

Arizona BEAD Program FAQs – Application

Subgrantee Selection Process Timeline and General Info

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 60 days, concluding on March 7, 2025.

The Round 2 project application period will commence on June 3, 2025, and will extend over a duration of 30 days, concluding on July 3, 2025.

2. How will 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.

3. 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.

4. Will there be a public Q&A portal for process-related questions during the application window?

ACA will host technical assistance sessions for applicants whose pre-registration has been conditionally approved. Registration for these sessions will be available on [ACA's website](#). These sessions will focus exclusively on technical questions related to the portal and application process. They will begin on January 14, 2025, and will be held weekly through February 4, 2025

Application Portal and Format

5. 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.

6. 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.

7. Will the same portal and log-in credentials be used for the application phase as with pre-registration?

Yes, applicants will be able to use the same log-in credentials and access the same portal for all rounds of the application phase.

8. Are the Project Area and cost detail the only additional pieces of information required in the application outside of what was provided in the pre-registration application?

No, several additional topics are required at the application stage that were not needed during pre-registration. These include Project Area(s), cost detail, workforce-related certifications, climate resiliency, low-cost option, and 1 gigabit symmetrical plan pricing.

9. During the application process, some items required in the pre-registration application will need to be addressed. Will the portal automatically populate responses to these questions, or should applicants note that these responses were submitted during pre-registration? Additionally, for narratives that are the same across both pre-registration and application phases, should applicants copy and paste the same responses, or will those automatically populate within the portal as well?

In the application phase, there will be a question in the portal asking applicants to indicate if responses to duplicative questions were provided during the pre-registration phase. If applicants select yes, they will not be required to answer each individual question again at the application stage. However, each narrative must be entered separately for each application, as narratives may need to be tailored to account for the different project areas within each separate application.

10. What information submitted in an application will be considered privileged or confidential?

ACA is unaware of any legal privilege recognized by Arizona law that would apply to any information provided by any applicant in this context. As a result, no information provided as part of an application is or will be treated as “privileged.”

With regard to confidentiality, as all applicants know, the ACA is a state agency, and as a result is governed by the Arizona Public Records Law, A.R.S. §§ 39-101 through 161. The general policy of the State of Arizona is that “[p]ublic records and other matters in the custody of any officer shall be open to inspection by any person.” See A.R.S. § 39-121. All documents submitted to the ACA as part of this application process are public records that are deemed by law to be open for inspection unless the documents or information is deemed confidential, private or disclosure would not be in the “best interests of the state,” as those terms are defined by Arizona law.

ACA recognizes that various applicants may be submitting (or have submitted) information that the applicant believes to be confidential as that term is defined by Arizona law, particularly related to trade secret or otherwise protected intellectual property. During the BEAD Application Review process, the information from each applicant shall be maintained as confidential pursuant to the standard procurement rules of the ACA and the State of Arizona. If an applicant is submitting information that it believes is confidential, applicants should: (i) indicate the specific information that it believes to be confidential as confidential by stamping each page (or portion of any page) of any document that it wants maintained as confidential with the word “CONFIDENTIAL” in a place that is clear and obvious; and (ii) submit a statement detailing the reasons that the information should not be disclosed, including the specific harm or prejudice which may arise if disclosure is made. ACA notes, it is highly unlikely that an entire application will be confidential. The statement must be signed by an executive-level or director-level employee, and the “CONFIDENTIAL” stamp must appear on every page (or portion of a page) that the applicant seeks to maintain as confidential. The applicant must also comply with all rules and regulations that are applicable to documents submitted to ACA for maintaining confidentiality of documents, per ACA’s website and Arizona public records laws, which are incorporated by reference.

During the review of any application, the ACA may evaluate the designations by the applicants with regard to confidentiality, and if ACA determines that an applicant has designated information as confidential that is not confidential under applicable law, ACA can, at its option, provide notice to the applicant of its determination that the information is not confidential (*i.e.*, a public record subject to disclosure). The applicant may, at its discretion, challenge any written determination by ACA that information is not confidential by submitting written information to the ACA requesting ACA to alter its decision. If ACA rejects this request, the applicant may seek a court order to maintain the confidentiality of such information. Any effort seeking to challenge a determination related to confidentiality must be initiated within ten (10)

business days of the applicant receiving notice in writing that the applicant's request for a confidentiality designation has been denied.

