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KATY

Katy Independent School District

Lenny Schad
CHIEF INFORMATION OFFICER

Received & Inspected
JUL 23 2009
FCC Mail Room

July 16, 2009

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: **Request for Review, CC Docket No. 96-45 and CC Docket No. 02-6**

To Whom It May Concern:

This letter is intended to appeal a finding which was brought to our attention during an audit.

Katy Independent School District
BEN: 141311
Form 471 Application Number: 457543
FRN: 1297321

Thank you for your detailed clarification of the denial of our FRN 1297321 application.

It is now clear that the reason for the denial appears to be a misinterpretation of the math in our evaluation matrix by the USAC auditor.
The Weighted Sub Total line is not the weight; it is the weighted subtotal after the weight has been applied.
Using the information listed by USAC below.
Technical = 20 points times the weight of 4 = 80 points.
Cost = 16 points times the highest **weight of 5** = 80 points.
It is not that the weighting is the same; it is because of the different weighting that the points coincidentally equaled.

Again, the 80 is not a percentage as referenced in the audit, it is the weighted score after the weight has been applied.

I have included the RFP analysis which was prepared by our consultant which shows the breakdown of services offered and the matrix.

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Katy Independent School District • 6301 South Stadium Lane • PO Box 159 • Katy, Texas 77492-0159
281-396-2364 • fax: 281-644-1837 • www.katyisd.org

Lenny Schad
CHIEF INFORMATION OFFICER

Sincerely,

Diana I Beltran-LaFleur

Contact:
Diana Beltran-LaFleur
6301 S. Stadium Lane
281-396-2220 Phone
281-644-1997 Fax
dianabeltran-lafleur@katyisd.org

Fiber Network Enhancement

RFP Analysis

KISD Technology Department

Educational Partner Solution, Inc.

November 19, 2003

Introduction

On September 30, 2003 the district issued and RFP for enhancement of the fiber optic network connecting the district's facilities. Providers were given a flexible set of requirements and asked to design a solution that would be of maximum value to the district, provide for future growth and could be delivered at a reasonable cost.

Katy ISD engaged the services of Polly and Ed Gifford of Educational Partner Solution, Inc. to develop the RFP, analyze the responses and negotiate a contract for this project. EPS is recognized through Texas as the premier consulting firm for design and architecture of wide area networks for educational organizations. Their clients include: Fort Bend ISD, Alamo Heights ISD, Aldine ISD, Humble ISD, Temple ISD, North Harris Montgomery Community College District, Columbia Brazoria ISD, Kinkaid School, Lamar Consolidated ISD and Brazosport ISD.

Six providers responded to this proposal. Three responded to all sections of the RFP, Interfacing Group, Phonoscope and TXU. Three chose to only respond to the Internet Services portion of the RFP, Time Warner, Southwestern Bell and Verizon. The three vendors that only responded to the Internet Services portion of the bid were disqualified for incomplete bid responses.

RFPs of this nature are different from traditional RFPs issued by the district. In the case of a fiber optic network with a very high installation cost it is critical that providers be given some latitude in order to design the solution to benefit themselves as well as the district. The result is a shared cost of construction model rather than a traditional construction + margin model. As a result analysis of the RFP must be done differently because all proposed solutions are not equal in value or cost to implement. In order to fairly accomplish this, a scoring system was established and the criteria for scoring were communicated to each provider in the RFP document. Attached is a tabulation of the financial aspects of the bids, results of the scoring system along with a detailed explanation of the scores given and a recommendation for approval.

