

Budget Narrative

Bay Mills Indian Community (BMIC) used the EPA's budget spreadsheet to develop and present our proposed itemized budget for our requested \$17,316,468 Climate Pollution Reduction Grant (CPRG) implementation award. Please see "Budetcals_Bay Mills Indian Community.xls." This budget narrative provides a detailed, item-by-item description of the expenses that BMIC will incur to fully implement our single proposed GHG emissions reduction measure: installation of a 11 MW solar farm and 5 MWh battery energy storage system (BESS) on BMIC tribal trust lands in the Eastern Upper Peninsula (EUP) of Michigan.

A. Applicant's approach to ensuring proper management of grant funds. BMIC has been working with grants since the 1970s and has a lengthy history of administering federal awards, principally from the U.S. Departments of the Interior and Health and Human Services for programs. In addition to one-time projects that transpire throughout the year, the experienced staff at BMIC works collaboratively to administer an annual budget of more than \$30 million in grants and contracts that support a broad range of tribal member services and other priorities.

BMIC's Accounting Department and our Grants and Contracts Department—which employs a Grants Manager, Assistant Grants Manager, two (2) Grants Administrative Specialists, and a Grants Administrative Assistant—partner to oversee contract execution and compliance, monitor budgets and implement financial controls, and track/fulfill reporting requirements on all the tribe's grants, including many large federal awards. They excel in ensuring adherence to Office of Management and Budget regulatory objectives (i.e., bulletins, circulars), as well as grant-specific requirements. Along with many other relevant skills, certifications, and expertise, that team possesses deep experience in Generally Accepted Accounting Principles. BMIC is independently audited each year and is registered in the System for Awards Management (SAM).

Our grant management team will maintain segregated, CPRG-grant-specific records in BMIC's account system; produce monthly grant financial statements for review by BMIC staff leaders and our member-selected Executive Council; and submit all required semi-annual and final financial reports to EPA per established deadlines. BMIC will make all financial records—including all appropriate backup materials—available to EPA upon request. Our team has a strong track record of meeting all grant management, administration, reporting, and performance requirements in a highly professional fashion.

B. Line-item description of expenses included in budget spreadsheet.

a. Personnel. Our proposal budget includes **\$637,096 over our five-year grant period** in personnel costs. That level of funding will allow us to hire two full-time positions over five years at an initial salary of \$60,000 each with 3% annual compensation increases. Those positions include:

- **A Climate and Clean Energy Coordinator**, who will support an array of activities detailed in our Work Plan, including leading communications and community engagement initiatives, facilitating project leadership team meetings, assisting in the management of subcontractor and stakeholder relationships, building BMIC's internal expertise in energy markets, and fulfilling programmatic grant reporting requirements. This position will also support the development, funding, and implementation of additional climate, clean energy, and sustainability projects, consistent with the priorities in the BMIC PCAP. Over time, the role will

provide visionary leadership to the Tribe in achieving our commitment to decarbonizing our government operations, business enterprises, and community as a whole.

- An **Energy Facilities Manager**, who will possess deeper technical expertise than the Climate and Clean Energy Coordinator in the construction, operations, and maintenance of our proposed project. In addition to playing a lead role in the design and implementation of our project Workforce Development Program, this position will learn the “ins and outs” of clean energy project development through daily oversight and engagement in our project’s construction. This experience will prepare the new BMIC employee to oversee the ongoing operation and maintenance of the solar farm and BESS (in coordination with our turnkey solar contractor). That knowledge will then be applied to existing and future clean energy projects on the Reservation, including already installed solar energy systems and major future projects like the Combined Heat and Power (CHP) technologies we hope to deploy at one of our healthcare facilities and resort and casino. Ultimately, this position will help oversee the effective development and operations of the full suite of clean energy projects BMIC hopes to implement over time.

