



# UPPER SHORE REGIONAL COUNCIL

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Doris S. Mason  
Executive Director  
[dmason@kentgov.org](mailto:dmason@kentgov.org)  
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## Upper Shore Regional Council IT Meeting

### Minutes, April 17, 2013

**Location: 122 N. Cross Street**

**Time: 10:00- 12:00**

**Participants: Scott Mesneak, Scott Boone, Amy Plummer, Megan DelGaudio, Karl Hagelin, Doris Mason, and Jackie Brown**

**Guest Presenter: Kenrick Gordon, P.E. General Field Representative, Rural Development, Rural Utilities Service, Telecommunications, U.S. Department of Agriculture**

**10:00 -10:05 Welcome /Introduction**

Doris Mason welcomed all those in attendance. She introduced Kenrick Gordon, our guest presenter, who is also the General Field Rep. for Delaware, Maryland, Pennsylvania, and parts of New York.

**10:10 -11:00 Mr. Gordon shared a power point presentation, which reflected the history of telecommunication programs, the different types of loans, grants, and program eligibility.**

In 1930's Rural Electrification Administration (REA) made financing available to electric cooperatives to bring electricity to rural areas that might otherwise have not receive it. Funding was provided to ensure the same basic telephone service was provided to residents and businesses as well as urban areas. In 1949 the REA received authority to finance telephone services in recognition of its importance to rural communities. Beginning in 1995 all telecommunications networks financed were required to be broadband-capable. More than \$22 billion has been invested in Rural American since 1949.

**Mr. Gordon discussed several loan and grant programs:**

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- **Telecommunication Infrastructure Loans:**

Mr. Gordon explained that there are loans via the USDA which are targeted to build telecommunications service in rural communities with populations less than 5,000.

- **Distance Learning/ Telemedicine Loans and Grant Program:**

Mr. Gordon discussed the loans and grants used to provide Distance Learning and telemedicine service to rural residents and anchor institutions. (Example: In a rural area where Verizon only offers DSL, that area may be eligible for a loan.) Members of the group wanted to learn more about these grants, and discussed having him return to the local counties to talk more. He was open for that opportunity.

- **Community Connect Grant Program:**

Mr. Gordon provided information on the grants for broadband service providers, and others, who offer broadband services in rural and remote areas with a population less than 20,000.

- **Rural Broadband Loan Program (Farm Bill):**

Mr. Gordon reviewed the loans available to be used to build and upgrade broadband services in rural high-cost areas with populations less than 20,000. There is some flexibility as to how the lines are drawn and the population centers are measured.

- **Public TV Grants:**

Mr. Gordon shared that there are indeed grants for rural public television stations enabling them to make the digital television transition.



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**11:00 -11:20 Review of minutes from March 11, 2013 meeting:**

**11:20 -11:30 Feasible Alternatives for High Speed Internet in Our Region:**

The group agreed that incentives may be offered for smaller ISP'S willing to provide services where there are gaps. The group was informed that the cost for laying the "last mile" will be approximately \$45,000 per mile. Maryland Broadband may also bring in other alternatives such as a building system which is wireless.

Scott Mesneak shared information of a home Internet service that delivers the speed of Verizon's 4GLTE to your broadband router. This would be an alternative to those residents that do not have internet access or have dial-up or DSL. Based on where one lives will determine if the service is available. Cost and expense was one of the factors discussed. Can the public afford it?

**11:30 -11:45 Open Forum**

The group took this time to ask Mr. Gordon questions regarding the programs and to begin to make arrangements with him regarding specific grants/loans, which will prove useful at the local v. regional levels.

**11:45 – 12:00 Action Steps/Summary/Next Meeting**

Our next meeting date was arranged for May 15, 2013 at 10:00 am at the Upper Shore Regional Council Offices, 122 Cross Street, Chestertown. All agreed that the the allotted time should be 2 hours, as opposed to 1 hour.

