

# Illinois Century Network

## Policy Committee Meeting Agenda

January 18, 2011  
1:00 p.m.



**ILLINOIS CENTURY NETWORK  
POLICY COMMITTEE  
MEETING AGENDA  
January 18, 2011  
1:00 p.m.**

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Next Meeting

April 18, 2011  
Community College Board, Springfield  
James R. Thompson Center, Chicago

**ILLINOIS CENTURY NETWORK**

**October 18, 2010 POLICY COMMITTEE MINUTES**

**Submitted for:** Action

**Summary:** Distribution of the October 18, 2010 minutes for review by the Policy Committee.

**Action Requested:** Adoption of the October 18, 2010 minutes.

**Recommended Motion:** The ICN Policy Committee adopts the October 18, 2010 minutes with any edits as noted.

**ILLINOIS CENTURY NETWORK**

**October 18, 2010 POLICY COMMITTEE MINUTES**

Greg Wass called the meeting to order at 1:00 PM. The following members were present. Thanks to everyone for attending.

Members present:

Greg Wass, Office of the Governor	Beth Shea for Bonnie Styles, IL State Museums
Chet Olson, Mayor of Rochelle	Amy Edwards, IL Board of Higher Education
Todd Jorns, IL Community College Board	Ann Craig, Illinois State Library
Scott Norton, State Board of Education	

Staff and guests:

Lori Sorenson, Central Management Services	Ben Winter, Central Management Services
Tom Oseland, Central Management Services	Deborah Kelley, Central Management Services
Robin Woodsome, Central Management Services	Frank Whitney, AT & T
Melissa Camille, Central Management Services	Carla Poani, AT & T

**Minutes**

Greg introduced the first item on the agenda, the approval of the minutes from July 19, 2010. Chet Olson motioned that the minutes be approved. Todd Jorns seconded the motion – the motion carried.

**Illinois Broadband Opportunity Partnership – East Central Region**

Lori Sorenson provided this report. Good news, CMS was selected as a Round 2 BTOP award recipient on October 18th. CMS received \$62 million in federal funds with a local match of \$34 million. The grant runs through July 31, 2013. The final project includes 2,400 miles of fiber both new and leased - CMS, DOT and Tollway fiber will be used as well as private vendors. The service area includes 55 counties with a little over 400 community anchor institutions. The number could grow based on money. Speeds will range from 10Mb to 10Gb. Illinois State University, a sub recipient, will be responsible for lateral builds in the six counties around McLean County and for connecting approximately 200 community anchor institutions. On September 8<sup>th</sup>, Governor Quinn held a press event announcing the award – it was well attended.

The first major grant deliverable is to re-baseline project milestones - due November 15<sup>th</sup>. An Environmental Assessment is due on January 31<sup>st</sup>. Staff is finalizing a contract with the professional engineering firm who will be responsible for completing the Environment Assessment and detailed design for new fiber construction. An approved Environmental Assessment is required to before starting construction activities. Staff submitted a six month budget request for pre-Environmental Assessment activities which include: lab equipment, administrative costs and the environmental assessment. The budget request has been approved. CMS is currently working with DOT and Tollway on the fiber lease agreement.

The Regional Technology Centers are receiving many inquiries from constituents. The recent regional informational meetings focused on the broadband project. CMS has scheduled three meetings in November targeting the directly connected users. The meetings will address specific questions on user costs and obligations associated with receiving a fiber connection:

- The grant will cover the fiber installation and the equipment to light the fiber. The fiber connection replaces the recurring costs associated with a last mile connection and provides much greater capacity/speeds.
- Users will have to pay an annual maintenance fee to cover fiber cuts, JULIE location services, etc.
- User will need to purchase bandwidth.
- Ideally the user will work with the community to develop local plans to extend the fiber to other entities.
- Fiber equipment may utilize additional space in the user's Telco closet.
- Users will need a UPS and preferably a generator.

If a site isn't interested or another site in the community is better suited to receive the fiber connection, CMS staff will work with the community to modify the network design.

