



### Budget Narrative

ARC is requesting \$5,172,314 to implement the Green Communities program as described within this grant application. This Budget Narrative provides additional budget details.

As described in Section 1a of the Proposal Narrative, Green Communities is a comprehensive program inclusive of multiple GHG reduction measures. It is purposefully designed to allow staff – through their time, technical support, engagement, and capacity building – and programmatic activities to support local governments across all GHG measures included. As such, the proposed budget follows this approach and is provided for the staff and activities per year to successfully implement the enhanced Green Communities Program as a whole.

### Budget Detail

The following line items are included in the budget and detailed in the Budget Table at the end of this document:

**Personnel (\$2,233,722):** Funding will support partial time of existing ARC staff, including Green Communities Senior Advisor, Crystal Jackson; Tejas Kotak who will provide GHG technical assistance; and Jon Philipsborn, who will provide programmatic oversight. Additional existing ARC staff will be funded to support Quality Assurance and Quality Control, financial reporting and management, and administrative support. These staff include: Managing Director; Deputy COO; Financial Services Administrator; Senior Financial Analyst; and Executive Assistant.

A significant portion of the funding will go towards hiring three new full-time staff dedicated to the enhanced Green Communities program. These include a Project Manager who will also act as Technical Lead, a Technical Grant Writer dedicated to supporting local governments within the Green Communities program, and an Outreach and Education Coordinator who will lead engagement, communications, trainings and programmatic events. Finally, funding will also be used to hire two cohorts of three Fellows. The 2-year Fellowship (starting in Year 2), will be focused on direct support of LIDACs within the region in effort to both bring more local governments with high LIDAC percentage into the Green Communities program and assist them with adopting and implementing GHG reduction measures.

All staff positions are listed by title in the Detailed Budget Table below. The annual salary, percentage of time assigned to the project, and total cost for the budget period for each position is also included in the Budget Spreadsheet.

**Fringe (\$1,116,861):** Funding will support ARC's fringe rate of 50 percent of salary for full-time staff. The following is a list of the components/elements that comprise the fringe pool and the cost or percentage of each component/element allocated to the labor costs identified in the program budget.

8-01-010-01	Health Insurance	38.90%	\$ 2,900,000
8-01-020-01	Unemployment Compensation	0.03%	\$ 2,000
8-01-030-01	Life Insurance	1.07%	\$ 80,000
8-01-040-01	Retirement Plan	9.54%	\$ 711,258
8-01-070-01	Dental Coverage - ARC con	1.41%	\$ 105,020



## ARC's Enhanced Green Communities Program

8-01-080-01	Long Term Disability Insu	0.74%	\$ 55,000
8-01-090-01	Medicare Expenses	4.02%	\$ 300,000
8-01-090-02	Social Security Expenses	0.20%	\$ 15,000
8-01-100-01	Worker's Compensation	1.34%	\$ 100,000
8-01-110-01	Flexible Spending Acct	0.02%	\$1,500
8-01-120-01	Tuition Reimbursement	0.20%	\$ 15,000
8-01-130-01	Parking Fringe Benefit	0.27%	\$ 20,000
8-01-140-01	Other Fringe	2.01%	\$150,000
8-01-150-04	TDA Match - ACCG	4.69%	\$ 350,000
8-03-010-02	Sick Leave Expense	6.04%	\$ 450,000
8-03-010-03	Annual Leave Expense	14.08%	\$ 1,050,000
8-03-010-05	FMLA	0.00%	\$ 0
8-03-010-06	Court Leave Expense	0.07%	\$ 5,000
8-03-010-07	Military Leave Expense	0.07%	\$ 5,000
8-03-010-08	Holiday Leave Expense	14.08%	\$ 1,050,000
8-03-010-09	Compensated Leave Expense	1.01%	\$ 75,000
8-03-010-10	Bereavement Leave Expense	0.20%	\$ 15,000
Total Agency-Wide Fringe Expense			\$ 7,454,778

**Travel (\$57,254):** Travel is integral to the purpose of the Enhanced Green Communities program. Travel funding will primarily support the local travel of Green Communities staff to visit the 75 cities and 11 counties within the region, as well certification site visits. Funding will also allow for a peer learning-exchange to occur annually with another similar program in the US, as well as attendance at a national conference.

Travel costs are only included for employees in the travel category. Travel costs do not include: (1) costs for travel of contractors (including consultants), which are included in the "Contractual" category; (2) travel costs for employees of subrecipients under subawards and non-employee program participants (e.g., trainees), which are included in the "Other" category. Further, travel does not include bus rentals for group trips, which would be covered under the "Contractual" category.

**Supplies (\$22,464):** This category includes the purchase of 6 computers and docking stations for new staff, along with annual meeting and office supplies which may include items such as pens, paper, and nametags. The procurement of supplies will follow ARC's procurement policies as well as [EPA's Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#).