Fiber Enhancement RFP Bid Tabluation

	Service Description	Phonoscope	Interfacing	TXU Cost
Costs Assessment				
I.	Construction - Bid Response including Maintenance Maintenance - Bid Response for 20 years	$ 1,985,000.00	$ 1,938,511.00	1,335,000.00
II.	Direct Cost Assessment Per Vendor			
	Value of Current Fiber to be transferred			1,125,000.00
	Yearly Maintenance for 2004			25,000.00
	Fiber Update Cost from RFP	$ 1,985,000.00	$ 1,938,511.00	$ 1,335,000.00
II.A	Total Direct Cost Per Vendor	$ 1,985,000.00	$ 1,938,511.00	$ 2,485,000.00
III.	Actual Cost Estimates per Solution			
	Value of Current Fiber to be transferred			1,125,000.00
	Yearly Maintenance for 2004	$ 25,000.00	$ 25,000.00	25,000.00
	Fiber Investment Cost from RFP	$ 1,985,000.00	$ 1,938,511.00	$ 1,335,000.00
III.A	Extended 20 Year Cost Network Upgrade Cost	$ 2,010,000.00	$ 1,963,511.00	$ 2,485,000.00
District Fiber Plant post Project				
IV.A	Leased Fiber	20 Year - IRU lease in a star fiber configuration with redundant routes between High Schools and redundant paths from each Jr. High and Elementary campus to ESC and nearest High School	20 Year - IRU lease in a star fiber configuration with redundant routes between High Schools and single fiber connectivity from each Jr. High and Elementary campus to the nearest High School	20 Year - IRU lease in a star fiber configuration with redundant routes between High Schools and single fiber connectivity from each Jr. High and Elementary campus to the nearest High School
IV.B	Owned Fiber	12 Strand Fiber Optic network in ring configuration connecting 35 campuses	12 Strand Fiber Optic network in ring configuration connecting 35 campuses	NONE
IV.C	Maintenance Costs	$0 for Leased fiber, TBD for Owned fiber based on TXU negotiations (current rate $25K per year)	$0 for Leased fiber, TBD for Owned fiber based on TXU negotiations (current rate $25K per year)	NONE
Value Add Services Cost Responded Within the RFP				
V.	Internet Rates			
	20 MB - NonReoccuring			$ 333.00
	Year One	$ -	$ 35,400.00	$ 90,000.00
	Years Two Thru Ten	$ 486,000.00	$ 318,600.00	$ 810,000.00
V.A	Total Ten Year Cost	$ 486,000.00	$ 354,000.00	$ 900,333.00
VI.	Region 4 Connections - Ethernet Connection			
	Year One	$ -	$ 14,400.00	$ 14,400.00
	Years Two Thru Ten	$ 81,000.00	$ 129,600.00	$ 129,600.00
VI.A	Total Three Year Cost	$ 81,000.00	$ 144,000.00	$ 144,000.00
VII.	Set Price Per Campus Build-Out	$ 30,000.00		
VIII.	Total Ten Yr. Package Price for Requested Services	$ 567,000.00	$ 498,000.00	$ 1,044,333.00
IX.	Total for build and Ten Year Internet Services	$ 2,577,000.00	$ 2,461,511.00	$ 3,529,333.00

[1] Value of Current Fiber to be transferred is based on depreation of $1,500,000 for 5 years with an estimated useful life of 20 years.

KISD Fiber Enhancement Project - Criteria Scorecard

ITEM NO.	DESCRIPTION	Corning SMF28 Interfacing Dark Fiber	Alcatel 6900 Phonoscope Dark Fiber	Corning SMF28e TXU	TimeWarner	SWBell	Verizon	Weighted Value
1	**TECHNICAL SOLUTION**				No Bid	No Bid	No Bid	5
	a. Strategic Value	3	5	3	0	0	0	
	b. Bandwidth	3	5	3	0	0	0	
	c. Network	3	5	3	0	0	0	
	d. Continuous Service	4	5	3	0	0	0	
	Sub-Total	13	20	12	0	0	0	
	Weighted Sub-Total	65	100	60	0	0	0	
2	**PROVIDER QUALIFICATION**							3
	a. Knowledge	3	3	3	0	0	0	
	b. References	4	5	1	0	0	0	
	c. Partnerships	3	5	1	0	0	0	
	Sub-Total	10	13	5				
	Weighted Sub-Total	30	39	15				
3	**COST**							4
	a. Price	5	4	3				
	b. Quality	3	3	3	0	0	0	
	c. Value	3	5	3	0	0	0	
	d. Continuous Service	4	5	1	0	0	0	
	Sub-Total	15	17	10	0	0	0	
	Weighted Sub-Total	60	68	40				
4	**OPERATION & MAINTENANCE**							3
	a. Cost	5	4	3				
	b. Quality (Reference)	5	5	2	0	0	0	
	c. Quality (Model)	3	5	3	0	0	0	
	Sub-Total	13	14	8	0	0	0	
	Weighted Sub-Total	39	42	24				
5	**VALUE ADDED SERVICES**							1
	a. Service Offerings	3	5	3	0	0	0	
	b. Public Private Partnership	3	5	1	0	0	0	
	c. Transport Options	4	5	3	0	0	0	
	d. Internet 10 Years	3	5	2	0	0	0	
	Sub-Total	13	20	9	0	0	0	
6	**Calendar**	3	3	5				1
	Schedule	300 days	312 days	227 days				
	Sub-Total	3	3	5	0	0	0	
	Weighted Sub-Total	3	3	5				
	TOTALS	67	87	49				
	WEIGHTED TOTALS	210	272	153				

