Budget Information

Budget Narrative

Applicant Name: Cumberland and Salem Counties
Applicant Type: County Government
Proposed Period of Performance: 24 months
Total Project Costs: $34,538,131.62
Total Federal Grant Request: $24,176,692.13
Total Matching Funds (Cash): $6,982,307.87
Total Matching Funds (In-Kind): $3,379,131.62
Total Matching Funds (Cash + In-Kind): $10,361,439.49
Total Matching Funds (Cash + In-Kind) as Percentage of Total Project Costs: 30%

1. Administrative and Legal Expenses - $200,000.00

Administration Duties ($75,000.00) – Administration duties include hours to complete project documentation which will include any pole attachment agreements required. It is budgeted at $100 per hour for 750 hours.

Grant Administration ($125,000.00) – Grant administration activities to ensure grant compliance are budgeted at $125 per hour for 1,000 hours.

2. Land, structures, rights-of-way, appraisals, etc. - $7,859,131.62

Current, fair-market value for the towers represented in the in-kind match were determined by using replacement cost, as the towers are considered public infrastructure. In the case of two towers in Cumberland County (Cedarville Tower and Cumberland Tower), an average of the historical cost with no accumulated depreciation was utilized, as these towers are fairly recent builds (2019 and 2017). These costs included competitively bid construction costs, equipment, and prevailing wage. For the remainder of the towers, the methodology considered these two comparable, nearby projects and their costs to determine the replacement cost. Considering the volatility of the current market, these costs are considered to be very conservative. Escalation was not included in either case and, as such, risks or conditions were considered negligible. Documented expenses or construction bids are available by request.

Replace Wooden Poles ($750,000.00) – It is estimated that 300 wooden utility poles will need to be replaced due to deterioration or advanced age. Each utility pole is $2,500.

Salem Towers ($1,995,000.00) – Salem County is donating three towers to the project. These towers would be used to provide access to Wireless Internet Service Providers (WISPs) to provide Fixed Wireless Access (FWA) service as a possible last mile connection. Each tower is estimated at a valuation of $665,000. This value was calculated by averaging the costs of the recently constructed Cedarville and Cumberland Towers (below), as they would be constructed under similar circumstances in a similar region.

Center Tower Shelter ($56,976.15) – Cumberland County is donating the shelter at their “Center Tower” for installation of fiber patch panel equipment.

Cedarville Tower ($727,680.78) – Cumberland County is donating their Cedarville Tower. This tower would be used to provide access to Wireless Internet Service Providers (WISPs) to provide Fixed Wireless Access (FWA) service as a possible last mile connection. This tower is estimated at a valuation of $727,681. This valuation is based on the original costs to construct this tower in 2019.

Cumberland Tower ($599,474.69) – Cumberland County is donating their Cumberland Tower at the County Fire Department. This tower would be used to provide access to Wireless Internet Service Providers (WISPs) to provide Fixed Wireless Access (FWA) service as a possible last mile connection. This tower is estimated at a valuation of $599,475. This valuation is based on the original costs to construct this tower in 2017.

Greenwich Tower ($665,000.00) – Cumberland County is including the donation of their planned tower in Greenwich. This tower would be used to provide access to Wireless Internet Service Providers (WISPs) to provide Fixed Wireless Access (FWA) service as a possible last mile connection. This tower is estimated at a valuation of $665,000.00. This valuation is based on the costs to build a new 200-foot tower, calculated as the average of the original costs to build the Cedarville and Cumberland Towers above.

Vineland Plum Street Tower ($665,000.00) – Cumberland County is including their planned tower at Vineland Plum Street. This tower would be used to provide access to Wireless Internet Service Providers (WISPs) to provide Fixed Wireless Access (FWA) service as a possible last mile connection. This tower is estimated at a valuation of $665,000.00. This valuation is based on the costs to build a new 200-foot tower, calculated as the average of the original costs to build the Cedarville and Cumberland Towers above.

Fiber Shelters ($2,400,000.00) – Fiber shelters are planned throughout the network to house fiber splice equipment and patch panels to interconnect necessary fibers as needed by last-mile providers using the network. A total of 24 shelters of 12’ x 20’ are planned to be constructed. Each shelter is estimated at $100,000 based on current costs to build similar structures.

3. Relocation expenses and payments - $0

No relocation expenses are included in this project.

4. Architectural and engineering fees - $1,626,000.00

Site Surveys ($250,000.00) – Site surveys are required to document current conditions of utility poles and develop final locations for planned fiber shelters. It is estimated that 2,500 man-hours at $100 per hour to complete these surveys.

