



Adjusted Application

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Proposal Summary

Applicant:

Cruzio Media (U-7150-C)

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Project Title:

Equal Access Santa Cruz

Location:

Soquel/Capitola, Santa Cruz County, CA

Type:

Last Mile

Grant Request:

\$2,445,153

Cruzio Internet is applying for a \$2,445,153 grant from the California Advanced Services Fund (CASF) Broadband Infrastructure Grant Account to deploy last mile fiber-to-the-home (FTTH) facilities that will enable high-speed broadband service to 263 unserved households and the business operations of 7 Mobile Home Parks in the Soquel/Capitola region of Santa Cruz County, California.

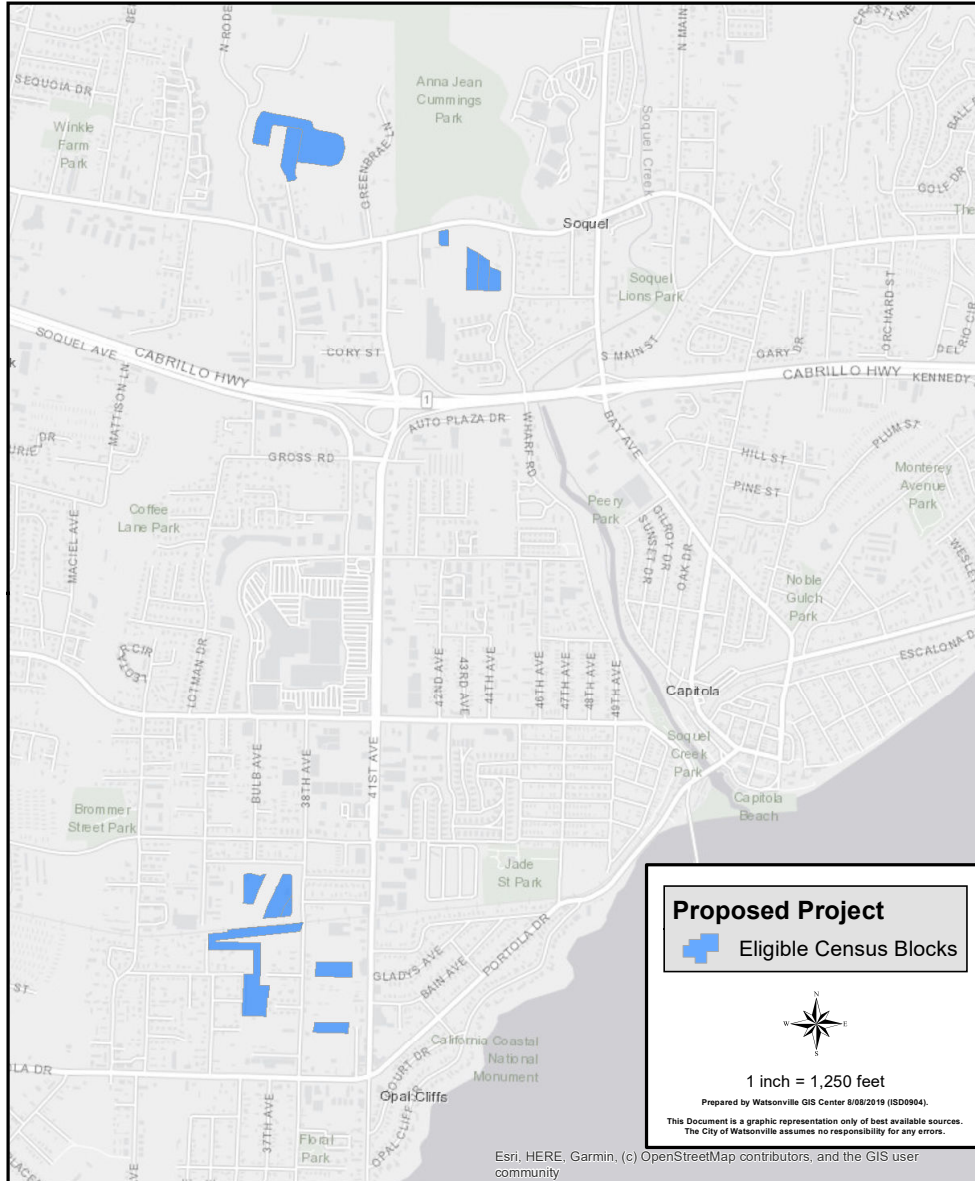
The project's major expenses consist of two active fiber cabinets and approximately 7.5 miles of new 100% underground fiber construction. New construction will be connected to leased Crown Castle fiber with 10-year IRU in place. Primary path construction would begin in January 2020 and be complete by December 2020.

We estimate the median income of the project area to be \$41,036. The project will provide initial symmetrical speeds of 1 Gbps (1 Gbps upload, 1Gbps download) with the ability to scale to 10 Gbps and beyond as dictated by future usage and needs.



