Quarterly Performance Report of the Virginia Telecommunication Initiative

Q1 FY2025 Report

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 100 Megabits per second (Mbps) download and 20 Megabits (Mbps) upload ("100/20").

This quarterly 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, FY23, and FY24 projects will provide access to broadband infrastructure to 334,873 passings across Virginia.
- *Leveraged local and private funding:* In addition to \$828.4 million in state and federal funding awarded, FY22, FY23, and FY24 projects leverage a total of \$1.228 billion in private and local match funding. To-date, \$237 million of these awarded funds have been expended, with \$297.7 million of these matching funds have been expended.
- *Locations Built-To:* To date, FY22 and FY23 projects have provided broadband access to 106,000 locations. The 10 FY24 projects are getting under contract and will begin final engineering and design, as well as construction in late 2024 through early 2025.
- *Maximum Speeds Available:* Over 93.4% of projects funded in FY22, FY23, and FY24 offer functionally gigabit (1,000 Mbps) download speeds, and over 73.7% offer functionally gigabit upload speeds.

In conclusion, 32 out of the 61 projects funded from the American Rescue Plan Act of 2021 (ARPA) and General Funds from FY22, FY23, and FY24 are scheduled to being completed on time as of the time of this report's submission. 29 projects, DHCD identifies, are at risk for incompletion or underperformance. 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, the permitting process to lay fiber in state-owned rights of way along roads, and permitting to cross federally owned lands. Looking forward, DHCD will continue its ongoing work to monitor these projects, assisting where appropriate in mitigating these broadband deployment challenges.

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 2024 Special Session 1 under Chapter 2 of the Virginia Acts of Assembly, enclosed is the Quarterly Performance Report of the Virginia Telecommunication Initiative (VATI).

Item 103 L.6. of the 2024 Acts of Assembly Special Session I requires that DHCD deliver a quarterly performance report on funds awarded through the 2021 Acts of Assembly Special Session I (also known as the budget bill) of allocated ARPA funds, as well as state general funds awarded through the Virginia Telecommunication Initiative since the aforementioned FY2022 budget cycle.

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 quarterly performance report establishes that:

To the extent possible, the quarterly 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 quarterly report shall be due within 30 days of the close of the quarter. The quarterly performance report shall include an evaluation of any projects under risk of incompletion or underperformance. The department in providing such risk assessment shall include a reason for the project's delay.

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, FY2023, and FY2024 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 2024, which reflects project data as of the end of August 2024.

Out of the 61 projects funded in FY22, FY23, and FY24, 29 have requested and received timeline extensions, and, per DHCD's analysis, 25 are considered to be at low risk and 4 are considered to be at high risk. DHCD has established risk definitions specific to funding year. A summary of these definitions provided in the table below. The definition of risk category

varies for the FY2022 funding year, as this funding year contained American Rescue Plan Act funding, which has a Congressional expenditure deadline of December 31, 2026.

Year	Risk Level	Risk Level Definition
FY22	No Risk	 The grantee has not requested a timeline extension beyond the originally approved contract end date; and, Based on the sole determination of the Office of Broadband, the grantee is not significantly behind the current approved milestone timeline; and, The timeline for that project does not have an end date in 2026.
FY22	Low Risk	 The grantee has requested a timeline extension beyond the originally approved contract end date; or, Based on the sole determination of the Office of Broadband, the grantee is significantly behind the current approved milestone timeline and has not yet requested a timeline extension from the original completion date.
FY22	High Risk	• The grantee's contractual end date is in 2026, regardless of if that end date reflects the original contractually established end date or is a result of an extension.
FY23, FY24	No Risk	 The grantee has not requested a timeline extension beyond the originally approved contract end date; and, Based on the sole determination of the Office of Broadband, the grantee is not significantly behind the current approved milestone timeline.
FY23, FY24	Low Risk	 The grantee has requested a timeline extension beyond the originally approved contract end date; or, Based on the sole determination of the Office of Broadband, the grantee is significantly behind the current approved milestone timeline and has not yet requested a timeline extension from the original completion date.
FY23, FY24	High Risk	• The grantee has requested more than one timeline extension beyond the originally approved contract end date.

