

Preconstruction and Capacity Grants

Preconstruction Costs - Definition from Act 71:

As used in this section, “preconstruction costs” include expenses for feasibility studies, business planning, pole data surveys, engineering and design, and make-ready work associated with the construction of broadband networks, including consultant, legal, and administrative expenses, and any other costs deemed appropriate by the Board.

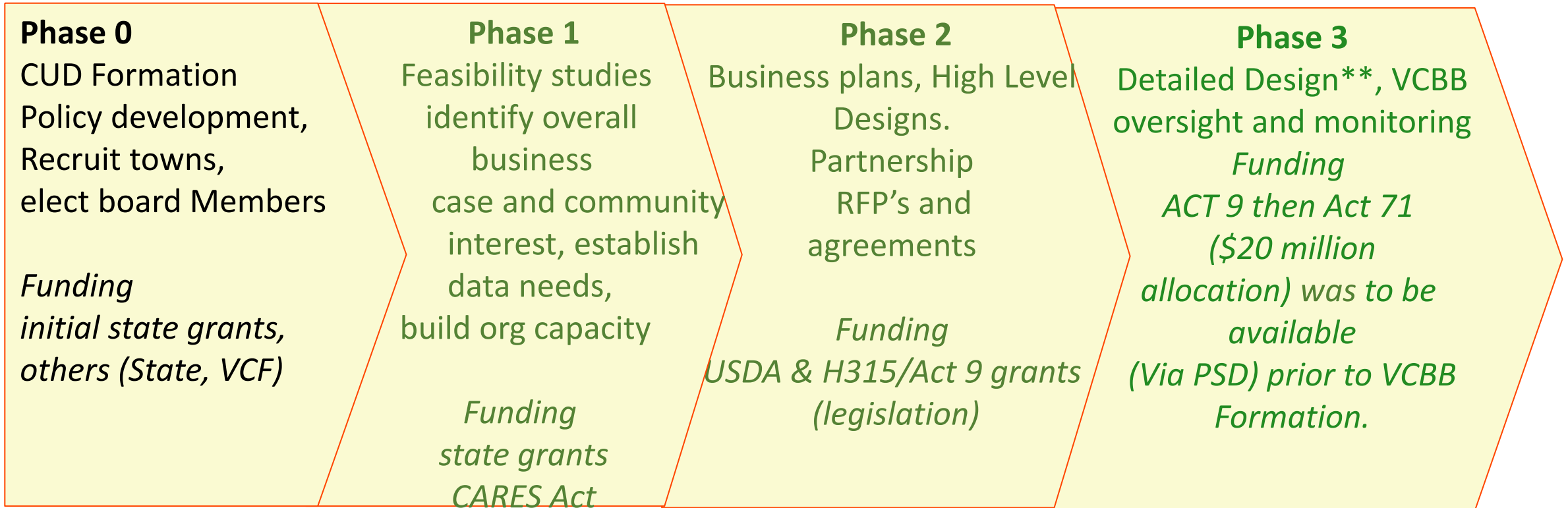
Definitions

High Level Design (HLD) is a global overview of the network, A GIS -based route design, typically using existing poles, with a basic description of the material requirements and costs. It is done from the desk using automated software that calculates the material based on distance-based algorithms. The goal of the HLD is to develop a proposed route and a cost estimate with a 70% confidence level.

Detailed Design (DD) addresses specific locations for poles and equipment, network usage and capacity, spares requirements, estimated loss factors, road and railroad crossing plans, power requirements, etc.. DD uses significant field verification of assumptions. DD triggers make-ready applications, construction schedules, and verification test plans. A DD will produce a cost estimate with an 80%+ confidence level. Full confidence comes after the make-ready survey is completed.

