



Capital Projects Fund

State of Tennessee Performance Report 2024

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1. Executive Summary

During the performance report period, the State of Tennessee made significant progress in awarding more than half (\$124 million) of the Capital Projects Fund (CPF) allocation to eligible applicants who proposed impactful projects to improve broadband access or adoption in their communities. The CPF supported three grant programs: Middle Mile, Last Mile, and Connected Community Facilities.

The Middle Mile Program received fewer applications than anticipated in late 2023, which allowed the state to redistribute funds to another round of the Last Mile and Connected Community Facility programs. These programs were opened and closed in Spring 2024 and are now under review and will be awarded in late summer 2024. These awards will allocate the remaining funds.

This report explains how the first rounds of the three programs were planned and awarded during the performance report period. It outlines the criteria that the Tennessee Department of Economic and Community Development (TNECD) used to assess and choose the grant recipients for the Broadband Infrastructure Program (1a) and the Multi-Purpose Community Facilities Program (1c). It also describes how TNECD will evaluate the programs long term.

The report also showcases the valuable feedback received from various stakeholders and community partners, such as local governments, internet service providers, nonprofit organizations, and educational institutions. These inputs helped shape the program guidelines, as well as identify areas of targeted approach for the second round of the Last Mile and the Connected Community Facility programs.

This report is presented as a testament of the ongoing efforts to expand broadband access across Tennessee. It is intended to inform Treasury of the ongoing commitment to provide all Tennesseans with high-speed broadband access and close the digital divide.

Awarded Amounts to Date:

- **Middle Mile Program:** \$73,078,641.80
- **Last Mile Program:** \$24,110,545.97
- **Multi-Purpose Community Facilities Program:** \$27,596,542.12

Round Two Announced Date:

- **Last Mile Program:** Late Summer 2024
- **Multi-Purpose Community Facilities Program:** Late Fall 2024

2. Uses of Funds

The following sections provide a brief overview of Middle Mile, Last Mile, and Connected Community Facilities and the progress made during the reporting period of July 1, 2023-June 31st, 2024.

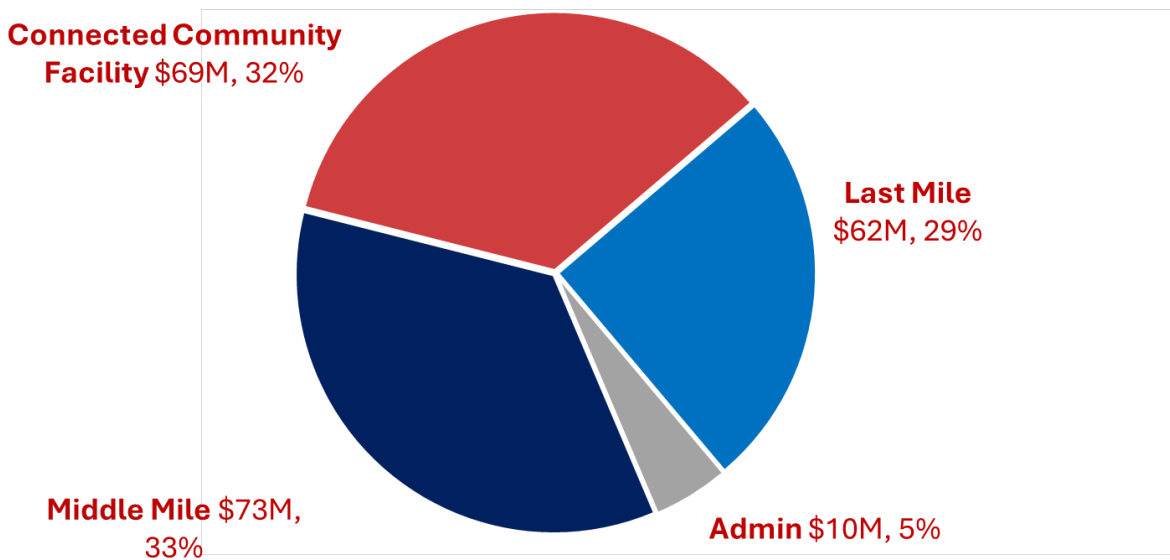


Figure 1: Overview of Capital Projects Funds

Middle Mile:

Funding amount: \$73,078,641.80

Obligated Amount: \$73,078,641.80

Expended Amount: \$0

Project Description:

The Middle Mile Buildout Program is building expensive middle mile broadband infrastructure in remote and rural areas of Tennessee. This will help increase Last Mile connections in these areas and improve the quality of middle mile connections for broadband expansion and community connectivity in Tennessee. This will also give internet service providers the needed infrastructure and bandwidth to prepare for future growth and grant opportunities, including the forthcoming BEAD program. This program's goal is to improve broadband service in areas with poor connectivity, and each middle mile grant must also support Last Mile deployment.

