

Vermont Community Broadband Board Meeting

March 28, 12:00pm

AGENDA

Meetings are being held virtually.

Join by video <https://bit.ly/3NnIr9V>

Join by Phone; +1 802-828-7667,,389833626#

Note: There may be executive sessions called as needed

- | | |
|-------|---|
| 12:00 | 1) Meeting call to order |
| 12:05 | 2) Approval of the March 14, 2022 minutes |
| 12:10 | 3) Equity & Affordability Proposal (discussion and motion) |
| 12:30 | 4) Data Privacy Briefing – <i>Andrés Arrieta, Director of Consumer Privacy Engineering, Electronic Frontier Foundation</i> |
| 1:15 | 5) Budget Update, Schedule & Format (discussion) <ul style="list-style-type: none">• Introduction – VCBB powers (<i>Stan Macel, VCBB General Counsel</i>)• Staffing and Contracts - DRAFT – For Discussion• Detailed Budget – DRAFT – For Discussion |
| 2:30 | 6) Purchase of Materials Recommendation (Discussion and motion) |
| 2:50 | 7) Chittenden County/Non-CUD towns (Discussion) <ul style="list-style-type: none">• Funding available clarification and assumptions on private contributions to any privately owned project• Challenges & Support to Facilitate Solutions (discussion)• H712- https://legislature.vermont.gov/bill/status/2022/H.712 |
| 3:10 | 8) Staff updates <ul style="list-style-type: none">• Legislative• Grants• Contracts |
| 3:20 | 9) VCUDA update |
| 3:35 | 10) Public Input |
| 3:50 | 11) Parking Lot & Upcoming Agenda Items |
| 4:00 | 12) Motion to adjourn |

Press inquiries; please contact Rob Fish, Robert.fish@vermont.gov 802-522-2617

Vermont Community Broadband Board Draft Meeting Minutes
Meetings are being held virtually.
March 14, 2022

I. Call To Order – 12:03pm

II. Roll call completed by Patty Richards

Laura Sibilila (Remote)
Holly Groschner (Remote)
Patty Richards, Chair (Remote)
Dan Nelson (Remote, joined at 12:06)
Brian Otley (Absent)
Christine Hallquist - Staff (Remote)
Robert Fish – Staff (Remote)
Stan Macel – Staff (Remote)
Alissa Matthews – Staff (Remote)

III. Review of Agenda

Laura Sibilila suggested adding a periodic budget item to the agenda. Patty Richards proposed discussing as an item following Staff Update. Patty Richards made a motion to approve the amended agenda. Laura Sibilila seconded and the motion was unanimously approved.

IV. Approval of Meeting Minutes

The Board discussed the February 28th, 2022 draft Board Meeting minutes. Patty Richards moved to approve the minutes as amended. Holly Groschner seconded and the motion was unanimously approved.

V. Staff Recommendation: Purchase of Materials via the Preconstruction Grant Program (discussion and motion)

Christine Hallquist presented the staff's proposal to reallocate 4 million dollars and make amendments to the pre-construction program as a solution to enable the CUDs to pre-purchase materials. Rob Fish clarified that this solution was recommended by VCUDA after exploring the options of a Letter of Intent or another pre-award agreement in the Construction Grant program previously presented to the Board and determining those would not be sufficient.

Holly Groschner suggested that instead of authorizing this policy under §8085 (b) of Act 71, the Board should consider using the centralized resources language of §8087 (3) and allow the VCBB to purchase the goods on behalf of the CUDs and only release title to the CUDs once Construction Grant Agreements are signed.

Rob Fish agreed that there may be some benefits to having the purchases be centralized, but the State procedure for procurement is a major hurdle.

Patty Richards asked if there is a possibility that the VCBB could procure the wrong types and amount of materials if there is variation across plans. Rob clarified that this is where the Outside Plan Design Standards would be helpful.

Dan Nelson commented that the discussion around creating standards were leading towards this and perhaps VCUDA could be an agent to the State in making this happen.

Patty mentioned that this wouldn't be mandatory for the CUDs and that they could still be funded for the pre-purchase of materials. Holly stated she is directly opposed to the idea of pre-funding the CUDs because she has concerns about the process to re-acquire materials if that becomes necessary. Dan added that his view of it is more of an accounting function to ensure proper tracking that these materials are being used in the scope of the grants.

Rob reiterated the challenges associated with making such a large purchase under State procurement rules along with the fact that there is already fiber ordered that needs payment in the next few months. Holly confirmed that the large amount of money involved in these purchases is what causes her concern and would justify the VCBB holding title until construction is ready to start. Rob said that one option could be for the VCBB to pay for the fiber that was already purchased by the CUDs on letters of credit which could allow the CUDs to recycle those letters of credit for new purchases. Dan agreed that the State owning these materials in the interim may be the best solution.

Laura Sibilia and Patty Richards asked for feedback from VCUDA and the CUDs about this proposal. Will Anderson voiced support for the idea of the VCBB retaining ownership of assets until a grant is awarded and would be in line with the VCUDA proposal to find a way to pre-purchase materials. Patty asked if it made sense to take time to react to the new suggestion or if the CUDs would want to act on it now. Will confirmed that time is of the essence and urged the Board to make a decision instead of waiting until the next Board meeting. F.X. Flinn confirmed his preference would be for the Board to pursue this option and not delay the decision further.

Christine summarized the proposal that the VCBB will retain ownership of the materials until it gets properly dispersed through the Construction Grant Program, but there is flexibility for the CUDs to make their own purchases but if they do, we want the ownership of materials transferred to us. She stated that the VCBB does not want to put together a whole purchasing program managed by the VCBB, we want to rely on the procurement process the CUDs have already put into place in compliance with Bulletin 3.5. Holly clarified that in order for the VCBB to make payment on the materials the CUDs would transfer ownership to the VCBB and agree to store and insure it until it is released.

Rob Fish proposed a simplified solution that the VCBB is authorized to work through the logistics of paying directly for the fiber that has already been pre-purchased by VCUDA and NEK which would open up the letter of credits to purchase other materials.

Christa Shute reiterated two important issues this proposal needs to address, the fiber that was already ordered, is soon to arrive and need payment, and the second is the additional materials that have long lead times. Her experience from the NEK Community Broadband RFP process for key items like anchors, bolts, terminals and network equipment have 20-32 week lead times or more. She also pointed out that the fiber purchase was \$7 million and the VCBB is considering allocating \$4 million to pay towards that balance so there will still be a gap that may impact CUDs that are not ready to finalize their Construction Grant applications by this summer when the bills will be due. Chris and Holly then verified understanding that the CUDS would order the materials, they would be shipped to the CUDs with the expectation of issuing a bill of sale to the VCBB in exchange for the release of funds to pay for the materials.

Holly Groschner asked Christa to clarify NEK's letter of credit terms and payment schedule. Christa shared that the NEK letter of credit was specific for fiber with full leans against all fiber, with a 45 day payment term once received, and that is likely 30 days for the VCUDA letter of credit. Her concern is that it would not necessarily free up the line of credit to purchase other needed materials, it would effectively extinguish the line of credit which may enable the bank or other lender to get another line of credit but that is not certain and she would like the VCBB to find a way to make funds available address the concerns about

purchasing the other materials with long lead times.

Patty Richards made a motion that under § 8087 (3), the Board authorizes the VCBB staff to put together a purchasing plan to purchase materials that fits the needs of the CUDs where the VCBB maintains ownership. Laura Sibia seconded and the motion was unanimously approved.

VI. Recommended Policy Changes

• Domestic Procurement Preferences – Outside Plant Designs and the Construction Grant RFP (discussion and motion)

Rob Fish explained that after speaking with Finance and Management and Guide House and reviewing the new Treasury guidelines that domestic procurement not a requirement but rather a strong preference as appropriate and to the extent consistent with law. An exemption can be granted with detailed justification documentation. It does not negate the prohibition of certain Chinese companies or materials from Russia. The VCBB recommends that the Board update the Outside Plant Design Standards and Construction Grant RFP to clarify the process to seek this exemption and align with this new understanding of the domestic procurement guidelines.

Holly Groschner commented that it will be important that this is a transparent process and not solely a burden on the grant administrator. Holly then made a motion to approve the change. Patty seconded and the motion was unanimously approved.

• Preconstruction Grant Amendments – When Necessary and Approval Policy (discussion and motion)

Rob Fish outlined the proposal:

- Increases in the total amount of a grant require Board approval and a formal grant amendment to be executed.
- Changes to the allocation for an individual item already included in the scope and budget that have been previously approved or itemized as eligible expenses for the preconstruction program do not require Board or Staff approval or individual amendments. All changes must be noted in the monthly grant report.

Holly Groschner asked to confirm her understanding that this is not that there is a reallocation within the items authorized but the amount of funding is shifting from category to category among those approved categories. Laura Sibia asked if it was if there are budget items that have been approved and we are asking to be able to change the amounts of approved budget items or are we asking for the ability to add budget line items if the total amount is the same. Dan Nelson commented that he feels this is reasonable because since the CUDs originally put forward their plans, a lot has changed and they have matured and that it seems reasonable to give the latitude to the staff to approve those adjustments as long as it stays within the budget that has been approved.

Holly Groschner made the motion to adopt the proposal to allow staff to reallocate approved grant funds among the categories expressed in the grant as approved and those authorized to pre-construction grants in § 8085 (b). Dan Nelson seconded and the motion was unanimously approved.

VII. Construction Grant Reviews (discussion)

- **Proposed checklist to Review Business Plans**

Rob Fish shared the proposed Act 71 compliant business plan review checklist that will be used for reviewing applications. This checklist process be expanded to evaluate: Universal Service Plans, Overbuild, & Other Act 71 Requirements.

Patty Richards commented that she was pleased to see the housekeeping item included because it is important to ensure it is addressed. Holly Groschner expressed concerns around the living business plan terminology used and shared her recommendation to state that the VCBB wants a revised business plan with each grant application that is self-certified as accurate to the best of their understanding and belief.

- **Submission and Review Process**

The VCBB expects the first Construction Grant submission this week and Rob shared the tentative timeline for reviews.

- Applicants must submit the full application at least 10 days before a Board meeting to be addressed at that time.
- Once submitted, the VCBB Staff, Board and Consultants will do an initial review within 5 days and compile questions to share back with the applicant.
- Any response from the applicant will be due by the Wednesday before the following Board meeting so it can be included in the Board Packet.
- The applicant will be expected to be available to present any relevant information and answer questions at the following Board meeting.
- The goal is to have a grant application approved within two Board meetings.

VIII. Staff Updates

- Legislative - Christine Hallquist shared that staff continues to follow H.166. and Stan Macel confirmed that it still looks like it is not going to go anywhere. Christine is following up with Senator Ann Cummings to ensure the Act 71 changes are included in the Miscellaneous Tax Bill.
- Grants - Rob Fish reiterated that staff are working with an applicant on the submission of the first full application, that will be reviewed this week and staff are also fielding questions from other entities.
- Contracts – Alissa Matthews shared that VCBB Staff held the kickoff meeting with CTC, the Fiber Optics Engineering Consultant and are working on the process for sharing applicant materials and establishing the process for the reviews. She also shared that Staff are working with the GIS Consultants to evaluate options for submission of GIS data and shapefiles and are working with the CUDs to ensure they are set up with access to the VCBB Atlas.
- Legal – Stan Macel shared that a few proposals from Legal Consultants are being reviewed and will be discussed in Executive Session and confirmed that there was nothing else to share at this point beyond the items previously discussed in the meeting. Laura Sibilgia requested that staff review and present on policy that may be happening at the national level in future meetings.

IX. Budget Agenda Addition (discussion)

Patty Richards led a discussion around the need to add updated budget discussions to the agenda and the protocol and frequency, monthly at most. Laura Sibilia shared her interest in nothing less than quarterly. Christine Hallquist confirmed that quarterly would be very doable. She has been working with the Public Service Department on getting a manageable format finalized, and the plan is to receive those on a monthly basis. Laura asked if those could get forwarded for general monitoring monthly and then have a more in-depth budget update on the Board Agenda on a quarterly basis. Holly Groschner added that it will be important to outline the legislature approval timeline and ensure that a quarterly review schedule allows for synchronizing of those key milestones.

Laura questioned if additional appropriations are on track or if there are any concerns at this time. Christine confirmed that she is in communication with the relevant Chairs of the appropriate committees and will continue to follow up.

X. VCUDA Update

Will Anderson provided an update for VCUDA. He confirmed that all CUDs have received one year licenses for ESRI GIS service and that there is an initial meeting scheduled for this week with Stone Environmental to get online and a subsequent training to get aligned to the Statewide Broadband Atlas.

Will discussed the Business Plans and stated clarity was needed on exactly what is needed in a business plan. There is specific concern regarding market analysis and costs associated with it, but Will felt that Christine's response was sufficient for the CUDs. Will urged patience for CUDs as CUDs develop these business plans.

Will provided a summary of expectations for the 2022 construction season. It is not expected that material delays will have a large impact on 2022 construction as the CUDs are planning on a goal of building 200 miles of fiber this year. Will stated that a major issue facing the CUDs will be difficulties in the labor market, however training programs and other avenues for labor are being pursued. Labor is a major threat to the upcoming construction season and VCBB may need to provide assistance.

Will discussed the advanced negotiations between Northwest Fiberworx, SoVT CUD and Google Fiber and confirmed that VCUDA is in support of these agreements.

