



September 8, 2020

BY ELECTRONIC MAIL

Caleb Dardick, Projects Administrator  
County of Nevada, CEO Office  
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(530) 557-5044

Dear Mr. Dardick,

We are writing to provide a letter of interest from Race Telecommunications Inc. dba Race Communications in respect to your August 7, 2020 request for Nevada County “shovel ready projects” for Broadband expansion.

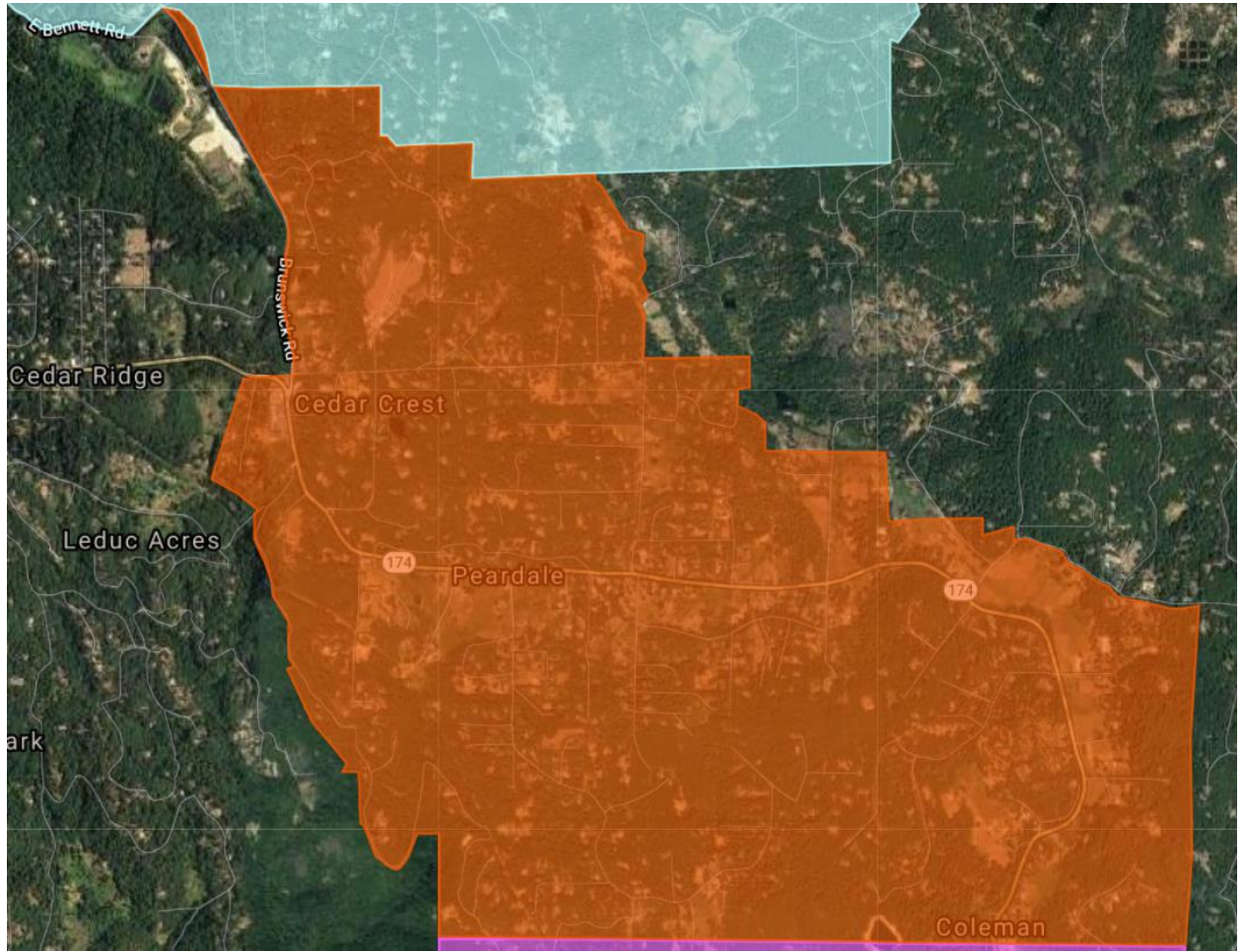
Race’s Proposal is as follows:

