MMG Budget Narrative

Applicant Name: Blackfoot Telephone Cooperative, Inc. sub-recipient Southern Montana Telephone Company, Inc.

Applicant Type: Nonprofit without 501C3 IRS Status

Proposed Period of Performance: 3 years

Total Project Costs: $16,795,000

Total Federal Grant Request: $11,756,500

Total Matching Funds (Cash): $5,038,500

Applicant and sub-recipient are investing their own capital using cash reserves and/or operating cash flows as a match for this project. The cash reserves are able to be validated by reviewing the included audited financial statements; therefore, there are no notable risks associated with this cash match.

Total Matching Funds (In-Kind): $0

Total Matching Funds (Cash + In-Kind): $5,038,500

Total Matching Funds (Cash + In-Kind) as Percentage of Total Project Costs: 30%

1. **Administrative and Legal Expenses - $0**

N/A

2. **Land, structures, rights-of-way, appraisals, etc. - $0**

N/A

3. **Relocation expenses and payments - $0**

N/A

4. **Architectural and engineering fees - $2,464,215**

Engineering/Consulting (Blackfoot Telephone Cooperative, Inc.) ($2,102,115) – This cost includes all detailed engineering, contract bid management, project management, and as-built mapping services for the proposed middle mile fiber project for the primary applicant, Blackfoot

Telephone Cooperative, Inc. (BTC). Costs for preparing technical requirements, soliciting pricing, executing purchase agreements, and project management of the implementation for the transport electronics are included as well. Engineering/Consulting services are estimated to cost approximately 18 percent of the Construction budget category. This percentage is consistent with typical costs for engineering as a percentage of the construction and electronics costs based on recent projects.

Engineering/Consulting (Southern Montana Telephone Company, Inc.) ($362,100) – This cost includes all detailed engineering, contract bid management, project management, and as-built mapping services for the proposed middle mile fiber project for the sub-recipient, Southern Montana Telephone Company, Inc. (SMT). Costs for preparing technical requirements, soliciting pricing, executing purchase agreements, and project management of the implementation for the transport electronics are included as well. Engineering/Consulting services are estimated to cost approximately 19 percent of the Construction budget category. This percentage is consistent with typical costs for engineering as a percentage of the construction and electronics costs based on recent projects.

5. Other architectural and engineering fees - $0

N/A

6. Project Inspection fees - $0

N/A

7. Site work - $0

N/A

8. Demolition and removal - $0

N/A

9. Construction - $13,582,785

A detailed unit break out of this budget category can be found in the detailed budget justification.

New Buried Fiber Construction (BTC) ($11,677,000) – The total cost includes materials and labor for new buried fiber construction for BTC, the primary applicant. Costs for materials and labor were determined from projects similar in size, area, and geography. The proposed project

includes an estimated 115 miles of fiber at a unit rate of $102,000 per mile. With a project duration of 3 calendar years and due to recent industry cost increases for material and labor, an inflationary factor was applied to the per mile cost. A competitive bid will be utilized to ensure reasonable contractor pricing for the proposed project.

New Buried Fiber Construction (SMT) ($1,905,785) – The total cost includes materials and labor for newly buried fiber construction for sub-recipient SMT. Costs for materials and labor were determined from projects similar in size, area, and geography. The proposed project includes an estimated 22 miles of fiber at a unit rate of $86,352 per mile. With a project duration of 3 calendar years and due to recent industry cost increases for material and labor, an inflationary factor was applied to the per mile cost. A competitive bid will be utilized to ensure reasonable contractor pricing for the proposed project.

10. Equipment - $748,000

A detailed unit break out of this budget category can be found in the detailed budget justification.

Middle Mile Electronics (BTC) ($738,000) – The cost associated here includes transport electronics to light the existing and proposed middle mile fiber routes that make up the BTC Sapphire Ring. This equipment is crucial in ensuring the best service for subscribers by enabling significant middle mile backhaul data rates, network resiliency, and reliability. BTC estimates the implementation of the proposed middle mile electronics will result in a total estimated cost of $738,000.

Middle Mile Electronics (SMT) ($10,000) – The cost associated here includes labor associated with installing transport electronics at the existing SMT central office facilities to enable services on its portion of the proposed middle mile network. This equipment is crucial in ensuring the best service for subscribers and network resiliency and reliability. The total cost estimate for the SMT middle mile electronics is $10,000.

11. Miscellaneous - $0

N/A

12. SUBTOTAL (sum of lines 1-11) - $16,795,000

13. Contingencies - $0

N/A

14. SUBTOTAL (sum of lines 12-13) - $16,795,000

15. Project (program) income - $0

N/A

16. TOTAL PROJECT COSTS - $16,795,000