Fiber Vendor Criteria Ranking Explanations

Technical Solution

Based on each providers's individual needs, the RFP allowed providers some latitude in design of the fiber network. This latitude allowed vendors to leverage existing infrastructure to provide the best pricing model to the district. Vendors were ranked in this section based on the overall quality of their proposed solution. The ranking areas included:

Strategic Value – This represents both growth capacity of the overall design as well as the flexibility of the design to accommodate future needs of the district.

Bandwidth – This represents the overall capacity of the solution presented.

Network – This represents the design as compared with industry standard network design practices.

Continuous Service – This represents the reliability of the solution based on the design.

Interfacing Group – The Interfacing group presented the least detail of all providers regarding overall network design. The Interfacing Group design was based on using routes with the lowest overall cost. In the design all High Schools were connected directly to both MCHS and the ESC and all remaining schools were connected to the nearest High School. While cost effective this design causes each Junior High and Elementary campus to be dependent on a single High School and further reduces bandwidth by funneling all network traffic through the High School fiber connections. In this design the overall capacity in and out of the ESC was limited to 6GB/sec. The design was consider slightly superior to TXU because there were fewer fiber miles where a single cut impacted multiple schools. **Overall Rating – Average**

Phonoscope – Phonoscope presented the most detail of any bidder. Each fiber route was marked and routes were all driven by Phonoscope engineers. In Phonoscope's design each school is provided redundant connections. In the case of High Schools, each school is connected to both the ESC and MCHS. Junior High and Elementary campuses are connected to both the ESC and the nearest High School. No campus in this design relies on another campus. The design provides for 48GB/sec of connectivity to the ESC. Additionally Phonoscope designed the network for dual internet connectivity to both the ESC and MCHS. **Overall Rating – Excellent**

TXU Communications – TXU's design centered on leveraging their existing fiber network. The design was optimized to reduce construction costs. In the design All High Schools were connected directly to both MCHS and the ESC and all remaining schools were connected to the nearest High School. While cost effective this design causes each Junior High and Elementary campus to be dependent on a single High School and further reduces bandwidth by funneling all network traffic through the High School fiber connections. In this design the overall capacity in and out of the ESC was limited to 6GB/sec. The design was considered the weakest on the Continuous Service ranking because of the large number of locations where a single cut would result in a multi-campus impact. **Overall Rating – Average**

Provider Qualification

The RFP called for a 20 year Irrevocable Right to Use (IRU) Agreement. Under this type of agreement the provider retains overall ownership of the fiber and is responsible for maintenance over a 20 year period. Additionally each of the bidders indicated no maintenance costs over the term of the contract. This means that the district is essentially prepaying for all maintenance. In this type of a relationship it is very important that a vendor be considered highly qualified. Proposer Qualification was ranked in three areas:

Knowledge – Overall knowledge of fiber network construction, design & maintenance.

References – References for successful Fiber IRU contracts with preference to K12 references.

Partnerships – Ability to provide additional services in partnership with the district. Examples include existing relationships with educational organizations that could be leveraged to provide collaborative networks or Broadband to the Home services to extend the reach of the KISD network to staff and student's homes.

Interfacing Group – The Interfacing Group is a fiber network company, they have many clients which provided excellent references and have demonstrated their ability to deliver reliable solutions. The Interfacing Group is not used widely in the K12 space and has limited ability to leverage other educational resources, they are however known for their innovative solutions and partnerships to connect organizations. **Overall Rating – Average**

Phonoscope- Phonoscope is Houston's largest metro fiber network provider. They provide fiber networks for many educational organizations including Region IV, Cy-Fair ISD, Houston Community College, Montgomery Community College and Houston ISD among others. These organizations provided excellent references for Phonoscope. Additionally Phonoscope is providing direct

connectivity to Region IV ESC for the first year at no cost. This link can be used to deliver staff development and other resources from Region IV. **Overall Rating – Excellent**

