

ANNUAL PERFORMANCE PROGRESS REPORT FOR SUSTAINABLE BROADBAND ADOPTION

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number 78-43-B10569	3. DUNS Number 789438293
4. Recipient Organization Virgin Islands Public Finance Authority 32-33 Kongens Gade, St. Thomas, VI 00802-0430		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	6. Is this the last Annual Report of the Award Period? <p style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </p>	
7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.		
7a. Typed or Printed Name and Title of Certifying Official Vicky Johnson	7c. Telephone (area code, number and extension)	
	7d. Email Address vjohnson@usvipfa.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-24-2012	

PROJECT INDICATORS

1. Does your Sustainable Broadband Adoption (SBA) project foster a particular broadband technology or technologies? If so, please describe this technology (or technologies) (600 words or less).

The VIPFA/viNGN Sustainable Broadband Adoption (SBA) Program's goal is to foster the adoption of a wide range of broadband technologies by encouraging the use of high speed, broadband communication and information services through training and conducting outreach activities to promote the individual and community benefits of the technology. VIPFA/viNGN expects to generally foster broader broadband technology adoption through a variety of outreach activities and training which will be deployed through its Public Computer Centers (PCC) throughout the U.S. Virgin Islands.

Through the combination of its SBA and two of its other Broadband Technology Opportunities Program (BTOP) grant-funded projects, the VIPFA/viNGN team will be positioned to encourage broader adoption of high speed, broadband technology throughout the U.S. Virgin Islands.

Specifically, VIPFA/viNGN is also implementing a Comprehensive Community Infrastructure (CCI) project to build out a "middle mile" network. VIPFA/viNGN's CCI project is also being funded through a BTOP grant award and through a strategic partnership with the U. S. Virgin Islands Water and Power Authority (WAPA). VIPFA/viNGN's outreach activities will specifically focus on fostering the adoption of the broadband technology that will be deployed under its CCI program and through the various types of service providers who purchase access to VIPFA/viNGN's "middle mile" network. VIPFA/viNGN is building a high speed, open access, fiber optic network infrastructure which will provide Ethernet transport for a variety of service providers and, by extension, to Community Anchor Institutions(CAIs)/anchor tenants throughout the U.S. Virgin Islands.

The U.S. Virgin Islands is a 100% underserved or un-served, rural, insular territory, consisting of four main islands, so the need for this program and the U.S. Virgin Islands Public Finance Authority(VIPFA)/Virgin Islands Next Generation Network (viNGN)'s three companion Broadband Technology Opportunities Program (BTOP) projects is tremendous. Available Internet access is limited, unreliable and priced at rates that are considerably higher than offerings throughout the U.S. mainland. It is unaffordable for many U.S. Virgin Islands residents; thus, a high proportion of school-aged children and disadvantaged residents lack Internet access in their homes. The result is a pervasive digital divide, matched with poverty rates that mirror the realities experienced in some rural and urban areas across the continental United States. As result, citizens of the U.S. Virgin Islands are not able to take advantage of many educational and entrepreneurial opportunities that are commonplace on the U.S. mainland.

Under its CCI program, the U.S. Virgin Islands team has executed an Indefeasible Right of Use (IRU) agreement with Global Crossing/Level 3 for access to 10Gb of capacity through New York and Miami, providing a strong network with a diverse route and the ability to purchase and offer bandwidth at prices that are significantly less than what is currently offered in the local market. viNGN's partnership with Global Crossing/Level 3 Communications ensures that the U.S. Virgin Islands (the Territory) will have world class Internet connectivity. Global Crossing/Level 3's high capacity Internet Protocol (IP) network will connect the U.S. Virgin Islands to the most important business centers in the world. Its scalable and flexible network platform provides high speed internet connectivity which the VIPFA/viNGN team expects will support private sector and public sector efforts to drive economic growth; encourage service providers to offer more affordable, nationally competitive and reliable service offerings to customers throughout the Territory; expand access to educational opportunities for the Territory's under served populations; and, support local and national efforts in health and public safety.

VIPFA/viNGN's PCCs are also being developed and funded through a BTOP grant award and through strategic partnerships. Through its PCC project, VIPFA/viNGN will provide some computers and peripherals for existing, accessible locations, such as community centers, public housing communities, libraries, schools, and work force training and development centers, to support its SBA program. The PCC locations will allow VIPFA/viNGN to reach a wide range of constituents through its SBA program. By offering training and support services, VIPFA/viNGN's SBA project is expected to contribute to the drivers of economic growth and community development, including broader broadband adoption, given its contributions to a larger population of citizens with greater digital literacy, enhanced job readiness skills, access to entrepreneurial opportunities and other skills-driven educational opportunities.