Staff is working on a monthly status update which will be sent to all our constituents and posted on the ICN website. Staff is meeting with third party service providers that are interested in using the fiber infrastructure.

Staff will attend BTOP training in November in Washington, DC.

Todd Jorns asked if the Quarterly reports submitted online. Lori reported that all the reports are submitted online. The 1512 report is on the government stimulus page - it lists money spent by vendor and how many jobs. The second report is the Performance Progress Report – tracks activities and spending from one quarter to the next. The third report is financial – track spending by category.

Greg Wass thanked everyone for their coordination and the incredible amount of work that has been completed to secure this funding. The jobs created directly from these projects are over 2,000. Illinois had \$50 million in the Illinois Jobs Now bill that was earmarked for broadband initiatives plus an additional \$26 million specifically for the ICN. Of the \$50 million, there is approximately \$12 million remaining in the fund. The state will need to assess where gaps remain after the federal awards and decide how best to invest the remaining funding. The Governor's Office and Department of Commerce and Economic Opportunity would have to make the decisions. Recommendations could be made by The Partnership for a Connected Illinois or the Broadband Deployment Council. The Broadband Deployment Council is innovative and a good way to make the decision process more open. Todd Jorns stated it would be nice to know where the gaps are. Lori committed to providing a map of the funded projects.

Greg stated the need to check on the available cash from the bond funds and project cash flow needs.

#### **E-rate**

Tom Oseland provided the E-rate update. On June 4<sup>th</sup>, the FCC issued a decision on \$2.5 million from the FY01-02 funding year and asked USAC to complete the review process for those funds. Tom reported that approved

amount is higher than the final costs. Tom is working with Illinois State Board of Education to validate actual expenditures to determine the final amount. The most recent \$1.3 million for 2009 is still under review. The 2010 application is still in the initial review stage.

In September, the FCC released its sixth report which made drastic changes to the program. It went hand-in-hand with the national broadband plan. The most significant change is the eligibility to seek reimbursement for the lease of existing dark fiber from both traditional and non-traditional entities. The FCC also made changes to the application to help streamline the process.

Lori asked if the changes cover construction costs associated with new fiber. Tom reported it will cover on campus construction and maintenance and installation to the curb – not major construction. Any schools or libraries that want to get involved will now be able to seek reimbursement for the leased costs.

### **Community Fiber Initiatives**

Lori introduced Ben Winter, an RTC staff member based out of the Champaign RTC. Ben has been involved in a number of community broadband efforts. Ben described his work with one community – Jasper County.

Jasper County and Newton, Illinois - The town has a population of approximately 3,000 people. The IBOP fiber will run about 20 miles away from the city. The county and town have instances where existing employers have relocated or new companies have passed over the community due to a lack of affordable, reliable broadband. Area medical centers have indicated the need for broadband before opening a branch health care center within the county. The county is interested in extending the fiber the 20 miles, but it will cost \$2 to \$2.5 million to build. Ben is working with the county to develop a high level fiber route that would pass as many potential anchor tenants as possible and take advantage of existing infrastructure and/or rights-of-ways. When you run fiber every foot counts – if you get everyone on board and share the price, it becomes much more affordable. Communities have IT experts they also have public works experts – what they really lack is someone that understands both worlds. Ben creates a preliminary design to provide the community a starting point and then lets them run with it - plan, design, funding, architecture/engineering, implementation and maintenance. The first step is gathering a list of organizations that would benefit. Next is plotting these locations in GIS and creating a preliminary fiber route. The final step is estimating construction and hardware costs.

Ben reported that he looks for rail ways and electric cooperatives as they provide a potential solution for rights-of-ways and partners. Many electric companies are putting in fiber for SmartGrid. They have some excess fiber. There are also some cell tower operators that may have some available fiber.

Greg inquired if it would be possible to develop a guide as it may be difficult to provide assistance for all communities due to staffing. Ben indicated it would be hard as every community is different. Greg suggested looking to the Partnership for a Connected Illinois to coordinate outreach.

