

Illinois Century Network

Policy Committee Meeting Agenda

July 20, 2015
1:00 p.m.



**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
JULY 20, 2015
1:00 p.m.**

Item Number		Page Number
1.	Call to Order and Attendance	-
2.	Announcements and Remarks	-
3.	Minutes – April 20, 2015	3 - 5
4.	E-rate Update	7 - 9
5.	Budget Update	10 - 11
6.	DWDM Ethernet Pricing Proposal	12 - 13
7.	Advanced Engineering Task Force Membership	14 - 17
8.	Broadband Opportunity Council Update	18 - 19

Next Meeting
October 19, 2015
Community College Board, Springfield
James R. Thompson Center, Chicago

**ILLINOIS CENTURY NETWORK
APRIL 20, 2015 POLICY COMMITTEE MINUTES**

- Submitted for:** Action
- Summary:** Distribution of the April 20, 2015 minutes for review by the Policy Committee.
- Action Requested:** Adoption of the April 20, 2015 minutes.
- Recommended Motion:** *The ICN Policy Committee adopts the April 20, 2015 minutes with any edits as noted.*

**ILLINOIS CENTURY NETWORK
APRIL 20, 2015 POLICY COMMITTEE MINUTES**

Hardik Bhatt called the meeting to order at 1:05 PM

Members Present (Springfield):

Lori Sorenson, Central Management Services	Ann Craig, Illinois State Library
Bonnie Stiles, Illinois State Museum	Todd Jorns, Illinois Community College Board
Brent Engelman, State Board of Education	Michael Dickson

Members Present (Chicago):

Hardik Bhatt, Central Management Services	
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Members on audio bridge:

Chet Olson	Tom Steele
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Members Absent

Vicki DeWitt	Alan Phillips, Illinois Board of Higher Education
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Staff and guests

Essam El-Biek, Central Management Services	Tom Oseland, Central Management Services
Robin Woodsome, Central Management Services	Carla Poani, AT&T
Valerie Bolinger, Central Management Services	Michelle Medley, Central Management Services
Kathleen Bloomberg, Illinois State Library	

Announcements and Remarks

Hardik Bhatt provided his top three high level priorities to transform the State of Illinois.

1. Service Improvement through technologies
2. Improvement of technology transformation
3. Innovation opportunities

Hardik asked the Policy Committee to look beyond how we currently serve our customers.

1. How can we monetize the ICN?
2. How can we improve services?
3. How can we increase our customer base?

Minutes

Hardik Bhatt introduced the first item on the agenda, approval of the minutes from the January 20, 2015 meeting. A motion was made by Bonnie Stiles to accept the minutes. The motion was seconded by Mike Dickson. The motion carried.

E-rate

Tom Oseland reported that the 2014 funding year is nearing conclusion. Claim forms have been submitted for the first six months, July thru December, to recoup invoicing discounts given to ICN customers based on their approved E-rate funding. This activity has resulted in a total of \$143,900 received. In addition, four school districts have claimed funding reimbursements for part of the year through the "BEAR" reimbursement process. These claims totaled \$23,505 and have been refunded to the school districts. There remains an outstanding amount of \$743,760 in approved funding that has not yet been disbursed. This funding will be claimed, in part, by schools that have been paying invoices for ICN services in full and will utilize the "BEAR" process to request reimbursements based on approved E-rate funding.

The 2015 E-rate application filing window opened on January 14, 2015. It was originally scheduled to close on March 26th but was extended by 3 weeks to April 16th. This extension was granted by the FCC after numerous requests were made by E-rate program participants. Many applicants were struggling with the new application process and forms and it was taking much longer to complete the application.

A total of 116 applications have been submitted for the 2015 funding year that list ICN as a service provider. These applications represent a total of \$1,249,568 in eligible ICN services. After the applicant discount percentage is applied, a total of \$821,578 has been requested for funding approval. USAC has not yet issued any funding commitment decisions.

Robin Woodsome reported that ICN Field Operations and RTC offices responded to approximately 900 Form-470 bid requests. Responses started very late this year (January) as staff were waiting on approval of the new rates. New rates were approved and announced in March; therefore, staff revised some of the earlier bid responses from January. The extended deadline allowed staff time to reach out to additional schools and libraries.

Lori commented that next year's customer count is expected to decrease due to the elimination of the state subsidy. However, based on submitted E-rate applications, the numbers are higher than anticipated. RTC staff worked closely with the schools and libraries to understand how the combination of E-rate funds and the lower rates will lessen the impact of the lost state subsidy.

