

State of Arizona
Performance Report

Capital Projects Fund
2023 Report

Table of Contents

Executive Summary.....	3
Uses of Funds.....	3
Promoting Equitable Outcomes.....	4
Labor.....	6
Community Engagement.....	6

Executive Summary

The State of Arizona is utilizing nearly \$100 million of the Capital Projects Fund to invest in the Arizona Broadband Development Grant (ABDG) Program. ABDG is a competitive grant program designed to help Arizona communities establish and accelerate the enhancement of broadband infrastructure, which strengthens their capacity and competitiveness for economic growth and ultimately improves economic conditions and quality of life in rural Arizona. The ABDG provides grants to partially fund qualifying broadband projects that will enhance the connectivity for Arizona's citizens, businesses, healthcare institutions, government establishments, and education sectors. This significant investment will contribute to bridging the digital divide.

The program is administered by the State Broadband Office within the Arizona Commerce Authority (ACA). The grant is broken out into two categories that include rural broadband infrastructure and urban broadband infrastructure: (i) Rural infrastructure construction, which includes projects in Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, Yavapai and Yuma counties and (ii) Urban infrastructure construction in Maricopa and Pima counties.

Uses of Funds

The State of Arizona was strategic and collaborative in designing the \$100 million ABDG Program. \$75 million was allocated toward projects in rural areas and \$25 million was allocated toward projects in urban areas. The prioritization of funding toward rural areas of the state put Arizona in a prime position to have middle-mile infrastructure in order to connect with households more efficiently when last-mile infrastructure became available under the Broadband, Equity, Access, and Development (BEAD) program funding.

Below are the key milestones of activities performed during this reporting period:

- The State Broadband Office solicited proposals from potential subrecipients and selected subrecipients through a vigorous review process. A total of 84 proposals were received and evaluated by an evaluation committee.
- Twenty eligible projects were selected to receive an award. Fourteen rural projects were awarded with a maximum award of \$10 million and six urban projects were awarded with a maximum award of \$5 million.
- Contracts are being executed with selected subrecipients.

During the next reporting period, below are the anticipated activities to be performed:

- The grants management solution will be live for subrecipient utilization.
- Subrecipients will begin executing projects and building out broadband infrastructure in accordance with their approved application.
- Review of all projects to allocate unallocated funds.

Both rural and urban households will benefit from the ABDG program. More specifically, programs will provide broadband service to unserved or underserved areas. The ABDG Program prioritizes unserved and underserved communities, affordability of the offered service, and higher broadband. These factors will be used in data collection to evaluate the success of the projects.

All subrecipients will be required to report on a quarterly basis:

- The number of residential and businesses served for which new broadband infrastructure was made available.
- Lists of community anchor institutions, communities, and federally-recognized tribes now served.
- Network speeds available at each address now served.
- Total number of miles of fiber, coax, or wireless network deployed.

In conjunction with the ABDG Program funded by CPF, the ACA is utilizing State Digital Equity Planning and BEAD Planning funds to reach communities across Arizona. Through the facilitation of virtual webinars, in-person listening sessions, electronic and paper surveys, and general outreach, the ACA has been able to engage with rural, urban, tribal, and suburban communities to maximize the use of the infrastructure investment made with CPF funds.

Arizona's prioritization of funding toward rural areas of the state puts communities in a prime position to have middle-mile infrastructure in order to connect with households more efficiently when last-mile infrastructure became available under the Broadband, Equity, Access, and Development (BEAD) program funding.

Promoting Equitable Outcomes

The State of Arizona is home to 22 federally recognized Native American tribes covering over 19,000,000 acres, accounting for one quarter of the state. The largest of these tribes is the Navajo Nation, with a population of more than 100,000. According to the National Broadband Map, less than 4% of those residing on Navajo land have access to reliable broadband.¹

In addition to providing broadband access across tribal lands, the ACA recognizes that Arizona's rural communities do not have equitable access to affordable and reliable high speed internet. In 2020, 99% of residents in Maricopa, Arizona's largest County, had access to broadband. In

1

<https://www.ntia.gov/blog/narrowing-digital-divide-navajo-nation#:~:text=Data%20from%20the%20Nationa%20Broadband,3%20megabits%20per%20second%20downstream.>

contrast, rural counties, such as La Paz and Greenlee, had only 50% access to broadband, and Apache County's population had less than 30% access.²

