

Alabama Department of Economic and Community Affairs

Performance Report

Capital Projects Fund 2024 Report

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1. Program Information

This 2024 Capital Projects Fund (CPF) Performance Report provides information related to program outputs and outcomes against the stated objectives in the approved Program Plan:

- Approved Program Plan number: CPF_GP-000294
- Program start date: July 31, 2023
- Program end date: December 31, 2026 (estimated)
- Actual CPF funds allocated to the Program: \$191,887,857.00 (to date)

2. Executive Summary

Alabama's lead agency for the CPF Program, the Alabama Department of Economic and Community Affairs (ADECA), is conducting a competitive statewide broadband infrastructure grant program to subaward funding to qualified internet service providers (ISPs). This CPF Program is funding last-mile broadband infrastructure projects in unserved areas of the state. For the purposes of ADECA's CPF Program, an unserved area is any rural area in which there is not at least one provider of terrestrial broadband service that is either (a) offering a connection to the internet providing 100/20 Mbps or higher speeds or (b) required under the terms of another state or federal grant to provide a connection to the internet providing 100/20 Mbps or higher speeds within the same or similar timeframe of projects of similar complexity or scale awarded during the CPF Program grant cycle.

The Program Plan incorporates the State of Alabama's legislative objectives for broadband deployment, including but not limited to addressing needs in unserved areas, improving the adoption rate of broadband services, incentivizing private investment, and prioritizing locations with demonstrated community support as well as promoting the deployment of grant funds in a manner consistent with the racial, gender, geographic, urban, rural, and economic diversity of the state.¹ ADECA also continues to maintain the Alabama Broadband Map, which provides broadband availability data reported by ISPs.²

During the reporting period, ADECA made progress toward these objectives by opening a competitive CPF grant program for which it accepted 239 applications over the course of two program phases (179 applications in the first phase, 60 applications in the second phase). These applications were scored based on the criteria developed with qualitative and quantitative input gathered by ADECA in numerous in-person and virtual outreach events conducted during the prior reporting period. More information about the CPF Program application process can be found at <https://adeca.alabama.gov/alcapitalprojectsfund/>, including copies of the application,

¹ See Ala. Code § 41-23-213(d), <https://alison.legislature.state.al.us/code-of-alabama>.

² Alabama Broadband Map, <https://broadband.alabama.gov/broadband-maps/>.

application guide, program guide, frequently asked questions, and rating criteria for each CPF Program phase.

As of the end of this reporting period, ADECA has made 66 conditional CPF funding awards for applications received in the first phase, for an anticipated \$148,339,141.00 in CPF Program grant funds. Subaward Agreements for these CPF grants are in negotiation as of the writing of this report and ADECA anticipates they will be signed by the end of this fiscal year. ADECA also anticipates announcing the conditional CPF funding awards for the second phase and executing associated Subaward Agreements for such projects by the end of this year. Sample Subaward Agreements for each CPF phase can be found at <https://adeca.alabama.gov/alcapitalprojectsfund/>.

ADECA also continues to leverage its extensive portfolio of state and federally funded broadband programs—the Alabama Broadband Accessibility Fund; Coronavirus State Fiscal Recovery Funds; Broadband Equity, Access, and Deployment (BEAD) Program; Digital Equity Planning Grant; and CPF—for effective and efficient use of resources to conduct outreach events and data collection, and to provide broadband services to unserved residents, businesses, and anchor institutions.

3. Uses of Funds

Using CPF funding, ADECA has made 66 conditional funding awards to applicants that propose to construct last-mile infrastructure projects in unserved areas of the state to deliver minimum service speeds of 100/100 Mbps, although many ISPs have committed to provide faster speeds. These awards cover an anticipated \$148,339,141.00 in CPF Program grant funds, with a corresponding anticipated ISP match amount of \$171,631,795.00. The awarded projects will cover an estimated 5,429 route miles and provide broadband service to an estimated 53,892 currently unserved households, businesses, and community anchor institutions.

Efforts during this reporting period focused on designing and implementing the grant program, developing application materials, opening each phase of the grant program, evaluating the hundreds of applications received, making conditional awards in the first phase of the program, and negotiating with the conditional phase one awardees.

During this period of performance, ADECA did not execute Subaward Agreements for CPF Program projects and therefore has not included data or performance indicators for its approved grant projects. ADECA will report on these metrics and data as subrecipients execute Subaward Agreements and begin construction of their grant-funded projects.

During this reporting period, ADECA:

- Widely distributed information regarding the CPF Program via an established distribution email list, other traditional and social media channels, and on ADECA’s website at <https://adeca.alabama.gov/alcapitalprojectsfund/>.

