

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 NT10BIX5570135	3. DUNS Number 961890741
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4. Recipient Organization Information Technology, Maryland Department of 45 Calvert Street, Annapolis, MD 21401-1994
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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
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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 David Piccoli Program Manager	7c. Telephone (area code, number and extension) 4105902032
	7d. Email Address dpiccoli@skylinenet.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-26-2011
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Project Indicators (This Quarter)

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

The following are the main accomplishments this reporting period:

We received the environmental Finding of No Significant Impact (FONSI) from the NTIA based upon our completed Environmental Assessment detailing the consultations and findings of multiple environmental and cultural regulatory agencies, such as Maryland Department of the Environment (MDE), Department of Natural Resources (DNR), US Fish and Wildlife (USFWS), Army Corps of Engineers (AMCE), and Maryland Historical Trust (MHT).

The Memorandum of Understanding (MOU) between the Maryland Department of Information Technology and the Maryland Broadband Cooperative has been fully executed. Also, the MOU between Sub-Recipient Howard County and the nine other participating jurisdictions of the Inter-County Broadband Network (ICBN) was completed and is being circulated for signatures. We expect this MOU to be ratified by all parties within the next quarter.

A simultaneous process of submitting permit applications to the State, county and municipal right-of-way owners has begun. This will make the approval process faster, allowing the continual build out of the OMBN project with minimal delays in the permitting processes. During this quarter, detailed engineering work and local permit applications have been submitted, and many acquired, throughout the State. Detailed engineering work is completed for a total of approximately 250 miles of routes (out of 1300), which are permitted or are permit-ready.

We are fully engaged with the US Army Corps of Engineers along with MD Dept. of Environment to create a streamlined permitting process for applicable routes. Also, we are actively negotiating with utility pole owners for aerial pole attachments, and have agreements executed with certain utilities, including with Baltimore Gas and Electric (BGE). Negotiations to finalize the remaining agreement(s) are in process.

A contract award was made to OFS for fiber optic cable, resulting in an initial fiber optic orders valued at \$986,000. Another award was made to IPX International to supply other fiber optic construction materials and provide logistics services for the ICBN. IPX has since setup a local warehouse, established logistics processes, and begun warehousing initial material orders. We have received initial fiber optic cable and related material orders valued at approximately \$171,000. Additional orders have been placed for fiber optic cable to be delivered in the following two quarters, bringing the total value of fiber optic cable to approximately \$2.3 million currently on-track for on-time deliveries.

RFP's for both fiber engineering services and fiber construction were released this reporting quarter, and the procurements are in the final awarding process. Continued dialog with other suppliers for fiber are currently being perused for a secondary source to mitigate the risk of delays due to fiber supply problems caused by the earthquake in Japan. Also, we are in the initial stages for purchasing the OMBN network electronic equipment with over \$1.6M in equipment purchases made already.

Construction has begun in Baltimore Co., Carroll Co., and Howard Co., and we anticipate starting in 6 other counties to come on line early next quarter i.e. Charles, Queen Anne's, Anne Arundel, Prince George's, Montgomery, and Harford counties as well as the city of Annapolis. Also, we attended the Davis Bacon Wage and Hour regulations conference held in New York City this reporting quarter, and we are actively working with our construction contractors to comply with wage reporting requirements.

Finally, our first construction ground breaking was held on June 13 in Elkridge, Howard County, attended by Governor O'Malley, Senator Mikulski, Representative Sarbanes, several central Maryland County Executives, as well as the Assistant Secretary of Commerce Larry Strickling. We have also scheduled other ground-breaking and vendor outreach events for the upcoming quarter.

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	3	\$4,866,522 is being reported. 15% was planned, Please see details below for explanation.
2b.	Environmental Assessment	100	Completed.
2c.	Network Design	3	Planned was 18%. The FONSI came in a month later then expected which delayed our efforts. However a significant amount of engineering is now in process. The decrease in percent complete from Q1 report and Q2 was a rounding error. We rounded up on our Q1 report and

