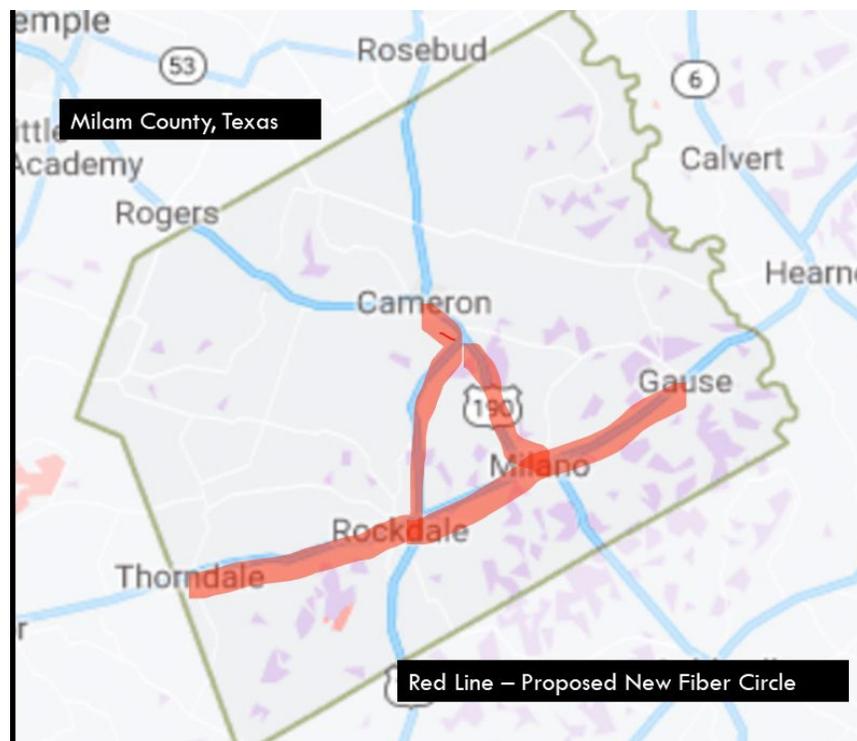


## MILAM COUNTY EXECUTIVE SUMMARY and PROJECT NARRATIVE

National Telecommunications and Information Administration  
NTIA-Broadband-Infrastructure-Program-2021

All of Milam County is without qualifying broadband service as confirmed by NTIA's map of "Indicators of Broadband Need."<sup>1</sup> Rural Milam County, Texas has partnered with Unified Communications, d/b/a, Zochnet, an experienced, local, fixed broadband provider to construct a fiber ring by laying 294 miles of underground fiber optics in the County. The Partnership selected an eligible service area in the County, consisting of 697 census blocks, representing the most populated areas for the covered broadband project. The project will provide last mile service to connect 100% of the unserved households in the eligible service area, including five<sup>2</sup> of the six cities in the County; all the seven schools in the County; all County governmental and city services; all public libraries, public housing, all medical providers, all public safety and most of the estimated 700 businesses in the County. The project will cost \$10,497,003. of which \$803,079. (equipment) are not allowable. Zochnet will make a 10% in kind contribution.



<sup>1</sup> Please see the NTIA "Indicators of Broadband Need" map: <https://broadbandusa.maps.arcgis.com/apps/webappviewer/index.html?id=ba2dcd585f5e43cba41b7c1ebf2a43d0>. The map indicates that M-lab and Ookla both establish median speeds below 25/3 Mbps for the entire County.

<sup>2</sup> Buckholts will be provided underground fiber optics by connecting to a long haul carrier that passes through the city. It may be connected to the fiber ring later.

**Covered Broadband Project:** This middle mile and last mile service will include the laying of 54 miles of backbone fiber, 100 miles of “middle mile” fiber in the cities and 140 miles of “last mile” fiber providing 1,000 Mbps download and 1,000 Mbps upload to 100% of the underserved households in the eligible service area. The project will provide service to all the 4,211 households of the 697 unserved census blocks in the eligible service area.<sup>3</sup> Milam County and all its census blocks are “eligible service area(s)” as the M-Lab and Ookla median speeds for the entire County are well below that of 25/3 Mbps qualifying broadband service. The Partnership chose this project because the six cities represent the most concentrated area of population. Thus, the installation of fiber in this area is the most cost effective. Further, this County wide “circle” of fiber can be expanded to provide fiber optics to the approximate 28 wireless towers in the County, enhancing the wireless signal strength. It will also provide the backbone of future County wide growth as new expansion circuits can be added.

**Description of the Covered Partnership:** Zochnet is a locally owned and operated provider of fixed broadband service with headquarters in Giddings, Texas. It currently constructs and provides fixed broadband wireless service by using 175 towers to provide service to over 8,000 customers in 14 central Texas Counties, including Milam. The project will be under the direction of Zochnet CEO Robert Zoch, Engineer Bill Ingram and CFO Roger Turner. Zochnet has not and is not receiving any Federal or State funds of any kind to deploy broadband service in the proposed service area.