As a result of its SBA and other BTOP programs, VIPFA/viNGN is expected to generally foster broader broadband adoption, driven largely by the following:

- Increased bandwidth/capacity, with VIPFA/viNGN providing an affordable, more reliable and secure "middle mile" "back-bone"/network;
- Expanded and more affordable mobile broadband wireless and other services that can be offered through service providers as a result of VIPFA/viNGN's high speed network;
- Faster download and upload speeds while using the Internet;
- Expanded training opportunities through online and broadband-dependent courses and services;
- Targeted outreach activities which will emphasize individual and overall economic and community benefits;

- Increased opportunities for service providers/"last mile" providers to offer lower prices to end users/customers, based on VIPFA/viNGN's lower cost capacity offerings, with service through New York and Miami; and,
- Expanded cable modem capabilities.

2a. Please list all of the broadband equipment and/or supplies you have purchased during the most recent calendar year using BTOP grant funds or other (matching) funds, including any customer premises equipment or end-user devices. If additional space is needed, please attach a list of equipment and/or supplies. Please also describe how the equipment and supplies have been deployed (100 words or less).

Manufacturer	Item	Unit Cost per Item	Number of Units	Narrative description of how the equipment and supplies were deployed
N/A	N/A	0	0	N/A
Totals		0	0	

Add Equipment

Remove Equipment

2b. To the extent you distribute equipment/supplies to beneficiaries of your project, please describe the equipment/supplies you distribute, the quantities distributed, and the specific populations to whom the equipment/supplies are distributed (600 words or less).

VIPFA/viNGN does not plan to distribute equipment or supplies through its SBA program; Equipment and peripherals will be provided to its PCC locations where SBA-funded training and outreach activities will occur through funding under its PCC grant award.

3. For SBA access and training provided with BTOP grant funds, please provide the information below. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. For each type of training (other than open access), please count only the participants who completed the course.

Types of Access or Training	Number of People Targeted	Number of People Participating	Total Training Hours Offered
Open Lab Access	0	0	0
Multimedia	0	0	0
Office Skills	0	0	0
ESL	0	0	0
GED	0	0	0
College Preparatory Training	0	0	0
Basic Internet and Computer Use	0	0	0
Certified Training Programs	0	0	0
Other (please specify):	0	0	0
Total	0	0	0

4. Please describe key economic and social successes of your project during the past year, and why you believe the project is successful thus far (600 words or less).

The VIPFA/viNGN team successfully met the requirement for submitting a Corrective Action Plan which was accepted and a unilateral lifting of the stop work was issued on October 17, 2011, which permitted VIPFA/viNGN to resume work. During the remaining ten weeks of Quarter 4, CY 2011, the new management team mobilized and restarted implementation activities. The team is working diligently to prepare to reintroduce the project to the community and to highlight its tremendous overall economic and community benefits.

By offering a wide range of types of training and encouraging broader broadband adoption, VIPFA/viNGN's SBA project is expected to contribute to the drivers of economic growth and social development throughout the U.S. Virgin Islands. Through VIPFA/viNGN's SBA program, the U.S. Virgin Islands will boast a larger population of citizens with improved digital literacy, enhanced job readiness and job preparedness skills, access to entrepreneurial opportunities and other skills-driven educational opportunities. During the grant period, a variety of free educational courses, training and certification programs will be offered in collaboration with CyberLearning and other training providers and largely through software provided as an in-kind match through the National Education Foundation (NEF). The majority of the advanced training and certification programs that will be offered are not affordable or readily available to residents of the

U.S. Virgin Islands because of significant broadband capacity, reliability and speed limitations. Advanced training and certification programs are expected to include, but are not limited to, Business Management, SAT Preparation, GMAT Preparation, Digital Literacy, Systems Engineering, and CompTIA (Network +, A+, Security +, etc.).

The training that will be provided will assist in educating a wide range of individuals seeking employment, retraining, advancement and/or entrepreneurial opportunities and will support their efforts for job placement, advancement and/or business ownership.

5. Please estimate the level of broadband adoption in the community(ies) and/or area(s) your project serves, explain your methodology for estimating the level of broadband adoption, and explain changes in the broadband adoption level, if any, since the project began.

