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State of Washington

# Performance Report

Capital Project Fund:  
First Annual Report

July 2023



## Publication and contact information

This publication is available on OFM's website at <https://ofm.wa.gov/cpfreport>

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## Executive summary

A stable broadband infrastructure provides equitable distance learning opportunities, drives job creation, promotes innovation, improves economic vitality, and expands markets for Washington businesses.

In 2019, Governor Jay Inslee signed [Senate Bill 5511 \(Chapter 365, Laws of 2019\)](#), which created the [Washington State Broadband Office](#) (SBO) in the state Department of Commerce. The SBO's purpose is to provide affordable and fast broadband service to unserved and underserved areas. It soon developed a road map to bring 150 megabits per second (Mbps) broadband service to all businesses and residences in the state by 2028.

Less than a year later, Washington was the first state in the nation to confront the COVID-19 virus. In response to the person-to-person spread of the virus, schools and higher education institutions moved to distance learning, many public and private employees transitioned to remote work, the medical industry enhanced telemedicine options, thousands of businesses changed to online service delivery, and many social and religious events moved to digital platforms. The COVID-19 pandemic quickly taught us that access to quality broadband could not wait until 2028.

The pandemic highlighted impacts of the digital divide across Washington, including:

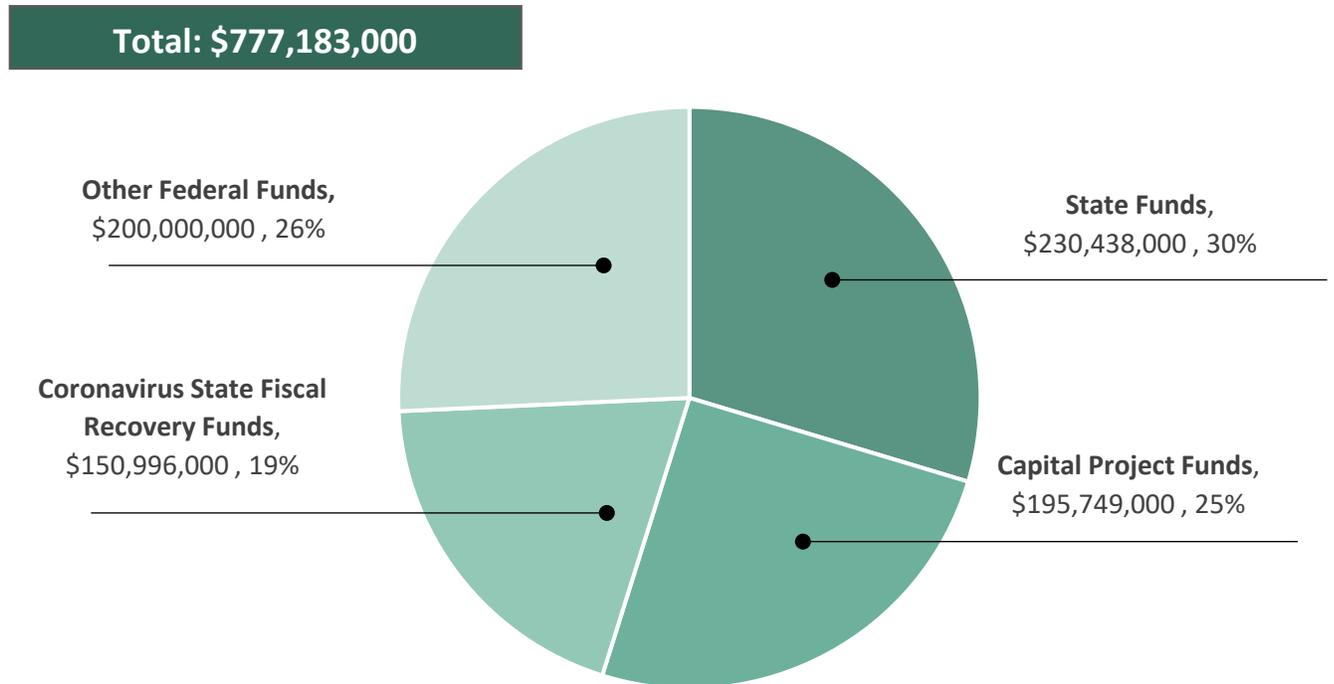
- Without a good internet connection, students could not participate in online learning, which contributed to greater learning loss than students with reliable online services.
- Workers living in areas with inadequate broadband could not work remotely, making them more likely to take jobs performed outside of the home. Unfortunately, jobs outside of the home increased their risk of contracting the virus.
- Lack of broadband access contributed to health disparities because it prevented people from participating in online health care services.
- Digitally excluded people had a harder time maintaining social connections while quarantining. This sudden loss of social connectedness increased mental health symptoms for many people.
- Washington businesses in areas with inadequate broadband could not transition to online services to stay competitive in their respective markets.
- Communities with limited digital connectivity could not access pandemic relief services as quickly as communities with adequate broadband.