Additionally, if a public records request is made for information related to an application that is a public record which also contains confidential information, the ACA shall produce the public record and maintain the confidentially designated information as confidential and notify both the applicant and the party seeking the information that it has redacted confidential information. If the party seeking public information initiates a legal action of any kind seeking an order compelling disclosure of the information that has been designated as confidential, ACA shall notify the applicant of the legal action and notify them that they have ten (10) business days to seek a court order (or its reasonable equivalent) maintaining the information as confidential, or otherwise directing ACA to maintain it as confidential pending some legal proceeding. If the applicant fails to obtain such an order on that time frame, or make a reasonable showing that it has taken appropriate steps to attempt to do so, the ACA can, at its sole discretion, deem the inaction by the Applicant as a waiver of any claim of Confidentiality, find that the information in question is not confidential, and disclose it pursuant to Arizona's Public Records Laws. The ACA can further seek reimbursement from the party that designated documents as confidential but failed to defend them for any damages, in any form, that the ACA incurs related to its efforts to maintain confidentiality. The ACA is not obligated to take any position in any legal action related to any dispute over confidentiality, but has the right to do so as it deems appropriate at its sole discretion.

If the applicant has already submitted confidential information without indicating it was confidential or without properly marking it as outlined above, they should reach out to ACA at broadband@azcommerce.com and provide the necessary designations to ensure documents are maintained as confidential. All applicants are notified that failure to comply with these requirements and provide information appropriately designating documents as confidential by **April 10, 2025**, constitutes a waiver of any claim or assertion that any documents that are part of any application are confidential in any way other than the understanding that ACA shall maintain confidentiality during the application process.

11. If the Potential Applicant has a mailing address in a different state, is an Arizona mailing address required?

No, a mailing address in Arizona is not required.

12. For Question #203, Applicants were instructed to answer "no" as it pertains to a low-cost waiver, causing the portal to auto-populate questions #204-208. Should Applicants who are not seeking a waiver for a low-cost plan still respond to these questions?

#204a is the question that auto-populates in the portal, meaning Applicants can respond "Yes" to #203 without triggering the auto-population of #204-208. This affects the Applicant's ability to respond to questions regarding waivers.

13. Is there a form or template for requesting "confidential" treatment?

Please refer to question 10 regarding privileged and confidential information.

14. Does the portal allow .zip files?

No, the portal does not support .zip files. Applicants can upload multiple files in the accepted formats as needed. If they encounter any issues uploading all the required documentation, they should contact azhelpdesk@ready.net for assistance.

Project Areas, BSLs, and CAIs

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. Where can applicants find a copy of the Arizona Broadband Map or Final Project Areas outside of the application portal?

The best place to find these resources is on the [Arizona Commerce Authority website](#), which features an [interactive map](#) and [PDFs](#) of all the Final Project Areas.

17. Can adjacent Project Areas be combined into a single application?

No, adjacent Project Areas cannot be combined into a single application. While you can select multiple Project Areas in the portal, you must input data, responses, and narratives for each Project Area individually.

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.

18. If we have planned construction in a Project Area that is not yet completed and is not part of the BEAD project, but will be used to provide service to the BSLs in the Project Area, can that facility be included as an In-Kind contribution to the BEAD project? Including this would help reduce the total cost of the proposal.

Yes, such a facility can be included as an In-Kind contribution to reduce the total cost of the proposal.

19. What should applicants do about BSLs within the Project Area that are already funded or do not have households?

ACA has already completed a deduplication process with NTIA to remove any BSLs that have already received federal funding from other programs. However, there is a possibility that additional awards for other federal programs outside of BEAD may occur during the procurement process. ACA will conduct another round of deduplication after the awards are made to remove any BSLs that receive additional federal funding or any BSLs that do not contain households or CAIs.

20. Are only the BSLs designated on the map eligible for BEAD funding? If there are other unserved or underserved locations not shown on the map, are they excluded from BEAD funding?

Correct, only the BEAD-eligible locations shown on the map in the portal are included in the BEAD funding. Locations not reflected on the map are not part of the BEAD-funded locations.

21. How can applicants deselect the BSLs identified as outliers on the portal?

Applicants can deselect CAIs but will not be able to deselect the BSLs. To manage this, applicants may download the BSL .csv file from Question #15. This .csv file will include all BEAD-eligible BSLs for the selected project area. Applicants can then identify the outliers in the .csv file, provide the proposed technology (if not fiber), and re-upload the updated file.

22. How is the Sliding Scale System for CAIs calculated?

Details can be found in [ACA's Volume II](#). Connecting CAIs through BEAD funding is optional, as the primary priority of the BEAD program is to connect unserved and underserved households. Applicants proposing to use BEAD funding to serve CAIs can earn a maximum of 2 extra points in the scoring of their applications. The sliding scale is based on the number of CAIs connected within the Project Area; for example, if an applicant proposes to serve 90 out of 90 CAIs, they

will receive the full 2 points. If the proposal is to serve 70 out of 90 CAIs, the points awarded will be proportionally adjusted to reflect the number of CAIs served.

