

Illinois Century Network

Policy Committee Meeting Agenda

October 21, 2013
1:00 p.m.



**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
October 21, 2013
1:00 p.m.**

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Next Meeting

January 21, 2014 (TBD)
Community College Board, Springfield
James R. Thompson Center, Chicago

ILLINOIS CENTURY NETWORK

AUGUST 12, 2013 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the August 12, 2013 minutes for review by the Policy Committee.

Action Requested: Adoption of the August 12, 2013 minutes.

Recommended Motion: The ICN Policy Committee adopts the August 12, 2013 minutes with any edits as noted.

ILLINOIS CENTURY NETWORK

AUGUST 12, 2013 POLICY COMMITTEE MINUTES

Bonnie Styles called the meeting to order at 1:00 PM.

Members Present (Springfield):

Bonnie Styles, Illinois State Museum	Kathleen Bloomberg, Illinois State Library
Ravi Bathula, State Board of Education	Jeff Newell, Illinois Community College Board
Lori Sorenson, Central Management Services	Mike Dickson, Consultant

Members on audio bridge:

Chet Olson, Mayor of Rochelle	Alan Phillips, Board of Higher Education
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Members absent:

Greg Wass, Office of the Governor	Sean Vinck, Office of the Governor
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Staff and guests:

Leslie Sgro, Office of Management and Budget	Tom Oseland, Central Management Services
Chimaobi Enyia, Central Management Services	Robin Woodsome, Central Management Services
Deborah Kelley, Central Management Services	Carla Poani, AT&T
Frank Whitney, AT & T	

Minutes

Bonnie Styles introduced the first item on the agenda, approval of the minutes from the April 15, 2013 meeting. Kathleen Bloomberg found Anne Craig's name was misspelled in the AET membership section. A motion was made by Kathleen Bloomberg to accept the minutes with the noted correction. The motion was seconded by Michael Dickson. The motion carried.

IBOP Update

Lori Sorenson reported that the three year ARRA project was slated to end July 31st; however, CMS received an extension through September 30th. Ninety-nine percent (99%) of the network is complete and of that ninety-eight percent (98%) is operational. There are 21 of 1,100 new construction miles that are yet to be completed. Ten of the twenty-one miles are in downtown Chicago along the Dan Ryan to the Equinix facility. Construction has started but due to route changes, new permits were required. The original plan was to lease Chicago Transit Authority fiber, but construction activity required a route modification. Everyone is cooperating, but it will be hard to complete this segment by September 30th. CMS will seek another extension. NTIA has approved some project extensions through December.

There are four lateral builds that make up less than ten miles to McHenry, Triton and Morton community colleges. McHenry may not be completed due to road work on Route 16. There is also an unfinished lateral to Danville Community College which ties into approximately a dozen K12 schools.

The project includes 750 miles of leased fiber. There are two pending lease agreements with CTA and one with Kane County.

As of June 30th, \$77 of \$96 million has been spent.

Bonnie Styles asked if we were sure we would get an extension until December. Lori responded that NTIA wants to see the project completed so CMS believes it is likely that an extension will be granted. The Chicago route is critical to the project since it is home to one of the largest peering points in the nation. Rural or downstate service providers are very interested in this segment. Mike Dickson stated that NTIA almost always grants extensions.

There are 232 CAIs connected and capable of receiving service and 90 to 95% are lit. More than 100 are receiving service. Many times, the anchor institutions are in 3 to 5 year contracts with other service providers. This combined with the e-rate cycle for schools and libraries results in some sites waiting to turn up service.

Staff is projecting that the final project costs will be 5% under budget leaving a balance of approximately \$4 million. A request has been submitted to the NTIA to use the money to connect additional sites. CMS is also seeking approval to upgrade the optical equipment at Equinix to 100G as well as upgrade some of the distribution routers.