- Conducted an application workshop for the first CPF phase on July 31, 2023, to answer potential applicants' questions (A recording of the CPF phase one workshop was posted on ADECA's website at <https://adeca.alabama.gov/broadband-webinars-and-workshops/>.)
- Opened the application period for phase one of the CPF Program on August 14, 2023, and closed it on October 13, 2023.
- Conducted technical assistance meetings with first CPF phase applicants.
- Evaluated 179 applications submitted in the first phase and conditionally awarded 66 projects, with an anticipated aggregate award amount of \$148,339,141.00 on February 27, 2024.
- Began negotiating the conditional awards with the CPF phase one applicants. (As of the end of this reporting period, negotiations were ongoing with some conditional awardees.)
- Conducted an application workshop for the second CPF phase on March 28, 2024, to answer potential applicants' questions (A recording of the CPF phase two workshop was posted on ADECA's website at <https://adeca.alabama.gov/broadband-webinars-and-workshops/>.)
- Opened the application period for phase two of the CPF Program on March 28, 2024, to solicit applications for the anticipated remaining amount of CPF Program funding and closed the second application window on May 2, 2024.
- Conducted technical assistance meetings with both new applicants and applicants resubmitting CPF applications in the second phase.
- Began evaluating 60 applications submitted in the second phase. (As of the end of the reporting period, these evaluations were ongoing.)
- Sent individualized curing requests on submitted applications in both the first and second phases and held virtual meetings upon request of the applicant.
- Held a training workshop for the new CPF Program portal for potential awardees on March 28, 2024.
- Published detailed CPF application and program guidance documents for each phase (including the application itself) with instructions for completing the application, frequently asked questions, a program guide with reporting and closeout requirements, a sample grant agreement, and ratings and scoring criteria. These materials can be found on ADECA's website at <https://adeca.alabama.gov/alcapitalprojectsfund/>.

ADECA’s CPF Program documents address the goal of requiring an expanded set of subrecipient reporting obligations, including quarterly and annual reports that provide project status, project expenditures, community engagement, complementary funding sources, labor practices, and specific performance indicators that demonstrate progress toward meeting the state’s broadband objectives. Consistent with federal CPF Program rules, ADECA’s CPF Program required applicants to participate in the Affordable Connectivity Program (ACP) or any successor affordability program designated by the FCC, and to provide information on affordable services applicants intend to offer in the proposed project service area.

- Updated the Alabama Broadband Map with availability data from ISPs to ensure the CPF Program application reviews were informed by the most current available data.

The estimated CPF Program implementation timeline originally provided in the Program Plan differs from ADECA’s actual CPF Program implementation timeline thus far. As noted in the Program Plan, the specific dates and timelines for the CPF Program remain under consideration and will be coordinated with other ADECA-administered broadband grant programs, including but not limited to the BEAD Program. ADECA will coordinate its efforts to maximize the impact of each of these broadband funding programs, incorporate synergies between the programs, and support cost-effective implementation of each of these programs without duplicative subsidization.

In particular, the CPF Program implementation timeline originally provided in the Program Plan was impacted by the determination that a second phase of funding was necessary because applications to the initial phase did not result in conditional awards for the full amount of CPF Program grant funds. The revised estimated timeline below includes the two CPF phases and start of construction in Q4 2024. Pursuant to a Memorandum of Agreement between the State of Alabama Department of Finance and ADECA, ADECA will obligate the CPF grant funds for projects before December 31, 2024, and will expend obligated funds before December 31, 2026. ADECA will require CPF subrecipients to complete their projects within the federal period of performance.

Anticipated Program Timeline
<ul style="list-style-type: none"> • Q4 2022 to Q3 2023 – Develop Program documentation and review stakeholder outreach for potential opportunities • Q3 2023 – Publish CPF Program phase one documentation, hold public workshop, and open first grant application window for Program • Q4 2023 (October) to Q1 2024 (February) – Close first application window, review phase one applications, and conditionally award phase one subrecipient grants • Q1 2024 to Q2 2024 – Publish CPF Program phase two documentation, hold public workshop, and open second grant application window for Program • Q2 2024 (May) to Q3 2024 (July/August) – Close second application window, review phase two applications, and conditionally award phase two subrecipient grants

Anticipated Program Timeline

- **Q3 2024 to Q4 2024** – Finalize CPF Subaward Agreements and confirm community support projects
- **Q4 2024 to Q3 2026** – Oversee construction phase and subrecipient quarterly and annual reporting
- **Q4 2024 to Q4 2026** – Receive closeout documentation and compliance testing for projects and provide final funding to subrecipients on a rolling basis according to award date

To meet the other goals of the CPF Program, ADECA is prioritizing grant applications for last-mile projects that ensure the critical needs of residents in underrepresented and historically disadvantaged rural communities are addressed through community support and adoption projects, and through targeted efforts to support local community anchor institutions. In its evaluation of grant applications, ADECA is also seeking to fund projects that include planning and capacity for future growth, that indicate financial sustainability, and that leverage private investment. To achieve these goals, ADECA is reviewing applicants' pricing data, service characteristics, and proposed non-recurring costs, data caps, and average service fees in the communities to be served.