The group agreed to invite Pat Mitchell, CEO and Tyler Patton, from the Maryland Broadband Cooperative, to our May meeting. One major piece of information which interests the group is the exact location where all of the fiber exists in our region, and whether it was laid by private ISP's or via the Maryland Broadband Cooperative. Doris Mason agreed to contact them to invite them to the next meeting.

With no other business to discuss the meeting was adjourned.

(Please see attached powerpoint presentation shared by Mr. Gordon.)

**USDA  
RURAL DEVELOPMENT  
Telecommunications Programs  
Upper Shore Regional Council  
Cecil County  
Kent County  
Queen Anne County**

**Kenrick M. Gordon, P.E.  
General Field Representative  
USDA, Rural Utility Service  
Northern Division, Telecommunications**



**The Telecommunications Program**



**Telecommunications Program  
History**

In the 1930s, the Rural Electrification Administration (REA) made financing available for electric cooperatives and other entities to bring electricity to rural communities that might otherwise not receive it.

Funding was provided for basic telephone service to ensure that rural residents and businesses received the same type of services as urban areas.

In 1949, the REA received authority to finance telephone service in recognition of its importance to rural communities.

Starting in 1995, all telecommunications networks financed were required to be broadband-capable.



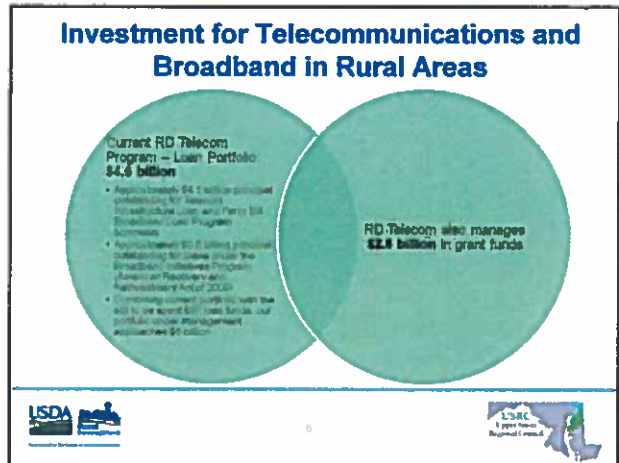
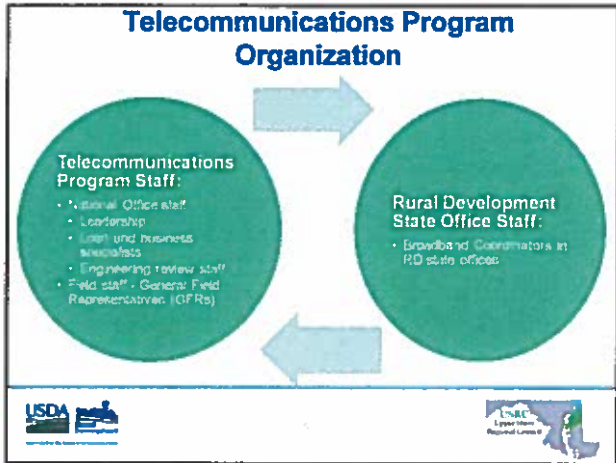
**RD Telecommunications Program Loan and Grant Programs**



**More than \$22 billion invested in rural America since 1949**

- **Telecommunications Infrastructure Loan Program:** Loans to improve and build telecommunications service in rural communities (~5,000 population)
  - Newly expanded funding for I911 Service
- **Distance Learning/Telemedicine Loan and Grant Program:** Loans and grants for providing Distance Learning and Telemedicine services to rural residents and anchor institutions
- **Community Connect Grant Program:** Grants for broadband service providers and others who offer broadband services in rural and remote areas (<20,000 population)
- **Rural Broadband Loan Program (Farm Bill):** Loans to build and upgrade broadband services in rural high cost areas (~20,000 population)
- **Public TV Grants:** grants for rural public TV stations for the digital TV transition





### RUS Telecommunications Program FY 2012 Results and FY 2013 Funding

Program Level Funding (\$ millions)			
	2012 Funding Available	2012 Obligations	2013 Funding Available
Infrastructure Loans	\$ 690.0	\$ 79.7	\$ 690.0
Broadband Loans	\$ 169.0	\$ 68.9	\$ 42.0
Distance Learning and Telemedicine Grants	\$ 15.6	\$ 15.6	\$ 18.0
Community Connect Grants	\$ 10.4	\$ 5.5	\$ 10.4

\* Available funding includes authorized budget and amounts carried over from previous fiscal year

Logos for USDA and LURC are at the bottom.

