

Budget Narrative

SEMCOG proposes a total budget of \$198,680,878. Most of the funds SEMCOG is seeking to carry out this project have been allocated for contractual support and pass through to support residential building decarbonization for coalition members. The basis for each of the contracts and categories is included in the following sections and tables. In some cases, contracts and personnel will support multiple Measures. The Measures supported by each category are noted throughout this Budget Narrative. SEMCOG with the support of Coalition Partners, a Program Steering Committee, and the contract Energy Advisor will ensure that grant funded are expended in a timely and efficient manner as described in the application's Program Summary and Approach.

SEMCOG Personnel, Fringe, and Indirect Expenses - \$5,582,720

The budget anticipates funding for SEMCOG personnel salaries, fringe benefits, and indirect charges. Salary includes those for both contract staff and full-time employees. Contract employees include a full-time Contract employees include a full-time Project Manager, Senior Accountant, and Accounts Payable/Receivable Accountant. Project Manager will oversee the entirety of the project to ensure project narratives, objectives, and timelines are met in accordance with the grant requirements. Senior Accountant and Accounts Payable/Receivable Accountant will ensure that all financial controls are met in accordance with grant federal regulations and SEMCOG's financial management policies. This includes tracking all grant activity, grant reporting, subrecipient monitoring and auditing, processing of payables and receivable, drawing and distributing funds.

SEMCOG will designate key technical and financial staff members equivalent to one full time staff member per year to support grant administration and compliance by contract employees. Fringe benefits are 75% of personnel salaries for SEMCOG staff and 8% for contract employees.

SEMCOG has a Federally approved tiered Indirect Rate, which consists of Support 28% and Indirect 22% applied to personnel salaries, fringe, supplies, travel, other, and support. The Support Rate of 28% is applied to personnel salaries, fringe, supplies, travel, and other. The Indirect Rate of 22% is applied to personnel salaries, fringe, supplies, travel, other, and support.

SEMCOG seeks approval on an annual basis from Federal Highway Administration for the Unified Work Program (UWP). This document includes SEMCOG's cost allocation plan and all the work planned within the region supported by federal dollars. Included under Other Narrative Attachments is SEMCOG's approval from Federal Highway Administration of the Unified Work Program, which approves SEMCOG's allocated rates. For a full copy of the UWP, please go to [About SEMCOG](#).

Funding for SEMCOG staff and contract employees will support all Measures.

Contractual Services: Establishment of an Energy Advisor Service for Residential Decarbonization - \$31,423,200

Estimating the cost to stand up this service and operate it for five years was based on guidance from similar work currently being done or that was done in the past. Experience with the Ann Arbor Energy Advisor pilot program, the Oakland Saves Program, the DTE Home Energy Program, and the guidance of Michigan Saves all indicated that this service will likely require funds equivalent to approximately 25% of

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the ‘on-the-ground work’ that it will be catalyzing. Table 1 provides a summary of the estimated program costs required to implement the Energy Advisor Service from late 2024 to the end of 2030.

The procurement process will include a competitive request for proposals and may include hiring more than one contractor to achieve grant timelines. This contract will initiate during Quarter 1 of 2025 and extend through the completion of this project.

The Energy Advisor Service will support Measures 1, 2, 3, and 4.

Contractual Services: Funding Distribution Support - \$3,770,000

A cost of approximately 3% of the residential decarbonization work related to Measures 1, 2, and 3 has been allocated for support to distribute funds from Coalition Members to residents and authorized contractors. The procurement process will include a competitive request for proposals and will include close collaboration with the Coalition and Energy Advisor in order to achieve grant timelines. This contract will begin in Quarter 1 of 2025 and extend through the completion of this project.

The Energy Advisor Service will support Measures 1, 2, 3, and 4.

Residential Building Decarbonization Pass-Through for Coalition Members, Measures 1,2, and 4 – \$125,674,810

The following sections breakdown the funding passed through to Coalition Members for residential retrofits. Each Coalition Partner opted into the Measures in this Program that are currently implementation ready in their jurisdiction. To allocate funds across the coalition designated for the residential improvements, each county will receive a share of the total residential retrofit services equal to a Weighted Share of Total and Disadvantaged Population. This method was agreed upon by all participants. Table 1 shows the breakdown.

