

Application to DHCD Submitted through CAMS

Gloucester County

Gloucester County VATI Project

Application ID: 39711292016141339
Application Status: Pending
Program Name: Virginia Telecommunications Initiative
Organization Name: Gloucester County
Organization Address: 6467 Main Street
Gloucester, VA 23061
Profile Manager Name: Christi Lewis
Profile Manager Phone: (804) 693-5730
Profile Manager Email: clewis@gloucesterva.info

Project Name: Gloucester County VATI Project
Project Contact Name: Christi Lewis
Project Contact Phone: (804) 693-5730
Project Contact Email: clewis@gloucesterva.info
Project Location: Route 17 @ 14671 GWM Hwy North to Middlesex Co.
Gloucester, VA 23061-6102

Project Service Area: Gloucester County

Total Requested Amount: \$193,094.00
Required Annual Audit Status: Accepted

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Budget Information:

Cost/Activity Category	DHCD Request	Other Funding	Total
Telecommunications	\$193,094.00	\$146,462.00	\$339,556.00
Construction	\$172,778.00	\$131,135.00	\$303,913.00
Other: Equipment and Engineer Design	\$20,316.00	\$15,327.00	\$35,643.00
Total:	\$193,094.00	\$146,462.00	\$339,556.00

Budget Narrative:

Please refer to Attachments/Documentation for in-kind contribution, including value(s) and source of match funds.

Questions and Responses:

1. Project Area

A map and description of the proposed geographic area including specific boundaries of the project area e.g.; street names, local and regional boundaries, etc. Explain why and how the project area(s) was selected. Attach a copy of your Map(s)

Answer:

Please refer to Attachment/Map(s) of project area which consists of defined project area, including specific boundaries of the proposed project area, identifies physical locations of potential customers residences and infrastructure.

The specific unserved area selected (U.S.Route 17 at 14671 GWM Highway from Glenss, VA, north to Middlesex County, VA) is part of a major transportation route along a corridor of statewide significance. The proposed project will provide 300/30mbps high-speed broadband availability to 101 homes and an estimated eight local businesses. DSL/LTE services sporadically available in parts of this area lack reliability, consistency and speed/strength to be effective, especially for business use. The businesses along this route would significantly benefit from broadband services. **(Please refer to Attachments/Optional: Business Letter of Support** that indicates that Bay Design Group, an engineering, surveying and land planning business has a need for affordable high-speed internet in the proposed area and that their business would benefit from the proposed project, as would other local businesses in the area.)

Additionally, access to high-speed broadband in this unserved area will help to increase future economic development potential along this major transportation corridor. The area was selected based on the lowest cost per benefit ratio of total costs per potential customer base connections. The cost benefit analysis was used as an objective strategy to prioritize and select the most appropriate unserved area to be included in this grant process.

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2. Describe population both in terms of absolute numbers within the project area and the likely users that will be served by the proposed project. Indicate the numbers of residential, businesses and community anchor institutions the proposed project will pass in the project area. Estimate the overall expected subscriber projections for the project and the basis for the projections.

Answer:

The proposed network will pass 101 homes as well as an estimated eight local businesses. It is anticipated that the expected subscriber/user numbers will be high due to the current lack of high speed internet access in the area and the numerous low-cost promotional offers that Cox makes available to new residential customers. Additionally, Cox offers discounted internet (\$9.95) through the Connect2Compete program for qualifying families with a student (K-12) receiving free or reduced lunch through the National School Lunch Program.

3. Has the locality where the proposed project area is located been designated to receive funding through Connect America? The applicant must provide supporting documentation proving the VATI project area is NOT to be served by Connect America Funding.

Answer:

Gloucester County has not been designated to receive funding through Connect America.

Please refer to Attachments/Proposed Project Area Unserved by Connect America. The attached map identifies the areas where some of the nation's largest phone companies, also known as price cap carriers, accepted Phase II support from the FCC's Connect America Fund to provide broadband and voice service over the next six years. Gloucester County is not included in the areas being funded.

4. Discuss the benefits to the community. For example, the applicant should discuss how broadband availability will help foster economic development and how the use of broadband applications is relevant to residents, businesses, telemedicine, teleworking/telecommuting, public schools, distance learning, e-commerce, e-government, public safety, tourism, entertainment, etc.

Answer:

Consistent and high quality broadband service (300/30mbps) will be provided to the unserved area which consists of residences and several businesses. No connection fees or additional charges will be assessed by Cox

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Communications to new customers other than the monthly service charge. Current businesses will significantly benefit from access to high-speed broadband and consistent and reliable internet services. Additionally, broadband access along the Route 17 corridor will foster economic development opportunities not available at this time in the area. Access to consistent and high-quality broadband will also be a benefit to families with school-aged children needing access for educational purposes. (Please note that Cox offers discounted internet (\$9.95) through the Connect2Compete program for qualifying families with a student (K-12) receiving free or reduced lunch through the National School Lunch Program.) The proposed project will also be of benefit for telecommuting and/or home-based businesses, which currently are not possible due to inferior internet connectivity.