Essam provided an update from the Federal Communications Commission (FCC). A public workshop on E-rate funded fiber build projects is scheduled for May 20, 2015. The December 2014 Second E-rate Modernization Order provided schools and libraries with additional flexibility and options for purchasing affordable high-speed broadband connectivity and promoted fiber builds. The workshop will serve as a mechanism for feedback from participants and the public.

Essam reported that staff is working on a statewide master contract/request for proposal for category 2 internal connections equipment and services. Category 2 allows schools and libraries to receive equipment (for example, routers, switches, wireless access points, i.e. all the equipment they may need in a school or library to support broadband). The contract will make it easier for schools and libraries to order their equipment via the E-rate process. ICN customers will have the ability to select a vendor from the master contract and submit their E-rate 471 form to receive funding. The goal is to simplify the process for schools and libraries thus encouraging more organizations to apply for category 2 E-rate funding.

Advanced Engineering Task Force Membership

Lori reported on this item. The Advanced Engineering Taskforce (AET) works with ICN staff to develop network operations policies, services and rate recommendations, and plan for new technology. Participation in the AET continues to be strong and includes a balance of constituent categories, size and geography. The membership matrix on page 11 reflects current AET membership.

The AET will be seeking reappointments for nine members whose terms will expire in June 2015. The new three year terms would extend through 2018. This is an informational item and will be brought as an action item to the Policy Committee meeting on July 20, 2015.

Other Items

Hardik commented on the request for proposals that was recently published for wholesale broadband consulting services. Feel free to share with people and businesses you may know who would be interested. Lori will send the link to everyone.

Adjourn

Hardik moved to adjourn the meeting. Motion by Anne Craig and seconded by Bonnie Styles. Motion passed and meeting adjourned at 1:48 p.m.

The next meeting will be July 20, 2015 at the Community College Board in Springfield, the JRTC in Chicago or via audio.

**ILLINOIS CENTURY NETWORK
E-RATE UPDATE**

Submitted for: Information

Summary: This item provides an update on ICN E-rate funding requests

Action Requested: None

Recommended Motion: *None*

**ILLINOIS CENTURY NETWORK
E-RATE UPDATE**

The 2014 E-rate funding year ended on June 30, 2015. Claim forms are being prepared for the final three months of the funding year, April thru June, to recoup invoicing discounts given to ICN customers based on their approved E-rate funding. Invoicing discounts claimed for reimbursement through this process totaled approximately \$232,162 for the first nine months of the funding year. In addition, several schools/districts have submitted reimbursement claims for E-rate funds totaling approximately \$30,267. Now that the funding year has ended, there will be several more claims submitted by schools that have been paying invoices for ICN services in full and will utilize the "BEAR" process to request reimbursements based on approved E-rate funding.

The 2015 E-rate funding year began on July 1, 2015. A total of 369 applications were submitted that listed ICN as the service provider. This is a significant increase over the past two years. To date, a total of 68 of these applications have been approved. The approved applications represent a total of approximately \$668,110 in ICN services supported by approximately \$446,128 in E-rate funds. There are many more applications to be reviewed and it is expected that the majority of them will be approved for funding.

The chart below summarizes activity for the ICN as a service provider in the E-rate program beginning with the 2013 funding year; the first year in which ICN participated as an Internet service provider.

Service Provider Activity

Funding Year	Total apps listing ICN	Total apps approved for funding (to date)	Total dollar amount approved (to date)	Total dollar amount claimed for support (to date)
Year 16 (2013)	117	107	\$1,252,008	\$265,630
Year 17 (2014)	162	155	\$1,895,920	\$262,429
Year 18 (2015)	369	68	\$668,110	N/A
Totals	N/A	N/A	\$3,816,038	\$528,059

The chart below summarizes ICN E-rate application history for each funding year up to 2012.

Applicant Activity

Funding Year	Received
Year 3 (2000)	\$2,137,765
Year 4 (2001)	\$2,522,559
Year 5 (2002)	\$4,996,227
Year 6 (2003)	\$4,644,171
Year 7 (2004)	\$2,497,427
Year 8 (2005)	\$2,424,567
Year 9 (2006)	\$982,392
Year 10 (2007)	\$953,998
Year 11 (2008)	\$799,251
Year 12 (2009)	\$1,339,032
Year 13 (2010)	\$2,982,199
Year 14 (2011)	\$2,561,151
Year 15 (2012)	\$2,520,377
Totals	\$31,361,116

ICN Response to the FCC Eligible Services List (ESL)

On May 21, 2015 the FCC released the draft Eligible Services List (ESL) for the E-rate program for funding year 2016. The ESL provides guidance on the eligibility of products and services under the E-rate program. The FCC requested public input on the draft ESL. ICN submitted a response requesting clarification on costs associated with fiber and special construction as well as provided recommendations:

- eligible costs for self-provisioned networks or dark fiber purchases where the network is constructed or fiber purchased prior to funding year 2016,
- definition of Special Construction,
- ability to purchase fiber IRU's spanning 20 years and
- items included in fiber maintenance.