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			rounded down on this report. Reporting rounding standards have been implemented.
2d.	Rights of Way	3	Planned was 18%. The FONSI came in a month later then expected which delayed our efforts. However a significant amount of Right of Way permitting is now in process. The decrease in percent complete from Q1 report and Q2 was a rounding error. We rounded up on our Q1 report and rounded down on this report. Reporting rounding standards have been implemented.
2e.	Construction Permits and Other Approvals	3	Planned was 18%. The FONSI came in a month later then expected which delayed out efforts. However a significant amount of environmental, and utility permitting is now in process.
2f.	Site Preparation	0	Planned was 17%. Communication hut procurement is in process and will be awarded next reporting quarter.
2g.	Equipment Procurement	6	Planned was 16%. Over \$1.6M in equipment purchases for network monitoring equipment has been already made. Additional procurement is scheduled for the next reporting quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	1	Planned was 9%, construction has just begun ramping up.
2i.	Equipment Deployment	0	Planned was 12%, We anticipate equipment deployment during upcoming quarters.
2j.	Network Testing	0	Planned was 12%, We anticipate network testing during the upcoming quarters.
2k.	Other (please specify): Administration	12	Planned was 28%, Delay of the FONSI delayed the need of particular positions at this time (i.e. Inspectors). We anticipate that we will obtain our projected goals through the coming quarters as projected in our baseline report. The decrease of reported percentage of Q1 was due to a typo, 16% was reported, however 6% was the actual percentage that should have been reported.

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).

Competitive procurements are an important part of our Program strategy, but one that poses significant challenges for our timeline. Many of the key procurements necessary to enable large-scale construction efforts were still being finalized this quarter, though we anticipate these procurements will overall reduce risk to enable the Program to complete on-time. While initially time consuming, these procurements will allow for multiple awards to be made to qualified contractors that will be deployed simultaneously throughout the State.

Additionally, a large number of centralized permitting and licensing efforts that involve significant upfront planning, negotiations, and coordination have delayed the initialization of large scale construction efforts, but that will further reduce risk by facilitating cooperative, streamlined processes with permitting authorities and utility pole owners that might otherwise be overwhelmed by the load presented by this Program. For example, we have engaged and have made significant progress with permitting through the Maryland Department of the Environment (MDE), the Maryland State Highway Administration (SHA), numerous railroads, and all relevant utility pole owners.

Moreover, it should be noted that partial progress has been made on many more miles of construction than captured in the reporting for the respective Key Milestones above, which cannot yet be reported as completed miles of fiber construction due to certain challenges. For example, where it is determined that routes under construction require MDE permitting for only specific segments, the complete route often cannot be fully completed (i.e. fiber pulled into newly constructed conduit) until the entire path is available. In other cases, detailed engineering work identified lower cost routing and other necessary routing changes, preventing completion of segments requiring NTIA scope change approval and necessary environmental consultations. In addition to the 2 miles of completed fiber construction, we installed approximately 15 miles of additional conduit.

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	2	39 miles were planned, please refer to project indicator #3 above.
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	2	39 miles were planned, please refer to project indicator #3 above.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	12 interconnection point were planned, insufficient fiber miles to begin connection, however we do anticipate interconnection within the next reporting quarter.

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

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Two were projected for this reporting quarter, one was signed during this reporting quarter. We do however anticipate signing a second broadband wholesaler or last mile provider within the next reporting quarter. The anticipated number of signed broadband provider for the next quarter is a cumulative number of two.

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:
N/A

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).
N/A

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	N/A
	Providers with signed agreements receiving improved access	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	At least one formal agreement is being negotiated with discussions occurring with several other potential lessees. Additionally, cooperative construction is occurring with at least one commercial carrier reducing costs for certain routes for both parties.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	3	1GB speed are now available for each anchor institution i.e. Gamer Fire Dept.(Public Safety), Sykesville Police Dept. (Public Safety), & Sykesville Town Hall (Government Facility)
	Subscribers receiving new access	3	1GB speed are now available for each anchor institution i.e. Gamer Fire Dept.(Public Safety), Sykesville Police Dept. (Public Safety), & Sykesville Town Hall (Government Facility)
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	N/A
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

7. Please describe any special offerings you may provide (600 words or less).

N/A

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).

N/A

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)	Type of Anchor Institution (as)	Are you also the broadband	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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	or county)	defined in your baseline)	service provider for this institution? (Yes / No)	
Gamer Fire Department	Carroll County	Public Safety	No	1GB of high speed internet access will improve safety coordination
Sykesville Police Department	Carroll County	Public Safety	No	1GB of high speed internet access will improve safety coordination
Sykesville Town Hall	Carroll County	Government Facility	No	1GB of high speed internet access will improve local Government coordination

Project Indicators (Next Quarter)

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

We expect to be able to report the following accomplishments for next quarter:

Engineering:

- Significant progress on field and CAD engineering by the next reporting quarter, this will enable an rapid increase in permit application submission.

Permitting :

- Rights of Way (ROW) permitting: Begin receiving permits from the State Highway Administration (SHA) and multiple county Departments of Public Works.

- Environmental: Begin receiving permits from the US Army Corps of Engineers (USACE)USACE and Maryland Department of Environment (MDE) for phases of the single permit application for all of OMBN.

