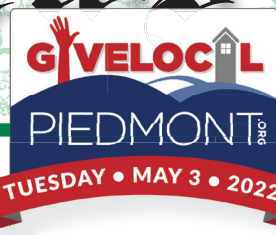


Rappahannock News

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BROADBAND DECISION DAY

BEHIND THE NEWS

How Rappahannock's universal broadband plan — powered by federal subsidies — became irresistible

BY TIM CARRINGTON
For Foothills Forum

As Rappahannock County approaches a decision point on participating in an ambitious eight-county high-speed broadband plan, advocates might pause to salute two events that make the milestone project possible: the outbreak of Covid-19 in March 2020 and the resulting passage of the \$1.9 trillion American Rescue Plan Act in March 2021.

The virus shone a spotlight on the digital divide that leaves many Americans without fast and reliable internet service. More importantly, it led to the sprawling American Rescue Plan Act, which pumped money into pandemic-stricken communities and localities needing an economic jumpstart after months in lockdown.

Without Covid, the robust subsidies that make the broadband plan hard to resist would never have materialized. And policymakers and industry experts alike say that without generous subsidies, Rappahannock — with 27 residents per square mile and many hills and hollows — could

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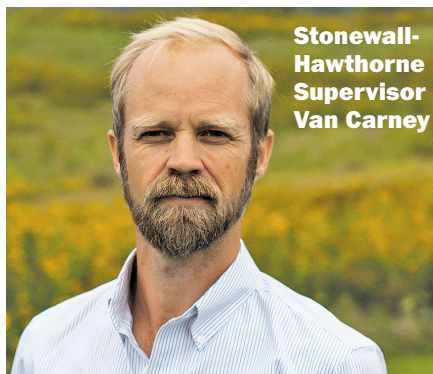
Hampton
Supervisor
Keir
Whitson



Piedmont
Supervisor
Christine
Smith



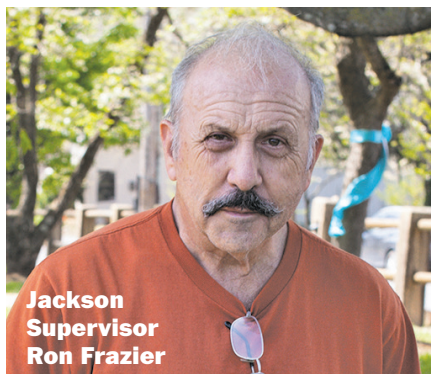
Wakefield
Supervisor
Debbie
Donehey



Stonewall-
Hawthorne
Supervisor
Van Carney



A months-long process will likely be decided by the Supervisors on Monday



Jackson
Supervisor
Ron Frazier

PHOTOS BY LUKE CHRISTOPHER; SMITH BY RONDA ANN GREGORIO

Faced with monumental vote, Board of Supervisors expected to approve broadband expansion

BY JULIA SHANAHAN
Rappahannock News staff

The Rappahannock County Board of Supervisors on Monday will be faced with making the hugely consequential decision of whether to advance universal internet expansion across the finish line as part of what County Administrator Garrey Curry called the “most important project” the county has undertaken in decades.

While a majority of the body is expected to support the measure for it to advance, the decision isn't as clear-cut for other members in the minority.

“If we just decided we just don't want broadband here, I think those consequences of being the only uncolored spot on the map would be very bad for our community,” Curry said in an interview.

The Board of Supervisors will decide whether to enter into a contract with private internet provider All Points Broadband and the Northern Shenandoah Valley Regional Commis-

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WASHINGTON
FINE PROPERTIES

THE PREMIER BROKERAGE FIRM

REPRESENTING THE CAPITAL REGION AND THE VIRGINIA COUNTRYSIDE

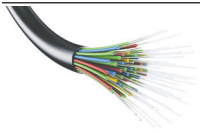
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never attract private internet providers to install the infrastructure necessary for county-wide, high-speed service at affordable rates.

The complex broadband venture isn't a service procurement but a public-private economic development program presented to Rappahannock and seven other counties as a package. Responsibilities and roles involve a mosaic of federal and state agencies, private interests and utilities.

All Points Broadband, the Leesburg-based company that would build the fiber optic connections to homes and businesses, just a few years ago was a wobbly provider of wireless internet service. But it now operates from a new business model where the company's services are embedded in collaborative structures that mix public, private and philanthropic contributions to bridge the digital divide that leaves parts of the population outside the reach of reliable internet service. And behind the current project's byzantine organization chart is a giant funding source: ARPA, which would bankroll much of the work through three waves of support:

▶ The State of Virginia is providing just over \$96 million from ARPA.