### **ICN Funding Distribution**

Robin Woodsome provided this update. Constituents are anxious to see the new rates associated with the IBOP project and the impact on ICN's baseline bandwidth tables. Staff is developing a model which is based more on credits associated with the funding appropriated each year. Staff is working with the Advanced Engineering Taskforce (AET) to develop a set of recommendations. At the most recent AET meeting, ICN

presented five starter models which divided the current \$13 million general revenue fund (GRF) appropriation among primary constituents (K-12, Higher Education, Community Colleges, Libraries and Museums). The five models looked at utilization, baselines, total connections, organizations, and total directly connected sites. The AET favored allocating funding across the constituent categories based on baseline bandwidth for each constituent type.

Staff is now working to develop a formula to allocate costs to each organization. At the October 29<sup>th</sup> AET meeting, staff will provide a detailed breakdown showing the impact on a sampling of organizations. Staff will also provide suggestions of new ways for calculating an allocation for non-FTE constituents (libraries and museums). The goal is to develop a formula that ensures a basic level of service to all primary constituents with higher credits for larger sites – size of collections, populations served, number of attendees, etc. The guiding factors include being fair and consistent, easy to implement and understand, avoid anything that takes away from constituents, and flexible to address changes in future GRF appropriations.

Todd asked if the Policy Committee will be presented the details after working with the AET. Lori responded that it will be presented the Policy Committee. The methodology still requires work to address disparities between very small and very large school districts as well as ensuring a fair allocation among the constituent groups. The goal is to introduce the new funding methodology with the new fiber network and associated services and rates.

### **Regional Meetings**

Robin provided an update. To date there have been three regional meetings. They have been well attended – 36 in DeKalb, 39 in Springfield, and 39 in Rend Lake. The remaining three are in Chicago – Harper College has 35 registered, Moraine Valley has 47 and College of DuPage has 32. The numbers will go up.

Most questions have been about the fiber project. During the weeks following the meetings, the RTC staff has been receiving many calls from constituents wanting to know where they are on the fiber path.

### **2011 ICN Policy Committee Meeting Schedule**

Greg presented the proposed calendar year 2011 meeting schedule - January 18, April 18, July 18, and October 17. All meetings will be held via video conference in Springfield and Chicago. Exact locations will be posted once confirmed. Anne Craig made a motion to accept the meeting schedule – Amy Edwards seconded, motion carried.

The meeting adjourned at 2:34.

**ILLINOIS CENTURY NETWORK**

**ILLINOIS BROADBAND OPPORTUNITY PARTNERSHIP UPDATE**

**Submitted for:** Information

**Summary:** Provides an update on the Illinois Broadband Opportunity Partnership.

**Action Requested:** None

**Recommended Motion:** None

**ILLINOIS CENTURY NETWORK**

**ILLINOIS BROADBAND OPPORTUNITY PARTNERSHIP UPDATE**

The primary focus during the past quarter has been on re-baseline the project timeline, completing the Environmental Assessment, finalizing the Sub Recipient Agreement, outreach to community anchor institutions and developing bid requests.

Upon award, the National Telecommunications and Information Administration (NTIA) requires the recipient to re-evaluate the project dates and milestones submitted with the original application which will be used to measure project performance over the next three years. The revised project timeline was submitted and approved. The following table provides a high level view of the established project milestones based money spent:

Milestone Category	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall Project	0%	0%	3%	6%	12%	20%	42%	68%	72%	81%	96%	100%
Environmental Assessment	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Network Design	0%	0%	15%	35%	55%	70%	100%	100%	100%	100%	100%	100%
Rights of Way	0%	0%	2%	2%	2%	100%	100%	100%	100%	100%	100%	100%
Site Preparation	0%	0%	1%	11%	36%	36%	61%	61%	61%	80%	100%	100%
Equipment Procurement	0%	0%	8%	26%	26%	26%	46%	46%	46%	46%	100%	100%
Network Build	0%	0%	0%	0%	5%	13%	35%	70%	75%	85%	95%	100%
Equipment Deployment	0%	0%	0%	0%	0%	30%	40%	60%	75%	90%	100%	100%
Other	0%	0%	6%	10%	21%	31%	40%	46%	52%	62%	81%	100%