Table 1: Residential Improvement for Coalition Members

Coalition Partner	Measures 1 and 2				Measure 4		Grand Total
	Single Family Homes	Single Family Allocation	Multifamily Units	Total Multifamily Allocation	Number of Trees	Total Tree Allocation	
Livingston	185	\$3,330,000	17	\$68,000	249	\$32,680	\$3,430,680
Macomb	1,465	\$26,370,000	135	\$540,000	1972	\$258,830	\$27,168,830
Monroe	204	\$3,654,000	20	\$80,000	275	\$36,090	\$3,770,090
Oakland	1,456	\$26,208,000	134	\$536,000	1960	\$257,250	\$27,001,250
Washtenaw	434	\$7,812,000	40	\$160,000	584	\$76,650	\$8,048,650
Wayne	2,756	\$49,608,000	254	\$1,016,000	4810	\$631,310	\$51,255,310
Detroit	N/A	N/A	1,250	\$5,000,000	N/A	N/A	\$5,000,000
Total	6,499	\$116,982,000	1,850	\$7,400,000	9,850	\$1,292,810	\$125,674,810

These costs are further broken down by year in the Budget Detail Table in Table 7 according to the phased approach described in the application.

Measure 1: Building Retrofits and Fuel Switching - \$62,200,000

This portion of the program’s costs are related to the labor and materials required to retrofit 6,500 single-family residences and 1,850 multi-family units. Each home’s planned retrofits will initially be

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identified in the Decarbonization Pathway and can be adjusted by the joint agreement of the Energy Advisor Service and the contractors employed to do the work.

The work can include the following as long as it is required to achieve the goals of the program:

- Repairs that are required to maintain the integrity of the home and health of residents. This can include roof repairs.
- Weatherization including weather stripping, air sealing, and insulation improvements. It can include roof replacements.
- Energy efficiency measures can include insulation, new energy-efficient doors and windows and energy efficient, electric stoves and refrigerators.
- Electrification measures including electrical panel upgrades, plug upgrades and space, water and clothes dryer heat pumps.

The average, per household cost for each of these categories is provided in Appendix A. The total expected, per dwelling costs are provided in Table 2.

Table 2: Total Estimated Cost Per Dwelling for Residential Retrofits

Dwelling Type	Total Cost per Dwelling	Average Per Dwelling Covered by Existing Programs	Average Per Dwelling from CPRG Funds	Number of Dwellings	Total Funds Required from CPRG
Single Family	\$36,000	\$27,000	\$9,000	6,500	\$58,500,000
Multi-Family	\$4,000	\$2,000	\$2,000	1,850	\$3,700,000
Total					\$62,200,000

CPRG funding will be braided with existing funding sources to achieve comprehensive retrofits. This is described further in the Approach section of the application.

Measure 2: Residential Building Renewable Electricity - \$61,900,000

This portion of the program's costs are related to the purchase and installation of rooftop solar PV systems, or providing community solar or green electricity for 6,500 single-family residences and 1,850 multi-family units. This program expects to leverage approximately 30% of its single-family homes and 20% of its multi-family units from the Michigan Solar for All program and other solar grant and loan funds. The amount of electricity provided to each home reflects Michigan's Solar for All program, with an expectation that rooftop systems will have an average capacity of 5Kw, and that community solar or green electricity procurement will provide at least 25% of a household's electricity needs, or more if required to reduce their total energy costs to a maximum of \$13,000, or the value of a solar PV installation. These costs are provided in Table 3.

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Table 3: Costs for Renewable Electricity in Residential Homes

Dwelling Type	Total Cost per Dwelling	Total Number of Dwellings	Number of Dwellings Funded by Other Programs	Number of Dwellings Funded by CPRG Funds	Total Funds Required from CPRG
Single Family	\$13,000	6,500	1,960	4,475	\$58,200,000
Multi-Family	\$2,500	1,850	370	1,480	\$3,700,000
Total					\$61,900,000

Measure 4 - Tree Planting - \$1,292,810

Cost in this category include acquiring and planting 9,850 trees with an estimated cost of \$175 per planted tree. The total cost assumes \$85-\$100 to purchase a 4- to 5-foot tree, \$20 for a tree watering bag, and \$55-70 for delivery and planting. The project expects to leverage approximately 25% of the total required costs from existing tree planting initiatives, such as the Detroit Tree Equity Partnership, Green Macomb, and Ann Arbor's 10,000 Trees initiative. This Measure is outlined in Table 5.

Table 5: Costs for Tree Planting

Item	Total Cost per Tree	Number of Trees Paid for by Other Programs	Number of Trees Funded by CPRG Funds	Total Funds Required from CPRG
Tree and Installation	\$175	2,463	7,387	\$1,292,810

Municipal Building Decarbonization: Measure 5 - \$32,385,500

A portion of the budget was allocated to Municipal Building Decarbonization. Most of this funding would be distributed through a competitive subaward grant process to municipal agencies throughout Southeast Michigan. \$5 million of the total is allocated directly to the City of Detroit. The costs assume over 500,000 sq ft of retrofits in various building archetypes at an average cost of \$59 per sq ft and 690kW of rooftop solar. Any additional funding incentives from other programs would be in addition to the costs described.