DHCD staff continue to closely monitor the continued impact of challenges surrounding make-ready, which includes preparing existing electric poles for aerial broadband network construction. DHCD has recently funded the first projects under the Virginia Make Ready Initiative, which is designed to mitigate the impacts of elevated make-ready costs. DHCD is closely monitoring the impact of this program on accelerating delivery of affected VATI projects.

Other deployment challenges which are being monitored by DHCD include supply chain and labor markets, streamlining utility locate efforts, railroad crossings, the permitting process to lay fiber in state-owned rights of way along roads, and permitting to cross federally owned lands. DHCD and its local government and internet service provider partners are continuing to develop innovative solutions to meet these challenges and deliver high-speed broadband access as quickly as possible for residents in these project areas.

The project summaries included in this report are updated quarterly on the VATI Project Dashboard, accessible through <u>dhcd.virginia.gov/vati</u>.

					Q3 2024 Q	uarterly Pe	rformanc	e Report for the	Virginia Telec	ommunication Initiative – FY2	2022 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	Risk	Reason for a Project's Delay	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	5,644	4,114	73%	06/15/2022	3/15/2025	Low Risk	None	\$11,480,664.98	GF, SLFRF	\$6,217,592.17	54%	\$14,518,564.42	\$8,273,635.69	57%	1000/1000
Bedford	Shentel	3,204	1,239	39%	09/09/2022	3/15/2025	Low Risk	None	\$6,191,796.33	GF, SLFRF	\$375,607.14	6%	\$13,911,783.67	\$822,119.70	6%	1000/1000
Botetourt	Lumos Networks	1,901	1,193	63%	11/01/2022	12/31/2024	Low Risk	None	\$3,084,796.00	CPF	\$1,285,150.16	42%	\$4,824,937.00	\$3,648,742.24	76%	1000/1000
Campbell	Shentel	3,509	1,050	30%	09/21/2022	12/31/2024	Low Risk	None	\$6,443,000.00	GF, SLFRF	\$77,468.58	1%	\$12,978,455.00	\$155,881.55	1%	1000/1000
Central Shenandoah PDC	MGW	2,470	1,026	42%	06/01/2022	6/1/2025	Low Risk	ROW, SCL	\$7,876,800.00	SLFRF	\$2,908,225.71	37%	\$3,118,706.00	\$1,256,680.68	40%	1000/50
Chesapeake	Сох	279	315	100%	06/01/2022	3/31/2024	No Risk	None	\$580,435.00	SLFRF	\$570,435.00	98%	\$434,599.00	\$738,609.58	170%	940/35
Commonwealth RC	Kinex	11,397	7,334	62%	06/14/2022	6/14/2026	High Risk	None	\$15,000,000.00	GF	\$9,922,095.03	66%	\$13,426,482	\$9,247,108.43	69%	200/10
Culpeper	All Points Broadband	4,269	0	0%	08/03/2022	2/28/2025	Low Risk	MR	\$8,600,000.00	GF	\$2,804,691.76	33%	\$21,914,454.00	\$4,857,176.06	22%	1000/1000
Cumberland Plateau PDC	Point Broadband	6,982	4,359	62%	09/06/2022	9/6/2025	Low Risk	MR	\$23,478,429.00	CPF	\$5,889,734.30	25%	\$6,459,000.00	\$1,620,287.13	25%	1000/500
West Piedmont PDC - Dinwiddie	RuralBand	417	0	0%	07/03/2022	12/31/2026	High Risk	None	\$638,718.00	SLFRF	\$0	0%	\$50,570.00	\$0	0%	1000/1000
West Piedmont PDC - Dinwiddie	RiverStreet Networks	5,009	0	0%	06/20/2022	6/20/2025	No Risk	None	\$6,893,337.00	SLFRF	\$0	0%	\$18,974,275.00	\$0	0%	1000/1000
Eastern Shore of Virginia Broadband Authority	Eastern Shore of Virginia Broadband Authority	11,091	9,330	84%	06/01/2022	12/31/2024	Low Risk	None	\$12,310,777.25	SLFRF	\$7,329,784.96	60%	\$3,314,856.00	\$1,521,110.98	46%	200/200
Floyd	Citizens	723	765	100%	06/01/2022	6/30/2024	Low Risk	None	\$1,310,267.00	SLFRF	\$1,179,240.30	90%	\$1,111,725.00	\$1,126,293.79	101%	1000/500
Franklin	Shentel	3,508	1,178	34%	10/17/2022	10/17/2025	Low Risk	MR, SCL, RR, ROW	\$11,832,456.00	GF, SLFRF	\$746,783.09	6%	\$18,646,520.00	\$1,176,923.99	6%	1000/1000
