Illinois Century Network

Policy Committee
Meeting Agenda

April 16, 2012
1:00 p.m.

ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
April 16, 2012
1:00 p.m.

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July 16, 2012
Community College Board, Springfield
James R. Thompson Center, Chicago

ILLINOIS CENTURY NETWORK

January 17, 2012 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the January 17, 2012 minutes for review by the Policy Committee.

Action Requested: Adoption of the January 17, 2012 minutes.

Recommended Motion: The ICN Policy Committee adopts the January 17, 2012 minutes with any edits as noted.

ILLINOIS CENTURY NETWORK

JANUARY 17, 2012 POLICY COMMITTEE MINUTES

Greg Wass called the meeting to order at 1:12 PM and thanked everyone for joining.

Members present:

Greg Wass, Cook County	Kathleen Bloomberg, Illinois State Library
Amy Edwards, Illinois Board of Higher Education	Scott Norton, Illinois State Board of Education
Todd Jorns, Illinois Community College Board	Chet Olson, Mayor of Rochelle

Members absent:

Malcolm Weems, Central Management Services	Mike Dickson, Western Illinois University
Bonnie Styles, Illinois State Museum	

Staff and guests:

Lori Sorenson, Central Management Services	Robin Woodsome, Central Management Services
Tom Oseland, Central Management Services	Kirk Mulvany, Central Management Services
Deborah Kelley, Central Management Services	Frank Whitney, AT & T
Carla Poani, AT & T	Ed Conlon, The Conlon Group
Rusty Winchel, NIU Broadband Development Group	Tony Daniels, Cook County

Minutes
Greg introduced the first item on the agenda, the approval of the minutes from October 17, 2011. There was one correction: Amy Edwards had seconded the motion to adjourn the meeting not Anne Craig as reported. A motion was made by Scott Norton to accept the minutes with the correction; the motion was seconded by Kathleen Bloomberg. The motion carried.

Illinois Broadband Opportunity Partnership Update
Lori reported there are 91 miles under construction and vendors have been selected for construction on another 307 miles. The remaining 570 miles are in the quote process. The project includes about 1,000 miles of new construction and 1,000 miles of leased fiber. The new fiber construction is the critical path.

Lori reported that the current project spend is $9 of $62 million in federal funds and about $2.3 million local match. Lori explained that while the project is in month 18 of 36, the project spend is below the half-way mark because the first year is mainly spent on the network design and the environmental assessment. Most of the budget is for construction and materials which are just getting underway. CMS is paying vendor invoices and then requesting reimbursement from NTIA. Vendor payments have been very quick. Staff are now working on the quarterly and annual reports. Once those reports are done, CMS will submit another request reimbursement for $2.5 million.

Kirk provided an overview on the status of each construction route. The new construction has been divided into 14 packages/segments to better manage the project. Each segment represents 80-100 miles of new fiber builds. Construction began in early December on Package 2 (Kankakee to Champaign). Package 1 (Kankakee to 95th Street in Chicago) should break ground this week. Packages 3 (Champaign to Bloomington and Lincoln to Chenoa) and 5 (Champaign to Effingham) have been awarded and are the next in line for construction. CMS has awarded Package 6 (I-57 to Paris, Lawrence and Olney). Package 13 represents small lateral builds to community colleges in northern Illinois. CMS has received the bids for Package 7 (Effingham to East St. Louis) and should be announcing the award in the next few days. Package 8 (Champaign to Springfield) has been posted and the responses are due next week. Packages 9 (Springfield to Barry) and Package 10 (Barry to Macomb) will be posted within the next couple weeks. Emphasis has been placed to select vendors and issues orders for the remaining construction packages.

CMS originally requested the vendors supply the fiber cabling, but decided to place a single bid for 500 miles due to concerns about lead time. Initial estimated lead times were around 40 weeks, but are so far vendors are receiving fiber in 10-12 weeks. One way the contractors are working around the fiber delays is by installing conduit with plans to pull fiber at later date. CMS did not require the use of conduit due to the added cost; however, even with the conduit costs are coming in under budget.

When asked if the paperwork is worse than the application process, Lori responded that the application process was a sprint and this is a marathon. NTIA is very flexible and cooperative. They developed rules in a short timeframe without testing. If we encounter a problem, they listen, gather input and make changes and clarifications along the way. There is a lot of interaction with the NTIA. CMS participates in a biweekly status call with the Program Officer as well as group drop-in calls where a topic is chosen and another applicant or specialist speaks. NTIA was provided very detailed reports on routes, speeds, capacity; any changes require NTIA approval.

