

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
--	---	--

4. Recipient Organization

 Information Technology, Maryland Department of 45 Calvert Street, Annapolis, MD 21401-1994

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 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): 11-14-2011
---	--

Project Indicators (This Quarter)

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

This quarter saw significant progress in engineering across most of the state and the start of the construction ramp-up.

Engineering is well in progress. Of the 1294 miles planned, POs have been issued for 859 miles to commence work. As of this point, 447 miles have already been submitted for permits to various agencies and utilities.

Utility pole attachment agreements for aerial construction have been executed with the majority of utility pole owners, including; Baltimore Gas and Electric (BGE), Verizon, Alleghany Power, Delmarva Power, and Choptank Electric.

Permits are being issued by the State Highway Administration, as well as many County Departments of Public Works for work in their right-of-ways. Additionally, a program wide permit application was submitted to the Maryland Department of Environment and US Army Corps of Engineers for all required crossing of tidal wetlands, and is under review.

Materials logistics are now in place to support the ramp up of construction. Additionally, securing a sufficient supply of fiber has been a priority since the earthquake in Japan disrupted the fiber supply chain. Up to 501 miles of fiber, valued at \$1,682,301 have been delivered during this reporting quarter. Additional awards have been made for construction related materials valued at \$2,285,098 to be delivered during our next reporting quarter (Q4). The program has established two local centralized warehouses and has since setup and established the materials logistics processes.

Construction has begun in 7 of the 24 counties; Anne Arundel Co, Baltimore Co, Baltimore City, Carroll Co, Charles Co, Howard Co, and Prince George's Co. To date 59 miles of underground conduit have been installed, and 15 miles fibers have been installed. Additionally, 7 Community Anchor Institutions (CAIs) have been connected out of 1006 CAIs.

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	10	\$16,514,334 is being reported. 27% was planned, Please see details below for explanation.
2b.	Environmental Assessment	100	Milestone Completed.
2c.	Network Design	10	Planned was 34%. A significant amount of engineering is now in process and will catch up in 2012
2d.	Rights of Way	10	Planned was 34%. Environmental approvals came in a month later than expected which delayed our efforts. However a significant amount of Right of Way permitting is now in process. As the engineering phase of the project is being completed, the number of the permitting submissions and approvals will significantly increase by the next reporting quarter and will catch up in 2012.
2e.	Construction Permits and Other Approvals	10	Planned was 34%. Environmental approvals came in a month later than expected which delayed our efforts. However a significant amount of environmental and utility permitting is now in place. As the engineering phase of the project is being completed, the number of the permitting submissions and approvals will significantly be increased by the next reporting quarter and will catch up in 2012
2f.	Site Preparation	0	Planned was 67%. Communication hut procurement is in process and will be awarded during Q4 2011.
2g.	Equipment Procurement	20	Planned was 26%. Over \$5.7M in equipment purchases have already been made. Additional procurement is scheduled for the next reporting quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	1	Planned was 22%. Construction will continue ramping up in multiple counties. Contracts have been awarded to 21 construction companies and as work is tasked, construction will increase significantly in 2012. We expect to be in construction in all 24 jurisdictions in 2012.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2i.	Equipment Deployment	6	Planned was 16%. Network architecture designs are ongoing. We anticipate equipment deployment during upcoming quarters.
2j.	Network Testing	1	Planned was 16%. We anticipate network testing during the upcoming quarters as the completion of the network architecture is completed.
2k.	Other (please specify): Administration	23	Planned was 38%. As Construction begun ramping up we anticipate that we will obtain our projected goals through the coming quarters.

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).

Although we have made significant progress with permitting through the Maryland Department of the Environment (MDE), clarifications of regulatory requirements have required multiple meetings. We are however working towards a shared understanding through continued dialog to avoid additional delays.

Detailed engineering work identified lower cost routing and other necessary routing changes. Environmental consultations are in process with the Maryland Historical Trust (MHT), US Fish & Wildlife (USFW) and the Department Natural Resources (DNR). This is expected to be completed and submitted to the NTIA in November.

Maryland State Highway Administration (SHA) permitting on limited access freeways has also been a challenge in some jurisdictions, primarily surrounding negotiations for resource sharing agreements. Meanwhile, most permit applications continue to be processed in a timely manner with few issues. Discussions continue with SHA, the Governor's office, and the affected jurisdictions to ensure we that we come to an agreement.

