



## CASE EXAMPLE 2

# Leased dark fiber with special construction



### Form 470 & RFP

School District A asks for a 5 year contract on 4 strands of leased dark fiber over 200 miles for a district WAN (a total of 800 strand miles) to connect their 40 campuses. **School District A has an 80% E-rate discount and a 5% commitment from the State for matching funds on special construction.**

The district asks respondents to separate out any special construction/non-recurring costs for fiber that must be newly built to meet the requirements. They also ask vendors to provide quotes for 10Gbps equipment to place the fiber into service.



### Evaluation of Bid Options

School District A receives multiple bids. After evaluating the bids, School District A chooses Vendor A as its solution. Vendor A proposes a leased dark fiber WAN solution with a four year contract. Vendor A determines it must build 25 miles of new fiber to meet the 200 mile requirement. Please see breakdown of cost for more details.



### Form 471

District A files a 471 indicating it has selected Vendor A and checks the state match availability box on the 471. The 471 passes the PIA (program integrity assurance) process and District A receives a positive funding commitment from USAC.

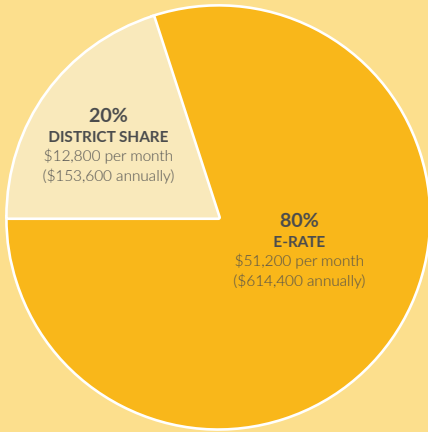
# An overview of Vendor A's solution

SCHOOL DISTRICT A HAS AN 80% E-RATE DISCOUNT AND A 5% COMMITMENT FROM THE STATE FOR MATCHING FUNDS ON SPECIAL CONSTRUCTION

## Monthly Recurring Charges (MRC)

$$\begin{matrix} \$80 & \times & 800 & = & \$64,000 \\ \text{PER STRAND MILE} & & \text{NUMBER OF MILES} & & \end{matrix}$$

### Breakdown of monthly recurring charges

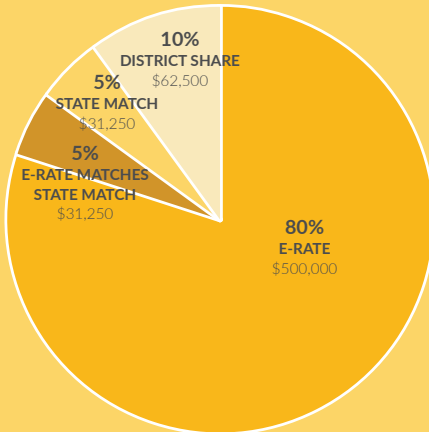


District A needs to apply for this funding each year, as it is a recurring Category One service, but will not be required to go out to bid for the three remaining years of the contract.

## Special Construction Cost\*

$$\begin{matrix} \$25,000 & \times & 25 & = & \$625,000 \\ \text{PER MILE} & & \text{MILES} & & \end{matrix}$$

### Breakdown of special construction costs



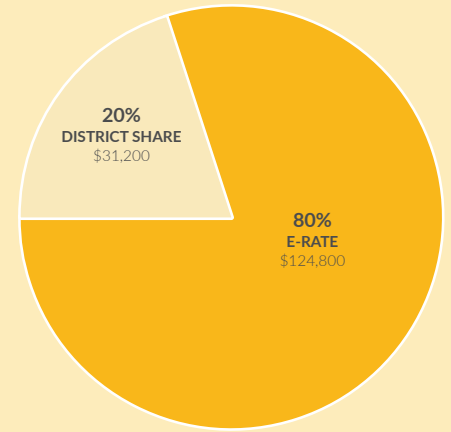
\*Special construction projects deploy new fiber or upgraded facilities to E-rate Program eligible locations. Special construction charges are the upfront, non-recurring costs of such installations or upgrades. Special construction consists of three components: (1) construction of network facilities; (2) design and engineering; and (3) project management. Charges for network electronics needed to light the fiber, while eligible for Category One support, are not considered part of special construction.

## Equipment

\$156,000

10GBPS NETWORK EQUIPMENT

### Breakdown of one-time equipment costs



Since this equipment is being used to place leased dark fiber into service, it is eligible for Category One funding.

## Overview of District Share

	Year 1	Year 2	Year 3	Year 4 Contract up for renewal
MRC	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)
Special Construction	\$62,500	—	—	—
Equipment	\$31,200	—	—	—
Total cost for District A annually	\$247,300	\$153,600	\$153,600	\$153,600