Will discussed a lack of programs in place to promote affordable broadband and stated that VCUDA is in support of working with the Equal Access to Broadband (EAB) non-profit and that initiative should be promoted in terms of funding and capacity in order to facilitate affordable broadband programs. Christine voiced her support for EAB and added that NTIA will have additional funds to support digital equity and accessibility programs.

Will stated VCUDA is actively developing a program for shared services for Bond Counsel and Municipal Advisory and that he hopes to have it online for the CUDs very soon. Laura Sibilia discussed considerations related to shared resources and asked how decisions are being made about where those shared resources reside. Will stated that CUDs will be using these services as-needed and if they want to use the retainer contract they would Amend their Grant Agreement and transfer money to VCUDA to take advantage of these services. Will also noted VCUDA is open to other potential arrangements and that he is working with Rob on a few scenarios. Rob clarified that how this is rolled out depends on where the funding will be coming from, and that these conversations are ongoing. Laura questioned if we have any outline of what roles and services may be apt for delegation to VCUDA. Patty replied each area of expertise may have a different set of guidelines. Christine stated that it has been discussed

and a formal proposal can be presented at the next VCBB meeting. Rob questioned whether a Grant can be issued to VCUDA or if these services can be delegated via contract, that answer is currently unclear to Staff.

Holly asked for VCUDA to present a long-term vision of VCUDA and how the VCBB may support or augment their vision.

XI. Public Input

One member of the public provided input:

- F.X. Flinn from EC Fiber shared that he testified on S.166 and was surprised that the information he shared was not very well known or understood. He feels like the related bullet point on the Business Plan is reflective of the same misunderstanding of the information.

XII. Parking Lot Review

Christine Hallquist reviewed the four open topics in the parking lot:

- Research on telecom marketing budgets – Christine’s research found a benchmark of 10%. Patty and Laura clarified that they are interested in what smaller regional companies or cooperatives benchmarks are. Christine responded that it may need to be pushed off until other priorities are addressed by Staff.
- Opportunities for statewide marketing collaboration – this has been addressed for now.
- Material default policy – Stan Macel confirmed he should be able to provide an update at the next Board meeting.
- VCBB Dashboard – This is ongoing and Stone Environmental will present progress at the next Board meeting.

XIII. Agenda for Next Meeting

Christine Hallquist reviewed the additions for the next agenda:

- Budget update with proposed reporting schedule and methodology
- Shared services proposal with VCBB and VCUDA
- Equity and affordability proposal
- Presentation or report from a national privacy advocacy organization

XIV. Executive Session

Patty Richards made a motion to go into Executive Session where premature general public knowledge would clearly place the public body or a person involved at a substantial disadvantage (1 V.S.A. Section 313). Dan Nelson seconded the motion. The Board approved the motion and went into executive session.

Patty Richards confirmed that no action was taken in the Executive Session. The meeting lost quorum and was adjourned at 3:00pm.

DRAFT

Vermont Community Broadband Board
Digital Equity and Inclusion Recommendation
March 28, 2022
Christine Hallquist, Executive Director
Phone – 802-636-7853
Email – christine.hallquist@vermont.gov

Executive Summary

In section 8089 of ACT 71, the legislature requested that the VCBB in its annual report include recommendations around “funding for digital inclusion efforts, such as subsidized customer equipment installations and broadband service, grants for long-term affordability planning, and outreach and digital literacy training.” Also included in this section is to recommend “funding for digital inclusion efforts, such as subsidized customer equipment installations and broadband service, grants for long-term affordability planning, and outreach and digital literacy training.” In section 8084 of ACT 71 the legislature identifies the VCBB responsibilities to include “identify and publish State, federal, nonprofit, and any other broadband funding opportunities.”

As part of the Infrastructure Investment and Jobs Act (IIJA), funds are included for Digital Equity and Inclusion –

- Digital Equity Act Programs: Dedicates \$2.75 billion to establish three grant programs that promote digital inclusion and equity to ensure that all individuals and communities have the skills, technology, and capacity needed to reap the full benefits of our digital economy. The goal of these programs is to promote the meaningful adoption and use of broadband services across the targeted populations in the Act, including low-income households, aging populations, incarcerated individuals, veterans, individuals with disabilities, individuals with a language barrier, racial and ethnic minorities, and rural inhabitants.
 - State Digital Equity Planning Grant Program: \$60 million formula grant program for states and territories to develop digital equity plans.
 - State Digital Equity Capacity Grant Program: \$1.44 billion formula grant program for states and territories distributed via annual grant programs over 5 years to implement digital equity projects and support the implementation of digital equity plans.
 - Digital Equity Competitive Grant Program: \$1.25 billion discretionary grant program distributed via annual grant programs over 5 years to implement digital equity projects. Eligible applicants include specific types of political subdivision, agency, or instrumentality of a state; tribal governments; nonprofit entities; community anchor institutions; local educational agencies; and entities that carry out workforce development programs.

During the March 1 State Broadband Leaders Network meeting the NTIA recommended that the States should establish a Digital Equity Office, serving as a coordinator for all state-level digital inclusion activities. The digital equity office should be housed in the existing state broadband office or co-located with the broadband office as digital inclusion is inextricably linked to broadband access expansion efforts. States should equip the digital equity office with staff and resources to lead digital inclusion activities.

States should equip the digital equity office with the authority to lead and coordinate interagency and all state level digital inclusion activities. The digital equity office should lead creation of a digital equity plan in coordination with other relevant state offices and community-based-organizations.

The state digital equity office's roles and responsibilities should include:

- leading the coordination of digital inclusion activities on behalf of the state,
- assisting in the development of digital equity policy, coordinating funding,
- strengthening local digital equity ecosystems,
- educating policymakers, local governments, and stakeholders on digital equity and inclusion,
- guiding digital equity focused research and data use,
- and piloting scalable digital inclusion models.

The VCBB met with several agencies and organizations in the state that have been involved in facets of Digital Equity and Inclusion. The emergency funding provided through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) created pilots throughout the state. As a result, there are successful micro-models that can be replicated as part of a state-wide effort.

Equal Access for Broadband, Inc (EAB) was formed by ECFiber as a non-profit organization to address Digital Equity and Inclusion. Of the agencies and organizations interviewed as part of the VCBB research, EAB has done the most work and is best suited to lead Vermont's efforts in this area. I propose that the VCBB recommend to the Governor that the VCBB is the agency that houses the Digital Equity Office. The VCBB would provide grants to support EAB as well as to have EAB work closely with the VCBB to apply for Federal Grants through the Digital Equity Act Programs of the IJJA.

About Equal Access to Broadband

Equal Access to Broadband (EAB) is a new nonprofit (formed in 2020) that is set to fill the affordability gap between the federal Affordable Communications Program (ACP) and Vermont's municipal Communication Union Districts (CUDs). EAB's mission is to help Vermonters living at or below 200% FPL to access broadband they can afford, bridging the gap between internet availability and internet affordability. While EAB is focused on sustained connectivity, it is poised to support digital literacy and remediate other barriers to equitable access to the whole community.

While the ACP is a substantial and important initiative for the equitable distribution of broadband, accessing the benefit is difficult. For many people with no broadband service and few digital skills, the ACP registration portal and "do it yourself" uniform registration process is a barrier. One established Vermont carrier reports that less than 3% of the ACP-eligible households in their service territory access ACP (or its predecessor, EBBP).

Working with community leaders, EAB developed a human-based service connected to a web-based tool to help families identify their local internet service provider and to support them

through proving benefit eligibility online. EAB then created a bridge to the internet service provider, smoothing the way through the service installation process. The result is greater accountability for internet service providers serving economically challenged Vermonters, and more effective use of ACP support and other subsidies by Vermonters who otherwise would not use broadband.

EAB's facilitation process is especially important now. Vermont's CUDs, charged with providing community-wide affordable broadband, are making plans to build and operate municipal networks. Each CUD's small fiber optic network is more sustainable if every household is a customer, but no CUD has enough capacity to provide outreach and individualized ACP registration services – without EAB.

In Summer/Fall 2021, EAB tested its process design by connecting economically challenged families to broadband service provided by ECFiber, central Vermont's CUD. In just a few short weeks, EAB was able to devise a system to register families for ACP benefits and for other private subsidies that closed the gap in affordability. Working with ECFiber, EAB lowered the effective broadband rate for these families to a sustainable \$22 per month and delivered \$28,000 in support for broadband service. EAB estimates that for every \$1 we spent on assisting low-income applicants we unleashed \$9 of Broadband support. The response of families, educators, healthcare professionals, CUDs and ECFiber has been enthusiastic.

Interview summaries (background)

The following is a summary of agencies and organizations that the VCBB interviewed for this recommendation, along with notes.

- *Vermont Department of Children and Families, Child Development Division* – Digital connectivity, affordability, bandwidth, and device availability in childcare centers across the state is an important challenge. Childcare centers typically provide services to children up to their early teens. During the pandemic, those centers that had connectivity often suffered from lack of bandwidth. Many rural centers lacked connectivity altogether. Connectivity, bandwidth, and affordability are important for the education of the population that these centers serve. Childcare centers also have electronic reporting requirements. Those centers that do not have connectivity file using paper forms that are then entered manually when received by the DCF.
- *Vermont division of Housing and Urban Development* – In new construction for multi-tenant buildings, Wi-Fi hot spots are included in building design. However, spare conduits for future fiber connections are not part of the requirements. There also are issues with existing buildings and available bandwidth during peak usage. Single home construction does not include considerations for connectivity. In most cases, HUD is working in areas that have broadband service.
- *Vermont division of the USDA* – Key concerns are the availability of devices for low-income residents, how they can get those devices, and can they use them. Need support in this area. Some libraries in the state tried to fill this role during the pandemic, however, at the

library level, there was not enough expertise. The few libraries that did hire the needed expertise learned that they did not have enough volume to keep the staffer busy. To identify who needs help, the following groups were recommended to be included as resources for Digital Equity and Inclusion efforts:

- Senior Centers
 - Council on Aging
 - Meals on Wheels
 - Office of Economic Opportunity (develop a one touch referral system)
 - Vermont Leagues of Cities and Towns (utilize municipal offices and officials)
 - Vermont Foodbank (develop a one touch referral system)
 - Small Business Development Center
 - Utilize local access TV
 - Provide on-demand app for transportation
- *Champlain Housing Trust* – Manages 2500 apartments, approximately 300 are not connected. Manages 2000 individual households in Franklin, Grand Isle and Chittenden County. Franklin and Grand Isle have connectivity challenges. The Trust provides free Wi-Fi in multi-family units that are mostly fed by cable providers. There are varying degrees of connectivity depending on where the Wi-Fi repeater is in terms of the users, as well as challenges during peak usage times.
 - *Evernorth* – provides management services for Champlain Housing Trust. They echoed the issues raised by CHT and were very willing to consider programs for Digital Equity and Inclusion
 - *Small Business Development Center* – Digital literacy training is needed. Small rural businesses were not able to access the Paycheck Protection Program during the pandemic due to lack of connectivity. Looking for help with connectivity in co-working spaces in rural areas. The SBDC has received \$2.5 million in funding for the Community Navigator Program. The program offers funding to nonprofits, state and local governments, and universities, to partner with SBDC at the center of a hub and spoke network. These hubs then support spoke organizations -- trusted, culturally knowledgeable local groups and individuals -- who will connect to specific sectors of the entrepreneurial community to help during economic recovery, including:
 - financial assistance and access to capital
 - contracting and procurement
 - marketing, operations, business development, and exporting
 - industry-specific training
 - *Vermont Center for Independent Living* – Works with people with disabilities. Used \$1 million in CARES act funding to provide computers and Internet access. The program was very successful. Unfortunately, the money runs out in March 2022, and they are worried about just dropping the program. A couple of specific issues that needs to be addressed is to make sure that public meetings include subtitles in meetings for the hearing impaired, as well as provide accessible technical support for the visually impaired.
 - *Vermont Program for Quality Healthcare* – Formed a state-wide Telehealth working group. Survey showed a need of 4000 devices state-wide to enable Vermonters to participate. Requirements include the need for a secured connection, including peripherals. This often

cannot be done on Wi-Fi hotspots. Really need an all-hours help line. SASH has provide hardware training and support.

Memo

To: Vermont Community Broadband Board

From: Stan Macel, General Counsel

Date: March 24, 2022

Re: Statutory Authority for Board Additional Granting and Contracting Authority

In previous Board meetings the question has arisen as to the scope of the powers of the Board regarding grants and contracts, especially those outside the Preconstruction and Construction Grant Programs.¹ As discussed in recent Board Meetings, the Board also has the authority to provide centralized resources and technical and administrative support to CUDs with respect to the planning, development, and implementation of broadband projects, including, when authorized by one or more CUDs, applying for grants and entering into contracts on behalf of or jointly with CUDs.² In addition to these powers, the Board has additional powers conferred to the Board by Act 71 by 30 V.S.A. § 8084(a)(6).

30 V.S.A. § 8084(a)(6) empowers the board to have “all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter.”³ It provides a non-exhaustive list of examples (using the word “including”) of the purposes and provisions of the Act).⁴ Notably, paragraph 8084(a)(6) concludes with a catch-all provision, giving the Board power to:

¹ Act 71 confers on the Board the statutory authority to issue grants under the Broadband Preconstruction Grant Program (pursuant to 30 V.S.A. 8085) and the Broadband Construction Grant program (pursuant to 30 V.S.A. § 8086).

