



UC2B Policy Board Agenda

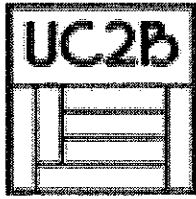
Regular Meeting

February 15, 2012 – 12:00 noon

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

- I. Call to order
- II. Roll Call – Determine Quorum
- III. Approve agenda
- IV. Approval of Minutes from January 18, 2012 Policy Board Meeting
- V. *Action/Discussion Items: (In this section, items will be presented to the Board and opened for technical questions, then we will go to the audience for comments – audience comments are limited to five minutes per person – then we will return to the Board for general discussion and questions)
 - a) NTIA/Grant Report (Smeltzer)
 - b) FTTP Procurement Process Update (Legner, Smeltzer)
 - c) UC2B Business Plan Update (Legner, Smeltzer)
 - d) *Resolution 2012 – 06 A Resolution Endorsing a Change Order to the NEO Fiber, LLC Contract (Outsourcing – Customer Care/Customer Service) (Legner)
 - e) Marketing and Outreach Subcommittee Report (Bowersox, Kersh)
 - f) Distribution of Non-UC2B materials by UC2B Canvassers
 - g) UC2B Core Values Discussion
- VI. Tasks to complete for next meeting
- VII. Items for next meeting's agenda
 - a) Presentation from Graduate School of Library and Information Science: Preliminary Study Results- UC2B Anchor Social Institutions & Ford Statewide Illinois Broadband Research (Alkalimat, Kate Williams)
 - b) UC2B Technical Committee Appointments – Voting member: Chris Hamb; Non-Voting Member: Brian Bell (Alkalimat)
- VIII. Public Participation
- IX. Adjournment
- X. Next Meeting:
Thursday, February 23, 2012, 6:00 p.m. to 7:30 p.m.

UC2B is an inter-governmental body. The City of Champaign serves as its administrative agent. The City of Champaign strives to ensure that its programs, services, and activities are accessible to individuals with disabilities. If you are an individual with a disability and require assistance to observe or participate, please contact the City of Champaign at 217-403-8943 at least 72 hours prior to the scheduled meeting date.



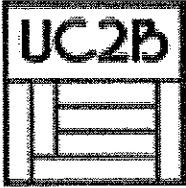
February 13, 2012

At the February 1, 2012 UC2B meeting, Mike Smeltzer stated that Rob Schaffer of Western Utility thought he had been misrepresented in the meeting notes of the 1/18/2012 meeting. Chair Feinen asked me to contact Mr. Schaffer to address his concerns. I contacted Mr. Schaffer on February 2, 2012 and read the portions of the minutes in which he was mentioned. He stated that he could not remember what his concern had been, but he would review his copy of the minutes that Mike Smeltzer had emailed him and then he would call me back with any corrections. I told Mr. Schaffer that I would have to have all corrections by Thursday, February 9th to prepare the packet. On February 9th, I had not heard from Mr. Schaffer, so I called and left him a voice mail message, but did not receive a return call.

Signed,

A handwritten signature in cursive script that reads "Pamela K. Edwards".

Pamela K. Edwards



UC2B Policy Board Minutes

January 18, 2012

Location:

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

Policy Board Members Present: Abdul Alkalimat, Brandon Bowersox, Michael DeLorenzo, Deb Feinen, Minor Jackson, Pete Resnick (via skype), Richard Schnuer, Tracy Smith (left early, proxy to Mike Smeltzer), Mike Smeltzer for Tracy Smith.

Members Absent: Rev. Zernial Bogan

- I. The meeting was called to order at 12:07 p.m. by Chair Feinen.
- II. Roll Call
- III. Approve Agenda: Alkalimat moved, Schnuer seconded the motion to approve the agenda. The motion was passed by voice vote.
- IV. Approve Minutes: Alkalimat moved, Schnuer seconded the motion to approve the minutes of the January 11, 2012 Joint Policy Board/Technical Committee meeting. Committee approved by voice vote.
- V. Action*/Discussion Items:
 - A. **Presentation of NEO Fiber's "Evaluation and recommendations for Pricing and Positioning Strategies, Best Practices for Retail Service Offerings, Resident and Business Services":** Legner noted that this item was on the agenda at the previous Board meeting and that the purpose of today's discussion was to continue where that discussion left off. Diane Kruse from NEO Fiber is in attendance via phone to answer any questions. Board approval is also requested today on *Resolution #2012-01 A Resolution Endorsing an Initial Residential Service Tier Offering of 20Mbps for \$20.*

