

BUDGET

This appendix addresses section 7: budget detail, expenditure of awarded funds, and reasonableness of cost. The following general comments apply to all measures, and measure detail follows.

BUDGET NARRATIVE APPLICABLE TO ALL MEASURES.

Budget detail. A budget spreadsheet is included with this application, which includes detailed budget tables by measure and a consolidated budget by year and by project. Budget detail is also provided in narrative form, organized by measure below.

Expenditure of awarded funds. MPCA's comprehensive approach to workflow monitors the terms and conditions, budgetary allocations, spending restrictions, and reporting requirements, and ensures key performance indicators of the grant are applied in accordance with the grant agreement and the project's objectives and deliverables. MPCA has a dedicated grant management team comprised of financial assistance and budgeting, procurement, accounting, grants service unit (GSU), and internal audit programs. This team works with grant managers to ensure timely and accurate reporting.

MPCA follows state statutes, policies, and procedures as established by law, Minnesota Management & Budget, Office of Legislative Auditor, and the Department of Administration. Grants and subawards are administered by dedicated staff at MPCA according to policies set forth by the Department of Administration's Office of Grant Management and Office of State Procurement, and MPCA follows established state procurement process and practices to solicit, award, and distribute grants.

The State of Minnesota uses a cost accounting system to provide financial accountability by work activity for tracking federal funding, expenditures, payroll, and project start and end dates to ensure spending aligns with the terms and conditions of grants.

The state agencies involved have recent and ongoing experience expending an influx of funding and managing associated work to stand up and grow programs. In addition to recent significant federal funds, Minnesota's most recent biennial budget expended over \$15 billion of surplus. This budget resulted in new funding and associated programs starting in July 2023. As a result, MPCA and collaborating agencies have ramped up staffing to enable human resources, management, and finance support to enable timely, efficient, and well-documented use of an influx of new funds.

MPCA acknowledges EPA's intention to not fund the same measure in the same location and commits to ensuring projects do not receive funding from more than one CPRG implementation grant award within Minnesota. MPCA and its partners will use this as a minimum qualifying criterion for funding any projects out of a CPRG implementation award received by the state. Any project funded with other CPRG implementation funds will not be eligible to receive CPRG funds through the MCSFS program. Further, MPCA acknowledges that some food processing and organic waste facilities may be eligible for CPRG funding under the Midwest Industrial Decarbonization Challenge coalition proposal led by Michigan. If both proposals receive funding, any facility participating in the Midwest Industrial Decarbonization Challenge would be excluded from participation in the MCSFS program. MPCA has the internal controls to ensure a facility does not receive funding from two CPRG programs.

Reasonableness of costs. Measures in this proposal build on existing successful programs, state agency structures, processes, stakeholder and community relationships, and expertise, resulting in cost-efficient and effective programs. Additionally, for every dollar of grants and incentives in this proposal, an estimated \$1.25-\$1.50 will be leveraged from non-CPRG funds, on average. This proposal leverages an estimated \$156-184 million to reduce climate pollution and benefit communities, especially LIDACs.

To estimate personnel costs accurately and consistently, state agencies identified the projected job classification for each position. Costs are based on a middle step of the salary range, adding yearly step increases, as well as a 3% cost-of-living adjustment.

GRANT ADMINISTRATION AND MEASURE BUDGET NARRATIVES.

Grant administration

Budget detail. Total for this portion: \$2,109,902.

- Personnel: \$1,206,555. Program manager (1 FTE, \$482,967), communications specialist (0.5 FTE, \$187,941), and supervisor (1 FTE, \$535,647), all positions years 1-5.
- Fringe: \$410,229. MPCA's fringe rate is 34%.
- Indirect: \$493,119. MPCA's indirect rate is 30.5%.

Expenditure of funds. The CPRG program manager will work with MPCA contracts staff and program managers of each measure to execute agreements for subawards with MDA, MDH, DNR, and BWSR, and R&E. These agreements will likely be on a reimbursement basis to allow for consistent monitoring of progress and accountability. The program manager will ensure timely and accurate invoicing and monitor spending to align with the budget. The CPRG program manager will meet regularly with staff leads from all measures to ensure consistent communication and track program progress, including outputs, outcomes, performance measures, and information for reporting. The program coordinator will also meet regularly with the GSU and assigned fiscal coordinator to ensure grant expenditures are on track.

