

# El Dorado County, EDA Grant Opportunity, Funding for Broadband Pilot Projects

June 2020

## Background Information

In December 2019, the Board directed staff to continue to pursue Broadband development in El Dorado County, including seeking a partnership with an investor and/or through grant opportunities to fund smaller priority areas or projects.

NEO Connect (NEO) has compiled a number of federal grant programs that are available for funding broadband infrastructure. A description of these programs is available under the Appendix of this report.

Most of the traditional federal grant programs administered either through the Federal Communications Commission (FCC), National Telecommunications and Information Administration (NTIA) and the USDA's Rural Utilities Service (RUS) rely on inaccurate mapping data provided by the service providers regarding whether an area is already served or receiving broadband services of greater than 10/1 Mbps in service.

The data is often inaccurate and incomplete because the information is self-reported on a quarterly basis by the service providers based upon **advertised speeds** rather than **actual speeds** provided to the end user. Also, the FCC's current methodology considers a census block served if at least one home or business in that census block has broadband access. To further exasperate the inaccuracy, the information is not independently verified outside of the FCC.

This imprecise data eliminates the eligibility for funding for all but 524 households within El Dorado County, even though over 34,000 households in the County still do not have access to adequate broadband service. There are several initiatives underway to change the way the data is reported to the FCC to improve the accuracy of the data. In March of 2020, the Broadband Deployment Accuracy and Technological Availability (DATA) Act was signed into law, requiring the FCC to dramatically change the manner in which data is collected and to improve the inaccurate broadband deployment maps.

Many of the broadband programs for last mile services (i.e. the USDA Community Connect Grant and the ReConnect Program) are planning to announce new rules and funding availability late this year with application deadlines targeted for the first quarter of 2021. It is too early to tell whether or not the new rules will provide for more households within El Dorado County to be eligible for funding. ***In the meantime, a new funding opportunity available in response to COVID-19 through the EDA CARES Act Recovery Assistance Grant, does not rely on this incorrect mapping data to apply for broadband infrastructure development.*** This grant may provide an opportunity for El Dorado County to develop a fiber optic pilot project.

## The EDA Cares Act Recovery Assistance Grant

In May of this year, in response to COVID-19, the Economic Development Authority (EDA) announced a new grant program of \$1.5 Billion for communities and regions whose businesses and economic situation has been inadvertently impacted by the pandemic. The EDA CARES Act Recovery Assistance Grant, formally titled the FY 2020 Public Works and Economic Adjustment Assistance Notice of Funding Opportunity (FY20 PWEAA NOFO) provides funding for development of initiatives and approaches to advance economic prosperity in distress communities.

EDA will assess the alignment of grant applications on a competitive basis based upon addressing **at least one** of the following investment priorities:

1. Recovery & Resilience: Projects that assist with economic resilience (including business continuity and preparedness) and long-term recovery from natural disasters and economic shocks to ensure U.S. communities are globally competitive.
2. Critical Infrastructure: Projects that establish the fundamental building blocks of a prosperous and innovation-centric economy and a secure platform for American business, including physical (e.g., **broadband**, energy, roads, water, sewer) and other economic infrastructure.
3. Workforce Development & Manufacturing: Projects that support the planning and implementation of infrastructure for skills-training centers and related facilities that address the hiring needs of the business community -- particularly in the manufacturing sector -- with a specific emphasis on the expansion of apprenticeships and work-and-learn training models. Also includes projects that encourage job creation and business expansion in manufacturing, including infrastructure-related efforts that focus on advanced manufacturing of innovative, high-value products and enhancing manufacturing supply chains.
4. Exports & FDI: Primarily infrastructure projects that enhance community assets (e.g., port facilities) to support growth in U.S. exports and increased foreign direct investment—and ultimately the return of jobs to the United States.
5. Opportunity Zones: Planning and implementation projects aimed at attracting private investment – including from Opportunity Funds – to grow businesses and create jobs in Census tracts that have been designated as Opportunity Zones. This includes targeted projects located within an Opportunity Zone; projects that, while not located within an Opportunity Zone, have a clear intent of benefitting nearby Opportunity Zone(s); and regional projects that encompass an area containing at least one Opportunity Zone with a clear intent of benefitting that Opportunity Zone. Opportunity Zones are designed to spur economic development by providing tax benefits to investors. For more information on Opportunity Zones and Opportunity Funds, see <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>.

The application window opened May 7<sup>th</sup> and applications are being accepted and evaluated on a first come, first service basis. Only state and local governments can apply for funding; private and non-profit companies are not eligible for the grant.

