



Glenn Youngkin
Governor

Caren Merrick
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Bryan W. Horn
Director

November 1, 2022

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
Chair, Broadband Advisory Committee
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 Chairman Boysko:

Executive Summary

Virginia funds broadband deployment within the Commonwealth through several programs. The largest and main program is the Virginia Telecommunication Initiative (VATI).

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 25 Megabits per second (Mbps) download and 3 Megabits (Mbps) upload (“25/3”).

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:* VATI FY22 projects will provide access to broadband infrastructure to 280,834 passings across Virginia.
- *Leveraged local and private funding:* In addition to \$727.9 million in state and federal funding awarded, FY22 projects leverage a total of \$1.019 billion in private and local match funding, of which over \$17.7 million has been expended to-date.
- *Maximum Speeds Available:* Over 85% of projects funded in FY22 offer gigabit (1,000 Mbps) download speeds, and over 66% offer gigabit upload speeds, with an average download speed across all projects of 911 Mbps and average upload speed of 727 Mbps.

In conclusion, 33 out of 36 projects funded from the American Rescue Plan Act of 2021 (ARPA) and General Funds from FY22 are on track to being completed on time as of the time of this report’s submission. The other three projects are getting under agreement at the time of this report. Three projects, out of 36 total awards, do not have agreements executed between DHCD and the grantee. DHCD is awaiting additional information from the grantee prior to issuing the agreement and expects these agreements to be entered into by November 30, 2022. Looking forward, DHCD will continue to monitor global supply chain issues that could affect the expansion of broadband infrastructure in Virginia.

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.

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.

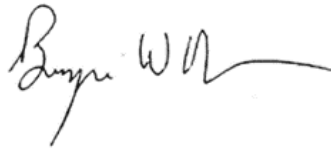
In accordance with this structure, DHCD has included information in this report of the projects that were awarded funds since December, 2021, and includes the projects announced in the FY2022 cycle, including those projects funded under the Coronavirus State and Local Fiscal Recovery Fund and Coronavirus 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 2022.

While no projects are currently at risk of incompleteness or underperformance, DHCD staff are closely monitoring the impact that the COVID-19 pandemic is having on supply chain and labor markets. DHCD mitigated these impacts by allowing 2022 VATI co-applicants to utilize match funding to purchase material and supplies post-contract negotiations, before agreements were executed between DHCD and the grantee. Specifically, telecommunication supplies to build broadband networks, including handholes and cabinets, two key components of last mile broadband networks are often manufactured overseas, including in Ukraine. Global supply chain constraints have been cited by ISPs as having the potential to slow network deployment. The

current, and even larger forthcoming, national investment in broadband expansion has placed a strain on the labor force needed to build these networks. The supply of labor may be further strained in the near term by the residual effects of Hurricane Ian, as construction crews leave Virginia to repair damaged electrical grids, potentially slowing broadband expansion projects in Virginia.

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,

A handwritten signature in black ink, appearing to read "Bryan W. Horn", with a long horizontal flourish extending to the right.

