**MxD COST PROPOSAL NARRATIVE**

Project Call Designation:15-16-17

Proposed Project Name:Developing Next Generation Costs

Recipient Name: Genius LLC

Subrecipient Name: N/A

**Introduction**

The following narrative is a written explanation of the methodology used to arrive at the cost estimate (basis of estimate) and includes a detailed breakdown of the individual cost elements referencing back to the substantiating documents used. This cost proposal narrative is to be used in conjunction with cost template to properly understand and assess the proposed costs to execute the subject project. The cost proposal narrative references and discusses the sources used to develop the individual costs.

**Cost Elements**

1. **Labor** 
   1. Genius LLC is proposing two individuals to support this effort. Dr. John Smith, Lead Engineer and Dr. Jane Thomas Test Engineer. Dr. Smith is proposed at $77.88/hr. This rate was derived using Dr. Smith’s annual salary of $162,000 and dividing it by the standard 2080 hrs. Dr. Thomas is proposed at $90.87/hr. This rate is derived using Dr. Thomas’ annual salary of $189,000 and dividing it by the standard 2080 hrs. Both Dr. Smith’s and Dr. Thomas’s salary information was taken from Genius LLC’s payroll system
   2. Fringe: Genius LLC is proposing a 26% fringe rate. The Fringe cost pool was pulled from the general ledger for fiscal year ended 30 September 2016 and totaled $325,000. Applying that against our entire labor base of $1,250,000 yields a 26% Fringe Rate (i.e., $325k/$1.25m=26%). Genius LLC’s fringe benefits are comprised of all of the following:

|  |  |
| --- | --- |
| Item | Cost |
| Medical Insurance | $ 40,000.00 |
| PTO | $ 30,000.00 |
| Payroll Taxes | $ 200,000.00 |
| 401 K Contributions | $ 45,000.00 |
| Commuter Stipend | $ 10,000.00 |
| Total | $ 325,000.00 |

**NOTE: If there is an existing Forward Pricing Rate Agreement (FPRA) reference that instead and cite the applicable rates.**

* 1. Overhead: Genius LLC is proposing a 33% overhead rate. The overhead cost pool was pulled from the general ledger for fiscal year ended 30 September 2016 and totaled $519,750. Applying that amount against our labor + fringe ($1,250,000+$325,000) of $1,575,000 yields a 33% rate (i.e., $519,750/$1.575m=33%). Genius LLC’s overhead rate is comprised of all of the following:

|  |  |
| --- | --- |
| Item | Cost |
| Employee IT Depreciation Expense | $ 10,000.00 |
| Employee internet and VOIP Access | $ 6,000.00 |
| Engineering Software Licenses | $200,000.00 |
| Annual Training | $ 45,000.00 |
| License and Permits | $ 10,000.00 |
| Program management slary and fringe | $229,000.00 |
| Office sup[plies | $ 19,750.00 |
| Total | $519,750.00 |

* 1. Dr. Smith’s labor is proposed at 60% cost share and Dr. Thomas’s labor is proposed at 24% cost share