² 30 V.S.A. § 8087.

³ 30 V.S.A. § 8084(a)(6). Note that “this chapter” refers to Title 30, Chapter 91A, which are all of provisions of Act 71 relating to the Vermont Community Broadband Board (Sections 8081 through 8089).

⁴ 30 V.S.A. § 8084(a)(6) provides in full:

The Board shall have all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter, including the power to:

- (A) coordinate and facilitate community broadband efforts;
- (B) provide resources to communications union districts in the form of administrative and technical support;
- (C) provide grants for the preconstruction and construction costs of broadband projects;
- (D) facilitate partnerships between communications union districts and their potential partners;
- (E) develop policies or recommend to the General Assembly programs that promote a strong communications workforce in Vermont;
- (F) develop policies or recommend to the General Assembly programs that promote access to affordable broadband service plans;
- (G) consult with the Vermont Economic Development Board and the Vermont Municipal Bond Bank with regard to financing community broadband projects;
- (H) identify and publish State, federal, nonprofit, and any other broadband funding opportunities;

do any and all things necessary or convenient to effectuate the purposes and provisions of this chapter and to carry out its purposes and exercise the powers given and granted in this chapter.

This provision gives the Board the authority to do “any and all things” necessary or convenient to its mandate, which, as stated in Act 71, is “to coordinate, facilitate, support, and accelerate the development and implementation of universal community broadband solutions.”⁵

Staff has repeatedly received direction from Finance and Management and GuideHouse to consider supplemental noncompetitive discretionary grants.

Staff believes that the following are examples of types of activities the Board could take in achieving this mandate:

- Provide timely discretionary grants to CUDs, VCUDA, non-member towns, and other third parties as necessary (materials, technical, legal support, etc) and within our budget.
- Create a program providing pay premiums to telecom workers who participate in a project to build publicly owned broadband infrastructure.
- Provide grants or engage in contracts with any entity to solve one-off problems discouraging the build-out of public or private 100/100 Mbps service to a neighborhood. This could include creating a high-cost program or funding the necessary conduit to enable fiber to cross a bridge or highway.

MOTION: Based on this analysis, staff seeks Board approval to enter into grants and take other steps enumerated above, as well as “any and all things necessary or convenient” to its mandate with the understanding that staff will keep the Board apprised of any grant or other activities in this regard.

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- (I) contract for a comprehensive, statewide fiber-optic engineering design to identify strategies that maximize fiber-optic buildout efficiency and ensure resiliency and interoperability of all existing fiber-optic networks built with public or ratepayer funds, and that takes into consideration all proposed publicly funded fiber-optic projects, the development of which shall not be required or impede the disbursement of grants under this chapter;
 - (J) provide input to the Department of Public Service on the development of the State’s Telecommunications Plan; and
 - (K) do any and all things necessary or convenient to effectuate the purposes and provisions of this chapter and to carry out its purposes and exercise the powers given and granted in this chapter.

⁵ 30 V.S.A. § 8081.

INFRASTRUCTURE ACT* CREATES ~\$65B IN BROADBAND FUNDING

NTIA will administer ~\$48B of this new funding				FCC to administer ~\$14B
BEAD	DIGITAL EQUITY	TRIBAL	MIDDLE MILE	\$14.2B <i>For Affordable Connectivity Program, which will replace the EBB program</i>
\$42.45B	\$2.75B	\$2.00B	\$1.00B	USDA to administer \$2B
Title I - Broadband Equity, Access & Deployment Program	Title III - Digital Equity Act	Title II - Tribal Connectivity Technical Amendments	Title IV - Enabling Middle Mile Broadband Infrastructure	\$2.0B <i>Via the Rural Utilities Service</i>
Formula-based grant program for U.S. states and territories. BEAD aims to close the access gap for unserved & underserved areas of the country.	Three programs, established for planning & implementation of programs that promote digital equity, support digital inclusion activities, and build capacity related to the adoption of broadband.	Further current Tribal Broadband Connectivity Program by investing an additional \$2B to fund broadband adoption and infrastructure projects.	Provides funding to extend middle mile capacity to reduce cost of serving unserved and underserved areas and enhance network resilience.	Private Activity Bonds \$600M \$600M <i>Authorizes State/local gov'ts to use private activity bonds for rural broadband</i>

Once NTIA announces the estimated BEAD Notice of Funding Opportunity, expected May 15th, 2022, states will be invited to submit their Letter of Intent. The Letter of Intent is to include information on goals and status of existing programs, expected challenges, partner information and capacity needs and an optional request for approximately \$5 million for planning and capacity building.

- Planning funds are to be used to develop a 5-year Action Plan that will be the foundation for BEAD's Initial Proposal and help guide the Final Proposal process. Eligible uses include:
 - additional research and data collection
 - developing a preliminary budget for pre-planning activities
 - publications, outreach, and communications support
 - technical assistance, through workshops or events
 - broadband office employee training related staffing capacity
 - consulting or contracted support
 - implementing a plan for the required Challenge Process, necessary to receive allocated funds from the Initial Proposal, on the locations it has identified as unserved or underserved
 - identify technical assistance and partnerships to plan for the Digital Equity Act Funding
- The resulting 5-year action plan will need to include:
 - Overview of collaboration with local governments, community stakeholders, and existing service providers
 - Detailed investment priorities and associated costs
 - Explanation of how planned spending aligns with economic development, telehealth, and related connectivity efforts
 - An assessment of the amount of time it would take to build out universal broadband service
- Once NTIA announces estimated BEAD funding allocation, state's will submit their Initial Proposal and upon approval will receive at least 20% of its estimated funding allocation (20% of \$100+ million + at least \$20 million).
- Additionally, Congress allows states to spend up to 2% of their allocated BEAD funding, a sum of at least \$2 million per state, on expenses relating to administration of the grant to address staff capacity needs to deal with the anticipated increase in grant applications, demand for stakeholder engagement, and significant federal reporting requirements.

NTIA scheduled to publish NOFO for BEAD on May 15, 2022

LOI to include information on existing programs, known barriers and capacity needs

States choose whether to request planning funds in LOI (up to \$5M)

DATA Map expected late 2022 into 2023. NTIA will then publish estimated BEAD \$ by state

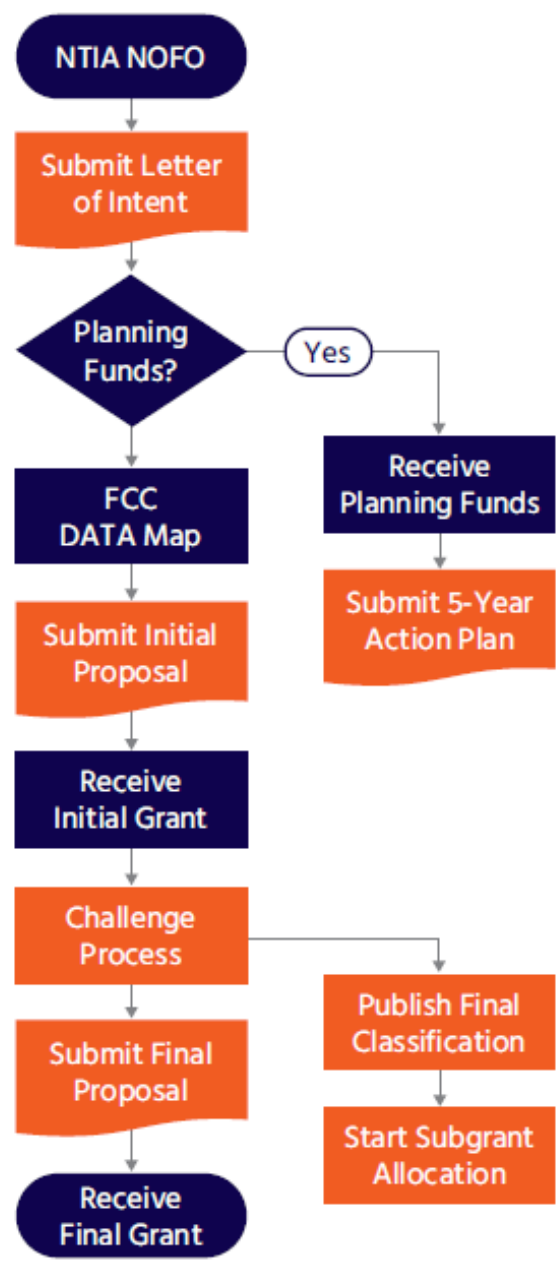
Proposal to describe long-term goals, action plan, and identify eligible locations

Initial proposal reviewed by NTIA. If successful, NTIA releases 20% of grant funds

State invites stakeholder feedback on unserved/underserved locations

Proposal to include detailed plan, timeline, and processes

Final proposal reviewed by NTIA. If successful, NTIA releases remainder of funds

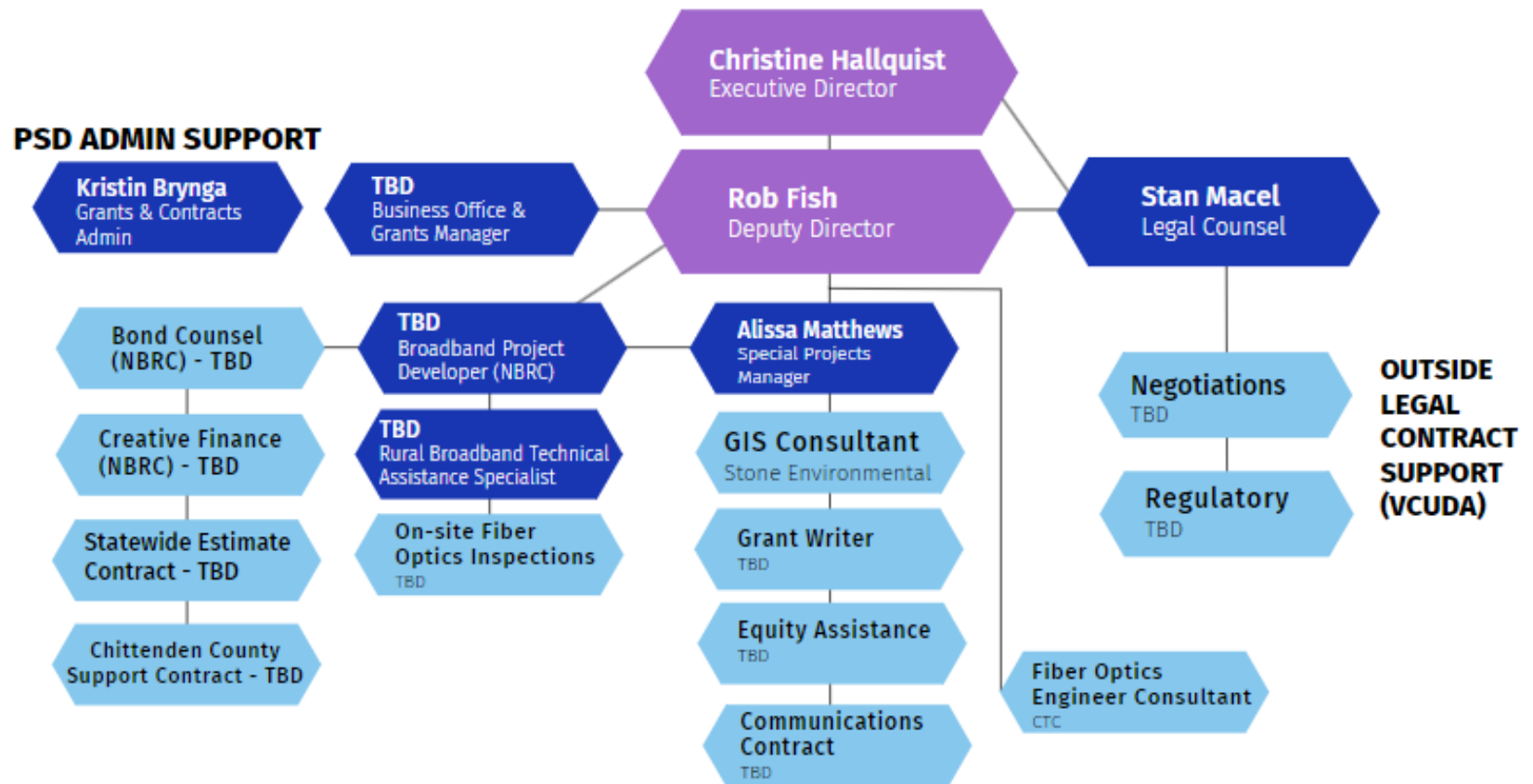


NTIA releases planning funds to states

Details investment priorities and costs, and alignment with econ devt., telehealth, etc.

States issue public notice once all challenges resolved

States can commence subgrant allocation 60 days after the final classification



DRAFT – March 28, 2022

Vermont Community Broadband Board
Budget Overview
March 28,2022
Christine Hallquist
Executive Director
Phone – 802-636-7853
Email – christine.hallquist@vermont.gov

2021 Budget – End of Year Forecast

Operations – Overall under budget by \$197,507.96 (transfer to 2022 budget)

- Personnel – under budget by \$146,326.40
- Equipment – under budget by \$10,311.00
- Misc. Costs – over budget by \$1885.14 (cell phones charged to this line item)
- Contracted Services – over budget by \$469, 426.25 (using left-over funds in training and education to cover projects that we will contract out for in the last quarter as follows
 - *Statewide estimate and high-level design for costs of non-CUD towns – \$150K*
 - *Statewide program to challenge FCC Maps – \$200K*
 - *Logistics and application support for applications to BEADA equity grants – \$120K*
- Training and Education – under budget by \$599,916.25 due to lack of a state-wide workforce development program
- Board Costs – Under budget by \$39,688.80

Capital - The capital budget will have a \$121.8 million carry-over in the unlikely event that there are no construction applications. It is not possible to forecast what the CUDs will request from the capital fund. Since the capital budget is part of the overall state-wide funding plan, it not relevant if these funds are spent in 2021 fiscal year or 2022 fiscal year.

