

## **Budget Narrative Guidance for Middle Mile Grant (MMG) Projects**

All applications for MMG projects must have a detailed budget narrative explaining and justifying the federal expenditures by object class as listed in the SF-424C.

For each object class in the SF-424C, applicants should include detailed descriptions and cost justifications for the listed costs. The budget narrative must match the budget detail spreadsheet and SF-424C dollar amounts. The budget narrative must also match the total dollar amount on the SF424.

Costs proposed for this grant program must be reasonable, allowable, allocable, and necessary to the supported activity. Please refer to 2 CFR Part 200 for applicable administrative requirements and cost principles. Please refer to the Notice of Funding Opportunity (NOFO) for program objectives as well as specific allowable and unallowable costs and activities.

For each cost listed below, the applicant must provide the breakdown of each cost (typically completed in a chart), as well as a narrative explanation for each cost.

### **Total Federal Funding for MMG Project**

List the total requested funding at the top of the budget narrative. The total listed here must match the total in the SF-424, SF-424C and the budget detail spreadsheet.

Applicants should list total project costs, the total Federal grant request, total cash match (if applicable), and total in-kind match (if applicable). The applicant should then provide the total matching funds for all match (cash and in-kind) as the percentage of total project costs.

#### **1. Administrative and Legal expenses**

Reasonable, post-NOFO, pre-application expenses in an amount not to exceed fifty thousand dollars (\$50,000) of grant funds received under the MMG for preparation expenses.

Examples of administrative expenses include costs attributable to: accounting, auditing, contracting, budgeting, and general legal services; facility occupancy costs, e.g., rent, utilities, insurance, taxes, and maintenance; general liability insurance that protects the organization (not directly related to a program); depreciation on buildings and equipment; general office supplies; and general and administrative salaries and wages.

Administrative and legal fees should be listed by category (ex. rent, training, grant management, etc.), or broken down by line item as much as possible. Each line must include the total time (ex. total number of hours), cost per unit, and the total cost for that line item. If applicable, time commitment(s) such as hours or level of effort should be provided.

Along with the calculations for each line item, applicants must provide a description of each charge to include what it is, who will be doing it (if applicable and if known), and how it relates to the project objectives. If the applicant will be providing a cash or in-kind match in this cost category, this must be noted and explained in the justification.

If an applicant plans to charge indirect costs to this award, they should also be included into the Administrative and Legal Expenses line item. The detailed budget justification template and the budget narrative should clearly explain how they are being applied and to what. Additionally, if indirect costs are proposed, the applicant must also be sure to attach a copy of their most recent negotiated indirect cost rate agreement for analysis by the NIST Grants Management Division to ensure they are applied appropriately.

If indirect costs are proposed in addition to local match/cost share, the applicant is required to provide in their budget narrative the break-down of the federal amount and local share of indirect costs, consistent with OMB Memorandum M-22-02 to assist with government-wide reporting of indirect costs.

Sample Justification for Federally funded activities:

Activity	Total Time	Rate	Total Cost
Grant Management activities	300 hours	\$50 per hour	\$15,000
Legal Fees	60 hours	\$150 per hour	\$9,000

Example details for items above:

Grant Management Activities (\$15,000) – Staff time (exact staff TBD) to complete mandatory grant management activities such as completing reports, responding to audit requirements, conducting budgetary activities, and other activities as required by the grantor. These activities are necessary to meet the reporting and compliance requirements of the grant program. This position will be Federally funded/not match funded.

Legal Fees (\$9,000) – Development of agreements and MOUs between the various organizations involved in the grant, to include sub-grantees. Also, will conduct legal reviews for all contracts.

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

Provide a description of estimated costs, proposed activities, and any additional information. Each line item should be listed with the following information:

- Description: a description of what is needed to be purchased or the explanation of the fee/permit, etc.
- Unit basis: method for counting each item (by mile, by feet, individually, etc.)

- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: Unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
12' by 20' Utility building/hut	Each	\$40,000	12	\$480,000
Railroad crossing permit	Cost is per crossing	\$2800	10	\$28,000

Example detail:

Utility Huts (\$480,000) – One hut for each of the 12 new node sites. This price is based on a quote from Huts-Are-Us, a prefabricated telecom building manufacturer. The sites are fully functional and have a full HVAC system.

Railroad crossing permits (\$28,000) – There are 10 areas/locations where the network will have to cross under the path of a railroad. Because of this barrier, special construction fees, insurance and city taxes are required to perform the work. The cost is based on past experience of crossing under railroads in a nearby location. In order to complete the project successfully, the network must cross the railroads and cannot go around them.

### 3. Relocation expenses and payments

Applicants must provide an explanation for the relocation, description of the items involved in relocation, methods used to calculate the costs, and any additional information to describe the costs around relocation.