Semi-original Planning Timeline

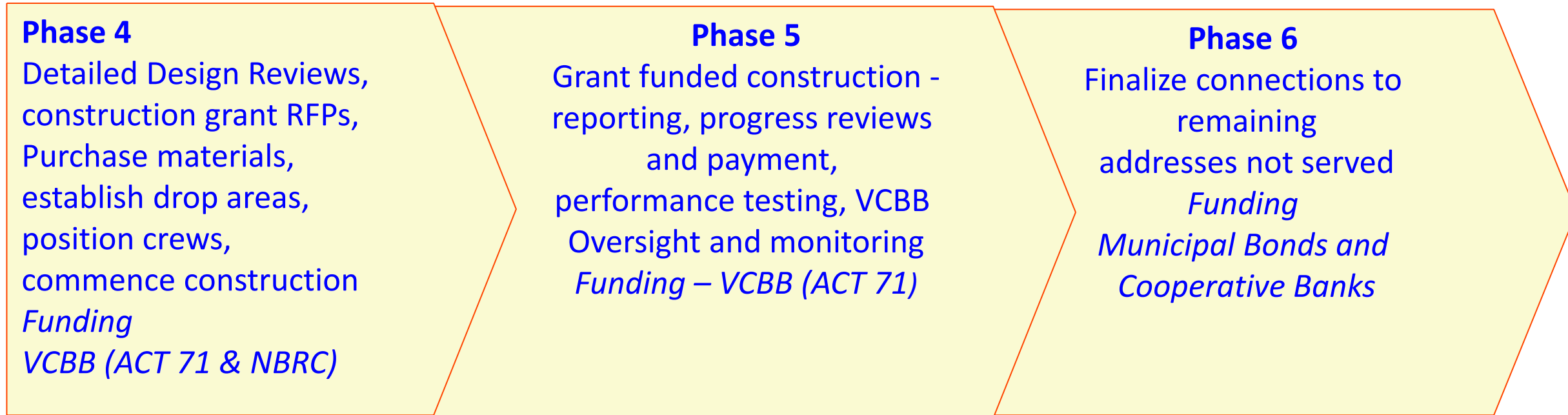
Green is pre-construction; Blue is construction



- Other than ECFiber, all CUDS are now in Stage 2 awaiting funding to enter State 3.

Semi-original Planned Timeline

Green is pre-construction; Blue is construction



- **Linear progression between phases, but iterative. Work on preconstruction activities related to the next build concurrent to constructing the first build.**
- **Preconstruction and Capacity Building activities are important for**
 - **Business Planning:** New data collected during preconstruction → refines business plans → informs negotiations
 - **Implementation:** Lining up the labor and materials is dependent on completing preconstruction activities

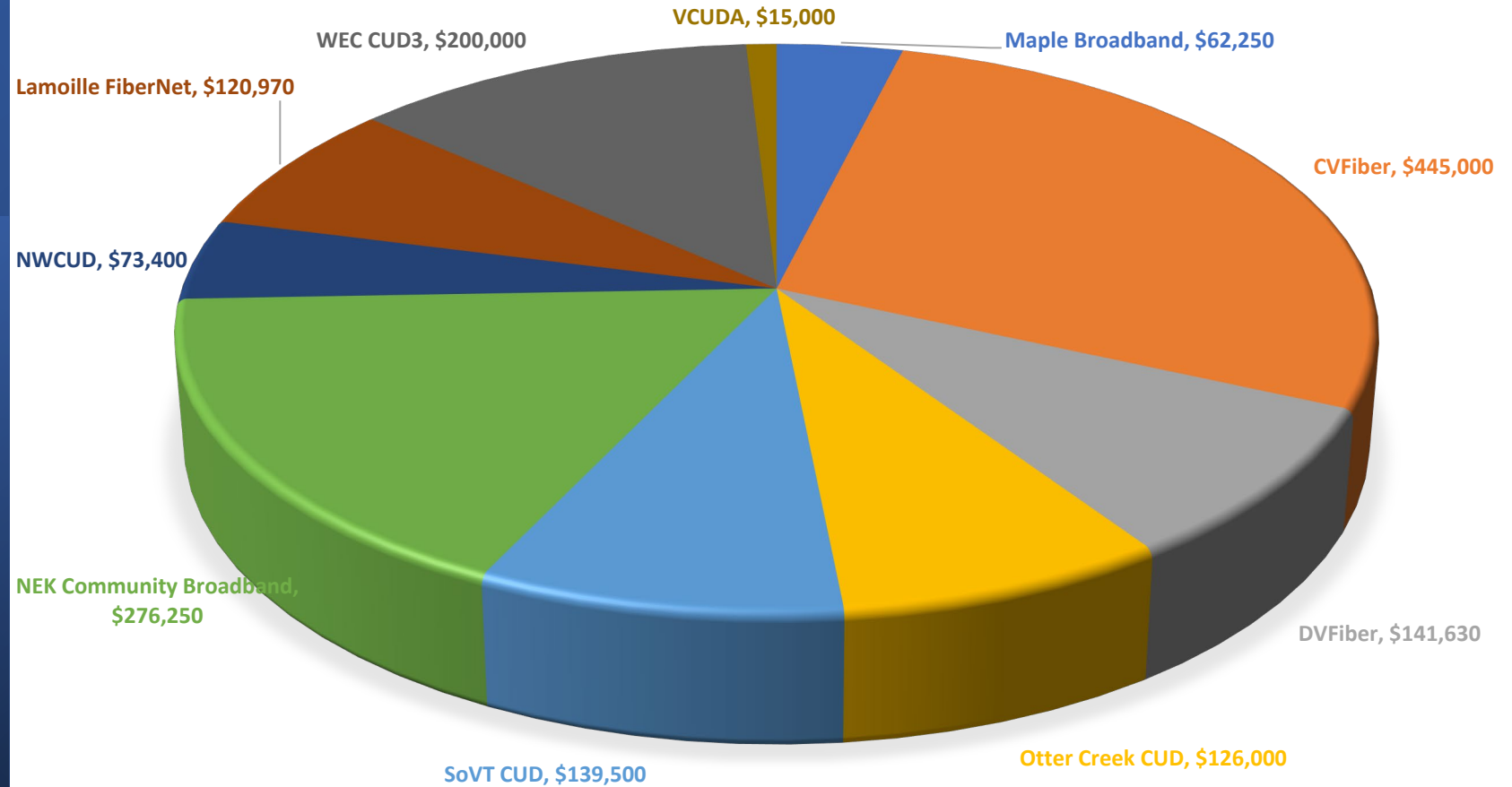
Interim Funding: Preconstruction and Capacity Program – Act 9

