



UC2B Policy Board Agenda

Regular Meeting

July 6, 2011 – 12:00 noon

Council Chambers, 102 N. Neil Street, Champaign, Illinois

- I. Call to Order
- II. Roll Call (By Roster) – Determine Quorum
- III. Approve Agenda
- IV. Approval of Minutes from 6/22/2011
- V. ACTION/DISCUSSION ITEMS (note in this section we will go to audience for comment prior to discussion by Board of each item, comments are limited to 5 minutes in length per person)
 - a) Marketing Committee Update – **Brandon Bowersox/John Kersh**
 - b) Status of Non-Voting Member – **Rev. Bogan**
 - c) NTIA/Grant Update – **Mike Smeltzer**
 - d) Update on Status of FTTC Construction Bids – **Paul Duke**
- VII. Tasks to complete for next meeting
- VIII. Items for next meeting's agenda
- IX. Public Participation
- X. **Next Meeting:**
July 13, 2011 Special Meeting – from 12:00 p.m. to 1:30 p.m.
Council Chambers, 102 N. Neil Street, Champaign, Illinois
- XI. Pending Items for future Action/Discussion:
 - a) Grant Required Approvals – **Mike Smeltzer**
 - b) Technical Committee Report and Request for approvals of items forwarded from Technical Committee and its sub-committees – **Tracy Smith**
 - c) FTTP RFP Decisions – should construction and management be included together as one RFP or not – **Tracy Smith**
 - d) Discussion of pursuing a change order for ring design in order to include a production class facility – Rough Cost Estimates – **Mike Smeltzer**
 - e) Consulting Bid results – **Teri Legner**



UC2B Policy Board Minutes

Regular Meeting
June 22, 2011

Location:
City of Champaign Council Chambers
102 N. Neil Street
Champaign, IL 61820

Committee Members Present: Abdul Alkalimat, , Brandon Bowersox, Mike Smeltzer as proxy for Mike DeLorenzo, Deborah Frank Feinen, Pete Resnick, Tracy Smith, and Richard Schnuer

Members Absent: Rev. Zernial Bogan, Minor Jackson

- I. The meeting was called to order at 12:03 p.m. by Chair Feinen.
- II. Roll Call
- III. Approve Agenda: Resnick moved, Smith seconded the motion to approve the agenda. The motion was passed by voice vote.
- IV. Approve Minutes: Resnick moved, Smith seconded the motion to approve the minutes of the June 15th meeting as written. The motion was passed by voice vote.
- V. Action Items:
 - a) Grant required approvals: no update.
 - b) Technical Committee Report: deferred – 6/21/11 Tech Committee meeting was cancelled.
 - c) FTTP RFP Decisions –deferred
 - d) Discussion of pursuing a change order for ring design– deferred.
 - e) Marketing Committee Update –deferred
 - f) Status of Non-Voting Member - deferred
 - g) NTIA/Grant update– deferred
 - h) FTTP Project Bid Results Summary, Schedule and Next Steps - Teri Legner stated that the bids for the FTTC project are all in and over budget. She noted staff from each of the member agencies are determining a process to work through these results and identify the next steps. Mike Smeltzer explained that the FTTC project was divided into 3 in order to expedite the selection process and to provide the greatest opportunity to spread the work among multiple contractors, but the construction budget from the grant does not distinguish given project amounts between the member agencies. There is a fixed

amount of money that's available for construction and contingencies and those have been exceeded with these bids. We won't have a discussion about changes that may need to be made to the specification with bidders until all 3 entities review their bids and decide what their next steps will be. Smeltzer also discussed factors beyond local control that had bearing on the costs between the time that we started this project (2 years ago) until the bids went out in May, (including increase in oil prices, Tsunami wiped out fiber production plants in Japan and others.) Jack Dempsey and Clark Wise from U of I F&S, were present to respond to questions, explore possible options for proceeding and assure the group that the University wants to work with the Cities to keep the project moving ahead. Dempsey cautioned everyone about budget project contingency amounts; that they need to be sufficient to accommodate unforeseen events and change orders in the future once the project is undertaken. He noted that the UI usually holds a 10% contingency in place for other projects. Schnuer said he'd like to have a contingency closer to 10% as well. Without sufficient contingency the member agencies will have to pay for cost overruns. Brandon Bowersox stated that it is imperative that the three entities work together in a timely fashion to proceed. He suggested that the Policy Board meet weekly if that would expedite these matters. Meetings will be held within the three organizations this week and by the next Policy Board meeting, we should have more specific issues to discuss regarding things that can be removed or adjusted for a future re-bid situation.

VI. Tasks for next meeting: Mike Smeltzer will identify items that can be changed. Specific changes in the bid process will be undertaken with direction to reduce the scope of the project from the member agency legal counsels. There are both State and Federal purchasing rules that must be followed. Champaign City Council will discuss Champaign's bids at its July 5th meeting. Brandon will check with Urbana Mayor and Council about scheduling a special meeting to discuss. U of I does not have to have board approval to reject or accept bids. Schnuer suggested next week be spent with the respective entities working with their engineers and internal people, then the committee can meet on July 6th with better information.

Committee Chair Feinen adjourned the meeting at 1:32 p.m.

Next meeting is scheduled for July 6, 2011 from 12:00 noon to 1:30 p.m. in Council Chambers at the City of Champaign, City Building, 102 N. Neil Street.



NTIA and Grant Update – 7/1/11

The regularly scheduled call with NTIA for the morning of 6/15 was moved to 6/17 at the request of our grant officer to accommodate his schedule. It was a short call and did not go into depth on much of anything – nothing new at any rate.

