



### CASE EXAMPLE 3

## Consortium self-provisioned fiber solution

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### Form 470 & RFP

A group of 7 small rural districts that have been unable to find a cost-effective solution for their bandwidth needs form an E-rate consortium. After selecting a consortium leader and collecting their Forms 479 Consortium B files a Form 470 and RFP requesting proposals for a WAN connecting all of the member entities. The RFP indicates that, per E-rate rules, proposals for lit fiber, leased dark fiber, transport, and self-provisioned solutions will all be considered. **Based on the discount percentages of the member districts, the Consortium's overall discount level is 78% (more information on calculating consortium discounts on the USAC site), and the State offers a 10% matching fund on special construction costs.**



### Evaluation of Bid Options

The Consortium receives multiple bids. After evaluating the bids, the Consortium chooses Vendor C as its solution. Vendor C proposes a self provision fiber WAN solution with a four year maintenance contract. Vendor C determines it must build 82 miles of new fiber to connect the member campuses. Please see breakdown of cost for more details.



### Form 471

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

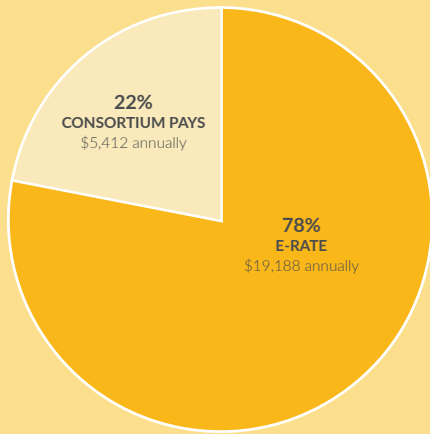
# A breakdown of Vendor C's solution

THE CONSORTIUM OVERALL HAS A 78% E-RATE DISCOUNT AND A 10% COMMITMENT FROM THE STATE FOR MATCHING FUNDS ON SPECIAL CONSTRUCTION

## Fiber Maintenance and Operations

$$\text{\$300 PER MILE} \times \text{82 LINEAR MILES OF FIBER} = \text{\$24,600}$$

Breakdown of annual charges

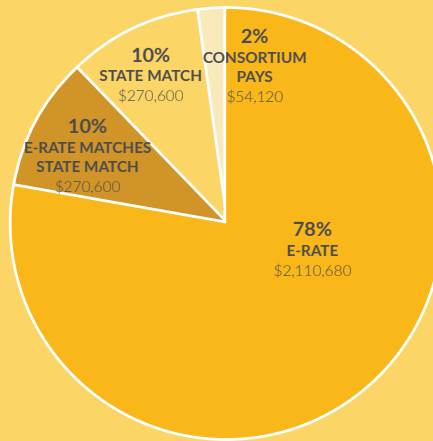


The Consortium needs to apply for this funding each year, as it is a recurring Category One service, but will not be required to go out to bid for the three remaining years of the contract.

## Special Construction Cost\*

$$\text{\$33,000 PER MILE} \times \text{82 MILES} = \text{\$2,706,000}$$

Breakdown of special construction costs

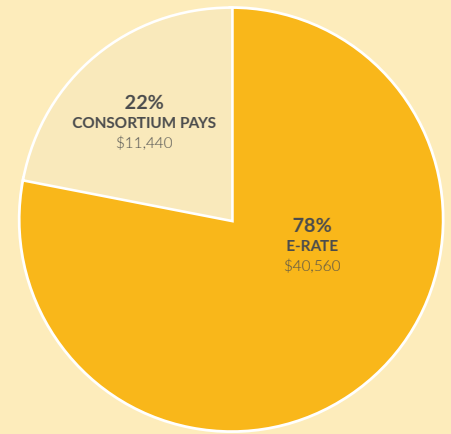


\*Special construction projects deploy new fiber or upgraded facilities to E-rate Program eligible locations. Special construction charges are the upfront, non-recurring costs of such installations or upgrades. Special construction consists of three components: (1) construction of network facilities; (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

**\\$52,000**  
ONE-TIME COST TO LIGHT THE FIBER

Breakdown of one-time equipment costs



Since this equipment is being used to place self-provisioned fiber into service, it is eligible for Category One funding.

## Overview of Consortium Share

	Year 1	Year 2	Year 3	Year 4 Contract up for renewal
Fiber Maintenance and Operation	\$24,600	\$24,600	\$24,600	\$24,600
Special Construction	\$54,120	—	—	—
Equipment	\$11,440	—	—	—
<b>Total cost for Consortium per year</b>	<b>\$90,160</b>	<b>\$24,600</b>	<b>\$24,600</b>	<b>\$24,600</b>