23. Are unserved CAIs required to be included in the project application?

No, unserved CAIs are not required to be included in an applicant's application. Applicants are only required to serve all BSLs in the selected project areas. However, the number of CAIs included in the application will affect the scoring.

24. Why is there a discrepancy in the number of BSLs between the post-challenge data on ACA's website and the portal?

The portal accurately reflects ACA's approved challenge data and serves as the source of truth.

25. Why do some locations on the portal not have a Fabric ID?

CAIs sometimes do not have a Fabric ID. However, all unserved and underserved locations will have a Fabric ID. If applicants are having difficulty locating the Fabric ID, please email ACA at broadband@azcommerce.com for assistance.

26. How can applicants download BSL data from the portal?

You can download all BSLs from Question 15 on the portal.

27. Do all CAIs have to be scoped out regardless of eligibility, or only the eligible locations?

No, Applications will not be disqualified if no CAIs are included, as ACA prioritizes serving unserved and underserved BSLs first. The number of CAIs included in an application is considered in the scoring process.

28. If there are CAIs not included in the final eligible list, are Applicants required to include those?

No, any location not listed in the portal does not need to be included in applications.

Technology Solutions

29. 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, including the scoring rubrics, will be provided with the project application questionnaire and guidance during the project application phase.

30. 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.

31. The Project Application Guide states, “If the cost to serve a location using an end-to-end fiber solution is higher than 1.5 times the average cost for the rest of the BSLs in a selected project area, the applicant shall identify these locations as Outliers.” It also notes that “The identification of Outliers should only occur based on the extreme impracticability of end-to-end fiber deployment because of geography, topography, or excessive cost. Applicants will be required to describe what makes the identified locations outliers in the Project application.” How should applicants identify and handle outliers in their project applications?

The best way to identify outliers is to take the allocation for the specific project area, divide it by the number of eligible households for BEAD, and proceed from there. It is up to the discretion of the subrecipients. For example, if your network engineering team identifies 10% of locations as exceeding 1.5 times the average cost metric, subrecipients should inform ACA, and those may be considered outliers. Different subrecipients might have varying outliers due to differences in middle-mile infrastructure and other factors. While ACA provides the 1.5 times average cost metric, applications can vary. To be competitive, applicants can offer extra matching to reduce costs from above 1.5 to exactly 1.5, transforming an outlier into a regular location.

32. How will an outlier (1.5x) be determined?

An outlier will be determined by calculating the average cost to serve the BSLs as determined by each provider's internal network design. This average cost is then multiplied by 1.5 to identify the outlier locations.

33. Which option (Part A1, A2, or B) should an applicant select if they want to include outliers in their application?

Applicants should complete Part A1 if they intend to serve outliers with 100% fiber; applicants should complete Part B if they plan to serve outliers with other reliable and alternative technologies.

See Attachment 2 for more information on technology solutions.

34. For applicants planning to serve all BSLs with 100% fiber, are they required to complete both Part A1 and A2, or can they complete only Part A2 if they do not wish to serve outliers?

Applicants are required to complete Part A1, regardless of whether they plan to exclude outliers. If applicants have identified outliers, they are encouraged to also complete Part A2, so that ACA can make an informed decision on which option to award.

35. Are applicants required to provide Part B during Round 1?

ACA encourages applicants to complete all three technology options, Part A1, A2, and B, during Round 1 application.

36. Will the match requirement include outliers, and what is the match percentage?

If the outliers are above 1.5% and are being moved to an alternative technology, and the potential subrecipient is not serving these outliers, they are not required to provide a match for them. The 25% matching requirement will apply to any locations that applicants are serving.

37. If an applicant believes they can serve the entire Project Area with FTTP and doesn't identify outlier locations, and the application amount falls below the reference price, can the applicant later identify outlier locations upon finalization of the engineering and design & before execution of grant agreement?

No, this will not be allowed. The outliers defined in procurement will directly impact an Applicant's scores and cannot be updated later.

38. Is the expectation that licensed wireless receive fewer than 45 points (95) in the technology category, with fiber required to receive the full weight?

Yes, fiber is the priority.

39. For Question #21, "Total estimated miles of aerial cable plant to be deployed," are aerial fiber miles considered equal to aerial cable plant if the proposed project is 100% FTTP?

Yes, if the proposed project is 100% FTTP, aerial fiber miles are equal to aerial cable plant.

Network Design

40. When submitting an application, should applicants have the project area units staked, engineered, and certified by a Professional Engineer (PE) prior to being awarded?

