

State of North Dakota  
**Performance Report**

**Capital Projects Fund**  
**Broadband Program**  
2023 Report

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July 30, 2023

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## Executive Summary

The American Rescue Plan Act of 2021, through its associated Capital Project Fund (CPF), has provided an opportunity for North Dakota to make strategic and long-term investments to further its goals relating to broadband across the State.

During a special legislative session commencing on Monday, November 8th, 2021, the North Dakota legislature began consideration of utilizing the Capital Projects Fund for broadband investments in North Dakota. With the passage of [House Bill 1505](#), the North Dakota legislature appropriated an amount of \$45 million in funding to further the State's broadband goals, with a priority placed upon providing service to unserved populations across the state. The funding of these dollars was historic; it was the first time the North Dakota legislature had appropriated dollars for this purpose.

In the last 18 months, North Dakota Information Technology (NDIT) has developed and implemented the Capital Project Fund grant program award process, resulting in 11 grants to seven service providers and totaling more than \$37 million. Once completed, the project will provide more than 2,100 homes and businesses, including 13 Community Anchor Institutions (CAIs), with Fiber to the Premise (FTTP). This infrastructure buildout will deliver service that reliably meets or exceeds symmetrical speeds of 100Mbps to each location.

While North Dakota's special legislative session in late 2021 provided an opportunity for initial direction with these funds, the State's 68<sup>th</sup> Legislative Assembly in 2023 further addressed the appropriation of funds for broadband use. Following the close of the 2023 legislative session, NDIT completed its award process, in June 2023. Thus, this report can only speak to anticipated activities, as funds were not disbursed in the reporting period.

(This report was initially posted on July 28, 2023, online at the following location:  
<https://www.ndit.nd.gov/about-us/publications>)

## Uses of Funds

Thanks to the dedicated long-term commitment of North Dakota's Internet Service Providers (ISPs), North Dakota is leading the nation in broadband deployment with more than 95 percent of the state's homes having access to at least 100 Mb/second broadband service and more than 70 percent having access to service capable of 1Gb/second.

While the state has seen great strides towards universal broadband service, the CPF program quickly illuminated a significant implementation restrainer as the State moves towards its goal of universal coverage.

Specifically, NDIT learned it does not have direct visibility into the details of the locations of the remaining unserved and underserved locations in North Dakota. In fact, at the time of the passage of the American Rescue Plan Act, NDIT did not have a statewide Broadband Map or insight to potential limitations in the broadband services offered in portions of the state. NDIT has been working closely with carriers and ISPs on developing this map, in conjunction with the efforts at the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA). In addition, NDIT utilized survey forms and end-user feedback to better

understand the issues facing the state’s broadband services and providers. This included obtaining end-user customer testimonials related to gaps, or perceived gaps, in coverage.

Before the passage of The American Rescue Plan Act of 2021, North Dakota did not have a broadband office. Previously, North Dakota’s Chief Technology Officer (CTO) managed all broadband-related issues. In March 2022, the CTO hired a contractor to scope and develop the broadband capabilities of the State, in order to manage and support existing and expected broadband initiatives in the state.

Because the State did not have any broadband information on its website and lacked a central location for it to be stored or viewed, the first objective was to create a dedicated “Broadband” landing page under the NDIT home page ([Broadband | North Dakota Information Technology](#) ). This page now serves as that location for all broadband program information in North Dakota.

Another early broadband objective was to adopt a grant software management platform. Other state agencies were using the Dulles Technologies Web Grants platform to manage grants programs. NDIT evaluated the software for functionality and selected that platform for these broadband grants. NDIT was then trained in setting up grant programs and administration of the portal. NDIT also developed other informational and instructional resources around the CPF Grant Program to officially launch the CPF Application process in the fourth quarter of 2022.

North Dakota’s small broadband project team, as time could allow, networked with key stakeholders in the state and throughout the country to start to build relationships and accelerate learnings. Many organizations were contacted, including tribal members and experts, State libraries, Internet Service Providers, North Dakota’s Association of Counties, internal state agencies, and other public and private organizations serving the broadband community. The Broadband Office also started reaching out to various industry and national organizations and groups, such as the National Governors Organization, NTIA’s State Broadband Leaders Network (SBLN), National Digital Inclusion Alliance (NDIA), and The Federal Reserve.

During this time, in the final days of the 2023 legislative session, the legislature signaled its desire to limit the broadband appropriation in a new bill, [House Bill 1021](#). As a result of this legislation, the CPF Broadband Program expects to allocate approximately \$37 million. ISP match amounts, for the subgrantees, will range from zero to 50 percent of the project costs. Even with this reduced level of expected funding, these projects will result in the installation of more than 1,000 miles of fiber-optic cable in North Dakota.

House Bill 1021 cleared the way for NDIT to begin drafting contractual agreements. Earlier, NDIT had completed a six-month CPF Broadband sub-grantee application, challenge, review, and approval process. Halfway through this process, the North Dakota State Broadband Office doubled its capacity when the Broadband Program Director was hired, in March 2023.