Please refer to Attachments/Optional: Business Letter of Support. Bay Design Group, an engineering, surveying and land planning business indicates that there is a need for affordable high-speed internet in the proposed area and that their business would benefit from the proposed project, as would other local businesses in the area.

5. Need

To be eligible for VATI, applicants must demonstrate that the proposed project area(s) is unserved. An unserved area is defined as an area with speeds <10 Mbps/1 Mbps. Provide a list of the broadband service providers, if any, currently serving the area the applicant proposes to serve and the available broadband speeds.

Answer:

Please refer to Attachment/Map(s) of schematic of existing broadband providers. The attachment lists all available residential providers in Gloucester County to include: AT&T, Verizon, Sprint, and T-Mobile for mobile internet service; HughesNet, Exede, and DISH for satellite internet access; and Verizon and Cox for wired providers. For businesses, providers are Verizon (DSL), Cox (cable) and enterprise provider "lighttower" for fiber. According to the CIT maps and the Census Blocks, which are part of the attachment, the designated area is covered by 4G LTE and DSL provided by Verizon and other wireless providers as note above. However, the coverage areas are subject to network and transmission limitations, including cell site signal strength and unavailability, particularly in remote areas and inside buildings. Additionally, Cox Communications would provide substantially and consistently higher quality broadband coverage and faster service of up to 300/30mbps, not available through any other provider.

6. Project Description

A statement whether the proposed project is targeting the "last mile," "middle mile," or "backbone" portion of the

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broadband infrastructure. This statement should also indicate whether the facilities involved would be owned, rented or leased.

Answer:

The proposed project is targeting the "last mile" portion of broadband infrastructure and the facilities will be owned by Cox Communications.

Please refer to Attachments/Optional: Cox Communications Partnership Letter. Cox Communications has agreed to partner with Gloucester County for the proposed project and indicates in the letter that the proposed project targets "last mile" portion of Cox's broadband infrastructure and Cox Communications is the owner.

7. A description of the broadband service to be provided, including estimated download and upload speeds, whether that speed is based on dedicated or shared bandwidth, and the technology that will be used. This description should be illustrated by a map or schematic diagram, as appropriate.
 - i. If the application proposes a wireless broadband service, provide a list of all broadband service providers that overlap the footprint of the proposed wireless broadband project. If known, provide an estimate of the customers within the proposed footprint that are served by competing broadband service providers.
 - ii. If the application proposed a wireless broadband service, provide a list of all facilities-based landline telecommunications providers that overlap the footprint of the proposed wireless broadband project. Describe the extent to which any facilities-based landline telecommunications providers are currently offering a digital subscriber line (DSL) or cable broadband service within the footprint of the proposed wireless broadband project.

Answer:

Please refer to Attachments/Map(s) of project area, including proposed infrastructure.

The proposed construction will be a last mile hybrid fiber-coax (HFC) network owned by Cox Communications and capable of providing residential and commercial customers with download speeds up to 300Mbps and upload speeds of up to 30 Mbps through the Docsis 3.0 platform. The network will be designed with fiber to the node and coax will be used to reach each resident or business. Businesses will have the option of requesting dedicated fiber services to their facility for an additional cost. Residents and businesses will also benefit from future speed

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increases as Cox works toward deploying Docsis 3.1 in the coming years which will enable customers to access gigabit speeds over the existing HFC architecture. This network will also enable customers to access video, telephone, and home security/automation services that Cox offers.

8. Provide a description of the network system design used to deliver broadband service from the network's primary Internet point(s) of presence to end users, including the network components that already exist and the ones that would be added by the proposed project. Also describe specific advantages of using this technology.

Answer:

Through the video franchise with Gloucester County, Cox Communications has built and maintained a hybrid fiber-coax (HFC) network in the County for over 15 years. This network has enabled Cox to offer video, data, telephony, and home security/automation services to residents. This grant will allow Cox to extend the network to an area of the County that is currently unserved by the HFC plant. Utilizing an HFC network is the most cost-effective way to deploy high-speed broadband to a large number of users; maximizing the level of service customers can access, the reliability of that service, and helping to keep the costs for those services as low as possible for our customers.

Services are delivered over the Cox network from one of several hubsites that Cox owns and operates in Hampton Roads. This hubsite is fed from Cox's national fiber backbone which provides several redundant connections to Hampton Roads. Cox trains and employs engineers and technicians to ensure we maintain a 99.999% network reliability. The network and hubsite are monitored both locally and nationally 24 hours a day and 365 days a year.