Current Timeline

In April 2024, the broadband office announced \$73 million, 33% of the total CPF allocation, representing 18 projects and 18,141 locations to be served. As of this reporting period of

June 30th, 2024, the broadband office is working through contracting, and no contracts have been signed by both parties. Letters to proceed were sent on April 24, 2024, which authorized internet service providers to start the design, engineering, and construction phases of their projects. The projects are scheduled to be completed by December 31, 2026.

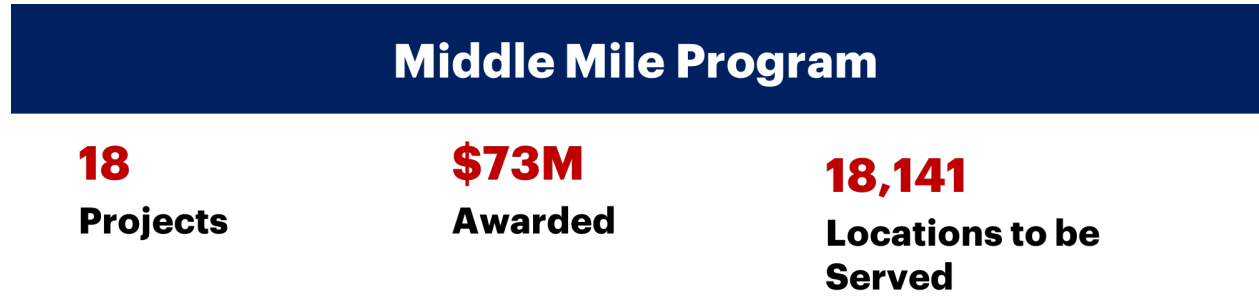


Figure 2: Middle Mile Grant Statistics as of June 30, 2024

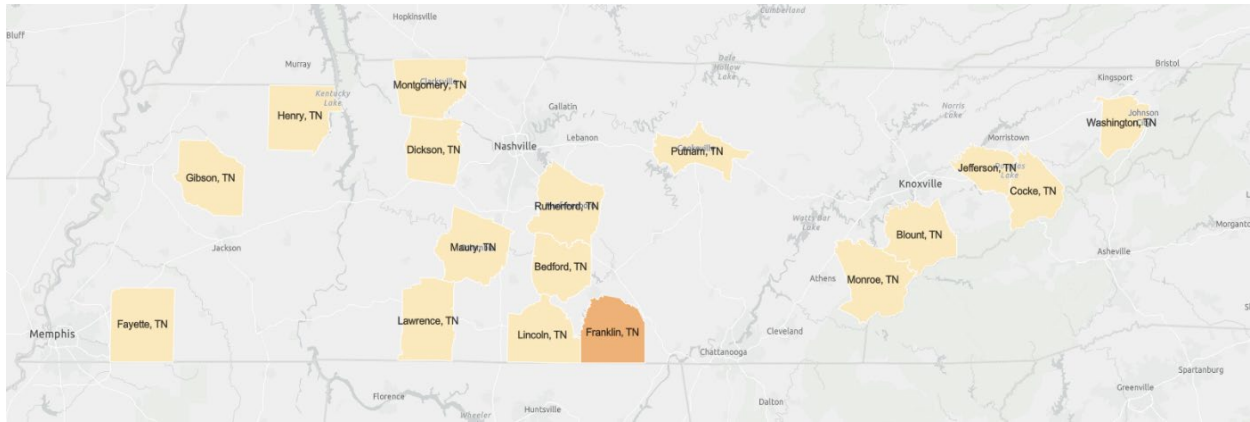
Eligible Applicants and Selection Process

Projects had to demonstrate the need for middle mile infrastructure to improve bandwidth for communities and regions and commit to providing Last Mile connections with at least 100/20mbps speed to qualify for the grant. The evaluation criteria included the financial and network feasibility of the projects, as well as their economic and community impact post investment. Applicants had to provide community support documentation that shows community engagement, public participation, and the project's necessity to back up their applications. The State of Tennessee offered a 70/30 match rate and according to state law offered additional points for those applicants that offered a larger match amount. The middle mile program had a maximum grant amount of \$20 Million, however, the average grant was \$2,213,113, and the highest grant was slightly more than \$15 million.