Essam El-Beik continues to pursue fiber sales to wholesale providers. To date CMS has executed seven agreements resulting in \$1.9 million in one-time-revenue and \$500 thousand in annual maintenance fees. The Sales and Marketing RFP was delayed. It should be published in 45 days with a 6 week response time.

Kathleen Bloomberg asked if we had heard anything from NTIA about the ConnectED project. Lori responded that NTIA has shared the press release on ConnectED; however, most discussions have centered on the Federal Commerce Commissions' Notice of Proposed Rulemaking for improving and streamlining the E-rate program. CMS will be submitting a response. Additionally, at the direction of the Governor's Office, CMS has convened a steering committee develop recommendations for delivering high speed broadband to all Illinois public K-12 schools.

Mike Dickson questioned if there would be additional funds. Additional information should be available this fall.

ICN Budget

Lori provided a budget update. At the last meeting, the ICN appropriation was still uncertain; however, CMS made the recommendation to establish the FY14 rates based on the FY13 appropriation of \$6 million. The actual FY14 appropriation was \$5 million. Additionally, CMS only received \$4 of the \$6 million FY13 appropriation.

Revenues for FY14 are projected at \$15 million. This projection includes the state appropriation, revenues from CAIs and state agencies as well as sales revenues from wholesale service providers as a result of the BTOP project. Expenses are estimated at \$14 million plus an additional \$5 million in depreciation.

Lori cautioned that revenues and expenses are tough to predict as a result of the new fiber network. CMS has no history for the costs of maintaining the fiber nor a foundation for estimating revenue from the new customer base.

Mike Dickson asked the percentage of ICN backbone will still be leased circuits. Lori responded that very little will be leased, only a few circuits out of Moline. There will still be customers connecting with T1s which means the network will need CT3s to accept the T1s. As customers upgrade to Ethernet connections, the number of CT3s will decrease.

Kathy Bloomberg asked if staff anticipate a rate increase this year or double next year as a result of \$3 million shortfall in state funding. Lori responded there are no intentions to increase rates this year. It's unlikely rates would double next year. If there is a change next year, it would probably be a reduction in the amount of state funding allocated to the schools and libraries and not a rate increase.

Kathy Bloomberg asked about the supplemental appropriation mentioned in the April meeting. Lori reported that the supplemental for FY13 will not happen and that she is not aware of any changes in FY14 funding.

New Policies and Services

Robin Woodsome provided the update. Staff and the Committee have been discussing new policies and services at the last few meetings. There have been no changes or deletions. Staff are seeking the Committee's approval for the new services and rates.

Kathleen Bloomberg made a motion to approve the new services and rates. Mike Dickson seconded the motion, the motion carried.

E-rate

Tom Oseland reported that shortly after the last meeting the 2011 E-rate application was approved for \$3.2 million. As of today, CMS has received about \$1 million. The remaining request was pulled for review.

The FY12 reimbursement request for around \$2 million can now be submitted.

Approximately 120 ICN customers selected ICN as their Internet service provider for FY14. So far 28 of those requests had been approved by USAC.

Kathleen Bloomberg questioned where the estimated \$2 million in e-rate reimbursements is included in the budget? Lori responded that for budgeting purposes it is not included in the FY14 forecast as the money is reimbursement for money already received. Kathleen stated she thought it was stated that ICN operates on a cash basis. Lori responded that the statement was made in reference to federal reporting.

Kathleen Bloomberg asked where the estimated \$2 million in E-rate reimbursement appears on the FY14 budget projections. Lori responded that it is not included. The E-rate money is reimbursement for expenses in past years; the FY14 budget projection presented today is intended to provide an analysis of potential revenues and expenses under the new fiber network.

Open Meetings Act

Lori Sorenson presented a proposed draft policy governing how public comments are to occur at ICN Policy Committee meetings. Chet Olson made a motion to accept the Open Meetings Act rule. Mike Dickson seconded the motion. The motion carried.

There were no other items for discussion. Kathleen Bloomberg made a motion to adjourn the meeting. Ravi Bathula seconded the motion. The motion carried. The meeting adjourned at 2:11 PM.