Make Ready ($120,000.00) – Make Ready includes planning, development, and documentation to prepare any new poles and civil development of fiber huts. Make Ready is budgeted at $120 per hour for 1,000 man-hours.

Design Outside Fiber Plant (OSP) ($408,000.00) – The outside fiber plant design includes planning, development, and documentation for all 220 miles of the planned fiber route. It is budgeted that 3,400 man-hours are required to complete this at $120 per hour.

Design Hubs ($48,000.00) – Fiber shelter design includes planning, development, and documentation of the fiber shelters and equipment within. It is budgeted that 400 man-hours are required to complete this at $120 per hour.

Ocalc Analysis ($800,000.00) – Ocalc analysis on the utility poles is required to ensure that they can structurally support the added weight of the fiber plant. It is budgeted that 8,000 man-hours at $100 per hour is required to complete this.

5. Other architectural and engineering fees - $1,800,000.00

Quality Control ($750,000.00) – Quality Control is required to ensure fiber is installed properly. It is budgeted at 6,000 man-hours at $125 per hour totaling $750,000.00.

Project Management/Construction Management ($1,050,000.00) – Project Management and Construction Management are budgeted at 7,000 man-hours at $150 per hour totaling $1,050,000.00.

6. Project Inspection fees - $100,000.00

Inspections Fees ($100,000.00) – Inspections are required to ensure that local building and electrical regulations are followed during the implementation of the project. Inspections are budgeted at $100,000.

7. Site work - $100,000.00

Hub Location Installs ($100,000.00) – Fiber hut locations will require site preparation work including trenching from the utility poles to the fiber huts. This site work is budgeted at $100,000.00.

8. Demolition and removal - $0.00

No demolition and removal costs are included in this project.

9. Construction - $18,690,000.00

Fiber Installation ($18,690,000.00) – Installation of the fiber plant on the utility poles is estimated at $14 per foot. The planned fiber route includes 1,335,000 feet (~253 miles) of fiber. This difference is due to fiber overages allotted for two river crossings, slack in each hut and splice box, and to allow for the sag of the fiber between each pole. Total overage was estimated between 10%-11% bring the total fiber to approximately 253 miles.

10. Equipment - $2,144,000.00

Fiber Splice Enclosures / Patch Panels ($1,824,000.00) – Indoor fiber splicing and patch panels will allow for connection of fiber networks as needed by Last Mile providers. Fiber equipment in each shelter will cost $76,000. There are 24 planned fiber shelters in the network.

Outdoor Splice Enclosures ($320,000.00) – Outdoor splice enclosures allow for connection of fibers without the need for shelter and indoor equipment. A total of 40 outdoor splice enclosures are budgeted at $8,000 per enclosure.

11. Miscellaneous - $150,000.00

Miscellaneous Expenses ($150,000.00) – Miscellaneous expenses include mileage and tolls for site visits and mailing for public notices. Miscellaneous expenses are budgeted at $150,000.00.

12. SUBTOTAL (sum of lines 1-11) - $32,669,131.62

13. Contingencies - $1,869,000.00

Contingencies ($1,869,000.00) – Contingencies are estimated at 10% of fiber construction costs.

14. SUBTOTAL (sum of lines 12-13) - $34,538,131.62

15. Project (program) income - $0.00

16. TOTAL PROJECT COSTS - $34,538,131.62

Fiscal Sustainability Rationale

The partners in this project adopt fiscally sustainable middle-mile strategies. As the pro forma template for this project demonstrates, even at rates that are lower than market prices, the middle mile network will be sustainable and profitable above the costs necessary to maintain and operate the network.

Budget Information

All proposed costs must be allowable, allocable, necessary, and reasonable to complete the proposed project. Budget and financial items must be consistent and align across all documents, including but not limited to costs, classifications, estimated units and amounts on the application, SF-424, 424C, Budget Narrative, and Detailed Budget Justification. Check and update all items as appropriate so there are no misalignments.

Per earlier response regarding fiber overage, we do not believe there is any misalignment in the budget documents. The included Budget Narrative has been revised to account for minor discrepancies in the number of cents originally submitted for some line items.

Budget Narrative: The purpose of this document is to make a meaningful connection between the proposed costs in the 424C and the proposed costs in the Detailed Budget Justification. Describe in reasonable detail each proposed amount for the Middle Mile application ensuring alignment and sustainability.

The included Budget Narrative has been edited to provide additional detail as needed.

In-kind contributions must be at current, fair-market value and the budget narrative must include the methodology used to determine the current, fair-market value for each individual contribution. As noted in the narrative, please add any other assumptions around the value determination for the in-kind and sufficiently identify any risks or conditions associated with the proposed match.

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