The unit supervisor will supervise the CPRG program manager, as well as the MPCA staff for Tribal Food Sovereignty and Local Food Economies measure and the Industrial measure. This will facilitate close oversight of these programs and contribute to the success of the work.

Reasonableness of costs. All positions for CPRG administration will be housed in the existing Climate Section, creating a new unit to manage the CPRG grant and implement CPRG measures that are not housed elsewhere in MPCA or another agency. The program manager position will oversee the completion of grant deliverables, coordinate with subawardees and staff leads of each measure, coordinate reporting, and support engagement and communications across all measures. A supervisor is needed for new positions, including the CPRG program manager and staff for the Industrial (3.5 FTE), Tribal and Local Food Grants (2.5 FTE) measures. A half-time communications professional will assist in getting the word out about grant opportunities, as well as inform the public about CPRG-funded work and outcomes and support engagement.

Peatland restoration

Budget detail. Total for this measure: \$20,000,000.

Other: \$20,000,000. Subawards to DNR and BWSR for peatland restoration.

- Subaward to DNR: \$12M. Complete restoration on state-administered peatlands (\$8M) and provide to Tribal Nations for peatland restoration (\$4M).
 - DNR Personnel: \$844,576. Project manager (1 FTE, \$500,804), contracts admin (0.25 FTE, \$112,302), peatland subject matter expert (0.5 FTE, \$216,723), comms specialist (\$14,746). All positions years 1-5, except comms specialist, which is funded in years 2-5.
 - DNR Fringe: \$211,144. DNR's fringe rate is 25%.
 - DNR Travel: \$149,300. Annually, lodging for 2 staff for 25 site visits at \$150/day (\$37,500); meals for 2 staff for 70 days/year at \$50/day (\$35,000); mileage for in-state travel at 8,000 mi/yr at \$0.67/mi (\$26,800); out-of-state travel at \$5,000 per year per person for 2 staff for 2 trips (\$2,500 per trip per person estimated at \$600 airfare per person, \$150/night for 4 nights, \$700 ground transportation, \$50 meals/day for 5 days, \$350 conference registration) (\$50,000 total over 5 years).
 - DNR Equipment: \$87,500. Portable LiCor GHG analyser (\$50,000), well-monitoring and other site-specific equipment to monitor each restoration site including wells and loggers (\$37,500). Equipment will be purchased in year 1 to complete monitoring activities during and after the completion of restoration activities. This includes equipment that will be

- used to monitor carbon (and other GHGs), mercury, as well as other metrics at the restoration sites over time.
- DNR Supplies: \$20,500. Computer (\$3,000), desk, chair (\$5,000), office supplies and safety equipment/PPE (\$2,000), and soil monitoring equipment (\$2,500). Supplies would all be purchased in year 1, \$12,500 with \$2,000 per year for PPE/safety equipment thereafter.
- DNR Contractual: \$10,463,168. Restoration contracts on state-administered lands, years 2-5 (\$6,463,168 at \$2M/yr for years 2-4 and \$463,168 for year 5); restoration contracts with Tribes in year 2 (\$4M).
- DNR Indirect: \$223,813. DNR's indirect rate is 21.2%.
- Subaward to BWSR (\$8M) for restoration contracts on private, local government, and tax-forfeit lands.
 - BWSR Personnel: \$1,200,401. Project manager (1 FTE, \$500,804), engineer (0.5 FTE, \$281,048), engineering tech (1 FTE, \$418,549), all for years 1-5.
 - BWSR Fringe: \$300,100. BWSR's fringe rate is 25%.
 - BWSR Travel: \$12,100. Lodging for 5 site visits per year at \$150/day (\$3,750); meals for 20 days/year at \$50/day (\$5,000); mileage for in-state travel at 1000 mi/year at \$0.67/mi (\$3,350).
 - BWSR Supplies: \$7,500. Meeting materials, refreshments, and display materials for 5 events per year at \$300 per event.
 - BWSR Contractual: \$6,329,848. Easements on private, local government, and tax-forfeit lands (\$1M in years 2 and 3, \$2M in year 4, and \$1,329,848 in year 5).
 - BWSR Indirect: \$150,050. BWSR's indirect rate is 10%.