2022 Budget

Operations – Overall budget - \$3,147,941.29

- Personnel - \$991,338.40
- Equipment - \$8,800.00
- Supplies - \$2500.00
- Contracted Services - \$1,085,092.49
- Training and Education - \$1,024,500.00
- Board Costs - \$35,600.00

Capital - The 2022 capital budget supports construction of 4331 miles of fiber construction. This is based on the carry-over from the 2021 allocation of \$150 million, \$30 million dedicated to pre-construction. The plan is to maximize the future funding from the Broadband Equity Access and Deployment Act (BEADA). Applications will be due in 2022. Assuming a minimum additional \$100 million in funds, the state would be able to build

another 2000 miles of fiber, resulting in grant funding for 6331 miles. The overall estimate is 9000 miles for the CUDs. This does not include the additional mileage for non-CUD towns, which represent 8% of the underserved. That estimate will come because of the analysis proposed in the remaining 2021 budget. Our goal is to provide a minimum of 60% of the total asset value of the CUDS. That level of funding makes the business case work for the CUDs and enables debt financing for the remainder. With this budget the CUDs will have 6331 of the 9000 miles funded, or 70% of the network. This provides a 16% contingency, which is necessary with the cost increases that are happening.

Vermont Community Broadband Board - 07/01/21 Through 06/30/22

This document outlines and confirms the state of Vermont's budget for achieving the policies, goals, and investment priorities for broadband infrastructure for the 2021 to 2022 calendar year. It enables the Vermont Community Broadband Board (VCBB) to monitor the progress of the state meeting its goals for broadband access, provides funding for the principal programs to enable broadband adoption, and provides support for Communication Union Districts (CUDs) and towns around the state. Finally, it assembles data resources for CUDs, towns, elected officials and residents engaged in broadband planning and provides resources for the coordination and support role of the VCBB.

The funds come mainly from the \$150 million appropriation that was provided through ACT 71. Also included are other funds that have been committed to the VCBB. This budget is adequate to meet the needs of the VCBB to the middle of 2022 and provide more than enough construction funds to enable the CUDs to continue building into 2023. This viability will enable the CUDs to obtain additional funds in order to meet their goals. Additional revenues will help drive down the cost of the network, resulting in lower cost to consumers, which helps meet the state's affordability goals.

The budget addresses key support activities that are needed to ensure the state of Vermont meets its goal of getting every 100/100 Broadband service. Key areas of focus for this budget include:

- Providing technical support to the CUDs to ensure resilient designs and quality construction
- Progress reporting to the Board, Administration, and Vermonters
- Workforce development and training to ensure adequate labor supply as well as growth opportunities for Vermonters
- Funds to enable pre-purchasing of long lead-time materials to avoid interruption of construction due to material shortage
- Assist the CUDs in developing strategies to help reduce the cost of the network
- Facilitate partnerships between communications union districts and their potential private partners
- Identify State, federal, nonprofit, and any other broadband funding opportunities and assist the CUDs in accessing those funds.

The first two tabs after this narrative summarizes the Operational and Capital budget. The remaining tabs provide the details for the Operations Budget.

2021 to 2022 Capital Budget

Capital Revenues and Sources

Revenue Source	Amount
ACT 71	\$148,500,000
Northern Borders Regional Commission State Capacity Grant	\$1,250,000
Connectivity Grant Funds from the Universal Service Fund	\$552,674
Act 154 One Time Appropriation for Broadband Infrastructure (limits of \$400,000 per CUD)	\$1,500,000
Capital Funds Total	\$151,802,674

Capital Expenses

Budget Expenditure Categories	OMB Uniform Guidance Federal Awards Reference 2 CFR 200	TOTAL EXPENDITURES
Pre-construction grant program		\$30,000,000
Connectivity Grants (from Universal Service Fund)		\$552,674
Northern Borders Regional Commission State Capacity Grant		\$1,250,000
Act 154 One Time Appropriation for Broadband Infrastructure (limits of \$400,000 per CUD)		\$1,500,000
Construction grant program		\$118,500,000
18. Total Capital Expenses		\$151,802,674

Expenses thru EOY	Carry-over
30,000,000.00	\$0.00
0.00	0 Will re-allocate
0.00	\$1,250,000.00
0.00	\$1,500,000.00
0.00	\$118,500,000.00
30,000,000.00	\$121,802,674.00

* The Construction Coordination Fund - State agencies participate in construction projects that include accommodation and relocation of utilities along public rights-of-way. If planners do not fully consider the potential impact of utilities on construction--and of construction projects on existing utilities--during a project's planning stages, the result will be missed opportunities to save on make ready construction costs. This coordination is best done at the VCBB level as the timing of these projects will likely not line up with CUD construction schedules. This will include coordination with electric utilities to lay conduit whenever those utilities have underground projects. Project schedules will change with schedule being modified annually. It is not possible to know what the allocation should be at this point. There is likely to be carryover of this fund to subsequent budget years.

*Connectivity grants will be used to fund isolated addresses, or groups of addresses, that may be outside a CUD and are not covered by a Universal Service Plan budget. This is to enable extensions from existing service providers to serve pockets of underserved areas that would be cost prohibitive to feed from a CUD.

2021 to 2022 Operations Budget

Operation's Revenues and Sources

Revenue Source	Amount	Expenses thru EOY	Carry-over
ACT 71	\$1,500,000	\$1,302,492.04	\$197,507.96
Northern Borders Regional Commission Rural Forest Economy Partnership (RFEP)	\$300,000	\$0.00	\$300,000.00
Universal Service Fund	\$700,000	\$0.00	\$700,000.00
H315 Grant (remaining)	\$80,000	\$0.00	\$80,000.00
Operational Funds Total	\$2,580,000	\$1,302,492.04	\$1,277,507.96

Operation's Expenses

Budget Expenditure Categories	OMB Uniform Guidance Federal Awards Reference 2 CFR 200	TOTAL EXPENDITURES		
1. Personnel (Salaries & Wages)	200.430	\$ 454,810.00	\$435,906.71	\$ 18,903.29
2. Equipment and Software	200.439	\$30,800	\$20,489.00	\$ 10,311.00
3. Supplies	200.94	\$1,000	\$2,885.14	\$ (1,885.14)
4. Contractual Services	200.318 & 200.92	\$293,574	\$ 763,000.00	\$ (469,426.25)
5. Training & Education	200.472	\$661,416	\$61,500.00	\$ 599,916.25
6. Board Operational Costs	200.414	\$58,400	\$18,711.20	\$ 39,688.80
Total ACT 71 expenses		\$1,500,000	\$1,302,492.04	\$197,507.96
Grant writer to access H315 funds		\$80,000.00		\$80,000.00
Deputy Director (paid for by USF)		\$147,326	\$0.00	n/a - Moved fundii

NBRC Expenses

Budget Expenditure Categories	OMB Uniform Guidance Federal Awards Reference 2 CFR 200	TOTAL EXPENDITURES		
1. Personnel (Salaries & Wages)	200.430	\$ 54,288.00	\$0.00	\$ 54,288.00
2. Equipment and Software	200.439	\$ 150,000.00		\$ 150,000.00
3. Contracted Services	200.318 & 200.92	\$ 95,712.00		\$ 95,712.00
Total NBRC Expenses		\$ 300,000.00	\$0.00	\$ 300,000.00
Total Expenses		\$2,027,326.40	\$1,302,492.04	\$724,834.36
Variance		\$552,673.60		

Moved the entire cost of the VCBB Deputy Director to the VCBB. The USF has less restrictions which frees up money to fund other programs, including paying for alternate solutions for individual hard to serve addresses.

The Remaining H313 Funds are being used to provide a contract grant writer to help the Communication Union Districts access USDA ReConnect funds

Personnel

1). Personnel (Salaries & Wages) (2 CFR 200.430) -

Note - Classified positions (hourly) are determined by the total number of hours (hourly pay increments) during the budget period. Unclassified positions (salaried) are determined by total number of months (monthly pay increments).

Name	Position(s)	Salary or Wage	Basis (Yr./Mo./Hr.)	% of Time	Length of time	Personnel Cost	Expenses thru 2/28/22	Expenses thru EOY
<i>Grants Administrator (PSD)</i>	<i>1</i>	<i>\$47</i>	<i>Hr.</i>	<i>100%</i>	<i>1040</i>	<i>\$ 48,880.00</i>	\$ 14,345.65	\$43,036.95
<i>Executive Director</i>	<i>1</i>	<i>\$ 18,000.00</i>	<i>Mo.</i>	<i>100%</i>	<i>11.5</i>	<i>\$ 207,000.00</i>	\$ 97,907.67	\$137,070.74
<i>General Counsel</i>	<i>1</i>	<i>\$ 13,650.00</i>	<i>Mo.</i>	<i>100%</i>	<i>7</i>	<i>\$ 95,550.00</i>	\$ 25,815.14	\$77,445.42
<i>Executive Assistant</i>	<i>1</i>	<i>\$42</i>	<i>Hr.</i>	<i>100%</i>	<i>1040</i>	<i>\$ 43,680.00</i>	\$ 10,342.40	\$31,027.20
<i>Project Manager</i>	<i>1</i>	<i>\$50</i>	<i>Hr.</i>	<i>100%</i>	<i>694</i>	<i>\$ 34,700.00</i>		\$0.00
<i>Deputy Director</i>							\$ 25,953.22	\$147,326.40
<i>Contingency</i>						<i>\$ 25,000.00</i>		
					ACT 71 Total	\$ 454,810.00	\$ 174,364.08	\$435,906.71
							Carry-over	\$18,903.29
<i>Broadband Project Developer funded by NBRC Grant</i>	<i>1</i>	<i>\$ 52.20</i>	<i>Hr.</i>	<i>100%</i>	<i>1040</i>	<i>\$ 54,288.00</i>		
					NBRC Total	\$ 54,288.00	\$ -	
<i>Deputy Director funded by USF (to be transferred to VCBB budget)</i>	<i>1</i>	<i>\$ 70.83</i>	<i>Hr.</i>	<i>100%</i>	<i>2080</i>	<i>\$ 147,326.40</i>	\$ 17,776.03	\$0.00
<i>Telecom Infrastructure Specialist (to be transferred to VCBB budget)</i>							\$ 5,189.73	\$0.00
<i>Rural Broadband Tech Asst Specialist (to be transferred to VCBB budget)</i>							\$ 3,522.98	\$0.00
					USF Total	\$ 147,326.40	\$ 26,488.74	\$0.00
							Carry-over	\$147,326.40
					Total Personnel	\$ 656,424.40	\$ 200,852.82	\$435,906.71

Note - these are fully burdened rates with a 1.8X multiplier

Personnel Narrative

- Executive Director duties identified by ACT 71
- Deputy Director will be funded by the Universal Service Fund. This will require some clean-up language in ACT 71.
- General Counsel duties to handle day to day inquiries from VCBB staff, review contracts, review Board minutes, handle information requests and ensure compliance with Open Meeting Law and Public Records requirements.
- The Executive Assistant will provide administrative support to the Executive Director and VCBB Board Members; attend VCBB meetings to provide technological support, note taking and other administrative functions including preparation for meetings; perform administrative, supervisory and technical work at a professional level for the VCBB.
- The Project Manager duties include responsibility for planning, organizing, and directing the completion of projects for the VCBB (examples include Workforce Development initiatives, pre-purchasing of materials, progress and key metric reporting to the Board, Administration and public). The Project Manager will work with the CUDs to support, monitor and assist with timely performance to individual project plans. The project manager will be responsible for coordinating with AOT, the electric utilities and municipalities.123
- The Broadband Project Developer duties include; programmatic, administration, and technical work involving the overall direction, policy and operations of the VCBB,. Work involves developing policies and implementing strategies to ensure responsible and effective deployment and furthering leveraging of federal funds derived from the Board to ensure a fiscally responsible building out of fiber optic network. In addition to monitoring all grants issued,, the Broadband Project Developer will work with the CUDs to layer various public and private financial instruments (federal, state, private grants loans, and bonds), to accelerate fiber-to-the-home buildouts. The role of the position shifts from leverage primarily private funds to also include preparing the Communications Union Districts for the municipal bond market, competing for other federal grants, and reviewing the finances of proposed projects, and identifying financial tools for creatively solving timing issues with funding labor and material costs. For instance, we led the effort for the prepurchase of 2,000 miles fiber for all CUDs using innovative financing secured via a foundation and a credit union. This likely saved next year's construction season (because of supply chain and new market entry issues) and saved close to \$1M that can be used for construction. Since construction grants were not yet available, a Letter of Credit was on the option for the CUDs to ensure materials were available in Spring of 2022. Similar efforts are being explored for workforce training (and securing workforce for the first construction season – Pay-It-Forward/Impact Investing) and providing a backstop to facilitate the leveraging of over \$40 million in other funds to build a network spanning an entire utilities service area. Since this person will be central to much of the VCBB's operation, we no longer feel that a contract position is appropriate. This raises the cost, but also increases the capacity of entire Vermont Community Broadband Board.
- The Rural Broadband Technical Assistant is Rob Fish.

