



Glenn Youngkin
Governor

Caren Merrick
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Bryan W. Horn
Director

November 2, 2023

The Honorable Glenn Youngkin
Governor of the Commonwealth of Virginia
Patrick Henry Building
Richmond, VA 23219

The Honorable Caren D. Merrick
Secretary of Commerce and Trade
Patrick Henry Building
Richmond, VA 23219

The Honorable Janet D. Howell
Chair, Senate Finance and Appropriations Committee
900 East Main Street
Pocahontas Building, Room E509
Richmond, VA 23219

The Honorable Barry D. Knight
Chair, House Appropriations Committee
900 E Main Street
Pocahontas Building, Room W1304
Richmond, VA 23219

The Honorable Jennifer B. Boysko
Vice Chair & Interim Chair, Broadband Advisory Council
900 East Main Street
Pocahontas Building, Room E513
Richmond, VA 23219

Re: Virginia Telecommunication Initiative
Technical Performance Report

Dear Governor Youngkin, Secretary Merrick, Chair Howell and Chairman Knight, and Vice Chairman Boysko:

Executive Summary

The Virginia Telecommunication Initiative (VATI) has been Virginia's main source of funding for broadband deployment. VATI provides grants to localities partnered with internet service providers to finance the deployment of high-speed broadband to locations (called a "passing") within the Commonwealth that are determined to be "unserved." Passings are places where the internet can be accessed – thus it could be a business, community anchor, a home, or an apartment complex. A passing is unserved¹ if it lacks access to internet speeds of 100 Megabits per second (Mbps) download and 20 Megabits (Mbps) upload ("100/20").

This report is required by statute and has been prepared by the Office of Broadband located within the Virginia Department of Housing and Community Development (DHCD). This report tracks the technical performance of the VATI provider partners in their work to deploy broadband. This report adheres to the factors that the General Assembly directed to be tracked and presents them in the manner directed by the General Assembly.

Below are the key takeaways from the report:

- *Total passings to be served (locations 'passed' by broadband infrastructure:* VATI FY22 and FY23 projects will provide access to broadband infrastructure to 310,074 locations across Virginia.
- *Locations Built-To:* To date, FY22 projects have provided broadband access to 50,305 locations, which is within 90% of the projected connections for this time period. The 14 FY23 projects are recently getting under contract and will begin final engineering and design, as well as construction in 2024.
- *Maximum Speeds Available:* Over 92% of projects funded in FY22 and FY23 offer gigabit (1,000 Mbps) download speeds, and over 67% offer gigabit upload speeds. These speeds are well in excess of the minimum 100 Mbps download and 20 Mbps speeds required by VATI.
- *Leveraged local and private funding:* In addition to \$778.7 million in state and federal funding awarded, FY22 and FY23 projects leverage a total of \$1.136 billion in private and local match funding, of which over \$138.2 million has been expended to-date.

In conclusion, 45 out of the 49 projects funded from the American Rescue Plan Act of 2021 (ARPA) and General Funds from FY22 and FY23 are scheduled to being completed on time as of the time of this report's submission. 13 projects are either at risk, or potential risk for requesting a timeline extension. Justification for these delays include the make-ready effort, which includes preparing existing electric poles for aerial broadband network construction, as well as supply chain and labor markets, streamlining utility locate efforts, railroad crossings, and permitting to cross state and federally owned lands. Looking forward, DHCD will continue its ongoing work monitoring the progress of projects. When necessary, DHCD staff provides technical assistance and coordinates discussions between grantees, their VATI ISP partner and relevant parties to help mitigate issues by sharing best practices to mitigate challenges as well as explore opportunities to collaborate with state level stakeholders to streamline processes.

¹ In the FY22 VATI process, the definition of unserved was set at 25/3. This definition of unserved has been upgraded to those passings lacking access to broadband at speeds of 100/20 for the FY23 VATI process.

Formal Report

Pursuant to Chapter 1 of the Virginia Acts of Assembly of Special Session II of 2021 and continued forward in the 2022 Special Session 1 under Chapter 2 of the Virginia Acts of Assembly, enclosed is the Annual Performance Report of the Virginia Telecommunication Initiative (VATI). This report was established by the General Assembly and Governor under Chapter 1 of the Virginia Acts of Assembly of Special Session II of 2021 and continued forward in the 2022 Special Session 1 under Chapter 2 of the Virginia Acts of Assembly.