1. **Consultants**
   1. Genius LLC will be using Smarties Inc. to support its calculation efforts for this project. Smarties Inc. specializes in performing complex calculations and maintains extensive computing power to do so. Their efforts will speed up Genius LLC’s progress. Smarties Inc. is proposed at $76,925 at 50% cost share
   2. Smarties Inc. will supply a calculation expert for 150 hours on this project. Smarties Inc. Provided Genius LLC with a rate invoice showing that their calculation expert is billed at $500/hr. A total cost of $75,000
   3. Smarties Inc. will require 3 overnight trips to New Mexico and provided the following costs:
      1. Airfare: $650.00
      2. Lodging: $350.00 per night
      3. Per Diem: $75.00
   4. Genius LLC verified the airfare through Google Flights and noted that the lodging and per diem were within Government approved rates.
2. **Materials**
   1. Genius LLC will use 5 Cost Development Widgets purchased from Widgets Inc. at a quoted cost of $2,500 each. Widgets Inc. provided an invoice demonstrating this cost from a previous client. This invoice is available for review.
   2. Genius LLC will provide one CogSprocket model 2567 that it manufactures in house. The CogSprocket is sold to customers at $12,500. We can provide invoices to support this price. Per our internal pricing guidelines documented in our pricing manual, all of our products sold have a 25% markup hence our cost of $10,000.
3. **Travel**
   1. Genius LLC is proposing two trips for Dr. Smith at a total cost of $2,675
   2. Trip one is travel to DMDII from New Mexico (Genius LLC HQ) for one night.
      1. Airfare obtained from Google Flights is: $650.00
      2. Lodging is per Federal Lodging rates for Chicago at: $350.00
      3. Per Diem for this trip is at the Federal Per Diem rate of $75.00
   3. Trip two is for attending a Cost Conference in Philadelphia for two nights
      1. Airfare obtained from Google Flights is $750.00
      2. Lodging is per federal lodging rates for Philadelphia at $350.00
      3. Per Diem for this trip is at the Federal Per Diem rate of $75.00
4. **Subrecipients**
   1. We are using Green Hat LLC per the white paper. Green Hat LLC has prepared and provided a cost proposal narrative and template that is provided to UI LABS with this package. Green Hat is proposed at $25,000 with 50% cost share.
5. **Other Direct Costs (ODCs)**
   1. We have not identified any other direct costs for this effort
6. **Indirect Costs**
   1. Genius LLC, is claiming 58.4% F&A applied to the following bases:
      1. Direct labor (Fringe and OH) $229,717
      2. Materials: $22,500
      3. Travel: $2,675
      4. Consultants: $78,225
      5. Total: $333,117
   2. The F&A cost pool was pulled from the general ledger for fiscal year ended 30 September 2016 and totaled $194,540.33 at 50% cost share.
   3. The F&A is comprised of all of the following:

|  |  |
| --- | --- |
| Item | Cost |
| Sales and Marketing Salaries | $ 30,000.00 |
| Facility Rent | $ 28,000.00 |
| Front Office Salary | $ 30,000.00 |
| Government taxes |  |
| State income tax | $ 10,000.00 |
| Federal Income Tax | $ 50,000.00 |
| Property Tax | $ 21,000.00 |
| Microsoft Software License | $ 10,540.33 |
| Business Insurance. | $ 15,000.00 |
| Total | $194,540.33 |

**NOTE: If there is an existing FPRA reference that instead and cite the applicable rates.**

1. **Certifications:**

**Unallowable costs:**

* ***Genius LLC*** *(the “Project Participant”) (the “Project Participant”) has reviewed the cost proposal for project 15-16-17 (the “Project”) in accordance with 2 CFR 200 Subpart E and certifies that to the best of its knowledge there are no unallowable costs included with the proposal. Project Participant acknowledges that if unallowable costs are included, Project Participant will not be entitled to reimbursement of such costs.”*
* **Profit/fee:**

*“Project Participant has reviewed the cost proposal for the Project and certifies that to the best of its knowledge the cost proposed do not include any profits, fees or proceeds to Project Participant. Project Participant acknowledges that if profits, fees or proceeds to Project Participant are included, Project Participant will not be entitled to their reimbursement”*

* **Cost source/substantiating/supporting documentation:**

*“Project Participant has developed the cost proposal for the Project using available readily accessible documentation as referenced in the cost proposal narrative. Project Participant acknowledges that documentation will be required when invoicing for reimbursement of costs incurred and that a lack of substantiating documentation may cause Project Participant to be denied reimbursement of costs incurred.”*

* **Subrecipient Cost Analysis:**

*“Project Participant has reviewed the subrecipient cost proposal for* Green Hat LLC *and had made the determination that the subrecipient has provided sufficient and complete cost detail. Based on the information made available to Project Participant, the proposed costs are allowable, verifiable, reasonable and necessary per 2 CFR 200 Subpart E, and the Cost Share to MxD cost allocation is appropriate for the effort. As a result of this analysis, Project Participant considers this proposal to be adequate as a basis for subaward.”*

* **Authority:**

*“I acknowledge and agree that MxD will be relying on the foregoing certifications and I represent and warrant that I have the authority to make these certifications on behalf of the Project Participant.”*

|  |
| --- |
|  |
|
|
|
| **Signature  Printed Name:**  **Title:**  **Date:** |