**Description of Statutory Funding Priorities:** This project meets and exceeds all the statutory funding priorities as set forth in Section I.A of the NOFO. The project will provide service to 100% of all the 3,674(87%) of the unserved households in the eligible service of 4,211 homes by providing end user fiber to each individual household in the proposed service area; the project will provide service to a County of less than 50,000 inhabitants; the project is the most cost effective, because of the population concentration and low maintenance for underground fiber; and the project is designed to provide 1,000 Mbps download and 1,000 Mbps upload. Because the project is providing fiber optics, the program can evolve, sustain, and scale for future advanced services and is in fact, a “future-proof” infrastructure.

**Conclusion:** Milam County is a rural county without qualifying service and a perfect fit for the intended use of the NTIA grant. This proposed covered broadband project is designed to provide fiber optic service to 100% of the underserved households in the eligible service area. Finally, the project is “future proof” and will enable Milam County to have the gold standard of broadband, fiber optics!

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<sup>3</sup> See Exhibit 1, Milam County Census Blocks by Household & Population for the Proposed Project. The Excel spread sheet contains a listing of all the Milam County census blocks, census blocks in the proposed service area, census blocks in the proposed service area that received RDOF funding, households and population numbers by census block and the census blocks with households and population numbers for the six involved cities of the proposed service project.

## PROJECT NARRATIVE

Milam County is centrally located in the State about one hour northeast of Austin, Texas. The County had a 2010 population of 24,757 and an estimated 2020 population of 24,708.<sup>4</sup> For over sixty years, Milam County was the home of one of Alcoa Aluminum's largest smelting facilities, employing over 1,200 local individuals. Alcoa selected Milam County because of its vast lignite coal deposits. Alcoa was the largest employer and the largest source of tax revenue in the County during its sixty years of operation. However, over ten years ago, Alcoa began closing the facility and today it is no longer in use. Additionally, the second largest employer, Luminant, a coal fired power generating facility, closed in 2018. Further, the two hospitals of the County closed after filing for bankruptcy in late 2018. Thus, the County has no hospital or after-hours medical care.

However, Milam County has clawed back from these massive setbacks by taking advantage of the assets it has. For example, it has become the home of North America's largest bitcoin mining/data processing center. Bitcoin mining uses large quantities of electricity, which is readily available due to the enormous 356 kV powerlines located in the County. In addition, Milam County has solar farms as the same 356 kV powerlines can be used as transmission lines for the new energy. In fact, Milam County is on track to become the largest solar producer in Texas. On August 10, 2021, the United State Senate passed legislation to fund Interstate 14, which will follow Highway 190 across the County and through Cameron. Undoubtedly, this will provide great new transportation access for the County and enable more economic growth. Finally, in 2020 Milam County received an advanced telehealth station, paid for with grant funding and the assistance of Texas A&M that now offers limited after-hours care.<sup>5</sup>

However, to support the existing homes and businesses and to attract new business, the County is in dire need of reliable high-speed internet. Available internet in Milam County is ADSL, fixed point wireless, cable, and satellite. However, the service is slow and often unreliable. In fact, according to data sourced from the American Community Survey collected by the U.S. Census, Measurement Lab (M-Lab) and Ookla, the median speed of fixed broadband service for all Milam County is below 25/3 Mbps.<sup>6</sup>

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<sup>4</sup> Please see 2010 U.S. Census results and estimates for 2020:  
<https://www.census.gov/quickfacts/milamcountytexas>

<sup>5</sup> The "On Med" telehealth station is the most technologically advanced telehealth machine in the United States. Zochnet provided underground fiber for the device at a cost of about \$100,000.00 but did not charge for the installation.

<sup>6</sup> Please see the NTIA "Indicators of Broadband Need" map:  
<https://broadbandusa.maps.arcgis.com/apps/webappviewer/index.html?id=ba2dcd585f5e43cba41b7c1ebf2a43d0>

The solution to this problem is the installation of the proposed underground fiber optics ring to connect the cities of the County. This project was selected, because the five cities to be connected by the ring of fiber have the largest concentration of the County's population. Therefore, laying fiber to these concentrated areas connects more households and businesses and makes better use of grant funding. The proposed project is designed to connect 697 census blocks, 4,211 households with a population of 10,819. This represents 43% of the entire population of Milam County.<sup>7</sup>

The proposed budget includes the cost of fiberizing the 99 census blocks in the eligible service area that did receive RDOF funding. This amounts to 397 households in the eligible service area. Although RDOF funding has been awarded, the Partnership is unsure as to what type of service will be provided nor when the service will be available. Due to the limited amount of the RDOF funding, the Partnership is confident the funding will not be used to provide fiber optics. However, should NTIA determine that these 99 census blocks should not be fibered, we request approval for the 598 census blocks in the eligible service area that are truly "unserved." The budget will be reduced accordingly.

The proposed fiber ring will provide a backbone to connect the cities while allowing an excellent opportunity for expansion as new circuits can be added. The ring will be connected to three long haul carriers, providing triple redundancy. Therefore, if a trunk line is cut, the ring will still provide service by connections from the other two carriers. The Partnership elected to lay the fiber underground, because in many areas, Zochnet has previously been denied access by the pole owners to place fiber on the poles. In some areas the poles supposedly are "saturated" with other lines and in some cases, the pole owners simply refused for competition reasons. Finally, underground fiber is better protected against natural disasters.