Item 115 L.6. of the 2022 Acts of Assembly Special Session I requires that DHCD deliver an annual performance report on funds awarded through the 2021 Acts of Assembly Special Session I (also known as the budget bill) of allocated ARPA funds and Item 114, Paragraph L. of Chapter 552, 2021 Acts of Assembly, Special Session I (General funds allocated to VATI through the budget bill).

Administered by the Virginia Department of Housing and Community Development (DHCD), VATI enhances the sustainability and growth of communities throughout the Commonwealth by preparing those communities to build, utilize, and capitalize on broadband infrastructure. The primary objective of VATI is to provide financial assistance to supplement construction costs by private sector broadband service providers to extend service to areas that presently are unserved by any broadband provider. This program requires a public-private partnership.

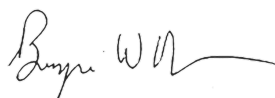
The directive to form this annual performance report establishes that:

The annual performance report shall contain information by grant recipient and year on the following metrics: (1) Number of passings; (2) Grant dollars expended by fund source (State and Local Recovery Fund, Capital Project Fund, general fund state grants and match); (3) Contract performance period, and on-time progress towards project delivery; (4) Maximum advertised project speeds available; and, (5) Achievement of key project milestones. The annual performance report shall include an evaluation of any projects under risk of incompleteness or underperformance.

In accordance with this structure, DHCD has included information in this report of the projects that were awarded funds since December 2021, and includes the projects announced in the FY2022 and FY2023 cycles, including those projects funded under the Coronavirus State and Local Fiscal Recovery Fund and Coronavirus Capital Projects Funds allocations under the American Rescue Plan Act of 2021. Project information displayed in this report reflects monthly report data from September and October 2023.

Please let us know if you would like further information or require additional copies of this report. The project summaries included in this report are updated quarterly on the VATI Project Dashboard, accessible through dhcd.virginia.gov/vati.

