



IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner
CHAIR

Kathleen Kohorst
Kelly Dolan Lange

Timothy L. Lapointe
Mary Sellers

Mary Mosiman
Robert von Wolfradt

RIC LUMBARD, EXECUTIVE DIRECTOR

GOVERNOR TERRY E. BRANSTAD LIEUTENANT GOVERNOR KIM REYNOLDS

Iowa Telecommunications & Technology Commission

Grimes State Office Building, 1st Floor

400 E. 14th Street, Des Moines, IA 50319

February 16, 2017 Minutes

FINAL

To ensure the most efficient use of State resources, the February 16, 2017 ITTC meeting was held via telephonic conference pursuant to Iowa Code section 21.8. A telephonic conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance via Phone Bridge.

I. Roll Call:

- **Commissioners Present:**

Richard Bruner, Chair (on-site)
Kathleen Kohorst, Member (video)
Kelly Dolan Lange, Member (video)
Timothy Lapointe, (on-site)
Robert von Wolfradt, Ex-Officio (phone)

- **Commissioners Absent:**

Mary Sellers, Member
Mary Mosiman, Ex-Officio

- **Iowa Communications Network Staff Present:**

Ric Lumbard, Executive Director
Phil Groner, Chief Operating Officer
Deb Evans, Chief Financial Officer
Mark Johnson, Chief Administration Officer
Randy Goddard, Business Services Bureau Manager
Ryan Mulhall, Security Bureau Manager
Scott Pappan, Engineering Bureau & BRIC Manager
Mike Cruise, Finance Bureau Manager
Dave Marley, NOC (Network Operations Center) Manager
Jessica Jensen, Executive Administrator
Lori Larsen, Communications Lead
TJ Boulet, Legislative Liaison
Karen Alessio, Secretary (Recorder/Minutes)

IOWA COMMUNICATIONS NETWORK

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- **Guests:**

Sean Cory, Century Link
Caitlin Jarzen, Iowa Communications Alliance (ICA)

II. Call to Order

- Chair Bruner called the meeting to order at 10:32 a.m. It was noted that a quorum of members was present for the meeting.

III. Approval of January 19, 2017 Meeting Minutes

- Chair Bruner requested a motion to approve the January 19, 2017 meeting minutes. Commissioner Kohorst moved to approve the minutes. Commissioner Lapointe seconded the motion. The motion was passed unanimously.

Commissioner Kohorst – Yes
Commissioner Lange – Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

IV. New Business

- **Legislative Update – Mark Johnson**

The Legislature had an opportunity to take up the House version of ICN's proposed legislation last week. The legislation came out of subcommittee after a 15 minute debate. The subcommittee members recommend an amendment, which the ICN provided and it is likely to go before the full Public Safety Committee within the next couple of weeks. The Legislation would define state communications for purposes to remove two exceptions that the ICN could not provide under that definition - Law Enforcement Communications and the DOT (Department of Transportation) Mobile Radio Network Communications. The DOT opted not to be included in the bill at this time and understands that should they need assistance from the ICN in the future the statute would need to be changed. Initially the DOT thought they were required to utilize the ICN under the bill; however, that is not the case. The subcommittee amendment will need to be approved by the full Public Safety Committee to be incorporated into the bill. This will still strike out the Law Enforcement Communications and will allow the ICN to continue to partner with the Department of Public Safety (DPS) with initiatives that have

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been discussed. DPS personnel were in attendance at the subcommittee meeting and voiced their support for the Legislation.

COMMENTS:

Chair Bruner: Which bill was that?

Mark Johnson: That was the House Study Bill (HSB) 83. The bill will go before the Public Safety Committee with that number. Should it be approved, it will be redrafted and get a house filing number and be ready for the full house.

Commissioner Lapointe: Does that effectively move those agencies from mandatory users to authorized users?

Mark Johnson: No. All the state agencies are authorized users. The definition of state communications identified certain activities that the ICN could engage in, but there were exceptions that were taken out. IPTV (Iowa Public Television), Law Enforcement Communications, the DOT's Radio and Video Networks. When this was originally drafted, there were some concerns expressed by those agencies not wanting to be forced to use the ICN.

Director Lumbard: The ICN has been working with the DPS for a long time; however, we would normally provide circuits. Partnerships have been developed and the ICN manages more of their advanced services.

- **Financial Report – Mike Cruise**

The January Budget-to-Actual Report Lead Schedule for 2017 was presented. The monthly Operating Margin for January contributed to positive cash flow for the month. Year-to date Operating Margin is \$691,613.52 with a positive margin percentage of 23.6%. The Year-To Date totals for the month ending in January with overall cash from Operations is (-\$2.19M) with the overall margin percentage of (-11.4%). The totals are consistent with the budget amounts.

COMMENTS:

Chair Bruner: The spreadsheets are easier to read and I like the way you can track the lines of business.

- **Product Drill Down – Deb Evans**

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Finance has transitioned to a margin-based reporting system which is categorized by individual services. The result of margin-based reporting is improving the organization by watching margins that indicates which products are successful, and which products need to be sunsetted. The new transition will also benefit Business Services with pricing and finding financial errors.