**PROJECT NAME: 2020 CARES Act Project**

Race is currently building a CASF project (resolution T-17633) with a total project cost of \$26,811,315 passing 1,941 homes at a cost of \$13,813 per home. The CASF grant will fund 60% (\$16,086,789) of the project with the remaining 40% (\$10,724,526) being funded by Race.

Race’s proposal is for the \$1,000,000 CARES Act funding to expedite the build schedule for 500 homes providing them Gigabit Internet on or before the December 30, 2020 CARES Act deadline. This is accomplished by utilizing the funds for additional contractors in Race’s CASF build area to accelerate the previously scheduled construction completion date of December 2021 for these homes. The CARES Act funding will provide these 500 homes the necessary broadband required today allowing the residents to meet their telecommute, online education, and telemedicine needs brought on by the COVID-19 pandemic.

The project area for these 500 homes is defined in the red highlighted area on the map below known as the Peardale neighborhood.



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**TOTAL BUDGET:**

Total Budget to Nevada County for the 2020 CARES Act Project is \$1,000,000. The following tables detail the overview of the entire Race CASF project and the 2020 CARES Act Project for the 500 homes in the Peardale neighborhood.

The table below shows Race's CASF project summary with cost per home.

**Race CASF (resolution T-17633)  
Project Cost Summary**

	Cost Per Home			
Homes Passed		1,941		
T-17633 Funds (60% Project cost)	\$	16,086,789	\$	8,288
Race Investment (40% Project cost)	\$	10,724,526	\$	5,525
Total Project Cost	\$	26,813,256	\$	13,813

The table below shows the cost per home for 500 homes with the County's CARE Act funds. The CARES Act funds will fund \$2,000 per home with Race investing the balance of \$3,525.

**2020 CARES Act Project Summary**

Homes Passed		500
CARES ACT Funds	\$	1,000,000
Cost per Home (non-CASF portion)	\$	5,525
<b>CARES ACT Funds per home</b>	<b>\$</b>	<b>(2,000)</b>
Balance- Race cost per home	\$	3,525

**NUMBER OF PROPOSED PARCEL CONNECTIONS/COST PER CONNECTION**

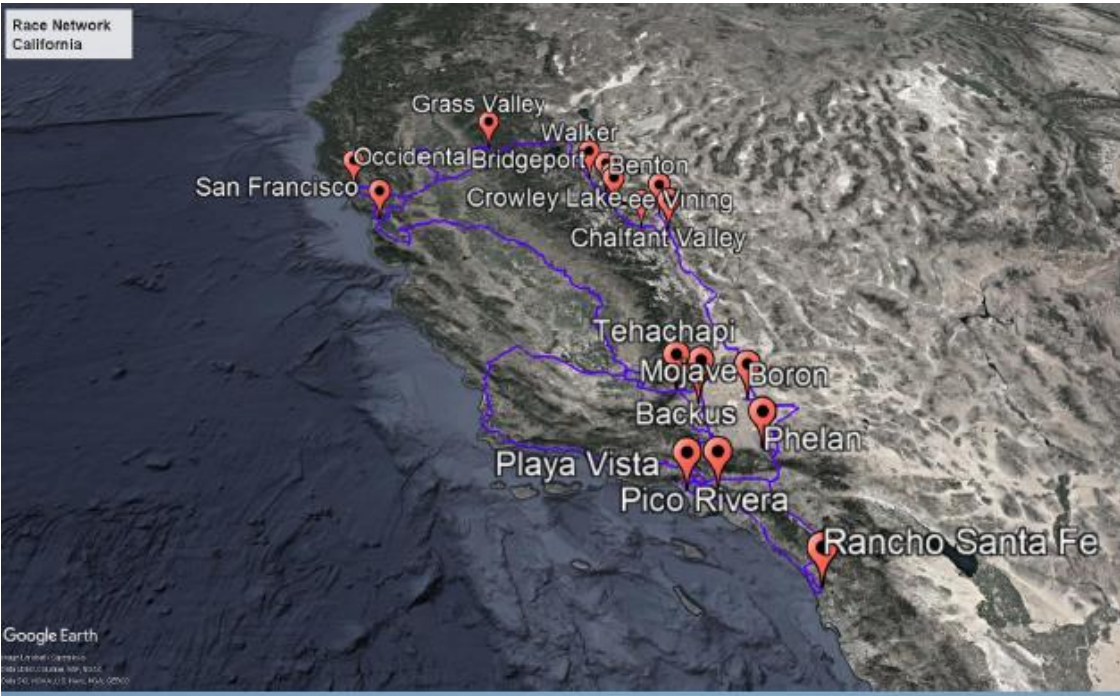
Race's 2020 CARES Act Project will provide Fiber to the home internet to 500 homes that are currently not served with broadband internet meeting the state minimum requirements. Nevada County's cost per home utilizing the CARES Act funds will be \$2,000 for service to 500 homes.