Sincerely,



Bryan W. Horn
Director, DHCD

| 2023 Annual Performance Report for the Virginia Telecommunication Initiative – FY2022 Projects | | | | | | | | | | | | | | | |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------|--------------------------------------------------|--------------------------------------------------------------|----------------------|--------------------|---------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------|---------------------|------------------------|----------------------------------------------|---------------------------------------------------------------------|
| Grantee | Internet Service Provider Partner | Passings in Project Area | Total Passings Provided Broadband Access to Date | Percent Complete, Passings Provided Broadband Access to Date | Agreement Start Date | Agreement End Date | Status | Award Amount | Award Funding Source GF, General Fund SLFRF, Coronavirus State and Local Fiscal Recovery Fund CPF, Coronavirus Capital Projects Fund | Awarded Funding Expended | Percent Expended, Out of Total Awarded Funding | Total Match Funding | Match Funding Expended | Percent Expended, Out of Total Match Funding | Maximum Advertised Project Speeds Available (Download/ Upload Mbps) |
| Bedford | ZiTEL | 4,114 | 1,987 | 48% | 15-Jun-2022 | 15-Dec-2023 | On time | \$8,523,908.31 | SLFRF | \$5,520,749.11 | 65% | \$10,208,347 | \$6,611,723.48 | 65% | 1000/1000 |
| Bedford | Shentel | 4,734 | 87 | 2% | 9-Sep-2022 | 9-Sep-2024 | On time | \$9,148,553.00 | GF, SLFRF | \$0 | 0% | \$14,513,728 | \$0 | 0% | 1000/1000 |
| Botetourt | Lumos Networks | 1901 | 734 | 39% | 11/1/2022 - | 5/1/2024 | On time | \$3,084,796 | CPF | \$478,348.00 | 16% | \$4,824,937 | \$1,207,783.20 | 25% | 1000/1000 |
| Campbell | Shentel | 3509 | 63 | 2% | 21-Sep-2022 | 21-Sep-2024 | On time | \$6,443,000.00 | GF, SLFRF | \$77,468.58 | 1% | \$12,978,455.00 | \$39,259.78 | 0% | 1000/1000 |
| Central Sherandoah PDC | MGW | 2470 | 88 | 4% | 1-Jun-2022 | 1-Jun-2024 | On time | \$7,876,800 | SLFRF | \$2,669,823.72 | 34% | \$3,118,706.00 | \$1,082,339.67 | 35% | 1000/50 |
| Chesapeake | Cox | 279 | 315 | 100% | 1-Jun-2022 | 1-Dec-2023 | On time | \$580,435.00 | SLFRF | \$580,435.00 | 100% | \$434,599 | \$701,393.00 | 161% | 940/35 |
| Commonwealth RC | Kinex | 11,397 | 3,812 | 33% | 14-Jun-2022 | 14-Jun-2025 | On time | \$15,000,000.00 | GF | \$4,474,730.63 | 29.832% | \$13,426,482 | \$4,040,546.89 | 30.094% | 200/10 |
| Culpeper | All Points Broadband | 4269 | 0 | 0% | 3-Aug-2022 | 3-Feb-2024 | Delayed | \$8,600,000 | GF | \$2,804,691.76 | 33% | \$21,914,454.00 | \$2,156,898.20 | 10% | 1000/1000 |
| Cumberland Plateau PDC | Point Broadband | 6,982 | 1,807 | 26% | 6-Sep-2022 | 6-Sep-2024 | On time | \$23,478,429.00 | CPF | \$2,608,349.00 | 11% | \$6,459,000 | \$717,566.00 | 11% | 1000/500 |
| Dinwiddie | RuralBand | 1,622 | 0 | 0% | 14-Jul-2022 | 31-Dec-2024 | Delayed | \$7,532,055.00 | SLFRF | \$5,240 | 0.07% | \$12,466,640 | \$9,732 | 0.078% | 1000/1000 |
| Eastern Shore of Virginia Broadband Authority | Eastern Shore of Virginia Broadband Authority | 11,091 | 5,942 | 54% | 1-Jun-2022 | 31-May-2024 | On time | \$12,310,777.25 | SLFRF | \$5,548,106.77 | 45% | \$3,314,856 | \$1,113,635.88 | 34% | 200/200 |
| Floyd | Citizens | 723 | 556 | 75% | 1-Jun-2022 | 1-Dec-2023 | Delayed | \$1,310,267.00 | SLFRF | \$853,786.43 | 65% | \$1,111,725 | \$89,162.05 | 8% | 1000/500 |
| Franklin | Shentel | 3,508 | 183 | 5% | 17-Oct-2022 | 17-Oct-2024 | On time | \$11,832,456.00 | GF, SLFRF | \$1,465,754 | 12.38% | \$18,646,520 | \$3,962,963 | 26.92% | 1000/1000 |
| Hampton Roads PDC | Charter Communications | 12,223 | 992 | 8% | 8-Jul-2022 | 8-Jul-2025 | On time | \$21,120,053.50 | SLFRF | \$4,649,940.42 | 22% | \$13,839,523 | \$3,156,163.24 | 23% | 1000/500 |