Another challenge identified this quarter is the time consuming nature of obtaining agreements for railroad crossings. Our network requires 80 crossings of 9 separate railroad companies throughout the state, each generally requiring an encroachment agreement and coordination with railroad personnel during construction. The process of coordinating with the various entities has proven to be more involved and time intensive than anticipated. The need for separate encroachment agreements with each jurisdiction could create unforeseen legal challenges impacting the time line. However, we have mitigated some of the risk by the centralizing all railroad crossing engineering.

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	15	Planned was 116. Construction will continue ramping up in multiple counties. Contracts have been awarded to 21 construction companies and as work is tasked, construction will increase significantly in 2012. We expect to be in construction in all 24 jurisdictions in 2012. Currently we have installed over 59 miles of conduit. This number is not captured in the reporting for this milestone, which we do not report until fiber is pulled and spliced into the newly constructed conduit.
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)	15	Planned was 116. Construction has begun ramping up in multiple counties. Currently we have installed over 59 miles of conduit. All pole owner applications have been signed and approved allowing for aerial permitting to commence. This will allow us to begin reporting aerial miles constructed during the next reporting quarters.
Number of new wireless links	0	N/A
Number of new towers	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new and/or upgraded interconnection points	3	13 interconnection points were planned. Three connections were made on fiber from a resource share agreement between the state and the MdBC. At this point we do not yet have sufficient fiber miles built to begin other connections.

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	2
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: None were signed this reporting quarter, we do however anticipate signing with broadband wholesalers or last mile providers within the next reporting quarters.

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 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
	Providers with signed agreements receiving access to dark fiber	0	Planned was 2. At least two formal agreements are being negotiated.
	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	7	Planned was 111 CAI's. Construction has begun ramping up in multiple counties. The total subscribers served will increase exponentially as construction continues to ramp up. We have sufficient materials on hand to support rapid ramp up. 1GB speeds are now available for the community anchor institutions such as Public Safety & Government Facilities.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	7	Planned was 111 CAI's. Construction has begun ramping up in multiple counties. The total subscribers served will increase exponentially as construction continues to ramp up. We have sufficient materials on hand to support rapid ramp up. 1GB speeds are now available for the community anchor institutions such as Public Safety & Government Facilities.
	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 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
MSP Barracks H La Plata	Charles Co.	Public Safety	Yes	1GB of high speed internet access will improve safety coordination
Fire Station #8	Baltimore City	Public Safety	No	1GB of high speed internet access will improve safety coordination

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
Fire Station #13	Baltimore City	Public Safety	No	1GB of high speed internet access will improve safety coordination
Tracey's Elementary	Anne Arundel Co.	School (k-12)	No	1GB of high-speed Internet access will improve educational instruction

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:

- Anticipating significant amount of engineering to be completed during the next reporting quarter. This will enable an exponential increase in permit application submission and approvals.

Permitting :

- Rights of Way (ROW) permitting: Continue receiving permits from the State Highway Administration (SHA) and multiple county Departments of Public Works. This will be an ongoing process throughout the construction phase.
- Environmental: Begin receiving permits from the US Army Corps of Engineers (USACE) and Maryland Department of Environment (MDE). Detailed engineering work identified lower cost routing and other necessary routing changes. Environmental consultation should be completed this quarter with the Maryland Historical Trust (MHT), US Fish & Wildlife (USFW) and the Department Natural Resources (DNR). This is expected to be completed and submitted to the NTIA in November.
- Rail Road Crossings: Continue receiving executed licensing agreements and permits from rail road companies. Currently have executed agreement with CSX. We are currently engaged with; Amtrak, Maryland Transit Authority, Norfolk Southern Corp., Maryland & Delaware Rail Road, Maryland Midland Rail Ways, and Bay Coast Rail Road to obtain licensing agreements.
- Utility Companies: Obtained signed pole attachment agreements from ALL utility companies.

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

Fiber Procurement:

- Continued procurement and receipt of fiber and related materials and strategically centralizing them in our multi-site warehousing locations.

Equipment Procurement:

- Continue the procurement of the OMBN equipment, with over \$5.7M in equipment purchases made already with additional purchases to be made within the next reporting quarter(s).

Construction:

- With construction continuing in the 7 counties already started, we anticipate starting in 8 other counties and cities during the next quarter; Calvert, Dorchester, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico and Worcester counties. This will bring our active construction to 15 of Maryland's 23 counties and Baltimore City by the next reporting quarter.