"Too many of our rural communities are being left behind because they don't have the infrastructure they need like high-speed internet." -Governor Katie Hobbs

The objective of the ACA Statewide Middle-Mile Broadband Program is to provide access to affordable, reliable high speed internet to the estimated 347,797 residents of Arizona's 13 rural counties while ensuring access is equitably distributed to historically underserved tribal communities.³

The ACA has conducted listening sessions and roundtables to gather feedback from stakeholders in the project areas. Listening sessions were held statewide with a focus on rural Arizona to ensure ACA captured feedback from these communities. In addition, several virtual sessions were held to gather feedback from organizations representing covered populations, including veterans, seniors, persons with disabilities and individuals who have been incarcerated.

The ACA used multiple strategies to promote community awareness of the program including a detailed website and outreach through social media, communications were sent through multiple sources from general distributions lists to targeted community organizations that were able to effectively reach populations that are traditionally more difficult to reach.

The ACA also listed the following strategies in the Strategic Plan for the Arizona Broadband Statewide Middle-Mile program to ensure equal and practical community outreach and marketing of available services:

- Find potential ways to bridge the broadband coverage gaps.
- Continue to engage with local governments, electric co-ops, and private sector partners that are interested in developing state routes to address network development, network redundancy, and expand existing network(s).

The State of Arizona is still in the planning phase of the BEAD and Digital Equity programs and methods to quantify and qualify outcomes are being developed. ACA is conducting surveys and interviews of local governments, internet service providers, nonprofits and community members to solicit feedback to assess the need and then the progress made on closing the broadband gap in Arizona. While the ABDG Program is designed to provide significantly stronger speeds to all regions in the geographically diverse state, Arizona is focused on investments to bridge the digital divide for underserved and unserved communities.

²

https://github.com/microsoft/USBroadbandUsagePercentages/blob/master/dataset/broadband_data_2020October.csv

³

<https://publichealth.arizona.edu/news/2018/celebrating-rural-communities-arizona#:~:text=Rural%20communities%20are%20wonderful%20places,to%20benefit%20the%20greater%20good.>

Labor

Ensuring strong labor practices in accordance with the U.S. Department of the Treasury's guidance for State and Local Governments is required by subrecipients of the ABDG Program. Subrecipients are required in their contracts to utilize the U.S. Department of Labor's workforce regulations and follow the provisions for Contract Work Hours and Safety Standards outlined in 2 CFR 200. Subrecipients are encouraged to prioritize employers that meet high safety standards, hire local workers and workers of disadvantaged communities, utilize direct employment of their workforce and utilize employers that have no recent violations of federal and state labor and employment laws.

Community Engagement

During the evaluation of proposals, one criteria the Evaluation Committee used to score each proposal was their "Demonstration of Local Support". This included letters of support from local business, community, and elected leadership; the extent of the Applicant's cash match to be furnished by sources other than the Applicant; and Community and anchor tenant service commitments that would help promote sustainability of the project.

The ACA held multiple outreach sessions with stakeholders to share information on broadband infrastructure projects. Webinars were held with the County Supervisors Association, League of Cities and Towns as well as in person meetings with state and local government stakeholders.

The ACA also conducted listening sessions to gather feedback from stakeholders in the project's areas. The listening sessions were held statewide with a focus on rural Arizona to ensure ACA captured feedback from these communities. In addition, several virtual sessions were held to gather feedback from organizations representing covered populations, i.e., veterans, seniors, persons with disabilities and incarcerated individuals.

In order to sustain, improve, and grow community engagements, the State Broadband Office under ACA will continue to administer surveys through local governments and internet service providers to ensure participation from the communities for competitive and equitable broadband access across the state. The ACA will also host several [roundtable discussions](#) in conjunction with the League of Arizona Cities and Towns to further enhance collaboration and create innovative ideas to effectively administer unprecedented investments in broadband services.

In the coming year, the State of Arizona, under the leadership of Governor Hobbs, will establish the Broadband Advisory Council to sustain, improve, and grow community engagement efforts in the subsequent performance year. This council will gather diverse leaders in the broadband industry from all across the state to ensure that Arizonans have equitable access to high speed internet to improve quality of life.