The proposed project has the full support of all the involved Mayors, school superintendents and the public libraries of Milam County. Each has signed a letter of support for the project.<sup>8</sup> The pandemic made us painfully aware of how bad our internet situation is as virtual connections were impossible or slow at the best. Many students who stayed home could not connect with their schools. In fact, "hotspots" were purchased with CARES Act funding and provided to stay at home students to provide connections with the classroom.

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<sup>7</sup> See Exhibit 1, Milam County Census Blocks by Household & Population for the Proposed Project. The Excel spread sheet contains a listing of all the Milam County census blocks, census blocks in the proposed service area, census blocks in the proposed service area that received RDOF funding, households and population numbers by census block and the census blocks with households and population numbers for the six involved cities of the proposed service project.

<sup>8</sup> See Exhibit 2, Letter of support dated August 10, 2021, from the mayors, superintendents and public libraries.

The State of Texas has been contacted, but as the State has no plan for broadband expansion, the proposed plan is not in conflict.<sup>9</sup>

Grant funds are needed for this aggressive project as the return on investment of underground fiber is slow, especially in rural areas, such as Milam County where the customer base is sparse. Although Zochnet has begun laying fiber optics in Cameron, progress is slow and the associated costs and return on investment issues prohibits quick deployment. Over the last year Zochnet has only been able to lay about three miles of underground fiber. If the proposed grant is awarded, two additional boring machines will be purchased and additional construction crews of over thirty individuals will be hired to make this service of the future available in only one year!

**Description of the Covered Partnership:** The Milam County Commissioners Court formally approved the partnership with Zochnet on July 26, 2021, after Zochnet filed a favorable response to a public request for qualifications.<sup>10</sup> There are no other partnerships involved in the proposed project and Zochnet has not partnered with any other County or municipality for the NTIA Broadband Infrastructure Grant Program. There are no informal collaborators.

Zochnet was incorporated in 2010 and has been in business for over 11 years. It is primarily a wireless internet provider, providing service with 158 towers throughout 14 central Texas Counties. Its primary focus is on three central Texas counties of Milam, Burleson, and Lee. It has installed and connected over 140 miles of aerial fiber in Burleson and Lee Counties. It recently began installing underground fiber in Milam and Austin Counties as well.

Zochnet constructs its own projects with its own employees. It also services, maintains, and provides customer service to its 8,000 customers with its own employees. It has a large operations center in Giddings, Texas where it monitors its entire internet operation 24 hours of every day.

Zochnet is the perfect partner for the project because it is already in the business of providing fixed broadband services to Milam and its surrounding counties, including aerial and underground fiber. It is already providing maintenance and customer service in the County as well. Its experience in the business will ensure project sustainability.

**Description of the Covered Broadband Project:** The proposed fiber project is a competitively and technologically neutral project for the deployment of fixed broadband service. The project will deliver symmetrical speeds of 1,000 Mbps download and 1,000

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<sup>9</sup> See Exhibit 3, Letter of “No Conflict” from the Texas Comptroller of Public Accounts, dated August 9, 2021.

<sup>10</sup> See Exhibit 4 – Minutes of the July 26, 2021, Milam County Commissioners Court, unanimously approving the covered partnership with Zochnet.

Mbps upload with latency sufficient to support real time, interactive applications. Because information travels through fiber cables at the speed of light, latency delay with fiber optics is exponentially less: an average of 17 milliseconds, compared to 100 milliseconds with cable internet.

Zochnet will bore underground and install an estimated 240 miles of underground fiber in the six involved cities. An additional 54 miles of fiber will be laid using trenching equipment alongside Highway 79, Highway 77 and Highway 190 using the TxDot right of way to connect Cameron, Rockdale, Milano, Gause and Thorndale.<sup>11</sup> The 54 miles of backbone fiber will connect to the 100 miles of “middle mile” fiber whereby 100 percent of the total unserved (infrastructure) households in the affected census blocks will be connected. In fact, fiber optic service will be laid and offered to every individual household, business, governmental entity and school located in the six cities of the County: Buckholts, Cameron, Milano, Gause, Rockdale and Thorndale.

All the census blocks we propose to fund with the NTIA grant meet the definition of an “eligible service area” as set forth in section I.A. of the NOFO. While we do not have access to the actual broadband service speeds within these census blocks, we do have access to data provided by the NTIA map and related data detailing actual broadband speeds in the County. According to the County CSV data, the M-Lab median download speed for the County is 7.780 Mbps and the median upload is 1.908 Mbps. Ookla indicates the median download speed for Milam County is 10.17 Mbps and the median upload speed is 2.411 Mbps.<sup>12</sup> As both speeds are well below the minimum 25/3 Mbps definition of broadband, it is evident that none of the involved census tracts could possibly have speeds in excess of the minimum requirements. Therefore, all the involved census blocks meet the definition of an “eligible service area.”