Preliminarily selected applicants must submit their final engineered network designs prior to ACA grants approval. 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.

41. Does the network design need to be PE certified at the application stage, or when projects are awarded? Can the PE be licensed in any state?

Applicants must indicate in their project application if they plan to use PE certified in the state of Arizona during the grant agreement stage or if plan to choose a waiver for PE certification in case of the PE licensed in any other state. The PE Certified network design is to be provided during the grant agreement stage post tentative selection of Applicants.

42. What does the BEAD waiver for the PE certification involve? Do applicants lose points if they use this waiver?

No, applicants do not lose points when using this waiver. During the application phase, applicants only need to provide a statement indicating that if they receive BEAD funding from ACA, any network design will be certified by a PE licensed in Arizona. If the PE is not licensed in Arizona, applicants should state that they plan to utilize the BEAD Waiver for PE Certification. Applicants will complete this certification when the agreement is signed as potential recipients.

NEPA and NHPA

43. The following questions do not appear to be required in the portal. Should we provide this information at the time of application, or can we submit the environmental and historical analysis after the award?

- **Provide a high-level description of the site and the surrounding area (e.g., developed land versus open space; adjacent natural resources; and any**

protected lands) and any natural or manmade geographic, physical, or other factors such as climate, historic sites, wildlife, etc., that may pose a risk to the development of the project including details related to flood zones from Federal Emergency Management Agency (FEMA) floodplain maps and impacted wetland or waterways from US Fish and Wildlife Service’s (USFWS) National Wetlands Inventory wetland maps.

- **Provide detailed plans on how the project will be implemented including outlining the applicant’s approach to remaining compliant with the State Historical Preservation Act (SHPA), National Environmental Policy Act (NEPA) (42 U.S.C. part 4321 et seq.), National Historic Preservation Act (NHPA) (54 U.S.C. part 300101 et seq.), and any other environmental or national historic preservation requirements. If the Applicant has a completed NEPA plan for this project, please upload it. (Attachment 3) Additionally, recommend feasible plans to minimize adverse environmental and historical preservation impacts.**

Applicants are required to complete the “National Environmental Policy Act (NEPA) and National Historic Preservation Act (NHPA)” (Q780-80) on the portal where they are required to provide:

- **A high-level description** on the assessment of the site and the surrounding area.
- Plans outlining the **applicant’s approach** to remaining compliant with the State Historical Preservation Act (SHPA), National Environmental Policy Act (NEPA) (42 U.S.C. part 4321 et seq.), National Historic Preservation Act (NHPA) (54 U.S.C. part 300101 et seq.), and any other environmental or national historic preservation requirements.
- If the Applicant has a completed the **applicable NEPA review or NHPA review** at the project application stage, they will be required to upload it.

Additionally, Applicant will be required to recommend feasible plans to minimize adverse environmental and historical preservation impacts

Make-Ready / Project Preparedness

44. Is there a specific line item for Make-Ready costs in the BEAD Budget Workbook? Are Make-Ready costs considered eligible expenditures, and should they be listed as In-Kind expenditures in the Budget Workbook?

Make ready costs can be included under “Land/structures, make ready, and ROW appraisals” line item in the workbook.

For considering make-ready costs as eligible in-kind expenditures, it must meet the requirements of 2 CFR 200.06 and meet the following criteria:

- Verifiable from the non-federal entity's records;
- Not included as contributions for any other federal award;
- Necessary and reasonable to accomplish project or program objectives;
- Not paid by the federal government under another federal award, except where the federal statute authorizing a program specifically provides that federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs. Note: 'Using Other Program Funds As Match' for BEAD Program exceptions detailed in the BEAD Match Primer; and
- Provided for in the approved budget when required by the federal awarding agency

Further information on eligible allowable and allocable expenditures will be provided with the draft sub-grant agreement.

These questions appear to not be required in the portal and we were wondering if we need to provide this at application or if we submit environmental and historical analysis post award?

Project Financials

45. 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.

46. 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.

47. Why is there no Option #3 for LOC in the portal, as it jumps from Option #2 to Option #4?

Option #4 was designed to be more lenient and effectively replaces Option #3. ACA adopted this structure directly from NTIA's LOC guidelines. Option #3 is a more restrictive version of Option #4. Therefore, ACA only included Options # 1, # 2, and # 4.

48. 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.

49. On the Capital Budget Detail sheet, Project Capital Cost Summary, Operating Cost Summary sheets there is no distinction for Part A1 vs Part A2, however our costs will be different in A1 and A2. How should we fill out these specific sheets within the workbook?