Performance Measures:

- **Outcome 1:** The program will facilitate broadband access to 45,352 previously unserved individuals across 15 counties, by December 2026.

- **Outcome 2:** The program will support 18,141 unserved and under-served locations with a goal average adoption rate across all projects of 40% by December 2027.



■ 1 Project ■ 2 Projects

Figure 3: Middle Mile Primary Served Counties

Last Mile:

Funding Amount: \$62,945,296.61
Obligated Amount: \$24,110,545.97
Expended Amount: \$0

Project Description:

The objective of the Last Mile Connection Round 1.0 program was to select three counties in the state that lacked 25/3mbps and have historically been unserved and unapplied for in our previous state-administered Last Mile grant programs.

Current Timeline

The program opened applications in late 2023 for Polk, Hardin, and Wayne counties. In April 2024, the state broadband office announced 9 projects representing 5,018 locations for a total allocation of \$24,110,545. The state broadband office is undergoing contracting, and the grantees received letters to proceed on April 24, 2024, which authorized them to start the design, engineering, and construction phases of their projects. The projects are scheduled to be completed by December 31, 2026.

Last Mile Program

9
Projects

\$24M
Awarded

5,018
Locations to be Served

Figure 4: Last Mile Grant Statistics as of June 30, 2024

Second Round Timeline

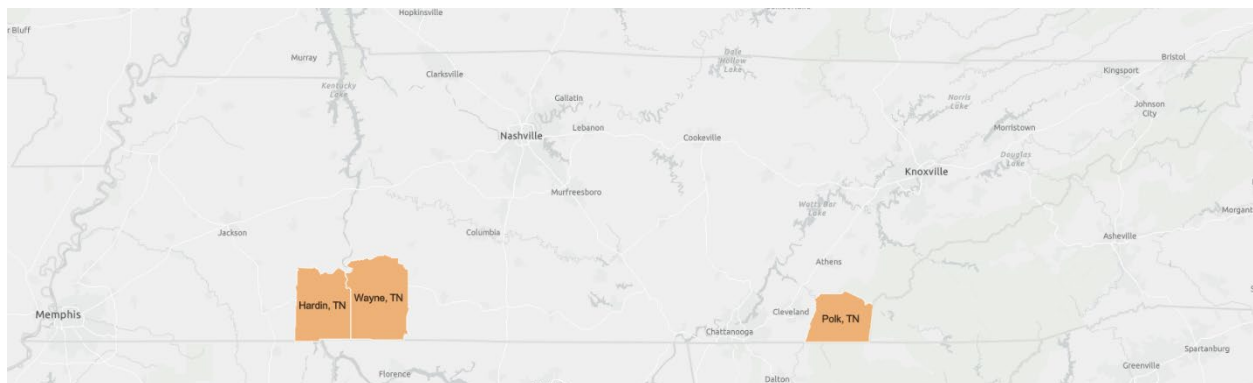
Due to a lower amount than expected for the middle mile applications, the state broadband office reallocated the remaining funds to a second round of the Last Mile. In April 2024, a second round of Last Mile funding was announced for eight counties, which also had significant gaps in broadband coverage and demand. The state received viable applications for six out of the eight counties. The state broadband office is in the process of evaluating the applications and expects to announce the finalists in mid-July 2024. The selected grantees will receive letters to proceed shortly after the announcement, and construction phases of their projects must be completed by December 31, 2026.

Eligible Applicants and Selection Process

The Last Mile Program was focused on low-income communities that are high-cost areas with low population density, specifically targeting areas that are historically lack a current service provider. The State of Tennessee selected and drew a grant boundary dividing the county into 2-3 project areas. The evaluation criteria included the financial and network feasibility of the projects and their economic and community impact. The State of Tennessee offered up to a 70/30 match rate in these areas and according to state law offered additional points for those applicants that offered a larger match amount.

Performance Measures:

- **Outcome 1:** The program will facilitate broadband access to 12,545 previously unserved Tennesseans by December 2026.
- **Outcome 2:** The program will support 5,018 unserved and underserved locations with a goal average adoption rate across all projects of 40% by December 2026.
- **Outcome 3:** The program will support ubiquitous coverage in Wayne, Polk, and Hardin Counties.