▶ Rappahannock has earmarked \$715,768 of its ARPA monies to cover a portion of the \$5.9 million the county is obliged to put up for the project, whose overall costs in the county are estimated to be \$19.5 million.

▶ With local supporters pledging \$5,585,768, Rappahannock faces a remaining obligation of \$314,232. Donations currently being mobilized may erase even that, but if they fall short, Rappahannock can turn again to ARPA, which shows \$650,768 of unallocated county funds available to be tapped.

No 'Plan B'

Because of the subsidies, the project's many supporters point out, the county will get what it's wanted for twenty years — high-speed, nearly universal internet, without increasing taxes, borrowing or digging into financial reserves.

Two skeptics on the Board and Supervisors — Jackson Supervisor Ron Frazier and Piedmont Supervisor Christine Smith — have raised questions about the proposal from the start and aren't expected to go along with the plan.

County Administrator Garrey Curry prepared a laundry list of what he considers shortcomings and information gaps in the project's contract; but none of the other seven counties joined his demand for tightening up the document, and All Points Broadband appears unwilling to renegotiate terms or even reword phrases Curry finds troubling. Officials from All Points didn't respond to an interview request for this article.

Notwithstanding the questions and reservations, the project is likely to be embraced at the Board of Supervisors meeting May 2 because so many people in the county see it as a singular



FILE PHOTO BY LUKE CHRISTOPHER

opportunity. While disappointed that the other counties aren't supporting his push for tightening the contract, Curry isn't suggesting that Rappahannock walk away from the project. He points out that no other internet company has offered a proposal to provide service across the county. "There really is no equivalent Plan B," he says.

Hampton Supervisor Keir Whitson, Stonewall-Hawthorne Supervisor Van Carney and Chair and Wakefield Supervisor Debbie Donehey, are expected to vote for moving ahead. As the supporters see it, the risks and worries are outweighed by the advantages of installing infrastructure for near-universal high-speed coverage at no expense to the taxpayer.

"Finally, after two decades, something is happening," Whitson said. "This is being brought to us." Moreover, extended foot-dragging would risk missing the opportunity: Curry points out that federal pandemic relief funds must be obligated by December 2024, and fully expended by December 2026.

Local needs, local support

The momentum to embrace the project is evident in the contributions enabling Rappahannock to come up with the \$5.9 million it's obliged to bring to the table: Washington resident Chuck Akre is donating \$3.5 million through his family's Fagus Foundation; the Warrenton-based

PATH Foundation has approved a \$1 million grant; the Rappahannock County Public Schools are putting in \$370,000; an anonymous citizen has pledged a matching grant of \$150,000, which would become \$300,000 if fully leveraged. Then there is the federal government's ARPA contribution of \$715,768, with more money to fill any funding gap that might remain.

Part of what has shifted the calculus is a changed perception of what the internet is for. Once seen as elite entertainment, now high-speed, reliable and affordable internet is understood as critical for ordinary activities of ordinary people. It helps them pursue education, access medical services, find jobs, hire workers, and buy or sell houses and tractors. And Covid exposed the downside for the disconnected: many Rappahannock students found their education not just disrupted but effectively stalled due to poor or nonexistent service.

Rappahannock County Piedmont School Board member Rachel Bynum said that according to some estimates, "as many as two-thirds of our students don't have reliable broadband at home." She added: "This means limited access to school communication and classwork if school is remote ... It obviously is limiting and inequitable as well."

Carney said, "Across demographics, I have heard, 'Get it and get it fast. We need affordable internet and we need it now.'" He and others point out that while the broadband project has sparked debate, it hasn't ignited a replay of past Rappahannock culture wars.



Across demographics, I have heard, 'Get it and get it fast. We need affordable internet and we need it now.'

VAN CARNEY,
Stonewall-Hawthorne District supervisor

According to the U.S. Census Bureau, about 18% of Rappahannock residents lack internet service. But many residents categorized as internet-connected complain that their service is slow, intermittent and clumsy. Whitson pointed out that the high-speed fiber envisioned in the pending project is "the gold standard" for broadband access.

Whether a significant portion of Rappahannock residents enjoys that gold standard will depend on the efforts of an intricate network of players:

▶ **All Points Broadband:** The seven-year-old Leesburg company would build high-speed fiber optic connections to homes and businesses. All Points in turn has been transformed through a powerful new backer, Searchlight Capital Partners, a private equity firm, one of whose partners is Ajit Pai, chairman of the Federal Communications Commission from 2017 to 2021, and before that an FCC commissioner for five years. Rappahannock Electric Cooperative would work with All Points in extending the fiber optic lines to locations that currently are unserved. All Points would run fiber lines to homes and businesses using easements that REC already has in place, both aerial and underground.