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 PARTNERHSIP UPDATE

CMS has been approved for a grant extension through December 31, 2013 to allow time to complete the construction in Chicago as well as a few remaining laterals.

Construction

Construction is still underway on the 11 mile path in Chicago. The construction crew has completed all conduit work and is ready to pull fiber. CMS is negotiating a contract to bring the fiber into the Equinix peering facility. CMS has a contract with Equinix but must enter into an additional contract with a third party responsible for the building wiring. Once the agreement is executed, the construction crews need a few days to pull the fiber.

The lateral to Morton College is complete. Construction on the lateral to Triton is complete; however, requires splicing between three separate fiber segments that comprise the complete path. Six of nine miles of construction for McHenry College is complete. The remaining three miles are on hold due to an IDOT road widening project. If IDOT acquires the new easements within the next 30 days, CMS should be able to complete the work using grant funds. If not, CMS will complete the construction post grant using operational funds. Staff has been communicating with the college and NTIA to keep them updated on the situation.

Splicing work is also needed to complete the path to Danville Community College and about 11 schools in Danville. This work is scheduled to be finished within the next few weeks.

Construction on the expansion routes is complete. In total CMS built an additional 10 miles of fiber which connected an additional 8 schools and 4 communities (Arcola, Gilman, Greenville, and Pittsfield).

Fiber Leases

CMS is finalizing fiber lease agreements with iFiber and UC2B, two BTOP projects. The agreements provide CMS with fiber connectivity into the DeKalb and Champaign POP sites.

Budget

As of September 30, 2013 project expenditures total \$83M of the \$96M. CMS has received \$48M of the \$64M in federal funds and \$18M of the \$26M in Illinois capital funds plus another \$6M in state funding. CMS anticipates completing the original scope under budget. The remaining grant funds are being used to connect 8 additional schools, upgrade optical equipment, and purchase additional distribution equipment.

Community Anchor Institution (CAI) Connections

Between CMS and Illinois State University (ISU), 355 of 381 CAIs are connected and capable of receiving service. Nearly all CAIs are receiving services from ICN and/or ISU.

Equipment Upgrades

CMS received approval from NTIA to upgrade the optical equipment to 100 Gbps between the Chicago POP, Starlight and Equinix. CMS was also able to purchase additional distribution equipment to allow improved customer connectivity at six ILA (in-line amplification) sites.

Wholesale Customers

No new wholesale agreements have been executed; however, CMS is negotiating an amendment to an existing agreement for the sale of additional fiber. Several agreements for lit service to Chicago have been negotiated but are pending execution until the Chicago fiber route is complete. Staff completed the sales and marketing Request For Proposals (RFP) and submitted to CMS Procurement to issue.

ILLINOIS CENTURY NETWORK

ICN REGIONAL MEETINGS

Submitted for: Information

Summary: This item provides information regarding the ICN Regional Meetings.

Action Requested: None

Recommended Motion: None

ILLINOIS CENTURY NETWORK

ICN REGIONAL MEETINGS

This year's regional meeting scheduled includes eight meetings between October 2nd and October 25th. The meetings are in the same locations as last year with the exception of the Illinois Education Association in Carterville which has closed. The meeting for that region was moved to Rend Lake College in Mount Vernon. The meeting scheduled for Lake Land College in Effingham was cancelled; only four persons had registered for that location. The meeting at College of DuPage and Illinois State University were streamed over the ICN, and both the PowerPoint presentation and a copy of one of the streamed meetings are posted on our web site at www.illinois.net.

The meetings focused on the status of the project, new services and rates, E-rate, and new initiatives to keep momentum moving forward in our efforts to expand broadband access.