In the past some census blocks in the County did receive CAF and CAF II funding. However, the funding is over and the projects are completed. There are 99 census blocks in our “eligible service area” that did receive some Federal funding through the Rural Digital Opportunity Fund (RDOF).<sup>13</sup> We have meticulously deleted every census block within the eligible service area that recently received RDOF funding from our application. Therefore, the 598 census blocks in our application are truly “unserved” as each does not have qualifying broadband service and “no broadband provider has been selected to receive, or is otherwise receiving, Federal or State funding subject to enforceable build out commitments to deploy qualifying broadband service in the

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<sup>11</sup> Buckholts will be connected by with a connection circuit to a nearby trunk line carrier.

<sup>12</sup> See Please see the NTIA “Indicators of Broadband Need” map:

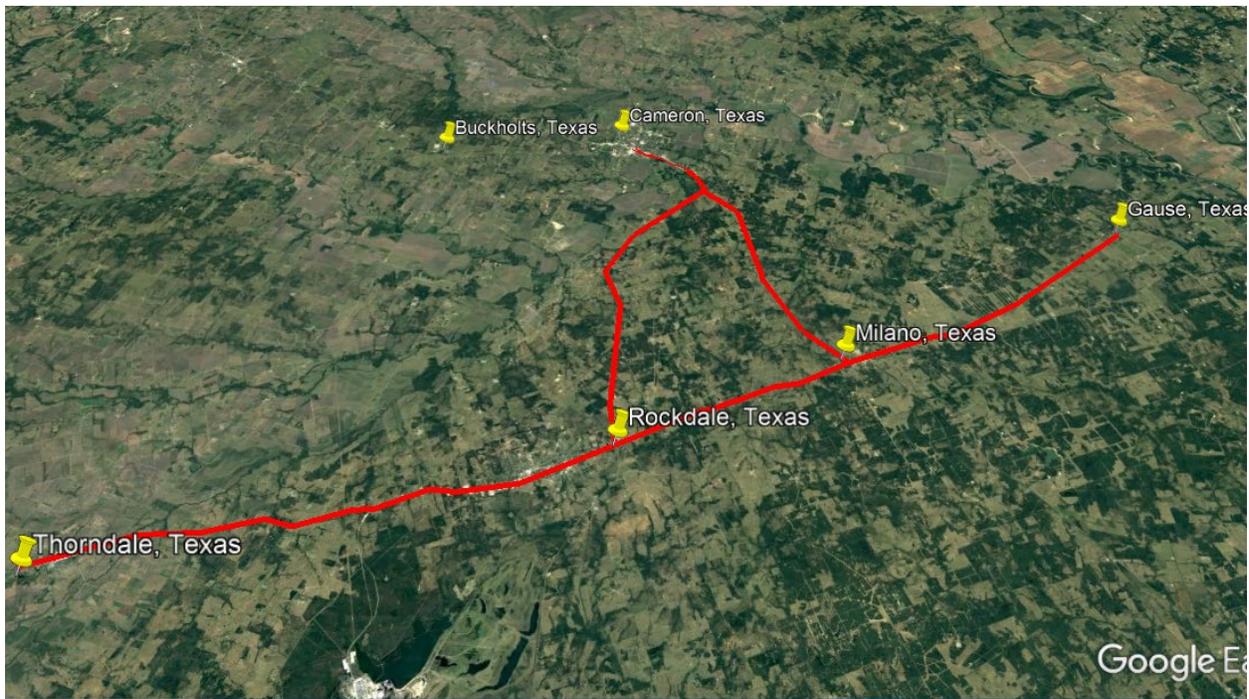
<https://broadbandusa.maps.arcgis.com/apps/webappviewer/index.html?id=ba2dcd585f5e43cba41b7c1ebf2a43d0>.

<sup>13</sup> Please see exhibit 1, sheet 2, entitled “RDOF in our Service Area” for a complete listing of the census blocks in this proposed service project that received RDOF funding. There are a total of 89 census blocks in the proposed project that received RDOF funding.

specific area.”<sup>14</sup> Therefore, the entire proposed service area meets the definition of “unserved” as defined in section I B (k) of the NOFO.

However, if the grant is awarded, fiber optics will be laid to each household, business, school or public entity in the proposed service area including any household or business in the proposed project that received RDOF funding. This does not mean, laying the fiber to a “curb”, but rather to the individual households and businesses.

**Description of the Area to be Served:** As set forth herein, a fiber ring will be constructed to connect five of the six cities in the County. Buckholts’ underground fiber will be connected to a trunk line fiber carrier in close proximity to the city. Below is an image of the area to be served. The red lines denote where backbone underground fiber ring will be laid.



**Description of the Funding Priorities the Proposed Project Satisfies:**

Priority I: The proposed project is designed to provide service to the greatest number of unserved households in the eligible service area. Of the 4,211 households in the selected eligible service area, 3,674 or 87% are “unserved” as each does not have qualifying broadband service and “no broadband provider has been selected to receive, or is otherwise receiving, Federal or State funding subject to enforceable build out

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<sup>14</sup> Please see exhibit 1, sheets for Cameron, Rockdale, Milano, Thorndale, Gause and Buckholts for an itemized listing of the census blocks in the proposed service area that did not receive RDOF funding.

commitments to deploy qualifying broadband service in the specific area.” This proposed covered broadband project does provide qualifying broadband service to the greatest number of households in the selected eligible service area.

Priority 2: The population of Milam County is just under 25,000 and thus it is far under the 50,000 as set forth by priority two.

