

State of Minnesota

Performance Report

Capital Projects Fund

2024 Report

State of Minnesota
2024 Performance Report

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Executive Summary

This report details the State of Minnesota's use of its American Rescue Plan Act (ARPA) Capital Projects Fund (CPF) allocation. The State's goal with the CPF investment is to expand broadband infrastructure to unserved and underserved communities through three broadband infrastructure grant programs and one community facilities grant program. The Office of Broadband Development administers the broadband infrastructure programs, and the Department of Education administers the Community Facilities program. Together these programs work to comprehensively closing the digital divide in Minnesota.

OBD Activities

For Fiscal Year 2024, Minnesota Office of Broadband Development (OBD) managed CPF sub-grantee award dollars in the amount of \$118,855,652 from the total amount of \$180,702,620 allocated in 2022. In addition to the Border-to-Border Program (\$82 million CPF funds) and Low Population Density Program (\$30 million), Minnesota OBD rolled out the new Line Extension Program (\$15.311 million). Round 1 and 2 of the Line Extension Program have been awarded in FY24 in the amount of \$7,500,443, encompassing about 50% of the funds available for that program. In total OBD has utilized CPF to fund 66 grant projects that will impact 30,645 locations across the state, each with their own broadband story of impact. One such story is part of our first completed CPF project, a line extension grant that funded builds to three households and a business.

Meet Brad and Ann. Owner-operators of the 12 Mile Tavern and thrilled broadband customers, thanks to the CPF-funded Minnesota Line Extension Program



Located twelve miles between the cities of Long Prairie and Little Falls, Minnesota, the 12 Mile Tavern owners Brad and Ann, are thrilled with what getting connected to broadband means for their business. Fast, reliable internet has enabled more efficient business operations and enhanced customer facing services on everything from an ATM machine to internet connected dart league play, to e-tabs that benefit local charities.

A landmark in the area since 1938, 12 Mile Tavern has a storied history. Then in 2023, 12 Mile Tavern got connected to broadband!



The following table captures the expenditures for the reporting period. CPF dollars have been spent on administrative costs as well as infrastructure projects. Of the total CPF dollars allocated to the state in the amount of \$180,702,620.00, Minnesota has drawn down a total (OBD only) of \$16,993,156.79 or about 9% of state funds. We expect that number to increase exponentially in the upcoming Fiscal Year, as grantees complete their builds and closeout projects, and more Line Extension projects are added to the existing active 65 CPF grants.

FY24 Minnesota Office of Broadband Development CPF funding

FY24	Administrative Costs	Sub-grantee Projects	Quarterly Total
Quarter 1 7/1/23-9/30/23	\$685,301.86	\$4,348,763.25	\$5,034,065.11
Quarter 2 10/1/23-12/31/23	\$141,495.33	\$4,787,499.56	\$4,928,994.89
Quarter 3 1/1/24-3/31/24	\$97,269.47	\$4,155,174.36	\$4,252,443.83
Quarter 4 4/1/24-6/30/24	\$201,390.72	\$2,576,262.24	\$2,777,652.96
Total 7/1/23-6/30/24	\$1,125,457.38	\$15,867,699.41	\$16,993,156.79

Objectives stated in the Program Plan Narrative

1. Minnesota Broadband Goal – Universal Access and High Speed

It is a state goal that no later than 2022, all Minnesota businesses and homes have access to high-speed broadband that provides minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second; and no later than 2026, all Minnesota businesses and homes have access to at least one provider of broadband with download speeds of at least 100 megabits per second and upload speeds of at least 20 megabits per second.

At the initial creation of the Border-to-Border program,

- 92% of households and businesses had access to a moderate level of service that meets the state’s 2022 broadband goals of 25 Mbps download and 3 Mbps upload or 25/3.
- However, only 74% of rural homes and businesses had access at this minimum definition.
- The state as a whole had only 88% of homes and businesses meeting the 2026 broadband goal of access to 100 Mbps/ 20 Mbps service.

OBD has a contract with Connected Nation that produces updated datasets every six months (April and October). As of the date of this report the April 2024 data is not published, so the following data are updates current as of October 2023.

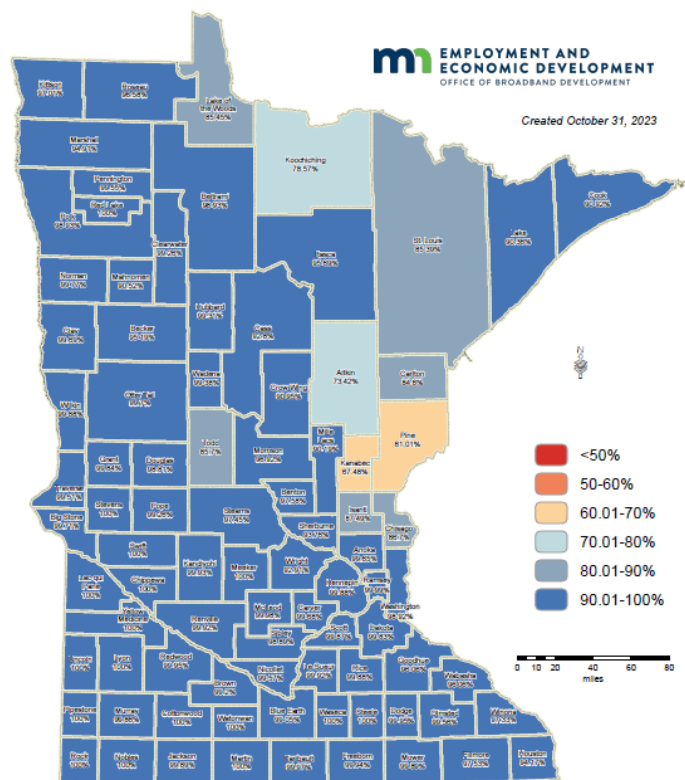
From OBD's map entitled *2023 Broadband Availability in the State of Minnesota: Percentage of Residential Locations Served by Fixed, Non-Mobile Broadband Service by County At Least 25 Mbps Download/3 Mbps Upload Speeds Statewide Availability: 96.91%, Rural: 92.19%*

- From 92% to 96.9% availability at 25/3 statewide, an **increase of 4.9%**
- From 74% to 92.2% availability at 25/3 for rural, an **increase of 18.2%**
- From OBD's map entitled, *2023 Broadband Availability in the State of Minnesota Percentage of Residential Locations Served by Fixed, Non-Mobile Broadband Service by City/Township At Least 100 Mbps Download/20 Mbps Upload Speeds Statewide Availability: 91.17%, Rural: 77.13%*
 - From 88% of homes and businesses at 100/20 statewide to 91.2% availability at 100/20 statewide, an **increase of 3.1%**

These increases in broadband availability can be attributed to the continued work of MN OBD. We anticipate these numbers to increase as we complete more of the projects throughout the state.

