

**BOARD OF SUPERVISORS  
BUSINESS MEETING  
ACTION ITEM**

**SUBJECT:** **Emergency Broadband Implementation Plan**

**ELECTION DISTRICTS:** Countywide

**CRITICAL ACTION DATE:** At the pleasure of the Board

**STAFF CONTACTS:** Dave Friedrich, Information Technology  
Erin McLellan, Interim Director, Information Technology

**PURPOSE:** The purpose of the item is to provide an update regarding the steps being taken to facilitate the delivery of broadband solutions to underserved and unserved areas of Loudoun County.

**RECOMMENDATION:** Staff recommends that the Board of Supervisors (Board) allocate \$12.425 million from American Recovery Plan Act (ARPA) funding as a local match to a Virginia Telecommunications Initiative (VATI) grant and submit a grant application in partnership with All Points Broadband.

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**BACKGROUND:** On November 17, 2020, in response to a Board Member Initiative (BMI) brought forward by Supervisors Buffington and Kershner, the Board directed staff (8-0-1: Supervisor Letourneau absent) to institute the following actions to affect the delivery and expansion of broadband service in identified underserved and unserved areas of Loudoun County and to report on a quarterly basis regarding progress on these initiatives. The last quarterly update was provided at the May 4, 2021, Board Business Meeting.

The effort to increase broadband connectivity throughout Loudoun County involves many county departments and a multi-pronged approach. Based on the issues and questions raised by the Board, staff have collaborated with multiple county departments on the five issues identified and updates are provided below.

**ISSUES:**

**1. Update on Virginia Telecommunications Initiative (VATI) FY 2022 Grant Proposal**

In May, All Points Broadband (APB) and their partners Dominion Energy and NOVEC were selected to collaborate with the County on a 2022 VATI grant submission. On May 14, 2021, Loudoun County, APB and Dominion Energy Virginia (Dominion) entered into a Memorandum

of Understanding (MOU) participation in the project. The Department of Information Technology (DIT) has since been working closely with APB and their partners to complete the application for VATI funding to submit to the Department of Housing and Community Development (DHCD) in advance of the September 14, 2021, due date.

Loudoun County is the applicant for the VATI grant and APB is the co-applicant. On July 7, 2021, Loudoun County submitted a Notice of Application to apply for the 2022 VATI grant, and DHCD has confirmed receipt of the Notice. Table 1 displays the upcoming expected milestones for the FY 2022 VATI grant process which staff will be following should the Board direct the submission of an application.

**Table 1. Key FY 2022 VATI Application Milestones**

May 17	Public Comment Period on Draft Guidelines Closes
June 4	DHCD releases Final Guidelines for the FY 2022 VATI Round
July 27	Notice of Applications Due
August 3	DHCD Posts Notices of Application on VATI website
September 14	Applications Due
September 21	DHCD Posts Applications on VATI Website
October 21	Application Challenges Due
October 28	DHCD Notifies Challenged Applicants
November 18	Deadline for Challenge Rebuttals
December 3	DHCD Notifies All Parties of Challenge Determination
Late December	Anticipated Announcement of Awards

Since early May, staff has been working closely with both APB and state representatives from DHCD to fully understand the VATI process and to build a competitive project and grant submission. Through the historic State funding programs, this is a once-in-a-generation investment in broadband, which the county has been encouraged to take advantage of. DHCD anticipates the budgeted funding of \$49.7 million for broadband expansion is likely to grow substantially in size due to ARPA fund distributions.

DIT staff, in conjunction with APB, have built the proposed grant submission to specifically address some focus areas raised by DCHD such as focusing on providing longer drop points from the service to homes, providing significant partner contributions to show commitment and strongly considering ARPA funding as a grant match source.

The staff recommended project scope and funding allocation represent what staff believes is the strongest possible position from which the County can submit for a grant. An overview of the project funding sources and scope is provided in Table 2.

