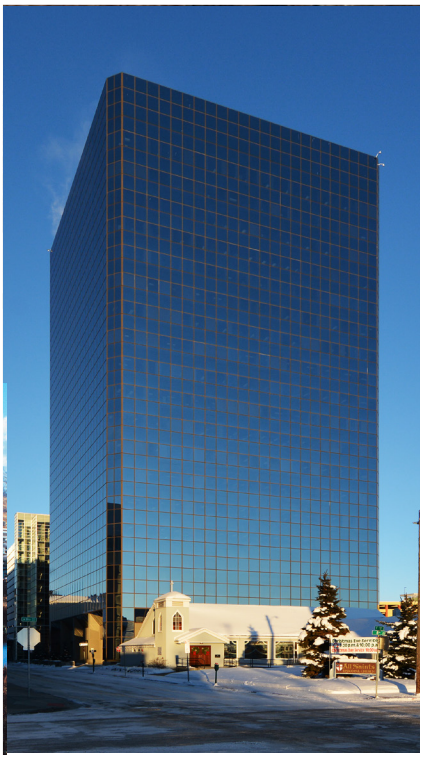
BUDGET NARRATIVE

State of Alaska Energy Efficiency Upgrade Project



Budget by Cost Category

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Personnel	$295,000	$309,750	$325,238	$277,830	$194,481	$1,402,299
Fringe Benefits	$289,100	$303,555	$318,733	$272,273	$190,591	$1,374,253
Travel	$33,411	$33,411	$33,411	$32,756	$16,378	$149,367
Equipment	$0	$0	$0	$0	$0	$0
Supplies	$0	$0	$0	$0	$0	$0
Contractual	$5,750,000	$8,900,000	$8,900,000	$6,400,000	$4,400,000	$34,350,000
Other	$79,365	$35,905	$36,458	$37,027	$37,609	$226,364
Total Direct	**$6,446,876**	**$9,582,621**	**$9,613,839**	**$7,019,866**	**$4,839,059**	**$37,502,282**
Indirect	$606,006	$900,766	$903,701	$659,869	$454,872	$3,525,214
Total Cost	**$7,052,882**	**$10,483,387**	**$10,517,540**	**$7,679,756**	**$5,293,931**	**$41,027,497**

Personnel

The total cost for personnel across five years is $1,402,299. A breakdown of personnel per project component is below:

Personnel	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Project Component 1						
Project Manager: $120,000 per year .5 FTE with salary increase	$60,000	$63,000	$66,150	$69,458	$72,930	$331,538
Project Staff: $100,000 per year 1 FTE with salary increase	$100,000	$105,000	$110,250	$115,763	$121,551	$552,563
Project Component 2						
Project Manager: $120,000 per year .25 FTE with salary increase	$30,000	$31,500	$33,075	$34,729	$0	$129,304
Project Staff $100,000 per year .5 FTE with salary increase	$50,000	$52,500	$55,125	$57,881	$0	$215,506
Project Component 3						
Project Manager: $120,000 per year .25 FTE with salary increase	$30,000	$31,500	$33,075	$0	$0	$94,575
Project Staff: $100,000 per year .25 FTE with salary increase	$25,000	$26,250	$27,563	$0	$0	$78,813

Fringe Benefits

Alaska DOT&PF offers a complete benefits package for employees, including leave, employee insurance, retirement, and unemployment benefits. A 98% fringe rate was used to calculate benefits, totaling $1,374,253 for this project.

Travel

The total cost for travel is $149,367. Costs for each project component are outlined below:

Travel	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Project Component 1						
Airfare - $500 roundtrip @ 12 roundtrips per year	$6,000	$6,000	$6,000	$6,000	$6,000	$30,000
Hotel - $150 per day @ 30 days per year	$4,500	$4,500	$4,500	$4,500	$4,500	$22,500
Per Diem - $65 per day @ 30 days per year	$1,950	$1,950	$1,950	$1,950	$1,950	$9,750
Car Rental - $100 per day @ 30 days per year	$3,000	$3,000	$3,000	$3,000	$3,000	$15,000
Parking - $20 per day @ 30 days per year	$600	$600	$600	$600	$600	$3,000
Mileage for local travel (500 miles per year at $0.655/mi)	$328	$328	$328	$328	$328	$1,640
Total Travel	$16,378	$16,378	$16,378	$16,378	$16,378	$81,890
Project Component 2						
Airfare - $500 roundtrip @ 12 roundtrips per year	$6,000	$6,000	$6,000	$6,000	$0	$24,000
Hotel - $150 per day @ 30 days per year	$4,500	$4,500	$4,500	$4,500	$0	$18,000
Per Diem - $65 per day @ 30 days per year	$1,950	$1,950	$1,950	$1,950	$0	$7,800
Car Rental - $100 per day @ 30 days per year	$3,000	$3,000	$3,000	$3,000	$0	$12,000
Parking - $20 per day @ 30 days per year	$600	$600	$600	$600	$0	$2,400
Mileage for local travel (500 miles per year at $0.655/mi)	$328	$328	$328	$328	$0	$1,312
Total Travel	$16,378	$16,378	$16,378	$16,378	$0	$65,512
Project Component 3						
Mileage for local travel (1000 miles per year at $0.655/mi)	$655	$655	$655	$0	$0	$1,965
Total Travel	$655	$655	$655	$0	$0	$1,965

Equipment

There are no equipment-related expenses for this project.

Supplies

There are no supplies-related expenses for this project.

Contractual

Total contractual expenses for this project are $34,350,000. Expenses per component are broken down below:

Contractual	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Project Component 1						
Perform 4 energy assessments per year. Assumes $100K per assessment	$400,000	$400,000	$400,000	$400,000	$400,000	$2,000,000
4 small or medium-scale projects per year at industrial facilities (renewable energy, energy storage, energy efficiency, electrification, or energy planning). Assumes average cost $1,000,000/project	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$20,000,000
Total Contractual	$4,400,000	$4,400,000	$4,400,000	$4,400,000	$4,400,000	$22,000,000
Project Component 2						
Perform energy assessments at two hatchery facilities.	$150,000	$0	$0	$0	$0	$150,000
2 medium-scale projects per year at Hatchery facilities (renewable energy, energy storage, energy efficiency, electrification, or energy planning).	$1,000,000	$3,000,000	$3,000,000	$2,000,000	$0	$9,000,000
Total Contractual	$1,150,000	$3,000,000	$3,000,000	$2,000,000	$0	$9,150,000
Project Component 3						
Perform energy assessment for full scope of highway lighting.	$200,000	$0	$0	$0	$0	$200,000
Medium-scale street lighting project.	$0	$1,500,000	$1,500,000	$0	$0	$3,000,000
Total Contractual	$200,000	$1,500,000	$1,500,000	$0	$0	$3,200,000

Other

The Alaska Municipal League (AML) is a subrecipient of this award and will receive $225,364. Costs are outlined below:

Cost Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Personnel	$15,000	$15,375	$15,759	$16,153	$16,557	$78,844
Fringe Benefits	$4,650	$4,766	$4,885	$5,008	$5,133	$24,442
Travel	$2,500	$2,500	$2,500	$2,500	$2,500	$12,500
Contractual	$50,000	$10,000	$10,000	$10,000	$10,000	$90,000
Total Direct Charges	$72,150	$32,641	$33,144	$33,661	$34,190	$205,786
Indirect Charges	$7,215	$3,264	$3,314	$3,366	$3,419	$20,578
Total Other	**$79,365**	**$35,905**	**$36,458**	**$37,027**	**$37,609**	**$226,364**

Personnel: The personnel budget includes COLA increases of 2.5% annually, with total costs for this item being $78,844. AML has budgeted for a Program Coordinator (approx. .15 FTE of annual salary of $90,000) – responsible for implementation of the project award. This is estimated to start at $15,000 a year.

Fringe: AML budgets an average fringe rate of 31% applied to each personnel line item, for a total of $24,442 in fringe benefits. AML has calculated its fringe to include contributions to retirement, full coverage of health insurance, leave and holidays, and workers comp and other insurance, as well as federal taxes. The breakdown of fringe calculations is as follows Social Security (6.20%), Medicare (1.45%), Unemployment (1%), Health and Life Insurance (15%), Retirement (5%), and PTO/Holidays (1.81%).