Importantly, our proposed solar energy and battery storage project will generate significant annual revenues for BMIC, helping us sustain these two new positions financially long into the future. Additionally, implementation of our proposed project will involve signification time, energy, and engagement by many members of the BMIC staff team. To simplify the development and presentation of our proposed budget, we have not included that investment of existing staff time as a cost-share or in-kind contribution to the project. While that contribution has a significant value to BMIC, we recognize that this project will generate hundreds of thousands of dollars of new revenues for the Tribe over time, so we consider it appropriate and financially wise to redirect uncompensated short-term resources to the project in exchange for the long-term financial gain it will yield.

b. Fringe Benefits. Based on benefit program expenses and employee-wide averages, BMIC budgets 38% of salary cost for fringe benefits, which include paid vacation, paid sick leave, medical insurance, retirement savings and life insurance programs. Multiplying that percentage by the budgeted personnel costs described above, our budget requests a total of **\$242,096 over our five-year grant period** for fringe benefits.

c. Supplies. Supplies are necessary to equip personnel with items including a computer, monitors and associated IT supplies. This also includes office furniture such as desks, chair, shelving/filing cabinets and basic office supplies including paper, pens, etc. **Therefore, the budget requests \$18,000 over our five-year grant period for supplies.**

d. Contractual. This is by far the largest expense category in our proposed project budget with a request of **\$15,850,000 total over our five-year grant period**. Most of those resources will be invested in a single contract with a turnkey solar developer who will be responsible for all aspects of installing our proposed solar farm and BESS project from design and permitting to procurement, construction, grid connection, and testing (and operation and maintenance over the expected lifespan of the technology).

Based on estimates provided by consultants at Baker Tilly and our partners at Cloverland Electric Cooperative, **the total budget for the solar farm and BESS project is \$25,500,000. We request \$15,300,000 in CPRG grant funds to fund 60% of that contract** and have conservatively estimated that

federal renewable energy investment tax credits will cover the remaining 40% (BMIC will secure bridge financing to cover the period between our final contractor payment and our receipt of the ITCs). The proposed distribution of payments to the turnkey solar contractor over the first three years of our grant period reflects payment schedules from past similar projects and advice from a reputable Michigan social developer.

The remaining \$550,000 that we have budgeted for subcontractors will help us fill gaps in our internal capacities and technical knowledge with expert consultants who will support the project in areas such as providing extra project management resources; helping us successfully navigate the sale of energy, capacity, and RECs to energy markets; ensuring that our long-term interests are well served in the PPA that we hope to execute with Cloverland; and other areas that we identify in the course of implementing our project that prove necessary to guarantee its success. Because the need for these services will be frontloaded in the beginning of our grant period when the solar farm is being developed, our investment in these services decreases over the course of five years.

e. Other. As described in our Work Plan, Bay Mills Community College (BMCC) is part of our Tribe that serves both our BMIC members and other residents from the EUP (and beyond) as the region's primary community college. Our budget includes **\$425,000 over our five-year grant period** to support BMCC in hosting a solar installation and maintenance training program in collaboration with our project, turnkey solar contractor, and the consultants we will engage (as described above). Our project leadership team will collaborate with BMCC officials to set a detailed budget for using these funds, which likely will include a combination of equipment, facilities, curriculum development, and faculty costs. The amounts we have budgeted for this purpose reflect past experience with similar programs.

f. Indirect Costs. Our budget includes **\$144,276 over our five-year grant period** in indirect costs, which was calculated as 16.41% of personnel costs. These indirect costs will cover a range of expenses that accompany hiring, onboarding, and employing the two new employees included in our budget.

g. Travel and equipment. BMIC did not include expenses in these categories in our proposed grant budget. Our indirect costs of 16.41% of personnel will cover other such expenses that our new employees will need to function well in our workplace. We do not anticipate the need for any other specialized equipment for the project beyond what will be purchased and installed through contractual services described above. Significant travel directly related to implementation of project tasks is also unlikely. While we may invest in tailored training for the two new employees included in our personnel line item, which in turn may require overnight travel, we will cover that through general tribal operating funds (if the need and opportunity emerges).