- **Financial Report – Mike Cruise**

The ICN Voice Services Revenues and Expenses were presented. Managed Voice Services was highlighted and noted that only Direct Expenses were applied to the Managed Voice Services, and not Non-recurring Direct Expenses. The report includes the monthly Reoccurring Direct Expense, the Installment charges, and Technician Installation charges. The majority of customers are classified under Government, accounting for over 90 percent of all revenue combined. The expenses calculated over 51%, and that is contributed to the ICN services, or overhead services even though the ICN does not bill itself, but the expenses are contributed to the ICN. The overall margin of Managed Voice Services Operating is -49.5%, the two factors contribute to that is the high percentage of ICN cost compared to the overall cost, and the expenses occurred are accrued for the ACD (Automatic Call Distribution) service feature for the several customers who have not been billed. The ACD's on the Legacy System are billable charges that are negotiated with each customer, and the customer may not be billed the entire cost if the service is a like for like change. That figure is shown under the MVS Non-recurring Direct Expense of \$-152,730.00.

COMMENTS:

Chair Bruner: The ICN will bill for those costs?

Mike Cruise: Not all of them. That is negotiated with the customer. If it is a like for like change from their Legacy Service it is probable that the ICN may not bill for the entire service. It is an overhead that the ICN incurs.

- **Action: West Des Moines 28E Agreement – Mark Johnson**

The 28E Agreement is established between the ICN and the City of West Des Moines that is a revision of an existing 28E Agreement that was put into place approximately 15 years ago. It is recommended that the ITTC (Iowa Telecommunications and Technology Commission) approve the agreement to move the partnership forward. This is the framework for an on-going partnership with the City of West Des Moines, and does not provide for any specific services at this time. However, it has been discussed that future services may include ICN's potential access to fiber conduit with the city; provisioning of service to health care facilities in West Des Moines, as well as fiber management asset services by managing their infrastructure. Once in affect, the ICN and the City may do all things necessary to carry out the provisions of the Agreement that are consistent with the authority granted to each party under

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applicable by law. The ICN and the City may adopt written procedures and other terms for the purpose of implementing this Agreement. It is anticipated that the City Council will approve this agreement as they will be meeting next week.

COMMISSION ACTION:

Chair Bruner: Do we have a motion to approve the 28E Agreement with the City of West Des Moines?

Commissioner Lapointe: I request a motion to approve the 28E Agreement with the City of West Des Moines as indicated by staff recommendation of Mark Johnson. Commissioner Kohorst seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes
Commissioner Lange – Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

- **Action: Northwest AEA Waiver Request – Randy Goddard**

The Northwest Area Education Agency, Sioux City, IA is requesting an ITTC waiver of network use by certified user. This is in regards to an E-Rate 470 bid requesting a 100 Mb Ethernet connection from Sioux City to Sioux Center (field office). Northwest Area Education Agency received two bids: one from ICN and one from FiberComm. An E-Rate Bid Evaluation Matrix was provided as both vendors scored equally on four different key areas with the exception of price of products and services. The ICN included a non-reoccurring charge of \$400 and the monthly service charge would be \$784 per month under a 36-month term. An installation charge was not included with FiberComm's bid, and the monthly service charge would be \$580 per month under a 24-month term. Staff recommends ITTC approval of the Northwest AEA Waiver Request of Network Waiver of a certified user.

COMMISSION ACTION:

Chair Bruner: Do we have a motion to approve the Northwest AEA Waiver Request?

Commissioner Lapointe: I move to approve the Northwest AEA Waiver Request as indicated by the staff Randy Goddard. Lange seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes
Commissioner Lange – Yes

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Commissioner Lapointe – Yes
Commissioner Bruner – Yes

- **HRE Item – Senior Leadership Backfill Status – Jessica Jensen**

The BRIC (Broadband Information Center) Operations Manager position will be posted online for 30 days. The closing date for this post is March 12, 2017. The post for this position was extended in order to receive as much interest as possible for the position.

COMMENTS:

Chair Bruner: This open position is for the BRIC (Broadband Information Center) Operations Manager position, correct?

Jessica Jensen: That is correct.

- **ICN Part A – 200 Gb Core Update Status – Phil Groner**

At the January Commission meeting, it was reported the upcoming activities on Phase A of the new core project. Phase A is the physical device procurement and installation phase necessary to create a new 200 Gb network. What was planned for the previous 30 days was accomplished. That was accomplished due to a lot of hard work and late nights from Engineering, Operations, FNS, (Fiber Network Services) and ICN's Ciena partner.

Ciena is the Layer 1 equipment provider with their Waveserver product. Currently, ICN has 41 of 43 Waveservers installed in racks and programmed, with 21 turned up and actively passing light. The remaining ones will be activated as soon as our power survey and upgrades are completed. These power adjustments will groom the network to remove legacy equipment taking a lot of power as well as potentially saving our customers who house our PoPs operating expenses.

