Arizona BEAD Program FAQs – Application

1. What is the timeline for Round 1 and Round 2 project applications?

The Round 1 project application period will commence on January 6, 2025, and will extend over a duration of 30 days, concluding on February 5, 2025.

The Round 2 project application period will commence on April 12, 2025, and will extend over a duration of 20 days, concluding on May 2, 2025.

2. Is it possible for ACA to extend the deadline for Round 1 project applications?

Unfortunately, ACA cannot extend the deadline due to a strict schedule outlined by the NTIA. Consequently, we encourage all Applicants to finalize their pre-registration process and submit all required documents during the pre-registration period. This ensures that the Applicants can devote their efforts to preparing the necessary documentation for the projects they are interested in during the project application phase.

3. Can Applicants apply for multiple project areas under Round 1 project applications?

Applicants are required to submit an application separately for each project area they propose to serve. Applicants can submit multiple applications. Each project area will be evaluated individually and scored accordingly.

Applicants planning to apply for adjoining project areas are required to apply for these project areas separately in individual Applications. These Applications will be scored independently and may not be awarded together.

Any efficiencies that the Applicants are expecting to apply for adjoining project areas should be incorporated in the application separately for each proposed project area. Each Application will be considered valid for each project area, irrespective of their location.

4. Is it expected that there will be a lesser emphasis on narrative and more focus on technical aspects such as engineering, design, and financials in the Round 1 and Round 2 project applications?

The structure of the Round 1 and Round 2 applications will include narrative responses along with both technical and financial requirements to be submitted. Therefore, Applicants will be

required to provide a balanced combination of narrative, financial, and technical responses during the project applications.

5. **Does Round 1 solely focus on fiber applications or are project applications for all technologies accepted by the ACA?**

Round 1 will accept project applications for all technologies. While the NTIA BEAD NOFO and ACA prioritize feasible and affordable fiber applications, Applicants will have the opportunity to also propose alternative or mixed technology solutions in their project applications. ACA encourages Applicants to propose to most technically feasible and cost-effective solution for broadband deployment through the BEAD program. More information on the submission requirements will be provided with the project application questionnaire and guidance during the project application phase.

6. **If an organization is submitting an application to service areas with alternative technologies, do they only need to complete the pre-registration for Round 2?**

Applicants are required to complete pre-registration only once, whether they intend to apply in one or both rounds of project applications. Pre-registration can be started any time before the deadline but must be completed before submitting a project application. ACA strongly encourages Applicants to submit their pre-registration as early as possible. This will allow sufficient time for preparation during and before the project application phases and ensure the timely receipt of all necessary documents.

It's important to note that even if Applicants intend to apply only in the second round, due to proposing an alternative technology solution, ACA encourages Applicants to propose fiber technologies and/or alternative or mixed technology solutions in their project applications as part of round 1.

ACA encourages Applicants to propose to most technically feasible and cost-effective solution for broadband deployment through the BEAD program. This will allow ACA to potentially remove high-cost BSLs from project areas and serve them on a case-by-case basis. Furthermore, it may open the possibility for alternative solution applications to be accepted for specific project areas at the start of the second round of project applications.

7. **How will the State ensure universal coverage?**

To promote efficiency and a streamlined subgrantee selection process, the award of deployment subgrants will be completed in phases. This approach allows for the highest number of locations to be covered, efficient submission of applications, thorough evaluations, and timely awards. With a focus on efficiency and timely decision-making, ACA is confident that this phased

selection process will result in the deployment of effective broadband infrastructure across the State of Arizona to achieve universal coverage.

8. **When submitting an application, should Applicants have the project area units staked, engineered, and certified by a Professional Engineer prior to being awarded?**

Applicants selected must submit their final engineered network designs after receiving the award and before ACA grants approval to begin construction. These detailed designs need to be certified by a Professional Engineer. Furthermore, at project completion, a Professional Engineer must verify that the network has been built and is functioning according to the design.

9. **What criteria are used to score a BEAD Priority Project?**

The scoring rubric for BEAD Priority Projects includes several categories such as the minimal BEAD grant to project cost ratio, cost reasonableness, network resiliency, affordability of 1 Gbps/1 Gbps service, and compliance with fair labor practices. Additionally, it will also be scored on speed to deployment, technological scalability, open access, local/tribal coordination, proposed CAIs to be served, and commitment to equitable workforce development. The detailed scoring rubric is available in the Initial Proposal Volume II which is posted on ACA's website.

10. **Is the same scoring criteria will be used for both Priority and Non-Priority Broadband Projects?**

No, the scoring rubric for BEAD Priority Projects and Non-Priority Broadband Projects are different. The detailed scoring rubrics for both the project types is available in the Initial Proposal Volume II which is posted on ACA's website.