Technical Questions: Alkalimat asked what the other service tiers and pricing were planned to be. Kruse stated that they are working on pricing and service offerings for the additional tiers for both residential and Business/Commercial

Use. There was also a discussion about recommendations regarding subscriber contracts and the length of those contracts. There are many options to consider whether they are month to month or 1 year or 2 year minimums. Kruse noted that that issue is still being researched, and there will be a recommendation by the consultants in the next few weeks prior to the next round of canvassers going out in March. The most pressing issue was setting a price for the canvassers to present to potential subscribers. The recommendation is 20Mbps for \$20.

Audience participation: None

Board comments: Alkalimat stressed that UC2B should have a policy to strive to be the cheapest internet in town. Feinen noted that this should also take into account the proposed bandwidth and how that compares to the competition's pricing. Feinen said the City of Champaign at least may not be prepared to subsidize UC2B into the future to guarantee the cheapest rates, so there is a concern about how that might be achieved DeLorenzo stated he feels more comfortable seeing a business plan by the business consultants prior to making a policy decision on this subject. Resnick asked about Indefeasible Rights of Use (IRU's) documents and what the consultants were planning to recommend for those terms. Kruse and Smeltzer noted that the Report verifies that UC2B's proposed IRU terms and rates were consistent with others in the industry. It was noted that the first IRU's will be with current investors, i.e. those providing matching contributions, but that IRU's negotiated in the future might contain different rates and terms. Bowersox said he was supportive as of today of the Resolution. He stated he originally thought the service should be free but has now come around to the decision that there should be a fee. Setting rates too low with the risk of going out of business is not going to do the community any good in the long run. Bowersox hoped the Board would continue to look at UC2B services to decrease prices in the future or create different service/tier packages. Bowersox does agree to the caveat that this price package as proposed is only for the 11 census blocks areas and only for residential services. Businesses should be charged at a higher rate. UC2B should commit to stay at this price point as long as the University is subsidizing it and as agreed to in the Letter of Understanding for the next 5 years. Resnick asked Kruse if a lower price was sustainable. Kruse noted that at this point, she would not recommend a lower price point but that it may be something that can be addressed at a later time. It was noted that the grant application anticipates a 50% take rate and that she would not feel comfortable recommending lower pricing based on the potential of getting a higher take rate. Eventually, it may be possible to offer a lower tier, for example a wireless option for a lower rate but that will have to be evaluated in the broader context of the business plan. Board members discussed whether the price for this tier should be \$19.95 or \$19.99 rather than \$20. Kruse explained that UC2B can offer any price, however 20Mbps for \$20 is a marketing tool. Service can still be charged at \$19.95 or \$19.99.

- B. **Resolution 2012-01 A Resolution Endorsing an Initial Residential Service Tier Offering of 20Mbps for \$20:** Bowersox moved to approve this Resolution with changing the \$20 to \$19.95, seconded by Schnuer. Board approved by voice vote.
- C. **Resolution 2012-02 – A Resolution Recommending Approval of an Alternative Procurement Process for the Fiber to the Premise Construction and Installation Project to the Champaign City Council:** Legner presented information received from the meetings with contractors Saturday and again on Tuesday. She stated that there was great participation from contractors and that they were generally very supportive of the proposal. In particular, it was good to know that unbundling or breaking down the project into smaller pieces was helpful for the smaller companies. She noted staff and contractors specifically discussed performance bonding requirements. The input received was that they were particularly an issue for prime contractors and not subcontractors as those are private relationships between primes and subcontractors. The groups discussed suggested levels of performance bonding, but probably the most informative thing shared was when to require a performance bond. It was suggested that the City's \$17,500 threshold for requiring performance bonds at 100% of the contract value be increased. In other words, raise the threshold limit to \$100,000 before any performance bond is required. The risk of default is smaller at this level, and because there will be other contractors participating in the 6 projects, there will be resources immediately available to UC2B to recover from a default. This also provides smaller contractors with an increased financial ability to bid on the smaller component pieces of the larger project. The proposed procurement plan as drafted also suggests that there be an 80% performance bond required for contracts over the \$100,000 threshold. This was an amount that was meaningful in terms of getting bank financing according to one of the contractors. Also included in the draft plan is a rolling release of the contract retainage. For construction contracts, it is typical to withhold 10% of the monthly pay request for the duration of the project so that the contractor is motivated to successfully complete the work. In this proposal, there would be threshold levels of completion, yet to be determined, that would trigger an earlier release of those dollars to help contractors with cash flow. The other major suggestion that was made last night, was that the City proceed with bidding some of the equipment, including the ADC cables, so that the contractors are not delayed in starting work and they do not have to make that cash outlay up front.
- D.
- E. **Technical Questions:** Resnick asked if there was any input or contractor reaction to the proposal to evaluate both price and workforce diversity at the 75% - 25% ratio. Smeltzer stated that the contractors were positive and encouraging about the workforce diversity pledge, however no one spoke to the ratio. Schnuer asked what documents were proposed to be incorporated into the Resolution. Legner stated that the proposed plan, along with the goals and perceived barriers document, the project breakdown schematic, the sample bids and scoring document and the document that includes Section 12.5-38 Award Criteria of the