A PO (Purchase Order) was issued for the second part of Phase A – the Juniper Layer 2/3 equipment costing close to \$2.5M. In 4th Quarter this FY (Fiscal Year), the ICN will also issue a PO for the additional Juniper Layer 2/3 equipment for \$2M. All of these purchases are budgeted in a FY capital plan. The 4th Quarter purchase will reflect in operating margin as Finance will use on-hand operating funds. Finance is using a combination of operating funds and Infrastructure Appropriation dollars for the new core, so some purchases will reflect in margin

COMMENTS:

Chair Bruner: Sounds as though we are on schedule?

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Phil Groner: Yes we are.

Chair Bruner: Thank you Phil.

- **Broadband Strong Booklet Presentation – Director Lumbard**

It's the time of year when the ICN Legislative team prepares to meet with the Legislative leaders regarding Broadband in the State of Iowa. Last year the ICN began this process through the Broadband Matters Campaign. This is ICN's Marketing method, to communicate effectively regarding all things Broadband in areas relating to Public Safety, Education, Health Care and Government. Broadband Matters is a reflection of ICN's Network Carrier aspect of Operations, not agency Operations.

The Broadband Strong Booklet was presented. The following was highlighted:

- A Timeline was provided to exhibit the History of the ICN from Birth to Present.
- Educational: 85% of the Internet provided by the ICN is being used by education. ICN provides strong high-speed Internet/data services to 264 school districts in Iowa. Broadband allows for video conferencing and paperless standardized tests as well as online courses, digital textbooks, and flipped classroom instruction.
- Healthcare: ICN provides strong Broadband connections to over 330 Healthcare locations.
- BRIC: In one day, over 280,000 cybersecurity attacks were made on the Capitol Complex. It is noted that the OCIO's (Office of Chief Information Officer) is experiencing close to 450,000 cyber and malware events daily. When combining those numbers, almost 3/4 million attacks a day are being diverted due to technology within the ICN transport infrastructure and what the OCIO is doing in the upper levels of intrusion detection.
- Public Safety: The ICN's partnership with Public Safety is proving to be quite successful. The ICN is involved in facilitating FirstNet, the exclusive cellular public safety network within the State of Iowa. The ICN also provides circuits for 911. The LMR (Land Mobile Radio) is currently being implemented and the ICN is currently engaged in a variety of projects to assist in making the ICN's customers successful in the Public Safety sector.
- Crunching the ICN Numbers:
 - The Internet usage purchased by ICN users has increased 41% over the past two years.
 - In Fiscal Year 2016, ICN reinvested approximately 63% of revenue into the private sector telecom industry.
 - ICN invested \$1.52M to upgrade fiber/copper cabling infrastructure and power for Capitol Complex telecommunications. To date that equals approximately 58 miles of new cable installed.
 - Customer connectivity costs are reduced with network peering and transport services.
 - In the last 12 months:

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- ICN's Transport traffic increased from 40 Gb to 60.6 Gb.
- ICN's Peering traffic increased from 3 Gb to 223 Gb.
- The new ICN Software Defined Network (SDN) 200 Gb statewide cloud moves the power of flexibility, providing a customer maximum control of their bandwidth and services.

COMMENTS:

Chair Bruner: Thank you Director Lumbard. ICN staff has done a nice job on the pamphlets. I believe it is a good selling piece for the ICN. What happens when the online testing system crashes? I believe that not only does it require bandwidth but the facilities need to be prepared should something fail. As that would be a major catastrophe.

Commissioner Kohorst: I recently participated in a mock emergency situation meeting in my community. Testing was being done for emergency situations and an E911 individual stated the importance in keeping the internet connections to the ICN for Public Safety purposes.

Chair Bruner: Thank you Commissioner Kohorst. Having that connection to every community is vital. There are many services that are useful by having that connection available.

V. Other Business – Commission and Staff

The ICN is releasing a video to the ITTC providing information regarding the Telco Industry and the necessary changes with SDN (Software Defined Networks).

The second annual SYBAC (Statewide Youth Broadband Advisory Council) day was held on February 14. Our 11 active students were invited to attend the event and had the opportunity to meet with elected officials at the State Capitol. The SYBAC students also participated in a table discussion held at the ICN with Lt. Governor Kim Reynolds. Topics discussed ranged from STEM (Science, Technology, Engineering, and Math), driverless cars, cybersecurity, and the possibility of presenting high school students with internship opportunities within the State of Iowa.

COMMENTS:

Chair Bruner: I had the opportunity to attend the SYBAC event and these young people are well informed and really enjoy technology.

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Commissioner Lapointe: Thank you for the opportunity that both my daughter and nephew had while being involved in the SYBAC program. Both have enjoyed the process and it was an incredible experience. The kids of today know technology at an early age, but if we wait until they begin college to utilize their information we are behind the curve.

Chair Bruner: The event was done very professionally as well.

Director Lumbard: The March ITTC Meeting has been cancelled due to several scheduling conflicts.

VI. Adjournment

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 11:17 a.m.

ATTESTED TO:

A handwritten signature in black ink that reads "Richard L. Bruner". The signature is written in a cursive style with a large, prominent initial 'R'.

Richard Bruner, Chair, Iowa Telecommunications and Technology Commission

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