It was clear that access to quality broadband could not wait until 2028. To build an equitable economic recovery from the pandemic, the state's new goal is to have universal broadband access at a minimum of 100 Mbps in calendar year 2024.

## Overview of broadband funding

Throughout the pandemic, our state designated over **\$777 million** to universal broadband. Investments include various fund sources. The figure below includes Washington’s universal broadband appropriations by funding source.

**Figure 1: State of Washington broadband appropriations since July 2021**



The statewide universal broadband effort combines different funding mechanisms to provide flexibility to our Department of Commerce, the agency overseeing this effort.

## Summary of Capital Project Fund appropriations

Of the \$777 million we noted above, the state appropriated **\$195,749,000 Capital Project Fund (CPF)** toward universal broadband during the 2022 state legislative session for three grant projects.

Below is a description of these three broadband grant programs. The description includes federal and state project requirements and award priorities (many that are codified in state law through Chapter 296, Laws of 2022). The three projects focus on different barriers in meeting the state’s broadband goals.

## Project 1: State Broadband Office's competitive grants

The state appropriated **\$124,749,000 CPF** for the SBO to administer broadband competitive grants to public entities. Public entities are federally recognized tribes and local governments that include port districts and public utility districts. SBO estimates \$6.2 million for administration costs. Projects must follow Capital Project Fund conditions and meet the following criteria:

- Meet or exceed 100 Mbps download and 20 to 100 Mbps upload speeds while being scalable to a minimum of 100 Mbps symmetrical (both download and upload speeds).
- Provide connectivity for a minimum of 25 years.
- Participate in the Federal Communications Commission's Affordable Connectivity Program (ACP).
- Secure one or more low-cost service options at speeds sufficient for multiple users per household.

Projects must meet one or more of the following goals:

- Provide equitable access, affordability, and digital literacy services.
- Obtain sponsorship by more than one local public entity.
- Improve last-mile connection service elements.
- Reach areas with no service or areas with low wireline broadband speeds.
- Start project before Dec. 31, 2024, and complete it by Dec. 31, 2026.

## Project 2: Community Economic Revitalization Board's rural broadband grants

The state appropriated **\$25,000,000 CPF** for the [Community Economic Revitalization Board \(CERB\)](#) to administer grants to local governments and federally recognized tribes for broadband projects that support underserved communities and private business growth in rural areas. CERB estimates \$1.8 million for administration costs. Projects must follow Capital Project Fund conditions and meet the following criteria:

- Provide a 20% cash match of the total project costs.
- Serve rural counties or rural communities.
- Deploy broadband service with symmetrical speeds (both download and upload speeds) at a minimum of 100 Mbps.
- Demonstrate feasibility with a supporting study.

Projects must meet one or more of the following goals:

- Drive job creation.
- Expand markets for local businesses.
- Serve the growing needs of local education systems, health care systems and public safety systems.
- Support local industry growth.

- Improve local governmental operations.
- Increase residential access.