- Rail Road Crossing: Begin receiving executed licensing agreements and permits from rail road companies

- Utility Companies: Obtain signed pole attachment agreements with all utility companies that are currently under negotiation for aerial pole attachments where aerial construction is planned.

These processes will allow a continual build out of the One Maryland Broadband Network project with minimal delays in permitting process.

Fiber Procurement:

- The continued procurement of fiber and related materials from the various suppliers program wide.

Equipment Procurement:

- The Initial equipment purchases, we are in the initial stages for purchasing the OMBN network electronic equipment with over \$1.6M in equipment purchases made already with additional purchases to be made within the next reporting quarters.

Construction:

- Construction has begun in Baltimore Co. and Howard Co. and Carroll Co. We anticipate starting in 6 other counties to come on line early next quarter i.e. Charles, Queen Anne's, Anne Arundel, Prince George's, Montgomery, and Harford counties as well as the city of Annapolis

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	18	Planned is 27%. The FONSI came in a month later then expected which delayed our efforts.
2b.	Environmental Assessment	100	Milestone is at a 100% (Completed)
2c.	Network Design	34	Preliminary logical diagraming is currently at 90% completion and plant design is currently at 45%. We anticipate that we will meet our milestone projection and exceed projections during the last quarters in 2012.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2d.	Rights of Way	20	We anticipate starting in 9 other counties to come on line early next quarter i.e. Charles, Calvert, Cecil, Kent, Queen Annes, Annarundel, Prince Georges, Montgomery, Annapolis & Hartford counties. Also we anticipate railroad ROW to be approved.
2e.	Construction Permits and Other Approvals	25	We anticipate obtaining our construction permits within the 9 counties that are to come online early next quarter. We anticipate achieving our baseline milestone during the next reporting quarters.
2f.	Site Preparation	0	Site visits have been completed for all hut sites, this includes location and path identification. Site preparation will commence in Q4 2011.
2g.	Equipment Procurement	44	Total equipment procurement is valued at \$3.4M of which \$1.6M have been procured.
2h.	Network Build (all components - owned, leased, IRU, etc.)	22	We anticipate to meet our baseline projections.
2i.	Equipment Deployment	0	We don't anticipate that equipment deployment will occur until Q4.
2j.	Network Testing	0	We don't anticipate that the Network Testing will occur until Q4.
2k.	Other (please specify): Administration	28	We anticipate to recover from the attritions that has ocured, we are confident that we will be in line to meeting our projected milestone during the coming quarters.

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 following issues may cause some challenges,

- 1)Fiber Delivery: Japan's natural disaster could impact the fiber optic cable supply chain and may cause additional delivery delays. Currently delivery lead time is 20 weeks, with a backlog of orders that could push the lead time to 34 weeks or more.
- 2)Pole Agreements: Delays in obtaining signed pole attachment agreements among numerous program participants and multiple utility companies requires complex legal negotiations that could delay engineering and permitting in some participating jurisdictions.
- 3)Permitting: Potential delays from Maryland Department of Engineering (MDE) & US Army Corps of Engineers (USACE) due to required wetland delineations needed to identify routes requiring permitting..

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	\$12,479,100	\$7,394,000	\$5,085,100	\$1,553,924	\$561,960	\$991,964	\$4,617,848	\$1,633,920	\$2,983,928
b. Land, structures, right-of-ways, appraisals, etc.	\$1,350,000	\$0	\$1,350,000	\$0	\$0	\$0	\$225,000	\$61,323	\$163,677
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$15,550,369	\$5,039,020	\$10,511,349	\$298,202	\$0	\$298,202	\$1,699,404	\$480,000	\$1,219,404
e. Other architectural and engineering fees	\$6,109,850	\$2,869,099	\$3,240,751	\$169,531	\$0	\$169,531	\$489,062	\$0	\$489,062
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$93,402,141	\$18,671,661	\$74,730,480	\$1,032,787	\$1,032,787	\$0	\$4,665,575	\$2,065,574	\$2,600,000
j. Equipment	\$29,211,582	\$8,888,681	\$20,322,901	\$1,812,078	\$1,812,078	\$0	\$6,124,156	\$4,124,156	\$2,000,000
k. Miscellaneous	\$313,479	\$313,479	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$158,416,521	\$43,175,940	\$115,240,581	\$4,866,522	\$3,406,825	\$1,459,697	\$17,821,045	\$8,364,973	\$9,456,071
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$158,416,521	\$43,175,940	\$115,240,581	\$4,866,522	\$3,406,825	\$1,459,697	\$17,821,045	\$8,364,973	\$9,456,071

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