Further details and example scenarios are available in the submitted comments. The ICN submission can be viewed at <http://apps.fcc.gov/ecfs/document/view?id=60001090526>. Comments submitted by the State E-rate Coordinators Alliance align with the ICN response.

**ILLINOIS CENTURY NETWORK
BUDGET UPDATE**

Submitted for: Information

Summary: This item provides an update on ICN revenues and expenses

Action Requested: None

Recommended Motion: *None*

**ILLINOIS CENTURY NETWORK
BUDGET UPDATE**

	Fiscal Year							
	2001	2005	2010	2013	2014	2015 Projected	2015 (Projected)	2016 (Projected)
Network Capacity								
Backbone Capacity (core ring)	622M	2.5G	2.5G	2.5G	10G	10G	100G	100G
Total Egress Capacity	1.8G	4G	9G	11G	25G	32G	32G	32G
Connected CAIs								
K12 Schools Connected	867	4,087	4,103	3,329	3,219	2,967	2,833	2,662
Higher Ed Connected	76	325	311	254	240	230	225	203
Public Libraries Connected	42	470	441	368	368	380	375	344
Museums Connected	2	29	29	24	22	25	24	24
Healthcare Connected	1	63	56	42	42	40	36	34
Government Connected	12	339	2,023	1,713	1,685	1,675	1,657	1,547
Other	195	874	1,037	652	674	559	487	432
Total CAIs	1,195	6,187	8,000	6,382	6,250	5,876	5,637	5,246
Revenues								
State Appropriation	\$ 27,743,640	\$ 20,124,015	\$ 12,000,000	\$ 4,000,000	\$ 5,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Legacy Customers/Services	NA	\$ 2,458,412	\$ 3,578,246	\$ 3,997,908	\$ 2,270,145	\$ 3,298,155	\$ 3,031,363	\$ 5,100,000
Services - State Agencies	NA	NA	\$ 6,922,008	\$ 7,096,056	\$ 7,229,040	\$ 7,000,000	\$ 1,567,750	\$ 1,724,525
Wholesale Services	NA	NA	NA	\$ 971,306	\$ 2,028,236	\$ 3,100,000	\$ 3,124,378	\$ 3,000,000
E-rate Reimbursement Recipient*	NA	\$ 5,771,055	\$ 794,601	\$ -	\$ 5,081,527	\$ -	\$ -	\$ -
E-rate Reimbursement Provider*					\$ 96,237	\$ 160,000	\$ 232,162	\$ 400,000
Total Revenue	\$ 27,743,640	\$ 28,353,482	\$ 23,294,855	\$ 16,065,270	\$ 21,705,185	\$ 14,558,155	\$ 8,955,653	\$ 10,224,525
Expenses**	\$ 27,740,002	\$ 27,291,976	\$ 22,357,379	\$ 21,786,430	\$ 18,000,000	\$ 19,000,000	\$ 15,975,959	\$ 16,000,000
Net	\$ 3,638	\$ 1,061,506	\$ 937,476	\$ (5,721,160)	\$ 3,705,185	\$ (4,441,845)	\$ (7,020,306)	\$ (5,775,475)
Rates	\$250/MB	\$250/MB	\$170/MB	\$170/MB	\$14/MB	\$14/MB	\$14/MB	\$14/MB
Avg Speed Funded by State								
K12	1.5M	1.5M	8M	8M	21M/1,000 FTE	21M/1,000 FTE	21M/1,000 FTE	NA
Higher Ed	1.5M	1.5M	8M	8M	21M/1,000 FTE	21M/1,000 FTE	21M/1,000 FTE	NA
Libraries	1.5M	1.5M	8M	8M	12M/20,000 POP	12M/20,000 POP	12M/20,000 POP	NA
Museum	1.5M	1.5M	8M	8M	15M/Campus	15M/Campus	15M/Campus	NA

*FY14 E-rate revenues includes reimbursement for FY13 expenses received in FY14. This is the last reimbursement as an E-rate recipient.

