broadband service, including approaches to ensure all New Yorkers have access to broadband at reasonable costs.
Request for Proposals, Round 1

On January 8, the Governor and the New NY Broadband Program released the Request for Proposal (RFP) to leverage $500 million in matching funding to expand high speed broadband access for New Yorkers. Along with the announcement the New York State Public Service Commission voted to approve the merger of Time Warner Cable and Charter Communications, now known as Spectrum Communication, which is estimated to provide $1 billion in direct investments and consumer benefits. The Commission’s merger required broadband speed upgrades to 100 Mbps statewide by the end of 2018, and 300 Mbps by the end of 2019. This benefits two million Upstate broadband customers. The highest speed offered by Time Warner Cable north of New York City is 50 Mbps so customers will experience significant speed upgrades.

The objective of the RFP – Phase I was to grant funding to applicants to Last-Mile services, which is the final leg of the telecommunications network, including infrastructure for unserved and underserved areas of the state.

Phase I required the following parameters:

Eligibility

- Incorporated Organizations
- Native American Tribes
- Local Unit of Government
- Cooperative, Private Corporations, Limited Liability Companies and Not-For Profits
- Public/Private Sector Partners

Requirements

- Projects Must Provide internet speeds of at least 100 Mbps
- Technology and Network must meet approved standards
- Targeted at 50% private sector co-investment across the Program
- Priority will be given to unserved areas, libraries and educational opportunity centers
- Applicants must demonstrate suitable fiscal standing and management capabilities; cover a minimum territory; and offer Broadband Service for no more than $60/month
- Projects Must Be Implemented by December 31, 2018
Program Design

• Award grant funding to applicants to provide last-mile services to unserved and underserved areas of the State
• Evaluate applications through a reverse-auction process
• Allocate funding based on the lowest state subsidy per unit served
• Conduct auctions in each of the Region Economic Development Council (REDCs) to ensure statewide allocations.
• Areas not addressed in Phase I RFP will be the focus of succeeding rounds of funding.

Applicants of the Phase I funding were evaluated through a reverse-auction process. The reverse-auction selected projects providing broadband access that required the lowest State Investment. The deadline to submit proposals was April 15, 2016.

Phase I Awards

In August of 2016, the New NY Broadband Program announced awards of Phase I funding. The Program funded 25 projects that will provide broadband access at the Program’s goals to Unserved and Underserved areas across the State. As part of Phase I, the Broadband Program Office's grants will drive $75.8 million of total investment for broadband deployment projects $54.2 million of which will be funded by the state, and $21.6 million of which will be funded by private investment.

When combined, nearly 18,000 miles of broadband infrastructure will be deployed. The awarded projects cover 18 upstate libraries and 96 community anchor institutions, including government buildings, healthcare facilities, institutions of higher education, K-12 schools, and public safety locations. The 25 awarded projects – addressing both unserved and underserved territories – span 27 counties, including sparsely populated areas in the Adirondacks and Catskills, ensuring that all New Yorkers are connected, regardless of population density.
Twenty-four of the awarded projects will provide Fiber to the Home and cable DOCSIS technologies to unserved and underserved communities, with most customers being eligible to receive Gigabit systems on par with the most technologically advanced areas across the nation. Projects will provide service to over 30,000 homes that would have otherwise been left behind if not for the state’s investment in broadband infrastructure.

Round I awards:

- Armstrong Telecommunications, Inc. - $3,930,189
- Armstrong Telephone Company - $1,778,256
- Citizens Telephone Company of Hammond, N.Y., Inc. - $3,316,810
- Empire Access - $3,396,374
- Frontier Communications - $3,339,543
- Germantown Telephone Company - $2,512,562
- Haefele TV Inc. - $271,568
- Hancock Telephone Company - $4,915,920
- Heart of the Catskills Communications - $1,224,946
- Margaretville Telephone Company - $4,791,505
- Mid-Hudson Data Corp - $1,009,339
- State Telephone Company, Inc. - $8,720,560
- TDS Telecom - $9,393,753
- The Middleburgh Telephone Company - $5,562,548

**Request for Proposals, Round 2**

Along with the awards of Phase I, the BPO released the Application process for Phase II. There was $445.8 in funds available for Phase II. Eligibility, requirements and program design were the same as Phase I. The service areas that received funding in Phase I were not eligible for Phase II. Applications for Phase II were submitted by November 30th, 2016.
Phase 2 Awards

On Tuesday, February 8th Governor Cuomo announced $212 million in New NY Broadband Program, Phase II grants have been awarded to projects across Upstate New York. In total, Phase II will drive $268 million in public-private investment and will support a total of 54 projects that will reach 89,514 homes and institutions in unserved and underserved communities. With upstate high-speed broadband buildouts and upgrades being carried out by Charter under mandates from the New York State Public Service Commission, Phase II awards will potentially provide 98 percent of New Yorkers access to the high-speed broadband.

Phase 2 Awardees

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<th>Awardee</th>
<th>Projects</th>
<th>Census Blocks</th>
<th>Total Units</th>
<th>State Grant Total</th>
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**Additional Funding for the New NY Broadband Program**

On January 26, 2017, Governor Cuomo announced that in a bipartisan effort, Governor Andrew M. Cuomo, Senator Charles E. Schumer, Senator Kirsten E. Gillibrand, Congressman Paul D. Tonko and Congressman Chris Collins were able to acquire $170 million in federal funds to Upstate New York to expand broadband and high speed internet service. The funding was received from the Connect American Fund (CAF). The CAF money will be used in conjunction with existing state resources to fund certain areas of Phase III of the New NY Broadband Program.
Several telecommunications companies are using federal investment from the CAF to expand broadband Upstate, but one national carrier did not accept the money it was allocated. The Federal Communications Commission wanted to take this unused money from New York and bid it out nationally. For nearly a year, Governor Cuomo, Senator Schumer, Senator Gillibrand and members of the New York Congressional delegation, and county officials weighed in with the FCC to allow the money to remain in New York and allow other companies to use these funds to improve broadband access across the state.

**Request for Proposals, Phase III**

On Thursday, March 30th the New NY Broadband Program Office (BPO) released the Phase III Request for Proposal Guidelines. Phase III will consist of two separate, simultaneous auction processes, which together will target all remaining unserved and underserved areas in the state:

- The majority of the locations in Phase III will be addressed through the “New York Auction,” which is modeled after the two previous phases and will consist solely of state funding

- Additionally, the “New York CAF Auction,” will focus on the remaining areas, which are eligible for $170 million in Connect America Funds (CAF) recently allocated to New York State by the Federal Communications Commission (FCC)

The BPO will begin accepting applications for broadband funding on the Consolidated Funding Application (CFA) portal starting on June 6, 2017. Applications must be submitted by August 15, 2017. More information can be found here: https://nysbroadband.ny.gov/new-ny-broadband-program/phase-3

**Important Factors for the State to Consider**

NYSAC urges the state to continue to include local input in the planning process in the New NY Broadband Program. Local input helps ensure that communities themselves identify those areas most in need and most suitable for expansion. County officials as well as county and region planners, economic developers and business group representatives are able to provide insight into community needs, areas of anticipated growth and business expansion, and other relevant local information.