CMS must submit three quarterly reports and one annual report to the federal government. These reports include:

- ARRA Reporting (Quarterly) – This report is a requirement of all projects funded by ARRA dollars. It includes information on how much federal money has been spent, vendor’s receiving the money, and the jobs created or retained as a result. The report is published on [www.recovery.gov](http://www.recovery.gov).
- BTOP Progress Performance Report (Quarterly) – This report tracks project performance against the milestones established in the baseline project report. This report is driven by project spending aligned

with the milestone categories. It also includes key performance indicators such as number of network miles deployed, number of signed agreements with wholesale providers, number of community anchor institutions connected, and the speeds and services available. This report is available on the NTIA's BTOP website at <http://www2.ntia.doc.gov/infrastructure>.

- BTOP Federal Financial Report (Quarterly) – This report is a high level cash flow and balance sheet statement as it tracks the overall cash receipts and disbursements as well as any program income. Submitted to NTIA but not posted for public review.
- BTOP Annual Progress Performance Report (Annual) – This is very similar to the Quarterly Progress Performance Report but with additional details on the locations of construction activity. Submitted to NTIA, but not clear at this time if it is posted for public review.

The project procured the services of the professional engineering vendor to conduct the Environmental Assessment. CMS is reviewing the report with plans to forward to NTIA in the coming weeks. The Environmental Assessment is due by January 31, 2011. The project timeline sets March 31, 2011 as the target date for final approval from NTIA.

The Sub Recipient Agreement with Illinois State University has been executed. Illinois State University is responsible for construction activities in Bloomington/Normal and surrounding communities.

The project team hosted several informational meetings with the proposed direct connect Community Anchor Institutions. The meetings presented information regarding the overall project, opportunity for the specific site, speeds and costs, and level of commitment needed. The project team received positive feedback from all sites and has been working with each site on an engineering site survey.

Staff is working on several procurement activities related to the IBOP project. They include several bids for leased fiber, test equipment orders, a construction bid, and a bid for fiber and conduit materials.

CMS has received inquiries from several service providers interested in leasing fiber and/or providing last mile services to additional community anchor institutions. These discussions are preliminary as the fiber infrastructure will not be available for lease until year 3.

During the next reporting period the project team plans to issue bids for construction and materials. Other procurement related activities include finalizing agreements for 40% of the leased fiber miles.

Other activities include starting the review of existing customer forms and agreements and identify revisions needed to support the new service offerings and customers.

**ILLINOIS CENTURY NETWORK**

**PRIMARY CONSTITUENT FUNDING ALLOCATION**

**Submitted for:** Information

**Summary:** Provides an update on ICN Funding Allocations

**Action Requested:** None

**Recommended Motion:** None

## **ILLINOIS CENTURY NETWORK**

### **PRIMARY CONSTITUENT FUNDING ALLOCATION**

As presented at the last meeting, ICN staff is working with the Advanced Engineering Taskforce to develop a new methodology for allocating the General Revenue Fund (GRF) appropriation for primary constituent bandwidth. The goal is develop a model that is based on credits which can be used to purchase ICN services. The credit amount could change annually based on the GRF appropriation.

The current methodology under development divides the GRF appropriation among the primary constituent groups in accordance with current bandwidth utilization. The funding is further divided on a per organization basis using the following qualifiers:

- K12 – Student Enrollment
- Higher Education – Full Time Equivalent (FTE)
- Community Colleges – Full Time Equivalent (FTE)
- Libraries – Per Library Organization
- Museums – Per Museum Organization
- Non-FTE K12 and Higher Education Facilities – Per organization – Examples include Regional Offices of Education, U of I extension offices, etc.

Based on this approach, staff prepared an analysis on the impact to specific organizations within each constituent group. The analysis revealed large disparities among organizations whose credit is determined based on enrollment. For example, K12 districts with enrollments of 1,000 students receive a great benefit while districts with a lower enrollment receive a modest benefit. Note: 62% of K12 districts have less than 1,000 students. Community Colleges with an FTE around 3,000 also recognize modest benefit, while Community Colleges under 2,000 FTE see little benefit. To address this issue, staff developed an option to establish a minimum and maximum credit that lessens the disparity.