Key indicators for next quarter (cumulative):

- New network miles deployed: 69
- New network miles leased: N/A
- Total CAI's connected: 13
- Number of signed agreements with broadband wholesalers or last mile providers: 0

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	20	We anticipate our planned percentage to increase as the construction phase is ramping up.
2b.	Environmental Assessment	100	Milestone is at a 100% (Completed)
2c.	Network Design	26	Preliminary logical diagramming is currently at 90% completion and plant design is currently at 50%. We anticipate that we will meet our milestone projection and exceed projections during the last quarters in 2012.
2d.	Rights of Way	26	We anticipate starting in 8 other counties early next quarter. Also, we anticipate railroad ROW permits to be approved during the coming reporting quarters.
2e.	Construction Permits and Other Approvals	26	We anticipate obtaining our construction permits within the 8 counties that are to come online early next quarter. We anticipate achieving our baseline milestone during 2012.
2f.	Site Preparation	0	Site visits have been completed for all sites, this includes location and path identification, Huts would have been purchased and installation commence within the next reporting quarters.
2g.	Equipment Procurement	23	Current total equipment procured is valued at \$5.7M. We anticipate to come in line with our plan percentage with additional equipment procurement scheduled for the next reporting quarters.
2h.	Network Build (all components - owned, leased, IRU, etc.)	16	The Network Build component will increase exponentially as construction continues to ramp up.
2i.	Equipment Deployment	6	Network architecture designs are ongoing. We anticipate continued equipment deployment during upcoming quarters.
2j.	Network Testing	6	Network architecture designs are ongoing. We anticipate continued network testing during upcoming quarters.
2k.	Other (please specify): Administration	34	We are confident that we will meet 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: Although our current supplier, OFS, is meeting its delivery commitments at this time, we consider the overall state of the market to be a risk. Currently delivery lead times are 20 weeks or more for new orders outside of existing commitments.

2) Pole Agreements: All pole attachment agreements required are executed, however the utility pole make-ready construction process and time-line is an ongoing risk and challenge. In many cases, the time-lines are several months for completion of make-ready work once engineering is completed. More significantly, pole owners are reluctant to make time-line commitments, in part due to potential weather-related delays that can drastically impact their construction resources for extended periods (i.e. Hurricane Irene)

2a) Pole Make Ready Cost: Additional challenges with pole make-ready are the requirement to replace/ renew utility poles. This may occur in certain jurisdictions due to regulatory load specifications and requirements. Should pole replacement become a requirement the financial undertaking could be in the range of \$30K - \$40K per pole. If pole replacement becomes excessive we would be forced to mitigate this risk by changing our methods from Aerial to Underground construction. This would stress our budget.

3) Permitting: As the pace of engineering and construction increases, potential delays may occur due to the limited resources available to perform wetland delineations as required to identify permits needed from the Maryland Department of Engineering (MDE) & US Army Corps of Engineers (USACE).

4) Environmental, Route Changes: Detailed engineering work identified lower cost routing and other necessary routing changes. Environmental consultations are in process with the Maryland Historical Trust (MHT), US Fish & Wildlife (USFW) and the Department Natural Resources (DNR). This is expected to be completed and submitted to the NTIA in November. A potential project shut down while the EA changes are reviewed would severely impact the schedule, as most of our construction contractors are now mobilized or in the process of doing so.

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	\$2,920,378	\$1,201,944	\$1,718,434	\$4,241,750	\$1,814,232	\$2,427,517
b. Land, structures, right-of-ways, appraisals, etc.	\$1,350,000	\$0	\$1,350,000	\$0	\$0	\$0	\$337,500	\$0	\$337,500
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	\$1,431,855	\$0	\$1,431,855	\$2,640,552	\$0	\$2,640,552
e. Other architectural and engineering fees	\$6,109,850	\$2,869,099	\$3,240,751	\$812,329	\$38,225	\$774,104	\$2,983,202	\$835,297	\$2,147,905
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	\$5,510,629	\$2,627,451	\$2,883,178	\$14,885,973	\$4,089,036	\$10,796,937
j. Equipment	\$29,211,582	\$8,888,681	\$20,322,901	\$5,763,723	\$2,279,112	\$3,484,611	\$6,758,413	\$2,566,882	\$4,191,531
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	\$16,438,914	\$6,146,732	\$10,292,182	\$31,847,390	\$9,305,447	\$22,541,942
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	\$16,438,914	\$6,146,732	\$10,292,182	\$31,847,390	\$9,305,447	\$22,541,942

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