Location	Date	Time	Microsoft Live Meeting Webinar	In Attendance
Oakton Community College Des Plaines, Illinois	Oct. 2	10:00am - 12:00pm	not available	18
Kankakee Community College Kankakee, Illinois	Oct. 4	10:00am - 12:00pm	not available	11
Illinois State University Normal, Illinois	Oct. 11	10:00am - 12:00pm	available	9/24 web
Highland CUSD 5 Highland, Illinois	Oct. 15	1:00pm - 3:00pm	not available	13
College of DuPage Glen Ellyn, Illinois	Oct. 16	10:00am - 12:00pm	available	13/28 web
Rend Lake College Mount Vernon, Illinois	Oct. 23	10:00am - 12:00pm	not available	
Carl Sandburg College Galesburg, Illinois	Oct. 25	10:00am - 12:00pm	not available	

ILLINOIS CENTURY NETWORK

CONNECTING ILLINOIS – ROADMAP UPDATE

Submitted for: Information

Summary: This item provides information regarding efforts to connect K12 schools with fiber based broadband.

Action Requested: None

Recommended Motion: *None*

ILLINOIS CENTURY NETWORK

CONNECTING ILLINOIS – ROADMAP UPDATE

In June, CMS, under the direction of the Governor's Office, convened a steering committee to develop a roadmap for connecting Illinois K12 schools to fiber based broadband. Committee members include:

- Jamey Baiter, Illinois State Board of Education
- Bill Buchanan, McDonough Telephone Cooperative
- Essam El-Beik, ICN Consultant
- Mindy Fiscus, Area VI Learning Technology Center
- Brad Housewright, Partnership for a Connected Illinois
- Ted Koutavas, Rich Township School District #227
- John Lewis, Northern Illinois University
- Sean Middleton, Illinois Rural Electric Cooperative
- Thomas Steele, Manteno CUSD 5
- Robin Woodsome, Illinois Dept. of Central Management Services/ICN

CMS staff has been analyzing data collected by the State Board of Education on K12 connectivity, broadband availability data from the Partnership for a Connected Illinois, and costs from the ICN BTOP project for deploying new fiber to prepare a set of recommendations for the committee's review and feedback. The key concepts under consideration are extending the ICN open access network to include multiple access points within each county, public-private partnerships to build fiber connections from K12 schools to the ICN open access network, and K12 ownership of a portion of the last mile fiber build.

A final report will be submitted to the Governor's Office detailing the recommendations.

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

Review has been completed on the outstanding balance for the 2011-2012 E-rate funding year. This reimbursement is for AT&T/Illinois Bell circuits which represents the networks largest spend among providers. The final approved amount is \$1,147,891.98 and should be received at CMS very soon.

The review of the 2012 application is complete and final reimbursement will be \$2,520,377. The reimbursements will be received over the next several months. This is the ICN's last application as an E-rate recipient.

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-	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-	N/A
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)	\$1,413,259	\$1,147,892	-0-	N/A
Year 15 (2012)	N/A	\$3,102,382	-0-	N/A
Totals	\$27,692,847	\$4,250,274	-0-	-0-

ICN customers continue with the 2013 E-rate application review process. Approximately 60 of the 117 applications submitted with ICN listed as the Internet access service provider have been approved. This represents about \$410 thousand in approved E-rate funding.

ILLINOIS CENTURY NETWORK

2014 Meeting Schedule

Submitted for: Action

Summary: This item seeks to review the meeting schedule for calendar year 2014.

Action Requested: Approval of the 2014 Meeting Schedule.

Recommended Motion: *Approval of the 2014 Meeting Schedule.*

ILLINOIS CENTURY NETWORK

2014 MEETING SCHEDULE

The proposed schedule is based on four meetings per year, occurring on the third Monday of the months of January, April, July and October. If the Monday happens to be a holiday, the meeting will occur on Tuesday. Based on this formula, the schedule for calendar year 2014 is as follows:

January 21, 2014 (Tuesday)

April 21, 2014

July 21, 2014

October 20, 2014

All meetings will be held in the conference room of the Illinois Community College Board, 401 East Capitol Street, Springfield, IL and at the James R. Thompson Center in Chicago. A conference bridge is also available for those members unable to attend at either location.