TXU – TXU owns a large fiber optic network. Currently the district is their largest educational customer. Over the past 4 years the district has experienced less than acceptable service from TXU. They have provided as little as 24 hour notice for planned fiber outages and have not resolved problems with the fiber network in a reasonable time. Additionally the district worked extensive with TXU over the last 9 months to secure a plan to enhance the existing fiber network without success. Their failure to work through a plan to enhance the fiber lead to the issuance of this RFP. TXU Communication is currently up for sale. There are significant concerns about TXU's ability to support the district over the 20 year term of this contract. **Overall Rating – Poor**

Cost

This section ranked overall cost of the solutions proposed by each vendor. It is important to note that costs cannot be directly compared because each vendor's solution is unique. Additionally TXU's proposal called for the return of the existing fiber plan owned by the district. Bidders were rated in 4 areas in this section:

Price – Cost to the district.

Quality – Reliability of the cost provided (Are the costs realistic? Did a vendor bid too low and successful delivery may become a questionable?)

Value – In terms of the Technical Solution how does the cost compare?

Continuous Service – Based on the fact that KISD is a fast growth district, can the vendor continue to provide services for new schools at this cost model?

Interfacing Group – The proposal submitted was the lowest in overall cost and second lowest in construction cost. The price is considered to be a fair cost when compared to a per mile basis with other bids. The bid is lower than Phonoscope, and this is due primarily to the simplified fiber design proposed. The overall cost is considered to be average when compared with the design. Interfacing Group did not provide a guaranteed rate for expansion of the network. **Overall Rating – Above Average**

Phonoscope – Phonoscope's pricing is the highest cash cost of all bids submitted. When all costs are factored Phonoscope's bid ranks second, just over the lowest bid (Interfacing Group) by $115,489. Phonoscope's bid includes significantly more fiber than either TXU or the Interfacing group. When considering cost per

fiber mile, Phonoscope's bid is an excellent value. Phonoscope also was the only bidder to include redundant Internet connectivity to both the ESC and MCHS. Additionally Phonoscope is willing to guarantee a maximum cost of $30,000 to connect any new school to the network. **Overall Rating – Excellent**

TXU – TXU's cash bid was the lowest price offered by any vendor. TXU was also the only bidder to require that the district return the existing fiber network in order to complete the proposal. Given the amount of new fiber construction TXU's proposal is average. Cost per fiber mile is high in comparison to other bidders. Additionally when comparing the cost of the network vs. design, TXU is also ranked average. Lastly TXU's ability is deliver Continuous Service is considered very low. TXU was the incumbent vendor on this RFP. Over the last 9 months they have proven to the district that their inability to fairly accommodate the growth of the district. **Overall Rating – Below Average**

Operation and Maintenance

Each vendor provided estimates for their cost of maintenance and operation of the fiber network. Under this RFP the district has no maintenance and operation costs beyond the original payment but it is important to understand the provider's costs to asses their ability to service the contract. Providers were rated in three areas in this section:

Cost – Estimated cost of maintenance of the network to the provider

Quality (Reference) – Feedback from reference accounts in regards to the quality of service being provided

Quality (Model) – Rating of the support model used by the provider

Interfacing Group – The Interfacing Group's support model is the most inexpensive employed by any of the providers. They utilize an outside firm for maintenance of the fiber network. While this reflects positively in the overall cost it ranks low from a support model perspective because maintenance of the fiber is outside of the direct control of the provider. Reference accounts however, reported very positive experience with Interfacing's maintenance services. **Overall Rating – Excellent**

Phonoscope – Phonoscope's maintenance costs are slightly higher than the Interfacing Group's but all work is performed by Phonoscope personnel. All reference accounts ranked Phonoscope's maintenance services as excellent. **Overall Rating – Excellent**

TXU – TXU's maintenance services are provided by personnel responsible for maintaining their telecommunications network. While this is attractive from the perspective of availability of support personnel, it brings into question support

priority in the event of failures as a result of weather or other mass outage situations. Typically regulated telecommunications services would take priority over IRU repair efforts. Additionally the district's experience with TXU's service has been less than acceptable. **Overall Rating – Below Average**

Value Added Services

As part of the bid providers were asked to offer Internet services as well as other services that might be useful for the district. In this section providers were ranked in four areas:

Service Offerings – Variety and quality of services available

Public/Private Partnership – The provider's willingness and ability to leverage their resources to the benefit of the district while utilizing the district's requirements to enhance their services to other customers.