ADECA anticipates conducting the following activities during the next performance period:

- Continue the evaluation of the second phase of CPF Program applications.
- Finalize post-award Subaward Agreements with conditionally awarded subrecipients.
- Support subrecipients as they begin their projects and provide clear guidelines for subrecipients that include annual and quarterly reporting, closeout processes, labor practices, and community engagement guidelines.
- Continue partner outreach and provide opportunities for community feedback to support ADECA's quarterly and annual reporting.

ADECA expects to follow the Treasury's program compliance requirements closely as it collects data on build-out progress, subrecipients' service offerings (including pricing and affordability measures), number of locations served by the project, and new digital skills and workforce training programs developed directly or indirectly as a result of the funded project.

ADECA has designed its CPF Program so that low-income households and households from underrepresented communities in rural areas will directly benefit from CPF funds. ADECA's grant program will provide additional consideration to applicants that will offer affordability programs that go beyond participation in the ACP, improve services to community anchor institutions, demonstrate community support to meet critical needs, and enter into partnerships with community organizations to provide digital skills and affordable device programs. Success will be measured by an increase in rural resident and business broadband connectivity.

At this stage of its program implementation, ADECA has not encountered significant challenges or unexpected obstacles, except for the resources and staffing challenges that are to be expected for a state agency that is implementing multiple high-priority broadband programs simultaneously. ADECA's CPF Program is slightly behind the schedule initially introduced in the Program Plan, but the revised timeline (above) reflects its expectation that the program will continue to meet all CPF funding and timeline requirements.

ADECA has no outcomes related to ancillary costs. ADECA required applicants to provide detailed project budgets as part of their applications and has made clear in program guidance that project costs eligible for reimbursement generally will be limited to construction and construction-related costs of broadband infrastructure. Outreach to increase broadband subscriptions in high-need communities, digital literacy training to support device programs, and community engagement to support successful operations were all considered as part of ADECA's CPF Program project evaluation criteria.

ADECA's use of funds has differed from the estimate originally given in the Program Plan due to the change in timeline. As originally stated in the Program Plan, ADECA estimated it will use all of the allowable Program administrative cost allocation of \$9,594,392.85 to support the tasks outlined. Any unused administrative funding will be transferred to project costs in the CPF Program.

ADECA's administrative cost breakdown as originally submitted in the Program Plan assumes ongoing community engagement—with a focus on engagement during active grant cycle periods—and technical support for subrecipients during the grant cycle periods and during initial deployment. While ADECA originally assumed it would incur costs for two to three months at the end of 2022 based on the award date, the actual timing of the awards resulted in costs incurred beginning in 2023. ADECA's actual spend for program administrative costs therefore lags what was originally assumed in the Program Plan.

4. Promoting Equitable Outcomes and Addressing Critical Needs

Prior to receiving its CPF award, ADECA had conducted outreach that included 19 meetings with partner groups, state agencies, and community anchor institutions that serve several underrepresented communities including seniors, low-income households, racial and ethnic minorities, and limited English-proficiency residents.

During this period of performance, ADECA applied knowledge gained through those extensive outreach efforts (in which it gathered feedback and input on affordability, critical needs, and other considerations) as it published its grant program materials and began to evaluate responses and make conditional awards.

During this reporting period, ADECA provided:

- Information regarding the CPF Program via an established distribution email list, other traditional and social media channels, and on ADECA's website at <https://adeca.alabama.gov/alcapitalprojectsfund/>.
- An application workshop prior to the opening of each phase of the CPF Program.
- Technical assistance meetings with applicants in both phases of the CPF Program.
- A training workshop for the new CPF Program portal for potential awardees.

During this period of performance, ADECA developed program documentation that incorporated the data and feedback from its prior outreach. The program materials ensured applicants provided ADECA with sufficient information to determine whether funded projects will support key program objectives and address barriers and obstacles for residents and other entities. The materials included questions and scoring criteria regarding:

- How the applicant will ensure its services are affordable to the communities it will serve, including participation in subsidy programs, layering discount programs to provide the maximum discounts for low-income customers, and providing a low-cost plan as a generally available plan.
- Whether the applicant has designed its proposed project to meet the identified critical needs of the community it will serve.
- Whether the applicant's proposed project includes any plans to address the critical needs of residents in underrepresented and historically disadvantaged rural and unserved areas, including but not limited to any plans to support community broadband adoption projects or community anchors. This included discussions of whether the applicant engaged in any outreach or coordination activities with the communities to be served by the proposed project, including any historically disadvantaged populations.
- Whether the applicant will incorporate fair labor standards into its practices and descriptions of how it will support workforce development, training, and opportunities for skilled labor.
- Demonstration through mapping and project descriptions that the proposed project will serve rural unserved areas of the state.
- Creation of a detailed budget that demonstrates efficient and effective use of program funds.