Sec. 21. BROADBAND ALLOCATIONS AND APPROPRIATIONS

- (1) \$1,600,000.00 for a broadband infrastructure program to assist Communications Union Districts (CUD) with preconstruction costs and general support services. Applicants may be: (A) an individual CUD; (B) a group of CUDs working together on a single project; or (C) an external partner working with a single CUD or group of CUDs.
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- Became law April 17
 - May 7 - Given preliminary approval from the Finance and Management to establish the program using the State Fiscal Recovery Funds.
 - Round 1 Deadline: May 17, 2021 – For costs through July 2021
 - Round 2 Deadline: June 2, 2021 – For costs through December 2021
 - Grant Agreements – July 2021
 - Funding Dispersed – August 2021
 - All funds must be obligated – November 2021

ACT 9 PRECONSTRUCTION FUNDING

Distribution of Funds



All \$1,600,000 in Act 9 (H315) funding has been obligated to Grant Recipients. \$7,259,218 requested of the Program.
Details of each grant will be posted next week.

Additional Information

- The CUDs were asked to only request funding for items necessary through the end of 2021.
- DVFiber wanted to wait until the H360 funds were available and they signed an operating agreement. They have now partnered with GWI/ValleyNet and have prepared a draft budget for the H360 funding of \$2.6 Million.
- Maple/Addison, NEK, Lamoille, and CV will likely sign partnership agreements within the next 1-2 months.
- ECFiber has a lot of preconstruction work to be performed in the new towns they add during the last year. I do not have an estimate, but would expect close to or over \$1 million.
- ECFiber and several CUDs did not apply for substantial second-round funding, instead choosing to wait for the more significant amount of funds available via H360
- This funding was to be hold-over until the Act 71 passed.

Communications
Union Districts
By the #'s

CUD	Towns*	Underserved w/o a plan	% of underserved among CUDs	% Statewide
CVFiber	21	4789	10.52%	9.10%
DVFiber	24	6156	12.53%	11.70%
ECFiber	30	4734	10.40%	8.99%
Lamoille FiberNet	9	3881	8.53%	7.37%
Maple Broadband	20	6126	13.46%	11.64%
NEK Broadband	48	10095	22.18%	19.18%
NW CUD	12	5189	11.46%	9.86%
Otter Creek CUD	17	2658	5.84%	5.05%
SOVT CUD	12	1887	4.15%	3.59%
Non CUD		7115		13.52%