Priority 3: The proposed project is the most cost-effective means for providing fiber optics to rural Milam County. The proposed project will make fiber available to the most concentrated parts of the County and provide a fiber ring for future growth. This is the most cost-effective way to provide fiber to the County. Further, underground fiber is protected from natural disasters and other calamities, such as rodents.

Priority 4: The proposed project will deliver speeds far more than the NOFO required 100/20 Mbps.

Most importantly this aggressive project is a futuristic plan. We realize that the County is rural with a sparse population. However, the County is growing, and we are working to bring new business and new people to the County. We want to build a regional training center in the County to train for the technological jobs of the future, including those jobs associated with bitcoin mining, data processing and solar. But, in order to do this important task, we must have fast, reliable internet. This project meets all of the funding priorities of the NOFO, but most importantly it will posture the County for future growth and development.

**Cost of the Project:** The total cost of the 294-mile fiber project is \$10,493,003.<sup>15</sup> The project will deliver service to 4,211 households at an average cost of \$2,491.00 per household. This is a very reasonable price for the proposed project. While reasonable, it is still a lot of money, which is why a grant is necessary. Internet service providers are hard pressed to expend \$10,497,003. from their own coffers knowing it will take years to simply recoup the investment, must less make a profit. Further, it is hard for internet service providers to acquire substantial loans as most have few fixed assets for collateral.

The costing method for this project has been broken down into three main sub-projects; backbone fiber, middle mile fiber, and last mile fiber. The backbone fiber will be 54 miles of bored fiber and will connect several towns in Milam County to three redundant provider networks. The middle mile fiber will be connected to the backbone to several fiber cabinets throughout the involved towns. This fiber will also be bored underground through all the roads in the town to a connection point for each home “pedestal”. From the pedestal the last mile fiber will be bored underground to each home in the project.

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<sup>15</sup> See form SF 424-C completed August 14, 2021.

Equipment will be mounted on the outside of the home and delivery into the home will be available at the owner's request.

Backbone fiber has been calculated based on a cost per foot basis as illustrated in field E17 of the detail spreadsheet, however middle mile and last mile are calculated on a cost per household as seen in fields E37 and E52.<sup>16</sup> Middle and last mile cost calculations are based on a pre-engineered 150 household town and broken down to the cost per household to be used across the total 4211 households of the proposed project. Equipment required to complete the project are included in column F and broken down to a per day cost as seen in D11, D32, and D47.<sup>17</sup> This is included in the total cost per household and cost per mile calculation.

There are some items that are considered "Not Allowable" that are shown but are entered into the SF-424C form as "Not Allowable" and removed from the total.<sup>18</sup> These items are identified in red and in column B of the SF-424C form.

The backbone build is done by boring down the Texas Department of Transportation easements in 1000 feet increments. At most of these ingress/egress points, a cement hand hole will be installed enabling splicing for additional service for other customers, or to store slack in the fiber for future repairs. At each ingress/egress point a marker identifying the hand hole will be installed with a tracer wire attached allowing for future locates of the buried fiber. At each town there will be several fiber cabinets installed to allow connections from multiple customers to the backbone connection. This will then connect to the middle mile fiber.

The middle mile fiber will egress from a fiber cabinet and be installed in a "grid" pattern mimicking the pattern of the town blocks. In the center of each town block the middle mile fiber will ingress/egress with a "pedestal" where required fibers will be broken out and connected to a "TAP". The TAP is where the last mile fiber will connect to the customer premise.

The last mile fiber will egress from the Pedestal using a fiber to the home drop which will be connected to the Tap using a waterproof OPTI style connector. This then will be bored underground to each home where conduit will come up the side of the house into a small demarcation "D-Marc" box. From there an indoor fiber jumper will be run into the home to a faceplate that will be mounted on the wall close to a power plug. This is where a fiber router will be connected allowing ethernet connections as well as Dual

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<sup>16</sup> See exhibit 5, Detailed Budget Spreadsheet for Milam County Broadband Infrastructure Project.

<sup>17</sup> See exhibit 5, Detailed Budget Spreadsheet for Milam County Broadband Infrastructure Project.

<sup>18</sup> See exhibit 5, Detailed Budget Spreadsheet for Milam County Broadband Infrastructure Project, column M.

Band AC 5.8 and 2.4 wireless connections. All hardware required to complete each phase of this project is identified in columns A-D.<sup>19</sup>

**Table of Funded Project Participants:** Milam County and Zochnet will be the only two organizations that will participate in and contribute to the proposed activities. Zochnet will perform all the work of laying the fiber, without the assistance of any subcontractors. The equipment and personnel performing work on the project will be that of Zochnet. At the time of the filing of our application, there are no “unfunded informal collaborators.”