Bryan W. Horn
Director, DHCD

Attachment

2022 Annual Performance Report for the Virginia Telecommunication Initiative

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 Apeeds Available (Download/ Upload Mbps)
Bedford	ZITEL	4,114	97	2%	15-Jun-2022	15-Dec-2023	On time	\$8,523,908.31	SLFRF	\$0	0%	\$10,208,347	\$2,881,724	28%	1000/1000
Bedford	Shentel	4,734	0	0%	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	1,901	0	0%	Not yet under agreement	Not yet under agreement	Not yet under agreement	\$3,084,796.00	CPF	\$0	0%	\$4,824,937	\$0	0%	1000/1000
Campbell	Shentel	3,509	0	0%	21-Sep-2022	21-Sep-2024	On time	\$6,443,000.00	GF, SLFRF	\$0	0%	\$10,107,617	\$0	0%	1000/1000
Central Shenandoah PDC	MGW	2,470	88	4%	1-Jun-2022	1-Jun-2024	On time	\$7,876,800.00	SLFRF	\$297,108	4%	\$3,118,706	\$274,512	9%	1000/50
Chesapeake	Cox	279	0	0%	1-Jun-2022	30-Dec-2023	On time	\$580,435.00	SLFRF	\$0	0%	\$434,599	\$405,302	93%	940/35
Commonwealth RC	Kinex	11,397	1,000	9%	14-Jun-2022	14-Jun-2025	On time	\$15,000,000.00	GF	\$0	0%	\$13,426,482	\$2,060,770	15%	200/10
Culpeper	All Points Broadband	4,269	0	0%	3-Aug-2022	3-Feb-2024	On time	\$8,600,000.00	GF	\$0	0%	\$21,914,454	\$0	0%	1000/1000
Cumberland Plateau PDC	Point Broadband	5,659	0	0%	6-Sep-2022	6-Sep-2024	On time	\$23,478,429.00	CPF	\$0	0%	\$6,459,000	\$0	0%	1000/500
Dinwiddie	RuralBand	1,622	0	0%	14-Jul-2022	31-Dec-2024	On time	\$7,532,055.00	SLFRF	\$0	0%	\$12,466,640	\$0	0%	1000/1000
Eastern Shore of Virginia Broadband Authority	Eastern Shore of Virginia Broadband Authority	11,091	2,043	18%	1-Jun-2022	31-May-2024	On time	\$12,310,777.25	SLFRF	\$0	0%	\$3,314,856	\$895,272	27%	200/200
Floyd	Citizens	723	108	15%	1-Jun-2022	1-Dec-2023	On time	\$1,310,267.00	SLFRF	\$0	0%	\$1,111,725	\$100,742	9%	1000/500
Franklin	Shentel	3,508	0	0%	17-Oct-2022	17-Oct-2024	On time	\$11,832,456.00	GF, SLFRF	\$0	0%	\$18,646,520	\$0	0%	1000/1000
Hampton Roads PDC	Charter Communications	12,223	25	0%	8-Jul-2022	8-Jul-2025	On time	\$21,120,053.50	SLFRF	\$0	0%	\$13,839,523	\$0	0%	1000/500
Hanover	All Points Broadband	6,198	0	0%	1-Aug-2022	1-Aug-2024	On time	\$13,970,000.00	SLFRF	\$0	0%	\$41,469,332	\$0	0%	1000/1000
King William	All Points Broadband	2,236	0	0%	24-Jan-2022	3-Aug-2023	On time	\$5,400,000.00	SLFRF	\$0	0%	\$12,330,632	\$0	0%	1000/1000
LENOWISCO PDC	Scott County Telephone Cooperative	10,982	750	7%	13-Jun-2022	13-Dec-2023	On time	\$22,190,500.00	SLFRF, CPF	\$0	0%	\$3,691,701	\$1,400,000	38%	1000/1000
Loudoun	All Points Broadband	8,629	0	0%	1-Jul-2022	1-Jul-2024	On time	\$17,524,000.00	SLFRF	\$0	0%	\$42,376,126	\$0	0%	1000/1000
Middlesex	All Points Broadband	970	0	0%	22-Jul-2022	22-Jan-2024	On time	\$2,050,000.00	SLFRF	\$0	0%	\$8,453,887	\$0	0%	1000/1000
Mount Rogers PDC	Point Broadband	27,450	3,181	12%	1-Jun-2022	31-May-2024	On time	\$65,883,228.00	CPF	\$0	0%	\$33,082,600	\$2,933,686	9%	1000/500
New River Valley Regional Commission Bland and Montgomery	Gigabeam	12,094	0	0%	Not yet under agreement	Not yet under agreement	Not yet under agreement	\$39,352,686.00	CPF	\$0	0%	\$37,247,339	\$0	0%	1000/1000
New River Valley Regional Commission Pulaski	All Points Broadband	7,872	0	0%	Not yet under agreement	Not yet under agreement	Not yet under agreement	\$29,850,000.00	CPF	\$0	0%	\$28,395,338	\$0	0%	1000/1000
Northern Neck PDC	All Points Broadband	3,411	0	0%	22-Sep-2022	22-Mar-2024	On time	\$3,190,500.00	SLFRF	\$0	0%	\$20,477,692	\$0	0%	1000/1000
Northern Shenandoah Valley RC	All Points Broadband	41,690	0	0%	22-Jul-2022	22-Jul-2025	On time	\$96,873,500.00	SLFRF	\$0	0%	\$206,243,317	\$0	0%	1000/1000
Roanoke	Bee Online	495	0	0%	9-Sep-2022	9-Sep-2023	On time	\$1,581,584.00	SLFRF	\$0	0%	\$1,646,138	\$0	0%	300/300
Roanoke	Cox	396	0	0%	1-Sep-2022	1-Mar-2024	On time	\$1,535,264.00	SLFRF	\$0	0%	\$1,597,927	\$0	0%	940/35
Roanoke	BZX	520	0	0%	22-Sep-2022	22-Sep-2023	On time	\$170,609.00	GF	\$0	0%	\$177,572	\$0	0%	25/4
Roanoke	Shentel	213	0	0%	3-Oct-2022	3-Oct-2024	On time	\$490,000.00	SLFRF	\$0	0%	\$510,000	\$0	0%	1000/1000
Shenandoah	Shentel	4,139	0	0%	1-Aug-2022	1-Aug-2024	On time	\$12,176,662.00	SLFRF	\$0	0%	\$20,733,235	\$0	0%	1000/1000
Southside PDC	EMPOWER Broadband	11,527	72	1%	22-Jul-2022	22-Jul-2025	On time	\$69,431,635.00	SLFRF	\$0	0%	\$84,677,555	\$959,242	1%	1000/1000
Stafford	Comcast	634	0	0%	6-Sep-2022	6-Mar-2024	On time	\$3,398,155.60	SLFRF	\$0	0%	\$2,364,383	\$462,598	20%	1200/35
Sussex	RuralBand	2,267	812	36%	13-Jun-2022	13-Dec-2023	On time	\$4,896,892.00	SLFRF	\$0	0%	\$1,678,571	\$185,303	11%	1000/1000
Thomas Jefferson PDC	Firefly Broadband	36,225	0	0%	15-Aug-2022	15-Aug-2025	On time	\$79,027,930.00	SLFRF	\$0	0%	\$208,969,670	\$5,069,007	2%	1000/1000
West Piedmont PDC	Charter Communications	690	0	0%	1-Aug-2022	1-Aug-2025	On time	\$1,557,385.00	CPF	\$0	0%	\$1,450,145	\$0	0%	1000/500
West Piedmont PDC	RiverStreet Networks	24,641	0	0%	3-Aug-2022	3-Aug-2025	On time	\$87,003,888.00	SLFRF	\$0	0%	\$65,421,341	\$95,248	0%	1000/1000
West Piedmont PDC	RiverStreet Networks	10,056	0	0%	30-Sep-2022	30-Sep-2025	On time	\$33,571,073.00	CPF	\$0	0%	\$61,794,113	\$0	0%	1000/1000

***Data as of September and October 2022 Monthly Project Reports.**