Hampton Roads PDC	Charter Communications	12,223	2,368	19%	07/08/2022	07/08/2025	No Risk	None	\$21,120,053.50	SLFRF	\$6,217,729.01	29%	\$13,839,523.00	\$4,640,580.19	34%	1000/500
Hanover	All Points Broadband	6,198	0	0%	08/01/2022	12/31/2025	Low Risk	MR	\$13,970,000.00	SLFRF	\$3,631,562.45	26%	\$41,469,332.00	\$6,362,226.54	15%	1000/1000
King William	All Points Broadband	2,236	0	0%	08/03/2022	3/31/2025	Low Risk	MR	\$5,400,000.00	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	4,877	44%	06/13/2022	12/13/2024	Low Risk	MR, RR	\$22,190,500.00	SLFRF, CPF	\$10,065,435.07	45%	\$6,354,500.00	\$2,921,668.79	46%	1000/1000
Loudoun	All Points Broadband	8,629	0	0%	07/01/2022	10/31/2025	Low Risk	MR	\$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%	07/22/2022	1/31/2025	Low Risk	MR	\$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	26,390	96%	06/01/2022	5/31/2025	Low Risk	MR	\$65,883,228.00	CPF	\$45,203,185.88	695	\$33,082,600.00	\$25,206,378.44	76%	1000/500
New River Valley Regional Commission Bland and Montgomery	Gigabeam	12,094	200	2%	03/13/2023	3/13/2026	High Risk	MR	\$39,233,355.00	CPF	\$3,452,307.84	9%	\$38,247,340.00	\$2,717,018.24	7%	1000/1000
New River Valley Regional Commission Pulaski	All Points Broadband	7,872	0	0%	12/06/2022	12/06/2024	Low Risk	MR	\$29,122,000.00	CPF	\$35,531.25	0.12%	\$26,103,057.19	\$0	0%	1000/1000
Northern Neck PDC	All Points Broadband	3,411	2,234	65%	09/22/2022	9/30/2024	Low Risk	MR	\$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	41,690	0	0%	07/22/2022	7/22/2025	Low Risk	MR	\$96,873,500.00	SLFRF	\$2,3828,164.28	25%	\$206,243,317.00	\$35,823,220.74	17%	1000/1000
Roanoke	CBEC-Bee Online	495	501	100%	09/09/2022	6/1/2024	No Risk	None	\$1,581,584.00	SLFRF	\$1,571,584.00	99%	\$1,646,138.00	\$1,692,557.30	103%	300/300
Roanoke	Cox	396	249	63%	09/01/2022	10/15/2024	Low Risk	FED	\$1,535,264.00	SLFRF	\$0	0%	\$1,597,927.00	\$0	0%	940/35
Roanoke	B2X	520	180	35%	09/22/2022	10/24/2024	Low Risk	SCL, OTH (Private Easements)	\$170,609.00	GF	\$35,295.43	21%	\$177,572.00	\$40,817.85	23%	25/4
Roanoke	Shentel	177	0	0%	10/03/2022	5/30/2025	Low Risk	MR, RR, ROW	\$490,000.00	SLFRF	\$0	0%	\$510,000.00	\$0	0%	1000/1000
Shenandoah	Shentel	4,139	1,605	39%	08/01/2022	8/1/2025	Low Risk	ROW, MR	\$12,176,662.00	SLFRF	\$4,977,448.05	41%	\$20,733,235.00	\$8,475,114.22	41%	1000/1000
Southside PDC	EMPOWER Broadband	14,634	11,864	81%	07/22/2022	07/22/2025	No Risk	None	\$69,431,635.00	SLFRF	\$31,457,093.67	45%	\$84,677,555.00	\$3,824,3728.53	55%	1000/1000
Stafford	Comcast	634	682	100%	09/06/2022	9/6/2024	No Risk	None	\$3,398,156.00	SLFRF	\$3,058,340.05	90%	\$2,364,383.00	\$2,404,621.63	102%	1200/35
Sussex	RuralBand	2,267	1,044	46%	06/13/2022	12/13/2025	Low Risk	None	\$4,896,892.00	SLFRF	\$1,625,776.83	33%	\$1,678,571.00	\$557,353.06	33%	1000/1000
Thomas Jefferson PDC	Firefly Broadband	36,225	13,949	39%	08/15/2022	08/15/2025	No Risk	None	\$79,027,930.00	SLFRF	\$35,191,537.59	45%	\$208,969,670.00	\$97,472,695.02	46%	1000/1000
West Piedmont PDC	Charter Communications	690	434	63%	08/01/2022	08/01/2025	No Risk	MR, ROW	\$1,557,385.00	CPF	\$187,146.52	13%	\$1,450,145.00	\$141,702.52	10%	1000/500
West Piedmont PDC (East)	RiverStreet Networks	24,641	3,878	16%	08/03/2022	08/03/2025	No Risk	None	\$87,003,888.00	SLFRF	\$16,315,896.72	19%	\$65,421,341.00	\$14,390,426.36	22%	1000/1000
West Piedmont PDC (West) *Data as of September 2024 Mont	RiverStreet Networks	10,056	0 cs through the e	0%	09/30/2022	02/24/2026	High Risk	OTH (Delayed APCO SCC Application and Approval)	\$33,571,073.00	CPF	\$515,300.35	2%	\$59,425,085.00	\$4,231,782.77	7%	1000/1000
					es RR - Railroad RC)W – Right of W	av Permitting	along State Roads, F	FD – Federal I and F	Permitting Challenges, OTH – Other (Des	scribed)					