We did discuss the pending UC2B budget revision, and I received instruction on how to proceed with that. That paperwork was filed earlier this week.

We did discuss the pending Revised Environmental Assessment and the timing of that process. We have received our OK from Fish and Wildlife and are now waiting on the State Historic Preservation Agency approval.

We were mid-stream on our constriction bids submissions at that point, so there was a brief discussion of what we had so far – the University's responses.

A call had been planned for earlier this week, but it was cancelled at our grant officer's request. The next call is scheduled for July 13th. Teri Legner will be joining us on the future calls.

Adtran FTTP Electronics – We are still processing the paperwork that is required to get the demo equipment. We have reserved a 200-seat auditorium in the Digital Computer Lab for Thursday August 4th in the evening and Saturday August 6th in the morning for public demonstrations of this technology. It will be tight on timing, but should still be doable, unless there are delays in getting the actual equipment here.

Revised Environmental Assessment – Columbia Telecommunications Corporation (CTC) has filed our requests with the State Historic Preservation Agency as well as with Fish and Wildlife. We have received our OK from Fish and Wildlife and are now waiting on the State Historic Preservation Agency approval.

Construction Update – Teri has a separate update on the construction process.

Save the Date – October 5th will be the Central Illinois Broadband Summit at the iHotel & Conference Center. An Illinois Broadband Deployment Council meeting will be in the morning. A Partnership for a Connected Illinois meeting, and a Central Illinois ARRA project spotlight will be in the afternoon. You are all invited and if you can spend the entire day, you will learn about Central Management Services big BTOP project, as well as hear from the team doing research on UC2B.

Mike



UC2B Policy Committee

From Teri Legner, Economic Development Manager, City of Champaign

Date: July 1, 2011

Subject: Update on Status of Fiber-To-The-Curb Construction Project

The purpose of this report is to advise the Policy Committee on the status of the Fiber-To-The-Curb (FTTC) construction project. This report does not discuss options for reducing the scope of the project.

In early April 2011, Shive-Hattery delivered early versions of the construction plans for the first phase, i.e. backbone ring design, of the project. Champaign, Urbana, and the University each had their own separate FTTC project based on a decision early in the design process to split the project into three pieces. Each of these projects then were advertised in May, and bids were due back to the UI, Champaign and Urbana on June 15, June 17 and June 21 respectively.

In total, the UC2B backbone project will construct approximately 278 miles of conduit. The table below illustrates the sizes of the three component projects, the engineer’s estimates, and the bid results.

Agency	Project Size (miles of conduit)	Engineer’s Estimate	Low Bid	Amount Under/(Over) the Engineer’s Estimate
Champaign	158 miles	\$9,212,501	\$10,944,000	(\$1,731,499)
Urbana	89 miles	\$5,744,423	\$5,411,000	\$333,423
University	31 miles	\$1,652,007	\$1,567,574	\$84,433
Totals	278 miles	\$16,608,931	\$17,922,574	(\$1,313,643)

In total, the base bids are \$1,313,643 (8%) over the engineer’s estimate, not including the desired 10% contingency that each member agency needs in order to proceed. None of the member agencies has funding available to make up the difference between the bids and the engineer’s estimate, nor to cover any contingencies, or cost overruns, on the project.

Per the requirements of the Federal BTOP grant, 67% of the grant funds should be spent by January 31, 2012, and 100% of the grant funds must be spent by January 31, 2013. The time necessary to negotiate and/or rebid the project will make it very difficult to meet the interim completion date of January 31, 2012. However, agencies' staff are confident that the project can still meet the overall project deadline of January 31, 2013.

Representatives from each of the member agencies have determined that the preferred alternatives for proceeding are for the Cities to both reject their bids and negotiate with the apparent low bidders to seek a construction price that meets the expectations of construction cost and project budget, including contingencies. These negotiations will occur immediately after rejection of the bids by the Champaign City Council and the Urbana Public Works Director, which at the time of this writing, are expected on July 5. It appears that a combination of examining the construction process and materials, value engineering and communication with project design engineer Shive-Hattery about the bids and construction methodology may lead to savings in overall construction cost.

The University will withhold a decision on how to proceed, i.e. whether it rejects and re-bids or accepts and negotiates, until the Cities have completed their negotiations process.

If the negotiation process fails to result in a project that is under the engineer's estimate by July 18, member agencies will likely re-bid a revised project that incorporates the changes and value engineering described in the section above. Re-bidding the project could result in higher bids or even no bids. Since the bids came in considerably over the engineer's estimate thus making the project not constructible, there is little risk to re-bidding the project.

Budget Summary. The UC2B project is funded by a \$22,534,776 BTOP grant from the Federal government and a \$3,500,000 DCEO grant from the State of Illinois. All of these funds are held by the University of Illinois Board of Trustees as the grant recipient. In addition to the grant funding, there is a 10% local match required. These funds combined will be used to cover all of the construction-related components of the UC2B project, including the Fiber-To-The-Premises portion and the marketing/canvassing efforts directly related to gaining subscribers. The total project budget is approximately \$29.4 million, of which \$15.25 million is allotted for construction of this Fiber-To-The-Curb project. Given the total of the bids received by each of the three member agencies, \$17,922,574, and the need to provide for a 10% construction contingency, there is an estimated \$2.67 million gap that needs to be gained out of the negotiation/rebidding process. There is adequate funding in each of the Cities' Capital Improvement Plans to cover the matching funds contribution to the project. However, none of the entities have additional funds available to cover costs in excess of their local match share.