Transport Options – Flexibility and reliability of the services proposed, specifically Internet and Metro Ethernet connectivity beyond the district.

Internet 10 years – Cost and value of Internet services over a 10 year period.

Interfacing Group – The Interfacing group proposed the lowest overall Internet costs. While their proposal only included a single internet connection, it did provide guaranteed bandwidth directly to a Tier 1 Internet Provider. Internet connectivity is redundant between Interfacing's facilities and the Internet backbone. Interfacing has additional service offerings typical of other providers. **Overall Ranking – Average**

Phonoscope – Phonoscope was the only provider to propose fully redundant Internet connectivity to the district. Under the proposal Phonoscope will provide 20MB of guaranteed bandwidth to both the ESC and MCHS. Additionally Phonoscope's proposal included a direct connection to the Region IV ESC to be utilized for content delivery and communications from Region IV including Video Conferencing, Staff Development and other resources. Phonoscope's proposal included the first year free for both Internet and Region IV connectivity. Additionally Phonoscope is well positioned to deliver unique collaboration opportunities between other district served in the Houston are as well as area community colleges. **Overall Ranking – Excellent**

TXU – TXU proposed the use of 20MB of non-guaranteed Internet bandwidth from their Houston POP. In addition to being a non-redundant connection to the district the connectivity from TXU's POP to the Internet is non-redundant also. TXU is currently contracted to provide a similar service to the district and has had

multiple unsuccessful attempts to convert the district's Internet connectivity to Ethernet. **Overall Ranking – Poor**

Calendar

Each provider was asked to provide a calendar specifying installation dates and total project timeline for installation of the network. Providers were ranked on their ability to deliver the solution in a timely manner.

Interfacing Group - The Interfacing Group proposed a 300 day timeline for completion of the proposal. While this timeline seems appropriate given the scope of work, Interfacing Group did not physically examine the entire fiber route and did not provide a detailed project plan. Proposed timeline – 300 days. **Overall Ranking – Average**

Phonoscope – Phonoscope's Engineers physically drove each fiber route and determined the cost and time required for each segment of the network. The project plan provided was very detailed. While Phonoscope's timeline was the longest proposed it had the most documentation to support the proposal. Proposed timeline – 312 days. **Overall Ranking – Average**

TXU - TXU's proposal was the shortest of all of the providers. This was expected based on TXU's existing fiber network and the fact that TXU intended to leverage the fiber network currently owned by the district. Proposed timeline – 227 days. **Overall Ranking – Excellent**

Conclusion

It is the recommendation of both the Katy ISD Technology Department and Education Partner Solution, Inc. that the district enter into an agreement with Phonoscope for the enhancement of the district's fiber optic network as well as Internet services. Based on both raw and weighted scoring of the criteria outlined in the RFP, Phonoscope's solution clearly excelled above the competition. Phonoscope's proposed design offered several unique benefits not offered by other providers including:

- Direct connectivity of each campus to the ESC for reduced overall traffic
- No campus relies on another for connectivity to the district's network
- 48GB/sec of overall network bandwidth from the district's data center vs. 6GB/sec in other proposals
- Redundant Internet services to the district's main fiber backbone
- Guaranteed internet bandwidth with redundant connectivity to Tier I Internet providers
- Connectivity options to educational partners like Region IV ESC
- Not to exceed cost of $30,000 for connectivity of new facilities as they are built
- Free Internet and Region IV connectivity for the first year

Additionally Phonoscope's reference accounts rated their service and performance as excellent. Phonoscope also operates fiber optic networks for other educational organizations like Cy-Fair ISD, Klein ISD, La Porte ISD, Alief ISD, Clear Creek ISD, Lamar CSD, Houston ISD, Humble ISD and others. Each of these rated Phonoscope performance as excellent.

Phonoscope is not the lowest bidder. The lowest bidder (Interfacing Group) is $115,489 less over a ten year period. Based on the evaluation of the criteria set fourth in the RFP Phonoscope's ranking justifies this additional expenditure.

From a base comparison of the bids it would appear that TXU is the lowest bidder. After analysis and factoring the value of the existing fiber plant that the district must transfer to TXU along with the lowest criteria ranking of any of the providers it becomes clear why TXU would not be the preferred solution.

Reviewed and recommended:

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Lenny Schad, Deputy Superintendent Information & Technology Services

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Scott Wright, Executive Director, Technology Operations (Interim)

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Polly Gifford, Educational Partner Solution, Inc.