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	Risk	Reason for a Project's Delay	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 Advertis Project Speeds Available (Downloa Upload Mbps)
Bedford County	Shentel	565	0	0%	4/1/2024	9/1/2025	No Risk	None	\$1,373,161.74	GF	\$0	0%	\$3,204,044.05	\$0	0%	1000/1000
Caroline County	Breezeline	3,910	89	8%	10/23/2024	10/23/2026	No Risk	None	\$6,446,000.00	GF	\$333,054.47	5%	\$15,247,000.00	\$875,320.01	6%	1000/600
Caroline County	Verizon	854	389	45%	10/23/2024	4/23/2025	No Risk	None	\$2,032,334.00	GF	\$0	0%	\$5,610,501.00	\$0	0%	940/880
Chesterfield County	All Points Broadband	494	0	0%	12/1/2023	11/30/2026	No Risk	None	\$755,523.00	GF	\$0	0%	\$12,494,553.00	0	0%	1000/1000
Essex County	Breezeline	3,526	0	0%	09/06/2023	09/06/2026	Low Risk	OTH (Design Delay)	\$8,753,009.00	GF	\$145,382.62	2%	\$19,113,941.00	\$352,746.62	2%	1000/600
Floyd County	Citizens	543	370	68%	05/30/2023	02/18/2025	No Risk	None	\$1,339,387.00	GF	\$343,536.82	26%	\$827,173.00	\$210,643.19	25%	1000/500
Greensville County	Verizon	1,347	575	43%	10/3/2023	4/3/2025	No Risk	None	\$2,956,774.80	GF	\$0	0%	\$4,435,162.20	\$0	0%	940/880
Henrico County	All Points Broadband	412	0	0%	12/1/2023	11/30/2025	No Risk	None	\$501,620.00	GF	\$0	0%	\$6,027,280.42	0	0%	1000/1000
Orange County	FiberLync	576	230	40%	10/31/2023	04/21/2025	No Risk	ROW	\$2,181,000.00	GF	\$0	0%	\$8,391,058.00	\$0	0%	1000/1000
Shenandoah County	Shentel	2,440	1,164	48%	9/26/2023	9/26/2025	No Risk	None	\$4,936,968.00	GF	\$1,577,743.98	32%	\$9,168,655.00	\$2,930,095.95	32%	1000/1000
Southside PDC	EMPOWER Broadband	4,804	40	1%	9/26/2023	9/26/2026	No Risk	None	\$8,556,028.84	GF	\$26,000	0.3%	\$21,677,288.16	0	0%	1000/1000
est Piedmont PDC (Pittsylvania)	RiverStreet Networks	2,102	162	8%	10/5/2023	10/5/2026	No Risk	None	\$3,548,250.00	GF	\$403,927.05	11%	\$1,856,750	\$208,245.84	11%	1000/1000
West Piedmont PDC (East)	RiverStreet Networks	3,356	623	19%	11/6/2023	11/6/2026	No Risk	None	\$8,155,864.00	GF	\$1,859,555.68	23%	\$5,205,136.00	\$1,209,811.42	23%	1000/1000
West Piedmont PDC (West)	RiverStreet Networks	4,526	0	0%	2/28/2024	2/28/2026	No Risk	None	\$8,013,600.00	GF	\$18,250	0.23%	\$5,386,400.00	\$0	0%	1000/1000

