Comprehensive Community Infrastructure Budget Narrative Template

Applicant Name: Ronan Telephone Company

EasyGrants Number: 6355

Organization Type: Independent Telephone company

Proposed Period of Performance: 3 years

Revised August 6, 2010, to change the Proposed Period of Performance to 3 years from 8.

Jay W. Preston

Total Project Costs: $19,738,925

Total Federal Grant Request: $13,796,640

Total Matching Funds (Cash): $1,487,484

Total Matching Funds (In-Kind): $4,454,801

Total Matching Funds (Cash + In-Kind): $5,942,285

Total Matching Funds (Cash + In-Kind) as Percentage of Total Project Costs: %30.10 (as percentage of Total Grant Request: 43.07%)

1. Administrative and legal expenses - $6,354,845

Administrative, Contract Management, and Legal Costs

Expense Item	Months	Hours/Mo.	Rate/Hour	Total
Contract Management	36	24	$50	$43,200
Project Management	36	168	$36.25	$219,240
Site Supervision	36	10	$35	$12,600
Legal Counsel	36	4	$130	$18,720
Travel (per month)	36		$3300	$118,800
Cash Match from HIEM				$1,487,484
In Kind fiber match from RTC	$4,416,300	+$38,501	=	$4,454,801
			Total	$6,354,845

-Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.

Cash Match from Health Information Exchange of Montana (HIEM)...$ 1,487,484

The Health Information Exchange of Montana (HIEM) has explored opportunities to participate in the Montana West Project including HIEM providing dark fiber from Kila to Kalispell from their network, and in return they will receive dark fiber between Kila and the fiber hotel in Missoula. Such an exchange will help HIEM accomplish their mission which is to provide a high-bandwidth network connecting Health Care facilities throughout Northwestern Montana.

However, HIEM is funded by a FCC grant which requires that any expenditure for new fiber infrastructure construction be the result of a predefined Request for Proposal (RFP) process. Therefore the HIEM's cash match contribution from FCC funding in the Montana West Project will be contingent upon Ronan Telephone Company (RTC) bidding on and winning the RFP that HIEM plans to post on the Internet this fall, for a new fiber build between Kalispell and Missoula.

HIEM recognizes the value that Montana West would bring to the Health Care Network they are building, however they cannot commit to expenditures or provide a letter of intent, because of the RFP requirements of their FCC funding. RTC fully expects to bid on and win the RFP and create a mutually beneficial partnership with HIEM in the Montana West Project.

This cash match will pay for 35.41 new miles of fiber at $42,000 per mile. HIEM won a grant from the FCC to establish a health care telemedicine project in Northwestern Montana, and will use the facilities from this project to add to facilities already in place from the previous grant. Montana West will allow HIEM to connect to hospitals and health care institutions in Kalispell, through the Flathead and Mission Valleys and on into Missoula.

- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.

In-Kind Match from Ronan Telephone Company

In-Kind match of 105.15 miles of installed fiber = $4,454,801. Ronan Telephone Company donates its existing fiber backbone to this project. (See match valuation worksheet in supplemental information)

We further substantiate our estimate of fiber per mile costs, with a letter from HIEM that shows recent bid activity for fiber placement in Northwestern Montana in very similar geography, averaging $41,767 per mile for aerial and buried fiber placement between Kalispell and Libby, Montana. This letter from HIEM is included in our supplemental submittals.

2. Land, structure, rights-of-way, appraisals, etc. - $129,600

Finalizing route planning...Middle Mile...Engineering costs--$129,600 for the entire project...162 days at $100 per hour, or $800 per day.

This involves independent engineering of the route, walking/driving the route and preparing final maps for the relevant authorities and obtaining final rights of way prior to buildout. This will be done for each leg (14 legs) of the fiber backbone prior to build start, and will be taking place while the Tribal

installation teams are being trained at the beginning of the project. (see project plan in the supplemental submittal section)

3. Relocation expenses and payment - $0

We do not anticipate relocating anyone for this project as the entire planned fiber build and coverage area is within Northwestern Montana, and the intallation teams from the Tribes and Ronan Telephone company reside in the areas they will be working in.

4. Architectural and engineering fees - $0

Our engineering fees are described in item 2 above, as they will be related to rights of way acquisition and site preparation.

5.Other architectural and engineering fees - $0

We do not anticipate any additional architectural or engineering fees other than what is covered in our $42,000 per mile buildout cost.

6.Project inspection fees - $50,400

	Months	Hours	Rate	Total
Site Inspection	**36**	**40**	**$35**	**$50,400**

7.Site work - $35,200

Site Development $35,200

Site Development and Engineering...Last Mile...Engineering costs--$7,040 for each of five last mile wireless Internet installations. Total...$35,200.

This is estimated to be 88 hours per installation at $80 per hour. This will involve working with the Tribes and town councils to establish location and placement of antennae and base stations, and will result in contracts for the duration of the project. As mentioned in our project description, we do not anticipate building any new structures for last mile wireless placement, as we are able to work out antenna/base station placement with municipalities and Tribes on existing structures close to the center of the coverage area.

8.Demolition and removal - $0

Demolition and removal will be covered in our $42,000 per mile buildout estimate. When burying fiber, the trench will be covered back up and restored to original condition. All debris and material related to bury or pole installation will be cleared and disposed of within the $42,000 per mile cost framework.