| Hanover | All Points Broadband | 6,198 | 0 | 0% | 1-Aug-2022 | 1-Aug-2024 | Delayed | \$13,970,000.00 | SLFRF | \$3,631,562.45 | 25.995% | \$41,469,332 | \$6,362,226.53 | 15.342% | 1000/1000 |
| King William | All Points Broadband | 2236 | 0 | 0% | 24-Jan-2022 | 3-Aug-2023 | Delayed | \$5,400,000 | SLFRF | \$1,577,320.47 | 29% | \$12,330,632.00 | \$2,156,898.20 | 17% | 1000/1000 |
| LENOWISCO PDC | Scott County Telephone Cooperative | 10,982 | 3,653 | 33% | 13-Jun-2022 | 13-Dec-2024 | On time | \$22,190,500.00 | SLFRF, CPF | \$6,765,176.41 | 30% | \$3,691,701 | \$2,108,913.18 | 57% | 1000/1000 |
| Loudoun | All Points Broadband | 8629 | 0 | 0% | 1-Jul-2022 | 1-Jul-2024 | Delayed | \$17,524,000.00 | SLFRF | \$4,003,000.96 | 23% | \$42,376,126.00 | \$5,448,166.80 | 13% | 1000/1000 |
| Middlesex | All Points Broadband | 970 | 0 | 0% | 22-Jul-2022 | 22-Jan-2024 | Delayed | \$2,050,000.00 | SLFRF | \$653,676.38 | 32% | \$8,453,887.00 | \$1,132,991.43 | 13% | 1000/1000 |
| Mount Rogers PDC | Point Broadband | 27,450 | 22,276 | 81% | 1-Jun-2022 | 31-May-2024 | On time | \$65,883,228.00 | CPF | \$37,730,478.90 | 57% | \$33,082,600 | \$21,052,691.57 | 64% | 1000/500 |
| New River Valley Regional Commission Bland and Montgomery | Gigabeam | 12,094 | 0 | 0% | 13-Mar-2023 | 13-Mar-2026 | On time | \$39,233,355.00 | CPF | \$21,000 | 0% | \$38,247,340 | \$0 | 0% | 1000/1000 |
| New River Valley Regional Commission Pulaski | All Points Broadband | 7,872 | 0 | 0% | 6-Dec-2022 | 6-Dec-2024 | On time | \$29,122,000.00 | CPF | \$27,281.25 | 0% | \$26,103,057.19 | \$0 | 0% | 1000/1000 |
| Northern Neck PDC | All Points Broadband | 3411 | 0 | 0% | 22-Sep-2022 | 22-Mar-2024 | Delayed | \$3,190,500.00 | SLFRF | \$1,009,110.94 | 32% | \$20,477,692.00 | \$3,407,205.09 | 17% | 1000/1000 |
| Northern Shenandoah Valley RC | All Points Broadband | 41690 | 0 | 0% | 22-Jul-2022 | 22-Jul-2025 | Delayed | \$96,873,500 | SLFRF | \$176,500.00 | 0% | \$206,243,317 | \$0.00 | 0% | 1000/1000 |
| Roanoke | CBEC-Bee Online | 495 | 0 | 0% | 9-Sep-2022 | 12-Dec-2023 | On time | \$1,581,584.00 | SLFRF | \$119,984.06 | 8% | \$1,646,138.00 | \$1,423,731.99 | 86% | 300/300 |
| Roanoke | Cox | 396 | 140 | 35% | 1-Sep-2022 | 1-Mar-2024 | On time | \$1,535,264.00 | SLFRF | \$720,266.00 | 47% | \$1,597,927.00 | \$749,665.00 | 47% | 940/35 |
| Roanoke | B2X | 520 | 45 | 9% | 22-Sep-2022 | 22-Mar-2024 | On time | \$170,609.00 | GF | \$0 | 0% | \$177,572 | \$72,829.81 | 41% | 25/4 |
| Roanoke | Shentel | 177 | 0 | 0% | 3-Oct-2022 | 3-Oct-2024 | On time | \$490,000.00 | SLFRF | \$0 | 0% | \$510,000 | \$0 | 0% | 1000/1000 |
| Shenandoah | Shentel | 4139 | 588 | 14% | 1-Aug-2022 | 1-Aug-2024 | On time | \$12,176,662 | SLFRF | \$376,569.60 | 3% | \$20,733,235 | \$641,186.09 | 3% | 1000/1000 |
| Southside PDC | EMPOWER Broadband | 14,634 | 2,309 | 15.77% | 22-Jul-2022 | 22-Jul-2025 | On time | \$69,431,635.00 | SLFRF | \$12,764,275.77 | 18.384% | \$84,677,555 | \$15,494,893.28 | 18.229% | 1000/1000 |
| Stafford | Comcast | 634 | 489 | 77% | 6-Sep-2022 | 6-Mar-2024 | On time | \$3,398,156 | SLFRF | \$2,344,830.46 | 69% | \$2,364,383 | \$1,035,045.51 | 44% | 1200/35 |
| Sussex | RuralBand | 2,267 | 451 | 20% | 13-Jun-2022 | 13-Dec-2023 | Delayed | \$4,896,892.00 | SLFRF | \$1,020,313 | 20.836% | \$1,678,571 | \$349,786 | 20.838% | 1000/1000 |
| Thomas Jefferson PDC | Firefly Broadband | 36,225 | 3,788 | 10% | 15-Aug-2022 | 15-Aug-2025 | On time | \$79,027,930.00 | SLFRF | \$17,886,777.33 | 22.633% | \$208,969,670 | \$47,799,069.68 | 22.874% | 1000/1000 |
| West Piedmont PDC | Charter Communications | 690 | 0 | 0% | 1-Aug-2022 | 1-Aug-2025 | Delayed | \$1,557,385.00 | CPF | \$26,000.00 | 1.669% | \$1,450,145 | \$0 | 0% | 1000/500 |