**PROPOSED TECHNOLOGY AND DOWNLOAD/UPLOAD SPEEDS/TECHNOLOGY SUSTAINABILITY AND LONGEVITY OF SOLUTION.**

Race will be deploying a fiber to the home (FTTH) network offering 1Gb symmetrical speeds with no data caps. This technology is considered a 50-100 year product in the industry. With fiber, speeds can simply be increased by changing the optics on each end when demand for higher speeds is needed. Race's current residential equipment can provide up to 2Gb. Race has 10Gb residential equipment in beta phase of testing and would be ready to deploy that in 2021 if the demand for such a product existed. Race being a fully licensed CLEC through the CA Public Utility Commission builds all of our networks to meet the states telecommunication requirements. Important to the Nevada County area is the new PSPS requirements. Race's networks are built to maintain network integrity during multiple day power outages. Unlike an ISP who just offers internet, Race also offers fiber-based phone services with E911 location services. This is a critical service during power outages as ISPs and cellular providers in the County were unable to maintain their networks during the 2019 power shutdowns.



Race's backbone infrastructure is a robust redundant path fiber network connecting to the top tier data centers throughout California providing users with the best quality experience with low latency and lightening fast connections to their favorite sites. The infographic and map below show the diversified redundant fiber paths Race utilizes for connections to California's data centers.





The Race Network Engineering group standard of design is for all network elements to be entirely standard-based and conform to Open Systems Interconnection (OSI) standards.

Race currently deploys ITU-T G.984 Gigabit-capable Passive Optical Networks (GPON) using both Calix E7-2 OLTs and ONTs for its access platform. Race has been deploying Calix platforms and ONTs for well over a decade, with thousands of ports deployed, Race has a full understanding of the Calix platform. Race stays highly active in reporting and working with Calix to resolve any software bugs. Race is currently in the process of evaluating the Calix next generation platforms running ITU-T G.9807.1 10-Gigabit-capable symmetric passive optical network (XGS-PON) and ITU-T G.989 40-Gigabit-capable passive optical networks (NG-PON2).

Race has standardized operations using three different models of Calix ONTs, for the ease of troubleshooting and warehouse management.

1. Calix 844GE ONT is the most deployed Router Based ONT, which provides your typical nat / dhcp / wireless functions.
2. Calix 803G ONT is the typical type of ONT used when a homeowner or business would like to use their own router.
3. Calix 717GE ONT is used on rare occasions where an ONT needs to be placed outside.