Equipment and Software

2). Equipment (2 CFR 200.439) --

Item	Quantity	Cost	Equipment Cost	Expenses thru 2/28/22	Expenses thru EOY
<i>Portable video conferencing system</i>	<i>1</i>				\$2,000.00
		\$ 2,000.00	\$ 2,000.00		
<i>Computers and related hardware</i>	<i>5</i>	\$ 3,000.00	\$ 15,000.00	\$1,689.00	\$14,689.00
<i>GIS and related measurement tools</i>	<i>1</i>	\$ 5,000.00	\$ 5,000.00		
<i>ArcGIS professional License</i>	<i>1</i>	\$ 3,800.00	\$ 3,800.00		\$3,800.00
<i>Contingency</i>			\$ 5,000.00		
		Act 71 Total	\$ 30,800.00		
		Act 71 Total	\$ 30,800.00	\$1,689.00	\$20,489.00
				Carry-over	\$10,311.00
<i>Broadband Intelligence Grant Acceptance and Analysis Program (funded through the NBRC grant)</i>			\$ 150,000.00		

Misc. Costs

3. Supplies (2 CFR 200.94) --

Item	Quantity/ Duration	Cost	Supplies Cost	Expenses thru 2/28/22	Expenses thru EOY
<i>Office Supplies</i>	1	\$ 1,000.00	\$ 1,000.00		
<i>Phones - Act 71</i>				\$ 516.20	\$ 722.97
<i>Phones - USF</i>				\$ 181.77	\$ 254.58
<i>Catamount Health Assessment - Fish - USF</i>				\$ 357.92	\$ 501.29
<i>Advertising - Job Vacancies - Act 71</i>				\$ 1,004.10	\$ 1,406.30
				\$ -	\$ -
				\$ -	\$ -
			ACT 71 Total	\$ 2,059.99	\$ 2,885.14
			Supplies Cost	Carry-over	(1,885.14)

Supplies Narrative (State):

Contracted Services

4). Contractual Services (2 CFR 200.318) & Subawards (200.92)

Please also note the differences between subaward, contract, and contractor (vendor):

- 1) Subaward (200.92) means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal/State award, including a portion of the scope of work or objectives. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal/State program.
- 2) Contract (200.22) means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.
- 3) "Vendor" or "Contractor" is generally a dealer, distributor or other seller that provides supplies, expendable materials, or data processing services in support of the project activities.

Item	Contractual Services Cost
<i>Legal Support - (\$600/hr. @12.5% of 1040 hours)</i>	\$ 78,000.00
<i>GIS Support</i>	\$ 150,000.00
<i>Fiber Optic Engineer - (\$125/hr. 33% of 1040 hours, original. \$250/hr. 25% of 1040 hrs. actual)</i>	\$ 42,900.00
<i>Contingency</i>	\$ 22,673.75
Total ACT 71 Contractual Services	\$ 293,573.75
	Sub- total Carry-over
CUD Support for grant and other financing - Funded through NBRC Grant	\$ 95,712.00
Grant writer Funded through the remaining H.315 funds to help CUDs access USDA Reconnect Funds	\$ 80,000.00
Additional Contracted Services - within overall VCBB Budget	
- Statewide estimate and high-level design for costs of non-CUD towns	
- Statewide program to challenge FCC Maps	
- Logistics and application support for applications to BEADA equity grants	
	Additional Expenses
	Total Carry-over

Additional Contracted Services Narrative:

- **Statewide estimate is needed for non-CUD towns. 8% of the unserved and underserved addresses are in non-CUD towns. Our estimates for the total need of funding will require that we know what those costs will be. In order to have 60% of the network funded through grants, our current estimated need is \$35 million. An additional 8% would be around \$28 million. \$150K is a small investment to obtain this additional amount.**
- **The FCC maps are the basis for funding beyond the state minimum (\$100 million) for the BEADA grant program. Additional funding will be based on a per-address underserved basis. Some towns have shown that there are 40% more addresses than the maps indicate. The process for the challenge would require every town to have volunteers lead a data collection effort that would be run by the VCBB.**
- **The BEADA Notice of Funds Available is planned for May. The VCBB will be seeking support for grant research, communications and writing.**

Contractual Services Narrative:

- Legal support is for specialized legal services that will be required by the Board and the staff.
- GIS support will include developing a usable map for the VCBB as well as providing regular updates to reflect weekly progress
- The Fiber Optic Engineer will assist the VCBB in developing standards for construction and materials, provide guidance to CUD in design and construction activities, monitor (light) loss budgets, review performance data and provide overall technical consultancy to the VCBB
- CUD Support for grant and other financing - Additional outside contract work to assist CUDs with grant applications and financing, reduce any conflicts of interest if CUDs are competing for the same funds and both require the same financial advisory services OR for additional customization of the VETRO Fiber tools. Using NBRC funding for this will keep more funds available in the construction funds for infrastructure.

Training and Education

#REF!

Description	Quantity	Basis	Cost	Length of time	Training & Education Cost	Expenses thru EOY
<i>Broadband Communities Summit</i>	6		\$ 3,500.00	1	\$ 21,000.00	\$ 1,000.00
<i>Fiber Connect</i>	6		\$ 3,500.00	1	\$ 21,000.00	\$ 3,000.00
<i>Support of State-wide workforce development programs</i>					\$ 611,916.25	\$ 57,500.00
<i>Contingency</i>					\$ 7,500.00	\$ -
				<i>ACT 71 Expenses</i>	\$ 661,416.25	\$ 61,500.00
						Carry-over
						\$ 599,916.25

Training & Education Narrative (State):

Board Costs

6.Board Operational **Costs** --This category contains items that are directly related to Board Member payments

Description	Quantity	Basis	Cost	number	Other or Miscellaneous Cost	Expenses thru 2/28/22	Expenses thru EOY
<i>Board meeting per diem</i>	36	<i>3/month/ 12 months</i>	\$ 250.00	4	\$ 36,000.00	\$ 11,750.00	\$ 16,450.00
<i>Board meeting mileage</i>	500	<i>miles/meeting</i>	\$ 0.55	36	\$ 9,900.00	\$ 1,615.14	\$ 2,261.20
<i>Additional Board work</i>	10	<i>days/member</i>	\$ 250.00	5	\$ 12,500.00		\$ -
Total ACT 71 Expenses					\$ 58,400.00	\$ 13,365.14	\$ 18,711.20
						Carry-over	\$ 39,688.80

Board Costs Narrative (State):

Grants Out

Please also note the differences between subaward, contract, and contractor (vendor):

Item	Grant award amount	Expenses thru 2/28/22	Expenses thru EOY
<i>Pre-Construction - Act 71</i>			
Lamoille FiberNet Communications Union - 02240-FY22-ACT71-PREC-06	\$ 1,193,885.00	298,471.25	\$ 1,193,885.00
Northwest Vermont Communications - 02240-FY22-ACT71-PREC-04	\$ 1,275,082.25	318,757.06	\$ 1,275,082.25
Addison County Communications Union - 02240-FY22-ACT71PREC-01	\$ 2,339,200.00	584,825.00	\$ 2,974,200.00
CV Fiber - 02240-FY22-ACT71PREC-02	\$ 2,804,667.00	701,166.75	\$ 2,804,667.00
East Central Vermont Telecommunications - 02240-FY22-ACT71-PREC-05	\$ 2,841,130.00	710,457.50	\$ 2,841,130.00
DVFiber - 02240-FY22-ACT71PREC-03	\$ 4,111,318.00	1,027,829.50	\$ 4,111,318.00
NEK Community Broadband	\$ 6,670,000.00	1,667,500.00	\$ 6,670,000.00
Additional Spending			\$ 4,129,717.75
Pre-purchasing of materials	\$ -	-	\$ 4,000,000.00
<i>Total Act 71</i>	\$ 21,235,282.25	5,309,007.06	\$ 30,000,000.00
		Original Budget	\$ 30,000,000.00
		Carry-over	\$ -
<i>Pre-Construction - H.315</i>			
Addison County Communications Union - 02240-FY21-CUDH315PREC-06	\$ 62,250.00	62,250.00	\$ 62,250.00
Rutland Regional Planning Commission - 02240-FY21-CARESCUD-008	\$ 121,215.00	37,234.97	\$ 121,215.00
Vermont Communications Union Districts - 02240-FY21-CUDH315PREC-10	\$ 15,000.00	7,500.00	\$ 15,000.00
Northwest Vermont Communications - 02240-FY21-CUDH315PREC-07	\$ 73,400.00	36,700.00	\$ 73,400.00
Lamoille FiberNet Communications Union - 02240-FY21-CUDH315PREC-05	\$ 120,970.00	120,970.00	\$ 120,970.00
Otter Creek Communications Union - 02240-FY21-CUDH315PREC-08	\$ 126,000.00	63,000.00	\$ 126,000.00
DVFiber - 02240-FY21-CUDH315PREC-03	\$ 141,630.00	70,815.00	\$ 141,630.00
CV Fiber - 02240-FY21-CUDH315PREC-09	\$ 200,000.00	100,000.00	\$ 200,000.00
NEK Community Broadband - 02240-FY21-CUDH315PREC-04	\$ 276,250.00	138,125.00	\$ 276,250.00
CV Fiber - 02240-FY21-CUDH315PREC-01	\$ 445,000.00	222,500.00	\$ 445,000.00
<i>Total H.315</i>	\$ 1,581,715.00	859,094.97	\$ 1,581,715.00
		Original Budget	\$ 1,581,715.00
		Carry-over	\$ -

Vermont Community Broadband Board - 07/01/22 Through 06/30/23

This document outlines and confirms the state of Vermont's budget for achieving the policies, goals, and investment priorities for broadband infrastructure for the 2022 to 2023 calendar year. It enables the Vermont Community Broadband Board (VCBB) to monitor the progress of the state meeting its goals for broadband access, provides funding for the principal programs to enable broadband adoption, and provides support for Communication Union Districts (CUDs) and towns around the state. Finally, it assembles data resources for CUDs, towns, elected officials and residents engaged in broadband planning and provides resources for the coordination and support role of the VCBB.

The funds come mainly from the \$116 million appropriation remaining from the 2021 ARPA allocation from the legislature plus the additional \$95 million ARPA allocation anticipated to be allocated from the 2022 legislature. \$1.5 million shall be used for the VCBB budget per ACT 71. Also included are other funds that have been committed to the VCBB. This budget is adequate to meet the needs of the VCBB to the middle of 2023 and provide construction funds to enable the CUDs to continue building into 2024. This viability will enable the CUDs to obtain additional funds in order to meet their goals. Additional revenues will help drive down the cost of the network, resulting in lower cost to consumers, which helps meet the state's affordability goals.

The budget addresses key support activities that are needed to ensure the state of Vermont meets its goal of getting every 100/100 Broadband service. Key areas of focus for this budget include:

- Providing technical support to the CUDs to ensure resilient designs and quality construction
- Progress reporting to the Board, Administration, and Vermonters
- Workforce development and training to ensure adequate labor supply as well as growth opportunities for Vermonters
- Funds to enable pre-purchasing of long lead-time materials to avoid interruption of construction due to material shortage
- Assist the CUDs in developing strategies to help reduce the cost of the network
- Facilitate partnerships between communications union districts and their potential private partners
- Identify State, federal, nonprofit, and any other broadband funding opportunities and assist the CUDs in accessing those funds.

The first two tabs after this narrative summarizes the Operational and Capital budget. The remaining tabs provide the details for the Operations Budget.

2022 to 2023 Capital Budget

Capital Revenues and Sources

Revenue Source	Amount
ARPA Pre-onstruction Carry-over	\$0.00
ARPA Construction Carry-over	\$118,500,000.00
Act 154 One Time Appropriation for Broadband Infrastructure (limits of \$400,000 per CUD)	\$1,500,000.00
Northern Borders Regional Commission State Capacity Grant	\$1,250,000.00
New ARPA Funds	\$95,000,000.00
Connectivity Grants from the Universal Service Fund (\$700k carry-over from 2021)	\$282,899.80
Capital Funds Total	\$216,532,899.80

Capital Expenses

Budget Expenditure Categories	OMB Uniform Guidance Federal Awards Reference 2 CFR 200	TOTAL EXPENDITURES
Construction		\$216,532,899.80
Total Capital Expenses		\$ 216,532,899.80

We are assuming \$55K/mile minus the \$5K already came from pre-construction = \$50/mile from construction grants. This will support 4331 miles of construction.

*Connectivity grants will be used to fund isolated addresses, or groups of addresses, that may be outside a CUD and are not covered by a Universal Service Plan. budget.