2023 Broadband Availability in the State of Minnesota

Percentage of Residential Locations Served by Fixed, Non-Mobile Broadband Service by County
At Least 25 Mbps Download/3 Mbps Upload Speeds
Statewide Availability: 96.91%, Rural: 92.19%



This map was prepared by Connected Nation under contract with the Minnesota Department of Employment and Economic Development. The map represents areas of broadband service availability based on provider data submitted to and analyzed by Connected Nation. This release reflects updates received as of October 2023.

Residential locations are based on classifications from the FCC Fabric Version 3.2. Classified as either Residential or Mixed. Fabric location data provided by CostQuest Associates, Inc., all rights reserved.

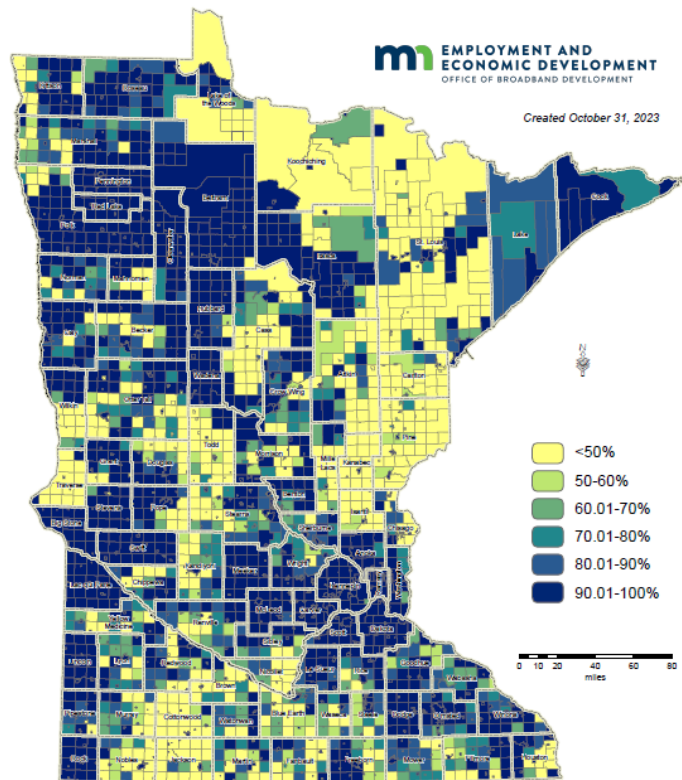
Additional maps and data are available at <http://mn.gov/deed/programs-services/broadband/maps>. Upon request, this information can be made available in alternate formats for people with disabilities by contacting the DEED Office of Broadband Development at 651-259-7610.

Submit questions or recommended changes to: DEED.broadband@state.mn.us

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2023 Broadband Availability in the State of Minnesota

Percentage of Residential Locations Served by Fixed, Non-Mobile Broadband Service by City/Township
At Least 100 Mbps Download/20 Mbps Upload Speeds
Statewide Availability: 91.17%, Rural: 77.13%



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2.Minnesota Broadband Goal – State Broadband Leadership Position

It is a goal of the state that by 2022 and thereafter, the state be in: the top five states of the United States for broadband speed universally accessible to residents and businesses; the top five states for broadband access; and the top 15 when compared to countries globally for broadband penetration.

In the *2024 US News & World Report* MN Ranked #19 in Internet Access, #13 in Broadband Subscription Rate, #32 in Access to Gigabit Internet. Source: [Rankings: Internet Access - Best States \(usnews.com\)](https://www.usnews.com/rankings/broadband/best-states)

FY24 Key Outcomes



May 29, 2024 Groundbreaking ceremony with Round 8 grantee, Federated REA – Jackson County (Grant award \$7,068,222). Pictured above: Carol Bossuyt (DEED – Office of Broadband Development), Senator Bill Weber, Troy Rasmussen (Federated Broadband), Scott Reimer (Federated REA), Ryan Suess (Foxtail Utilities), Phil Nasby (Jackson County Commissioner), and Dave Hanson (President of Federated REA), Shawn Deslauriers (Midwest Utility Services/TD&I), Chris Konechne (Finley Engineering), Scott McClure (Jackson County Commissioner)

Progress Updates:

Grantees are making good progress on grants. Table highlights average progress percentage toward the project schedule for each round by program.

Average Grant Project Progress Made toward Project Schedule by Round			
Program Plan	Border to Border	Low Density Pilot	Line Extension
Round 7/Round 1	56%	NA	69%
Round 8/ Round 2	43%	16%	23%
Round 3	NA	NA	Accepting Applications*

*Status as of June 30, 2024

Smaller projects are nearing completion:

- 1 grant finished and closed out (3 homes, 1 business, 100% take rate)
- 10 grants pending close . Grants in this status are expected to close within the next quarter and just need field validation or other required administrative report (closeout report, final reimbursement request, etc.) to close-out the projects consisting of 1,676 location connections.
- 55 grants currently being administered with a cumulative total of 28,965 connections.

Provider and Community financial match/leverage

- Local partners matched in local funding **CPF Line Extension Rounds 1 and 2 total \$3,342,801**
- Combined total of local matching funds for all CPF projects is **\$145,959,899**.

OBD Noteworthy Challenges or Opportunities

Administration Challenges

- Due to the large number of grants being administered, and the influx of additional federal dollars from the IJA, MN OBD has added six more staff during this fiscal year. Four of the six personnel are Grants Administrators.
- The influx of federal funding across multiple program such as E-ACAM, ReConnect, Community Connect; has resulted in more changes post contract each round of OBD awarded CPF. This is noted in Use of Fund project detail where applicable.
- The timing of the roll out of the location data sheet reports after we contracted for Round 7 made securing accurate location data from Round 7 grantees challenging.