■ 3 Projects

Figure 5: Last Mile Served Counties

The Connected Community Facilities (CCF):

Funding Amount: \$69,194,922.59

Obligated Amount: \$27,596,542.12

Expended Amount: \$0

Project Description:

The CCF program focuses on constructing and improving digital access by creating or rehabbing spaces dedicated to digital workforce development, virtual health monitoring, and virtual education within a single facility. These community facilities are designed to serve as hubs for digital inclusion, providing residents with essential resources and services that empower them to participate fully in the digital economy. By facilitating workforce development, enhancing telehealth capabilities, and expanding educational opportunities, the CCF program significantly contributes to achieving the goals outlined in the Digital Opportunity Plan, ultimately fostering greater economic and community development across Tennessee.

Eligible Applicants and Selection Process

The facilities had to be owned by local government units that applied for funding. Several applicants worked with local non-profits and service organizations to ensure long-term operations after the building is done. To qualify, applicants had to agree to offer resources in community facilities for at least five years after project completion. During the competitive scoring of applications, financial need and feasibility, community support, community and economic impact, and project need were considered. Eligible expenses are related to building, improving, buying, or furnishing connected community facilities.

Program Timeline

The program opened applications in late 2023 and received a significant number of applications. After a competitive selection, the program selected 20 grantees for 20 projects and awarded them \$27,596,542.12. Grant contracts are expected to be finalized by the end of July 2024. The grantees received letters to proceed on April 24, 2024, which authorized them to start the design, engineering, and construction phases of their projects. The projects are scheduled to be completed by December 31, 2026.



Figure 6: Connected Community Facility Statistics as of June 30, 2024

Second Round Timeline

In May 2024, a second round of CCF funding was announced and applications closed June 2024. The program is in the process of evaluating the applications and expects to announce the finalists in September 2024. The selected grantees will receive letters to proceed shortly after the announcement enabling the projects to be completed by December 31, 2026.

Work, Education, and Healthcare

To enhance digital opportunity and the quality of life for residents, local and county governments were invited to submit competitive applications detailing how a community facility could bolster workforce development, education, and telehealth services in one facility. The array of applications showcased diverse approaches, each tailored to address the unique needs of their respective communities while leveraging existing assets and service providers within the county.

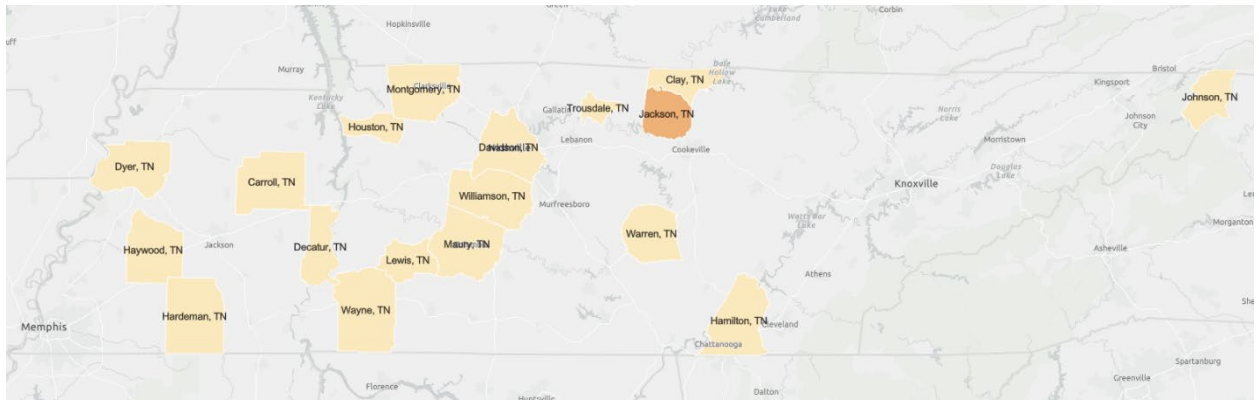
Below are two examples that highlight different strategies employed to meet these three digital goals in one facility.

The City of Brownsville will construct a 6,500-square-foot community training building, serving as a hub for workforce development and housing three nonprofits offering diverse services. These services encompass computer/technology literacy, soft skills training for workplace readiness, behavioral health services, substance abuse treatment, and broadband access to essential resources. The facility includes training space, meeting rooms, and offices, all equipped with public Wi-Fi for community use.

The Johnson County project will purchase and renovate a former Tennessee National Guard armory building in Mountain City, Tennessee. The building, which has been vacant for approximately two years. The renovation plans will allocate space for the Johnson County Schools' cosmetology program and culinary arts program, as well as space for the Johnson County Government to alleviate overcrowding at the courthouse and provide telehealth services. The remaining free space, formerly a drill hall, will serve as a shared multi-purpose space for community events. The facility will be equipped with wireless high-speed broadband, accessible parking, and full ADA compliance.