Municipal Code. Schnuer also asked about the term “ethnic minority” and how that was defined so that it is clear what is being measured. Are the protected classes well defined? Schnuer suggested that someone may be an ethnic minority but not in a protected class. Smeltzer stated he got the term from Craig Walker who Smeltzer believes was trying to designate racial minorities from females. It was suggested that the word “ethnic” should be deleted from the packet. Schnuer asked about Item 7 in the proposed plan, i.e. the 1% incentive payment. How much would this be on the entire project? Smeltzer stated that based on current project budget that amount should be about \$25,000. Resnick asked why the middle section of packet relating to construction issues is part of the Resolution. Legner stated that this piece is provided, as recommended by the Fiber to the Premise procurement team so that there is a clear context associated with the proposed plan. It is up to the Board if you want to include it. Schnuer said that this is helpful and that it should be retained as an integral piece of the approval.

Audience Comments: Folk stated he does not agree with the proposal to require an 80% performance bond for projects over \$100,000 nor does he agree with not having a performance bonding requirement for those that are less than \$100,000. Folk suggested that a lower bonding amount be required for the larger projects and that a higher amount than 0% be required for those under \$100,000 because it requires no “skin” for contractors with less resources and it may still be a prohibitive amount for the larger contractors on the larger projects. Banks want cash on-hand equal to the bid amount. Rob Shafer, Western Utility Contractors, stated that the bond protects subcontractors also. Jackson asked for Fred Coleman to speak to this situation. Coleman stated that, in his opinion, the performance bonding requirement for the larger contracts ought to be 50% as a reasonable compromise stating it is a good balance of risk. 50% will still be a challenge for some, but there is increased risk with no bonding given the schedule for this project. The performance bond is in place to protect the owner and the prime contractor. Stavins noted that State Statute currently requires, as does the City ordinance, 100% bonding for performance for these types of projects. Resnick asked if Coleman was aware of any projects where no performance bond was required. Coleman responded that there have been such projects from time to time.

Board Comments: Board members discussed the Resolution. Feinen asked if a vote was needed today. Legner urged the Board to take action because time is of the essence and the process still needs to be reviewed by the City Council, which is tentatively scheduled for February 14. Input can still be taken until then but Board action is still desirable so that staff can put the proposal into a Report for Council to meet that schedule. Every day that passes is a day that contractors are not working and the grant deadline is February 1, 2013. Shafer asked about the minority workforce pledge and how that would be described and articulated in the contract documents. What is the penalty for contractors that are unable to meet the pledge they made during the proposal process. It was recognized that there is little strength to the City’s process for declaring a contractor in default that can be