## Development of a Broadband Pilot Project

The EDA grant can be used for development of a fiber-optic infrastructure pilot project that enhances **telework, telemedicine and skilled workforce training**. Funds can be used for planning and technical assistance, design and engineering, and construction of telecommunications and broadband infrastructure, as long as construction is in the public right of way (i.e. not on private land). Funds can be used for publicly-owned telecommunications equipment, but not for equipment installed within

homes and/or businesses. For example, the following chart shows the total projected capital cost estimates for implementing a Fiber to the Premise (FTTP) network in one of the priority areas.

<b>FTTP Estimates, Priority Areas in Area 2</b>	<b>Chrome Ridge</b>	<b>Eligible for EDA Funding</b>
<b>Engineering</b>	\$ 1,628	Yes
<b>Aerial Construction Labor</b>	\$ 6,339	Yes
<b>Underground Construction Labor</b>	\$ 76,215	Yes
<b>Tech Services, Fiber Splicing Labor</b>	\$ 9,889	Yes
<b>Customer Premise Labor and Install Materials including Splitters</b>	\$ 17,351	No
<b>Outside Plant Materials</b>	\$ 39,345	Yes
<b>Electronics</b>	\$ 34,776	No
<b>Total Project Capital Costs Before Contingencies</b>	\$ <b>185,543</b>	
<b>Engr. Project Management, Construction Management, Permitting, As-builts</b>	\$ 9,277	Yes
<b>Administrative and Project Management (2%)</b>	\$ 3,711	Yes
<b>Contingency (20%)</b>	\$ 37,109	Yes
<b>Total Capital Costs</b>	\$ <b>235,640</b>	

All capital costs are eligible for funding with the exception of the electronics and the customer premise labor and install materials. These items are the fiber optic cable installed from the street or curb to the home or business which would be installed on private property. Other than the fiber on private property, the rest of the fiber construction would occur within the public right-of-way, and therefore, would be eligible for funding.

In many public-private partnerships for broadband development, the service provider has paid for these costs that are not eligible for funding under the EDA program. The service providers have paid for the fiber drops to the home, as well as the equipment to light the fiber. A formal and competitive Request for Proposal for service providers would be required to implement this program. The cost sharing arrangement would be specified in the Request for Proposal.

**Matching Funds.** There is a 20% match requirement for this program; however, the matching percentage may be reduced if the County can show that it has exhausted its effective taxing or borrowing capacity, the extent of the impact of the coronavirus pandemic on the region, or whether the region meets other thresholds for elevated need based on the relative economic distress of the region.

The applicant is responsible for demonstrating to EDA that a grant rate above 80% is justified by providing statistics and other appropriate information on the nature and level of economic distress in the region, including information regarding other recovery-related needs facing the region and the level of resources available to address those needs.

## Possible Project Areas and Funding Requests, Match Consideration

According to California’s EDA representative, Malinda Matson, the ideal project size is under \$5 Million in total capital costs.

The TAG Committee recommended putting forward a number of possible FTTP pilot projects for consideration to include in a grant application as well as possibly funding final design and engineering for the densely populated areas and priority areas within El Dorado County.

Given these considerations, below is a summary of the total capital costs and match considerations for a number of possible FTTP projects for the areas that lack broadband. These areas were classified as priority areas under the Strategic Broadband Plan.

### Funding a Pilot FTTP project:

	Total Capital Costs	80% Grant	20% Match	10% Match	# of Homes	# of Commercial Parcels	# of Industrial Parcels	Total # of Parcels
Chrome Ridge	\$ 183,688	\$ 146,950	\$ 36,738	\$ 18,369	23	2	3	28
Coloma	\$ 1,027,886	\$ 822,308	\$ 205,577	\$ 102,789	41	4	0	45
Cool	\$ 4,617,429	\$ 3,693,943	\$ 923,486	\$ 461,743	512	18	5	535
Garden Valley	\$ 3,203,968	\$ 2,563,174	\$ 640,794	\$ 320,397	332	9	2	343
Georgetown	\$ 16,487,219	\$ 13,189,775	\$ 3,297,444	\$ 1,648,722	882	46	16	944
Georgetown Smaller Section	\$ 2,347,231	\$ 1,877,785	\$ 469,446	\$ 234,723	211	43	13	267
Greenwood	\$ 965,497	\$ 772,398	\$ 193,099	\$ 96,550	46	5	1	52
Latrobe	\$ 379,712	\$ 303,770	\$ 75,942	\$ 37,971	11	1	0	12
Pilot Hill	\$ 750,509	\$ 600,407	\$ 150,102	\$ 75,051	44	2	0	46
Pleasant Valley	\$ 1,555,996	\$ 1,244,797	\$ 311,199	\$ 155,600	143	5	2	150
Rescue	\$ 2,463,309	\$ 1,970,647	\$ 492,662	\$ 246,331	390	3	1	394
Sommerset	\$ 1,035,032	\$ 828,026	\$ 207,006	\$ 103,503	40	7		47
Fairplay	\$ 2,006,060	\$ 1,604,848	\$ 401,212	\$ 200,606	99	7	1	107

The areas with a larger number of commercial and industrial parcels are highlighted above.