Map of Project Area

Cruzio CASF Infrastructure Grant Application Cruzio Media - Equal Access Santa Cruz - August 8, 2019



Equal Access Santa Cruz Project Map

Census Blocks Partially or Wholly Included

060871211002030	060871220035005
060871211002038	060871220035006
060871216005007	060871216005003
060871216005009	060871217006006
060871217006015	060871217006005
060871220035003	060871220035025

Households by ZIP

95062

95073

Funding Level

The area applied for is 100% unserved with no service (Dial-up only). No existing CAF II areas are within project area.

We are disputing the Broadband Map's depiction of served status for certain portions of census blocks within unserved parks.

We are requesting ministerial review:

- Cruzio meets program eligibility requirements.
- The requested grant is less than \$10,000,000.
- The project is CEQA-exempt.
- The cost per household is less than \$9,300.

Requesting 100% project funding.

Major Infrastructure and Equipment to be Deployed

Asset type	Quantity
Fiberoptic cable	7.5 miles
Active fiber cabinets	2
Vaults	30
Hand holes	132
MST	75
NID/ONT	263
CPE	263

Project Location Data

Project area statistics

The project area consists of 7 mobile home parks which comprise three contiguous sub-areas (41st Avenue - North, 41st Ave- South, Alimur). The census blocks intersected by the areas of the parks ("park blocks") were identified using Arc-GIS tools maintained and operated by the City of Watsonville on behalf of the Central Coast Broadband Consortium (CCBC). Census statistics for all park blocks were gathered using the "get features" tool on the CPUC's California Interactive Broadband Map ("CPUC map") on 9 April 2019.

Project Housing Units, Population and Eligibility

Census Block	Project Area	Area (sq. mi.)	Estimated Population 2018	Eligible HUs	CPUC reviewed
060871211002030	41st - North	0.002911	29	25	Yes
060871211002038	41st - North	0.009074	73	56	Yes
060871216005007	41st - South	0.001385	43	20	Yes
060871216005009	41st - South	0.002066	19	17	Yes
060871217006015	41st - South	0.001785	31	11	Yes
060871220035003	41st - South	0.000551	16	6	Yes
060871220035005	41st - South	0.001499	14	12	Yes
060871220035006	41st - South	0.000949	12	8	Yes
060871216005003	Alimur	0.009048	146	70	Yes
060871217006006	Alimur	0.002648	40	20	Yes
060871217006005	Alimur	0.000503	12	3	Yes
060871220035025	Alimur	0.001765	23	16	Yes

After reviewing CPUC Broadband Map and all available data, we believe all Census Blocks in project area are eligible for funding.

Median Household Income

The project area includes 12 census blocks in 4 census block groups in portions of one city (Capitola) and one census designated place (Soquel). A majority of the census blocks – 7 out of 12 – have median house incomes (MHIs) that are less than the CARE standard of \$50,200. However, we assert that MHIs for all project census blocks falls below that standard.

Census Block	CBG	MHI	CDP
060871216005003	060871216005	\$37,418	Capitola
060871216005007	060871216005	\$37,418	Capitola
060871216005009	060871216005	\$37,418	Capitola
060871217006006	060871217006	\$76,591	Capitola
060871217006015	060871217006	\$76,591	Capitola
060871217006005	060871217006	\$76,591	Capitola
060871220035003	060871220035	\$43,750	Capitola
060871220035005	060871220035	\$43,750	Capitola
060871220035006	060871220035	\$43,750	Capitola
060871220035025	060871220035	\$43,750	Capitola
060871211002030	060871211002	\$72,950	Soquel
060871211002038	060871211002	\$72,950	Soquel

The median household income (MHI) for each community was calculated by weighting the MHI for each census block group (CBG) that intersects the community by the number of households in each CBG:

	Median HH income
Capitola	\$69,374
Soquel	\$82,500

On the whole, these two communities are relatively affluent, with MHIs well above the CARE standard of \$50,200.

However, it is misleading to blindly apply CBG-level data to the project area. Information gathered from the community indicates that the residents of the mobile home parks that comprise the project area are significantly less affluent than the population of the surrounding communities. A deeper look at the CBG-level data for the surrounding area supports that conclusion:

CBG	Mobile home park HHs as percent of CBG HHs	Median HH income
60871220035	57%	\$43,750
60871216005	55%	\$37,418
60871217006	42%	\$76,591
60871218002	29%	\$54,491
60871211002	21%	\$72,950
60871220033	15%	\$91,935

There is a clear negative correlation between the median household income of a census block group and the proportion of mobile home park residents in that CBG.

The demographics of the seven census blocks where MHIs are less than the CARE standard are representative of the project area as a whole. Therefore, we estimate the median income of the project to be \$41,036, which is the average of the MHIs in those seven census blocks and is well below the CARE standard. Therefore, this project serves a low income population, as defined by Section 2.2 (Funding Criteria) of the CASF Broadband Infrastructure Grant Account Application Requirements and Guidelines.