brought to bear due to the tight timeframe imposed by the grant but that the proposed process attempts to address this issue with the incentive payment concept. Smeltzer also recognized that it could be considered failure to perform by not meeting the pledge and the contractor could be declared in default but that is a difficult action to take and work still needs to be completed. . Board members urged staff to develop this part of the procurement process further to add “teeth” to the penalty for not following through on the pledge. Board members also discussed establishing a target amount for the diversity pledge. Legner encouraged the Board to let staff review this concept with the City Attorney before any decision is made. Shafer discussed the percentages and stated that in the City of Chicago there is a 24% minority, 4% female workforce. He feels that setting a percentage is social engineering. Feinen thanked for him for his input. She stated that the Board is trying something new here, so things are different. UC2B is trying to do things differently and intentionally so that there can be more minority inclusion in these contracts. Schnuer stated concern about the timeline if there is a breach of contract, UC2B needs to be able to move on quickly and get back on track. While UC2B wants to increase minority participation, what is really desired is diversity. Shafer asked about the smaller companies with 100% minority workforce of just a few employees as opposed to a larger company with many employees with only a 50% minority workforce. He noted that there is a possibility that the larger company may have the resources to bring more minority workers to the job overall and complete the work on time than the smaller company with only a few minority workers which may struggle to complete the work., Which company is actually employing more minority individuals and achieving the goal of meeting the deadlines?. Smeltzer stated that all pledges should be treated equally. Legner stated this issue warrants further discussion. The Policy Board will see the bids and will be able to make decisions about which company to hire. She thinks there is a reasonableness that can be applied to the process. Delorenzo stated that it needs some further work and should be reviewed by the attorneys so that all parties are protected in this process Alkalimat stated that, philosophically speaking, this country was created on social engineering. There have always been efforts to block black people from work. This process is trying to reverse that. UC2B needs to develop some “teeth” to this process, so that if contractors do not follow through on their commitment, there will be a consequence. Coleman agreed with Shafer, that there should probably be a cap placed on this so that there is a limit but without creating bias. Structuring of enforcement needs to be in place. This is new territory that UC2B is trying to create. Feinen asked the Board to vote on adding” teeth” to the wording. Alkalimat moved, Smith seconded this concept and the need to develop this further. Board members agreed but gave staff the flexibility to work on this before the Council discussion on the 14th. Board members also discussed the performance bonding proposal and suggested that staff develop this further with additional input from bonding companies. In an effort to move this item forward, Bowersox moved to amend paragraph #8 regarding bonding amounts, to change “80%” to “between 50% to 80%” and for contracts under \$100,000 change 0% to “between 0% to 25%”.Motion seconded by Schnuer. Board approved via voice

vote. Resnick moved, Schnuer seconded that the word “ethnic” also be dropped from item #6 and suggested language such as “higher workforce diversity” and “lower workforce diversity”. Board approved via voice vote.

Schnuer asked for confirmation of the date for the Council Study Session. Legner confirmed it is set for February 14. The Policy Board will meet the week of February 1st. Schnuer asked for staff to look at what is reasonable for items 5, 6 and 8 as discussed earlier. Bowersox moved, Schnuer seconded that *Resolution 2012-02 Recommending Approval of an Alternative Procurement Process for the Fiber to the Premise Construction and Installation Project to the Champaign City Council* be approved as amended. The Board approved by voice vote.

- F. **Resolution 2012-03 A Resolution Authorizing the Purchase of Core Network Equipment:** Motion to approve Smeltzer (Smith’s proxy), seconded by DeLorenzo.

Audience comment: Folk stated Bill DeJarnette voted against this at the Technical Committee. As an internet service provider, he feels this hardware is inappropriate and overly expensive.

Board comment: Bowersox stated that one of the main things he cannot discern from this document is where the capacity bottlenecks are. Smeltzer stated the current model is dual 10 gigs, but oversubscription is the model for ISP’s. Bowersox asked how UC2B will know when and how the system is maxing out and whether it will track when subscribers are hitting their limit. Smeltzer stated the equipment will track this data at least on an aggregate basis and, that information can be made public. Bowersox thinks that would be great transparency. Board approved *Resolution 2012-03 A Resolution Authorizing the Purchase of Core Network Equipment* by voice vote.

- G. **Resolution 2012-04 A Resolution Establishing the 2012 Annual Meeting Schedule for the UC2B Policy Board:** This Resolution is before the Board as a request from Rev. Bogan to change meeting dates to the first and third Thursday evenings of each month as the current meeting schedule does not allow him to participate with his current work schedule.

Board comment: The third Thursday at 5:30 p.m. does not work for Feinen. Legner stated that due to conflicts in Council Chambers, the meetings could not start before 5:30 p.m. on those evenings. DeLorenzo stated that evening meetings do not generally work for him due to family commitments. Feinen stated that while she feels evening meetings are better for public participation they just do not work with her schedule. Schnuer stated he has a conflict on the first Thursday of the month and asked if perhaps members should consider the second and fourth Thursday’s instead. Bogan has a conflict on the fourth Thursday of the month. Feinen stated that the change is being discussed primarily to accommodate Rev.