Notable Challenges for sub-grantees

- Winter 2022-2023 caused delays or shortened construction seasons (which are already limited in our climate) due to extreme weather conditions.
- Contractor, labor, materials, and supplies shortages
- Unexpected rocks underground due to glacial till and rocky terrain requiring new equipment.
- Sub-grantees reported considerable delays with their projects due to NEPA and permitting approvals.

o OBD Response to Permitting Challenges

In response to the grantees' permitting challenges, OBD took the opportunity to work with various state permitting agencies and held a 4-session webinar in April 2024 entitled, *Broadband Development Tuesday Training Series: Navigating PLUS (Permitting, Land Use, and State Systems)*. In this webinar series, agency experts provided an overview of their agency, and information on current processes, timelines, goals, and best practices working on broadband projects and with broadband grantees. The state and tribal agencies OBD partnered with included Minnesota Department of Transportation, State Historic Preservation Office, Minnesota Indian Affairs Council, Minnesota Historical Society, the Office of the State Archaeologist, and Department of Natural Resources. These recordings remain available for grantees at the following link: <https://mn.gov/deed/programs-services/broadband/webinars/>

Uses of Funds

Program Plans

Program Plan Name	Program Number	Program Dates	Amount Allocated	Current Status
Border-To-Border Broadband Development Grant Program	CPF-GP-000062	1/28/22-12/31/26	\$86,042,000	Awarded
B2B Lower Population Density Pilot Program	CPF-GP-000267	11/1/22-12/31/26	\$29,350,000	Awarded
Line Extension Connection Program	CPF-GP-000189	11/1/22-12/31/26	\$15,311,000	In Process
Multi-Purpose Community Facilities (MDE grant)	CPF_GP-000307		\$49,999,620	Pending Awards
Total			\$180,702,620	

Border-to-Border Broadband Development Grant Program

Updated 2022 CPF Grant Projects Awarded*

<u>Grantee</u>	<u>Project Name</u>	<u>Locations Served</u>	<u>Project #</u>	<u>Grant Award Amount</u>
Ace Telephone Association (AcenTek)	Rural Dakota Exchange FTTP Project	608	BCPF-22-0001-K-FY23	\$3,218,201
Benton Cooperative Telephone Company	Borgholm Township Project	440	BCPF-22-0002-K-FY23	\$1,118,289
Benton Cooperative Telephone Company	Golden Spike - Mayhew Lake	395	BCPF-22-0003-K-FY23	\$1,264,602
Benton Cooperative Telephone Company	Northwestern Benton County Project	21	BCPF-22-0004-K-FY23	\$77,726
Benton Cooperative Telephone Company	Ronneby (Oak Park) Project	67	BCPF-22-0005-K-FY23	\$170,623
Bevcomm, Inc. dba Bevcomm	Rural Le Sueur County Broadband Project - Ph 2	222	BCPF-22-0006-K-FY23	\$941,576
Blue Earth Valley Tel. Co. and Cannon Valley Telecom, Inc, dba Bevcomm	Rural Faribault and Martin Counties Fiber Expansion Project - Phase Three	373	BCPF-22-0007-K-FY23	\$1,444,030
Consolidated Telephone Company	CTC Woods to Waters Broadband Initiative	1,804	BCPF-22-0008-K-FY23	\$4,857,030
East Central Energy	Isanti North	2,486	BCPF-22-0009-K-FY23	\$4,982,371
East Central Energy	Kanabec Central	2,563	BCPF-22-0010-K-FY23	\$4,403,000
East Central Energy	Pine South	2,535	BCPF-22-0011-K-FY23	\$4,750,000

East Otter Tail Telephone Co. dba Arvig	Otter Tail County Area Fiber Build	271*-	BCPF-22-0012-K-FY23	564,227*
Farmers Mutual Telephone Company	Chippewa County Rural FTTP Project	636	BCPF-22-0013-K-FY23	\$4,728,186
Federated Telephone Cooperative	Kandiyohi County West FTTP Project	645	BCPF-22-0014-K-FY23	\$4,913,506
Gardonville Coop. Telephone Association	Nelson	300	BCPF-22-0015-K-FY23	\$1,212,338
Harmony Telephone Company	North Preston Rural FTTP	112	BCPF-22-0016-K-FY23	\$1,129,740
Melrose Telephone Co. dba Arvig	Stearns County Area Fiber Build	2,149	BCPF-22-0017-K-FY23	\$4,974,570
Midcontinent Communications	Midco Forest Lake	323	BCPF-22-0018-K-FY23	\$975,131
Midcontinent Communications	Midco Isanti County	562	BCPF-22-0019-K-FY23	\$1,647,321
Mille Lacs Energy Cooperative	Phase 6 MLEC Fiber to the Home	250	BCPF-22-0020-K-FY23	\$1,231,818
Nuvera Communications, Inc.	Belle Lake and Hutchinson East FTTP	454	BCPF-22-0021-K-FY23	\$1,840,250
Nuvera Communications, Inc.	Brown County FTTP	678	BCPF-22-0022-K-FY23	\$3,839,000
Nuvera Communications, Inc.	Cedar Lake Township FTTP	572	BCPF-22-0023-K-FY23	\$2,436,427
Nuvera Communications, Inc.	Nicollet County RTF DTF FTTP	91	BCPF-22-0024-K-FY23	\$479,011
Otter Tail Telecom LLC	North Fergus Falls	1,186	BCPF-22-0025-K-FY23	\$3,381,661
Paul Bunyan Communications	Northern Minnesota GigaZone Fiber	218	BCPF-22-0026-K-FY23	\$529,920
Redwood County Telephone Co. dba Arvig	Redwood County Area Fiber Build	1,870	BCPF-22-0027-K-FY23	\$1,336,037
Runestone Telephone Association	Herman-Dumont	406	BCPF-22-0028-K-FY23	\$2,493,637
Tekstar Communications, Inc. dba Arvig	Nowthen Area Fiber Build	81	BCPF-22-0029-K-FY23	\$219,727
Tekstar Communications, Inc. dba Arvig	Sherburne County Clear Lake & Haven Townships Area Fiber Build	212	BCPF-22-0030-K-FY23	\$858,883
Tekstar Communications, Inc. dba Arvig	Sherburne County - Elk River Area Fiber Build	42	BCPF-22-0031-K-FY23	\$217,061
Wikstrom Telephone Co. Inc	Wiktel NW MN Broadband 2022	150	BCPF-22-0032-K-FY23	\$665,699
TOTAL	22,722*- 125 = 22,597	22,597		\$66,901,598

The descriptions for the 2022 CPF Grants projects can be found on the Office of Broadband Development website <https://mn.gov/deed/programs-services/broadband/grant-program/>

*Data may include figures revised from what was awarded and/or contracted as a result of newly awarded funding from other programs.