Race uses the 844GE router-based ONT, not only is the product top of the line, but it also gives the ability for our support team to be able to remote in and help troubleshoot issues with their Wi-Fi, which provides a better user experience and faster response time to customers.

#### **“SHOVEL READINESS” EITHER PERMITTED OR CEQA EXEMPT**

Race’s 2020 CARES Act project to provide service to 500 homes in the Peardale neighborhood is already permitted through the County, State, and local utility companies. The system is to be built within the current designated public utility easements and the project has been granted CEQA exempt status from the State.

#### **BENEFICIAL IMPACT AND SOCIAL NEED**

The Peardale neighborhood is in the unincorporated area of Nevada County outside the city limits of Grass Valley. It shares some of the same demographics of the City of Grass Valley with a median household income of \$35, 157, a median age of 43.7 and a poverty level of 26.3%. 82% of the population has a computer, however, 26% of the population in Grass Valley does not have access to broadband internet. Although the local school districts do not have statistical data they can release to the public, they did confirm through parent requests that Peardale is the largest area of concern during this COVID-19 pandemic as students do not have adequate internet to connect for online education. Without the access to quality broadband during this current pandemic, it puts the students as well as their parents at a disadvantage over other residents of Nevada County. The 2020 CARES Act Project will erase the disadvantage for these residents, providing them with quality fiber-based internet for telecommuting, online education, and telemedicine that is required during this pandemic.

In addition to the internet that the 2020 CARES Act project will bring to the residents, Race is contracting with a local Grass Valley company to perform the in-home installation of services. This local company has stated that this will allow them to keep their staff of 19 employed during the downturn in business caused by the COVID-19 pandemic.



### **FUNDING AMOUNT REQUESTED**

Race is requesting \$1,000,000 from Nevada County for the 2020 CARES Act Project. Use of funds will be to expedite the build on 500 homes in the Peardale neighborhood to the estimated schedule below:

New Homes	
Oct-20	200
Nov-20	200
Dec-20	100
<b>Total</b>	<b>500</b>

The CARES Act funds will assist existing Race investment funds to provide materials and labor for these 500 homes to be completed in 2020. Without the CARES Act funds completion would be in late 2021.

Race proposes a schedule of 50% funding upon project approval, then 25% funding at the completion of the first 250 homes and final 25% funding at completion of the final 250 homes. Race will provide address data as proof of completion and have a Race Project manager available for a one-day field audit if the county has personnel that would like to verify field completion.

### **PLANNED SUBSCRIPTION LEVEL**

Race has over 10 years of experience deploying fiber to the home networks in areas that are underserved or lacking broadband internet. Based on these many years of experience, we expect the 2020 CARES Act Project to have a take rate of 45% by end of year 1 maturing to a 70% take rate by year 5. Race offers a waiver of standard installation fees and no contract for homes until 2022 to assist the residents during this current pandemic.

### **WILL DISCOUNTED PLANS BE AVAILABLE FOR LOW-INCOME QUALIFIED SUBSCRIBERS?**

For low-income qualified subscribers Race will follow our guidelines laid out in our CASF grant T-17633. Race's monthly rate for qualified low-income households is \$25 per month for basic service. Households are required to provide documentation of County low-income enrollment plans or school district low-income enrolled plans to be eligible for this Race service plan.