2021 to 2022 Operations Budget

Operations Revenues and Sources

Revenue Source	Amount
ACT 71 (including 197507.76 carry- over from 2021)	\$ 1,697,507.76
Universal Service Fund (includes \$700K carry-over)	\$ 1,117,100.20
NBRC Fund	\$ 333,333.33
Operational Funds Total	\$ 3,147,941.29

Operations Expenses

Budget Expenditure Categories	OMB Uniform Guidance Federal Awards Reference 2 CFR 200	TOTAL EXPENDITURES
1. Personnel (Salaries & Wages)	200.430	\$ 991,448.80
2. Equipment and Software	200.439	\$ 8,800.00
3. Supplies	200.94	\$ 2,500.00
4. Contractual Services	200.318 & 200.92	\$ 1,085,092.49
5. Training & Education	200.472	\$ 1,024,500.00
6. Board Operational Costs	200.414	\$ 35,600.00
Total ACT 71 expenses		\$ 3,147,941.29

\$

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Personnel

1). Personnel (Salaries & Wages) (2 CFR 200.430) -

Note - Classified positions (hourly) are determined by the total number of hours (hourly pay increments) during the budget period. Unclassified positions (salaried) are determined by total total number of months (monthly pay increments).

Name	Position(s)	Salary or Wage	Basis (Yr./Mo./Hr.)	% of Time	Length of time	Personnel Cost
<i>Grants Administrator (PSD)</i>		<i>1</i> \$49	<i>Hr.</i>	<i>100%</i>	<i>2080</i>	<i>\$ 102,211.20</i>
<i>Executive Director</i>		<i>1</i> \$ 18,900.00	<i>Mo.</i>	<i>100%</i>	<i>12</i>	<i>\$ 226,800.00</i>
<i>General Counsel</i>		<i>1</i> \$ 14,325.00	<i>Mo.</i>	<i>100%</i>	<i>12</i>	<i>\$ 171,900.00</i>
<i>Special Projects Manager - formerly Executive Assistant</i>		<i>1</i> \$49	<i>Hr.</i>	<i>100%</i>	<i>2080</i>	<i>\$ 101,088.00</i>
<i>Business Office and Grants Manager (funded through NBRC Grant)</i>		\$68	<i>Hr.</i>	<i>100%</i>	<i>2080</i>	<i>\$ 142,272.00</i>
<i>Deputy Director</i>		\$90	<i>Hr.</i>	<i>100%</i>	<i>2080</i>	<i>\$ 187,200.00</i>
<i>Rural Broadband Technical Specialist</i>		<i>1</i> \$50	<i>Hr.</i>	<i>100%</i>	<i>694</i>	<i>\$ 34,977.60</i>
<i>Contingency</i>						<i>\$ 25,000.00</i>
					<i>ACT 71 Total</i>	<i>\$ 991,448.80</i>

Personnel Narrative

- Executive Director duties identified by ACT 71
- Grant Administrator will be a pass-through to the PSD
- General Counsel duties to handle day to day inquiries from VCBB staff, review contracts, review Board minutes, handle information requests and ensure compliance with Open Meeting Law and Public Records requirements.
- The Executive Assistant will be reclassified to a "Special Projects Manager" which will more closely match their duties and responsibilities.
- The Project Manager duties include responsibility for planning, organizing, and directing the completion of projects for the VCBB (examples include Workforce Development initiatives, pre-purchasing of materials, progress and key metric reporting to the Board, Administration and public). The Project Manager will work with the CUDs to support, monitor and assist with timely performance to individual project plans. The project manager will be responsible for coordinating with AOT, the electric utilities and municipalities.123
- The Broadband Project Developer duties include; programmatic, administration, and technical work involving the overall direction, policy and operations of the VCBB,. Work involves developing policies and implementing strategies to ensure responsible and effective deployment and furthering leveraging of federal funds derived from the Board to ensure a fiscally responsible building out of fiber optic network. In addition to monitoring all grants issued,, the Broadband Project Developer will work with the CUDs to layer various public and private financial instruments (federal, state, private grants loans, and bonds), to accelerate fiber-to-the-home buildouts. The role of the position shifts from leverage primarily private funds to also include preparing the Communications Union Districts for the municipal bond market, competing for other federal grants, and reviewing the finances of proposed projects, and identifying financial tools for creatively solving timing issues with funding labor and material costs. For instance, we led the effort for the prepurchase of 2,000 miles fiber for all CUDs using innovative financing secured via a foundation and a credit union. This likely saved next year's construction season (because of supply chain and new market entry issues) and saved close to \$1M that can be used for construction. Since construction grants were not yet available, a Letter of Credit was on the option for the CUDs to ensure materials were available in Spring of 2022. Similar efforts are being explored for workforce training (and securing workforce for the first construction season – Pay-It-Forward/Impact Investing) and providing a backstop to facilitate the leveraging of over \$40 million in other funds to build a network spanning an entire utilities service area. Since this person will be central to much of the VCBB's operation, we no longer feel that a contract position is appropriate. This raises the cost, but also increases the capacity of entire Vermont Community Broadband Board.
- The Rural Broadband Technical Assistant is Rob Fish.

Equipment and Software

2). Equipment (2 CFR 200.439) --

Item	Quantity	Cost	Equipment Cost
<i>ArcGIS professional License</i>	<i>1</i>	<i>\$ 3,800.00</i>	<i>\$ 3,800.00</i>
<i>Contingency</i>			<i>\$ 5,000.00</i>
		<i>Total</i>	<i>\$ 8,800.00</i>

Equipment Narrative (State):

- We will be holding meetings throughout the state. To comply with Open meeting Law, these will be broadcasted and recorded.
- New employees will require computers and associated hardware
- Working with the CUDS will require integrated GIS tools for updating maps as well as a demarcated hot stick for addressing make-ready concerns
- ArcGIS Pro is desktop GIS application for creating maps in 2D and 3D, analyzing data, and developing geographic knowledge. Use this mapping and analytics application to examine spatial relationships; predict outcomes; and make data-driven decisions. ArcGIS Pro Advanced provides the tools and environment for map creation and interactive visualization, multiuser editing, advanced data management capabilities, advanced analysis, high-end cartography, and extensive database management.

The Broadband Intelligence Grant Acceptance and Analysis Program is being considered by a number of states for their Broadband Programs. We have been working with other states as part of our evaluation. This software will be used for analytics and dashboards. It will provide a public map that will be used for visual grant tracking (construction plans, progress and customer initialization). It simplifies data flow between the VCBB and grant applicants/recipients. It has real-time data capability, although we will likely update it on a weekly basis. The overall package will automate reporting and compliance. This platform integrates data/mapping and requirements from major federal grant programs into an intelligent automated planning tool that can easily be used to identify and share qualifying projects for federal funds or projects of special interest to identified donors. The tool will also be used by the Vermont Community Broadband Board to accept mapping data, evaluate proposed projects, identify gaps where funds could be deployed to improve resiliency and redundancy, and simplifying reporting. Individual CUDS can use the tool to map their networks, identify demand, and share their story with funders and their community. In the future, the tool will be used to monitor the network as it is built. We believe this tool will make both the VCBB and individual CUDs more efficient and effective.

Supplies

3). Supplies (2 CFR 200.94) --

Item	Quantity/ Duration	Cost	Supplies Cost
<i>Office Supplies</i>	1	\$ 1,000.00	\$ 1,000.00
<i>Phones</i>		\$ 1,500.00	\$ 1,500.00
		<i>ACT 71 Total</i>	\$ 2,500.00

Supplies Narrative (State):

Contracted Services

4). Contractual Services (2 CFR 200.318) & Subawards (200.92)

Please also note the differences between subaward, contract, and contractor (vendor):

- 1) Subaward (200.92) means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal/State award, including a portion of the scope of work or objectives. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal/State program.
- 2) Contract (200.22) means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.
- 3) "Vendor" or "Contractor" is generally a dealer, distributor or other seller that provides supplies, expendable materials, or data processing services in support of the project activities.

Item	Contractual Services Cost
<i>Legal Support - (\$600/hr. 20% of 2080 hours)</i>	\$ 249,600.00
<i>GIS Support</i>	\$ 200,000.00
<i>Support (including legal) for CUD's to develop contracts and funding plans) funded through NBRC grant</i>	\$ 186,061.33
<i>Fiber Optic Engineer - (\$250/hr. @75% of 2080 hours)</i>	\$ 390,000.00
<i>Contingency</i>	\$ 59,431.16
<i>Total ACT 71 Contractual Services</i>	<i>\$ 1,085,092.49</i>

Contractual Services Narrative:

- **Legal support is for specialized legal services that will be required by the Board and the staff.**
- **GIS support will include developing a usable map for the VCBB as well as providing regular updates to reflect weekly progress**
- **The Fiber Optic Engineer will assist the VCBB in developing standards for construction and materials, provide guidance to CUD in design and construction activities, monitor (light) loss budgets, review performance data and provide overall technical consultancy to the VCBB**
- **CUD Support for grant and other financing - Additional outside contract work to assist CUDs with grant applications and financing, reduce any conflicts of interest if CUDs are competing for the same funds and both require the same financial advisory services and/or for legal support,**

Training and Education

#REF!

Description	Quantity	Basis	Cost	Training & Education Cost
<i>Broadband Communities Summit</i>	6		\$ 3,500.00	\$ 21,000.00
<i>Fiber Connect</i>	6		\$ 3,500.00	\$ 21,000.00
<i>Stipend program to attract fiber optic technicians</i>	60		\$ 5,000.00	\$ 300,000.00
<i>Support of State-wide workforce development programs</i>				\$ 610,000.00
<i>CUD Accelerator Program</i>				\$ 65,000.00
<i>Contingency</i>				\$ 7,500.00
				\$ 1,024,500.00

Training & Education Narrative (State):

The Broadband Communities Summit is for community leaders, multifamily property owners and network builders and deployers interested in the building, managing, marketing and monetizing of high-speed broadband technologies and services. It is focused on the successful delivery of high-speed broadband networks to communities – from multifamily properties to ultra-connected master-planned developments to the city or town where you live. The program offers presentations by outstanding speakers with a finger on the pulse of what's new and what's coming, what works and what doesn't.

The Fiber Connect conference & exhibition represents the annual convening of suppliers and operators who foundational are critical to communications, computing, innovation and commerce. The 2021 Fiber Connect event offers opportunities for market development, technology demonstration and peer-group interaction. The event has executives from a wide scope of industry sectors – traditional audiences as well as new audiences — commercial network operators, mobile network operators, digital infrastructure asset owners & developers; investors; technology suppliers, enterprises and more.

The CUD Accelerator was a very successful program offered in 2021. This series was developed and funded through a grant from the Vermont Community Foundation. This 9-week program was designed to give CUD volunteer board members a deeper understanding of all aspects of the network development process so that they can be more effective in the decision making in the coming years.

The VCBB is working with the Vermont Community Foundation, the Department of Labor, Vermont Technical College, Northern University and Social Finance (Career Investment Bonds) to develop training programs to develop in-state labor resources. The estimate is that Vermont will need 200 Fiber Technicians (total of inside and outside) to build and maintain the network. The fall-out is 2/3 which means 600 technicians will need to be trained. Around the country, “pay-it-forward” funds are being launched to stretch public workforce dollars further and train 2-3x as many workers by recycling capital using student-friendly income share agreements (ISAs), also known as career impact bonds (CIBs). CIBs allow individuals from low-income backgrounds to enroll in training at no upfront cost. Only if students attain and retain gainful employment do they and/or their employers repay the cost of training, shifting risk away from students and employers and enabling capital to be recycled and re-invested into future cohorts of students. In collaboration with VT Community Broadband Board, VT Community Foundation, and Northeast Kingdom Broadband, Social Finance (a national nonprofit with experience in launching these funds) is exploring the feasibility of a state or regional pay-it-forward fund to meet Vermont’s urgent broadband workforce needs and expand statewide broadband coverage. A pay-it-forward fund in Vermont could support a CIB structure that covers the upfront cost for low-income Vermonters to participate in broadband technician training programs hosted by a local training provider such as Vermont Technical College (VTC). Upon graduation of the program, participants would be hired by local utility, telecom, and communication infrastructure providers into well-paying jobs. Those who gain meaningful employment, or their employers, repay program costs as a fixed percentage of their income, capped at a set dollar amount and for a certain period of time, allowing the initial funding allocation to be recycled to re- and upskill more Vermonters in broadband and potentially other in-demand fields such as nursing, solar, weatherization, and electrical. If \$10M+ is committed from local, state, and federal funding sources to scale

Board Costs

6.Board Operational Costs --This category contains items that are directly related to Board Member payments

Description	Quantity	Basis	Cost	number	Other or Miscellaneous Cost
<i>Board meeting per diem</i>	24	<i>2/month/ 12 months</i>	\$ 250.00	4	\$ 24,000.00
<i>Board meeting mileage</i>	500	<i>miles/meeting</i>	\$ 0.55	24	\$ 6,600.00
<i>Additional Board work</i>	5	<i>days/member</i>	\$ 250.00	4	\$ 5,000.00
Total ACT 71 Expenses					\$ 35,600.00

Board Costs Narrative (State):

Memo

To: Vermont Community Broadband Board
From: Rob Fish, Deputy Director
Date: March 24, 2022
Re: Pre-Purchasing of Materials Recommendation

Summary Recommendation: The VCBB cannot at this time engage in contracting for materials on behalf of the CUDs nor take ownership of materials procured by the CUDs due to the protracted procurement and review processes imposed by the standard state's standard process. Notwithstanding the VCBB's authority under 30 V.S.A. § 8084(a)(6) to have "all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter," the agencies of the state have imposed a process that (a) extends the period of product review, (b) designates the supplier, (c) increases the purchase price of materials by about 15%, and (d) subjects the specifications to the review of the Agency of Digital Services. The VCBB staff do not recommend instituting a comparable procurement process under the authority of 8085(b) or 8084(a)(6).