2023 CPF Grant Projects Awarded*

<u>Grantee</u>	<u>Project Name</u>	<u>Locations Served</u>	<u>Project #</u>	<u>Grant Award Amount</u>
Benton Cooperative Telephone	Benton County South of Trunk Hwy 23	836	BCPF-23-0010-FY23	\$2,988,275
East Central Energy	Isanti South	1,990	BCPF-23-0011-FY23	\$4,900,000
Meeker Coop Light & Power	French Lake Twp Wright Co.	525	BCPF-23-0012-FY23	\$1,270,132
Meeker Coop Light & Power	Harrison Township	216	BCPF-23-0013-FY23	\$533,959
Runestone Telephone Assoc.	Stearns County West Phase 2	628	BCPF-23-0014-FY23	\$4,800,000
TOTAL		4,195		\$14,492,366

The descriptions for the 2023 CPF Grants projects can be found on the Office of Broadband Development website
<https://mn.gov/deed/programs-services/broadband/grant-program/>

Lower Population Density Pilot Program

2023 CPF Grant Projects Awarded:

<u>Grantee</u>	<u>Project Name</u>	<u>Locations Served</u>	<u>Project #</u>	<u>Grant Award Amount</u>
702 Communications	Western Clay County including Kragnes Township	369	BCPF-23-0001-FY23	\$2,624,830
Federated Rural Electric Assoc.	Jackson County FTTP	480	BCPF-23-0002-FY23	\$7,068,222
Garden Valley Tech	GVT-Warren SW	96	BCPF-23-0003-FY23	\$1,488,322
Interstate Telecommunications Company	Yellow Medicine County West FTTH Project	483	BCPF-23-0004-FY23	\$4,988,174
Meeker Coop Light & Power	Lake Elizabeth-Lake Lillian Twp	185	BCPF-23-0005-FY23	\$1,428,066
Paul Bunyan Rural Telephone Coop (pending contract)	Paul Bunyan Communications Rural GigaZone Fiber	646	BCPF-23-0006-FY23	\$5,569,281
Red River Rural Telephone Assoc.	North Wilkin County	128	BCPF-23-0007-FY23	\$2,227,363
Red River Rural Telephone Assoc.	Rural Campbell	86	BCPF-23-0008-FY23	\$2,035,500
Wikstrom Telephone Co.	Wiktel NW MN Broadband 2023	199	BCPF-23-0009-FY23	\$2,531,488
TOTAL		2,672		\$29,961,246

The descriptions for the 2023 CPF Grants projects can be found on the Office of Broadband Development website
<https://mn.gov/deed/programs-services/broadband/grant-program/>

Broadband Line Extension Connection Program

2023 Round 1 Line Extension Awards and Updates*

<u>Grantee</u>	<u>Project Name</u>	<u>Locations Served</u>	<u>Project #</u>	<u>Grant Award Amount</u>
Arvig - East Otter Tail Telephone Co.	RD1 LECP	26	BCPF-23-LE01-FY24	\$172,220.48
Arvig - Loretel Systems, Inc.	RD1 LECP	7	BCPF-23-LE02-FY24	\$65,841.18
Arvig - Osakis	RD1 LECP	9	BCPF-23-LE03-FY24	\$24,756.40
Arvig - Redwood County Tel.	RD1 LECP	1	BCPF-23-LE04-FY24	\$20,222.99

Arvig - Tekstar Communications	RD1 LECP	74	BCPF-23-LE05-FY24	\$542,433.10
Arvig - Twin Valley Ulen Tel.	RD1 LECP	1	BCPF-23-LE06-FY24	\$17,087.56
Bevcomm, Inc. dba Bevcomm	Bevcomm - RD1 LECP	11	BCPF-23-LE07-FY24	\$85,734.78
Farmers Mutual Telephone Coop.	Farmers RD1 LECP	1	BCPF-23-LE10-FY24	\$4,800.00
Federated REA Coop.	Federated Broadband RD1 LECP	29	BCPF-23-LE11-FY24	\$62,263.25
Federated Telephone Coop.	Fed Tel RD1 LECP	15	BCPF-23-LE09-FY24	\$138,000.00
Hiawatha Broadband Comm. (HBC)	RD1 LECP	138*	BCPF-23-LE12-FY24	1,173,169.32*
Johnson Telephone	Johnson RD1 LECP	1	BCPF-23-LE13-FY24	\$24,010.44
Mediacom	Mediacom RD1 LECP	37	BCPF-23-LE14-FY24	\$190,501.15
Midco - Midcontinent Comm.	Midco-Scandi Columbus RD1 LECP	21	BCPF-23-LE15-FY24	\$166,800.00
Otter Tail Telecom	Otter Tail RD1 LECP	4	BCPF-23-LE16-FY24	\$38,361.70
Paul Bunyan Telephone Co.	PBC RD1 LECP	10	BCPF-23-LE17-FY24	\$86,286.00
Savage Communications, Inc. (SCI)	SCI RD1 LECP	104	BCPF-23-LE18-FY24	\$354,445.72
Sytek Communications	Sytek RD1 LECP	4	BCPF-23-LE19-FY24	\$57,348.00
Wikstrom Telephone Co. Inc. (Wiktel)	Wikstrom RD1 LECP	1	BCPF-23-LE20-FY24	\$14,568.07
19 Providers		494		\$3,238,850.14

*Data may include figures revised from what was awarded and/or contracted as a result of newly awarded funding from other programs.