Bogan, so rather than move the meeting and have him be unable to attend half the meetings, Feinen will get in touch with him to confirm his schedule. The Board will go ahead and meet February 1st, 2012 as previously scheduled. Feinen asked Legner to put this schedule change on the agenda for the next meeting.

Alkalimat asked about the anchor institution presentation and when that might be scheduled. Legner will work with Alkalimat to find a date.

H. **NTIA/Grant Report:** There was a written report in the packet.

I. **Canvassing Update:** none

VI. **Tasks to complete for next meeting**

Core Values consideration email for committee to review. Feinen will forward email to Legner. Legner will put on agenda for next meeting.

VII. **Items for next meeting's agenda** – As addressed in the meeting.

VIII. **Public Participation:** NONE

J. **Adjournment:** Meeting was adjourned at 2:10 p.m. by Feinen.

K. **Next Meeting:** Wednesday, February 1, 2012 at 12:00 noon in the Council Chambers, City of Champaign, 102 N. Neil Street, Champaign, IL 61820



NTIA and Grant Update – 2/13/12

We had our regular NTIA call on the 8th. The ball is currently in Grants and Contracts' court on NTIA's approval of Dr. Gant's work. There is now a potential fly in the ointment on the Multi-Port Service Terminals (MSTs) that we plan to deploy for the Fiber-to-the-Premise (FTTP) connections. Our contractors were surprised when those MSTs arrived that they had "Made in Mexico" stickers on them, as there are Buy American provisions of the ARRA legislation that we must adhere to.

NTIA did create a blanket waiver of the Buy American provision for several classes of equipment, and the MSTs could fall into two of those five classes. We have asked NTIA for guidance, which may be back by Wednesday. In the meanwhile, we have told the contractors to not install any MSTs until this is resolved. They both now have other fiber cables they can be installing instead.

Construction – No news on this front other than steady progress. John Burns is right around 50% on their conduit installs, while Western is creeping up on 40% of their conduits. Both contractors have been taking advantage of the continued mild weather to do concrete repairs.

FTTP Procurement– Tomorrow night, the Champaign City Council will review the FTTP procurement. Based on feedback from the firm that brokers a majority of the construction bonds in this area, the proposal has evolved since you last met. Teri will have details for you.

Fred Coleman and I met with Clark Wise from F&S, and it was agreed that we would use Division 36 on the inside work and Division 40 on the outside work for the prequalification of FTTP contractors.

Consultants – Diane and Mark are continuing to make progress. Teri will have an update on when you will see their work.

FTTP Electronics Purchase – The saga of the neighborhood cabinets took a slight twist right after your last meeting, and in the interest of getting them fabricated and delivered without further delay, I authorized an additional total of \$5,000 to further upgrade the cooling units. The engineers from Adtran and the engineers from KGP (the firm that is assembling all of the components into the cabinets) are of slightly different minds on the cooling needs of the electronics and the cooling capacity of the heat exchangers.

We might have been fine with what you approved two weeks ago, but then again we might not have been. We can set the thermostats of the larger cooling units to 90 degrees before they ever kick in, but if we have an uncommonly warm day and a heavily populated cabinet our customers will appreciate the extra cooling capacity that the larger units provide. Our contractors are clamoring to get their hands on the cabinets, so they can start pouring the concrete pads and getting the power connected and an additional two-week delay would have been bad.

See you on Wednesday.

Mike

RESOLUTION NO. 2012-06

A RESOLUTION

ENDORISING A CHANGE ORDER TO THE NEO FIBER, LLC CONTRACT
(Request for Proposals for Outsourcing – Customer Care/Customer Service)

WHEREAS, the Scope of Services for the City of Champaign’s Contract with NEO Fiber, LLC does not include work or hours to develop a Request for Proposals related to outsourcing customer care and customer service activities for UC2B; and

WHEREAS, it is an option for UC2B to provide such services by contracting with a third party that has experience delivering these types of services; and

WHEREAS, the costs associated with such service delivery are unknown for this market; and

WHEREAS, it is necessary to identify these costs so that they may be included in the financial models that NEO Fiber, LLC is preparing as a primary deliverable under its current Scope of Work; and

WHEREAS, it is necessary to identify the costs and understand the services that a third party provider may be able to deliver at this time so that the UC2B Policy Board may weigh its options and make an informed decision regarding the preferred model for operations for the foreseeable future; and