**Table 2. VATI Grant Overview – ~8,800 Homes Passed**

Contribution Amount	Percentage of total project cost	Extended County Value Terms
Loudoun County Contribution \$12,425,000	17.3%	<ul style="list-style-type: none"> <li>• Fixed amount of \$199.00 standard install</li> <li>• Drop of 500 feet from connection point included in installation cost.</li> <li>• Cost of aerial or other drop to the home greater than 500 feet will be: Cost + 10% to the customer.</li> <li>• Monthly Fee \$79.99 for 100 symmetrical up and down (other service tiers will be market pricing.)</li> <li>• Monthly VATI project reporting throughout the course of the project.</li> <li>• Onsite inspections by the DIT broadband program manager of planned and completed work.</li> </ul>
VATI Contribution \$17,750,000	24.6%	
APB/Dominion/NOVEC Contribution \$41,850,000	58.1%	
Estimated Total Cost \$72,025,000 million	100%	<ul style="list-style-type: none"> <li>• Forecasting substantial project completion will be achieved 24 months from the start of construction which is targeted for Summer 2022 (VATI can grant extensions based on economic factors, delays, weather, etc.).</li> </ul>

**2. Update on the Collection of State and Federal Grant Opportunities Identified (including the American Rescue Plan).**

Staff have completed a review of over 30 available grants in the State, Federal and Private sectors. The project criteria vary between middle-mile and last-mile solutions, and financial options range from loans to partial match requirement grants. Staff selected programs based on eligibility and at this time are actively pursuing the following based on project fit and opportunity:

- a. The Virginia Telecommunication Initiative (VATI) is the grant vehicle for last-mile broadband deployment programs. The VATI program is state-funded and administered by the DHCD. The goal of VATI is to create strong, competitive communities throughout the Commonwealth by enabling communities to build, utilize, and capitalize on telecommunications infrastructure. DHCD allocates grant funding to eligible applicants to provide “last-mile” services to unserved areas of Virginia.

Based on the County’s previous work and current position, this is the best option available. As noted in Issue # 1, Loudoun County will be applying in mid-September of 2021 in partnership with APB, Dominion Energy and NOVEC as the County’s co-applicants.

- b. ARPA includes a \$130.2 billion Coronavirus Local Fiscal Recovery Fund divided between counties and municipalities. Allowable uses for the federal aid include “making necessary investments in water, sewer, or broadband infrastructure.” The U.S. Treasury is required to pay the first share to recipients no later than May 11, 2021, and has issued an Interim Rule on allowable uses of the funds. Loudoun received \$40 million in June 2021. The Act also includes a \$10 billion Coronavirus Capital Project Fund to fund “critical capital projects directly enabling work, education, and health monitoring, including remote work options.”

DHCD recommends the use of ARPA funds as a method for the localities to fund their portions of the investment. ARPA funds can be used for VATI matching contributions and therefore will not require the use of County Capital Improvement Program, local tax funding, or other funds to complete the investment needed by the County. The County will be expected to leverage the funds supplied to them for the advancement of infrastructure (including broadband) in the County.

- c. USDA: Community Connect program delivers broadband to all premises in rural, economically challenged communities where broadband services do not exist. Awards may range from \$100,000 - \$3 million.

This may be the County’s best opportunity at the federal level. Staff will look into pursuing this grant for the payment or partial payment of Issue # 3 (County Dark Fiber investment) in this update. The grant allows for funding for all participating critical community facilities (such as public schools, fire stations, and public libraries). Staff is planning to pursue this grant to offset the cost of Dark Fiber for six locations in Western Loudoun County.

- d. USDA: ReConnect furnishes loans and grants to provide funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas. The stated mandate of this phase of the ongoing program is to invest \$600 million equally divided between grants, loans, and combined grant loans.

