

**DETROIT MIDTOWN ACADEMY**  
**950 Selden Rd.**  
**Detroit, MI 48201**  
**Billed Entity Number 222851**

February 17, 2012

Federal Communications Commission  
Office of Secretary  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

**Re: CC Docket No. 02-6 & CC Docket No. 96-45**

To Whom It May Concern:

This letter comprises a Request for Review of the Universal Services Administrative Company's decision to deny on appeal Funding Request Number 134616 per the USAC-SLD communication entitled Administrator's Decision on Appeal – Funding Year 2005-2006 dated December 20, 2011 to Detroit Midtown Academy (formerly Marilyn F. Lundy Academy, 12555 McDougall, Detroit MI 48212). Please note that since the time of the original application for E-rate funding, the name of the Academy has changed to Detroit Midtown Academy and the address has changed to 950 Selden Rd., Detroit MI 48201. Current contact information appears at the end of this message.

The Funding Commitment Decision Letter denying funding of the FRN in question was not received until nearly four (4) years after the Academy responded to the original request for information on May 12, 2006. The denial letter states that the decision was made “as a result of a Cost Effectiveness Review, which has determined that your request for Basic Maintenance of Internal Connections has not been justified as cost effective as required by FCC rules.” No further explanation of the decision nor a courtesy copy of the Cost Effectiveness Review was provided with the letter so we did not know the specific reasons for this determination. The Academy subsequently appealed the decision directly to USAC on May 27, 2010.

It was not until we received the Administrator's Decision on Appeal letter of December 20, 2011 that we were provided with an explanation that, “[B]ased on the fact that the two servers, switches and firewalls all have a maintenance cost that is more than 50% of their original purchase price, the funding request for Basic Maintenance of Internal (sic) has not been justified as cost effective as required by FCC rules.”

In its original PIA Review Information Request to the Academy dated May 3, 2006, USAC requested, among other items, “a breakdown of how the cost of maintenance was

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derived, including a statement of work listing all tasks and associated cost per task by school” and asked to be provided “individual maintenance costs per piece of equipment (ie, routers, servers, switches, etc).” The Academy’s consultant at the time provided this information to the best of his knowledge and ability in the Academy’s original response dated May 12, 2006 and this information apparently was the basis for the denial of funding.

We believe that the information provided by the Academy’s consultant at the time was at best a very rough and rather arbitrary estimate of individual (i.e., itemized) maintenance costs based on a listing of tasks to be provided in the overall service agreement for Basic Maintenance of Internal Connections by the vendor, Greyhound Technologies, LTD. However, this agreement was a total cost, fixed price agreement for services covering all equipment items detailed in the Schedule of Services and Price Schedule as well as Summary of Applicable Equipment and Services included in the agreement (as attached). The agreement’s price was not arrived at based on the cost of maintaining any individual item but rather based on an estimate of the total cost of maintaining all the equipment at a fixed price. As such, there was no cap or limit placed on the amount of time or associated cost in maintaining any individual item. Moreover, should the cost in total of maintaining all the equipment have exceeded the total price at any point during the contract, the vendor was obligated to continue to provide maintenance services for all equipment items for the duration of the term of the agreement.

Therefore, we believe that a more accurate picture of the cost-effectiveness of the agreement is provided by reviewing the price in total to the complete list of equipment covered by the agreement. The discounted price of the service agreement was \$36,480. We note that a good portion of the equipment items covered by the agreement were purchased and installed in the prior year with approved E-rate discounts at a pre-discount cost in excess of \$147,000. Therefore, the total maintenance price is estimated in the range of twenty to twenty-five percent (20-25%) of the original purchase price of the equipment items covered by the agreement.

Moreover, with respect to one of the individual items cited for which the maintenance price was not “cost-effective,” that being servers, it is well-accepted in the computer equipment industry that the cost of maintaining servers is not necessarily directly related to the cost of the equipment itself as there are many factors, such as data protection, integrity and retrieval, that comprise the cost of maintenance apart from the actual equipment cost itself.

In conclusion, is our sincere belief that the request for Basic Maintenance of Internal Connections was cost-effective based on the total amount of eligible equipment and services covered by the agreement.

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We respectfully request that the decisions to deny Funding Request Number 134616, original and upon appeal, be reversed and that this funding request in the amount of \$36,480.00 be approved in full.

Thank you for your consideration of this appeal. Please do not hesitate to contact my assistant Kelvin Brown at the phone number listed below if you have any questions in this regard. We would be very appreciative of any opportunity to discuss this appeal in more detail with an FCC representative.

Sincerely,

Jennifer Joubert, E-rate contact & Chief Administrative Officer

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