Organizational Chart of all Funded Project Participants

| Organization | Individual   | Title                   |
|--------------|--------------|-------------------------|
| Milam County | Steve Young  | County Judge            |
| Zochnet      | Robert Zoch  | CEO                     |
| Zochnet      | Roger Turner | Chief Financial Officer |

**Resumes of Key Personnel:** The resumes of the key personnel as set forth in the chart above are attached to this narrative.<sup>20</sup>

**Proposed Prices:** The end user will not be charged for the cost of fiber installation. Further, there will be no required contract for the service. However, Zochnet will offer a two-year contract with a 25% annual saving for new subscribers. The proposed price of the service with the 25% discount will be as follows:

- 10/10 Mbps \$44.96 per month
- 25/25 Mbps \$59.96 per month
- 50/50 Mbps \$82.46 per month
- 100/100 Mbps \$112.46 per month

Those who do not enter into a 2-year contract would pay an additional 25% to the above listed prices.<sup>21</sup>

**Technical Details of the Project:** The proposed technology will be Active Ethernet deployment where all fiber connections feed into centrally located splice enclosures. All connections will aggregate over a fiber backhaul to the fiber network core. The only time concentration of subscriber demand to capacity happens is at the core. At the customer premises a fiber router will be installed in the home with standard one gigabit ethernet port to allow customers to connect standard equipment directly to the router via wireless or wired methods.

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<sup>19</sup> See exhibit 5, Detailed Budget Spreadsheet for Milam County Broadband Infrastructure Project.

<sup>20</sup> See Exhibit 6- Resumes of Steve Young, Milam County Judge; Robert Zoch, CEO of Zochnet; Roger Turner, Chief Financial Officer of Zochnet.

<sup>21</sup> See Exhibit 7, Zochnet’s current broadband pricing schedule.

This technology will ensure uncontested bandwidth and a reliable 1:1 connection from the customer premise to the internet, providing a very linear cost per subscriber, and eliminating the risk of stranded capital investment vs. a Passive Optical Network (PON) deployment. Active ethernet also facilitates network redundancy. Active ethernet, compared to PON deployments (which have only one path between the OLT and the ONU) provides a stable, reliable, and guaranteed connection to conduct critical high-bandwidth tasks, such as telemedicine, remote education, remote/satellite office, and work from home opportunities. The Partnership will construct fiber rings to provide redundant paths at the network core to protect against fiber path or electronic equipment failures.

## **Evaluation Criteria for the Broadband Infrastructure Program**

### **1. Project Purpose and Benefits (30) Points:**

**a. Level of Impact:** The proposed project should score all 20 points allocated for the level of impact. The project includes the installation of middle mile fiber and last mile fiber to connect 100% of the available 4,211 households in the eligible service area; all of the six cities in the County; all of the seven schools in the County; all of the governmental services including County and city services; the two public libraries, public housing, public safety, medical services and most of the businesses of the County, with the gold standard of broadband, fiber optic. No other Federal or State funds have been requested nor allocated for this project.

**b. Affordability of Service:** The customers will not be charged for the installation of fiber. The only charges will be for the actual use of the service. Zochnet will offer two possibilities: (1) a two year contract with a 25% discount of the standard prices during the contract; and (2) no contract, paying standard fees. The standard fees range from \$59.95 for 10/10 Mbps to \$149.95 for 100/100 Mbps.<sup>22</sup> In addition, there are no data caps of any kind.

Therefore, the service is very affordable and the project should receive the 10 points allocated. Zochnet offers the 25% discount in good faith to demonstrate its commitment to passing some of the savings of the grant to the end users.

### **2. Project Viability**

**a. Technical Approach and Related Network Capacity:** The project is shovel ready and work can begin immediately after funding. The proposal is comprehensive in that it provides fiber to the core of Milam County. The service will provide the highest speeds available and therefore it is scalable and future proof. The project will provide a fiber ring with triple redundancy. The fiber ring will provide 95% or more of all peak period measurements of network round-trip latency at or below 80 milliseconds.

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<sup>22</sup> See Exhibit 7, Zochnet's current pricing schedule.

Therefore, the project should receive 20 points for its technical approach, capacity and performance.

**b. Applicant's Organizational Capability:** Zochnet will perform all the construction work of laying the fiber optics. Zochnet has the organizational skills to complete and manage the project as it has been in business for over twelve years. Zochnet began in 2010, because its CEO, Robert Zoch wanted better internet at his home in neighboring rural Lee County.

Zochnet now provides broadband service in 14 central Texas counties using 170 towers. In December of 2017 Zochnet began providing aerial fiber to parts of central Texas. It now provides 140 miles of aerial fiber service to 3,700 homes to portions of Lee, Burleson, Washington and Williamson counties. In addition, it recently began laying underground fiber in Milam and Austin counties. Zochnet owns and manages all its fiber to home and fixed-point wireless network infrastructure, including the technical and customer support of its 8,000 customers. Zochnet manages its system, maintains its system and provides outstanding customer support.

Zochnet is currently laying underground fiber optics in Milam County and therefore it knows the process and what is required. Thus, Zochnet has the organizational skills to construct, maintain and support the proposed project warranting an allowance of 20 points.

### **3. Project Budget and Sustainability:**

**a. Reasonableness of the Budget:** There is no profit built into the proposal for construction of the project. Zochnet's proposed budget will simply pay for the actual cost of constructing the project. One of the toughest roadblocks to bringing high speed broadband to rural counties is the cost of installing fiber optic cable. In 2017 the Department of Transportation compiled statistics stating the average cost of laying fiber at \$27,000. per mile. No doubt the cost has risen, but at that price the cost of laying the fiber of this project is approximately \$8 million. Of course, this does not include the equipment and ancillary costs of the project.