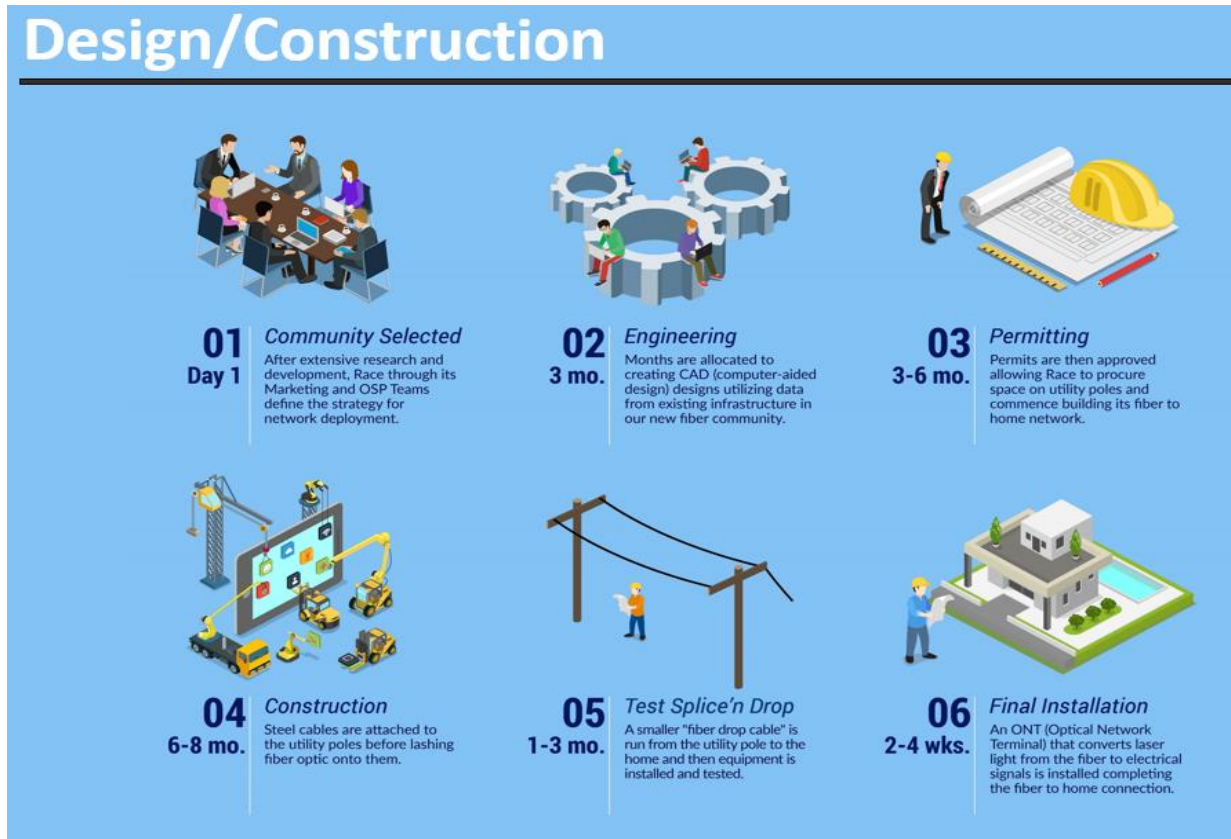
### **DEFINE ANY UPFRONT NEEDS WHICH MAY ADVANCE THE SUBMITTAL REVIEW PROCESS AND EXPEDITE BROADBAND DEPLOYMENT.**

Race's CASF project has been in construction since mid-2019 and Race has been engaged with the County's public works department. This relationship and Race's standards used in construction will allow this 2020 CARES Act Project to be completed by December 30, 2020.



## EXPANSION MUST CONNECT THOSE WHO WOULD NOT OTHERWISE BE CONNECTED BEFORE 12/30/2020

By utilizing the CARES Act funds Race will be able to complete 500 homes in the Peardale neighborhood that without the funds would not be complete to 2021. The infographic below lays out the standard construction process used by Race in its fiber construction.



The Peardale neighborhood is currently in step 4 of construction (steps 1-6 defined in above infographic). With the added funds of the CARES Act, Race will be able to expedite construction on 500 homes by utilizing additional Race staff resources, adding additional constructions crews in steps 4-6, and expediting material orders.

### MUST PROVIDE SIGNIFICANT EXPANSION CAPACITY

The CARES Act Funds in addition to expediting the construction to 500 homes in the Peardale neighborhood for competition in 2020 will also allow Race to expand to the west by increasing the fiber count on the network backbone. This would allow for future expansion to the Rattlesnake Ridge and La Bar Meadows areas.