**Expenses through FY14 include equipment costs based on depreciated value and not actual purchases. Expenses from FY15 forward are based on actual expenses.

**ILLINOIS CENTURY NETWORK
DWDM ETHERNET PRICING PROPOSAL**

- Submitted for:** Action
- Summary:** This item proposes pricing for DWDM Ethernet point-to-point services for anchor institutions and commercial service providers
- Action Requested:** That the Policy Committee approve the adoption and implementation of the listed prices for DWDM Ethernet point-to-point services
- Recommended Motion:** *The Policy Committee approves the adoption and implementation of the listed prices for DWDM Ethernet point-to-point services*

**ILLINOIS CENTURY NETWORK
DWDM ETHERNET PRICING PROPOSAL**

The rate changes approved in October 2014 included a reduction in the rates for 10 Gbps Ethernet point-to-point services for wholesale service providers. The proposed rate changes inadvertently omitted a corresponding rate change for the community anchor institutions (CAI). Staff recommends the following rate change to the CAI 10 Gbps Ethernet point-to-point service. In addition to the rate change, staff recommends a minimum twelve month commitment for the CAI 1 and 10 Gbps Ethernet point-to-point services. Staff also recommends simplifying the 1 Gbps Ethernet circuit pricing by combining the monthly recurring cost and annual port fee into a single monthly cost for CAI and service providers.

Service Provider Current

Lit Fiber				
DWDM Point to Point	Monthly Pricing	Annual Port Fee	Description of Term	Installation
1 Gbps Ethernet Circuit	\$1,094.00	\$850.00	12, 24, 36, 48 Month Term	\$5,000.00
		\$1,000.00	Contract/Term 60 Month	Waived
10 Gbps Ethernet Circuit	\$3,500.00	N/A	12, 24, 36, 48 Month Term	\$30,000
		N/A	Contract/Term 60 Months	Waived

Service Provider Proposed

Lit Fiber				
DWDM Point to Point	Monthly Pricing	Annual Port Fee	Description of Term	Installation
1 Gbps Ethernet Circuit	\$1,177.00	N/A	12, 24, 36, 48 Month Term	\$5,000.00
		N/A	Contract/Term 60 Month	Waived
10 Gbps Ethernet Circuit	\$3,500.00	N/A	12, 24, 36, 48 Month Term	\$30,000
		N/A	Contract/Term 60 Months	Waived

CAI Current

Lit Fiber				
DWDM Point to Point	Monthly Pricing	Annual Port Fee	Description of Term	Installation
1 Gbps Ethernet Circuit	\$937.50	\$850	Month to Month	\$5,000.00
		\$1,000	Contract/Term 60 Months	Waived
10 Gbps Ethernet Circuit	\$7,500.00	\$5,100	Month to Month	\$30,000
		\$6,000	Contract/Term 60 Months	Waived

CAI Proposed

Lit Fiber				
DWDM Point to Point	Monthly Pricing	Annual Port Fee	Description of Term	Installation
1 Gbps Ethernet Circuit	\$1,020.00	N/A	12, 24, 36, 48 Month Term	\$5,000.00
		N/A	Contract/Term 60 Months	Waived
10 Gbps Ethernet Circuit	\$3,100.00	N/A	12, 24, 36, 48 Month Term	\$30,000
		N/A	Contract/Term 60 Months	Waived

**ILLINOIS CENTURY NETWORK
ADVANCED ENGINEERING TASK FORCE MEMBERSHIP**

Submitted for: Action

Summary: This item seeks renewal of those individuals whose terms that expired June 30, 2015.

Action Requested: That the Policy Committee approves the renewal of those appointments that expired June 30, 2015

Recommended Motion: *The Policy Committee approves the renewal of those appointments that expired June 30, 2015*

**ILLINOIS CENTURY NETWORK
ADVANCED ENGINEERING TASK FORCE MEMBERSHIP**

Participation in the Advanced Engineering Taskforce (AET) continues to be strong and includes a balance of constituent categories, size, and geography. The table on the next page shows a representation of the current AET membership. The following page includes attendance records for the past year.

The AET is seeking reappointment for the following members whose terms expired in June 2015. The new three year terms extend through June 2018.

