

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570108	3. DUNS Number 957995392
--	---	--

4. Recipient Organization

 Central Management Services, Illinois Department of 120 W Jefferson St, FL 2, Springfield, IL 62702-5103

5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
--	---

7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official Lori Sorenson	7c. Telephone (area code, number and extension) X
	7d. Email Address lori.sorenson@illinois.gov

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-14-2011
---	--

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

Overall, the project is 9% complete. Total project expenditures are \$8,689,032 which includes \$2,359,290 in federal funds. These federal funds have supported a cumulative total of 83.88 full time equivalent jobs.

During this quarter, CMS worked to address SHPO requirements for additional field surveys as articulated in our FONSI. SHPO has cleared 177 of 200 miles as a result of discussions with the Illinois Department of Transportation (IDOT) Chief Archeologist. A copy of this letter has been forwarded to NTIA via an Award Action Request. Field surveys have been completed on an additional 16 miles. The field surveys identified no archeological concerns. The report is being assembled and will be forwarded to SHPO. The restriction for the remaining 7 miles will be addressed via a Post Award Modification to reroute the fiber to avoid the remaining archeological concern.

The 80 miles of leased fiber from Collinsville to Springfield was lit and is now operational ahead of schedule as we were able to finalize contracts quicker than anticipated. We are collecting quotes from our construction vendors to build the first CAI lateral off this segment.

CMS has selected the vendor for the Kankakee to Champaign (91 miles) segment. The quote was within budget and in alignment with the overall project schedule. Permits have been filed for this segment and the next segment in queue. Over 95% of the route miles are along IDOT controlled access rights of ways. We are expecting to receive the IDOT permits for the first segment any day.

Illinois State University, the project sub recipient responsible for the project activities in Bloomington/Normal and surrounding communities, has signed partner agreements with 18 of 29 partners listed in the original submission and received \$109,385 of \$538,950 in cash match. Illinois State has identified an additional 83 partners and have executed signed agreements with 69 and received \$24,918 of \$134,303 in cash match. These partners are providing a portion of the project's local match in the form of cash and in kind contributions.

CMS continues to provide a monthly project update via email to community anchor institutions and interested organizations. The updates are also available on the Illinois Century Network website at http://www.illinois.net/IBOP/IBOP_EastCentral/Newsletters/IBOP_EC_Monthly_Update.html.