The VCBB staff do recommend, therefore, that the Board should utilize its authority to make grants in a manner that fits the extreme urgency of materials procurement and the scarcity of the certain materials. The VCBB staff have investigated and affirmed that specific materials are in short supply and that delaying the purchase of materials until the approval of the construction grant applications may delay commencement of construction until 2025.

The VCBB staff recommends that the Board use the authority granted in 8085(b) to include in the Preconstruction Program "any other costs deemed appropriate by the Board" or in 8084(a)(6) "all the powers necessary and convenient" to solve the issue of materials procurement prior to approval of the construction plans.

Proposed Process:

1. "Specified Lead-Time Materials" subject to this proposed procurement grant process shall be limited to materials that are:
 - (a) Specifically identified by quantity, manufacturer, and serial number or other unique code and description.
 - (b) Consistent with the standards set by the VCBB Outside Plan Design standards published by the VCBB.
 - (c) Demonstrated or represented in writing by the supplier or a memo provided by the CUD summarizing the suppliers' responses to an RFP or RFI (i) to have limited availability in the next 6-12 months such that orders placed after April 15, 2022 will not arrive prior to September 1, 2022 or an expected start of construction that is accepted by the VCBB, whichever is sooner, (ii) for which the price will increase more than five percent if not ordered before April 15, 2022, or (iii) ordering such Specific Lead-Time Materials separately from other items will cause an increase in cost.;
 - (d) Specified by a knowledgeable construction or network design vendor under contract to the applicant with the certification that the materials are required for the applicant's anticipated construction plan that is the subject of a grant application to the VCBB; Currently are available to arrive in Vermont by or before August 1, 2022 or the expected start of Construction; scheduled for a date accepted by VCBB; and
 - (e) Materials otherwise meeting the criteria of Specified Lead-Time Materials that have already been ordered and are back by a letter of credit with payment due by the CUD prior to the issuance of a Construction Grant are also eligible for this program.

2. Materials shall be added as an eligible expense in the Pre-Construction Grant Program (preferred) or a new supplemental grant program via 30 V.S.A. § 8084(a)(6) and will be deducted from the CUD's Construction Grant available funds allocation.
3. \$4 Million shall be transferred to the Pre-Construction Grant program from and allocated based on the formula used in the Construction Grant Program.
4. CUDs are allowed to purchase necessary materials meeting the criteria of Specified Lead-Time Materials for the next 24 months (ending March 31, 2024). Applicants must demonstrate that the materials meet the requirements of Specified Lead-Time Materials before approval will be granted by the Staff. Staff will be authorized to approve grants for Specified Lead-Time Materials not to exceed \$6 million per CUD per fiscal year. The Staff will report approved Specified Lead-Time Material grants and the amendments to the Pre-Construction grants to the Board.
5. CUDs shall own the Specified Lead Time Materials, but they are subject to claw back in the case of a failure to meet grant standards under the following terms:
 - (a) that the Specified Lead-Time Materials cannot be used, opened, installed, distributed, or possession transferred to a third party unless or until a construction grant application for the CUD in possession of the Specified Lead-Time Materials has been approved by the VCBB.
 - (b) All contracts for materials shall include a restocking clause acceptable to VCBB staff (i.e., materials may be returned, and funds expended will be returned to the VCBB if the CUD fails to meet their obligations under either the Construction Grant or the Preconstruction Grant, or in the event that the quantity purchased by the CUD materially exceeds its requirements). CUDs must report back to the VCBB if a restock clause is not available for a material they purchase.
 - (c) the standard general default language shall be included in every grant agreement
 - (d) the CUD will specify the location of the Specified Lead-Time Materials, and will maintain such materials in the condition delivered and will protect and insure the Specified Lead Time Materials to their full value.
 - (e) the CUD will transfer any Specified Lead Time Materials purchased in this process to the VCBB if the CUD has not received the VCBB's approval of a construction grant by December 31, 2022.
6. Staff will collaborate with VCUDA to study the pros and cons of using a third party to contract for all the CUDs or the VCBB incentivizing the CUDs to using a third-party procurement and inventory management system for future purchases. This may include covering the cost of any markup for the "convenience" of having an ongoing purchasing relationship with on-time delivery and inventory management.



Broadband Expansion in Colchester Challenges & Possible Solutions March 25, 2022

Background

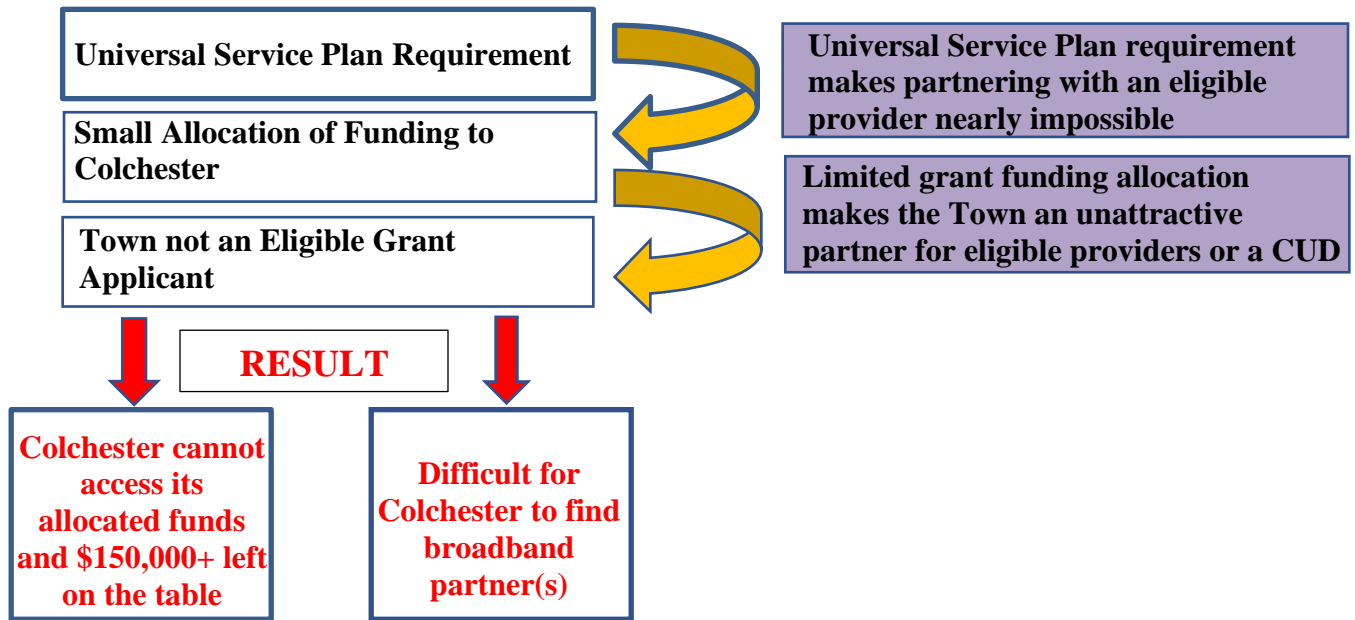
- Consolidated Communications and Comcast have extensive coverage within Colchester and most addresses in the Town are considered “served” with service of at least 25/3 Mbps.
- There are fewer than 200 addresses in Colchester that meet the definition of unserved or underserved, which are dispersed among several unconnected pockets throughout the Town.
- Immediate Need: Those with less than 25/3 Mbps are severely limited in their ability to participate in today’s economic, social, health care, and educational activities. Providing broadband to these unserved/underserved locations as quickly as possible is not likely to be accomplished with a single large Town-wide construction project. Rather, addressing the pockets of need on a one-by-one basis seems to be the most feasible approach to achieve improvements quickly. For example, one neighborhood was recently able to utilize the LECAP program to obtain improved service through Comcast.
- Long-term Goal: Beyond bringing broadband to the unserved/underserved addresses, Colchester wishes to achieve true community-wide broadband where all addresses have access to 100/100 Mbps service.

Challenges

- **Funding Allocation:** The \$100 million + currently available through VCBB construction grants can only be used to improve service for unserved and underserved areas. VCBB developed an allocation formula to distribute grant funds by town funds based on uncabled road mileage. Using this formula, Colchester is currently eligible for \$153,221 in grant funds. ***Because Colchester has a significant amount of infrastructure from Consolidated Communications and Comcast, it is eligible for relatively little in VCBB grant funds. This means Colchester has little to offer in terms of funding to help either an ISP or a CUD develop an attractive business case in/with Colchester.***
- **Universal Service Plan:** In order to access VCBB grant funds, a Universal Service Plan (USP) for the entire town must be developed, which requires a single plan to explain specifically how each unserved/underserved address will be provided access to 100/100 Mbps service. Based on Colchester’s conversations with eligible service providers, the most likely approach to improve service for Colchester’s unserved/underserved addresses in a short timeframe will involve multiple parties, not a single entity pledging to do it all. ***The requirement for a Universal Service Plan in order to access VCBB grant funds is incompatible with what appears to be the most likely and advantageous approach to expand broadband to unserved and underserved areas in Colchester.***

- **Grant Eligibility:** Act 71/VCBB strongly favors communities that have elected to join a Communications Union District (CUD). Individual municipalities cannot apply for VCBB grants to fund broadband projects. The only eligible grant recipients are “eligible service providers,” which are defined as a) a Communications Union District, b) a small communications carrier, or c) an Internet Service Provider working with a Communications Union District to expand broadband to unserved and underserved locations. ***The exclusion of municipalities as an eligible applicant and the preference for CUD participation limits the Town’s ability to directly access resources to expand broadband availability.***

Summary of Challenges



Possible Solutions

- **Funding Allocation:** Re-work the VCBB funding allocation formula to better reflect the realities of Chittenden County communities that may have extensive infrastructure, but still have a very high hurdle in attracting service providers for certain areas.
- **Universal Service Plan:** Modify the Universal Service Plan requirement to allow for individual projects within a community to be funded individually as long as there is an acknowledgment and documentation of the town-wide need.
- **Eligible Applicants:**
 - Allow municipalities that are not CUD members to be VCBB grant applicants. This will allow a municipality to take the lead on behalf of its residents if it determines that is the best way to expedite a project.
 - Allow communities with extensive Consolidated Communications and Comcast build-out to partner directly with those ISPs and provide them access to the Town’s allocated grant funds. This will allow the most efficient use of existing infrastructure, will avoid excessive overbuild, and will help expedite broadband expansion.



PO Box 1084 Jericho, VT 05465
802-899-2044 General Inquiries & Tech Support

March 24, 2023

Rob Fish
Vermont Community Broadband Board : Via email

Rob:

You have asked us to describe the challenges we have identified in the VCBB's current RFP as applied to Chittenden County.

As you know, we operate a fiber-to-the-home network in Underhill, Cambridge, Fletcher, and Fairfax, VT. Of these only the first is in Chittenden County. We understand that Chittenden County towns have decided not to create or join a CUD. We have started crafting a response to the VCBB RFP regarding universal broadband plans for the towns of Chittenden County. In that process we discovered that the task of bringing broadband to un/underserved locations in Chittenden County is very different from extending network to locations in wide expanses of unserved rural areas. (We are extremely familiar with the latter both from the 30-odd towns in ECFiber and from the other towns served by us which are not in Chittenden County.)

A large majority of addresses in Chittenden County are served by broadband meeting the Federal definition of 25 Mbps up and 3 Mbps down. The remainder of the Chittenden population is located in small "donut holes" or "orphan neighborhoods" scattered about the County. These unserved "pockets" represent a small proportion of the population and premises – approximately 10%. In order to reach them, there has to be "middle mile connector" network that brings connectivity to the road sections where these unserved addresses are located. Our estimates are that it requires about 3 miles of "middle mile" network to reach one mile of road with unserved addresses. For example, in Underhill specifically, where we already have a Network Operating Center, we have calculated that we would have to build a total of 33 miles of "middle mile" network to reach 9 miles of road with unserved addresses along it. And those are not 9 contiguous miles but scattered road sections of 1 mile or less here and there. This overall ratio of over 3 miles of "connector" network for only one mile of actual customers effectively destroys the economics of reaching those unserved addresses under the current federal programs as they are being implemented by VCBB.

The VCBB funds allocated to Underhill and other Chittenden County towns are completely insufficient to support such an undertaking. Mansfield Community Fiber has one of the lowest construction costs per mile and per customer passed in the state and an existing Network Operating Center in Underhill. Yet we estimate that it would cost more than \$16,000 per new eligible address in Underhill, compared to our typical \$5000 per customer. Further, the VCBB funding is structured in a manner that doesn't address the core problem. The VCBB policy for awarding grants requires that an application must demonstrate a solution that provides universal service within the proposed Town or County boundaries. That solution may include coverage by other carriers—but it must be universal. This requirement is extremely difficult to meet for an area as large as Chittenden County—or even for many of its individual towns....not least because of anti-trust limitations on multiple carriers agreeing to "divide the market."



PO Box 1084 Jericho, VT 05465
802-899-2044 General Inquiries & Tech Support

As we see it, the current program is primarily designed to subsidize long, difficult and expensive “drops” that connect individual addresses to the main network on the road. This is relevant in “green field” rural areas. It does not address the special needs of Chittenden County residents located in isolated pockets far from each other in otherwise “served” areas.