The cost of this project is reasonable, and it makes common sense. It will provide a fiber ring; end user fiber to each individual home and/or business, the fastest speeds and it will provide service to the most concentrated area of rural Milam County in order to be cost effective. Accordingly, the project should receive the maximum 10 points.

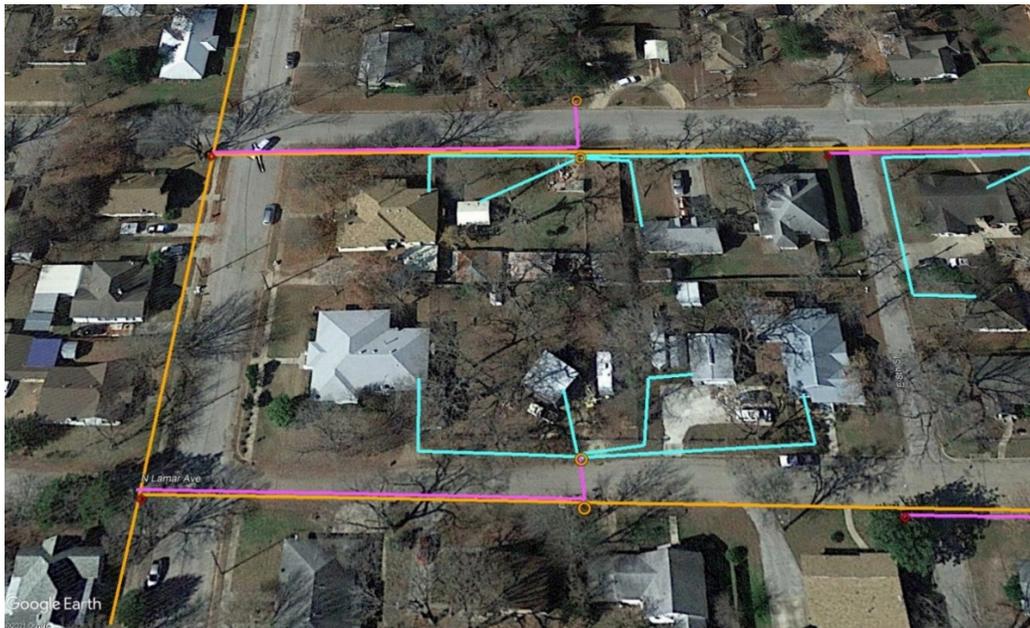
**b. Sustainability of the Project:** Zochnet is in the business of installation, maintenance, and broadband customer service. After project completion Zochnet will maintain and provide customer service for all those who use the service. Therefore, the project will be sustained well beyond the award period.

The project clearly has the support of the community as evidenced by the letter of support from the involved community leaders.<sup>23</sup> The project clearly has the ability to scale and integrate evolving advanced services over time as the project is installing state of the art, fiber optics. This project is clearly sustainable and should be awarded 15 points for sustainability.

**c. Leverage of Non-Federal Resources:** Applicants proposed a 10% match to the project, amounting to \$835,000. Zochnet will provide an in-kind match by providing materials and services, without charge, during the construction phase of the project equaling 10% of the overall Federal assistance. In addition, Zochnet is providing a 25% discount of its standard fees for any customer in the proposed service area that contracts for 2 years to demonstrate a good faith commitment to the overall project. Therefore, the project should receive the maximum 5 points for this category.

**Description of How Deployment Will Have the Ability to Scale:** The project consists of state-of-the-art fiber. Because this is the gold standard in the industry, it has every possible capability for expansion.

**Project Plan:** The project plan is to bring fiber to an eligible service area that includes every household within 697 census blocks that incorporates the six cities of Milam County. Fiber will be laid to the individual households as shown by the exemplary photo below. The proposed plan will provide underground fiber optic connections to the individual households and business in the proposed service area and not just a connection to the “curb” or a city block.<sup>24</sup>