CMS presented at several regional and statewide events including: Illinois Municipal League Annual Conference and the Central Illinois Broadband Summit.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	9	Baseline target is 12%. Previous PPR set a target of 10%. The actual spend is \$720,000 less than anticipated. We had planned to complete \$500,000 in archeological field surveys during this quarter. The surveys were postponed pending discussions between SHPO and IDOT as described above. In the end, the survey scope was significantly reduced and the work completed by the end of the quarter but not billed. The remaining difference is due to optical cards placed on hold pending results from fiber characterization tests.
2b.	Environmental Assessment	100	Baseline target is 100%. Previous PPR set a target of 109%. The 100% complete is based on an actual cumulative spend of \$917,858 of the total budgeted \$920,322. The budgeted amount has been increased from \$918,510. Actual spend was less than anticipated this quarter due to the scope reduction for archeological surveys required by SHPO.
2c.	Network Design	39	Baseline target is 55%. Previous PPR set a target of 36%. The 39% complete is based on an actual cumulative spend of \$1,429,007 of the total budgeted \$3,651,313. The budgeted amount has been reduced from \$4,387,444. Estimated costs associated with construction phase A/E activities have been moved to the Network Build milestone. In terms of actual activity, 59% of the network design and 42% of the bidding documents are complete.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2d.	Rights of Way	18	Baseline target is 2%. The previous PPR set a target of 27%. The 18% complete is based upon an actual cumulative spend of \$194,588 of the total budgeted \$1,076,929. The budgeted amount has been increased from \$1,051,729 to address revised cost estimates for A/E rights of way permitting activities.
2e.	Construction Permits and Other Approvals	0	NA - CMS has no spend mapped to this milestone. These expenditures are included in 2h Network Build.
2f.	Site Preparation	4	Baseline target is 36%. Previous PPR set a target of 6%. The 4% complete is based upon an actual cumulative spend of \$144,381 of the total budgeted \$3,457,000. The budgeted expenditures address electrical, UPS and generator needs at existing POP sites. CMS has amended the contracts with the host facility (higher education customers) to accommodate these upgrades at leased facilities and are working to place orders for the electrical work. We have executed a master contract for electrical work at state-owned facilities and are working to place orders as well. An engineering analysis is underway for another POP site to determine the overall facility needs. There is no negative impact to the project schedule as these activities do not need to be completed until the fiber is installed. The work will continue in parallel to the fiber construction.
2g.	Equipment Procurement	28	Baseline target is 26%. Previous PPR set a target of 33%. The 28% complete is based upon an actual cumulative spend of \$3,363,817 of the total budgeted \$11,875,418. The budgeted amount for this milestone has been increased from \$11,275,418. The percent complete shortfall is due to optical cards placed on hold pending results from fiber characterization tests and the overall milestone budget increase.
2h.	Network Build (all components - owned, leased, IRU, etc)	3	Baseline target is 5%. Previous PPR set a target of 3%. The 3% complete is based upon an actual cumulative spend of \$2,250,293 of the total budgeted \$72,716,925. The budgeted amount for this milestone has been increased from \$71,316,055. This increase includes the estimated A/E costs for construction phase activities. Project activities accomplished to date include the fiber leases as well as construction activity to interconnect the leased Level 3 fiber to POP sites along the Collinsville to Springfield network segment.
2i.	Equipment Deployment	0	No variance. The budgeted amount for this milestone is \$1,049,901.
2j.	Network Testing	0	NA - CMS has no spend mapped to this milestone. CMS is using existing staff not charged to project plus contractual resources reported in 2k Other.
2k.	Other (please specify): Professional services such as Project Management, Web Design, Project Engineering	24	Baseline target is 21%. Previous PPR set a target of 15%. The 24% complete is based upon an actual cumulative spend of \$389,088 of the total budgeted \$1,634,219. The budgeted amount for this milestone has been decreased from \$2,925,971 in order to remove ineligible costs associated with fiber maintenance.

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

After some delays with the construction procurement, CMS has selected its vendors and is in the process of signing contracts. While 5 vendors were originally selected for award, one vendor has been disqualified for failing to disclose information as required by the solicitation documents. This will have no impact on the project timeline.

CMS will be using the newly operational fiber segment for production traffic for the current state and educational network. We are looking for guidance from NTIA on how to calculate the Program Income. As a governmental entity we are limited on the amount of profit that can be generated on our services. As such, our proposed rates are just slightly above operating costs. Since we are in the early stages of the project and only have partial routes operational, we are the only "customer" purchasing services. At this time, the operating costs exceed the revenue generated. Therefore, it's our position there is no Program Income to report.

Our sub recipient, Illinois State University, projected spending \$62,400 in the Project Inspection Fees budget line for easement related

activities. While work was completed on 106 of 144 easements during this quarter, the invoice was not received in time to process payment by September 30. So far costs for the easement activities are tracking below projections. The sub recipient has also re-budgeted to track the work performed by legal counsel on easements under the Administrative and Legal budget category. Project inspection activities will be performed by the A/E firm and the associated costs will be paid from the Architectural and Engineering Fees budget line.

The current match proportionality is 73% federal and 27% local while the overall project target is 64% federal and 36% local. The approved project detailed budget identifies \$31M of \$34.4M local match applied to the Construction activities. Construction activities are just beginning in Q4 with expenditures anticipated to be reflected in the 2012Q1 report. The local match proportionality will increase as construction activities progress.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	Baseline target is 0.
New network miles leased	307	Baseline target is 0. CMS was able to secure fiber leases ahead of schedule.
Existing network miles upgraded	0	No variance.
Existing network miles leased	271	Baseline target is 0. Because the project is moving faster with other fiber leases, CMS transferred existing leased fiber to the project in Y1Q3 ahead of schedule.
Number of miles of new fiber (aerial or underground)	0	Baseline target is 0.
Number of new wireless links	0	No variance.
Number of new towers	0	No variance.
Number of new and/or upgraded interconnection points	95	Baseline target is 0. these interconnection points are along leased fiber routes.