Each line item should be listed with the following information:

- Description: a description of the items to be relocated or the payments for relocation
- Unit basis: method for counting each item (by unit, individually, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Moving/relocating	Each	\$50,000	1	\$50,000

NOC to a new building				
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Example detail:

Relocation of NOC (\$50,000) – Relocation of network operations center (NOC) from an old building at A location to a new building at B location. The old building will be demolished and it is necessary to keep this NOC for project activities. Cost estimate provided by a local vendor. Cost is inclusive of the trucks to move the equipment from one location to the other, fuel for the trucks, and staff time to do the moving.

#### 4. Architectural and engineering fees

Provide a description of estimated fees, an explanation of proposed services, and additional information as needed. Engineering and network design costs should be included in this section.

Each fee should be listed individually with the following information:

- Description: a description of the fee
- Unit basis: method for counting each fee (hourly, flat fee, annual fee, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Site Architectural Plans	Each	\$3,200	15	\$48,000
CAD Design	Cost per hour	\$75	2000	\$150,000

Example detail:

Site Architectural Plans (\$48,000) – The cost is per site improvement plans for each of the node sites, including basic node design and site plans. The costs are estimated based on industry standards for the area.

CAD Design (\$150,000) – The CAD design will be completed by a consultant using a computer-based design program in AutoCAD for the construction, permits, and cable location records. The time is estimated at 2,000 hours at \$75 an hour over the one-year period of performance. \$75 an hour is the average per hour cost for a mid-level consultant per the Department of Labor.

### 5. Other architectural and engineering fees

Provide a description of any other fees, to include architectural fees, engineering fees, town or county fees required for the project. Additional fees may include testing fees for network or equipment, or entity fees, such as field studies/field fees.

Each fee should be listed individually with the following information:

- Description: a description of the fee
- Unit basis: method for counting each fee (hourly, flat fee, annual fee, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Network System Testing	Each	\$40,000	12	\$480,000
Cable Testing	Cost per hour	\$125	1500	\$187,500

Example detail:

Network System Testing (\$480,000) – Overall testing of the network. Two techs for one week at each of the 12 nodes plus the NOC. Rates are industry standard for 2 people in this type of role.

Cable Testing (\$187,500) – End-to-end cable testing and troubleshooting between 12 nodes. This will be completed by two people over the period of performance, totaling \$187,500. The rate of \$125 an hour is the standard rate for this type of work in our area.

### 6. Project Inspection fees

Provide a description of any project inspection fees, to include local, Tribal, or Federal fees directly related to project inspection. Administrative or filing fees should not be listed in this section, but rather should be included in the administrative or legal expenses (1) section.

Each fee should be listed individually with the following information:

- Description: a description of the fee
- Unit basis: method for counting each fee (hourly, flat fee, annual fee, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)

- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Quality Control inspection fees	Each	\$100	24	\$2,400

Example detail:

Quality Control inspection fees (\$2,400) – Quality control inspection fees are required to assure compliance with local regulations. 24 inspections over the period of performance. The billing rate is set by local governments and is completed per review.

## 7. Site work

Provide a description of any site work, site preparation, or site utility work necessary for the project. Administrative or filing fees or costs should not be listed in this section, but rather should be included in the administrative or legal expenses (1) section.

Each line item should be listed individually with the following information:

- Description: a description of the site work
- Unit basis: method for counting each item (hourly, flat fee, annual fee, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Fencing – 30' x 30'	Per Node	\$7,000	12	\$84,000

Example detail:

Fencing (\$84,000) – 6-foot chain link fencing with security wiring and two gates. Local contractor estimated \$7,000 per site based on previous, similar work. Each node (12) will require fencing.

## 8. Demolition and removal

Provide a description of any demolition and removal activities for the project.

Each activity should be listed individually with the following information:

- Description: a description of the demolition or removal
- Unit basis: method for counting each activity (hourly, flat fee, annual, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Demolition of building	Each	\$100,000	1	\$100,000

Example detail:

Demolition of building (\$100,000) – Demolition of an existing structure (office building) at location A to erect a new vendor neutral wireless tower at the same location. Demolition estimates were provided by a local vendor. Demolition includes razing the structure to the foundation and hauling away all debris for disposal. This location was determined to be the only place in location A that would work for a tower and that is why it is necessary to remove the building, rather than put the tower at another location.

## 9. Construction

Provide a description of any construction activities for the project. Include all applicable taxes and delivery fees into the line item cost (do not have separate line items for these charges).

Each activity should be listed individually with the following information:

- Description: a description of the activity
- Unit basis: method for counting each activity (hourly, flat fee, annual, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Boring	Per Foot	\$5.50	111,500	\$613,250
Wireless Tower	Each	\$20,000	8	\$160,000

Example detail:

Boring (\$613,250) – Charge is per foot for an estimate of 111,500 feet. The estimated 111,500 feet is based on the number of boring locals in later cables and on a main route next to one of the nodes. Prices are from a local vendor quote.