9.Construction - $8,189,627

Fiber build

Switching	Juniper MX960	$247,500
	Juniper Line Cards	$378,000
	Juniper Line Card DPC	$148,500
	Cisco 3750G	$161,850
Transport	Fiber Optic Transceivers	$189,074
	Power Supplies	$135,000
Network Mgmt. Hardware	Network servers	$140,758
Outside Plant	Fiber construction	$6,765,565
Other upfront costs	Site Acquisition costs	$23,380

Construction crews will be seven people from the Blackfeet Reservation, seven from the Flathead Reservation and five from Ronan Telephone Company. These crews will be responsible for the buildout in their respective areas of residence. The project schedule has these reservation crews selected and trained during the first 3 months of the project. Costs for training have been included in the $42,000 per mile buildout cost.

10.Construction and wireless Equipment - $4,316,305

(3) times_$1,347,250.00, + $93,690 + $180,865 (see below)

Equipment per crew has been included in the $42,000 per mile breakout above, however for descriptive purposes, here is a list of the equipment that will be required to complete the project. There will be (3) crews, the Blackfeet, the Flathead, and the RTC crews.

	Equipment per crew	New cost	Gross cost
2.33	small pickup	$25,000.00	$58,250.00
2	large pickup	$52,000.00	$104,000.00
1	Towing Truck	$75,000.00	$75,000.00
1	water truck	$75,000.00	$75,000.00
2	equipment trailer	$20,000.00	$40,000.00
2	reel trailer	$6,000.00	$12,000.00
1	boring machine	$400,000.00	$400,000.00
1	cable plow	$152,000.00	$152,000.00
1	excavator	$65,000.00	$65,000.00
1	vactron	$36,000.00	$36,000.00
0.66	D8 Cat	$300,000.00	$198,000.00
0.66	Semi Tractor	$100,000.00	$66,000.00
0.66	Semi Trailer	$100,000.00	$66,000.00
			$1,347,250.00

Remote site last mile wireless Internet equipment

Customer premise radio/modems…(347) at $270 each…total $93,690. This is derived from quotes from our existing wireless Internet vendor who supplies our equipment for the Browning installation (Arris Corporation)

Wireless Base stations

(5) base stations at $36,173 each..total…$180,865…also from our existing wireless vendor who supplies our equipment for the Browning and Cut Bank installations. (Arris Corporation)

11.Miscellaneous - $662,948

10-year IRU Lease for 10Gb Cutbank to Missoula from 360 Networks

13. Contingencies - $0

- Contingencies are an unallowable expenditures under BTOP.

15. Project (program) income - $0

- The value for this line-item on the SF-424C is $0. Please do not provide an estimated Project (program income) on the SF-424C.

Addendum

- Very few indirect costs are allowable through BTOP. If any allowable indirect costs and/or fringe benefits are included in the budget, please provide a copy of your existing Negotiated Indirect Cost Recovery Agreement (NICRA), if available. If the NICRA is applied accordingly in the budget, there is no need to justify the costs. If a NICRA is not available or is not consistent with the rates/calculations in the budget, please provide an explanation of how the amounts were calculated. Please clearly list the manner in which indirect costs are calculated in the budget.

Note: Verify that indirects are calculated correctly and are eligible BTOP costs. To clarify, reasonable indirect costs under BTOP are only allowable for Full Time Employees (FTEs) associated with the construction, deployment, or installation of facilities or equipment used to provide broadband service.

#. Example Budget Narrative - $724,134 (Confirm to SF-424C)

$100,000 of this category is estimated for legal expenses for contract reviews based on the average legal cost of ($4) per mile for 25,000 miles.

$134 of this category is estimated for legal court filings.

$624,000 of this category is estimated for Project Engineering Staff which consists of a project manager and two (2) network engineers.

Staff	Hours	Years	Rate	Total Cost
Project Manager	2080	3	$20/hr	$124,800
Project Engineer	2080	3	$30/hr	$187,200
Civil Engineer	2080	3	$50/hr	$312,000
TOTAL:				**$624,000**

BUDGET INFORMATION - Construction Programs

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Expiration Date 07/30/2010

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	$ 6,354,845.00	$	$ 6,354,845.00
2. Land, structures, rights-of-way, appraisals, etc.	$ 129,600.00	$	$ 129,600.00
3. Relocation expenses and payments	$ 0.00	$	$ 0.00
4. Architectural and engineering fees	$ 0.00	$	$ 0.00
5. Other architectural and engineering fees	$ 0.00	$	$ 0.00
6. Project inspection fees	$ 50,400.00	$	$ 50,400.00
7. Site work	$ 35,200.00	$	$ 35,200.00
8. Demolition and removal	$ 0.00	$	$ 0.00
9. Construction	$ 8,189,627.00	$	$ 8,189,627.00
10. Equipment	$ 4,316,305.00	$	$ 4,316,305.00
11. Miscellaneous	$ 662,948.00	$	$ 662,948.00
12. SUBTOTAL *(sum of lines 1- 11)*	$ 19,738,925.00	$ 0.00	$ 19,738,925.00
13. Contingencies	$	$	$ 0.00
14. SUBTOTAL	$ 19,738,925.00	$ 0.00	$ 19,738,925.00
15. Project (program) income	$	$	$ 0.00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	$ 19,738,925.00	$ 0.00	$ 19,738,925.00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X 69.8955 %		$ 13,796,640.00

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JAY W PRESTON