

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) 06-30-2011	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): 08-15-2011
---	--

--

Project Indicators (This Quarter)

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

The IBOP EC project is 5% complete which is 1% behind the baseline target. Total project expenditures to date are \$5 million which includes \$2.7 in federal funds. These federal funds have supported 53.29 full time equivalent jobs.

The project received a FONSI on April 22 clearing the way to begin construction activities. The FONSI included a requirement by the State Historic Preservation Officer (SHPO) to conduct archeological field surveys along about 2% of the new construction routes. During this quarter CMS has been working with the engineering firm to develop a scope of work and cost estimate for the surveys. Meanwhile CMS discovered that the Illinois Department of Transportation (IDOT) has conducted recent field surveys in the proposed construction areas. The IDOT Chief Archeologist has met with SHPO and all indications are that SHPO will remove the requirement for additional surveys. We are expecting written confirmation from SHPO shortly.

The purchase of an additional 26 leased fiber miles was completed in April. This brings the total new leased miles to 307 and existing leased miles to 271.

Work has begun to turn up the leased network miles. A small build to extend leased fiber into the Springfield network POP site was completed along with splicing activities to connect the fiber into a vendor leased In Line Amplification (ILA) hut. A second procurement solicitation was issued for a short fiber build to extend the leased fiber into the Collinsville POP. The optical equipment for the Springfield to Collinsville span has been received.

CMS has selected five vendors for fiber construction and materials. The construction activities have been divided into fourteen segments. The construction vendors will bid on a segment by segment basis. The engineering firm has completed 42% of the detailed network design (64% laterals and 38% backbone) and 26% of the bidding documents. Permits for the first construction package have been submitted and permits for the next two construction packages are in final preparation.

Illinois State University, the project sub recipient responsible for project activities in Bloomington/Normal and surrounding communities, has executed 43 of 74 partner agreements. 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.

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	5	Baseline target is 6%. Previous PPR set a target of 8%.
2b.	Environmental Assessment	97	Baseline target is 100%. Previous PPR set a target of 92%. The total amount budgeted for this milestone is \$918,510 which is a slight increase from \$890,000. The EA is complete and the project has received it's FONSI. Total costs for the EA came in slightly below projections. However, we anticipate unplanned costs for EA modifications associated with revised tower locations and CAI changes.
2c.	Network Design	17	Baseline target is 35%. Previous PPR set a target of 32%. The total amount budgeted for this milestone has been reduced to \$4,387,444 from \$4,390,444 as cost projections for wireless consulting were less than budgeted. The 17% complete is based upon an actual cumulative spend of \$734,141 at the end of this quarter. Invoices for an additional \$182,617 were received for work complete, but not in time to process payments by the end of the quarter. With this additional spend, we would have achieved 21% complete for this quarter. In terms of actual activity, 42% of the network design (64% laterals and 38% backbone) and 26% of the bidding documents are complete as of June 1, 2011.

	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	12	Baseline target is 2%. Previous PPR set a target of 15%. The budgeted amount for this milestone is \$1,051,729. The 12% complete is based upon an actual cumulative spend of \$127,252 at the end of this quarter. Invoices for an additional \$44,985 were received for work complete, but not in time to process payments by the end of the quarter. With this additional spend, we would have achieved 16% complete for this quarter.
2e.	Construction Permits and Other Approvals	0	NA - included in 2h Network Build.
2f.	Site Preparation	1	Baseline target is 11%. Previous PPR set a target of 11%. The budgeted amount for this milestone category is \$3,457,000. We anticipated electrical upgrades in multiple POP sites; however, we have experienced delays. Several of the POP sites are in leased facilities. The contracts needed to be amended to address costs associated with the electrical upgrades. An engineering assessment is needed at another site to determine the overall electrical needs. As for the work at state owned sites, we are finalizing a contract to perform the electrical work. This same contract will be used to purchase new UPS equipment. By the end of next quarter we expect to have amended the POP site contracts to address the electrical upgrades, started the engineering assessment, and finalized the vendor contract for electrical and UPS. 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	6	Baseline target is 26%. Previous PPR set a target of 25%. The budgeted amount for this milestone category is \$11,275,418. The 6% complete is based upon an actual cumulative spend of \$714,172 at the end of this quarter. Invoices for an additional \$1,849,878 were received for equipment received by the end of the quarter, but not in time to process payment. With this additional spend, we would have achieved 16% completion. We anticipated upgrading UPS equipment at multiple POP sites; however due to delays with the electrical upgrades the purchases have been pushed back to next quarter. There is no negative impact to the project schedule.
2h.	Network Build (all components - owned, leased, IRU, etc)	3	Baseline target is 0%. Previous PPR set a target of 3%. The budgeted amount for this milestone is \$71,316,055. Project activities include the completion of fiber leases ahead of schedule as reported in the previous PPR.
2i.	Equipment Deployment	0	No variance. The budgeted amount for this milestone is \$1,049,901.
2j.	Network Testing	0	NA - using existing staff not charged to project plus contractual resources reported in 2k Other.
2k.	Other (please specify):	9	Baseline is 10%. Previous PPR set a target of 9%. The budgeted amount for this milestone is \$2,925,971 this is a slight increase from \$2,922,971. Equipment costs are tracking slightly below our original estimates which is why the forecast for this milestone was set at 9% which is 1% less then the baseline.