### The Telecommunications Infrastructure Loan Program

Since 1949, the Telecommunications Infrastructure Loan Program has provided financing for new and improved telecommunications infrastructure in rural communities of 5,000 or less.

Applications are accepted year-round.

Interest rates are set at current U.S. Treasury rates, depending on loan maturity at the time of each advance.

Term of loan is based on life of facilities financed.

Guaranteed loans from the Federal Financing Bank (FFB) and Hardship loans at a fixed 5% rate of interest may also be available.

All infrastructure financed must be broadband capable.

Logos for USDA and LURC are at the bottom.

## The Telecommunications Infrastructure Loan Program Eligible Applicants

- Rural utilities
- Municipalities
- Commercial corporations
- Limited Liability Companies
- Public Utility Districts
- Indian tribes
- Cooperative, nonprofit, limited-dividend or mutual associations



## The Telecommunications Infrastructure Loan Program Eligible Loan Purposes

Loan funds may be used to finance telecommunications services in rural areas for

- new construction;
- improvements;
- expansions;
- acquisitions (with restrictions); and
- refinancing (with restrictions)

Loan funds may not duplicate services



## The Telecommunications Infrastructure Loan Program E911Access

### Eligible Purposes:

The Rural Utilities Service (RUS) makes loans to:

- (1) Furnish and improve telephone service in rural areas; and
- (2) To finance facilities and equipment which expand, improve or provide:
  - (i) 911 access;
  - (ii) Integrated interoperable emergency communications, including multiuse networks that provide commercial or transportation information services in addition to emergency communications services;
  - (iii) Homeland security communications;
  - (iv) Transportation safety communications; or
  - (v) Location technologies used outside an urbanized area.



## The Telecommunications Infrastructure Loan Program E911Access

### Eligibility:

- Any entity eligible to borrow from the RUS;
- State or local governments;
- Indian Tribes (as defined in Section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)); or
- An emergency communications equipment provider that in the sole discretion of RUS offers adequate security for a loan where the State or local government that has jurisdiction over the proposed project is prohibited by law from acquiring debt.





## The Telecommunications Infrastructure Loan Program E911 Access

### Rural definition:

- Any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within:
  - A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or
  - An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.



## The Distance Learning and Telemedicine (DLT) Grant Program Definitions and Purpose

- DLT Grants are not just a way to obtain educational technology or medical equipment. The focus is on using the unique capabilities of telecommunications to connect rural areas to each other and to the world, thus overcoming the effects of remoteness and low population density.

Distance learning means a curriculum delivered via telecommunications and stresses the connection of students and teachers at remote sites.

Telemedicine means the delivery of health care from medical professionals at one site to patients at other sites via telecommunications. Telemedicine shows benefit to rural residents either in reduced travel or improved access to services.

*RUS will be publishing a proposed rule in the Federal Register that will propose a number of changes to the current regulation.*



## DLT Grant Program Eligible Applicants

Corporation or a partnership; tribal nation or organization a state or local unit of government; a consortium; or other legal entity. For or not-for profit able to contract with the US Government. No individuals or sole-proprietorships.

Operate a rural community facility or deliver DLT services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure that the benefit of the financial assistance passes through to such entities or to residents of rural areas.