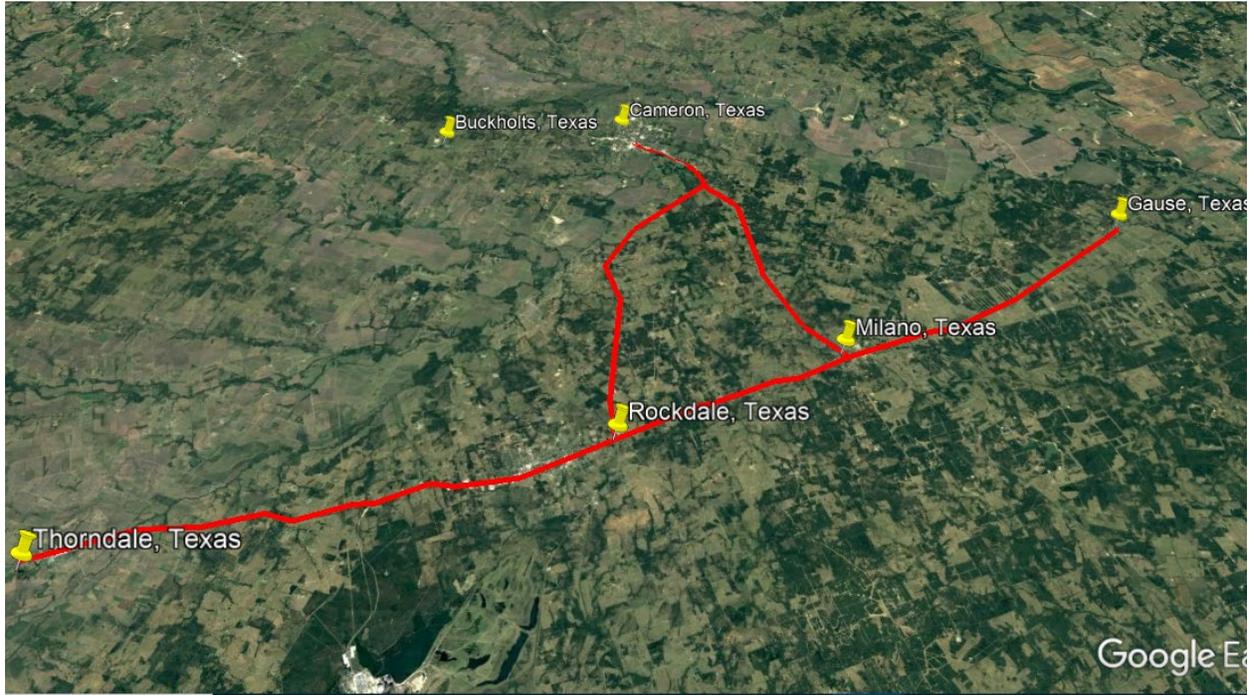


<sup>23</sup> See exhibit 2, letter of support from, mayors, school superintendents and others.

<sup>24</sup> Please see the “Cost of the Project” section above for a more detailed description of the “Project Plan.”

## Brief Description of the Physical Project Area:

The area for the proposed project area is shown in the map below, which has been previously described herein.



There are no protected lands or resources in or near the project area. The partnership has not performed any environmental or historic studies, but if the grant is awarded, all necessary studies will be done before construction in the affected area begins. Further, the project will comply with all applicable provisions of the National Environmental Policy Act and the National Historic Preservation Act. The Partnership will cooperate with the NTIA in identifying feasible measures to reduce or avoid any identified adverse environmental impacts of the proposed project.

**Description of Support Provided to the Provider:** No support has been provided to the Zochnet for the deployment of broadband service in the proposed service area. No grants, loan or loan guarantees of any kind have been requested nor provided from any source, including, but not limited to: the State of Texas; Title VI of the Rural Electrification Act of 1936; the broadband pilot program known as “Rural eConnectivity Pilot Program” or the “ReConnect Program”; any high cost universal service support provided under section 254 of the Communications Act; any grant provided under 6001 of the American Recovery and Reinvestment Act of 2009; amounts made available for the Education Stabilization fund under the heading “DEPARTMENT OF EDUCATION”

in title VIII of division B of the CARES Act; or any other grant, loan, or loan guarantee provided by the Federal Government for the provision of broadband service.

**Strong Labor Standards:** Zochnet currently provides the prevailing wage and fringe benefits for all of its 57 employees. Zochnet will continue to offer wages at or above the prevailing wage for all employees that participate in the project. Zochnet has and will continue to hire locally.

Zochnet pays the cost of medical insurance for all of its employees and provides a 401(k) plan as well. Zochnet invests heavily in its employees by providing training and on the job skills.

Zochnet does comply and will continue to comply with all the applicable provisions of the Davis, Bacon Act.

**Conclusion:** All of Milam County is without qualifying broadband service. According to the NTIA map of broadband need indicators, the median fixed broadband speeds for the entire County is below 25/3 Mbps. Thus, all of Milam County meets the definition of “eligible service area.”

Of the 4,211 households in the selected eligible service area, 3,674 or 87% are “unserved” as each does not have qualifying broadband service and “no broadband provider has been selected to receive, or is otherwise receiving, Federal or State funding subject to enforceable build out commitments to deploy qualifying broadband service in the specific area.” This proposed covered broadband project does provide qualifying broadband service to the greatest number of households in the selected eligible service area.

Milam County and Zochnet have partnered to provide a ring of fiber that will connect and serve the most concentrated areas of population in the County. The ring will serve as the backbone of “qualifying broadband service” for now and for many years to come. The proposed project will deliver the fastest speeds available.

Milam County is rural, with less than 50,000 in total population and the speed of the proposed service is the highest available. But most importantly, this is a project of the future. This is a project that is capable of expansion. This is a sustainable project that has the ability to evolve, sustain and scale for future advanced services for a rural county that will undoubtedly grow due to its close proximity to an ever-expanding Austin, Travis County population.

On balance this is a project that meets and exceeds the statutory funding priorities of the NOFO. In addition, it meets and exceeds all of the evaluation criteria of the NOFO and it certainly merits approval. The Partnership proposes a perfect plan that complies

with every aspect of the NOFO which will exemplifies the true spirit and intent of the National Telecommunications and Information Administration. We respectfully request approval.

Respectfully submitted,

Steve Young  
Milam County Judge