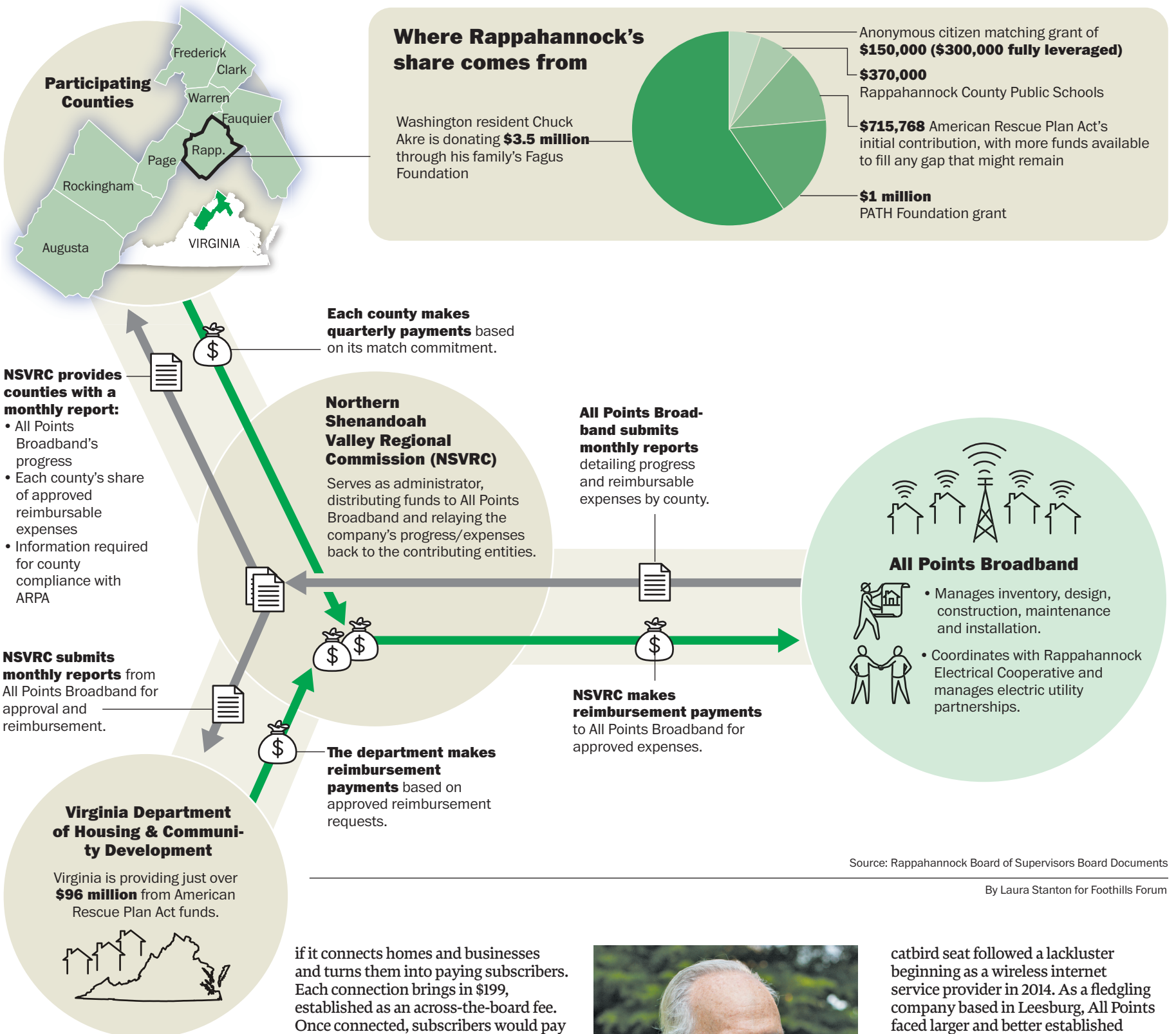
▶ **NSRVC:** At the center of the project, acting as fiscal agent, is the Northern Shenandoah Valley Regional Commission, which would review monthly progress reports from All Points and then request reimbursements from the Virginia Department of Housing & Community Development. That department would then draw funds from the Virginia Telecommunications Initiative. NSRVC would use the money from the state, together with funds from the counties, to reimburse All Points, based on its progress in installing fiber connections.

▶ **The eight counties:** Based on their agreed-to financial commitments, the participating counties would make quarterly payments to NSRVC. NSRVC would provide monthly progress reports to the counties, plus information required for county compliance with ARPA. NSRVC, not the counties, is the sole entity with a legally binding relationship with All Points.