The Capital Budget, Operating Cost, and Cash Flow sections of Attachment 8A are based on Part A1, which accounts for 100% fiber-based deployment including Outliers. Within this attachment, Applicants have the option to provide:

- A list of outliers and the cost to serve these Outliers through fiber-based deployment in the "Outlier BSLs Tab"
- The high-level Part A2 Project Financials information, such as total project cost, match, and requested BEAD funds on the "Summary Output" tab linked to exclusion of the cost estimation of the identified Outliers from the total project cost

While Applicants are required to provide this information in Attachment 8 A, Applicants can choose to also upload any additional attachments related to A2 detailed cost estimation.

50. Could you confirm if locations classified as high-cost by the NTIA are exempt from requiring match funds? Additionally, would this exemption have a negative impact on scoring?

Yes, locations classified as high-cost by the NTIA are exempt from requiring match funds, and this exemption does not have a negative impact on scoring. Additionally, question 112 is the only relevant question in the application regarding this matter.

51. What is sufficient evidence for match verification?

Acceptable evidence includes cash, a loan, a federal grant, or an in-kind contribution. An example would be an official letter from a bank or financial institution stating the loan amount or any other relevant authority's confirmation.

52. Is an Applicant's bank statement verifying available funds sufficient for match verification?

Yes, and ACA recommends that these statements be submitted as confidential. Please refer to question 10 regarding privileged and confidential information.

53. Does the match requirement include two separate letters: a Letter of Credit commitment from a financial institution and a second letter showing access to capital to finance the project?

The first letter should suffice, but both would be preferred.

54. Is ACA now requiring an irrevocable letter of credit at the application stage rather than at the award stage?

No, ACA requires a commitment letter from a financial institution, not necessarily an ILOC, but a commitment that the Applicant has sufficient funds to meet the required match.

55. Will Davis-Bacon Act wage rates apply to all project areas and funding levels, or is there a project threshold below which Davis-Bacon wages will not apply? For example, another state only requires Davis-Bacon wages for project areas over \$5M.

Yes, Davis-Bacon Act wage rates will apply to all project areas and funding levels.

56. In the application, are Applicants required to pick either Davis-Bacon or Prevailing Wages? It's understood that Arizona does not legally have prevailing wages.

Applicants are not required to select Davis-Bacon for Arizona applications. ACA will work with Applicants to set a prevailing wage based on specific criteria.

57. Please confirm that BEAD applicants must provide evidence they can secure 25% of the Grant Amount requested, not the full match amount the ISP is bringing to the project.

This is incorrect. ACA requires evidence aligning with the Match Amount the Applicant is proposing. For instance, if an Applicant submits a 35% Match Amount, ACA requires evidence of a 35% Match.

58. Even upon submission, will ACA continue to follow up with any clarification questions or is the submission final?

During the application review period, ACA will provide curing comments and follow up with the applicants with request for clarifications (RFCs).

59. I understand that the match is 25%, unless a surety bond is used, in which case the bond would guarantee the award value requested.

Yes, the minimum Match Amount required is 25%. A letter from the bank confirming the 25% can be submitted. If Applicants opt for a Performance Bond at Performance Security, a separate letter will be required as evidence of matching.

60. Should there be one letter with the total match for all projects, or one per project?

One separate letter for each project area is required.

61. If we have one letter sufficient to cover the LOC/bond requirement for all applications, can we attach that letter to each application? Or do applicants need to obtain a separate, smaller valued LOC/bond commitment letter for each application?

ACA requests the latter, with a smaller-valued LOC/bond commitment letter for each separate application.

Project Workforce

62. Does ACA have any recommendations for how applicants can respond to the contractor/subcontractor sections if those entities are still to be determined?

Applicants should follow their procurement policy for contractor/subcontractor selections. If applicants have a list of potential contractors/subcontractors they plan to use, they can provide that list. If not, this information can be provided prior to the execution of the contract.

63. What steps must an applicant take to prevent worker misclassification?

As per the BEAD NOFO, all workforce-related certifications in the application stage aim to ensure equitable workforce development and job quality. Applicants are required to submit plans to prevent the misclassification of workers, which involves providing detailed information on workforce classification methodologies. This narrative should focus on committing to preventing the misclassification of workers and ensuring access to opportunities for all workers, including those from underrepresented groups.

64. Question 106 on the Grantor Portal asks the applicant to “provide comprehensive details about the projected wage structures for employees, contractors, or subcontractors who will work directly on the construction of BEAD-funded network deployment projects.” Does this mean that the hourly rate for all employees should be included?

Yes, Applicants are expected to provide the hourly wage structures for employees, contractors, or subcontractors who will be directly involved in the construction of BEAD-funded network deployment projects. This information is necessary to ensure compliance with applicable labor laws.