CMS has signed an Indefeasible Rights of Use (IRU) with Level3 for the fiber between Collinsville and Springfield. The DWDM equipment is installed and the route is operational. The Level3 leased fiber continues north to Lincoln, Peoria and then east to I-55 where it ends in Bolingbrook. CMS is working to find a route over the river in Peoria. IDOT has installed fiber in Bolingbrook to connect the Level 3 fiber to Tollway fiber.

Construction is going well. Utilizing four vendors and having them quote the packages in a staggered approach has resulted in very favorable prices. All four vendors have received awards.

The number of committed CAIs continues to vary as the project progresses. ISU has had several anchors drop from the project. ISU continues to identify replacement anchors. CMS anticipates adding anchors within its service area. The first lateral to an anchor is nearing completion in Litchfield. The lateral will connect Litchfield High School and will interconnect with the Illinois Rural Health Net and the local hospital.

Cook County and South Suburban Mayors and Managers Association
Ed Conlon provided an update on a fiber project being led by Cook County and the South Suburban Mayors and Managers Association (SSMMA). The project includes two segments - the western and southern corridors. The project is being funded by Cook County and a grant from the Illinois Department of Commerce and Economic Opportunity.

The County is tasked with a portion of the project. The County has issued a purchase order to Globetrotters Engineering for network design and engineering. The project will construct fiber to the Daley Center, County Building, and City Hall and will access CTA fiber at the Thompson Center to reach Stroger Hospital in the medical district. From Stroger, fiber will be constructed to connect the county jail and Hawthorne Warehouse which is home to the County's telecom equipment.

Members asked if any schools, colleges or libraries would be connected. There are a limited number of county sites being connected in the first phase. The County is interested in connecting other sites in the future.

The County is following the ARRA guidelines for an open network and will lease or sell fiber for transport service.

Rusty Winchel with the Northern Illinois Broadband Development Group provided an update on the rest of the southland portion of the project. This portion of the project includes a 26 mile fiber build along the I-57 corridor and 35 miles of laterals connecting with Cook County portion of the project and the 32 anchor institutions of which 14 are municipalities.

The 32 locations identified on the map as anchor institutions are all considered access points. When SSMMA reduced the project from the scale of the original BTOP application, it focused on economic development and the transportation industry. Of the initial 450 sites identified during a research project several years ago, over 250 of those sites are within five miles of the I-57 corridor. SSMMA believes this makes fiber connectivity affordable to a myriad of educational institutions as well as municipal governments and public safety.

Greg Wass introduced Tony Daniels who joined Cook County as the Chief Technology Officer. Tony articulated that the county will be open to feedback from the ICN. In turn, CMS will be happy to share services, term commitments, etc.

State Funding Allocation Model
Staff reviewed the State Funding Allocation Model that has been discussed during the past year. Robin provided an example of the impact the new allocation model would have on bandwidth for schools, higher education, library, and museum constituents.

Members expressed concern about input from the constituent groups before taking action. It was discussed how best to receive constituent feedback when the bandwidth rates were not ready to release.

Kathleen Bloomberg made a motion to publish the proposed rates and allocation formula and open a comment period that closes April 9th and defer adoption until April 16th. Scott Norton seconded the motion. The motioned carried.

Erate
Tom Oseland reported that CMS had received the last $550,000 for the 2010 filing year bringing the total to just under $3 million. The 2011 request is still under review. The filing window opened last Monday for 2012. CMS is gathering data and supporting documentation. It looks like it will be worthwhile to submit an application for next year.

Adjournment
Amy Edwards made a motion to adjourn the meeting. Scott Norton seconded the motion. The motion carried.

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

Construction
CMS has signed orders for all ten construction packages. The vendors have started work on six of ten packages with the remaining four scheduled to begin any day. The mild winter and spring weather has enabled the vendors to make good progress. The biggest challenges for the construction schedule is long delivery times for fiber cabling and securing more than 400 permits from various state and local governments as well as railroads and pipelines. The fiber cabling delivery has been factored in to the construction schedule. About two-thirds of the permits have been secured. CMS is working with the vendors to prioritize the outstanding permits to minimize delays on the construction schedule.

Following is a snapshot of the construction progress by package.