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).

As anticipated in the last report, the fiber construction solicitation was rebid due to administrative errors with the first round proposals. The second solicitation received the same level of interest (11 proposals) and resulted in the successful selection of 5 vendors. The 5 vendors will have the opportunity to bid on each construction package.

The Site Preparation milestone is behind the baseline target. As described above, the activities that have been delayed are related to electrical upgrades and rack installations at POP sites. CMS has existing POP sites which are located in State facilities or leased from universities and/or community colleges. Several of the leased sites required contract amendments to address costs associated with the electrical updates. We are currently finalizing these amendments and anticipate having them executed by the end of the next quarter at which time the landlord will proceed with the electrical upgrades. The actual costs for the upgrades will most likely not be incurred until

2011Q4. Upgrades at one of the State facilities is taking longer than anticipated as it was determined we needed an assessment by and engineering professional to determine the overall electrical needs. CMS is working with the project engineering firm, Globetrotters, to conduct the assessment. Once complete, we will need to engage a separate vendor to perform the electrical work. CMS is finalizing a master contract with a vendor to perform all electrical work at POP sites in State facilities. This same vendor will be used to purchase and install UPS.

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	No variance.
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. CMS is in the process of splicing the different fiber pieces together. The optical equipment to light a portion of the leased fiber has been ordered and received (the invoice was not paid by June 30 so it's not reflected in our spend).
Number of miles of new fiber (aerial or underground)	0	No variance.
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:

Since construction has yet to begin, there are no services currently being offered. Once operational, the network will offer the following services: 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 construction has yet to begin, there are no subscribers at this time.
	Providers with signed agreements receiving improved access	0	Since construction has yet to begin, 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.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Once operational, the network will offer the following services: Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Since construction has yet to begin, there are no subscribers at this time.
	Subscribers receiving new access	0	Since construction has yet to begin, there are no subscribers at this time.
	Subscribers receiving improved access	0	Since construction has yet to begin, there are no subscribers at this time.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Once operational, the network will offer the following services: Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
Residential / Households	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.
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA - The project is a Comprehensive Community Infrastructure project with no last mile component.
Businesses	Entities passed	0	Since construction has yet to begin, there are no subscribers at this time.
	Total subscribers served	0	Since construction has yet to begin, there are no subscribers at this time.
	Subscribers receiving new access	0	Since construction has yet to begin, there are no subscribers at this time.
	Subscribers receiving improved access	0	Since construction has yet to begin, there are no subscribers at this time.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Once operational, the network will offer the following services: Dark Fiber, Lambda/Wave Services, Ethernet Services ranging in speeds of 10 Mbps to 10 Gbps, and Internet Services.
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).

Total cumulative spend estimated for next quarter is \$9,408,282 which is 10% of the total budget. As the project enters the construction phase over the next two quarters we anticipate the rate of spend to increase significantly. Specific activities for next quarter include:

Work with SHPO, IDOT and engineering firm to resolve the outstanding field survey requirements.

Complete and submit Post Award Modification for changes to wireless tower locations and CAIs.

Finish splicing work on the Springfield to Collinsville leased fiber, install the optical equipment and begin testing the link.

Start construction activities on the first construction package which is a 91 mile route from Kankakee to Champaign and complete bid and vendor selection for the second package which is a 55 mile route from Kankakee to the southern edge of Cook County. CMS has asked the vendors to price a 3, 6 and 9 month construction schedule. The costs for the three options will determine which timeline we set for completion. We anticipate using the same or similar approach with the other construction packages.

Complete detailed design and construction specifications for 50% of the total network miles.

Secure permits for the first two construction packages.

Continue site preparation at the existing Point of Presence (POP) sites which includes: purchasing and installing equipment racks and upgrading power. During this quarter we anticipate finalizing contract amendments with landlords to address the additional costs for the electrical upgrades, starting the engineering analysis for one of the State facilities, and executing a master contract for the vendor who will perform the electrical upgrades at all State facilities. The actual electrical upgrades will likely not be paid until 2011Q4.

Continue to finalize agreements with CAIs. The original application identified 412 CAIs. To date we have 399 confirmed and 1 in negotiation for a total of 400. The 400 list includes around 100 changes from the original list as some sites have declined a connection, relocated, or it's been determined that a site will connect indirectly through an organization wide area network (e.g. school district WAN). A total of 25 of the original CAIs declined a connection due to lack of need and a few that could not afford the connection. We are continuing to identify new CAIs to reach the 412 target. We are evaluating what impact the new CAIs have on the approved Environmental Assessment and will be submitting a Post Award Modification. Most, if not all, the CAI changes are within blocks of the previously identified CAIs so there is minimal fiber route changes.

Execute the remaining partner agreements between Illinois State University (sub recipient) the 74 organizations providing a portion of the project's local match. Illinois State University will also begin collecting the cash matches during this quarter.