9. Project Timeline

What is the current state of project development (i.e. planning, preliminary engineering, final design, etc.). Prepare a detailed project timeline or construction schedule, which identifies specific tasks, staff, contractor responsible(s), collection of data, etc., and estimated start and completion dates. The timeline should include all activities being completed by June 20, 2017

Answer:

Please refer to Attachment/Project Management Plan. The plan demonstrates a commitment to reach the June 20th completion date with a steady and phased-in progress of work to include: creating project account, performing field survey for construction, completing Dominion Power pole application process, designing project, securing VDOT permits and private property easements, ordering project materials, setting power supply units, performing aerial and underground construction, activating the network, and releasing the addresses for service.

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Cox Communications personnel overseeing the planning and construction phases have thoroughly reviewed the project management plan and timeline to confirm that all resources are available to complete the project on time and by June 20, 2017.

10. Project Budget

Applicants shall provide a detailed budget as to how the grant funds will be utilized, including an itemization of equipment and construction costs and a justification of proposed expenses.

Answer:

Please refer to Attachment/Derivation of Costs. Total project expenditures are \$339,556 with \$193,094 of VATI revenues requested and \$146,462 Non-VATI/Cox Matching revenue funds utilized. Expenditures include: construction of 1,056 feet of new overhead fiber, 15,300 feet of new coaxial network and 13,900 feet of new underground coaxial network; adding two (2) system power supply units; and performing network engineering, design and make-ready. Costs included in the budget are based on previously negotiated prices/rates which Cox uses for all new construction in the region. Leveraging the current agreements Cox already has in place with its existing vendors ensures the project is done at the lowest possible cost.

11. A summary showing the revenue source, including estimated VATI grant funds and matching funds, for each expenditure itemized above.

Answer:

Please refer to Attachment/Supporting Documentation of Cost Estimates. The attachment lists each expenditure noted above with total costs, VATI revenue, non-VATI revenue/match, type and source of match.

12. Matching funds: A description of the matching funds the applicant and co-applicant will invest in the proposed project, (VATI funding cannot exceed 80% of total project cost)

- i. For each element of matching funds in the description, indicate the type of match (cash, salary expense, or in-kind contribution).
- ii. Identify whether the applicant or co-applicant is responsible for providing each element of the proposed matching funds.

Answer:

Please refer to Attachments/(1)Documentation for in-kind contribution, including value(s) and (2) Documentation of source of match funding.

The **Supporting Documentation of Cost Estimates document** lists each expenditure noted in #10 with total costs, VATI revenue, non-VATI revenue/match, type and source of match. Any permit fees levied by the county

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will be waived and the County will coordinate with Cox Communications to secure easements as part of in-kind County contribution.

13. Applicant and Co-Applicant: A description of the public-private partnership involved in the project.
 - i. If the partnership is formalized in a written agreement provide a copy of that agreement.
 - ii. If the partnership has not been formalized, provide a short description of the project management role, financial commitment, or other contribution to the project for the applicant and co-applicant and any additional partners.

Answer:

The County of Gloucester is working with Cox Communications, a nationally recognized provider of digital cable television and telecommunications services. Cox Communications is the third largest telecommunications corporation in the United States, serving more than 6.2 million customers, including 3.5 million internet subscribers. Cox and Gloucester County entered into their first cable television franchise agreement, and partnership in 2005. Since that time the county and Cox have experienced a collaborative and mutually beneficial working relationship. The unserved area identified is in the northern portion of the county, and is rural in nature. Cox Communications has been greatly challenged to provide broadband services to certain rural areas and this grant opportunity presents a viable means and solution to expand services where it would otherwise be financially unfeasible.

Please refer to Attachments/ Documentation of relationship: This compilation of documents includes (1) Letter from the County Administrator acknowledging partnership with Cox Communications and collaborative process to expand needed broadband services to the northern area of the county and support by the Gloucester Board of Supervisors; (2) Board of Supervisors Resolution authorizing grant proposal for 2017 VATI Program with Cox Communications as a partner/co-applicant; (3) Letter from Cox Communications verifying partnership with Gloucester County and long-term relationship; (4) Gloucester County Cable Television Franchise Agreement with Cox Communications demonstrating 15+ years of continuous partnership relationship; and (5) Media articles related to the grant application.

The project management role will be shared. Cox Communications will manage project design, construction and service provision to customers. Gloucester County will serve as the fiscal agent, contract administrator, and provide project oversight to ensure strict compliance with local ordinances and grant requirements, as well as ensure project completion by June 20, 2017. Cox will provide well in excess of the minimum 20% required grant match. Gloucester County will provide in-kind services such as waving any permit fees levied by the county, assisting Cox in securing easements and staff time dedicated to project and fiscal management.

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14. Identify key individuals, including name and title, who will be responsible for the management of the project. Describe their role and responsibilities for the project. Present this information in table format.