Feet of Fiber Installed
4/7/2012
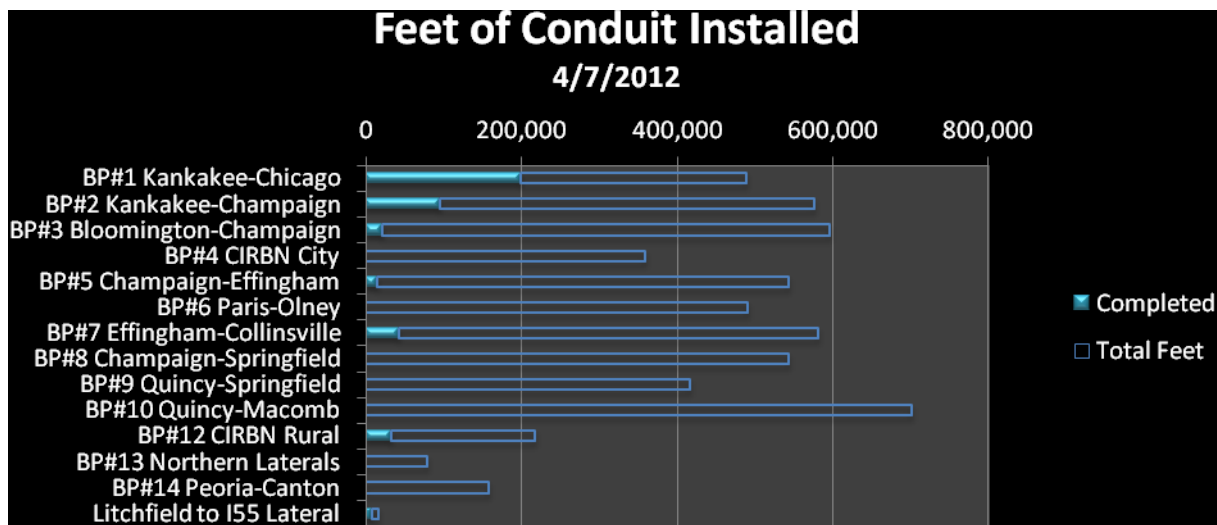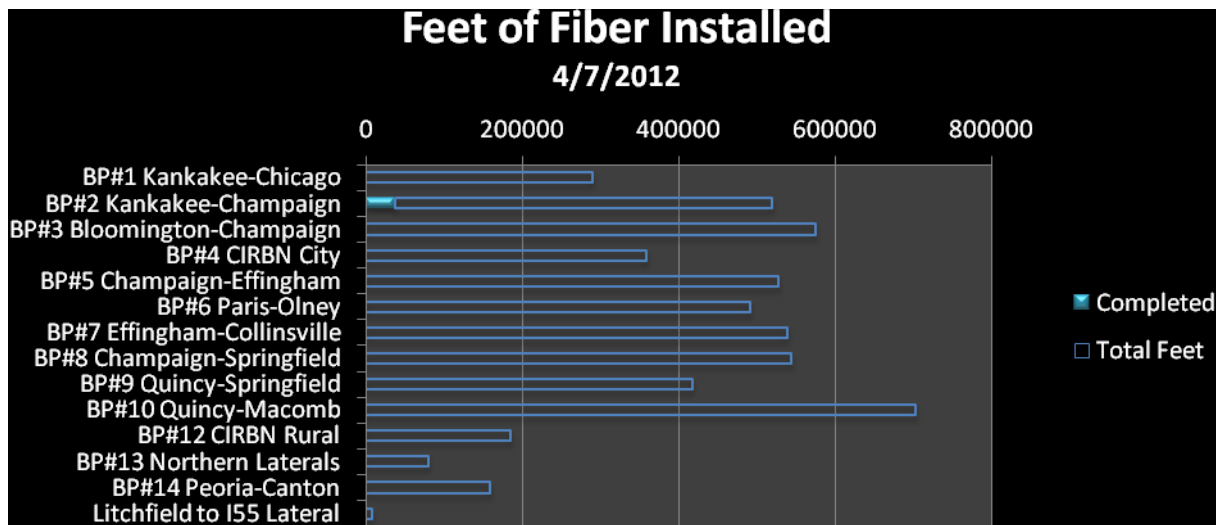
Fiber Leases
The project includes about 600 miles of leased fiber. CMS has secured leases for about 570 miles and continues to work to secure leases for the remaining routes.

Budget
As of March 2012, project expenditures total $17.7M of the $96M. CMS has received $10.87M of the $64M in federal funds and $6M of $26M in Illinois capital funds. CMS received very competitive quotes for the fiber construction; as a result CMS is forecasting the project to be under-budget. CMS preparing a request to the National Telecommunications and Information Administration (NTIA) to expand the project scope to reach additional under-served or unserved community anchor institutions.

Grant Management
In February, NTIA requested CMS develop a Performance Improvement Plan (PIP) to address lagging project expenditures. The main performance measure used by NTIA is overall project spend. In accordance with the grant rules all projects should spend two-thirds of its budget by the project's year two mark. CMS is one of many BTOP projects that are progressing well but for a variety of reasons might not meet the two year spend target.