***Waterbury joined CVFiber last week. This addition is not reflected in the numbers above.**

Wolcott, Washington, Londonderry, and Winhall are each members of two CUDs

**** Unserved w/o a plan = no pending funded projects – CI, RDOF, CUD Supplemental**

Communications Union Districts Status Report

CUD	Feasibility Study	Business Plan**	HLD Design, Poles, Executable Project Plans	Ready to begin detailed design - funding only hold-up	Pilot Construction Projects in 2021	Progress Toward Partner Agreement)
CVFiber	yes	Yes	yes	yes	Yes	Responses under review
DVFiber	yes	Yes	awaiting funds	yes	No	GW/ValleyNet
ECFiber	n/a	Yes	Yes	yes	Yes	ValleyNet
Lamoille FiberNet	yes	pending	yes	yes	No	Coordinating with NEK & in talks with local ISPs
Maple Broadband	yes	pending	yes	yes	No	Agreement being finalized
NEK Broadband	yes	Yes	yes	yes	Yes	Responses under review
NW CUD	yes	No	No	no	No	Initial discussions with providers
Otter Creek CUD	yes	Pending	yes	no	No	Discussions with several providers - HLD to inform discussions
SOVT CUD	yes	Pending	n/a	n/a	No	Joint NTIA grant proposal submitted

Act 71 (H360)

- Became law June 8, 2021
- Sec 6 Interim Grants; Department of Public Service
 - Up to \$20 Million for Preconstruction and Preconstruction
 - Included in the bill to prevent a gap in funding from enactment to the VCBB became operational. The assumption was that these funds would become available quickly.
- PSD Staff drafts a Request for Proposals (June 2021) for new program
- PSD awaits Finance and Management approval for use of the American Rescue Plan State Fiscal Recovery Funds (ARPA-SFR)
- VCBB becomes operational – August 4

Interim Preconstruction and Construction Grants— Act 71 – Overlapping Authority

- Sec. 6. INTERIM GRANTS; DEPARTMENT OF PUBLIC SERVICE Notwithstanding any other provision of law to the contrary, **to ensure the expeditious disbursement of available funds prior to the organization of the Vermont Community Broadband Board**, the Department is authorized to allocate and disburse up to a total of **\$20,000,000.00**, or up to \$25,000,000.00 if an additional \$5,000,000.00 is approved by the Joint Fiscal Committee, under the Broadband Preconstruction Grant Program and the Broadband Construction Grant Program on or before December 31, 2021 or until the Board is operational, whichever occurs first.

Act 71 (H360) Preconstruction Grant Process

- VCBB instructs the staff to revise and release the Request for Proposals
- Finance and Management signs off – Compliance with Treasury Guidelines
- Applications accepted on a rolling basis
- Applicant conference or awardee conference to confirm grant requirements and answer questions
- VCBB Executive Director and Staff Review the Applications and make recommendations to the board
- VCBB negotiates with applicants
- Grant agreements drafted detailing the full scope of work
- Contract Review
- Distribution of 50% of Funds
- Ongoing Reporting

Preconstruction – Act 71

§ 8085. BROADBAND PRECONSTRUCTION GRANT PROGRAM

(a) There is established the Community Broadband Preconstruction Grant Program to be administered by the Board. The purpose of the Program is to provide grants to communications union districts for preconstruction costs related to broadband projects that are part of a universal service plan.

(b) As used in this section, “preconstruction costs” include expenses for feasibility studies, business planning, pole data surveys, engineering and design, and make-ready work associated with the construction of broadband networks, including consultant, legal, and administrative expenses, and any other costs deemed appropriate by the Board.

Broadband Preconstruction Program – Act 71 § 8085.

KEY REQUIREMENTS

(a) There is established the Community Broadband Preconstruction Grant Program to be administered by the Board. The purpose of the Program is to provide grants to communications union districts for preconstruction costs related to broadband projects that are part of a universal service plan

- VERIFICATION REQUIRED IN THE NARRATIVE

(c) To ensure an equitable distribution of funds under this Program and to encourage collaborative work among communications union districts, grant awards shall be scalable and shall be commensurate with the size of a broadband project as determined by the project's service area, road mileage, the number of unserved or underserved locations, or any other metric deemed appropriate by the Board. . . .