Abbreviations for Reasons for Project's Delay: MR – Make Ready, SCL – Supply Chain and Labor, UL – Utility Locates, RR – Railroad, ROW – Right of Way Permitting along State Roads, FED – Federal Land Permitting Challenges, OTH – Other (Described)

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	Risk	Reason for a Project's Delay	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 Advertise Project Speeds Available (Download Upload Mbps)
Giles County	PemTel	629	0	0%	TBD	TBD	No Risk	None	\$4,199,596.00	GF	\$0	0%	\$1,343,604.00	\$0	0%	1000/1000
Franklin County	ZITEL	2,543	0	0%	TBD	TBD	No Risk	None	\$4,538,288.00	GF	\$0	0%	\$7,737,355.00	\$0	0%	1000/1000
Thomas Jefferson PDC	Firefly	5,825	0	0%	TBD	TBD	No Risk	None	\$12,208,500.00	GF	\$0	0%	\$36,427,182.00	\$0	0%	1000/1000
Southside PDC	Empower	3,983	0	0%	TBD	TBD	No Risk	None	\$3,353,579.00	GF	\$0	0%	\$3,153,579.00	\$0	0%	1000/1000
Rockbridge County	Brightspeed	1,734	0	0%	TBD	TBD	No Risk	None	\$975,865.00	GF	\$0	0%	\$4,938,467.00	\$0	0%	1000/1000
Rockbridge County	BARC	293	0	0%	TBD	TBD	No Risk	None	\$1,197,320.00	GF	\$0	0%	\$1,653,443.00	\$0	0%	1000/1000
Orange County	FiberLync	425	0	0%	TBD	TBD	No Risk	None	\$2,138,416.00	GF	\$0	0%	\$3,155,780.00	\$0	0%	1000/1000
Spotsylvania County	Port 80	522	0	0%	TBD	TBD	No Risk	None	\$10,347,072.00	GF	\$0	0%	\$16,070,215.89	\$0	0%	1000 / 1000
Alleghany County	CBEC	370	0	0%	TBD	TBD	No Risk	None	\$2,332,353.00	GF	\$0	0%	\$1,019,580.00	\$0	0%	1000 / 1000
Botetourt County	Comcast	62	0	0%	TBD	TBD	No Risk	None	\$395,411.00	GF	\$0	0%	\$2,121,571.00	\$0	0%	1000 / 1000