Travel: Juneau-based staff will travel to Anchorage for monitoring and engagement activities. AML has budgeted $2,500 annually for this, with two travelers for three days/two nights. The lodging rate used for Anchorage is $229-279/night, with flights ranging from $385-450. A 3-day per diem rate in Anchorage is estimated to be $435. Rates are based on GSA standards.

Contractual: AML maintains a robust contract/subrecipient monitoring system for measuring accountability and evaluating actual costs against budgets submitted, as well as performance metrics based on scopes of work. Regular meetings with contractors and subrecipients ensure that the project is on track and milestones are met. AML will follow 2 CFR 200 and its procurement policy to secure subrecipients and contractors, as necessary. AML will work with current contractors supporting the State's CPRG GHG emissions inventory activities to produce a statewide monitoring dashboard for progress under CPRG, which successful awardees can contribute to. This expands the scope of the current activities, with up-front costs for development and then maintenance costs budgeted for the following years. Costs have been pro-rated across applicants.

Indirect: AML does not have a negotiated indirect rate and has applied a de minimis rate of 10% to all direct costs (MTDC), including the first $25,000 of each contract or subrecipient.

Indirect Charges

Indirect charges are calculated at 9.4% and total $3,525,214.

Budget by Project Component

Project Component #	Project Component Name	Total Cost	% of Total
1	SOA Office Buildings	$26,072,657	64%
2	SOA ADF&G Fish Hatcheries	$10,828,670	27%
3	SOA DOT&PF Street Lighting	$3,878,528	10%

Expenditure of Awarded Funds

Alaska DOT&PF owns, operates, and/or maintains 5,500 road miles and is responsible for all bridge assessments in the state. DOT&PF has directly designed or managed consultant designs and conducted numerous refurbishments, replacements, repairs, and maintenance on all State-owned roads and facilities. Most of these projects utilized federal aid. DOT&PF staff are

knowledgeable about federal requirements and are confident in their ability to expend the grant funds in a timely and efficient manner within the grant period.

Alaska DOT&PF staff have included a detailed schedule within the work plan, in addition to the detailed budget broken down by project component, class category, and year. With these measures in place, DOT&PF will expend funds expeditiously.

Reasonableness of Costs

The cost estimate is based on historic costs and quotes secured within the last year. The budget includes contingency and risk mitigation measures, recognizing supply chain, workforce, and inflation effects that may impact the project schedule and delivery. The cost estimate is consistent with DOT&PF practices, and DOT&PF is confident in each component's success based on the budget.

Our proposed grant expenditures are tailored to achieve the outlined goals, objectives, and measurable environmental outcomes described in the application. By prioritizing energy efficiency initiatives within our facilities, DOT&PF aims to significantly reduce GHG emissions while enhancing operational efficiency. These targeted expenditures are not only reasonable but also strategically aligned with DOT&PF's commitment to sustainability and long-term environmental stewardship. DOT&PF is confident that the proposed initiatives will yield tangible and measurable results, showcasing a clear path towards substantial energy savings and environmental impact reduction.

Included within the narrative (above) is a breakdown of requested funds for each of the three project components, including total cost per component, total cost per component per year, and total cost per component per class category. All costs are related to emission reduction activities and are integral to the project's success.

There are a number of considerations that impact higher costs in Alaska. This resource from the Alaska Department of Education covers the reasonableness of higher costs in Alaska. The Alaska Housing Finance Corporation, too, provides several resources:

- https://www.ahfc.us/efficiency/commercial-buildings
- This is related to schools, but has broad application - https://www.ahfc.us/application/files/4114/1866/9804/Energy_Efficiency_of_Public_Buildings_in_Alaska_Schools.pdf
- There is clearly a return on this investment, according to this - https://www.ahfc.us/application/files/9614/1866/9905/Potential_Paybacks_from_Retrofitting_Alaskas_Public_Buildings.pdf

It's worth noting research (Eno Center for Transportation) noting recent USDOT spending, which reflects that because of inflation, new spending by the Federal Highway Administration in real terms dropped by 17 percent over 2 years even though the nominal dollar amount went up by 24 percent.