**Contractual (\$183,673):** In Year 1, ARC will hire an external contractor to create the new Green Communities web-based platform. The anticipated scope of work for this contract will include translating the updated program measures, resources, and guidelines into a user-friendly online format, creating a method for program participants to upload required documentation for each measure, designing a method for participants to upload metrics that will be tracked by the program, as well as dashboard to gauge each community's progress within the program.

Additional support will be used in Years 2-5 for communications, web-based or other technical needs. ARC's in-house Communications and Graphics Design groups bill by an hourly rate and are therefore included under contractual costs. However, no procurement or additional contracts are required for these activities.



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The procurement of consultants will follow ARC's procurement policies as well as [EPA's Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#). ARC will also consult EPA's policies on encouraging the use of small and disadvantaged business enterprises.

**Other (\$445,947):** Other budgeted items include ARC rent, which is the portion of the organization's rental cost proportional to the number of staff under the enhanced program; IT costs, which are charged on a per employee-basis; an annual Green Communities Summit hosted by ARC, which may include the cost of meeting space, refreshments as allowed under ARC's procurement policy, stipends for speakers, etc.; national conference registration fees; as well as printing costs both of program materials as well as Summit materials and signage.

**Indirect (\$1,112,393):** Agency-wide central support services costs are recorded in the General Fund as indirect costs in the ARC's accounting system and recovered from the grantor agencies, through the special revenue and proprietary funds based upon a predetermined indirect cost rate. Indirect costs are defined by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Subpart A, as costs "(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved."

The U.S. Department of Commerce has been designated as the cognizant agency for the federal government with responsibility for negotiation, approval, and audit of ARC's agency-wide central support services cost allocation plan. ARC prepared the 2024 plan and submitted it to the Interior Business Center, a shared service provider operating under the Department of the Interior. The Certificate of Indirect Cost for FY 2024 established a fixed rate of 33.2% percent of direct salaries, wages, and fringe benefits.