It goes without saying that people living in “donut holes” in Chittenden County are no less needful of high quality broadband than their fellow citizens who live in areas where whole towns are unserved. Taken together the two above policies, as currently written in the VCBB’s RFP, effectively rule out any VCBB grants for Chittenden County. Further, given the very high cost of connecting Chittenden’s “orphan neighborhoods,” we doubt that these “orphans” will ever find a broadband home in the foreseeable future! We very much doubt that this was the conscious intent of VCBB when it wrote these provisions into their rules and RFP, but, however unintended--that is the practical consequence.

We suggest a reconfiguration of the grant program so as to address the special circumstances of Chittenden towns. There are two specific adjustments that we feel would go a long way to solving the problem:

1. Focus grants on building the “middle mile” from network hand-offs or NOCs while requiring the carrier-applicants to pay the full cost of building the “final mile” of network passing the unserved customers plus the carrier’s normal policy regarding the “drops” themselves.¹ Fund that middle mile construction fully and realistically.
2. Permit “piecemeal” applications for one or more orphan neighborhoods without requiring applicants to demonstrate a “universal coverage” solution. In general, the “orphan neighborhoods” are, by themselves, not “uneconomic”, i.e. they have enough density to be viable on their own; the problem is connecting them to the main Network Operating Center (NOC) . If, after a reasonable period (e.g: 12 months) some orphan neighborhoods have not found “sponsoring carriers”, then “mopping up” these remainders can be addressed directly with a new program. However, our hope and expectation is that most of the orphans will have found homes. We know that most, or all, of those that are located close to the existing MCFiber network will certainly have found a home with us!!

We fully expect that this program modification would generate proposals for many (most? all?) of the orphan neighborhoods. For instance, if the VCBB agreed to provide grants for the middle mile “connector network”, MCFiber would apply for middle mile grants to reach all the “orphans” that are located near its existing

¹ MCF’s own policy is as follows: a) MCF pays the first \$400 of any drop. Roughly, that is enough to pay for about 300 feet of either an aerial drop or an underground drop where there is an open, usable conduit already in place. (Typically this covers about 50% of all drops.); b) Excess costs above \$400 are paid by the subscriber. However, a number of grants already exist to help subscribers fund that excess cost. In addition, MCF is willing to “stretch out” payment of excess drop costs to ease the cash-flow burden on families. Other carriers doubtless have their own policies. Our experience over the last 12 years is that the above policy satisfactorily deals with the “drop financing” issue.



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infrastructure...and would build out the local neighborhoods themselves using its own equity plus loans on commercial terms.

Thanks so much for an opportunity to share our thoughts and experience on this matter. We are available at any time to respond to follow up questions or discuss this further.


Timothy Nulty, CEO

Sincerely yours,


Leslie Nulty, CFO

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H.712

SHORT FORM

Introduced by Representative Yantachka of Charlotte

Referred to Committee on

Date:

Subject: Broadband; Vermont Community Broadband Fund; grants; provider
eligibility

Statement of purpose of bill as introduced: This bill relates to broadband grants under the Vermont Community Broadband Fund. It proposes to expand the definition of “eligible provider” to include a municipality that is not part of a communications union district and that contracts with an Internet service provider that agrees to provide universal broadband service to all unserved and underserved locations in the municipality.

An act relating to provider eligibility for broadband grants under the Vermont Community Broadband Fund

It is hereby enacted by the General Assembly of the State of Vermont:

(TEXT OMITTED IN SHORT-FORM BILLS)

LEGISLATION FOLLOWED

3/24/22

Bill	Issue	Committee	Status
H.738	Act 71 Changes – The Board shall establish policies and standard grant terms and conditions that: ... (3) establish standards for recouping grant funds and transferring ownership of grant-funded network assets, <u>which shall remain subject to any outstanding bondholders' or creditors' liens, if applicable, to the State a court-appointed receiver</u> if a grantee materially fails to comply with the terms and conditions of a grant; ...	Sen. Cummings – Senate Finance	Bill currently up for second reading on the House floor, should arrive in Senate Finance next week
H.712	Bill proposes to expand the definition of “eligible provider” to include a municipality that is not part of a communications union district and that contracts with an Internet service provider that agrees to provide universal broadband service to all unserved and underserved locations in the municipality.	House Energy and Tech	Rob Fish testifying on Friday.
H.703	Workforce Development	House Appropriations	On Action Calendar 3/24 – Favorable with Amendments
H.740	FY 2023 Big Budget Bill	House Appropriations	On Action Calendar 3/24 – Second Reading.

Act71 Construction Grant Additional Guidance for Phased Applicants

Act 71 Compliant Business Plan

Cover:

- Who produced the plan?
- Date of initial Plan
- Date of latest update
- Financial institution that reviewed feasibility study

Executive Summary – to include

- What's the plan?
 - Is your plan for all underserved or all on grid E911 premises. How many exist of each?
 - Who are your partners that will ensure a build-out to all underserved addresses in ALL Member Towns District?
 - Brief overview of the operating model
 - Total Project cost – Divided by partners if necessary.
- Planned Construction Phases (By year)
 - Mileage by phase
 - Passings by phase
- Total mileage
 - Backbone (point to point)
 - Aerial mileage
 - Underground mileage (assumptions if not known)
- Total passings
- Year 5 take rate
- Any other key points

Universal Project Plan Scope¹

- Key assumptions
 - Who is served
 - Overbuild policy
 - Any address not being served and why (ideally zero)
- Electric utilities
 - Key issues
 - Make ready capacity commitments (if available)
- Existing provider commitments (if applicable)
- Table showing town by town analysis
 - Town name
 - Planned fiber miles
 - Passings (addresses potentially served)
 - Total town addresses
 - Number of addresses committed to be served by others (and who)
- Map (s) of proposed network
- Any additional information regarding phases of construction
- Statement of commitment
- Letters of commitment from other providers (if necessary)

Technology plan

¹ This is any overview of your plan detailed in the application's Universal Service Plan section

- Network design choice (Gpon, Xpon, CWDM, etc) and why
- Key considerations (splitter loading, fiber counts, etc)
- Hub location considerations
- Risks and contingencies
- Key connection points and dependencies
- Breakdown of costs (technology budget)
- Drops and end-run considerations

Capital budget

- Overall budget
 - Engineering costs
 - Project management
 - Overhead
 - Material costs
 - Contingency
- Costs by phase (all-in)
 - Point to point
 - Aerial
 - Underground
 - Retail fiber (providing service)
 - Aerial
 - Underground
 - Drops
 - Any other relevant capital costs

Financial pro-forma

- Facilities costs (all-in)
- Administration costs
- Marketing expenses
- Technical support (call center, field tech support – onsite) costs
- Debt service cost
- Property taxes
- Operations and maintenance costs
- All other costs
- Revenue plan
 - include take-rate details
- Funding assumptions and strategy
 - Loan and/or bond rates
 - IRR
- Cash-flow positive date
- Loan payoff date

Market analysis

Risk and Contingency plan

- Financial
- Labor
- Materials (supply chain management)
- Contractor management plan

Universal Service Plan

Multi-Phase Plan to bring service to all underserved in your District

- Introduction/Narrative to the District
 - Current coverage (25/3, 100/100, 4/1, no service)
 - Demographics
 - Density
 - Qualified Census Blocks or Difficult Development Areas
 - Overview of Community Engagement
- Describe the plan
 - Goal of the plan (all addresses or all underserved?)
 - Overall timeline – When will universal service be achieved in all Member towns?
 - Overall cost
 - Please split between partners if necessary
 - How was the estimate arrived upon?
 - Funding – grants, bonds, gifts from towns, etc
 - Who will be serving all the served/underserved? Will it be the CUD, partner(s), combination?
 - Who will own the infrastructure
 - Any unique obstacles or addresses that will not be served and potential solutions - For example *a) several addresses served by another carrier entering from another state. We have attempted to contact the provider, but the provider has not responded; or b) these addresses are within a federal jurisdiction (on a national guard base) or in a national forest; or c) The data is likely incorrect. We are working to verify whether this is a residential or business address.*
 - Map showing who will serve what areas (if applicable)
 - Narrative and Map showing the expected phases of construction
 - Chart showing the served/underserved by town, who is responsible, and total
- Letter of Commitment from any partners that confirm their intent and provide as much detail as possible to timeline, cost, and private investment, and grant funding necessary to provide universal service in those areas

Project Description

What can be built in the next two years? This is what you should be asking for in terms of funding at the moment.

- *Intro*
 - *Narrative describing the phase – miles, passings, served/underserved addresses*
 - *Map showing the phase*
 - *Expected total cost of the project that will be built in 24 months (not the entire universal service plan)*
 - *Expected timeline*
- Additional Services to be offered
- Pricing if available, if not how it will be determined
- Project budget – Line Item of categories (we don't want to know your expected cost per bolt)
- Network Performance and Monitoring - Applicants shall describe a plan for monitoring, identifying, and responding to issues related to the management of the links between network head-ends, devices, and users. The purpose of such a plan is to identify congestion, maximize throughput, and improve network performance.
- Attached spreadsheet listing the following for all locations to be served in the next 24 months
Note: Information in this spreadsheet will be used throughout your application, including the overbuild section.
 - E911 addresses, E-Site ID
 - Current level of service
 - Phase they will be served, and by whom (if applicable).

- Expected source of funding for build out and for drops (ARPA, No Drops, Bonds, Town Contribution, Other)
- A summary sheet should list the total number of addresses, the total number of addresses currently service at 100/100, 25/3, 4/1, underserved, the total number of addresses to be served by this plan that are “underserved”, the total number of addresses passed served or unserved and the total number of “incidental overbuild” locations.
- Other Information: Any information the Applicant deems relevant to demonstrate the technical, financial, and economic feasibility of the project and the qualifications and capabilities of the project team

Overbuild

- In this section of the application, please summarize why the overbuild listed in the spreadsheet should be considered incidental to the goal of serving all unserved and underserved addresses. You are encouraged to use both narrative and sketches.
- According to Act 71, overbuild funding by the Act 71 Construction must be incidental to the project. Please include an explanation for ALL overbuild in the phase of the project for which funding is requested. A map should also be included show the routes of your proposed build. To be considered incidental, any overbuild should pass both tests 1 and 2 and Test 3 as necessary.
- Test 1: Necessary Route – “Straight Face Test”
 - *“Point to Point Fiber between hubs without drops and crossing areas with access to wireline connection of at least 25/3 does not count as overbuild. This includes mainline access, trunk routing, and network hub integration enroute to or supporting delivery of service to unserved and underserved locations.”*
 - The addresses are along a necessary route or within reach of a splitter designed to serve underserved addresses. Any drops that are not serving an underserved address is considered overbuild. A fiber line that does not have any underserved addresses and has drops is considered overbuild.
 - Drops along these lines will count as a overbuild if they are funding with Act 71 Construction Grant Dollars.
 - We recommend you include visuals that demonstrate why the overbuild is necessary.
- Test 2: Percent of address currently served passed
 - To build a network that reaches the underserved an applicant may (will likely) pass by addresses that are already served. Given the state’s goal of 100/100 for all Vermonters, prohibiting drops would be against the interest of the state.
 - *“In general, any overbuild of served addresses that is less than 20% of the total number of addresses passed will be considered incidental since the project is “designed to “provide service to unserved and underserved households.”*
 - The total # of addresses where drops are funded by Act 71 construction funds are less than 20% of the total expected addresses necessary to be served for the business plan to be successful.
 - Locations that are incidental overbuild to be funded by the Construction Grant must equal less than 20% of the total addresses expected to be served consistent with your expected take rate for served areas. Funding should be in place or a firm statement that no drops will be performed more than the 20 % allowed and noted in the project description. Funding from private sources or from Local Fiscal Recovery Funds can be used for drops to already served addresses. Usages of these types of funds should be noted in the spreadsheet. Those addresses will not count toward the 20%.
- Test 3: Required for the success of the business plan
 - If the amount of addresses exceeds 20%, the Applicant must provide a detailed explanation for why the overbuild is necessary to ensure that underserved addresses are built out. An example of a legitimate reason is that for the business plans designed to reach

all underserved addresses to be sustainable, income from X number of addresses is required and this exceeds 20%. The applicant should clearly present how the income from other addresses will not cover the cost of building and maintain the network. The application must also explain why other funds cannot be used for drops in these areas and contrast of fiber to streets entirely served. Expect a lot of scrutiny before this rationale is accepted.

Presenting the Incidental Overbuild for Each Address (or range of addresses passed)

Note: You will not be held to specific addresses since there is a level of uncertainty regarding who will sign up for service thus requiring a drop. The # of addresses without a plan is what matters and consistency with your business plan is what is important. In other words, if your business plans calls for a 20% take-rate in overbuild areas, 20% of the addresses should have a plan, for who is funding the drop.

E911 Address	ESITE ID	Current Level of Service	Project Phase	Source of Funding	Act 71 Funded Overbuild?	Funding for Drops if overbuild
1 Main		25/3	1	Act 71	YES	Act 71
2 Main		25/3	1	Bond	NO	Bond
3 Main		25/3	1	Act 71	NO	Town ARPA
4 Main		25/3	1	Act 71	NO	Owner Pledge
5-15 Main		25/3	1	Act 71	NO	No Drops

Please note: The VCBB and Stone Environmental are working on a clearer definition of the specific GIS data that we will expect to be submitted to assist in reviews and we will follow up with CUDs by next week.