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	80

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
Illinois Rural HealthNet

The project team continues to discuss options with several providers who have expressed an intent to purchase services once available; however, we are waiting to move to the contract negotiation stage until construction begins.

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:

Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).

NA

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).			
Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Providers with signed agreements receiving improved access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Providers with signed agreements receiving access to dark fiber	0	Since construction has yet to begin, there are no subscribers at this time.
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	0	Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
	Total subscribers served	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Subscribers receiving new access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Subscribers receiving improved access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
Residential / Households	Please identify the speed tiers that are available and the number of subscribers for each	0	Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
	Entities passed	0	NA - The project is a Comprehensive Community Infrastructure project with no last mile component.
	Total subscribers served	0	NA - The project is a Comprehensive Community Infrastructure project with no last mile component.
	Subscribers receiving new access	0	NA - The project is a Comprehensive Community Infrastructure project with no last mile component.
	Subscribers receiving improved access	0	NA - The project is a Comprehensive Community Infrastructure project with no last mile component.
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
	Entities passed	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Total subscribers served	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Subscribers receiving new access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
	Subscribers receiving improved access	0	Since only a small portion of the network is operational, there are no subscribers at this time.
7. Please describe any special offerings you may provide (600 words or less). NA			
8a. Have your network management practices changed over the last quarter? <input type="radio"/> Yes <input checked="" type="radio"/> No			
8b. If so, please describe the changes (300 words or less). NA			

9. Community Anchor Institutions:

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
None at this time.	None at this time.	None at this time.	None at this time.	None at this time.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

The total cumulative spend estimated for next quarter is \$12.5 million which is 13% of the total project spend. This projection is below the baseline target of 20%. The shortfall this quarter is directly attributable to the delay in completing the construction master contracts. We are working diligently to complete design and permitting necessary to begin sequential construction activities in Y2Q3.

We anticipate construction to be underway on three segments and one lateral collectively covering approximately 180 miles. By the end of the quarter, detailed design and quote packages should be complete for all segments. We will continue to focus on securing permits for the remaining packages and coordinating construction activities with the vendors.

CMS will continue to work on POP site upgrades where needed. We expect the engineering firm to complete it's analysis of the Chicago POP site and will develop a plan for the necessary modifications.

Key Performance Indicators for next quarter include:

New Network Miles Deployed - 0 (we are on track to begin reporting new network miles in Q7 as projected in the Baseline)

New Network Miles Leased - 307 (no change as we are ahead of the 268 target listed in our Baseline)

Total CAI subscribers served - 7

Signed Agreements with Wholesalers and/or Last Mile Providers - 1 (no change. We are on track with our Baseline projections which does not forecast signed agreements until Q10 when we will be in the final phase of turning up service.)