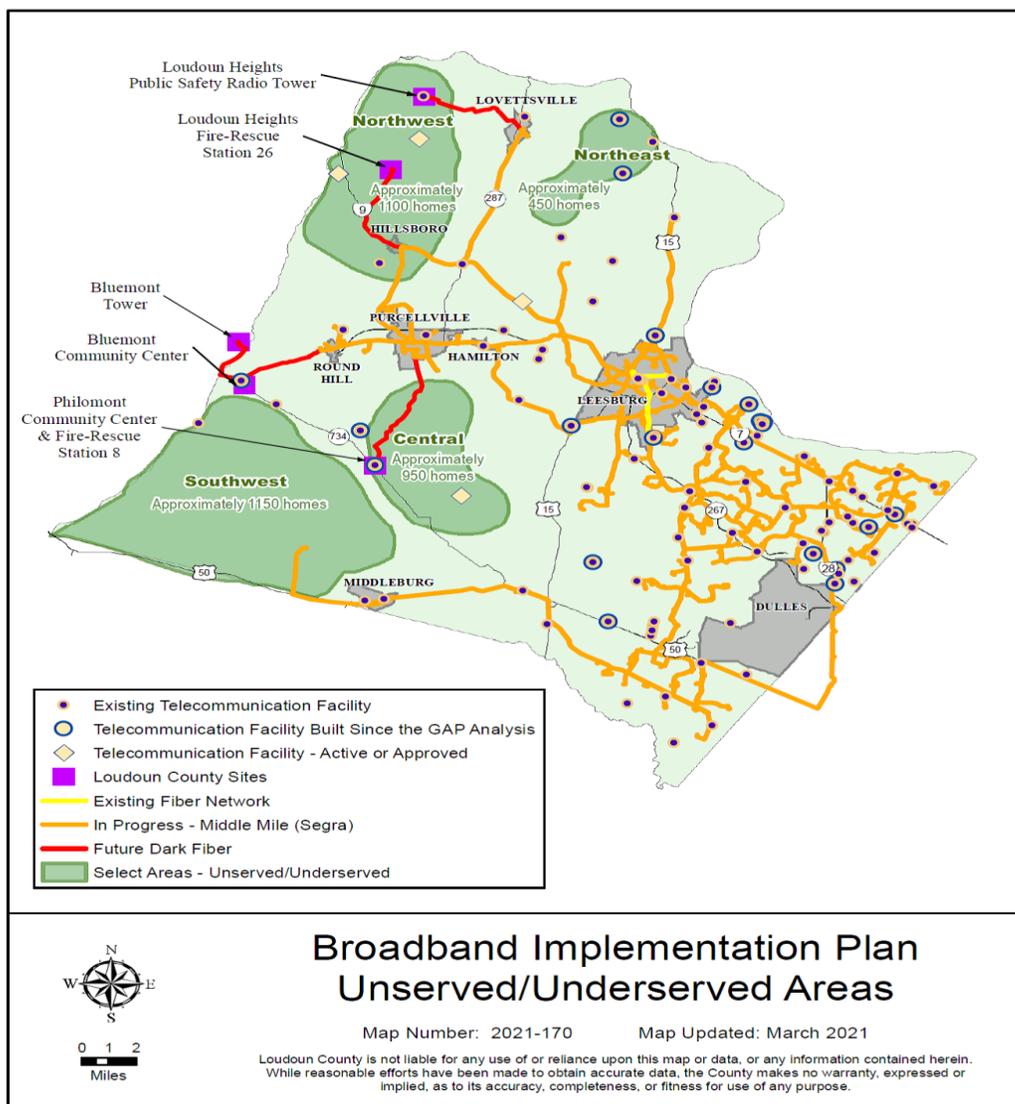
This application process requires the entity to legally own the system to request the funds, therefore, this will be passed on to APB, Dominion Power and NOVEC for consideration. DIT has reached out to APB to see if they would like to pursue a grant, loan or grant/loan combination via the USDA ReConnect opportunity.

- e. National Science Foundation (NSF): Smart and Connected Communities is looking for innovative, technology driven solutions and research projects – broadband is an eligible subject area.

The County is eligible for this program. The grant is geared toward innovative approaches and almost always funds educational or private companies. If the County wants to pursue this, a partnership with a research entity would be necessary. If the Board desires, staff can reach out to local universities to see if there is an opportunity to partner.

**3. Provide a status of the Remote Site Connectivity Project Request for Proposal process to obtain a vendor to build additional fiber connections to six remaining county facilities identified in the November 17, 2020, Board Item.**

The County received one response to the Dark Fiber Phase II RFP and one letter of interest. The Proposal Analysis Group (PAG) is completing the submission review, finalizing open questions and concerns. It is expected that this award will also have an open clause to allow providers in Western Loudoun to leverage the connectivity for last mile use. The PAG expects to award the contract in the middle of September 2021.



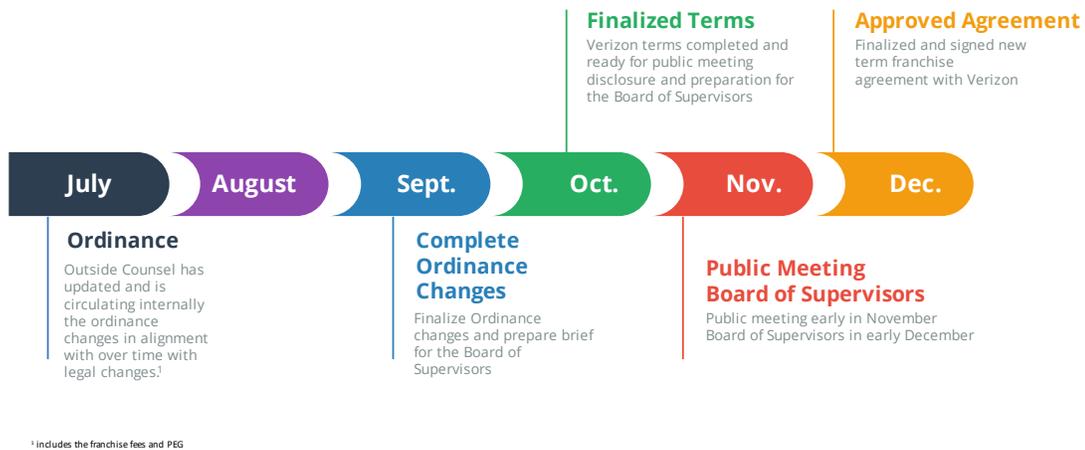
**4. Provide an update on the Verizon Cable TV Franchise Renewal process, including next steps.**