- THIS IS THE FORMULA and CAP

Broadband Construction Program Requirements – Act 71§ 8086

While not required by the Preconstruction Grant Program, the NARRATIVE section of DRAFT Request for Proposals solicits information related to many of the Construction Grant Program Requirements

(b) In evaluating grant proposals under this chapter, the Board shall give priority to broadband projects that:

- (1) leverage existing private resources and assets, with a high priority given to partnerships between a communications union district and a distribution utility;
- (2) demonstrate project readiness;
- (3) provide broadband service that complies with the consumer protection and net neutrality standards established in 3 V.S.A. § 348;
- (4) support low-income or disadvantaged communities;
- (5) promote geographic diversity of fund allocations;
- (6) provide consumers with affordable service options;
and
- (7) include public broadband assets that can be shared by multiple service providers and that can support a variety of public purposes.

Broadband Construction Program Requirements – Act 71§ 8086

While not required by the Preconstruction Grant Program, the NARRATIVE section of DRAFT Request for Proposals solicits information related to many of the Construction Grant Program Requirements

- (c) The Board shall establish policies and standard grant terms and conditions that:
 - (1) reflect payment schedules that ensure maximum accountability;
 - (2) adopt an industry-accepted engineering standard that promotes network reliability, resiliency, and interoperability;
 - (3) establish standards for recouping grant funds and transferring ownership of grant-funded network assets to the State if a grantee materially fails to comply with the terms and conditions of a grant;
 - (4) establish a continuity of operations plan applicable to a network owned by a communications union district that, among other things, contemplates the Board assuming operational control of a network if necessary to maintain uninterrupted broadband service;
 - (5) prohibit the sale or transfer of grant-funded network assets without the prior written approval of the Board;
 - (6) allow an applicant to seek reconsideration of an adverse Board decision;
 - (7) Ensure project completion within a reasonable period of time and consistent with applicable federal law and guidance; and
 - (8) comply with Administrative Bulletin 5

Broadband Construction Program Requirements – Act 71§ 8086

While not required by the Preconstruction Grant Program, the NARRATIVE section of DRAFT Request for Proposals solicits information related to many of the Construction Grant Program Requirements

(f) The Board may provide a grant to an eligible provider that enables the provision of broadband service in a geographic area currently served, provided that:

- (1) the proposed project is a cost-effective method for providing broadband service to nearby unserved and underserved locations that is capable of speeds of at least 100 Mbps download and 100 Mbps upload;
- (2) any overbuild is incidental to the overall objectives of the universal service plan required for funding under this Program; and
- (3) before awarding the grant, the Board makes a reasonable effort to distinguish served and unserved or underserved locations within the geographic area, including recognition and consideration of known or probable service extensions or upgrades.

(g) It is the intent of the General Assembly that a broadband project financed under this Program demonstrates an economically sustainable business model that ultimately will be eligible for financing in the private or municipal bond market

Broadband
Preconstruction
Program – Act
71 § 8085.

POSSIBLE NEXT
STEPS

- **Are there any outstanding policy issues the board would like to discuss today?**
- **Would the Board prefer to review the RFP and answer the few outstanding questions or defer to staff?**
- **Is the Board comfortable authorizing staff to make suggested changes and then release the RFP pending final Finance and Management sign-off?**

Broadband
Preconstruction
Program – Act
71 § 8085.

Outstanding
Questions

Question 1: Determining Allocations per CUD

- **Do we adjust the formula every time a new town joins a CUD or keep the baseline of June 1, 2021?**
- **Do we set aside an additional amount of funds for make ready projects in areas with density less than X locations/mile?**

Broadband
Preconstruction
Program – Act
71 § 8085.

Outstanding
Questions

Question 2: Addressing Construction Grant Requirements in the Preconstruction application

- **Should we ask the CUDs to address requirements for receiving a construction grant at this stage? *Staff has included items directly tied to preconstruction in the narrative section of the application.***
- **Should these requirements be part of the contract review process?**

Broadband
Preconstruction
Program – Act
71 § 8085.

Outstanding
Questions

Question 3: Role of the Governing Board and the Executive Director

- **What decisions does the board want to delegate to the Executive Director? What decisions do they want to be consulted on?**
 - **Adjusting the distribution formula**
 - **Making initial grant recommendations**
 - **Contract review**
 - **Etc**