Performance Measures:

- **Outcome 1:** Increase broadband subscription take rates.
- **Outcome 2:** Increase the number of those in covered populations who receive training from TNECD-funded workforce development program.
- **Outcome 3:** Increase the number of no- to low-cost devices provided to members of covered populations by TNECD-funded program.



■ 1 Project ■ 3 Projects

Figure 8: Connected Community Facilities Project Map

3. Promoting Equitable Outcomes and Addressing Critical Needs

Last Mile and Middle Mile Programs:

The three counties of Wayne, Hardin, and Polk were prioritized for this grant are characterized by their rural landscapes, low population densities, and higher poverty rates. Moreover, they have low broadband availability and adoption rates, which limits their access to education, health care, economic opportunities, and civic participation. By providing equal and practical access to high-speed internet services funded by CPF, the Program aims to improve the quality of life and well-being of households, businesses, and community anchor institutions in these communities. Additionally, this project enables universal levels of service for these counties, meaning that every resident and organization has access to affordable, reliable, and resilient broadband service that meets their current and future needs.

Connected Community Facilities:

In the administration of the CCF grants, Tennessee instituted a policy that awarded additional points to applications originating from counties classified as "at-risk" or "distressed," reflecting the highest poverty levels within the state. This designation is based on the Appalachian Regional Commission's criteria, highlighting the need for targeted investment in these areas to address digital disparities and foster economic growth. Furthermore, counties exceeding the state median income were required to demonstrate that the proposed facility primarily served residents from Qualified Census Tracts (QCTs). This dual approach underscores Tennessee's commitment to equitable broadband access and digital inclusion across the state.

4. Labor

In alignment with the Capital Project Fund guidelines, TNECD has implemented tracking requirements for labor reporting last mile and middle mile projects that exceed \$5 million. Specifically, recipients detail workers, hours worked, roles performed, wages, commitment to hire local, and outline community benefit agreements. To facilitate compliance with these requirements, the state employs a [standardized wage reporting template](#). This tool serves as a mechanism for capturing and verifying the accurate documentation of labor-related activities and expenses each quarter. These measures reflect the state's commitment to promoting labor practices and supporting economic recovery efforts. Tennessee aims to maximize the impact of the CPF on local economies and communities, ensuring that resources are directed towards meaningful outcomes and lasting benefits.

5. Community Engagement

Community Outreach Strategies the Broadband Office prioritized community outreach for both the broadband program and the CCF program. For the broadband programs, TNECD hosted three listening sessions and application workshops across East, West, and Central Tennessee. These multi-hour workshops emphasized the technical and community engagement requirements for applications and introduced the new project area methodology, ensuring applicants were well-prepared and informed.



Photo 1: Last Mile and Middle Mile Application Workshops

The Community Connectivity Fund (CCF) program is a significant component within the broader framework of Tennessee's Digital Opportunity Plan. TNECD embarked on an extensive outreach campaign during the spring and summer of 2023 to pinpoint the specific needs of covered populations and the primary obstacles hindering digital adoption.

Key Components of the Outreach Campaign

- **Surveys and Community Meetings:** To gather firsthand insights into the challenges faced by individuals and communities in adopting digital technologies, a series of surveys were conducted alongside community meetings.
- **Digital Opportunity Summit:** A cornerstone event of the outreach strategy, the Digital Opportunity Summit brought together stakeholders from various sectors, including government officials, nonprofit organizations, and industry experts.
- **Targeted Agency and Stakeholder Engagement:** Recognizing the importance of coordinated action, the CCF program reached out to targeted agencies and stakeholders. These engagements facilitated the sharing of information, resources, and best practices, further strengthening the collective push towards digital inclusion.

Through these outreach efforts, the program identified critical barriers to digital adoption, particularly in communities lacking essential infrastructure and support systems. Among the barriers were communities without access to facilities such as libraries or community centers. Additionally, many communities lacked exposure to telehealth solutions, missing out on the potential benefits of remote healthcare services.

Application Requirements

Additionally, the evaluation criteria for the Broadband and CCF projects emphasized the anticipated economic and community impact post-investment. Applicants were required to provide comprehensive community support documentation, demonstrating active community engagement, public participation, and the project's necessity. This included support letters from the community, highlighting how the program would address critical community and economic needs, thereby substantiating their applications with clear evidence of local backing and anticipated benefits.