## The DLT Grant Program Eligible Equipment

- This list is not exhaustive and does not convey automatic eligibility. To be eligible in full, items must be primarily for DLT eligible purposes.
  - Audio and video equipment
  - Computer hardware and software
  - Computer network components
    - Terminal equipment
    - Data terminal equipment
    - Interactive audio/video equipment
  - OEM or OEM-authorized warranties on eligible equipment up to the 3-year life of the grant
  - Inside wiring



## The DLT Grant Program

Grant funds cannot be used to purchase:

- Salaries and benefits of awardee
- Administrative expenses (overhead)
- Telecommunications transmission equipment
- Recurring costs, including telecommunications
- Medical equipment
- Equipment owned by telecom provider (LECs, CLECs, etc.)
- Duplication of facilities
- Costs incurred before the application deadline



## The DLT Grant Program

### Typical Projects

#### • Distance Learning:

- Video-conferencing is the most common for distance learning including bridges, servers, cameras, projectors, etc.

#### • Telemedicine:

- Visiting nurse links from patient homes to health professionals elsewhere
- Tele-radiology
- Tele-dentistry
- Tele-pharmacy
- Virtual ICU



## The DLT Grant Program Scoring

Scoring: 220 Points possible in 8 scoring categories.

- Rurality (population density) – 45 points
- National School Lunch Program (economic need) – 35 points
- Leveraging (matching funds) – 35 points
- USDA-designated Empowerment Zones – 10 points
- Additional National School Lunch Program – 10 points
- Need for Services and Project Benefits – 45 points
- Innovativeness – 15 points
- Cost Effectiveness – 35 points

Revised methods of scoring will be advertised as proposed rules in the near future



## Possible Changes to the Program

- Simplify scoring criteria by moving from subjective to objective scoring criteria to document rurality, economic need and need for distance learning and telemedicine services
- Simplify matching funds
- Evaluation of the need for service in the area
  - Including the separation of applications into distance learning and telemedicine groups to allow direct comparison
- Provide incentives to projects that propose to fund end user site to communities that currently do not have either a distance learning system or a telemedicine system.
  - Coupled with added incentives for applications that provide documentation which demonstrates that the applicant has experience in administering Federal grants.





## The DLT Grant Program Changes to the Program

- RUS will be proposing changes to the DLT Grant Program regulation in the near future
  - Proposed regulation will be posted in the Federal Register
  - Soliciting input on improvements to the program – please give us your comments!
- Goal is to modernize the program and streamline and improve the application process
- At the Telecom Program website, you can sign up for email updates and be notified when the regulation is posted as well as notifications of funding availability
- <http://www.rurdev.usda.gov/RUSTelecomPrograms.html>



## The Community Connect Grant Program

A nationally competitive grant program to provide broadband service to the most rural and economically challenged communities

Since inception, the program has provided 229 grants and invested \$122 million

RUS published a proposed rule in the *Federal Register* on November 16, 2012, which proposed a number of changes to the current regulation.

Information is available on the website at:  
[http://www.rurdev.usda.gov/dlto\\_communityconnect.html](http://www.rurdev.usda.gov/dlto_communityconnect.html)



## The Community Connect Grant Program Eligible Applicants

An incorporated organization

An Indian tribe or tribal organization, as defined in 25 U.S.C. 430(b) and (c).

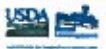
A state or local unit of government

A cooperative, private corporation or limited liability

A company organized on a for-profit or not-for-profit basis

Individuals and Partnerships are not Eligible

Applicants must have the legal capacity and authority to apply for funding and enter into a contract with RUS



## The Community Connect Grant Program Eligible Grant Purposes

Grant funds may be used to finance:

- The construction, acquisition, or leasing of facilities, including spectrum, to deploy Broadband Transmission Service to all participating Critical Community Facilities and to offer such services to residential and business customers in the community.
- The improvement, expansion, construction, or acquisition of a Community Center that furnishes free access to broadband internet service. These costs cannot exceed the greater of 5% of the grant amount or \$100,000.
- End-User Equipment needed to carry out the Project
- Operating expenses incurred in providing Broadband Services to Critical Community Facilities for 2 years of operation and in providing training and instruction. These costs cannot exceed \$250,000.
- The purchase of land, buildings, or building construction needed to carry out the Project