WHEREAS, the Scope of Work to deliver these services is attached and incorporated herein; and

WHEREAS, the costs to deliver this Scope of Services associated with this Request for Proposals is \$10,000; and

WHEREAS, it is recommended that the work NEO Fiber, LLC is providing relating to Regulatory Review be scaled back and alternatively incorporated into a professional services agreement with outside legal counsel; and

WHEREAS, it is estimated that this reduction in the current Scope of Services will result in a savings on the NEO Fiber, LLC Contract of \$3,000; and

WHEREAS, there has been approximately \$1,000 saved to date on the current Scope of Work due to UC2B staff time spent organizing the community stakeholder visits in January, 2012; and

WHEREAS, the net increase in costs associated with this Change Order is \$6,000 and it is within the Champaign City Manager’s purchasing authority to administratively approve this Change Order resulting in a revised total contract amount of \$66,000; and

WHEREAS, the UC2B Fund Budget that was approved in August 2011 as an Attachment to the Letter of Understanding among the member agencies is sufficient to cover these added expenses at this time.

NOW, THEREFORE, BE IT RESOLVED BY THE UC2B POLICY BOARD, as follows:

Section 1. The Policy Board endorses the approval of this Change Order and recommends that the Champaign City Manager authorize NEO Fiber LLC to prepare a Request for Proposals for Outsourced Operations addressing Maintenance and Issues Regarding Physical Plant and Assets and for Customer Service.

RESOLUTION NO. 2012-06

PASSED:

APPROVED: _____
Policy Board Chair

Scope of and Description of Work, UC2B
Write RFP for Outsourced Operations and Evaluation
NEO Fiber

Step 1:

Draft Request for Proposal (RFP) for Outsourced Operations using UC2B RFP Template. Create detailed scopes of work for the following outsourced operating models:

1. Outsourcing of Maintenance and Issues Regarding Physical Plant and Assets:

- Fiber Management System
- Provisioning of Customer Premise Equipment
- Installation of Customer Premise Equipment, Installing Fiber Optic Laterals, Test, Turn up
- Outside Plant, Network Monitoring, Alarm Monitoring, and Trouble Resolution and Repair

2. Outsourcing of Customer Service

- Order Acceptance
- Order Entry
- Customer Activation
- Customer Service Call Center Operations, Adds, Moves, Changes, Customer Service, Billing and Collections, Trouble Tickets and Resolution

Incorporate Scopes of Work for Outsourced Operations, Service Level Expectations, and Parameters for the Request for Proposal.

Estimated Hours: 36 Hours

Step 2:

Evaluate responses to the Request for Proposal and Provide a written recommendation to UC2B for Vendor Selection.

Estimated Hours: 30 Hours

From: Richard Schnuer
To: teri
Date: 1/18/2012 11:40 AM
Subject: Fwd: UC2B core values
Attachments: Design-Goals-for-UC2B-fiber-rings-081310.pdf; signature.asc

Richard A. Schnuer
Finance Director, City of Champaign
Policy Board Member, Urbana-Champaign Big Broadband

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Champaign, IL 61820
richard.schnuer@ci.champaign.il.us
website: www.ci.champaign.il.us
phone: 217/403-8943

>>> Peter Folk <peter@volo.net> 1/18/2012 11:01 AM >>>
[I asked earlier this morning for Pam to forward this (minus one minor change) to the UC2B Policy Committee and Cc me but I didn't see it go through yet, so I'm sending it myself to the PC members I have addresses for. I already sent it to a few others including Diane Kruse.

I know that getting it now provides you little time to review and dialog, but hopefully it gives you a starting point for discussion. -- Peter]

What are the core values of UC2B?

- Do they include being honest in marketing?
- Do they include providing low-cost service?
- Do they include fair pricing for services?
- Do they include charging based on cost, not profit motive?
- Do they include ensuring that services provided are sustainable?
- Do they include providing a level playing field for all users and providers?
- Do they include being frugal with taxpayer money?
- Do they include providing as many job opportunities as possible given other constraints?

Based on years of discussions about UC2B from its earliest stages, with people from many walks of life, I believe ALL of those are critical, core values of UC2B. They are what the public hopes UC2B will stand for, and I believe it can.