Continuing to send monthly updates to community anchor institutions and other interested organizations.

Matching funds for next quarter are expected to be 25% of the total cumulative spend. This is below the 36% local match for the overall project. The approved project budget identified \$30M of the \$34.4M as a cash match to be spent on construction. While construction activities begin next quarter, the first vendor payments will not take place until 2011 Quarter 4. As construction spending continues through 2012 the local match percentage will come in line with the 36% commitment.

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	10	Baseline target is 12%. The construction phase has been delayed by about 30 days due to the rebidding of the solicitation. Contracts have been awarded and construction will be starting in this quarter.
2b.	Environmental Assessment	100	Baseline target is 100% Actually projecting 109% due to anticipated CAI and tower location changes that will require changes/additions to the approved Environmental Assessment.
2c.	Network Design	36	Baseline target is 55%. Actual project activity is tracking as planned; however, we overestimated the rate of spend in the baseline. By the end of next quarter we expect to have completed detailed design for 50% of the network miles.
2d.	Rights of Way	27	Baseline target is 2%. The engineering firm is making faster than anticipated progress on researching and preparing right of way permits. CMS established conservative targets through Y2Q2 with all Rights of way permits to be completed by Y2Q3. As the project is moving forward we have better insight into the time needed for this activity and have adjusted our forecasts accordingly.
2e.	Construction Permits and Other Approvals	0	NA
2f.	Site Preparation	6	Baseline target is 36%. The projected milestone target is behind the baseline target due to unanticipated contract amendments with landlords. Since most of the POP sites are leased facilities, the power upgrades need to be performed by the landlords. The current contracts do not address how CMS will pay the landlord for these costs so legal counsel has been working with the landlord to amend the contracts. An engineering assessment is needed at another State facility POP location to determine the overall electrical needs. CMS is working with the engineering firm to initiate that study by the end of the quarter. Actual spend for the electrical upgrades at the leased sites and State facility is not anticipated to occur until 2011Q4. The delay does not have an impact on the overall project timeline as the critical path is the fiber construction. The electrical work will continue in parallel with the fiber construction.
2g.	Equipment Procurement	33	Baseline target is 26%. We are moving forward with ordering and installing equipment for the leased fiber miles as well as the new construction routes. We are beginning to stage the orders and installations for the optical equipment.
2h.	Network Build (all components - owned, leased, IRU, etc.)	3	Baseline target is 5%. The construction phase has been delayed by about 30 days due to the rebidding of the solicitation. Contracts have been awarded and construction will be starting in this quarter.
2i.	Equipment Deployment	0	0
2j.	Network Testing	0	NA
2k.	Other (please specify):	15	Baseline target is 21%. Costs mapped to this milestone will need to be re-budgeted as the original budget included costs associated with annual maintenance for leased fiber which is an ineligible cost.

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).

As the project enters into the construction phase we are hearing there could be a 12-14 week delay for fiber optic cabling. We are working with the construction vendors who are supplying the fiber cabling and the engineering firm on options to minimize delays. Some of these options include: adjusting the fiber specifications to utilize fiber in inventory, installing conduit initially and pulling fiber at a later date, or placing a bulk fiber order with 1 of the 5 construction vendors.

CMS and Illinois State University (sub recipient) continue to work on finalizing the CAI list. Several sites on the original list have changed due to the CAI declining service, sites have relocated or it's been determined that it is more economical to connect individual school buildings indirectly through a school district wide area network. We are assessing what impact the new sites will have on the approved Environmental Assessment. In most cases, the new site is only a few blocks from an approved route. CMS is preparing a Post Award Modification to address the CAI changes.

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	\$2,428,175	\$222,637	\$2,205,538	\$379,533	\$92,189	\$287,344	\$634,894	\$110,967	\$523,927
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	\$5,266,954	\$0	\$5,266,954	\$1,603,702	\$0	\$1,603,702	\$2,551,578	\$0	\$2,551,578
e. Other architectural and engineering fees	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$124,800	\$0	\$124,800	\$0	\$0	\$0	\$62,400	\$0	\$62,400
g. Site work	\$1,050,000	\$0	\$1,050,000	\$41,160	\$0	\$41,160	\$217,516	\$0	\$217,516
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$63,338,112	\$30,000,000	\$33,338,112	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$11,275,418	\$538,950	\$10,736,468	\$714,172	\$0	\$714,172	\$3,691,381	\$0	\$3,691,381
k. Miscellaneous	\$10,436,569	\$2,213,159	\$8,223,410	\$2,250,512	\$2,218,566	\$31,946	\$2,250,512	\$2,218,566	\$31,946
l. SUBTOTAL (add a through k)	\$96,382,028	\$34,486,746	\$61,895,282	\$4,989,079	\$2,310,755	\$2,678,324	\$9,408,281	\$2,329,533	\$7,078,748
m. Contingencies									
n. TOTALS (sum of l and m)	\$96,382,028	\$34,486,746	\$61,895,282	\$4,989,079	\$2,310,755	\$2,678,324	\$9,408,281	\$2,329,533	\$7,078,748

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
---	--------------------------------