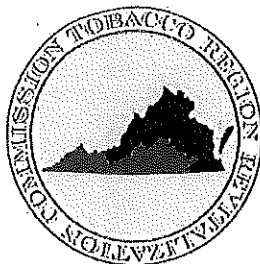


**SOUTHERN VIRGINIA
COMMITTEE**



AGENDA
SOUTHERN VIRGINIA COMMITTEE

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Wednesday, October 5, 2022
9:00 A.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

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| Welcome and Call to Order | <i>Mr. Buddy Shelton, Chair</i> |
| Call of the Roll | <i>Andy Sorrell, Acting Director</i> |
| Approval of the <u>5/11/22</u> Minutes | <i>(published on website)</i> |
| Public Comments | |
| Reallocation of Prior Broadband Grants | <i>Sarah Capps, Southern Regional Director</i> |
| Extensions and Modifications | <i>Sarah Capps, Southern Regional Director</i> |
| Public Comments | |
| Adjournment | |

Virginia Tobacco Region Revitalization Commission

FY22 Southern Virginia Program – October 3, 2022 Staff Summaries and Recommendations

Two localities have requested the Commission's approval for repurposing of previously awarded grant funds. These localities were invited to submit revised applications for approval consideration by the Southern Virginia Committee. Two other grants are on the agenda for extension approvals.

Broadband

The Commission's Research and Development Committee approved last mile broadband grants during two grant cycles in March 2018, and June 2019. Several projects approved as wireless solutions were delayed in implementation and grant funds remain available. In fall 2021, the Commission's Executive Director committed to allow for the repurposing of these grant awards to be used towards fiber to the home, or wireless solutions as part of a universal coverage plan.

Halifax County

Halifax County Universal Broadband Support 2022 (#4096)

\$540,598 Requested

Project Summary:

Halifax County is requesting the reallocation of \$540,598, to be used towards the local Match on a \$27.5 million VATI project, for which contract finalized in summer 2022. Mecklenburg Electric Cooperative's ISP subsidiary Empower will deliver broadband fiber to serve 4,007 premises. This project will utilize the foundational fiber backbone deployed on MEC's electric infrastructure, and will utilize the facilities of Dominion Energy, Southside Electric Cooperative and Mid-Atlantic Broadband where needed to expand broadband coverage outside of MEC's territory.

The Tobacco Commission's two previous broadband grant awards were from March 2018 for \$334,396 (#3534); and June 2019 for \$206,202 (#3385) for the \$540,598 total requested. The larger VATI project which will be supported by this request has a \$61.2 million total project cost and includes a \$20.2 million contribution from Dominion Energy for fiber constructed along their distribution lines. The dark fiber will be leased to Emporia for a portion of the middle mile constructed in order to serve the project area. Empower is committing \$10.7 million towards design and construction of the fiber broadband network. Halifax County is contributing \$2,139,887, for design, construction and other costs for customer connections.

Matching Funds:

- \$27,569,035 DHCD Virginia Telecommunications Initiative
- \$20,293,058 Dominion Energy
- \$10,721,943 Empower
- \$2,139,887 Halifax County

Project Outputs:

- 2,090 linear miles of fiber network will be constructed in Halifax County, of which 1,756 miles will be middle mile backbone fiber, and 334 miles will be last-mile distribution.
- 3,993 locations/4,007 premises will be served with Fiber broadband service.
- An estimated 1,603 premises will subscribe to the broadband service.

Staff Comments:

This project will provide universal broadband coverage for all areas of Halifax County considered underserved and unserved residents, where internet access was insufficient to meet the minimum requirements of 25/3 Mbps for the VATI program. The Halifax County \$27 million portion of the VATI award is part of larger project involving MEC's Empower that is providing broadband access to premises in Halifax, Brunswick and Mecklenburg Counties. A Map was provided to staff identifying the 3,993 locations targeted for fiber connections in Halifax County within three Phases. The Tobacco Commission funding will be used towards the local Match contribution for Phase 1 construction, allowing for grant funds to be expended within the first or second year of the project.

