
From: Tyler, Elizabeth
Sent: Wednesday, July 29, 2009 8:14 PM
To: ! Bowersox, Brandon; Charlie Smyth; ! Gehrig, David; ! Roberts, Dennis Forwarder; ! Marlin, Diane; ! Stevenson, Heather; Prussing, Laurel Lunt; Clark, Phyllis; ! Lewis, Robert
Cc: 'Mike Smeltzer'; DeJarnette, Bill; Gray, William; Eldridge, Ron; O'Neal, Ronald
Subject: FW: Questions from Committee

Dear Mayor and Councilmembers:

Below please find a response from Mike Smeltzer to the questions that were raised at the Committee meeting about the Big Broadband project.

Libby Tyler

From: Mike Smeltzer [mailto:smeltzer@illinois.edu]
Sent: Tuesday, July 28, 2009 10:23 PM
To: Tyler, Elizabeth
Cc: Prussing, Laurel Lunt; DeJarnette, Bill; Eldridge, Ron; Gray, William; O'Neal, Ronald; Alkalimat Abdul
Subject: Re: Questions from Committee

Libby,

Thanks for the update from last night's meeting. I was glued to my keyboard working on the financial model for the last-mile project and missed watching the meeting.

There are some developments that affect our ability to do some of what is suggested below, and I will detail those developments here, and then address each question as best I can.

The State of Illinois has approved \$50 million in state funds to help ARRA Broadband grant applicants make their 20% match. This money was in the

capital spending bill that was signed into law two weeks ago, so it is real. We found out today the process by which we can apply for a share of that money.

Essentially we need to send the state the guts of all four of our completed applications by next Wednesday August 5th at noon. This is both a blessing and a curse. The curse is that seven days from now, our applications essentially need to be done. It is a blessing in that it will force us to have most everything done a week before the University Grants and Contracts Office's deadline of Noon on August 12th. Based on how the meeting with the Urbana Council goes on Monday night and the Champaign Council goes on Tuesday night, we will then have some time to tweak the language of the applications and make them better (after we have had some sleep.)

The Grants and Contract folks had originally wanted 4 days to do their compliance work and make sure everything was in order on our four applications, but we will not find out how much money we get from the state until Tuesday the 11th. Then we will have 18-24 hours to incorporate the news from the state into the proposals, and Grants and Contracts will have slightly longer than 48 hours to do their compliance work. There is not a lot of margin for error in any of this.

The state funding is very important to keep the scope of the project where it is currently defined. Some of the non-governmental and some of the governmental potential purchasers of fiber have elected to not do so. It is too soon to put a final figure on where we are on the local matching funds, but without significant state funds, the overall scope of the project will either need to be reduced, or we will need to risk the scoring penalty for not having our 20% match in cash. (We expect to have some serious in-kind dollars.)

It is my hope that the UC2B Consortium becomes a reality with the Chancellor's signature on Wednesday the 5th and that the consortium Policy Board makes those types of last minute strategic decisions. Assuming that both City Councils adopt the agreement on the two previous nights, we are lining up things so that the Chancellor will sign on the 5th.

We can request up to 10% of our total project costs from the state, which effectively reduces the "local" local match requirement to 10% if we get all

that we ask for from Springfield.

More below:

On Jul 28, 2009, at 5:27 PM, Tyler, Elizabeth wrote:

Hi Mike:

At last night's Council Committee meeting some questions were raised during public input and discussion. The Council asked for a response at next week's Council meeting. Here is a summary:

Danielle Chynoweth

1. There should be another public forum held on the grant application so that the public can hear about the proposal and provide input. Councilmembers agreed.

Note – Staff discussed adding this to the agenda to the Council meeting on August 3rd, since the meeting on the 10th has been cancelled and the grant application is August 14th. The forum will need to be appropriately advertized.

A public forum before or after the Council meeting on the 3rd would be fine. There will be limited opportunity for any substantive changes to make their way into the four proposals before they go to the state two days later, but we can certainly let the community know where things stand and make minor adjustments. That was kind our plan for the Urbana City Council meeting anyway, so in the interest of time, perhaps people should be encouraged to attend the Council meeting and hear the presentation to Council and the resulting questions.

2. There needs to be clarity on who the entity is that is proposing the grant. Where will the funds come to and how will they be used.

The Intergovernmental agreement is very clear that the University will be the lead agency for the grant itself. I believe I have also been consistent in saying that the infrastructure construction money for construction in Urbana right-of-way will be sub-awarded to the City of Urbana to administer and the infrastructure construction money for construction in Champaign right-of-way would be sub-awarded to the City of Champaign to administer. Construction money for construction on University property, and the network electronics portions of the Infrastructure grants would stay with the University. For the Community Technology Centers and Sustainable Adoption Grants, all of those funds would start with the University, although some of them could be subcontracted as well. Abdul Alkalimat from the Graduate School of Library and Information Science is coordinating those two grant applications and will be at the Council meeting next Monday. BTW, Pete Resnick is at least out of the state and possibly out of the country. We do not expect him to return until after the applications have been submitted.

3. There was concern about the anchor institutions, to make sure all were appropriately covered in the grant application, including Last Mile, Volo, Middle Mile (?), Public Access, Broadband engagement, Urbana Free Library

We will kill many trees documenting the Anchor Institutions that will be served by this network and in printing the letters of endorsement from them.

4. Need to review the maps of East Urbana. Now that requirement for contiguity has changed, are there some areas that can be put back in. Can we serve areas next to the City, like Scottswood and Edgewood.

(Councilmember requested as well)

Note: Should we meet again about the map areas?