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	13	Baseline target is 20%. The variance is a combination of delays with Rights of Way, Site Preparation and Network Build activities. More details on the cause of the delays and the impact to the overall project timeline are described in the respective Milestone Categories below.
2b.	Environmental Assessment	100	Baseline target is 100%. No variance.
2c.	Network Design	68	Baseline target is 70%. We are expecting to have all network design activities complete by the end of the quarter; however, all invoices for the complete activity will not be received until January.
2d.	Rights of Way	24	Baseline target is 100%. Permits are taking longer than anticipated; however, they are not impacting construction activities at this time. We will likely be behind this baseline for several quarters as the majority of the budgeted permitting fees will be paid to the Illinois Department of Transportation and are expected to be paid through a single Intergovernmental Agreement. This Agreement will likely not be finalized until after the majority of the permits are issued.
2e.	Construction Permits and Other Approvals	0	NA - CMS has no spend mapped to this milestone. These expenditures are included in 2h Network Build.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	7	Baseline target is 36%. As reported earlier, POP site upgrades have been delayed due to contract amendments with the site landlords, contract for electrical upgrades, and an engineering assessment. The POP site amendments and contract for electrical upgrades have been finalized and work is beginning. The engineering assessment is underway. This delay is not impacting the overall schedule as these activities are happening in parallel with the fiber construction.
2g.	Equipment Procurement	45	Baseline target is 26%. CMS is ahead of schedule in lighting leased fiber. We are working to stage and distribute equipment as POP sites are ready. This approach enables a quicker turn-up of leased and built fiber. We are also able to use in house staff instead of contractors which is resulting in a cost savings.
2h.	Network Build (all components - owned, leased, IRU, etc.)	4	Baseline target is 13%. Now that construction contracts are established, we expect to see increased activity for network build. While construction activities will start during this quarter, significant expenditures will likely not be recognized until after the first of the year due to the delay in completing the activity and processing vendor payments.
2i.	Equipment Deployment	5	Baseline target is 30%. CMS originally anticipated utilizing contractual services for equipment deployment. So far, we are using in-house staff that are not billed to the project. The savings will be rebudgeted to another milestone category.
2j.	Network Testing	0	NA - CMS has no spend mapped to this milestone. CMS is using existing staff not charged to project plus contractual resources reported in 2k Other.
2k.	Professional services such as Project Management, Web Design, Project Engineering	35	Baseline target is 31%. The 35% projection reflects the re-budgeting of the easement activities to the Administrative and Legal budget line which is reflected in the Other milestone category.

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The greatest challenges at this point in the project will be securing permits and fiber in a timely manner. The majority of the construction is taking place along the Illinois Department of Transportation's (IDOT) controlled access rights of way (Interstate). CMS and IDOT staff are meeting on a regular basis to ensure that IDOT permits are received in accordance with the construction schedule. Using the controlled access rights of way will also result in a faster run rate for fiber installation as there are fewer road crossing and other obstructions. As for fiber delays, the construction vendors are planning accordingly by performing those activities that do not require fiber during the early stages of construction.

The projected match proportionality is 80% federal and 20% local while the overall project target is 64% federal and 36% local. The approved project detailed budget identifies \$31M of \$34.4M local match applied to the Construction activities. Construction activities are just beginning in Q4 with expenditures anticipated to be reflected in the 2012Q1 report. The local match proportionality will increase as construction activities progress.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$2,309,142	\$222,637	\$2,086,505	\$544,305	\$131,652	\$412,653	\$763,183	\$176,659	\$586,524
b. Land, structures, right-of-ways, appraisals, etc.	\$1,862,000	\$1,512,000	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$5,524,880	\$0	\$5,524,880	\$2,327,211	\$0	\$2,327,211	\$3,365,211	\$0	\$3,365,211
e. Other architectural and engineering fees	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$51,869	\$0	\$51,869
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$1,050,000	\$0	\$1,050,000	\$144,381	\$0	\$144,381	\$256,173	\$0	\$256,173
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$63,338,112	\$30,000,000	\$33,338,112	\$22,655	\$0	\$22,655	\$432,071	\$53,674	\$378,397
j. Equipment	\$11,275,418	\$538,950	\$10,736,468	\$3,363,817	\$0	\$3,363,817	\$5,391,115	\$0	\$5,391,115
k. Miscellaneous	\$10,422,476	\$2,213,159	\$8,209,317	\$2,286,663	\$2,227,638	\$59,025	\$2,321,113	\$2,227,638	\$93,475
l. SUBTOTAL (add a through k)	\$96,382,028	\$34,486,746	\$61,895,282	\$8,689,032	\$2,359,290	\$6,329,742	\$12,580,735	\$2,457,971	\$10,122,764
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$96,382,028	\$34,486,746	\$61,895,282	\$8,689,032	\$2,359,290	\$6,329,742	\$12,580,735	\$2,457,971	\$10,122,764

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$0	b. Program Income to Date: \$0
---	--------------------------------