For CMS, the year two mark is July 31, 2012. In the December 2012 quarterly report, CMS reported its current spend at 12% and forecasted 19% by the end of the next quarter (March 2012). Based on the current and forecasted spend, CMS was required to rebase line the project and re-forecast spend on a quarter-by-quarter basis through the remainder of the project. The PIP described the longer than anticipated time taken to secure construction contracts following the State's procurement process and demonstrated a realistic schedule for completing the work by the year three deadline under budget. One area where the CMS project stands out from many of the other BTOP projects is securing commitments from the target Community Anchor Institutions.

In February NTIA was onsite for a two day site visit. The visit included a review of the project records, procurement process, fiscal policies and processes, marketing and communication strategies, project management and project schedule. Staff received positive feedback from the NTIA and has been told to expect very few recommendations which is unusual for the project's size and scope.

ILLINOIS CENTURY NETWORK

STATE FUNDING ALLOCATION MODEL

Submitted for: Action

Summary: Provides an opportunity for open discussion for ICN State Funding Allocation Model

Action Requested: Adoption of the State Funding Allocation Model

Recommended Motion: *The ICN Policy Committee adopts the State Funding Allocation Model as a replacement to the Cost Recover Model effective with the implementation of the IBOC-EC fiber network.*

ILLINOIS CENTURY NETWORK

STATE FUNDING ALLOCATION MODEL

The proposed services, rates, and state funding allocation model have been distributed to ICN constituents for comments. The information was distributed in email and the monthly newsletter to current, former, and potential constituents requesting comments by April 30, 2012. The information is available on the ICN website at http://www.illinois.net/services/default.htm.

The ARRA broadband project will enable significant rate reductions and expanded services. The proposed prices for the standard ICN broadband services range from $14 per megabit to $9 per megabit which is a significant decrease from the current rates of $170 per megabit to $70 per megabit. The expanded service offerings include point-to-point on-net connections and dark fiber. The point-to-point on-net connections are a good solution for ICN customers who need to interconnect multiple campuses or who need dedicated connections between two or more locations to support a special application or program, or to access a disaster recovery site. This service provides dedicated and secure bandwidth at a lower cost. Our larger constituents may subscribe to this service using the ICN backbone for transport only to reach Chicago or St. Louis where they purchase their own commodity Internet service. Dark fiber will be available for lease along the new construction routes. These additional service options will be of interest to wholesale and third party providers which will help expand broadband services across the state.

The proposed rates and funding allocation model will provide for increased bandwidth to K12 schools, higher education, libraries and museums. If state funding for the ICN remains level for FY14, the minimum credit for K12 schools and institutions of higher education will support the purchase of 50 megabits. For libraries and museums, the minimum credit will support the purchase of 35 megabits. Based on ICN's analysis, all constituents will realize an increase in the amount of state funded bandwidth.

Attached are the proposed services and rates, state funding allocation model and an analysis of the impact these changes will have on constituents.

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

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

E-rate Activity

Funding Year	Received	Approved – Not yet received	Applied for Not yet approved	Under Appeal
Year 3 (2000)	$2,137,765	-0-	-0-	N/A
Year 4 (2001)	$2,522,559	-0-	-0-	$1,097,244[1]
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[2]
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)	$1,339,032	-0-	-0-	N/A
Year 13 (2010)	$2,982,199	-0-	-0-	N/A
Year 14 (2011)	N/A	N/A	$3,353,278	N/A
Year 15 (2012)	N/A	N/A	$3,356,865	
Totals	**$26,279,588**	**-0-**	**$6,710,143**	**$1,490,582**

The ICN E-rate application for the 2011 funding year remains at the "Initial Review" status with USAC. Some review activity has occurred recently and it is anticipated that these review procedures will soon conclude and the ICN application will advance to the final approval processes.

The ICN 2012 funding year application was submitted to USAC on March 9, 2012. The total amount applied for was a little over $3.3 million dollars. Due to continuing activity involving the new ICN fiber backbone, final reimbursements requests will be somewhat lower. As fiber continues to be installed and lit, associated leased backbone circuits will be taken out of service. It is not known at this time what the overall impact will be on the ICN 2012 E-rate application.

The 2012 E-rate application will most likely be the final one submitted by the ICN as an E-rate applicant. The new state-owned fiber backbone will not be eligible for any E-rate support. Therefore, as the transition to the

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[1] This amount remains from the appeal of the 2001 ISBE E-rate application. All other approved funds have been disbursed. However, due to a lack of supporting documentation, USAC denied the disbursal of this funding request.

[2] 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. Recovery of this funding will not be sought.

new backbone takes place, the ICN will ultimately assume the role of service provider as far as the E-rate program is concerned. This will allow those eligible constituents that purchase services from the ICN to apply for E-rate support for those services.