According to numbers published by the Housing Authority of Santa Cruz County, a family of four is considered low income with an annual income of less than \$89,450.¹

¹ (<https://www.hacosantacruz.org/wp-content/uploads/2017/04/SC-Federal-Income-Limits.pdf>)



Proposed Project Expenditures

	Units	Price per unit	Total
Direct Costs:			
Engineering			\$81,082.31
Duct placement	39,600ft	\$20.75	\$821,700.00
Hand Hole placement	132	\$990.00	\$130,680.00
Terminal/MST placement	75	\$1,465.00	\$109,875.00
Fiber placement	39,600ft	\$5.75	\$227,700.00
Drop placement	263	\$1,625.00	\$427,375.00
NID/ONT placement	263	\$490.00	\$128,870.00
Splicing & testing			\$251,879.17
CPE	263	\$150.00	\$39,450.00
Home installation	263	\$234.00	\$61,542.00
Indirect Costs:			
Bandwidth Costs:			
Interconnects	1	\$15,000.00	\$15,000.00
Dark Fiber IRU	60 months	\$1,500/mo	\$90,000.00
Bandwidth	1 Gigabit	\$1,000/mo	\$60,000.00
Total			\$2,445,153.48

Economic Life of Assets

Asset type	Quantity	Estimated Useful Life
Fiberoptic cable	7.5 miles	25-30+ years
Active fiber cabinets	3	15-20 years
Vaults	30	25-30+ years
Hand holes	132	10-15 years
MST	75	10-15 years
NID/ONT	263	10-15 years
CPE	263	7 years

Pricing Commitment

The Equal Access Santa Cruz project will offer the following pricing tiers:

Tier	Upload/Download (Mbps)	Price	Setup fee
Basic (Low Income)	40/40	\$14.95/mo	\$0
Starter	100/100	\$84.95/mo	\$0
Pro	1000/1000	\$109.95/mo	\$0

All installation/service connection charges will be waived. Home wifi portal must be returned upon cancellation of service.

To further encourage adoption, Basic (Low Income) pricing will be offered for a minimum of **five years**, rather than the two years required in grant application.

Project Viability

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE	\$21,445.02	\$74,843.12	\$117,199.18	\$138,220.64	\$154,094.19
OPERATIONAL EXPENSES					
Staffing	\$3,945.00	\$9,823.05	\$11,736.77	\$13,690.13	\$14,656.85
General Overhead	\$3,945.00	\$9,823.05	\$11,736.77	\$13,690.13	\$14,656.85
Internet Backhaul - CapEx	\$15,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Internet backhaul - OpEx	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
Marketing Expenses	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Property Tax	\$17,173.30	\$17,173.30	\$17,173.30	\$17,173.30	\$17,173.30
CPE refresh (= to depreciation)	\$1,104.60	\$2,750.45	\$3,286.30	\$3,833.24	\$4,103.92
Fiber O&M (Operations & Maintenance)	\$24,451.53	\$24,696.05	\$24,940.57	\$26,970.04	\$25,429.60
Total Expenses	\$95,619.43	\$99,265.90	\$103,873.70	\$110,356.84	\$111,020.51
Net Income	-\$74,174.41	-\$24,422.78	\$13,325.48	\$27,863.79	\$43,073.68
CONSTRUCTION COSTS					
Annual construction costs	-\$2,445,153.48	\$0.00	\$0.00	\$0.00	\$0.00
REIMBURSEMENT					
Grant reimbursement -- 100%	\$2,445,153.48	\$0.00	\$0.00	\$0.00	\$0.00
Ending cash	-\$74,174.41	-\$98,597.20	-\$85,271.72	-\$57,407.93	-\$14,334.25

ASSUMPTIONS:

REVENUE					
Homes passed	263	0	0	0	0
Take rate	20.0%	50.0%	60.0%	70.0%	75.00%
New subscribers	53	78	26	26	13
Churn Rate	0%	1.00%	1.00%	1.00%	1.00%
Total subscribers	53	131	156	183	195
ARPU	\$67.95	\$67.95	\$67.95	\$67.95	\$67.95
Total annual subscriber revenue	\$21,445.02	\$74,843.12	\$117,199.18	\$138,220.64	\$154,094.19
<i>Annual low income sub revenue</i>	<i>\$3,303.00</i>	<i>\$8,223.86</i>	<i>\$23,004.07</i>	<i>\$26,832.66</i>	<i>\$28,727.42</i>
Total Annual Revenue	\$21,445.02	\$74,843.12	\$117,199.18	\$138,220.64	\$154,094.19

PRICING					
Tier	% take rate				
14.95	35%	35%	35%	35%	35%
84.95	55%	55%	55%	55%	55%
159.95	10%	10%	10%	10%	10%
ARPU	\$67.95	\$67.95	\$67.95	\$67.95	\$67.95



Contact Cruzio

We understand that you may have additional questions about or beyond this packet. Please feel free to reach out to us to talk about any questions that emerge or to discuss your specific needs.

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