Scoring

65. 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.

66. Will the same scoring criteria 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.

67. 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.

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

This category is crucial, carrying a 50% 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.

69. What is the reference benchmark cost?

This is the estimated project cost for a given project area developed by the state based on fiber-to-the-home (FTTH) infrastructure deployment to all BEAD eligible locations in the project area. Please see [Attachment 1](#) for more details.

70. What is the reference price?

The reference price is the amount of the subsidy available by the state for all the BEAD eligible locations included in each project area. Please see [Attachment 1](#) for more details.

71. How does ACA determine the "Reference Price" for each project area? What factors and data sources are considered in this calculation?

The "Reference Price" was derived from NTIA's cost modeling, which is based on a model that assumes a 25% match and was not determined by ACA.

72. If an applicant's subsidy request for a Project Area is significantly higher than the reference price, will the application not be scored?

Applications with subsidy requests significantly higher than the reference price will receive lower scores. Please refer to [Volume II](#) for more information.

73. Is there a formal cost list that was used for the reference price that applicants can use to understand the projected cost from ACA's point of view?

As an eligible entity, ACA has a unique contract with CostQuest, in collaboration with the FCC and NTIA, which includes various features. It appears that applicants also have licenses with CostQuest that enable them to view the cost benchmarking assigned to the state. However, ACA is not exactly sure what other licenses allow.

ACA cannot share its data publicly, which is why it is protected behind pre-registration. However, if an applicant's license with CostQuest permits, they will be able to see the same cost modeling analysis from NTIA and the FCC. This benchmark, based on NTIA cost modeling for Arizona, will be what applicants follow when submitting their grant applications.

74. Do Potential Applicants need to adjust the Reference Benchmark Cost number down based on percentage of outliers that are calculated BEFORE the Cost Reasonableness percentage is calculated?

The reference price provided by ACA represents the maximum available subsidy amount, which is 75% of the reference benchmark cost for the entire project area. This includes serving all unserved and underserved BSLs included in the project area. To evaluation of project costs and cost reasonableness, ACA will pro-rate the reference benchmark costs based on number of BSLs designated as Outliers for a given project area.

Award and Deconfliction

75. If an applicant is awarded a grant to a BSL and another provider builds out fiber to service that location before the Awardee can build their network, is the Awardee still required to build out fiber to that location?

This depends on the timing. ACA will submit their final proposal to NTIA on October 30, 2025, and approval may take anywhere from 4 to 6 months. All states are required to undertake a deduplication process before executing contracts to prevent 'double-dipping' on federal

funding. Therefore, any locations serviced by other ISPs before contract execution are not required to be built out by the Awardee. However, this does not apply to locations serviced by other ISPs after contract execution. If such a situation occurs, it would warrant a discussion between the Awardee and the State Broadband Office to adjust the project allocation.

76. If an applicant is awarded more Project Areas than anticipated, can they reject certain Project Areas to reduce the match requirement and project mileage?

ACA aims to avoid this situation under any circumstances. ACA emphasizes the importance of serving all Project Areas with the preferred technology. While applicants are encouraged to apply for any and all Project Areas of interest, ACA wants to ensure that no applicant is overcommitted. To address this, ACA requires crucial documentation, such as the Letter of Credit, financial support statements, and financial statements, to ensure that applicants are not exceeding their financial capabilities when submitting multiple applications.

77. 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.

78. If each application is standalone, can ISPs mention potential lower costs if multiple areas are awarded?

Applicants can discuss potential lower costs in the narrative of their application. However, please note that each application will be evaluated separately, and there is no combining of applications or submitting multiple areas as a single application. Applicants may mention this information as an additional comment in the portal, noting that they are applying for multiple neighboring project areas. This can serve as a useful reference for our reviewers, who will be able to identify applications related to each applicant, including neighboring project areas. When designing a network, companies typically plan for long-term use and then develop the last-mile network from that plan. Please consider these factors in the application process.

79. How should an applicant proceed if they receive an "it will not serve" notice from a local telecom carrier during the procurement phase, and can additional funding be requested?

Once the procurement phase begins with the first round of applications, ACA will not be able to add or remove any locations. The status of those locations will be indicated as served, unserved, or committed as we proceed. However, applicants can still send us an email with the details. ACA might be able to discuss the issue with the federal agencies that funded those locations. If the locations were funded by a different grant program or if it is a private investment issue related to the map, we can coordinate with the FCC to update the map accordingly. However, no

additional funding will be provided for these locations since ACA will already be in the procurement phase.