The Policy Committee has approved some Operational Objectives, attached, but that document is old, focused on construction, not very comprehensive, nor clear on what is a core value and what is a soft objective. I would recommend the Policy Committee develop a set of Core Values based on public feedback, and staunchly refuse to accept directions that compromise your values. I encourage you to have a discussion at your next meeting--or at a special joint Policy and Tech Committee session--about what UC2B's core, unassailable values are, and adopt them officially or re-affirm them.

WThe pricing proposal in front of you is a very good start in the direction of exploring what services the market will buy, at what prices, but the results--the proposed pricing--force you to choose between some of the values above.

Offering 20mbps for \$20/mo is either dishonest marketing or unsustainable because the absolute cheapest bandwidth available today in

Chicago costs \$1/mbps.* You can not afford for people to actually use what you are selling them, so you will have to choose between losing money on their service and limiting their use.

This also impacts how level the playing field will be. As a potential service provider I believe it is unfair, contrary to what the public wants, bad business, and possibly illegal for UC2B to offer a service at below cost while charging at or above cost to external service providers (this is, I believe, the current plan: charge service providers thousands of dollars per month to connect to the core plus \$20/mo to use the network, where UC2B's ISP part is not charged for either connecting to the core or using the network). Every service provider and user, including the UC2B service provider and UC2B customers, should be charged the same for a given service.

Offering gigabit internal connections for free with \$20/mo service but charging businesses \$1200/mo for them is another example of unsustainable, unfair or dishonest pricing. The free connectivity is unsustainable in that you can't afford for people to actually use it: 10 users (20 if back-loops are live, a technical detail TBD) off of one node (a node serves up to 384) can saturate that node's connectivity, at which point all the node's users' internet and intranet traffic will compete for bandwidth available, ie get slower. It's unfair or dishonest because you're either promising end users something they won't practically get, or charging business users way, way more than residences (this is true even if users would only get 1/10th of the promised bandwidth--the pricing proposed charges businesses \$400/mo for 100mbps interconnections).

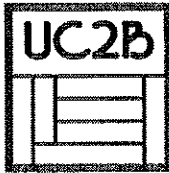
The equipment purchase plan also compromises the values above. While the equipment is technically sound, it is certainly not the most frugal use of funds (as much as \$300,000 more expensive than other options due to buying, without clear practical justification, new hardware without a low-cost upgrade path instead of used but warranted hardware with an inexpensive upgrade path, buying switches that are far more expensive than practicality would require, and buying appliances for \$95000 instead of using free software like most ISPs use). It misses out on the opportunity to provide local employment without adding cost by buying appliances instead of specifying jobs.

I have long maintained that putting UC2B ISP operation and core management up for RFP--asking all comers to respond with the solutions they can offer that best satisfy UC2B's core values--is the right way to create a sustainable, value-based, operational, responsive UC2B. I believe that you today have the basis for evaluating that RFP.

If the responses do not satisfy your core values, or are more expensive or otherwise worse than the options you have on the table, then you can simply move forward with the options before you. But I can assure you, at least one provider will propose a solution that improves on your current proposal in many, many ways.

Peter

* Note that bandwidth prices do fall over time but not nearly as fast as electronics costs fall (Moore's law). We have seen regular \$1/mbps specials on bandwidth for three years--ie no reduction in the lowest-cost bandwidth over three years. (The non-special-offer cost is 100-400% higher than that depending on time of year and provider, and has been decreasing.) Bandwidth usage increases at almost the same rate as price decreases, so the solution doesn't lie in just waiting for the problem to go away...if anything trends seem to be making the problem worse over time.



Urbana-
Champaign
Big Broadband

Design, Construction and Operational Goals for the UC2B's Fiber Infrastructure

Note: The items in bold are the actual goals and objectives. The non-bold text is additional information that is intended to add more clarity to the goal or objective.