Table 6: Cost Assumptions for Municipal Building Decarbonization Projects

Building Archetype	Amount	Cost	Total Funds Required from CPRG
Small Office	6,000 sq feet	\$59 / sq ft	\$30,591,500
Large Office	269,600 sq feet		
Medium Office	158,700 sq feet		
Other Facilities	84,200 sq feet		

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Rooftop Solar Installations	690 kW	\$13,000 / 5 kW	\$1,794,000
Total			\$32,385,500

Detailed Budget

All costs have been combined and detailed in Table 7.

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Table 7 Detailed Budget Table

BUDGET BY YEAR							
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Direct Costs	Personnel						
	Contract Project Manager @ \$184,000/yr, 1 FTE, with salary increase	\$184,000	\$191,360	\$199,971	\$208,970	\$218,374	\$1,002,675
	Contract Accounting Support, 3,450 hours annually @ \$89/hr	\$307,050	\$307,050	\$307,050	\$307,050	\$307,050	\$1,535,250
	SEMCOG Employees, 1 FTE split between staff with average salary of \$92,500/yr, with salary increase	\$92,500	\$96,200	\$100,048	\$104,050	\$108,212	\$501,010
	TOTAL PERSONNEL	\$583,550	\$594,610	\$607,069	\$620,070	\$633,635	\$3,038,934
	Fringe Benefits						
	Full-time Employees @ 75% of salary	\$69,375	\$72,150	\$75,036	\$78,037	\$81,159	\$375,757
	Contract Employees @ 8% of salary	\$39,284	\$39,873	\$40,562	\$41,282	\$42,034	\$203,034
	TOTAL FRINGE BENEFITS	\$108,659	\$112,023	\$115,598	\$119,319	\$123,193	\$578,791
	Contractual						
	Contractor for Energy Advisor	\$4,713,480	\$4,713,480	\$7,855,800	\$7,855,800	\$6,284,640	\$31,423,200
	Contractor for Funding Administration	\$565,617	\$565,617	\$942,695	\$942,695	\$754,156	\$3,770,780
	TOTAL CONTRACTUAL	\$5,279,097	\$5,279,097	\$8,798,495	\$8,798,495	\$7,038,796	\$35,193,980

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BUDGET BY YEAR								
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5		TOTAL
	OTHER - Subawards to Coalition Members - Measures 1, 2, and 4							
	<i>Livingston County - Residential</i>	\$160,220	\$214,990	\$1,018,490	\$1,018,490	\$1,018,490		\$3,430,680
	<i>Macomb County - Residential</i>	\$1,268,890	\$1,702,660	\$8,065,760	\$8,065,760	\$8,065,760		\$27,168,830
	<i>Monroe County - Residential</i>	\$176,150	\$236,470	\$1,119,160	\$1,119,160	\$1,119,160		\$3,770,100
	<i>Oakland County - Residential</i>	\$1,261,050	\$1,692,130	\$8,016,020	\$8,016,020	\$8,016,020		\$27,001,240
	<i>Washtenaw County - Residential</i>	\$375,900	\$504,400	\$2,389,450	\$2,389,450	\$2,389,450		\$8,048,650
	<i>Wayne County (excluding Detroit) - Residential</i>	\$2,397,910	\$3,217,530	\$15,213,290	\$15,213,290	\$15,213,290		\$51,255,310
	<i>City of Detroit - Residential</i>	\$300,000	\$500,000	\$1,400,000	\$1,400,000	\$1,400,000		\$5,000,000
	OTHER - Subawards to Coalition Members - Measures 5							
	<i>Municipal Grant Competition</i>	\$4,107,825	\$4,107,825	\$6,846,375	\$6,846,375	\$5,477,100		\$27,385,500
	<i>City of Detroit - Municipal</i>	\$300,000	\$500,000	\$1,400,000	\$1,400,000	\$1,400,000		\$5,000,000
	TOTAL OTHER	\$10,347,945	\$12,676,005	\$45,468,545	\$45,468,545	\$44,099,270		\$158,060,310
	TOTAL DIRECT	\$16,319,251	\$18,661,735	\$54,989,707	\$55,006,429	\$51,894,894		\$196,872,016

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BUDGET BY YEAR								
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5		TOTAL
Indirect Costs	Indirect Costs							
	Support, 28% of Personnel and Fringe	\$193,818.52	\$197,857.18	\$202,346.73	\$207,028.88	\$211,911.92		\$1,012,963
	Indirect, 22% of Personnel and Fringe	\$152,285.98	\$155,459.22	\$158,986.72	\$162,665.55	\$166,502.22		\$795,900
	TOTAL INDIRECT	\$346,105	\$353,316	\$361,333	\$369,694	\$378,414		\$1,808,863
TOTAL FUNDING		\$16,665,356	\$19,015,051	\$55,351,040	\$55,376,123	\$52,273,308		\$198,680,878