The analysis also reveals a disparity between the credit levels for K12 and Higher Education compared with the credit level for Community Colleges. K12 and High Education organizations receive a higher credit level than Community Colleges. A possible solution would be to allocate funding to enrollment based constituent groups as one and then calculate one per student credit. Early analysis indicates this approach addresses the disparity among constituent groups. To put this methodology in perspective, enrollment-based constituent groups would receive a \$4.22 per student credit. Based on the new service offerings and rates associated with the Illinois Broadband Opportunity Partnership grant, an organization with 1,814 students could purchase 96 Mbps with their GRF credit. An organization with 13,552 students would be able to purchase 813 Mbps. A library district or a museum would receive an annual credit of \$5,880 which could purchase 74 Mbps. By placing a minimum and maximum credit for enrollment based organizations, every enrollment based organization would receive a credit that would support the purchase of a minimum of 50 Mbps and no organization would receive a credit that would support the purchase of more than 2 Gbps.

Staff is working with the Advanced Engineering Taskforce to refine this methodology. Issues for further consideration include:

- Higher allocations for libraries serving larger populations and/or with branch campuses
- Higher allocations for larger museums and/or with branch campuses
- Allocation for non-FTE organizations
- Accommodating new or returning organizations to the network
- Annual re-calculation based on new enrollment numbers/organizations on the network – growth on the network impacts allocation per organization
- Annual membership

**ILLINOIS CENTURY NETWORK**

**E-RATE UPDATE**

**Submitted for:** Information

**Summary:** This item provides an update on ICN E-Rate funding request.

**Action Requested:** None

**Recommended Motion:** None

**ILLINOIS CENTURY NETWORK**

**E-RATE UPDATE**

After a very long delay, funding reimbursements are finally being received from E-rate funding year 12 (fiscal year 2010). To date, \$637,383 has been received. A total of approximately \$1,339,171 is expected to be received from this funding year.

The outstanding amount of \$6495 from the 2007-08 funding year was also received.

The chart below summarizes E-rate funding activity and status for each funding year application.

**E-rate Activity**

<b>Funding Year</b>	<b>Received</b>	<b>Approved – Not yet received</b>	<b>Applied for Not yet approved</b>	<b>Under Appeal</b>
Year 3 (2000)	\$2,137,765	-0-	-0-	N/A
Year 4 (2001)	\$2,179,728	\$2,525,605	-0-	N/A
Year 5 (2002)	\$4,996,227	-0-	-0-	N/A
Year 6 (2003)	\$4,644,171	-0-	-0-	N/A
Year 7 (2004)	\$2,497,427	-0-	-0-	\$393,338 <sup>1</sup>
Year 8 (2005)	\$2,424,567	-0-	-0-	N/A
Year 9 (2006)	\$982,392	-0-	-0-	N/A
Year 10 (2007)	\$953,998	-0-	-0-	N/A
Year 11 (2008)	\$799,251	-0-	-0-	N/A
Year 12 (2009)	\$637,383	\$701,788	-0-	N/A
Year 13 (2010)	N/A	N/A	\$3,591,166	N/A
<b>Totals</b>	<b>\$22,252,909</b>	<b>\$3,227,393</b>	<b>\$3,591,166</b>	<b>\$393,338</b>

The ICN 2010 E-rate application remains in the initial stages of review.

The 2011 funding year application window opened on January 11, 2011. Application forms can be submitted to USAC up until the final day of the application window which is March 24, 2011. ICN and CMS staffs are currently in the process of preparing for this upcoming application filing. Early indications are that the amount of funding applied for will be very similar to the 2010 application.

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<sup>1</sup> This remaining amount under appeal is related to the ICN Year 7 Library application. For unknown reasons, the FCC did not include this application in their decision to grant the ICN appeal of denied funding for the School application.