Answer:

Please refer to Attachments/Optional: Gloucester County & Cox Key Individuals for Contact. The table identifies the key players in the proposed project to include:

Gloucester County Fiscal Agent: Stephanie Tinsley, Director of Finance

Gloucester County Grant/Project Manager: William Wright, Technology Network/VOIP Administrator

Gloucester County Cox Liaison: Christi Lewis, Director of Community Engagement

Cox Communications Project Managers: Anthony Crish, Planning & Construction Supervisor and Bart Drummond, Construction Planner

Cox Communications Government/Gloucester Liaison: Barrett Stork, Director for Government & Regulatory Affairs

15. A description of applicant and co-applicant's history or experience with managing grants and constructing broadband communications facilities in the Commonwealth of Virginia and elsewhere.

Answer:

Please refer to Attachments/Optional: Gloucester County Grant History.

Gloucester County has extensive experience managing grants, as noted in attachment. A few examples were provided including: FEMA Mitigation Program (\$6.5 million); VDOT Transportation Enhancement (\$1.3 million); Virginia Department of Fire Programs Burn Building (\$216,857). These are just a few of the many grants Gloucester County has secured and fiscally managed successfully to completion.

Cox Communications is the third largest cable television company in the United States and provides video and telecommunications services in Hampton Roads, Northern Virginia, and Roanoke. Cox has been operating in Hampton Roads for more than 30 years and continues to invest heavily in its network. In the past 10 years alone, Cox has invested more than \$1.52 billion dollars in its Virginia network. These investments have not only allowed Cox to continue upgrading broadband speeds, it has allowed Cox to be the first national provider to begin deploying one gigabit ("Gigablast") broadband to residents in Virginia. Cox will continue investing in the network to ensure gigabit broadband is available to all customers throughout the Cox footprint in Virginia within the next

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several years. Offering Gigabit speed is nothing new for Cox, it has been offering businesses access to multi-gigabit services for years through dedicated fiber lines.

16. Service

Describe the Internet service offerings to be provided after completion of this project and your price structure for these services. The service offerings should include all relevant tiers.

Answer:

Please refer to Attachments/Optional: Internet Service Offerings.

Cox offers three (3) tiers of service plans for residential: Cox Internet Essential at \$39.99 monthly; Preferred at \$59.99 monthly; and Ultimate at \$79.99 monthly. For businesses, there are also three (3) plans: Internet 15 at \$134.99 per month; Internet 30 at \$64.99 per month for 12 months; and Internet 60 at \$94.99 per month for 12 months. It is important to note that Cox offers discounted internet (\$9.95) through the Connect2Compete program for qualifying families with a student (K-12) receiving free or reduced lunch through the National School Lunch Program.

17. Any other equitable factor that the applicant desires to include.

Answer:

N/A

Attachments:

Derivation of Costs

GloucesterDerivationofCostsWorksheet12202016112614.xlsx

Project Management Plan

ProjectManagementPlanGloucesterCounty1220201692101.xlsx

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Supporting Documentation of Cost Estimates

GloucesterDerivationofCostsWorksheet12202016114047.xlsx

Map(s) of project area, including proposed infrastructure

GloucesterCountyCoxMapsCombined12192016105016.pdf

Map(s) of schematic of existing broadband providers (inventory of existing assets)

ExistingBroadbandProvidersandMaps1220201695833.pdf

Documentation of relationship between applicant and co-applicant (formal or informal)

DocumentationofRelationship122020169370212202016121921.pdf

Audited Financial Statement/Reviewed Financial Statement of Balance Sheet

FY2016CAFR12152016105418.pdf

Two most recent Form 477 submitted to FCC

FCCForm477SubmissionProofCoxCommunications12152016111736.pdf

Documentation for in-kind contribution, including value(s)

ProjectManagementPlanGloucesterCounty12202016113959.xlsx

Documentation of source of match funding

ProjectManagementPlanGloucesterCounty12202016114008.xlsx

Documentation that proposed project area is unserved based on VATI criteria

ExistingBroadbandProvidersandMaps12202016114126.pdf

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Documentation that the proposed project area is not designated for Connect American Funging (CAF) or does not have other state or federal resources for construction

ConnectAmericaFundPhaseII12152016111443.pdf

(Optional) || Internet Service Offerings

InternetServiceOfferings12202016114157.pdf

(Optional) || Business Letter of Support

CoxBusinessSupport12202016114240.pdf

(Optional) || Cox Communication Partnership Letter

CoxCommunicationPartnershipLetter12202016115515.pdf

(Optional) || Gloucester and Cox Key Individuals and Contacts

GloucesterCoxKeyIndividualsContacts12212016100029.pdf

(Optional) || Gloucester County Grant History

GloucesterCountyGrantHistoryExamplesforVATIApplication12212016100209.pdf