80. How does ACA handle awards and contracts for partnerships within an application?

If applicants identify one organization as the main applicant in the portal when submitting a grant application, all agreements will be issued to that organization at the project area level. ACA will not issue separate contracts for subcontractors or partners. However, as specified in the NOFO, ACA is permitted to monitor subcontractors as part of BEAD compliance. This means that while the primary applicant will receive all contract documentation, ACA will also monitor the performance of subcontractors involved in the project. If two companies are partnering and submitting a joint application, they must identify one company as the primary applicant, and all contracts and documentation will be issued to the primary applicant.

81. How will ACA conduct its post-application assessment in accordance with 2.4.18 of the Initial Proposal Volume II when (a) there are no A1 bids below the benchmark for a given project area, and (b) there are both A2 and B bids for that project area? How will ACA evaluate and prioritize these bids?

If an A1 bid is slightly above the benchmark cost, ACA will negotiate with the applicant to seek a feasible solution.

In the case of A2 bids, ACA will evaluate the percentage of BSLs the applicant is covering within the benchmark cost. The more BSLs (the fewer outliers) included in the proposal, the more attractive the application will be to ACA.

For B bids, ACA will consider the reliability of the technology proposed. More reliable technology makes the application more attractive. It is important to note that applicants do not need to wait until Round 2 to submit this option. However, ACA will only evaluate A1 and A2 bids during the Round 1 review period.

In all cases, ACA reserves the right to make the final determination.

82. Is there a maximum amount any one provider can receive from the Arizona BEAD program?

ACA has not indicated a maximum or minimum for any one provider. Based on the NTIA cost model, there is a \$50m maximum cost-reference price per project area, but this benchmark can be exceeded for specific projects.

Subgrant Agreement

83. What are permissible uses of the BEAD funds?

Please refer to Section VIII, Permissible Costs; Use of Awards in the [ACA Subgrant Agreement](#). This section states that “The ACA will only reimburse allowable costs described in this Agreement if those costs are actually incurred in performance of the work, and (a.) permitted to be reimbursed under the terms of this Agreement; (b.) reasonable and necessary to accomplish the work and for the goods and services provided; and (c.) equal to the actual net cost to Subgrantee (i.e., the price paid minus any items of value received by Subgrantee that reduce the cost actually incurred).”

Tribal

84. 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.

85. 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.

86. 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](#).

87. Tribal applicants are required to upload or describe various policies and procedures. Do you have sample templates for these responses?

ACA does not have sample templates. These policies are typically created by the potential subgrantees. Therefore, if the Tribal Government is the applicant, these policies need to be provided by them.

88. Are tribal wages allowed in lieu of the Davis-Bacon Act?

Applicants have two options: they can either sign a certification stating they will adhere to the Davis-Bacon Act when deploying BEAD-funded projects, or they can submit an assessment using the guidelines from the United States Treasury based on the applicant's zip code.

89. If a Tribe is the primary applicant, is it necessary to provide a Letter of Support for themselves?

If the application is being submitted by a tribal utility or any entity that is separate from the Tribal Government, then yes, a Letter of Support is required.

Attachment 1 – Project Cost Scoring and Examples

Terminology Clarification

BEAD Eligible Locations: This includes unserved, underserved and CAI locations in each project area.

BEAD Eligible CAIs: CAI locations (note a location may have multiple CAI addresses) that do not have symmetrical 1G service.

Project Cost: This is the total project cost submitted by the Applicant.

Reference Benchmark Cost: This is the estimated project cost for a given project area developed by the state based on fiber-to-the-home (FTTH) infrastructure deployment to all BEAD eligible locations in the project area.

Reference Price / Subsidy Available for the Project Area: The amount of the subsidy available by the state for all the BEAD eligible locations included in each project area.

Subsidy Requested: The amount of subsidy/ grant funding requested by the Applicant

Sample Application Scenario

Assume that an Applicant **ABC, Inc.** is applying for a project area **X**. The following is the relevant information provided by the Applicant in the BEAD Application for the project area:

- **(ACA BEAD Portal - Published) State’s subsidy available for the project area X (Reference Price):** \$750K
- **(ACA BEAD - Calculated) State’s Reference Benchmark Cost for project area X (Reference Benchmark Cost):** \$750K/75% = \$1000K
- **(Extracted from the BEAD Application) Applicant’s project cost for Project X (Project Cost):** \$1500K
- **(Extracted from the BEAD Application) Applicant’s requested subsidy amount (Subsidy Requested):** \$700K

Grant to Project Cost Scoring for Priority Projects (Table 6 in Vol II)

This category pertains to the overall Subsidy Requested by the Applicant to complete the Project Area specified in the application. Applications will be scored based on the ratio of the Subsidy Requested to the Applicant’s estimated Project Cost as shown in table below:

Grant to Project Cost scoring = Applicant’s Subsidy Requested amount / Applicant’s estimated Project Cost

| Scoring | Priority Projects Points |
|--------------------------------------|--------------------------|
| > 75% of Total Project Cost | 0 |
| > 65% to ≤ 75% of Total Project Cost | 40 |
| > 55% to ≤ 65% of Total Project Cost | 80 |
| > 45% to ≤ 55% of Total Project Cost | 120 |
| ≤ 45% of Total Project Cost | 150 |

The above reference table is replicated from the Arizona BEAD Vol 2 for the following scoring calculation example.