1. **Conduit paths for the network backbone and fiber to the curb should be, to the extent possible, below ground construction** – The purpose of this goal is to minimize public concern regarding personal and neighborhood aesthetics and create a network that removes security and operational concerns that exist with above ground infrastructure.
2. **Minimize the future operating expenses of the UC2B network** – Intended to create an infrastructure that will allow for the greatest centralization of network electronics, which could result in lower operating costs.
3. **Minimize or eliminate the number of huts, cabinets, and pedestals in the rights-of-way and in publically granted easements** – Intended to reduce both the impact on neighborhood aesthetics and power requirements. Fewer sites housing powered FTTH electronics equates to reduced HVAC needs and lower one-time and recurring costs associated with these needs.
4. **Maximize the flexibility of the infrastructure for future expansion (eventually to the entire community)** - The design approved by NTIA supports fiber rings community-wide by incorporating both high fiber strand counts and a spare conduit on every conduit segment.
5. **Minimize the time required to restore service to FTTH customers in the event of a fiber break** - Service restoration is available through warm alternate fiber paths at Layer 1. All fiber service rings should be less than 30 kilometers in length.
6. **Maximize the ability of the physical infrastructure to support the redundancy, reliability, and cost efficiency needs of varied public and private providers to deliver cost and performance competitive services.** - The more advanced customers that are served via connections that have a reverse path (either hot or warm) the fewer customers will be significantly impacted by a fiber cut.
7. **Minimize the distances of laterals for public safety, medical and governmental Anchor Institutions and potential multi-site customers (listed on a spreadsheet) to the fiber service rings** - The closer the fiber service rings are to each public safety, medical and government Anchor Institution and potential multi-site customer, the shorter the “vulnerable” lateral connections need to be and the more desirable the connections will be.
8. **Facilitate point-to-point connectivity (i.e. fusion splicing) between rings to create the shortest path to fiber assignments when end locations reside across multiple fiber ring paths** - Meet the fiber interconnection needs of the cities, the University, IRU (Indefeasible

Right to Use Agreements) customers, UC2B customers and ISP locations as listed on the attached spreadsheet. On the design approved by NTIA, any strand of any ring can be cross connected to any strand of any other fiber ring in at least two locations, often more. In addition, several agencies purchased IRU's and need to be able to operate their own networks on one or more rings with no dependencies on any UC2B-owned and operated electronics.

9. **Design a transport network that allows the delivery of multiple IP-based services (i.e. the ability to offer IP-based phone, TV, Internet services, etc.) and that allows multiple public and private providers to provide services.**
10. **Create a flexible, standards-based network topology that might last for the next 50+ years and address the following items for Urbana, Champaign and the surrounding area:**
 - a. **Provide a long-term solution to support fiber to the premises (FTTP - homes and businesses)**
 - b. **Provide dark fiber to the locations identified by each organization that purchased an IRU (list attached)**
 - c. **Provide service delivery solutions to the anchor institutions (list attached)**
 - d. **Provide multiple transport tiers that allow both business and residential subscribers to select a bandwidth subscription rate and services they desire**
 - e. **Provide a path for the evolution to future technologies while retaining long-term support for the recommended FTTP technology.**
 - f. **Provide delivery solutions for ICN (Illinois Century Network) and IDOT (Illinois Department of Transportation) (list attached)**
11. **Provide for balance of core infrastructure so that the governance agencies of UC2B (City of Urbana, City of Champaign, and University of Illinois) all have equal access to all aspects of the network in case the agencies consider offering their own public services over the network – The purpose of this is to provide options to each agency if the created consortium fails to meet operational objectives and requires each agency to offer its own services.**
12. **Effectively use existing local government conduit and fiber and use private conduit and fiber where construction and design standards and economics create measurable advantages that support all other goals and expectations.**
13. **Prioritize construction to maximize available services as soon as is reasonably possible.**
14. **Minimize damage to public and private property – The purpose of this goal is to minimize the cost of building the network and reduce the time needed to patch relations with citizens and businesses.**
15. **Use local labor and contractors whenever possible – The project funding, in part, is intended to be an economic stimulus, so UC2B would want work to go to as many local contractors and providers as possible. UC2B would also like to see local firms hiring trainees and apprentices to help fill their workforce needs by hiring from the 11 census blocks where FTTH will occur.**

Operational Objectives:

1. **Position the Champaign-Urbana area as a leader in the U.S. and the world for broadband availability and adoption**
2. **At a minimum, create the ability to provide IP-based triple-play services on the network**
3. **Position the Champaign-Urbana community to take advantage of the benefits of big broadband**
4. **Attract world-leading research opportunities for the University of Illinois**
5. **Provide great home and business internet service at a low/competitive cost, especially in the targeted service area identified as a vulnerable population**
6. **Provide the network foundation to enable community organizations to provide training, helpdesk support, computer equipment outreach, and customer adoption.**
7. **Create a meaningful impact on people's lives to promote jobs, economic opportunity, and ability to use big broadband to help bridge the digital divide.**
8. **Support local entrepreneurship within the community**