11. **How important is the grant to project cost ratio in the scoring process?**

This category is crucial, carrying a 75% overall weighting. Projects that bring greater matching funds relative to the total project cost score higher, reflecting the efficient use of BEAD funds to connect all unserved and underserved locations and eligible CAIs.

12. **What factors contribute to the scoring of technological requirements in BEAD Priority Projects?**

Technological requirements scoring focuses on the proposed technology's scalability and future cost-efficiency. Priority is given to technologies that offer high-speed capabilities, with up to 35 points available for projects offering up to 10 Gbps download and upload speeds. Additional

points are awarded for projects pledging open access wholesale opportunities at fair and equitable rates.

13. What is the process of promoting and adopting Dig-Once policies?

Arizona Revised Statutes Title 28, Article 14 has prioritized the efficient and effective use of taxpayer investments since 2012 by adopting a "dig once" policy to all roadway construction projects supported by state and/or funds. This approach involves installing conduit and other infrastructure during road construction projects to accommodate future broadband deployment, reducing costs and barriers to deployment for ISPs. ACA has a strong partnership with ADOT and promotes and supports the adoption of dig-once policies.

14. What will happen to the proposed project areas that have conflicting applications?

When a proposed project area overlaps with another proposed project area, ACA will follow the deconflicting approach for the same which is covered in detail in the Initial Proposal Volume II which is posted on ACA's website.

15. Is it allowed for the Applicants to label misclassified BSLs as served, thereby excluding them from the project scope and the associated costs, and focusing their efforts exclusively on bringing fiber to areas that are genuinely unserved or underserved? Or is it required to include these served locations in their deployment to satisfy the criteria for a priority application?

For the BEAD Application, Applicants should include all eligible locations within the Project Area. Although ACA retains the right to withhold funding for locations considered to be "served", such decisions will be made during the final grant award process.

16. Is it permissible for BEAD Applicants in Arizona to employ Smart Grid loan funds as a match for BEAD applications? Furthermore, if the Smart Grid funds are received as a grant from USDA or DOE, can those funds be approved for the match?

For the Arizona BEAD Program, a matching contribution can either be a cash match or an in-kind match. For all matches, the Subrecipients must adhere to the requirements in 2 CFR 200.306.

Cash Match, also known as a cash contribution, includes money spent on project-related costs. The cash can be the Applicant's own funds or funds from a third party.

In-Kind Match, also referred to as in-kind contributions, are non-cash donations of property, goods, or services which benefit a federally supported project. These can be counted toward satisfying the non-federal matching requirement of a project's total budgeted costs when these

contributions meet specific criteria. In-kind contributions must be both allowable and allocable project expenses and can originate from a third party.

17. **Will Arizona approve the reimbursement of expenditures incurred after the submission of applications but prior to the finalization of state BEAD grant agreements?**

The ACA is in the process of developing the draft subrecipient agreement. The draft subrecipient agreement will provide information regarding eligible expenses, reimbursement process, project schedule and milestones, and other relevant information.

18. **How will Applicants be able to participate in the waiver and deliver an LOC of 10%?**

Applicants for the Arizona's BEAD Program do not need to provide an actual Letter of Credit (LOC) or performance bond during the preregistration or BEAD application phase. During the application phase, Applicants will be required to submit a commitment to provide the LOC or performance bond up to a specific dollar amount. An actual LOC or performance bond will be required prior to execution of the grant agreement based on the actual award amount. This can be accomplished with a letter from an eligible bank or credit union (with a Weiss Bank Safety Rating of B- or higher) committing to provide the LOC if the award is granted. Alternatively, a letter from a company with a federal surety certificate committing to issue a performance bond is also acceptable.

When choosing to obtain an LOC from a bank per the BEAD NOFO, the Applicant must confirm that their organization will obtain and submit an LOC before signing the grant agreement, and the bank must commit to issue an irrevocable standby LOC of no less than 25% of the sub-award amount. Additionally, the Applicant's organization must submit an opinion letter from legal counsel stating that in bankruptcy proceedings, the LOC or the proceeds of the LOC would not be treated as property of the winning Subgrantee's bankruptcy estate.

Originally, the BEAD program stipulated that subgrantees must obtain a Letter of Credit (LOC) from an eligible bank, valued at minimum of 25% of the sub-award's amount. However, the NTIA later issued a Notice of Programmatic Waiver, allowing states more flexibility. The Notice provided four options:

1. Subgrantees can obtain the LOC from a credit union that conforms to the model set by the Rural Digital Opportunity Fund (RDOF) and meets certain conditions.