5a. Adoption Level (%):	Narrative description of level, methodology, and change from the level at project inception (600 words or less).
0	<p>A broadband Adoption Level for the U.S. Virgin Islands is currently measured and assessed, based on statistics gathered from the Federal Communications Commission's FCC 477 Report filers. A baseline measure was taken at the start of the SBA program and was reported at 5%, primarily based on business and governmental departments and agencies, while the residential Adoption Level was estimated at 0%, based on the fact that the U.S. Virgin Islands is considered a 100% "Under-served area", per BTOP standards, as defined in the applicable Notice of Funds Availability (NOFA). Further, there is no reliable service that is available to residences to provide "two-way data transmission with advertised speeds of at least 768 kilobits per second (kbps) downstream and at least 200 kbps upstream to end users.", based on the definition of "Broadband" included in the NOFA. Internet speeds offered in the U.S. Virgin Islands fall below the "Broadband" speeds, as defined in the NOFA.</p> <p>With the the full deployment of VIPFA/viNGN's CCI program, viNGN will be positioned to provide access to high speed, reliable, and secure capacity to retail service providers who, in turn, will hopefully offer lower prices to end-users/customers, individual homes and businesses, to encourage broader broadband adoption. Further, in combination with the implementation of its PCC program, Adoption Levels are expected to increase with the implementation of VIPFA/viNGN's SBA program, given increased access to computers and the Internet and digital literacy and other training that will be offered through the PCCs.</p> <p>Adoption Level data is also expected to be captured and reported through VIPFA/viNGN's State Broadband Initiative (SBI)/State Broadband Data and Development (SBDD) program which is also BTOP funded.</p>

6. Please describe the two most common barriers to broadband adoption that you have experienced this year in connection with your project. What steps did you take to address them (600 words or less)?

As the VIPFA/viNGN team works diligently on its plans to reintroduce the project to the community and to highlight its tremendous overall economic and social development benefits, the team has been assessing and anticipating what may be common barriers to broadband adoption. Consistent with information documented in VIPFA/viNGN's approved Application, low per capita income levels and high Internet/broadband prices are expected to be the most common barriers to broadband adoption, as these factors currently negatively impact Internet use and adoption in general. Many residents and businesses cannot afford the prices being offered for local Internet services, especially the underemployed and unemployed. For 2008, the per capita income for the U.S. Virgin Islands was \$20,381, as compared to the U.S. average of \$39,751, according to the U.S. Bureau of Economic Analysis. The U.S. Virgin Islands Bureau of Economic Research reports that 23.7% of the population is living below the poverty line. These factors reflect the stressed and diminished general economic conditions in the U.S. Virgin Islands. The goal of VIPFA/viNGN's CCI program is to make high speed, broadband capacity available to service providers at much lower price points than are available in the marketplace today, and service providers are expected to, in turn, offer lower prices to its business and residential customers to assist in fostering broader broadband adoption. With the PCC program providing access to computers, the Internet and training to citizens who cannot afford them in their homes and businesses and, in many cases, anywhere, and with the SBA program providing more advanced training and outreach activities, the VIPFA/viNGN team seeks to encourage broadband adoption, as program beneficiaries realize and appreciate the utility and value of digital literacy and broadband use in their lives and that of the broader community.

7. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities. (150 words or less)

The entire U.S. Virgin Islands has been classified as a Historically Under-utilized Business Zone (HUBZone), as it is a 100% underserved or un-served, rural, insular territory, consisting of four main islands. As such, it is believed that most of the project's local vendors can be classified as SDBs; however, the information to verify the relevant data is not available at the time of the publication of this report. Further, it is believed that some of the project's non-local vendors can be classified as SDBs, though data for verification will have to be collected. In addition, the VIPFA/viNGN's procurement process allows for open or at least limited competition, the latter in those cases when the purchases are defined as "Small Purchases" or in cases of emergency under Federal and local law. Full and

open competition solicitations are posted on the VIPFA's Office of Economic Opportunity (OEO) website, its viNGN website, local newspapers and local online media, with sufficient time for respondents to provide quotes, bids or proposals in order to ensure that all potential vendors, including SDBs, are aware of all opportunities.

8. Please describe any best practices / lessons learned that can be shared with other similar BTOP projects (900 words or less).

VIPFA/viNGN's SBA program is targeting partners who have extensive experience and successful histories serving the same or similar target audiences as VIPFA/viNGN's SBA program. A key component of this strategy is to focus on the selection of strategic partners who have a mandate and track record of delivering services and training to the demographic groups that VIPFA/viNGN targets. VIPFA/viNGN's new project management team believes that, by partnering with experienced service providers, the team is better positioned to leverage BTOP cash and non-cash resources, local cash and non-cash resources (i.e. both match dollars and additional resources previously allocated and those being allocated now by VIPFA) and partner resources to best meet some of the training needs and desires of the targeted demographic groups, especially those requiring reliable broadband services; to promote sustainable broadband adoption; and, to ultimately promote economic and community development.