Financial Viability Assessment:

The initial fiber network installation is supported by 45% grant funds, 45% Empower/private partners, and 10% local funding. The main infrastructure cost is the fiber optic cable which has an almost infinite useful life. Therefore, operationally, Empower expects customer billings to be adequate to cover operational costs and debt services for their portion of the ISP investment.

Staff Recommendation:

Staff recommends approval of a \$540,598 grant award, conditioned on the closeout of grants #3385 and #3534 allowing for these funds to be repurposed for this award.

Dinwiddie County
Dinwiddie County's Universal Broadband Project (#4095)
\$1,024,854 Requested

Project Summary:

In March 2018 the Commission's approved a \$1,708,090 Research and Development grant (#3384), to support a wireless broadband network in Dinwiddie and Amelia Counties. The internet service provider in the original grant agreement was StraightUpNet, LLC. A revised grant agreement was executed in November 2019, with Wilkes Telephone Membership Cooperative and their subsidiary RiverStreet Communications of Virginia as the beneficiary. Amelia County is proceeding with their partnership with RiverStreet without requesting funding from the Commission. In January 2022, Dinwiddie County notified the Commission of the termination of their contract with RiverStreet. In November 2021, the Commission's then executive director committed that the Commission would consider a request to repurpose funding originally approved for the wireless network, to be used toward a wired solution that was part of a universal coverage plan project for the county. Staff requested a revised scope and budget for the reallocation of funding be provided, in January 2022 and again in March 2022, with the intension of including on Commission agenda in May 2022.

Dinwiddie County provided an update related to the requested revised scope to Commission staff in July 2022, indicating that they were awaiting determination from VATI on final funding to the county. DHCD had announced a \$7.5 million VATI award to Dinwiddie in December 2021. Meanwhile the county had requested \$10.5 million from the VATI program, and were waiting for a determination to increase the award amount. Leveraged funding on the \$7.5 million VATI award was identified as being provided by the Cameron Foundation and through the Commonwealth Connect Fund. A letter of support from Dinwiddie County submitted with the \$10.5 million application to VATI identified a \$781,820 match commitment from the county. Following a meeting with both Amelia and Dinwiddie Counties, in July 2022 Commission staff invited a new broadband application to be submitted for consideration at the October 2022 meetings.

Dinwiddie County is requesting their \$1,024,854 share of the \$1.7 million Tobacco Commission grant to be reallocated towards the \$3 million costs for the project areas that VATI was not able to support. These areas were excluded from the VATI award because they are being supported by federal RDOF grant funds that were awarded to RiverStreet Networks. DHCD's position is that public funds, whether state and federal funds, should not be used to overbuild fiber networks and instead focus are intended to be directed to areas that are unserved, and underserved. Dinwiddie challenged the DHCD award requesting that the \$3 million be added to their VATI award; and this was declined, unless RiverStreet defaults on a pending MOU.

Matching Funds:

- \$7,532,055 - DHCD Virginia Telecommunications Initiative
- \$781,820 - RuralBand
- \$650,000 - The Cameron Foundation

Project Outputs:

- Fiber construction in areas of Dinwiddie County without existing broadband access. This does not include census blocks awarded to an outside vendor through the RDOF auction.

Staff Comments:

When the revised broadband application was invited to be submitted, staff did not anticipate that this would be for the \$3 million portion of the unfunded VATI award which was challenged. DHCD is considered the lead agency for the Commonwealth of Virginia in evaluating distribution of state funding, and managing universal broadband coverage projects. Recognizing this role, it would not be appropriate for Tobacco Commission staff to make a funding recommendation that is contrary to VATT's decisions. Therefore, staff is not able to support the application submitted by Dinwiddie County. As an alternative, staff suggests a more appropriate approval for use of a portion of the available \$1 million in funding, would be to support the county's match contribution on the \$7.5 million VATI award. An April 22, 2022 letter from Dinwiddie County to DHCD's Office of Broadband confirmed a minimum match of \$781,820 by Dinwiddie County.