## ARC's Enhanced Green Communities Program

ARC Enhanced Green Communities Detailed Budget Table

BUDGET BY YEAR							
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Direct Costs	Personnel						
	Note: ARC salaries listed in Column C are based on an annual year of 1,950 hours, inclusive of holidays and leave; what is shown in Columns D-H uses raw annual salaries based on an ARC annual work year of 1,777 hours						
	Project Manager and Technical Lead (New) @ \$93,771/yr, 1FTE, (0.5 FTE year one), with salary increase	\$42,726	\$88,015	\$90,656	\$93,376	\$96,177	\$410,949
	Technical Grant Writer (New) @ \$87,301/yr, 1FTE, (0.5 FTE year one), with salary increase	\$39,778	\$81,943	\$84,401	\$86,933	\$89,541	\$382,595
	Outreach Coordinator (New) @ \$81,276/yr, 1FTE, (0.5 FTE year one), with salary increase	\$37,033	\$76,287	\$78,576	\$80,933	\$83,361	\$356,190
	3 Fellows (New) @ \$60,205/yr (2-year Fellowships; starting Year 2)	\$0	\$186,033	\$191,614	\$197,363	\$203,284	\$778,295
	Senior Advisor (Existing) @ \$104,121/yr, .5FTE in year 1, .33FTE in years 2-5, with salary increase	\$47,442	\$32,251	\$33,218	\$34,215	\$35,241	\$182,367
	GHG Technical Advisor (Existing) @ \$82,914/yr, 80 hours/year	\$3,402	\$3,504	\$3,609	\$3,717	\$3,829	\$18,060
	Deputy COO (Existing) @ \$220,935/yr, 20 hours/year, with salary increase	\$2,266	\$2,334	\$2,404	\$2,476	\$2,550	\$12,031
	Managing Director (Existing) @ \$160,198/yr, 20 hours/year, with salary increase	\$1,643	\$1,692	\$1,743	\$1,795	\$1,849	\$8,723
	Climate and Resilience Manager (Existing) @ \$142,041/yr, 120 hours/year, with salary increase	\$8,741	\$9,003	\$9,273	\$9,552	\$9,838	\$46,407
	Executive Assistant (Existing) @ \$67,445/yr, 80 hours/year, with salary increase	\$2,767	\$2,850	\$2,936	\$3,024	\$3,114	\$14,690
	Financial Services Administrator (Existing) @ \$154,193/yr, 40 hours/year, with salary increase	\$3,163	\$3,258	\$3,356	\$3,456	\$3,560	\$16,792
	Senior Financial Analyst (Existing) @ \$104,442/yr, 14 hours/year, with salary increase	\$750	\$772	\$796	\$819	\$844	\$3,981
	Financial Analyst (Existing) @ \$69,293/yr, 14 hours/year, with salary increase	\$497	\$512	\$528	\$544	\$560	\$2,641
	TOTAL PERSONNEL	\$190,207	\$488,455	\$503,109	\$518,202	\$533,748	\$2,233,722
	Fringe Benefits						
	Full-time Employees @ 50% of salary	\$95,104	\$244,228	\$251,554	\$259,101	\$266,874	\$1,116,861
	TOTAL FRINGE BENEFITS	\$95,104	\$244,228	\$251,554	\$259,101	\$266,874	\$1,116,861
	Travel (assumes 3% increase in cost per year)						
	Mileage for local travel (9000 miles per year at \$0.66/mi)	\$5,940	\$6,118	\$6,302	\$6,491	\$6,686	\$31,536
	"Peer Learning" via 1, 3-day trip per year to other City/Region:						
	Airfare - \$500 roundtrip @ 1 roundtrip per year	\$500	\$515	\$530	\$546	\$563	\$2,655
	Luggage Fees - \$25 per flight @ 2 flights per year	\$50	\$52	\$53	\$55	\$56	\$265
	Hotel - \$250 per day @ 3 days per year	\$750	\$773	\$796	\$820	\$844	\$3,982
	Per Diem - \$71 per day @ 3.5 days per year	\$248	\$255	\$263	\$271	\$279	\$1,317
	Taxi/Transit - \$100 per year	\$100	\$103	\$106	\$109	\$113	\$531
	"National Conference Attendance" for 2 people, via 1, 3-day trip per year:						
	Airfare - \$500 roundtrip @ 2 roundtrip per year	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$5,309
	Luggage Fees - \$25 per flight @ 4 flights per year	\$100	\$103	\$106	\$109	\$113	\$531
	Hotel - \$250 per day @ 3 days per year for 2 people	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$7,964
	Per Diem - \$71 per day @ 3.5 days per year for 2 people	\$496	\$511	\$526	\$542	\$558	\$2,633
	Taxi/Transit - \$100 per year	\$100	\$103	\$106	\$109	\$113	\$531
			\$0	\$0	\$0	\$0	
	TOTAL TRAVEL	\$10,784	\$11,108	\$11,441	\$11,784	\$12,137	\$57,254
	Equipment						
	TOTAL EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0
	Supplies						
	6 Laptop Computers and Stations @ \$2,500 each	\$15,000	\$0	\$0	\$0	\$0	\$15,000
	Meeting Materials	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$5,310
	Office Supplies		\$515	\$530	\$546	\$563	\$2,154
	TOTAL SUPPLIES	\$16,000	\$1,545	\$1,591	\$1,639	\$1,689	\$22,464
	Contractual						
	Contractor to develop online Green Communities Program webbased platform and dashboard	\$100,000					\$100,000
	Contractor support for additional communication, web-based, or technical needs (assumes 3% increase per year)		\$20,000	\$20,600	\$21,218	\$21,855	\$83,673
							\$0
	TOTAL CONTRACTUAL	\$100,000	\$20,000	\$20,600	\$21,218	\$21,855	\$183,673
	OTHER						
	Rent	\$30,143	\$31,047	\$31,978	\$32,938	\$33,926	\$160,031
	IT	\$41,354	\$42,594	\$43,872	\$45,188	\$46,544	\$219,552
	Printing, etc.	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$5,309
	Annual Summit	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$53,091
	National Conference Registration Fees	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$7,964
	TOTAL OTHER	\$83,996	\$86,516	\$89,112	\$91,785	\$94,539	\$445,947
	TOTAL DIRECT	\$496,091	\$851,852	\$877,407	\$903,729	\$930,842	\$4,059,920
Indirect Costs	Indirect Costs						
	Full-Time Employees @ 33.2% of Salary + Fringe	\$94,723.11	\$243,250.71	\$250,548.24	\$258,064.68	\$265,806.62	\$1,112,393
	TOTAL INDIRECT	\$94,723	\$243,251	\$250,548	\$258,065	\$265,807	\$1,112,393
TOTAL FUNDING		\$590,814	\$1,095,102	\$1,127,955	\$1,161,794	\$1,196,649	\$5,172,314

## Expenditure of Awarded Funds

ARC boasts extensive experience in managing a diverse portfolio of federal funding and grants, including from EPA. With over \$92.9 million in programs under management, ARC has demonstrated its capability to administer grants efficiently and effectively and has in-depth knowledge of the requirements for proper grant administrative systems and procurement. These include procedures for timely grant administration through adopted procurement and accounting policies, using automated systems including CostPoint for Enterprise Resource Planning (ERP), Deltek for expense reporting and timesheet tracking, and Concur for contract and invoice approvals. Further, ARC is subject to annual audits where grant procedures are evaluated to ensure proper controls are in place.