### PROJECT MAY NOT BE UNDER CONSIDERATION IN ANOTHER CASF GRANT APPLICATION

Race was awarded T-17633 60% funding grant for this area in Jan 2019. By the passing of this Resolution by the CPUC, no other funds would be available from the CASF for this area.



**APPLICANT MUST HOLD CALIFORNIA'S CONTRACTOR'S LICENSE AND MAINTAIN CURRENT INSURANCE AND BOND REQUIREMENTS PER CALIFORNIA STATE GUIDELINES**

Race through its wholly owned construction management company Race Technologies holds the appropriate California Contractors license and maintains current insurance and bonds to conduct such work. In addition, Race Telecommunications is a fully licensed CLEC Utility through the California Public Utility Commission (CPUC).

**APPLICANT IS EXPECTED TO ADHERE TO PREVAILING WAGE REQUIREMENTS**

Race and Race contractors are familiar with the State of California requirements concerning prevailing wages. Race and its contractors conduct business utilizing the proper accounting/reporting methods required with prevailing wages.

**The CARES Act requires payments from the Coronavirus Relief Fund only be used to cover expenses that:**

**Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);  
were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and  
were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020**

Race has received 11 grants from the CPUC and has an accounting system in place to properly track all expenses and report on them. Race's proven method has been used by the CPUC to assist other companies that have applied for similar grants. This proven method will meet or exceed the requirements of the CARES Act.

**Summary**

Race is requesting \$1,000,000 from Nevada County through the CARES Act to provide Broadband Internet to the community assisting residents with access for telecommuting, online education, and telemedicine during the current COVID-19 pandemic.

The CARE Act funds will advance Race's investment schedule allowing for 500 homes to be completed on or before the December 30, 2020 deadline. Without the CARE Act funds, Race's investment schedule would have these homes completed at the end of 2021 which would not help the residents of these homes during the current COVID-19 pandemic.

Benefits to the community will be 500 homes will have access to fiber Internet offering 1 Gigabit symmetrical speeds during the current pandemic. This speed exceeds Governor Newsom's new Executive Order N-73-20 stating homes should have a minimum of 100Mbps up/down. This broadband access will erase the disadvantage these current 500 homes currently have versus other homes in Nevada County.

Benefits to the local economy will be Race is contracting with a local Grass Valley company to perform the in-home installation of services. This local company has stated that this will allow them to keep their staff of 19 employed during the downturn in business caused by COVID-19 pandemic.



Race is available through the following contacts to answer any questions concerning this supplement to our LOI:

Raul Alcaraz, CEO  
415 991-9400  
[raul@race.com](mailto:raul@race.com)

Jim Miller, VP Sales and Marketing  
661 742-7869  
[jmiller@race.com](mailto:jmiller@race.com)

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jim Miller'.

Jim Miller  
Race Communications / VP Sales & Marketing  
1325 Howard Ave. #604, Burlingame, CA. 94010  
Phone: +1 661 742 7869/ [jmiller@race.com](mailto:jmiller@race.com) / <http://www.race.com>