Getting all the documentation prepared for the project as it is currently defined in the next 7 days will tax our available resources. While technically we could add additional census block groups, they are not currently scheduled to be surveyed this week. Depending on the total of our local matching dollars and the strategy we elect to pursue with the percentage of our match in cash, I am thinking that we are more likely to be discussing removing block groups from the FTTP pilot than adding them. In my opinion we are heavy in Champaign block groups and I would push for removing some of those if push came to shove.

The maximum amount that the state will provide any one project is \$5 million (or 10% of the total project), if we shot for the maximum and got it and had some good success in raising "local" local matching dollars over the next seven days, we might be able to have a last minute discussion on Tuesday night about adding some additional Urbana block groups, but we would be winging it on the survey. We would need to survey those block groups before September 14th if we added them at the last minute.

Right now the map reflects the Urbana's official Community Development Target Areas. I am going to take it as an article of faith that the City had good reasons for including the block groups that it did and good reasons for excluding others. Any areas we add to the present Urbana block groups will be somewhat arbitrary, and I am sure we will run out of money before we include every area that wants to be included.

While the stimulus funding is indeed a once in a lifetime opportunity, if we build fiber to the home in the areas we have proposed, that will be the beginning, not the end of fiber to the home in Urbana. If the Urbana City Council in 2012 does not figure out a way to extend fiber to the rest of the community, I suspect the citizens of Urbana will rise up and elect a new city council that will. Not everybody can be first, but we have to start someplace and I believe we have chosen wisely.

Some neighborhood has to be last, but I believe this proposal goes a long

way towards guaranteeing the neighborhoods that are accustomed to coming last that they will be first with Big Broadband. OK, enough of the soapbox.....

5. What will the community contributions be based on? Population or lineal foot? Can there be credit given for broadband that might already be in place, for in kind services?

There is a very exact formula that is based on the length of the rings and the amount of fiber that each city and the University will control for their own use on those rings. As currently configured, the exact total for Urbana is \$555,675.04 which is a little less than I had originally calculated. Bill DeJarnette may look at that spreadsheet and say that he could live with a few less fiber strands here or there, but the reality is that the project needs roughly that much money from Urbana to come up with the total we need for the local match. All of the fiber and building entrances that Bill has already completed will reduce the amount that Urbana entities will need to spend on this project. Only money spent since July 1 can be counted as part of this project. Technically the Urbana Schools have not yet paid for some or all of the fiber work done for them, it would be borderline ethically, but if we got desperate for local matching dollars, we might try to count those funds towards this project. That would not be my recommendation and I suspect Ron would sleep a lot better if we only counted the payment for the actual work done since July 1st.

There is clearly benefit to Urbana from all the work that Bill has already done, but not all of it can help our local match.

Rev. Borgan, President of Black Chamber of Commerce

1. Concerned about "Dark Fiber". Areas where fiber exists but is not in use.

For 5 years, I worked for McLeodUSA which put most of the "unused" fiber that people talk about in the ground in Urbana and Champaign. I know where that fiber is and I know generally how many strands are in each cable. It has become somewhat of an urban legend. There is not as much as people seem to think, and it does not go to as many useful places as people think it does.

There is nothing legal that Urbana can do to compel McLeodUSA/Paetec to sell the unused fiber to the city. Even if they did, McLeodUSA do not have enough unused strands in the ground to meet our needs. Should McLeodUSA/Paetec stop paying its right-of-way usage fees, then the city could condemn the conduit and cable, but short of that, if they do not wish to sell they do not have to.

We have had, are continuing to have conversations with McLeodUSA/Paetec about buying some of their installed unused duct, which would be useful in some areas. They seem to be receptive to those discussions, but this is a company that changes its mind 180 degrees regularly. If we get funded, and McLeodUSA/Paetec is willing to sell us conduit that is useful to the project, and it saves us money; we will certainly buy it.

2. Concerned about whether all necessary areas and community services are included in the map.

Our narratives need to document Anchor Institutions and Underserved Block Groups, and we will do that. The map that is in the draft proposal document may not even end up in the final application. NTIA has an on-line mapping program with which we will show our service areas, but they do not ask about anything else on the map. If in our narrative we say that Fiber Ring #5 serves 3 public schools, 1 private school, 2 medical facilities, 1 fire station, 2 senior living centers and 7 churches; that is easy enough to check if a reviewer or the NTIA wants to, so why would we lie? The proposal map is a useful planning tool and meaningful to those of us who know this area, but our grant proposals will be evaluated by reviewers from other states and it is probably less useful to them. It still may end up as an attachment anyway, but it will not be the sole way we document the anchor institutions.

3. Technical concerns about the construction (licenses, permits, equipment, etc). Opportunities for minority contractors.

I think we can safely assume that the City will allow the UC2B conduits to be placed in City right-of-way.

The contractors will supply their own equipment. I am sure that the City of Urbana will do all it can do to encourage minority contractors to bid on the construction work in Urbana and will give them whatever preference that can legally be given.

One local union electrical firm has agreed to hire 6 apprentice electricians from our target block groups to work on this project. When we were at the NTIA workshop in Memphis, I asked how lining up a "partner" (minority or otherwise) in advance squared with the suggestion in the NOFA to have competitive bidding where possible.

I do not have this in writing, but the verbal answer was that as long as partners were disclosed in the application, if a partner was a disadvantaged business, that would trump bidding. There are apparently no SBA-designated disadvantaged electrical contractors in this community, so this apprentice program was the best we could do. At the end of the three years of the grant, we might then have 6 journeyman union electricians who could then start the first minority-owned electrical contractor.....

This is a summary from my notes. You might get more from viewing the video, under public input and then the resolution item (need to jump past the newspaper rack discussion).

Please let me know if you have any questions. Can you forward to Pete Resnick? I do not have his e-mail. Thanks!

Libby Tyler

Sorry this is so long. These are good questions and they deserved good answers.

Back to my spreadsheets.....

Mike