2024 Round 2 Line Extension Awards with Update*

<u>Grantee</u>	<u>Project Name</u>	<u>Locations Served</u>	<u>Project #</u>	<u>Grant Award Amount</u>
Arvig - Tekstar	RD2 LECP	69	BCPF-24-LE01-K-FY24	\$543,244.99
Consolidated Tel. Co. (CTC)	RD2 LECP	371*	BCPF-24-LE02-K-FY24	\$1,566,707.81*
Federated REA	RD2 LECP	2	BCPF-24-LE04-K-FY24	\$8,169.72
Federated Telephone Coop.	RD2 LECP	5	BCPF-24-LE05-K-FY24	\$58,200.00
Garden Valley Tel.	RD2 LECP	17	BCPF-24-LE06-K-FY24	\$198,972.51
JTN	RD2 LECP	15	BCPF-24-LE07-K-FY24	\$81,089.31
Mediacom	RD2 LECP	25	BCPF-24-LE08-K-FY24	\$625,000.00
Meeker Vibrant	RD2 LECP	33	BCPF-24-LE09-K-FY24	\$202,423.82
Midco Midcontinent Comm. (pending contract)	RD2 LECP	132	BCPF-24-LE10-K-FY24	\$591,149.00
MLEC Mille Lacs Electric Coop.	RD2 LECP	1	BCPF-24-LE11-K-FY24	\$17,946.00
Savage Communications (SCI)	RD2 LECP	10	BCPF-24-LE12-K-FY24	\$182,766.86
SE MN Wifi	RD2 LECP	3	BCPF-24-LE13-K-FY24	\$54,800.00
Sytek	RD2 LECP	4	BCPF-24-LE14-K-FY24	\$73,776.00
13 Providers		687		\$4,357,471.02

*Data may include figures revised from what was awarded and/or contracted because of newly awarded funding from other programs to one or more locations

MDE Activities

The Governor's office also allocated \$50 million of Minnesota's CPF funding to be used for Multi-purpose Community Facilities Projects to Support Community Revitalization, Connectedness and Equity by Promoting Education, Work and Health to be administered by the Minnesota Department of Education. The 2023 Legislature authorized spending authority to MDE for \$45 million in State Fiscal Years 2024 and 2025.

The CPF funding for Multi-purpose Community Facilities is directed by the state legislature to support alignment of many related efforts across our state to center community and meet family needs. In particular, this funding is focused on investing in communities with critical needs exacerbated by the COVID-19 public health emergency. Capital Projects Fund grant awards to community organizations will infuse funding into these communities to create comfortable and welcoming community hubs where youth, families, and community members will feel at home and be able to access supports for education, work and health focused on advancing family economic stability, whole person well-being, connections and education opportunity.

Specifically, the Capital Projects Funds in Minnesota will be dedicated to family [and community] resource centers as defined by the federal government: "Family resource centers are community-based or school-based, flexible, family-focused, and culturally sensitive hubs of support and resources that provide programs and targeted services based on the needs and interests of families. Family resource centers, sometimes called family support centers, family centers, parent-child resource centers, libraries, or parent education centers, serve diverse populations and are located in a variety of community settings, including school buildings, hospitals, housing projects, restored buildings, and new structures."

For this reporting period, the Minnesota Department of Education has worked in collaboration with seven regional subgrantees to design a two-tiered process for the regional subgrantees to administer competitive capital projects grant opportunities across Minnesota's 13 economic development regions. While the regional subgrantees are expert community hubs dedicated to grantmaking with community needs at the center, this is the Minnesota Department of Education's first time entering into a partnership of this nature. The Department is committed to setting these new partnerships up for success from the very beginning and will continue negotiations, clarifications, and orientation activities with the regional subgrantees through the summer 2024 months. Partners share the growing concern that *time is of the essence* to announce the CPF Multi-purpose Community Facilities competitive grant opportunities and promote this funding to the communities across Minnesota that are ready to invest in building spaces where they are committed to providing education, work, and health monitoring services to their communities and families.

The Minnesota Department of Education anticipates the CPF Multi-purpose Community Facilities regional subgrants will be executed by September 2024, and the regional subgrantees will announce grant opportunities and make grant awards for the CPF Multi-purpose community facilities in late 2024 and early 2025. Further details on the competitive grant opportunities are private data until they are published.

Minnesota MDE has drawn down a total of \$11,572.61 of funds. We expect that number to increase in the upcoming Fiscal Year, as grants are awarded.

FY24 Minnesota Department of Education CPF funding

FY24		Administrative Costs
Quarter 1	7/1/23-9/30/23	\$0
Quarter 2	10/1/23-12/31/23	\$320.39
Quarter 3	1/1/24-3/31/24	\$6,456.65
Quarter 4	4/1/24-6/30/24	\$4,795.57
FY 2024	7/1/23-6/30/24	\$11,572.61

Promoting Equitable Outcomes

It has been well established that there exists a critical need for access to high-quality internet that is necessary for full participation in school, healthcare, employment, social services, government programs, and civic life. As a general guide, many of the communities who are benefiting from the capital funding are considered rural communities and after 8 years of funding broadband infrastructure are in areas most difficult to build a business case to serve. [USDA definition of rural areas as population of 2500 inhabitants ([USDA ERS - What is Rural?](#))].

Due to the remote nature of many of these households, businesses, farms and anchor institutions, these areas typically do not get the same level of broadband infrastructure expansion as would urban centers due to the high cost to deploy. Broadband service providers tend to overlook investments into these areas and need the grant program in order to make the business case to invest in this critical infrastructure.