The collaborative structure is complex, but as Whitson sees it, there is some safety in numbers: he figures that the various partners each have incentives to make the project succeed. In sum, he says, "It's too big to fail." →

The broadband mosaic

The eight-county high-speed broadband project involves multiple partners, roles and funding sources. Here is how funds and information would flow:



Source: Rappahannock Board of Supervisors Board Documents
By Laura Stanton for Foothills Forum

➔ Though absent from the organization charts, factors well outside the region may influence the unfolding project: inflation, worker shortages and supply-chain disruptions could affect the progress of the project, as with every enterprise, public or private. The uncertain economic environment is one reason that policymakers hesitate to set down timelines for the project. Nonetheless, the lifeline ARPA funds carry expiration dates that will discourage delays.

All Points in the catbird seat

Beyond the promises built into the collaboration, All Points will be subject to straightforward market incentives. The company would only make money

if it connects homes and businesses and turns them into paying subscribers. Each connection brings in \$199, established as an across-the-board fee. Once connected, subscribers would pay a starting monthly rate of \$59.99, which can rise with the rate of inflation.

Moreover, though All Points is the only internet company participating in the broadband plan, it wouldn't enjoy a permanent monopoly. Locally-owned Piedmont Broadband and billionaire Elon Musk's Starlink, among others, provide internet service in Rappahannock, and if All Points' customer service is disappointing or too costly, users could opt for one of the other companies.

Starlink says its service is unavailable to new Rappahannock subscribers until at least 2023 because of satellite limitations. And Piedmont Broadband's service is subject to limitations caused by geographic barriers.

Whitson noted that while All Points has incentives to deliver quality service, it's clear that the company has claimed "the catbird seat" by attaching itself to a subsidized private-public partnership that no other company can



FILE PHOTO BY LUKE CHRISTOPHER

Washington resident Chuck Akre's company made a significant investment in All Points but sold its stake to a private equity group last year.

replicate. The participating counties show a combined population of 416,509, according to the Census Bureau; if all eight counties shared Rappahannock's 18% level of internet disconnection, and all disconnected residents opted for the plan, All Points would pull in \$15.3 million in connection fees, followed by \$4.6 million in monthly subscriber fees.

For All Points, the journey to the

catbird seat followed a lackluster beginning as a wireless internet service provider in 2014. As a fledgling company based in Leesburg, All Points faced larger and better established competitors such as Verizon and Comcast as it pushed to link up customers in Virginia, West Virginia, Kentucky and Maryland.

The company was buoyed by a significant investment from a private partnership organized under the umbrella of Akre Capital Management, the investment group launched and run by Washington resident and philanthropist Chuck Akre. But All Points' fortunes turned in 2021, when the Akre partnership sold its investment to Searchlight Capital, a growing private equity group. While he has a philanthropic interest in the project, Akre has no financial stake in All Points today.

Around the same time, Searchlight made a key recruitment, bringing in Ajit Pai, the former FCC chairman who had immersed himself in possible strategies to close the digital divide by

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connecting unserved or under-served communities. Meanwhile Virginia Governor Ralph Northam was pushing for policymakers and companies to establish universal broadband throughout the state of Virginia. In 2019, the Virginia General Assembly called for innovative collaborations between localities, electric utilities and internet service providers.

Jimmy Carr, All Points' chief executive officer, was well-placed to tap into the state's enthusiasm for expanded internet access. He had previously worked for Democratic Governor Tim Kaine, and his mother, Betsy Carr, is a longtime Democratic legislator in the Virginia House of Delegates. In July 2021, a four county-project in Virginia's Northern Neck provided a glimpse of All Point's new business

strategy, and presaged the project now taking shape in Rappahannock and the neighboring counties.

The multi-county Northern Neck plan carried robust federal and state funding, plus a partnership with an electric utility. All Points would get paid to make the connections to the homes and businesses that would become future subscribers. "Bridging the digital divide is a complex challenge that requires new business models and new ways of thinking," Carr said as the Northern Neck project got underway. "We are excited to bring more projects like this to fruition."

All Points and Searchlight pored over maps of underserved communities, which — with subsidies — could be affordably connected. The eight Piedmont counties, including Rappahannock, became the logical next stop. Covid added pressure to address the counties' digital divide, and the federal government provided the additional ARPA funds the counties would need to make their

financial commitment to the project.

In September 2021, Rappahannock's Board of Supervisors voted to move the plan to the next phase of active consideration, though Frazier voted against the project and Smith abstained. Notwithstanding the resistance, the puzzle pieces were falling into place.

WHAT IS FOOTHILLS FORUM?



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Foothills Forum is an independent, community-supported nonprofit tackling the need for in-depth research and reporting on Rappahannock County issues. The group has an agreement with Rappahannock Media, owner of the Rappahannock News, to present this and other reporting projects.

▶ More at foothills-forum.org