With support and recommendations from the Communications Commission, which were leveraged into the requested franchise agreement changes, staff began strategic preparations for the renewal discussions. Outside counsel developed a term sheet which was presented to Verizon.

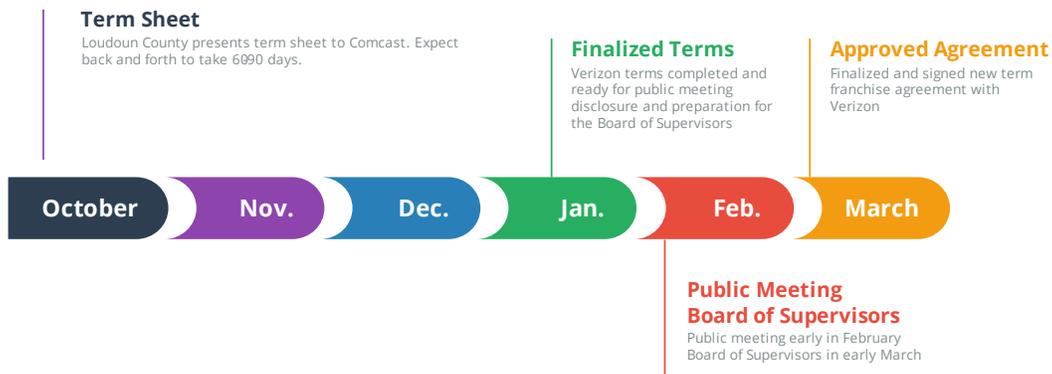
On June 8, 2021, the County Attorney’s Office, outside counsel and DIT attended a meeting with Verizon to begin the negotiations. The County shared with Verizon the term sheet and items of importance to the County and Verizon shared their stance on reducing the term of franchise agreements. A second meeting was held on July 7, 2021, where Verizon verbally outlined their positions, with the next milestone being for the Franchisee to provide a redlined Franchise

Agreement document. The following outlines provide the anticipated timelines for renewal on both franchise agreements.

## Verizon Renewal Timeline



## Comcast Renewal Timeline



### 5. Provide an update on the \$1 million Board approved ARPA funds for interim broadband connection projects.

DIT received service addresses for consideration of ARPA funding from Board offices and all of the locations provided will be served by the Loudoun County-APB VATI project. DIT continues to research through County GIS, Verizon, Comcast, and APB proprietary data, to determine homes that may remain unserved and to leverage these funds to assist these households, communities, and residents with service connections.

**FISCAL IMPACT:** The proposed VATI grant match of \$12.425 million represents a 17.3% total cost contribution from the County to this project. The source of funding for this match would come from ARPA funds, which would not impact local tax funding.

**ALTERNATIVES:**

1. The Board could adopt the staff recommendation and allocate \$12.425 million of ARPA funds as a match for a VATI grant award to be submitted with the County's co-applicant APB.
2. The Board could allocate a lesser amount of ARPA funds for the County's match of a VATI grant award.
3. The Board could direct staff to no longer pursue a VATI grant award and explore other options for extension of broadband.

**DRAFT MOTIONS:**

1. I move that the Board of Supervisors direct the County Administrator to submit an FY 2022 Virginia Telecommunications Initiative (VATI) grant application in partnership with All Points Broadband for the extension of broadband into the western unserved portions of the County as identified by staff.

I further move that the Board of Supervisors allocate \$12.425 million of American Recovery Plan Act funding as the County's grant match for a VATI grant award.

OR

2. I move an alternate motion.

**ATTACHMENT:**

1. FY 2022 VATI Grant Submission Overview