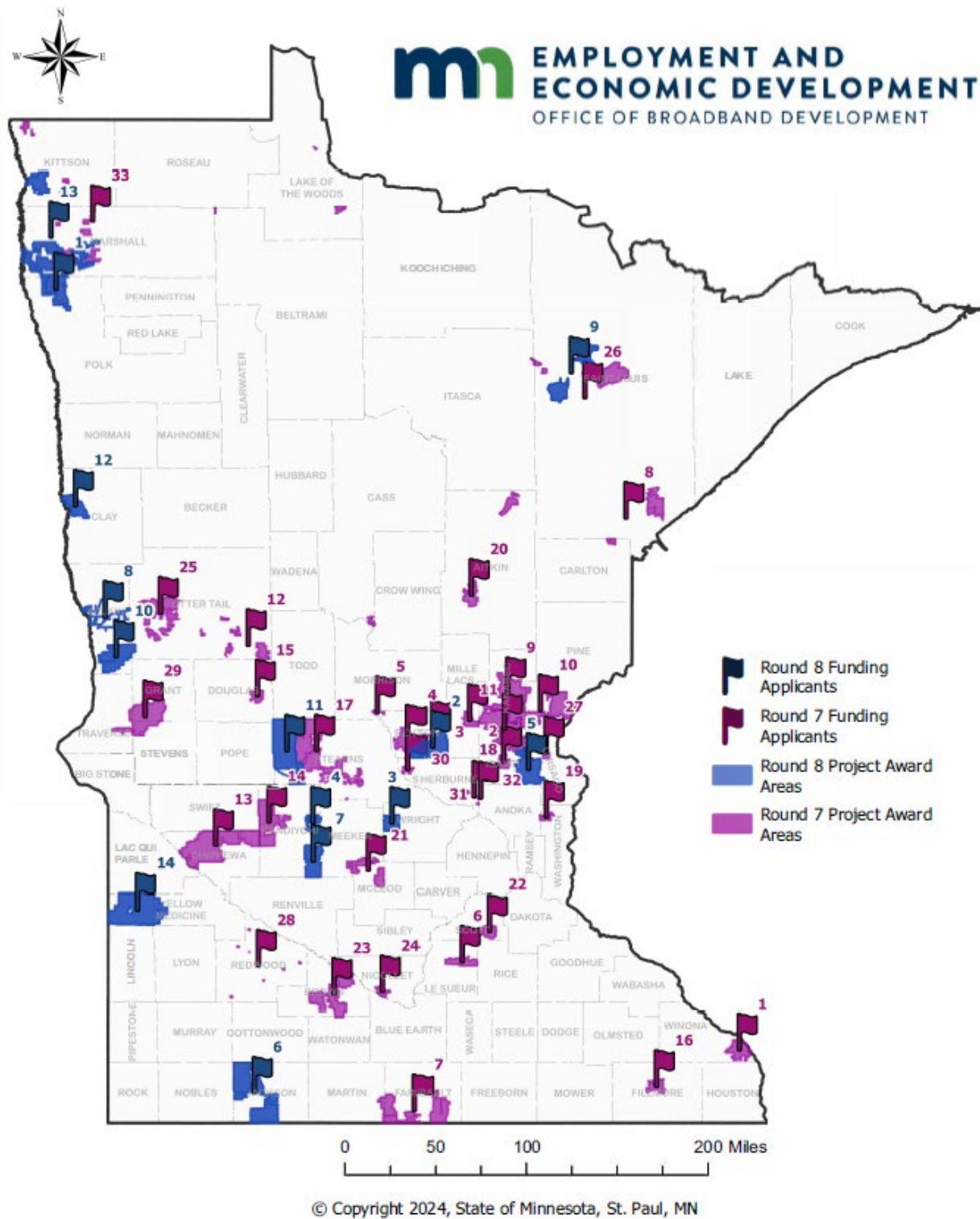
In addition to the need for high-speed internet for education, healthcare, employment, social services, government programs, etc., many of these locations are also agricultural producers who use precision agriculture technologies and will benefit from adequate connectivity that results in reduced production costs and greater output.

The programs funded by CPF grants including the Low-Density and Line Extension programs are designed to make it easier for an ISP to make the business case to serve hard to reach and sparsely populated areas of the state. Line Extension also enables a resident to register for the program as an individual location and document their critical need in an appeal to gain service. The CPF funding for these targeted grants is enabling 1,186 locations to be served with Line Extension so far and will extend broadband services to another 2,672 of some of the lowest density households in the state through the Low-Density program. Households that otherwise would remain on the other side of the digital divide.

CPF funded Projects are geographically disbursed around the state as demonstrated on the maps that follow.

CPF Grant Project Maps

Round 7 and 8 Project Awarded Areas



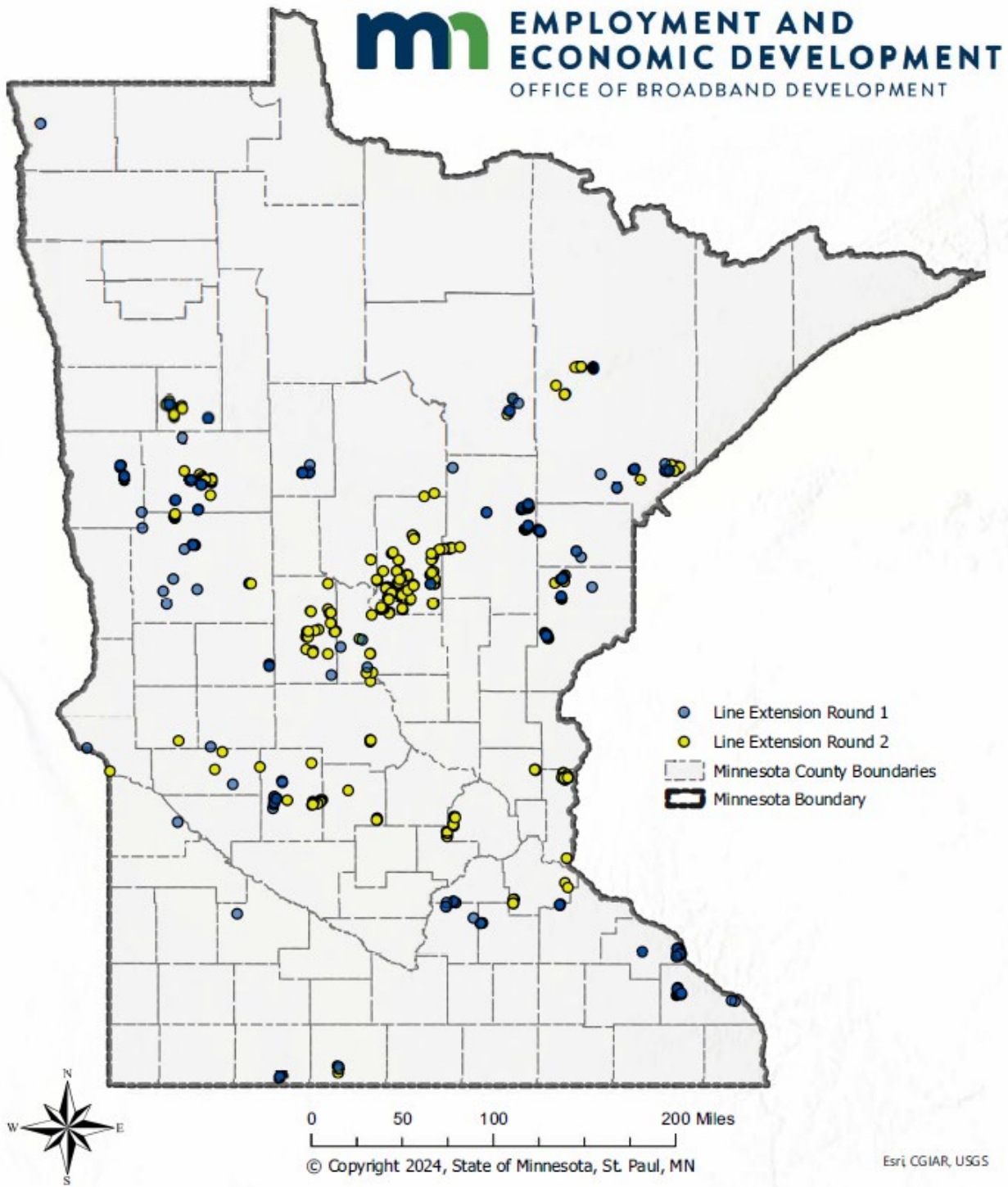
On January 24, 2025, the Minnesota Supreme Court held that 68 members are necessary to constitute a quorum of the House.
This document reflects proceedings that occurred before that decision was issued and are no longer active.
See Simon v. Demuth, No. A25-0066 (Minn. Jan. 24, 2025) (consolidated with Hortman et al. v. Demuth et al., No. A25-0068) .