6. Civil Rights Compliance

To fulfill its Title VI responsibilities under the Civil Rights Act, the state rigorously collects and reviews information from subrecipients to ensure compliance with all applicable requirements. Before contracting, the state mandates that all subrecipients watch a Title VI training video and complete a survey. This survey issues a certification that must be renewed every three years. During mid-point monitoring, the state inquires whether the subrecipient is aware of Title VI requirements and if any complaints or investigations have been received. If any federal or state agency has conducted a civil rights review of the subrecipient organization, the review letter and relevant findings are documented and presented to staff during the monitoring visit. This process ensures ongoing compliance and reinforces the state's commitment to civil rights.

7. Appendix: CPF Award Approvals 1.0

(as of June 30th, 2024)

Program	Grantee	County(s) Served	Award Amount
Last Mile	Spectrum Southeast	Polk	\$431,902
Last Mile	Spectrum Southeast	Polk	\$3,711,410
Last Mile	ETC Communications	Polk	\$2,001,745
Last Mile	Spectrum Southeast	Hardin	\$892,550
Last Mile	Tennessee Valley Electric Cooperative	Hardin	\$1,276,471
Last Mile	Brightspeed	Hardin	\$6,842,457
Last Mile	Tennessee Valley Electric Cooperative	Wayne	\$1,861,920
Last Mile	Spectrum Southeast	Wayne	\$6,666,666
Last Mile	Tennessee Valley Electric Cooperative	Wayne	\$425,424
Middle Mile	Aeneas Communications	Fayette, Tipton, Lauderdale, Haywood, Madison, Chester, Hardeman	\$7,189,297
Middle Mile	Ben Lomand Communications	Franklin, Moore	\$14,683,374
Middle Mile	Dickson Electric Department	Dickson, Cheatham, Houston, Hickman, Montgomery	\$1,364,759
Middle Mile	Gibson Connect	Gibson, Madison	\$7,097,544
Middle Mile	BrightRidge	Washington, Greene	\$6,681,349
Middle Mile	Loretto Telephone Company	Lawrence	\$1,580,796
Middle Mile	Newport Utilities	Cocke	\$15,192,642
Middle Mile	Spectrum Southeast	Blount	\$291,730
Middle Mile	Spectrum Southeast	Jefferson	\$205,703
Middle Mile	Spectrum Southeast	Maury	\$191,788
Middle Mile	Spectrum Southeast	Monroe	\$163,179
Middle Mile	Spectrum Southeast	Montgomery	\$135,850
Middle Mile	The Board of Public Utilities of the City of Fayetteville, Lincoln County, Tennessee	Lincoln, Giles, Marshall	\$2,646,000
Middle Mile	Twin Lakes Communications	Putnam	\$1,055,317
Middle Mile	United Communications	Rutherford, Williamson	\$1,780,226
Middle Mile	United Communications	Franklin, Moore, Bedford	\$3,150,107
Middle Mile	United Communications	Bedford, Rutherford, Marshall	\$3,058,513
Middle Mile	West Kentucky Rural Telephone Cooperative Corporation, Inc.	Henry, Weakley	\$6,610,468

Connected Community Facility (CCF)	Carroll County Government	Carroll	\$1,800,000
CCF	City of Bolivar	Hardeman	\$589,712
CCF	City of Brownsville	Haywood	\$1,980,000
CCF	City of Jackson	Jackson	\$405,434
CCF	Clay County	Clay	\$1,712,835
CCF	Davidson County	Davidson	\$1,978,484
CCF	Decatur County	Decatur, and the Decatur County School System	\$1,043,217
CCF	Hamilton County	Hamilton County	\$1,421,028
CCF	Hartsville/ Trousdale County	Trousdale	\$2,000,000
CCF	Houston County	Houston	\$2,000,000
CCF	Jackson County	Jackson	\$311,850
CCF	Johnson County	Johnson	\$2,000,000
CCF	Lewis County	Lewis	\$1,596,114
CCF	Maury County	Maury	\$2,000,000
CCF	Montgomery County	Montgomery	\$216,531
CCF	The City of Dyersburg	Dyer	\$1,798,065
CCF	United Way of West Tennessee	Jackson	\$1,755,818
CCF	Warren County	Warren	\$675,000
CCF	Wayne County	Wayne	\$2,000,000
CCF	Williamson County	Williamson	\$312,454
		Total	\$124,785,728