Applicant’s requested subsidy % from the state = $\$700K/\$1500K = 47\%$

Based on the above table they will receive **120 points** as they are in between 45% and 55% range.

Cost Reasonableness Scoring for Priority Projects (Table 7 in Vol II)

This category pertains to the cost reasonableness of the project. Applications will be scored based on the Applicant’s estimated Project Cost against a Reference Benchmark Cost estimate.

Reference Benchmark Cost = Reference Price/ 75%

Cost Reasonableness scoring = $(\text{Project Cost} / \text{Reference Benchmark Cost} - 1) * 100\%$

| Scoring | Priority Projects Points |
|---|--------------------------|
| > 25% of Reference Benchmark Cost Estimate | 0 |
| > 15% to ≤ 25% of Reference Benchmark Cost Estimate | 5 |
| > 5% to ≤ 15% of Reference Benchmark Cost Estimate | 15 |
| > 0% to ≤ 5% of Reference Benchmark Cost Estimate | 25 |
| > -10% to ≤ 0% of Reference Benchmark Cost Estimate | 35 |
| ≤ -10% of Reference Benchmark Cost Estimate | 50 |

The above reference table is replicated from the Arizona BEAD Vol 2 for the following scoring calculation example.

Applicant’s reasonableness % against state’s Reference Benchmark Cost = $(\$1500K/\$1000K - 1) * 100\%$
= **50%**

Based on the above table the applicant will receive **0 points** as their cost reasonableness is > 25% range.

Attachment 2 – Technology Solutions Clarifications

The Project Application includes two categories:

Part A: 100% Fiber based deployment

- A1: 100% Fiber based deployment, including CAIs and Outliers
- A2: 100% Fiber based deployment, Including CAIs but excluding Outliers

Part B: Mixed Technology - Fiber, reliable and alternative technologies deployment.

- Fiber
- Reliable – HFC technology and Licensed Fixed Wireless
- Alternative Technologies - Unlicensed Fixed Wireless and LEO

While Applicants can provide Part A1, A2 and/or Part B, Applicants are encouraged to provide their solutions for all Parts A1, A2 and B.

- For Section 4. Project Infrastructure and technology, Applicants will be required to provide details on the portal for A1, A2 and/or Part B for the selected technology solution.
- For Section 12. Project Financials, Applicants will be required to provide the requested information for Part A1, A2 and/or Part B.

While providing Project Cost estimation on the portal and in the Financial Workbook template (Part A - 8A and Part B - 8B), Applicants will be required to provide:

Part A: Project Cost for 100% Fiber based deployment

- Average cost to serve per location using fiber technology for all non-Outlier unserved and underserved BSLs
- Average cost to serve per proposed CAI using fiber technology.
- If identified, number of Outliers and the average cost to serve each Outlier using fiber technology

The total project cost for A1- Total cost including CAIs and Outliers and A2 – Total cost including CAIs but excluding Outliers will be auto calculated on the portal based on Applicant’s estimates.

Part B: Project Cost for Fiber, reliable and alternative technologies

- Select number of BSLs and average cost to serve per BSL for fiber only BSLs and CAIs
- Select number of BSLs and average cost to serve per BSL with a reliable or alternative technology.
- If Outliers are identified, provide number of outliers and the average cost to serve per High-Cost BSL / Outlier with a reliable/ alternative technology

The total project cost for fiber, reliable, and alternative technologies for the Project Area will be auto calculated on the portal based on Applicant’s estimates.

Note: Applicants are required to provide the cost estimation to serve Outliers only if identified that the cost to serve a location using an end-to-end fiber solution is higher than a 1.5x multiple of the average

cost to serve for the rest of the BSLs in the selected Project Area. Applicants can include those Outlier locations that are operationally and financially viable to serve as part of their applications. Applicants are encouraged to provide details for A1, A2 and/or B for serving these Outliers via fiber-to-the-home (FTTH) under category A or with a reliable/alternative technology under category B. This will give ACA comprehensive information to evaluate and prioritize project applications that offer the most technically feasible and cost-effective solutions.