## The Community Connect Grant Program Requirements

- Can serve only one community that is currently unserved by broadband
  - *New rule would revise this to allow an applicant defined proposed funded service area. All premises within the area would have to be offered service.*
- 20,000 population or less
- Minimum grant of \$50,000, maximum grant of \$1,500,000
- 15% minimum required matching contribution
  - *New rule would require match to be cash and allow it to be used for operational costs.*
- Project must include a Community Center with 10 computers for public use (at no charge for two years)
- Free service to Critical Facilities (such as fire station, city hall, police station, etc.) must be provided for two years
- Must offer basic broadband service to residential and business customers within the proposed service area



## The Community Connect Grant Program Scoring

Up to 100 points are available. These points are broken into 3 Scoring Components

- Rurality (up to 40 points are available)
- Economic Need (up to 30 points are available)
- Community Benefits (up to 30 points are available)

*New rule would score applications on their connectivity benefit to the proposed funded service area*



## The Community Connect Grant Program Project Timeframe

Grant funding is available for 3 years

Applications should propose to use all grant funding and provide all matching contributions within 3 years.



## The Farm Bill Broadband Loan Program

- This program is designed to provide loans for funding, on a **technology neutral** basis, for the costs of construction, improvement and acquisition of facilities and equipment to provide broadband service to eligible rural communities.
- The program's goal is to ensure that **rural consumers benefit** from the same quality and range of telecommunications services that are available in urban and suburban communities.
- Created under the 2002 Farm Bill and **reauthorized under the 2008 Farm Bill.**



## The Broadband Loan Program Eligible Applicants

- Corporations
- Limited Liability Companies
- Cooperative or Mutual Organizations
- Indian Tribes
- Public Body



## The Broadband Loan Program Program Requirements

- Serving rural communities of 20,000 or less not in urbanized areas
- 25% of proposed service area is underserved (max. one provider)
- Service area cannot overlap an existing RUS borrower
- \$100 million maximum loan
- Term of loan is based on life of facilities financed
- One year principal deferment
- 10% minimum matching equity investment from borrower required
- All construction must be completed within 3 years from the date when funds are made available
- Minimum funded speed of 5 Mbps (up+down)



## The Broadband Loan Program Eligible Purposes

Loan funds may be used to finance telecommunications services in rural areas for:

- New Construction
- Improvements
- Expansion
- Acquisitions (with restrictions)
- Refinancing (with restrictions)



## The Broadband Loan Program Eligible Service Area

- Service area is completely rural
- 25% of household are underserved households
- Less than 3 incumbent service providers
- Does not overlap current Telecommunications Program borrowers or grantees
- Does not overlap a pending Telecommunications Program application



## The Broadband Loan Program Definitions in the Revised Regulation

### Eligibility

- **Broadband Service**
- The amount of bandwidth being delivered to the household that will be used to determine service area eligibility
- 3 Mbps (up+down)

### Construction

- **Broadband Lending Speed**
- The amount of bandwidth that the funded facilities must be capable of delivering to every household
- 5 Mbps (up+down)



## The Broadband Loan Program



## The Broadband Loan Program Definitions in the Revised Regulation

### *Underserved area or household:*

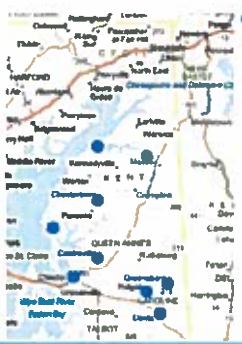
An area or household that is not offered broadband service or is offered broadband service by only one incumbent service provider



## Maryland Broadband Service Areas



## Maryland Broadband Service



### Areas

County	Town	Company
Kent	Betterton	Bay Broadband
Kent	Chestertown	Bay Broadband
Kent	Galeta	Bay Broadband
Kent	Rock Hall	Bay Broadband
Queen Anne's	Centreville	Bay Broadband
Queen Anne's	Queenstown	Bay Broadband



## Contact Information

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