Round 7 Project Awards				
Flag Number	Round	Applicant	Project Name	Amount Awarded
1	RD 7	Ace Telephone Association, Inc.	Rural Dakota Exchange FTTP Project	\$3,218,201
2	RD 7	Benton Cooperative Telephone Company	Borgholm Township Project	\$1,118,289
3	RD 7	Benton Cooperative Telephone Company	Ronneby (Oak Park) Project	\$170,623
4	RD 7	Benton Cooperative Telephone Company	Golden Spike - Mayhew Lake	\$5,000,000
5	RD 7	Benton Cooperative Telephone Company	Northwestern Benton County Project	\$77,726
6	RD 7	Bevcomm, Inc. dba Bevcomm	Rural Le Sueur County Broadband Expansion Project - Phase Two	\$941,576
7	RD 7	Blue Earth Valley Telephone Co., dba Bevcomm and Cannon Valley Telecom, Inc., dba Bevcomm	Rural Faribault and Martin Counties Fiber Expansion Project - Phase Three	\$1,444,030
8	RD 7	Consolidated Telephone Company	CTC Woods to Waters Broadband Initiative	\$4,857,030
9	RD 7	East Central Energy	Kanabec Central	\$4,403,000
10	RD 7	East Central Energy	Pine South	\$4,750,000
11	RD 7	East Central Energy	Isanti North	\$4,982,371
12	RD 7	East Otter Tail Telephone Co. dba Arvig	Otter Tail County Area Fiber Build	\$1,140,705
13	RD 7	Farmers Mutual Telephone Company	Chippewa County Rural FTTP Project	\$4,728,186
14	RD 7	Federated Telephone Cooperative	Kandiyohi County West FTTP Project	\$4,913,506
15	RD 7	Gardonville Cooperative Telephone Association	Nelson	\$1,212,338
16	RD 7	Harmony Telephone Company	North Preston Rural FTTP	\$1,129,740
17	RD 7	Melrose Telephone Co. dba Arvig	Stearns County Area Fiber Build	\$4,974,570
18	RD 7	Midcontinent Communications	Midco Isanti County	\$1,647,321
19	RD 7	Midcontinent Communications	Midco Forest Lake	\$975,131
20	RD 7	Mille Lacs Energy Cooperative	Phase 6 MLEC Fiber to the Home	\$1,231,818
21	RD 7	Nuvera Communications, Inc.	Belle Lake and Hutchinson East FTTP	\$1,840,250
22	RD 7	Nuvera Communications, Inc.	Cedar Lake Township FTTP	\$2,436,427
23	RD 7	Nuvera Communications, Inc.	Brown County FTTP	\$3,839,900
24	RD 7	Nuvera Communications, Inc.	Nicollet County RTF DTF FTTP	\$479,011
25	RD 7	Otter Tail Telcom, LLC	North Fergus Falls	\$3,381,661

26	RD 7	Paul Bunyan Communications	Northern Minnesota GigaZone Fiber	\$529,920
27	RD 7	Qwest Corporation dba CenturyLink QC	Centurylink City of Harris	\$465,814
28	RD 7	Redwood County Telephone Co. dba Arvig	Redwood County Area Fiber Build	\$1,336,037
29	RD 7	Runestone Telephone Association	Herman-Dumont	\$2,493,637
30	RD 7	Tekstar Communications, Inc. dba Arvig	Sherburne County Clear Lake & Haven Townships Area Fiber Build	\$858,883
31	RD 7	Tekstar Communications, Inc. dba Arvig	Sherburne County - Elk River Area Fiber Build	\$217,061
32	RD 7	Tekstar Communications, Inc. dba Arvig	Nowthen Area Fiber Build	\$219,727

Round 8 Project Awards				
Flag Number	Round	Applicant	Application	Amount Awarded
1	RD 8	Garden Valley Technologies	2023 Rural Warren South West	\$1,488,322.00
2	RD 8	Benton Cooperative Telephone	Benton County South of Trunk Highway 23	\$2,988,275.00
3	RD 8	Meeker Coop Light & Power	French Lake Twp Wright Co.	\$1,270,132.00
4	RD 8	Meeker Coop Light & Power	HarrisonTownship	\$533,959.00
5	RD 8	East Cental Energy	Isanti South	\$4,900,000.00
6	RD 8	Federated Rural Electric Assoc.	Jackson County FTTP	\$7,068,222.00
7	RD 8	Meeker Coop Light & Power	Lake Elizabeth-Lake Lillian Twp	\$1,428,066.00
8	RD 8	Red River Rural Telephone Assoc.	North Wilkin County	\$2,227,363.00
9	RD 8	Paul Bunyan Rural Telephone Coop	Paul Bunyan Communications Rural GigaZone Fiber	\$5,569,281.00
10	RD 8	Red River Rural Telephone Assoc.	Rural Campbell	\$2,035,500.00
11	RD 8	Runestone Telephone Assoc.	Stearns County West Phase 2	\$4,800,000.00
12	RD 8	702 Communications	Western Clay County including Kragnes Township	\$2,624,830.00
13	RD 8	Wikstrom Telephone Co.	Wiktel NW MN Broadband 2023	\$2,531,488.00
14	RD 8	Interstate Telecommunications Company	Yellow Medicine County West FTTH Project	\$4,988,174.00