### Project 3: Public Works Board broadband infrastructure grants

The state appropriated **\$46,000,000 CPF** for the [Public Works Board \(PWB\)](#) to administer broadband grants to [special purpose districts](#) and federally recognized tribes with unique infrastructure challenges (such as topography, land rights, and federally qualified [Difficult Development Areas](#)). PWB estimates \$2.3 million for administration costs. Projects must follow Capital Project Fund conditions and meet the following criteria:

- Document community involvement and support for the proposed project.
- Demonstrate feasibility with an infrastructure mitigation strategy.
- Include an internet service provider (ISP) agreement.
- Participate in the Federal Communications Commission’s ACP.
- Meet or exceed 100 Mbps download and 20 to 100 Mbps upload speeds while being scalable to a minimum of 100 Mbps symmetrical (both download and upload speeds).
- Request upgraded broadband service speeds that meet or exceed the minimum speed requirements from each local broadband service provider.

Awards will be prioritized based on the number of unserved locations to receive connectivity.

### Approved projects pending CPF dispersal

The state provided the U.S. Treasury with CPF plans for each broadband project on Sept. 24, 2022. The U.S. Treasury approved the plan on June 23, 2023.

The state has not yet drawn down CPF from the U.S. Treasury or spent CPF to date. However, all three projects have completed the application process, selected bidders, signed contracts, and obligated funds. Contract agreements were made conditional on CPF plan approval. Now that the state has received project plan approvals, we can draw down the funds. CPF expenditures will be reported to the U.S. Treasury next quarter, and every quarter for the life of the projects.

Appendix A provides an inventory of award approvals.

### Broadband performance outcomes

The state does not yet have CPF expenditures to report or performance outcomes to report since our broadband plans were approved four weeks ago. However, grantees are ready to spend the funds and the state has tools in place to support performance goals and track project outcomes. These tools include the following:

- The state contracted with a broadband consulting firm, [Breaking Point Solutions](#), to conduct feasibility studies and provide statewide broadband project mapping that prevents project overlap and duplicate payments.
- Our statewide broadband survey, launched in July 2020, allows us to deploy equitable broadband access, to monitor speeds, and to track our progress toward universal broadband.
- SBO must provide the governor and the Legislature with an annual broadband progress report on all fund sources<sup>1</sup>. The progress report summarizes statewide broadband usage, speeds, gaps and new availability over the previous two years.

Our next annual CPF report will provide outcome data for each CPF broadband project and show the chronology of broadband expansion by geographic area. We also plan to provide long-term performance metrics in our CPF project closeout report (2026-2027) that includes the following:

- Increased speeds in schools, libraries, and hospitals
- Additional low-income service providers
- Integrated networks of public safety institutions
- Reopening of small businesses
- Growth in population

Among other data to be collected, we will track these performance metrics by:

- The number of new connections we make per household, business and institution
- The number and type of new ISPs made available to consumers
- Speed mapping
- Public surveys
- Rate studies

Our statewide broadband survey provides baseline data for current access and speed information by geographical location. It is available [here](#) on the SBO website.

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<sup>1</sup> [RCW 43.330.538: Broadband office—Reports. \(wa.gov\)](#)