1. Jim Flanagan, II Chief Technology Officers
2. Rich Kulig, College of DuPage
3. Scott Armstrong, Kishwaukee Community College
4. Michael Shelton, Southern Illinois University
5. Joe Mambretti, Northwestern University
6. Herb Kuryliw, Northern Illinois University
7. Brandon Gant, Consortium of Academic and Research Libraries in Illinois
8. Glen Trommels, City of Rockford

**Advanced Engineering Task Force Member Matrix
June 2015**

K-12 Schools	Community Colleges	Universities	Libraries	Museums	Other Institutions	Units of Local Government
Jim Flanagan II Chief Technology Officers (2015)	*Comm. College Pres. Tech. Counsel Alex Cline (2016)	Michael Shelton SIU (2015)	Andrew Bullen Illinois State Library (2016)	Robert Dulski Brookfield Zoo (2017)	Anita Nikolich National Science Foundation (2017)	Glen Trommels City of Rockford (2015)
Brian Tobin DeKalb CUSD 428 (2016)	Alan Pfeifer Sauk Valley Comm. College (2017)	Mike Dickson (2016)	Brandon Gant CARLI (2015)	Rob Zschernitz Field Museum of Natural History (2015)		
Jim Peterson Bloomington Schools (2016)	Rich Kulig COD (2015)	Joe Mambretti Northwestern University (2015)	Troy Brown Shawnee Library System (2017)			
Ed Wagner Chicago Public Schools (2016)	Scott Armstrong Kishwaukee Comm. College (2015)	Tracy Smith UIUC (2016)				
		Brian Murphy EIU (2017)				
		Herb Kuryliw NIU (2015)				

Advanced Engineering Task Force Member Attendance FY 2015

Member	8/18/2014	10/3/2014	1/16/2015	3/20/2015	5/15/2015
Jim Flanagan, Chair	X	X	X	X	X
Scott Armstrong	X	X	X	X	X
Troy Brown			X		X
Andrew Bullen		X	X	X	
Alex Cline			X		X
Mike Dickson	X		X	X	X
Robert Dulski	X	X	X	X	X
Brandon Gant	X	X		X	X
Rich Kulig	X		X	X	X
Herb Kuryliw	X	X		X	*X
Joe Mambretti	X		X	X	X
Brian Murphy	X	X	X		X
Anita Nikolich	X		X		
Jim Peterson	X		X		
Alan Pfeifer	X	X	X	X	
Mike Shelton			X	X	
Raj Siddaraju	X	X			X
Tracy Smith	X	X	X		X
Brian Tobin	X		X	X	
Glen Trommels			X	X	
Ed Wagner					
Rob Zschernitz	X				

*Kevin Findley attending for Herb Kuryliw

**ILLINOIS CENTURY NETWORK
BROADBAND OPPORTUNITY COUNCIL UPDATE**

Submitted for: Informational

Summary: This item provides information on the President's Broadband Opportunity Council and the State of Illinois response to the Request for Comments.

Action Requested: None

Recommended Motion: *None*

**ILLINOIS CENTURY NETWORK
BROADBAND OPPORTUNITY COUNCIL UPDATE**

On March 23rd, President Obama signed a Presidential Memorandum formally creating the Broadband Opportunity Council and appointing the Commerce and Agriculture Departments as co-chairs. The Broadband Opportunity Council includes 25 federal agencies and departments that will engage with industry and other stakeholders to understand ways the government can better support the needs of communities seeking broadband investment. It will also help identify regulatory barriers unduly impeding broadband deployment or competition, and take steps to remove such barriers.

The Council is to report to the President with a set of recommendations within 150 days. In furtherance of this goal, the council has issued a Request for Comments (RFC) asking the public for input in helping to identify regulations and other barriers that are hampering deployment of broadband. The RFC is also seeking recommendations on ways to promote public and private investment in broadband and get a better understanding of the challenges facing areas that lack access to broadband.

Central Management Services, Bureau of Communications and Computer Services led the effort to develop the State of Illinois response with input from state agencies. Attached is a copy of the response which included the following recommendations:

- Focus on open access middle mile dark fiber versus incremental approach to meeting broadband definitions.
- Allow deployment of excess fiber strand capacity.
- Clear rules supporting broadband deployment from federal agencies to their state counterparts
- Delays crossing rail lines
- Competition in rural areas
- Single point of contact for federal broadband loans and grants
- With regards to broadband loans and grants
 - alignment of goals
 - shift to grants from loans and encourage deployment of very high speed broadband
 - reverse auction approach
 - encourage very high speed broadband deployment
 - provide additional federal funds matching state broadband funds

A copy of the CMS response can be viewed at:

<http://www.illinois.gov/icn/news/news/Pages/ExpandingBroadband.aspx>.