Line Extension Round 1 & 2 Awarded Locations



Labor

The grant recipients are generally well-established broadband providers in Minnesota and have been constructing broadband networks for many years, including with prior Border-to-Border grant funding. OBD is monitoring whether grantees are encountering any labor supply issues and the circumstances when they report them.

In accordance with federal CPF compliance requirements, projects receiving \$5 million or more in CPF funding require Grantees and Grantee's contractors, subgrantees and subrecipients to provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts").

If such certification is not provided, a Grantee and Grantee's contractors, subgrantees and subrecipients must provide a project employment and local impact report detailing: The number of employees of contractors and sub-contractors working on the project; the number of employees on the project hired directly and hired through a third party; the wages and benefits of workers on the project by classification; and whether those wages are at rates less than those prevailing. (As determined by US Secretary of Labor in accordance with subchapter IV of chapter 31 of Title 40, United States Code ("Davis-Bacon Act").

Community Engagement

From the inception of the application process, OBD stressed the importance of community support being demonstrated as a part of the project application. This ensured providers and community partners continue to have mutually beneficial relationships long after the tax dollars have been expended, equally ensuring public investments yielded the maximum impact.

As of the writing of this report all of our infrastructure program funds for border-to-border and low-density programs have been awarded and contracted. The Round 3 Line Extension program application window has closed, and the ask is more than twice the funding available. Accordingly, our community engagement focus moves for application review and scoring to more direct interaction with the community as we visit projects and help address questions or concerns from the public about allowing construction on their properties.

Examples of on-going project engagement include:

- Groundbreaking events
- Site monitoring visits where we drive the route and may visit with residents and businesses along the way.
- Community events held by the provider to do outreach for residents to learn about affordability programs.

- Field validation visits where, upon invitation we may meet with a customer who has volunteered to have a speed test conducted at her home or businesses.
- Calls with skeptical project area residents who have concerns about an ISP digging on their property or unsure about a grant program paying for the builds. These tend to arise on smaller line extension projects more often because the projects are smaller in size and shorter time frame. A resident may not have heard of a five location build the way they have heard of a large community build. In these cases, we can help a resident understand that the grant is real and can help get the home connected, even if they are unsure if they want to subscribe right away, so they don't remain un/underserved.

As we begin to close projects in the coming year, we will have data on how our engagement translates to take-rates. For FY24 we have closed one small line extension project of 4 locations: 3 homes and 1 business. The take rate on this project was 100%.

Capital Projects Funds Site Visits

A day in the life of a Broadband Grant Administrator

We leave you this year with a peak into a day in the life of an OBD Broadband Grant Administrator. Site visits enable OBD to ensure progress is being made and deployment happens. It's also a time for us to engage with grantees in the communities that benefiting from the grant programs.

Round 7: Bevcomm-Le Sueur County

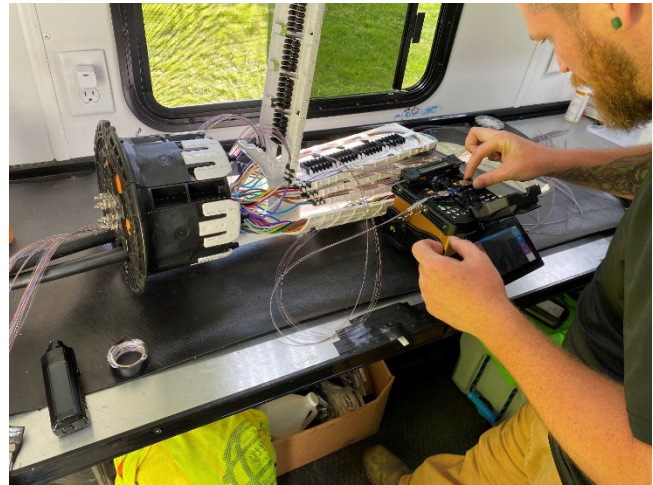
Karrie Jansen, OBD Broadband Grant Administrator and Bevcomm Exchange Manager posed for a picture in front of the active fiber installation area below:

Karrie met with the ISP's Director of Operations and Exchange Manager at the grantee's branch office. They discussed the project, the fiber miles and noted the goal number of passings. Contractors were working on putting in fiber, so the group proceeded to drive a portion of the route where a contractor was actively digging in fiber and putting in pedestals. The project is on schedule the project is on schedule, and they have not had any issues to date. The project should be ready for a FV by Fall of 2024. (Field Validation occurred in June of 2024, ahead of schedule and closeout is pending).



Round 7: East Central Energy - Isanti North

Broadband Grants Administrator, Mike Wimmer snapped this shot at ECE (Isanti North), where a Contractor for ECE is splicing fiber that will be going into a pedestal that will serve previously unserved/underserved rural homes in Isanti County.



Round 7: Benton Communications

Benton Com (NW Benton County) – Pedestal for a previously unserved rural home with a long driveway. The home is surrounded by farmland and is near a family-operated dairy farm.

Broadband Grants Administrator Mike Wimmer met with the General Manager and and Operations Manager at Benton Communications headquarters on July 21, 2023. Cheryl and Chad both reported that progress on their Round 7 grant awarded projects is progressing smoothly and on-schedule.

Benton Communications has promoted the project by placing yard signs within the project area and has also been relying on existing outreach efforts, which includes calling and mailing potential customers in the project area and leaving door hangers.

Round 7 Melrose Telephone Co.

Crew in process of boring fiber in Stearns County Minnesota on a visit by Grant Specialist, Carol Bossuyt.