Now as this report is prepared, in July 2023, ISPs are finalizing their project details for final review and approval by the State. Grants awarded and coverage area include:

- Griggs County Telephone Company – Steele County, Cass County
- Halstad Telephone Company – Cass-Grand Forks-Trail County
- Nemont Telephone Cooperative – East Westby-Divide County, Williston-Williams County
- Northwest Communications Cooperative – Burke County

- Polar Communications – Walsh County, Grand Forks County, Traill-Steele County
- Red River Communications – Rural Wahpeton
- West River Telecom – Grant County

These projects will be delivering at least 100 Mb/second symmetric service to 814 unserved residential locations, 1,023 underserved residential locations, 126 unserved business locations, 148 underserved business locations and 13 Community Anchor Institutions.

There were two main challenges to the application process:

- 1) One application partially overlapped an area where the applicant already had a USDA Reconnect Grant, but also the applications covered additional addresses; that application was denied for duplicity.
- 2) Seven applications were challenged by one fixed wireless provider. After a thorough evaluation based on end-user customer testimonials, speed tests provided, and NDIT’s engineering analysis, the State awarded these applications in full.

This process was completed in June of 2023. These projects were not underway in the performance period, and the 11 projects are expected to begin implementation in the summer of 2023.

### Promoting Equitable Outcomes

North Dakota is striving to be the first state with 100-percent coverage of all eligible locations with reliable high-speed broadband. The state also ranks at the top of many lists when it comes to digital equity.

The goal of the NDIT Grant Program was to award grants for projects that exclusively extended broadband service into unserved and underserved areas. Applications were received through an open competitive grant process that resulted in awards based on an objective and efficient scoring methodology. Each application was validated for its competitiveness, completeness, and eligibility as viewed through the lens of the following criteria:

- Speed Delivered and Technology
- Financial Wherewithal
- Addresses Served
- Project Timeline
- Services Offered
- Operational Capability

The State was fortunate, with its one round of CPF applications, that it did not have to deny any applications based on this evaluation criteria. The State did, however, review the applications against several critical-need variables, including serving tribal lands and the rural nature of the locations. NDIT followed all recommended guidance from the U.S. Treasury and prioritized the following:

- Unserved before underserved
- Projects that focus on the last mile activities
- Fiber solutions

- Affordability and cost efficiency
- Addresses critical infrastructure needs / community facilities
- Serves tribal land
- Broadband speeds delivered
- Project completion date

The applications mainly focused on rural locations with the projects having a range of approximately 12 subscribers per fiber mile to less than one subscriber per fiber mile, with the average just less than three subscribers per fiber mile. Because North Dakota is so far along in its broadband deployment, the locations left are truly among the most difficult and most expensive to serve, as would be expected given the small number of locations left in North Dakota that do not have broadband.

### Labor

Because this process was completed in June of 2023, these projects were not underway in the performance period, and the 11 projects are expected to begin implementation in the summer of 2023. Therefore, workforce practices related to these broadband projects are just now being established.

Practices such as project labor agreements, community benefits agreements, prevailing wage requirements, and/or local hiring have not been utilized, but some may as the projects are defined. That said, the State is not aware of these specific practices expressly planned for the 11 projects.

### Community Engagement

The goal of the State was to be inclusive of all stakeholders who wanted to participate in the CPF Grant process, from development to execution. That commitment remains as the State is investing in program planning, and stakeholder engagement, for other broadband programs. In this case, the State actively reached out to known stakeholders and published all necessary material on its website, including:

- Program Introduction
- Program Design/Structure
- Application Portal Instructions
- Application Guide
- Feedback Forms
- Challenge Process Data

As part of our CPF Grant process, the State requested input from ISPs for the program and requested feedback from the public. NDIT hosted a public webinar on the program and collected all CPF Grant Questions, Comments, and Feedback. NDIT tracked and addressed each comment/question. Some required additional outreach to the person submitting the comment. In those cases, NDIT set up calls to discuss and get clarity on the submission and concern.

After the program was fully defined, the Grant Portal system went “live.” NDIT received 12 applications. These applications identified different Proposed Serving Areas (PSAs), and none overlapped against each other.

The State published the application PSAs and allowed public comment, as well as ISP challenges. NDIT received eight challenges and then held an extended and exhaustive review of the challenges, going through multiple rounds of data collection and ISP responses. Several ISPs provided customer testimonials and feedback on the status of their broadband experience. NDIT contacted the U.S. Treasury multiple times during the challenge process to make sure that NDIT was making decisions within the guidelines of the APRA CPF Program.

The result of this CPF grant activity will bring North Dakota closer to its goal of covering all addresses with broadband connectivity. NDIT share the pride of this distinction—well within reach—and hopes to work with the carriers and ISPs to help reach this accomplishment before any other state or U.S. Territory. These CPF broadband grants are an important building block towards that expected achievement.