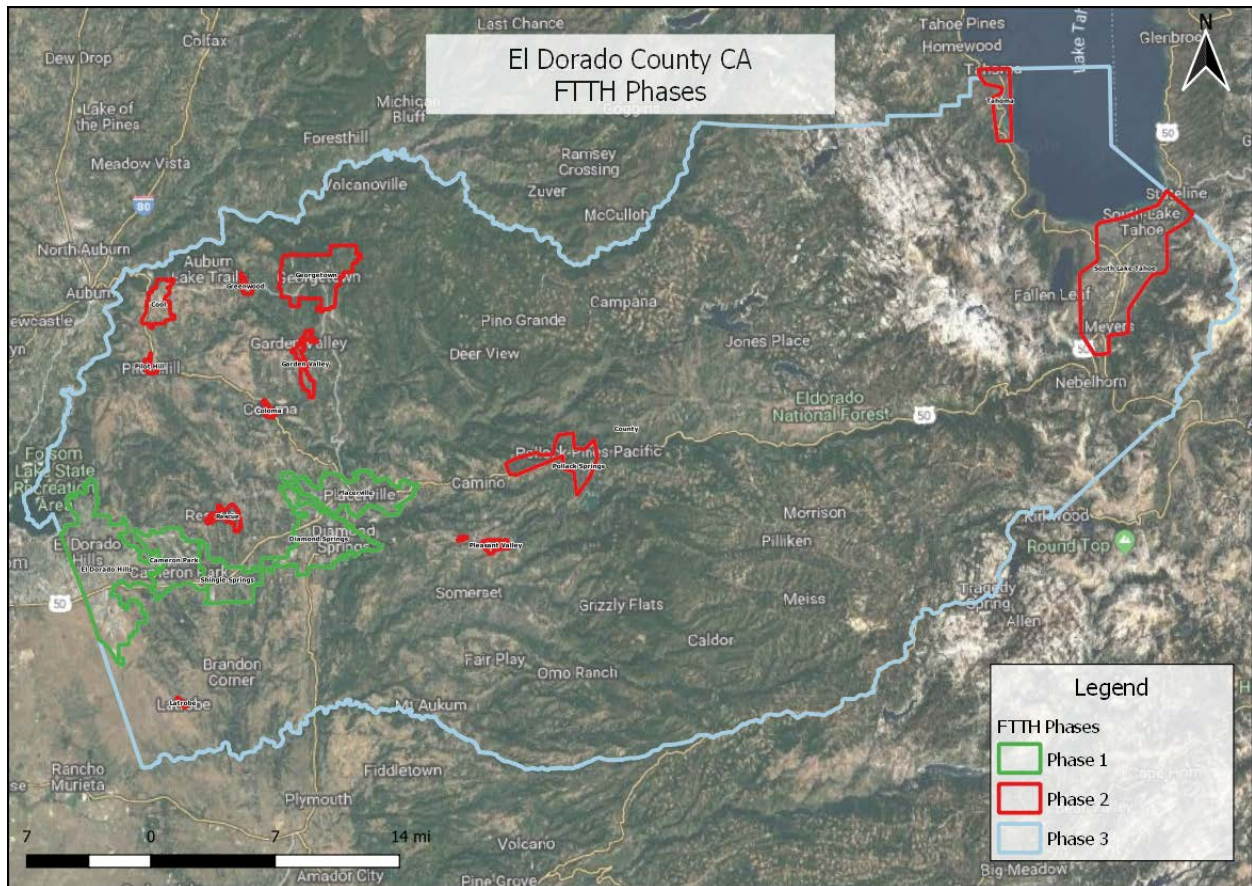
### Funding Final Design and Engineering for the Priority Areas and Densely Populated Areas

Below is the budget for final design and engineering for these areas. This budget does not include engineering in the very rural areas in west and east El Dorado County.

Priority Areas	Densely Populated Areas	Total
\$ 1,972,600	\$ 2,468,268	\$ 4,440,868

## In Closing

GIS maps of the various projects and their boundaries is available. The priority areas are encircled in red below. The more densely populated areas are shown in green.



The EDA grant represents an excellent opportunity to address lack of broadband service in many parts of El Dorado County.