## Attachment A

**SCOPE OF WORK TIME LINE**

	Activities	Description	Timeline
<b>Sept. 2020</b>	<ul style="list-style-type: none"> <li>Mobilization of crews</li> </ul>	Race OSP staff to engineer 500 homes passed in Zone 2 project area. Identify additional material required to complete construction	Week 4
	<ul style="list-style-type: none"> <li>Supplemental training as necessary</li> </ul>	Race utilized 2 of its crews to train local Grass Valley contractors on Race's installation standards	Week 4
	<ul style="list-style-type: none"> <li>Address any temporary pole placements</li> </ul>	Race OSP to place PO's for temp poles	Week 4
<b>Oct.2020</b>	<ul style="list-style-type: none"> <li>Begin installations in block areas</li> </ul>	Race OSP staff and Race Contractors begin construction	Week 1
	<ul style="list-style-type: none"> <li>Contact home owners in connection areas.</li> </ul>	Inform residents of internet service opportunities. How to get connected. Track outreach and response.	Week 1
	<ul style="list-style-type: none"> <li>Placement of fiber for intial 200 Homes</li> </ul>	Race contractors place final fiber to serve homes schedule for Oct.	Weeks 1-4
	<ul style="list-style-type: none"> <li>Placement of Enclosure for 200 Homes</li> </ul>	Race contractors place fiber enclosures to serve customer homes.	Weeks 1-4
	<ul style="list-style-type: none"> <li>Splicing and testing of fiber to intial 200 Homes</li> </ul>	Race contractors to complete final splicing and testing for Oct. homes	Week 4
	<ul style="list-style-type: none"> <li>In-home installations scheduled</li> </ul>	Customers who placed pre-orders are contacted for in-home installation of services	Week 4
	<ul style="list-style-type: none"> <li>Home fiber drops begin</li> </ul>	Both Race crews and Race contractors begin fiber installation from the street to customer's home.	Week 4
	<ul style="list-style-type: none"> <li>End of month recap provided to County</li> </ul>	Recap of Monthly construction and production provided to County POC	Week 4
<b>Nov.2020</b>	<ul style="list-style-type: none"> <li>Contact home owners in connection areas.</li> </ul>	Inform residents of internet service opportunities. How to get connected. Track outreach and response.	Week 1
	<ul style="list-style-type: none"> <li>Placement of fiber for next 200 Homes</li> </ul>	Race contractors place final fiber to serve homes schedule for Nov.	Weeks 1-4
	<ul style="list-style-type: none"> <li>Placement of Enclosure for 200 Homes</li> </ul>	Race contractors place fiber enclosures to serve customer homes.	Weeks 1-4
	<ul style="list-style-type: none"> <li>Splicing and testing of fiber to next 200 Homes</li> </ul>	Race contractors to complete final splicing and testing for Nov. homes	Week 4
	<ul style="list-style-type: none"> <li>In-home installations scheduled</li> </ul>	Customers who placed pre-orders are contacted for in-home installation of services	Week 4
	<ul style="list-style-type: none"> <li>Home fiber drops begin</li> </ul>	Both Race crews and Race contractors begin fiber installation from the street to customer's home.	Week 4

## Attachment A

	<ul style="list-style-type: none"> <li>End of month recap provided to County</li> </ul>	Recap of Monthly construction and production provided to County POC	Week 4
<b>Dec.2020</b>			
	<ul style="list-style-type: none"> <li>Contact home owners in connection areas.</li> </ul>	Inform residents of internet service opportunities. How to get connected. Track outreach and response.	Week 1
	<ul style="list-style-type: none"> <li>Placement of fiber for next 100 Homes</li> </ul>	Race contractors place final fiber to serve homes schedule for Dec.	Weeks 1-3
	<ul style="list-style-type: none"> <li>Placement of Enclosure for 100 Homes</li> </ul>	Race contractors place fiber enclosures to serve customer homes.	Weeks 1-3
	<ul style="list-style-type: none"> <li>Splicing and testing of fiber to next 100 Homes</li> </ul>	Race contractors to complete final splicing and testing for Dec. homes	Week 3
	<ul style="list-style-type: none"> <li>In-home installations scheduled</li> </ul>	Customers who placed pre-orders are contacted for in-home installation of services	Week 3
	<ul style="list-style-type: none"> <li>Home fiber drops begin</li> </ul>	Both Race crews and Race contractors begin fiber installation from the street to customer's home.	Week 3
	<ul style="list-style-type: none"> <li>End of month recap provided to County</li> </ul>	Recap of Monthly construction and production provided to County POC	Week 4
	<ul style="list-style-type: none"> <li>Project Completion Report</li> </ul>	Race to provide a final Report listing addresses for 500 homes and final take rate for services.	Week 4