Wireless towers (\$160,000) – Total 8 wireless towers at \$20,000 each totaling \$160,000. Each monopole tower will facilitate interconnection by last mile service providers and meet open network standards. Price is quoted by two local vendors and is average for the local area.

## 10. Equipment

Provide a description of any equipment for the project, but do not include equipment components of the network that are associated with construction activities. In your description of the equipment, include the brand or manufacturer as well as estimated price and technology specifications. Include small office machinery and other office requirements as applicable. Include all applicable taxes and delivery fees into the line-item cost (do not have separate line items for these charges).

Each activity should be listed individually with the following information:

- Description: a description of the activity
- Unit basis: method for counting each activity (hourly, flat fee, annual, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Laptops/GPS	Each	\$2,000	5	\$10,000
Communications Equipment	Each	\$3,800	12	\$45,600

Example detail:

Laptops/GPS (\$10,000) – Dell laptops equipped with basic office service package for the inspectors and field engineers. Purchase price is based on entity general schedule purchase agreements.

Communications Equipment (\$45,600) – Package of equipment for on-site crew and key employees. Includes a cell phone, PBX system and satellite capability. Purchase price is based on local vendor quotes.

## 11. Miscellaneous

Provide a description and breakout of any activities costs that do not fit into other cost classifications, as defined by the SF424C.



Put any costs for the planning, feasibility, or sustainability studies in this section.

Each activity should be listed individually with the following information:

- Description: a description of the activity
- Unit basis: method for counting each activity (hourly, flat fee, annual, etc.)
- Unit cost: the cost for one unit (from the unit basis)
- Number of units: total number of units (from the unit basis)
- Total cost: unit cost x number of units = total cost

Example:

Description	Unit Basis	Unit Cost	Number of Units	Total Cost
Feasibility Study for location A	Each	\$2,500	1	\$2,500

Example detail:

Feasibility Study for location A (\$2,500) – costs to complete a feasibility study for location A prior to starting any construction or demolition activities. Feasibility study is necessary to complete as the location has unusual geography and will help determine what site remediation is necessary to complete project work at the location.

**12. SUBTOTAL (sum of lines 1-11)**

**13. Contingencies**

Contingency costs are allowable but must be reasonable and consistent with the cost principles, specifically 2 CFR § 200.433. Section 200.433 describes a contingency as that part of a budget estimate of future costs (typically of large construction projects, IT systems, or other items as approved by the Federal awarding agency) which is associated with possible events or conditions arising from causes the precise outcome of which is indeterminable at the time of estimate, and that experience shows will likely result, in aggregate, in additional costs for the approved activity or project. Amounts for major project scope changes, unforeseen risks, or extraordinary events may not be included.

An applicant may include contingency costs (other than those expressly excluded as noted in the above paragraph) in budget estimates to the extent they are necessary to improve the precision of those estimates. Amounts must be estimated using broadly-accepted cost estimating methodologies, specified in the Budget Narrative, and accepted by NTIA. Contingencies are generally considered reasonable if they are 10-15% of total construction costs or less, otherwise the applicant should provide justification for the higher costs.

**14. SUBTOTAL**

**15. Project (program) income**

Project or program income must be reported in line with 2 CFR § 200.307.

**16. TOTAL PROJECT COSTS**

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**MMG Budget Narrative Template**

Applicant Name:

Applicant Type:

Proposed Period of Performance:

Total Project Costs:

Total Federal Grant Request:

Total Matching Funds (Cash):

Total Matching Funds (In-Kind):

Total Matching Funds (Cash + In-Kind):

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

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

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Activity	Total Time	Rate	Total Cost

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

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

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

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**4. Architectural and engineering fees - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**5. Other architectural and engineering fees - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**6. Project Inspection fees - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**7. Site work - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**8. Demolition and removal - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**9. Construction - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**10. Equipment - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**11. Miscellaneous - \$**

Provide a narrative that includes a detailed description and justification of the estimated costs, proposed activities, and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**12. SUBTOTAL (sum of lines 1-11) - \$**

**13. Contingencies - \$**

Provide a narrative that includes a detailed description and justification of the estimated contingency costs, if any, and additional information as needed. Any contingency costs must be reasonable.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**14. SUBTOTAL (sum of lines 12-13) - \$**

**15. Project (program) income - \$**

Provide a narrative that includes a detailed description of the estimated program income, if any, to be earned during the grant period and additional information as needed.

Description	Unit Basis	Unit Cost	Number of Units	Total Cost

**16. TOTAL PROJECT COSTS - \$**