As part of its CPF Program subrecipient reporting requirements, ADECA will collect additional information about how subrecipients addressed the critical needs of communities at the various project stages, including:

- Descriptions of any historically underserved, marginalized, or adversely affected groups, including those living in rural areas and/or high-poverty areas, that the project is designed to serve.
- Discussions of how equal and practicable was the ability of members of these communities, including households, businesses, and other organizations, to become aware of the services offered by the project.
- Information regarding the progress made toward addressing critical needs identified in targeted communities, such as closing service gaps, reaching universal levels of service, or community support projects, along with a description of the methods used to quantify and qualify project outcomes.

5. Labor

Through its outreach efforts, ADECA received feedback from labor unions and workforce development agencies regarding the importance of fair labor standards, local hiring standards, and workforce training opportunities. These standards and opportunities will contribute to the effective and efficient delivery of high-quality infrastructure projects. They will also support the critical needs of the communities these projects will serve, by supporting economic development, workforce skill development, and opportunities for highly skilled workers.

ADECA's CPF Program requires applicants to describe their labor practices, use of project labor agreements, local hiring, and plans to solicit and use small and minority businesses, women's business enterprises, and labor surplus area firms. In its CPF Program grant application scoring, ADECA provided additional consideration to applicants that prioritize strong labor and workforce development practices, including hiring workers from historically disadvantaged communities, providing wages at prevailing wages, prioritizing local hires, and partnering with community-based organizations for hiring and workforce training.

ADECA required applicants to disclose whether the applicant has been found by any authority to have violated any federal, state, or local labor or employment laws in the two years prior to the application submission. In the CPF Subaward Agreements and reporting, ADECA will require grantees to report on labor practices and to update hiring, staffing, and training practices over the grant period.

6. Community Engagement

ADECA's outreach in the prior period included extensive community engagement during 67 county meetings, meetings with Historically Black Colleges and Universities, and meetings with

tribal entities. ADECA incorporated feedback from community organizations into its program application materials and rating criteria by providing additional consideration for key elements that these community organizations prioritized such as community support, digital opportunity programs, affordability considerations, and workforce training programs.

Attendees at these meetings, which occurred prior to the period of performance, included representatives of ISPs, community colleges, libraries, churches, county and municipal governments, organizations serving covered populations, educational institutions, and community-based organizations (local, regional, and statewide). During this period of performance, ADECA has focused on incorporating information gathered in prior community engagement efforts into its program implementation.

During this period of performance, ADECA's CPF Program community engagement has included efforts to:

- Widely distribute information regarding the CPF Program via an established distribution email list, other traditional and social media channels, workshops for potential applicants, and by posting program documents on ADECA's website.
- Build the capacity of community organizations that serve people with significant barriers by requiring applicants to list the number of community anchor institutions a proposed project will serve and the applicants' outreach or coordination activities with the communities to be served by the proposed project.
- Enable applicants to demonstrate community support for proposed projects by including a community support letter template in the application guidance.
- Encourage projects that prioritize strong labor, workforce development/continuity, and local hiring practices and hiring of workers from historically disadvantaged communities during the proposed project.

ADECA will continue to expand its community engagement efforts through its subrecipients as it supports the efforts of those service providers to reach out to community leaders where the grant-funded projects are located. ADECA itself will continue its outreach to local communities, state agencies, service providers, and community anchor institutions as part of its ongoing obligations for several federal and state grant programs. It will continue to document these events and incorporate feedback in subsequent reports.

7. Civil Rights Compliance

ADECA has developed a compliance framework to ensure it will meet its obligations under its Grant Agreement with the U.S. Treasury, including legal requirements relating to nondiscrimination and nondiscriminatory use of federal funds. As part of this framework, and

as discussed above, ADECA has a monitoring and reporting requirement within its CPF Program to ensure its subrecipients are also in compliance with CPF Program guidelines, the Grant Agreement obligations, and the Uniform Guidance. Additionally, ADECA's Subaward Agreements for the CPF Program include a provision that obligates subrecipients to comply specifically with these Civil Rights requirements. ADECA will submit data as required in future reports.

The following is the link to this report on the ADECA webpage:
<https://adeca.alabama.gov/alcapitalprojectsfund/>

Disclaimer

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