## Appendix A: CPF Award Approvals

Agency	Grantee	Title	Award Amount
SBO	Lincoln County	Project to Serve Deer Meadows and Seven Bays	\$ 8,921,342
SBO	Lewis County	Bunker Creek Broadband Infrastructure	\$ 11,958,421
SBO	Okanogan County	Okanogan County Connects	\$ 11,985,014
SBO	Port of Whitman County	Port of Whitman Fiber Networks	\$ 1,135,475
SBO	Spokane Tribe	Spokane Tribe HWY 231 Fiber-to-the-home Networks	\$ 3,418,063
SBO	Mason County Public Utility District 3	Cloquallum Communities Rural Fiber Expansion	\$ 3,645,768
SBO	Orcas Power & Light Co-Op	Orcas Island East Broadband	\$ 3,911,649
SBO	Orcas Power & Light Co-Op	San Juan Island Broadband	\$ 3,352,904
SBO	Franklin County Public Utility District 1	Connell and Basin Fiber-to-the-home Networks	\$ 4,854,610
SBO	Yakima County	Yakima County Broadband 2022	\$ 11,310,004
SBO	Grays Harbor Public Utility District 1	South Elma, Porter and Cedarville Broadband	\$ 6,916,366
SBO	Whatcom Public Utility District - Point Roberts	Point Roberts Fiber-to-the-home Networks	\$ 3,150,000
SBO	Tri County Economic Development District	Central Stevens County Hybrid Broadband	\$ 12,000,000
SBO	Jefferson County Public Utility District 1	The Inbetweens Fiber Collaborations	\$ 6,087,687
SBO	Port of Skagit County	Bow Outlying Areas Fiber-to-the-home Networks	\$ 8,054,251
SBO	Kittitas County	Kittitas County Broadband 2022	\$ 11,366,102
SBO	Orcas Power & Light Co-Op	Orcas Island West Broadband	\$ 1,242,168
SBO	Orcas Power & Light Co-Op	Outer Islands Broadband	\$ 6,446,206
SBO	King County & Ziplly	Ziplly Fiber in Duvall	\$ 1,767,681
CERB	Chehalis Tribe	Chehalis Reservation Broadband	\$ 2,000,000
CERB	Nisqually Indian Tribe	Nisqually Reservation Open Access Network Phase 1	\$ 2,000,000
CERB	Port of Clarkston	NW Clarkston Heights Fiber-to-the-home Networks	\$ 1,155,885
CERB	Port of Woodland	Ariel to Cougar Fiber-to-the-home Networks	\$ 1,976,496
CERB	Kitsap County Public Utility District 1	Larson Lane Fiber-to-the-home Networks	\$ 1,565,363

Agency	Grantee	Title	Award Amount
CERB	Kitsap County Public Utility District 1	Hintzville Fiber-to-the-home Networks	\$ 2,000,000
CERB	Port of Columbia	Dayton Community Broadband	\$ 2,000,000
CERB	Port of Garfield	Garfield County Fiber-to-the-home Networks Phase 2	\$ 323,482
CERB	Lincoln County	Almira, Creston and Harrington Broadband	\$ 1,963,920
CERB	Port of Walla Walla	Walla Walla Rural County Install	\$ 2,000,000
CERB	Port of Whitman County	Malden/Pine City Fiber-to-the-home Networks	\$ 1,734,921
CERB	Port of Bellingham	Whatcom County Rural Broadband	\$ 2,000,000
CERB	Mason County Public Utility District 1	Hood Canal - 101 Broadband	\$ 1,024,133
CERB	Port of Skagit County	Sauk-Suiattle Tribal Broadband	\$ 1,800,000
PWB	Kittitas County	Thorp and Edgemont Fiber-to-the-home Networks	\$ 3,338,946
PWB	Port of Clarkston	Federal Census Tract 9604 Fiber-to-the-home Networks	\$ 1,944,381
PWB	Lewis County Public Utility District	Connecting the Mineral, Elbe, & Ashford Communities	\$ 4,733,011
PWB	Port of Clarkston	Grantham Elementary Service Area Fiber-to-the-home Networks	\$ 1,775,282
PWB	Town of Skykomish	Skykomish Broadband	\$ 598,023
PWB	Lincoln County	Connecting Lincoln County	\$ 4,162,072
PWB	Jefferson County Public Utility District	Discovery Bay East Fiber	\$ 1,096,046
PWB	Port of Columbia	Touchet Valley Broadband	\$ 1,165,000
PWB	Clallam County	Clallam County Broadband	\$ 4,525,174
PWB	Pacific County Public Utility District	Broadband Build Bay City to Nemah	\$ 5,000,000
PWB	Lewis County Public Utility District	Connecting the Greater Vader Community	\$ 4,726,647
PWB	Port of Garfield	NE Garfield Rural Fiber-to-the-home Networks	\$ 3,827,365
PWB	Port of Skagit	Fir Island Fiber	\$ 2,152,791
PWB	Town of Washtucna	Washtucna Fiber-to-the- Premise	\$ 788,946
PWB	Port of Coupeville	Central Whidbey Island Fiber	\$ 4,842,933
		<b>Total</b>	<b>\$ 189,744,528</b>