2. Subgrantee may obtain a qualified performance bond instead of obtaining a Letter of Credit from a company holding a certificate of authority as an acceptable surety on federal bonds as identified in the Department of Treasury Circular 570 in a value of no less than 100 percent of the subaward amount.

3. Subgrantees may reduce the amount of the LOC or performance bond based on project milestones (this option is not allowed in ACA's implementation of the BEAD program).

4. Subgrantees may secure an initial 10% LOC or performance bond, under specific circumstances including reimbursement-based funding from ACA, a commitment to maintain the LOC or bond until the project completion or end of the performance period, and that the reimbursement period does not exceed six months.

ACA is adopting Options # 1, # 2, and # 4 for its implementation of the BEAD program as these options provide subgrantees with more flexibility in terms of the LOC or Performance Bond amount. If applying for an LOC waiver, Applicants can indicate the waiver option they would choose in the project application out of these three options for each project area included in the application. Based on the option selected, Applicants at the project application stage will be required to provide a letter from the bank or credit union committing to issue an LOC or a surety letter from an acceptable surety committing to issue a performance bond prior to signing of the grant agreement.

19. In Arizona's Initial Proposal Volume II, Section 2.4.11, Subsection "Subgrantee Option for Alternative Initial LOC or Performance Bond Percentage", there is a provision for a lower percentage requirement for a LOC, as detailed in sub-bullet 3. Does this sub-bullet imply that, right from inception, the initial and ongoing LOC requirement is consistently fixed at 10% throughout the course of the project, or does it propose that the initial deposit is set at 25% and, subsequently, at some point, sees a reduction to a 10% requirement?

The section in question outlines a scenario where the initial and ongoing requirement for a letter of credit or performance bond can be set to 10% from the onset of the project. This arrangement is conditional upon meeting and maintaining the following criteria:

1. Funding by the State Broadband Office is issued on a reimbursable basis, in accordance with Section IV.C.1.b of the NOFO.

2. The reimbursement period does not exceed six months.

3. The subgrantee commits to maintaining a letter of credit or performance bond at 10% of the subaward amount. This commitment is upheld until the subgrantee has satisfactorily demonstrated to the State Broadband Office the completion of the buildout of 100% of locations to be served by the project, or until the end of the performance period of the subaward, whichever occurs first.

Therefore, this condition allows for an initial and ongoing requirement of a 10% letter of credit or performance bond, without the necessity to start at a higher percentage (25% for LOC or 100% for performance bonds under standard requirements) and then reduce it to 10%.

For the LOC waiver - the requirement regarding "The reimbursement period does not exceed six months" is associated with compliance with progress report submission requirement. The objective is to ensure that subgrantees are regularly reporting the project progress and to ensure that subgrantees have sufficient working capital to support on-time implementation of broadband infrastructure project(s).

According to BEAD NOFO section IV.C.1.b (Securing Subgrantee Accountability) and ACA Initial Proposal Vol II section 2.16.2(a), ACA is planning to distribute project funding on a reimbursement basis to subgrantees for all broadband deployment projects. The BEAD NOFO (section VII.E.2) requires that subgrantees provide at minimum semiannual reports to ACA throughout the subgrant's / project duration. Additionally, the IP Vol II also conveys that prior to processing any reimbursements, verification will be performed on the subgrantee's reported progress, such as the number of installations accomplished based on established metrics. Lastly, ACA's Initial Proposal Vol II 2.16.2(d) proposes that ACA would establish a payment processing system for reimbursements before finalizing the project grant agreement. This aligns with the requirement for a maximum six-month reimbursement period to qualify for the LOC waiver.

20. If a tribal group is applying for a project area that is outside of their tribal area, are there any specific considerations that the Applicant will need to address?

No, there are no specific considerations for a tribal group applying for a project area outside of their own tribal lands. They can proceed through the regular application process without any additional requirements. However, if the project areas are on other tribal lands, a consent form from the respective tribal leaders is required to apply for those areas.

21. What is the designation for high-cost areas in Native Communities?

Please see the High-Cost Areas.xlsx for more information. This document is provided by the NTIA and the FPO confirmed that we can share this information with Applicants.

22. Are tribes excluded from the BEAD in-kind match requirements?

BEAD does not have any exclusions for in-kind match. Third-party matches are eligible for both cash and in-kind, and the Tribe may provide in-kind match for a project as long as it is allowable under subpart E of CFR 200.306. Matches may be compiled from a variety of sources, and the BEAD Program Guidelines do not prevent a Tribal community from providing match for an application from a Tribal ISP serving the community. For additional information, please see the BEAD Match Primer.

23. Are there any word or character limits for narrative sections in the pre-registration application?

No, there are no word or character limits for the narrative sections. If you are experiencing any technical issues, please reach out to Ready.NET at azhelpdesk@ready.net.