Once federal grants are awarded and work is underway, all costs are managed through the review of a project manager subject to the oversight of the ARC management team. Our ERP system utilizes "projects" as the most granular level for tracking purposes, guaranteeing that we record expenses exclusively associated with a particular grant. Invoice approvals are made by the project manager, who has direct knowledge of the project. The finance team reviews invoices as well, monitoring the expenditures of funds to ensure redundancy in the review, so that only federally allowable costs are expensed. These multiple layers of organizational control ensure redundancy in internal oversight controls for grants management. Subawardees will be required to keep precise and comprehensive records of all financial transactions, including expenditures and receipts associated with the grant. Regular audits and supervision of subawardee financial activities will be conducted to ensure expenditure accuracy and compliance.

As this project requires the spending of funds within a specific timeframe, it is vital to manage the expenditure of funds efficiently and ensure that the funds are utilized within the grant period. To ensure this, ARC has implemented a system of dedicated monthly reports that provide a real-time status update on expended dollars versus scheduled costs, with easy-to-understand green/yellow/red markers that indicate where more attention may be required. The figure below provides an example.

Actual 2024	Adopted 2024 Budget	Run/ Rate	2023 Run Rate %	Vs Benchmark 2/12 = 17%
0.16	1.47	11%	11%	-6% ●
0.10	0.51	20%	15%	3% ●

**Figure: Monthly Dashboards Generated by Costpoint Provide Line-by-Line Expenditure Information on a Real-Time Basis**

The project manager will play a pivotal role in overseeing the efficient expenditure of funds, tracking expenses against expected expenditures outlined in quarterly schedules. By closely monitoring spending patterns and reconciling them with scheduled disbursements, the project manager safeguards timely utilization of funds, aligning project milestones with grant requirements. The project reports shown in above are also provided to the Department Lead, Deputy Chief Operating Officer, and Chief Operating Officer. Through this chain of command, multiple levels of employees are ultimately responsible for checking that the project costs are being expended in a timely manner to meet grant requirements, with monthly meetings between the PM and Department Lead, and quarterly meetings between the PM, Department Lead, Deputy COO and COO.

## Reasonableness of Costs

The Enhanced Green Communities Program application is focused on having the staff necessary to directly support local governments adopt and implement the GHG measures described in Section 1. As such, most of the budget is focused on personnel costs. ARC's experience in cost-efficiently managing the existing Green Communities program directly applies to the cost estimates provided here and was used as a baseline to develop the following reasonable costs, which are further detailed in the Budget Narrative. Highlights are below:

- Personnel costs were based upon our experience managing the existing Green Communities program and what support we understand local communities need. To maintain efficiency, ARC is proposing Fellows for a portion of the technical support. More details on reasonableness of staffing costs, fringe, and indirect costs are outlined in the Budget Narrative and related attachment.
- Travel and supplies are outlined in the Budget Narrative and related attachment. Funding will primarily support the local travel of Green Communities staff to visit the 75 cities and 11 counties within the region. Funding will also allow for a staff peer learning-exchange to occur annually with another similar program in the US, and attendance at a national conference for two people each year. Supplies include six computers and docking stations for new staff, along with annual meeting costs and office supplies.
- Contractual: In Year 1, ARC will hire an external contractor to create the new Green Communities web-based platform. The cost estimate of \$100,000 is based upon ARC's experience hiring contractors on similar projects with a similar level of support. Additional support will be used in Years 2-5 for communications, web-based or other technical needs. This is based on \$20,000 per year, escalated at 3% per year based upon ARC's experience on similar projects. In addition to a contractor, the work will be supported by ARC's in-house Communications and Graphics Design groups, which bill by an hourly rate and are therefore included under this line item.
- Other (\$445,947): These are further outlined in the Budget Narrative and related attachment:
  - ARC rent totals \$160,031 over five years and is the portion of ARC's determined by the number of FTEs working on this program. These costs are not included in the Indirect calculation, as they are based on square footage usage/number of employees and not on total salaries.
  - IT costs total \$219,552 over five years. ARC IT services are incurred on a per-employee basis for the FTEs working on this program. These costs are not included within the Indirect calculation, as they are based on the number of computers/number of employees and not on salaries.
  - Printing is based upon experience on similar projects and is estimated at \$1,000 in year one, escalated by 3% in future years.
  - The annual summit is based upon ARC's experience running similar programs annually.
  - National conference registration fees are \$1,500 and escalated 3% each year after year 1. These are based upon experience attending similar conferences in the past.

The Enhanced Green Communities program spans 6 measures, all equally covered by the program costs. The cost of the program when broken down by GHG measure is \$862,052/measure. When the total cost of the program is divided by the estimated GHG reduction, the cost is only \$0.62 per MTCO<sub>2</sub>e, which compared to research on cost/MTCO<sub>2</sub>e of other GHG reduction initiatives, is very reasonable.