Financial Viability Assessment:

Prince George Electric Cooperative's broadband subsidiary, Rural Band would be responsible for operations of the constructed fiber network. The financial viability of the project is not an issue. Instead, the concern is that federal RDOF funds for broadband have already been awarded to serve this same area. Dinwiddie County requested \$3 million from VATI to support the projects costs which were declined due to concerns for public funds being used to overbuild an area.

Staff Recommendation:

Dinwiddie County is requesting \$1,024,854 for project costs that were declined to be supported by VATI, due to federal funding already committed to these areas. DHCD has been in negotiations with the ISP, RiverStreet, who won the RDOF funding and has entered into a Memorandum of Agreement regarding their responsibilities. If RiverStreet were to default on the MOU, then DHCD's position is that they would award the additional \$3 million to Dinwiddie County.

Staff is not able to recommend the \$1,024,854 grant request.

Commission staff has offered to Dinwiddie County to support a recommendation to approve a grant award of up to \$781,820 to support local match committed by Dinwiddie County, on the \$7.5 million VATI award, or on a \$10.5 million VATI award if the increased amount were approved. Staff is only able to support approval of a project approved for VATI funding. There is \$13,125,530 non-VATI matching funds included in the Derivation of Cost for the \$7,532,055 VATI award for Dinwiddie County. An April 22, 2022 letter from Dinwiddie County to DHCD's Office of Broadband identified a commitment to provide a minimum of \$781,820 matching funds.

Alternative: Staff recommends approval of a \$781,820 grant award, contingent on grant funds being limited to Dinwiddie County local match toward the approved VATI award during the eligible grant period; and contingent on grant #3384 being closed and deobligated.

OTHER BUSINESS

City of Emporia

Engineering for Norwood Site Utilities and Sitework (#3454)

\$130,000 Grant (Current Project Period: 9/19/2018 – 9/30/2022)

Project Summary:

The Commission's Special Projects committee approved a \$130,000 grant in September 2018 toward the \$260,000 cost to support engineering of utilities to provide water and sewer to the Norwood Property, and engineering for sitework. This 38 acre site is located adjacent to the Virginia 58 West within the City of Emporia, and is targeted for advanced manufacturing. The site is estimated to result in ~ 100 high paying jobs to improve the income levels in this area of the Tobacco Region. The industrial park is located in one of the state's designated Enterprise Zones and in an Opportunity Zone. A fourth year extension for the project was approved previously. A total of \$71,320 of grant funds have been paid and a balance of \$58,679 remains in the project account. The engineering for utilities portion of the project is completed; and 82% of engineering for the sitework is completed. The remaining work for the sitework is associated with DEQ and Corps of Engineers approval process, and changing requirements in legislation at the federal level. A fifth year extension is requested to allow time for completion of the sitework engineering.

Staff Recommendation:

Staff recommends approval of a fifth year extension to September 30, 2023.

Virginia Museum of Natural History Foundation

Outdoor Education Pavilion (#3457)

\$75,000 Grant (Current Project Period: 9/19/2018 – 9/30/2022)

Project Summary:

The Commission's Special Projects committee approved a \$75,000 grant in September 2018 toward the \$150,000 estimated cost for construction of the VMNH Outdoor Education Pavilion. The Pavilion is an extension of the museum and will include an open-air roof, flexible-use outdoor seating and exhibit materials interpreting the nature features of the adjacent J. Frank Wilson Park. A total of \$25K of grant funds have been drawn down to support A&E costs and the \$50K balance remains to support construction costs. A fourth year extension for the project was previously approved. The project is currently in the final approval process with the Virginia Department of General Services, which has oversight for construction on state owned properties. The contract bidding and selection process will be initiated as soon as DGS signs off on the final design. The project has taken longer than anticipated due to initial funding needing to be secured for match, followed by significant delays in the stages of approvals during the pandemic. The VMNH Foundation is requesting a fifth year extension to allow time for construction to be completed.

Staff Recommendation:

Staff recommends approval of a fifth year extension to September 30, 2023.