Expenditure of funds. MPCA will establish interagency agreements with DNR and BWSR. This work will build on existing DNR and BWSR programs. The project managers will be the fund managers for this grant, responsible for approving expenditures, tracking the project budget, and overseeing contract(s) for restoration projects. Both agencies regularly carry out contracting processes and have contract administrators who provide administrative and fiscal support to ensure budgets are entered correctly into the agency's accounting system, requests for proposals and bidding process are adhered to, and correct account reporting is completed. DNR will seek multiple contracts with qualified contractors to complete the work to ensure grant funds are expended within the 5-year timeframe. BWSR will contract with vendors for site-level restoration, such as blocking of ditches, construction of outlet structures and revegetation. Contractors may also be used for site design (supplementing BWSR's engineering staff) for the largest projects.

Funds for Tribal Nations to conduct peatland restoration will initially be provided to the DNR, then distributed to Tribal Nations. These funds will be available in year 2 and expended through year 5 and included in the contractual category to afford as much flexibility to Tribal Nations as possible. Each Tribal Nation is sovereign and the DNR will coordinate closely with them to distribute the funds. Tribal Nations' preferences and priorities will inform the methods for distributing funds to Tribal Nations. The DNR will establish appropriate agreements to ensure accounting procedures align with CPRG requirements. Any funds Tribal Nations don't use will be used by the DNR for peatland restoration work on state-administered lands in watersheds that would benefit water quality, carbon benefits, etc. on Tribal lands.

For all contracts, scopes of work specific to each peatland complex will be developed and contracts will be let via the State of Minnesota's procurement process. If non-contract funds remain, they will be spent on restoration contracts.

Reasonableness of costs.

1) *Restoration on state-administered lands (\$8M).* DNR will hire a full-time project manager to oversee the completion of grant deliverables, coordinate with contractors, and engage with project partners. A contract administrator and financial services professional, existing peatland subject matter

experts, and existing communications experts will aid in the administration and success of this work. Travel costs are for site visits, surveys, training, relevant conferences, and meetings needed to accomplish grant objectives. Equipment purchases in the first year include monitoring equipment to use during and after the completion of restoration activities. This equipment will be used to monitor carbon (and other GHGs), mercury, as well as other metrics at the restoration sites over time. The largest equipment expense will be the purchase of a portable LiCor GHG analyzer. Other equipment will be well-monitoring and other site-specific equipment to monitor each restoration site, including wells and loggers. The supplies budget includes office equipment and supplies, soil monitoring equipment, cameras, binoculars, and supplies necessary to complete the restoration work, including but not limited to personal protective equipment. The DNR will contract with organizations/companies who will complete the restoration work on DNR-administered lands. The contractors selected will be responsible for providing their own supplies and equipment, which will be included in the contract. The DNR envisions that the first year of the project will be focused on restoration site selection, restoration design, contract scoping, and partner collaboration.

2) *Restoration on Tribal lands (\$4M)*. The DNR will work with Tribal Nations to implement restoration on Tribal lands. The DNR envisions the first two years of the project will focus on working with interested Tribal Nations on restoration site selection, restoration design, contract scoping, training development, collaboration, and scoping any other peatland restoration related project ideas. Starting in year 2, \$4,000,000 will be made available for any peatland restoration related projects that Tribal Nations have prioritized. These funds will be available to spend through year 5.

3) *Restoration on private, local government, and tax-forfeiture lands (\$8M)*. Staff time will be expended on project oversight and engineering. A project manager will oversee completion of grant deliverables, coordinate with contractors and researchers, and engage with project partners. BWSR engineering services will develop project designs and specifications, oversee any contracted work, and assist with restoration of native vegetation. BWSR will engage private landowners, local governments, particularly county governments managing tax-forfeiture lands, and other partners in grant and easement programs to design and implement projects. Projects will be in northern Minnesota, where BWSR has experience in design of large wetland mitigation banks, and in southern Minnesota, where many wetlands with substantial peat and muck soils have been restored through both wetland banking and easement programs. BWSR will contract with companies and vendors for site-level restoration, such as blocking of ditches, construction of outlet structures and revegetation, as is typically done on wetland easements. Contractors may also be used for site design, supplementing BWSR's engineering staff, for the largest projects. Travel costs are for site visits, surveys, training, relevant conferences, and meetings relevant to accomplishing grant objectives. The supplies budget includes meeting materials and refreshments for meetings with Tribal Nations, local governments, landowners, and the public, and conference display materials to share project updates with partners and researchers. BWSR will work with counties, state and federal agencies, non-governmental organizations (NGOs) and other interested parties to plan and implement restoration projects. BWSR intends to contract with organizations/companies for restoration work on private and local government lands. BWSR envisions the first year of the project will focus on restoration site selection, restoration design, contract scoping, and partner collaboration.

Climate-friendly agricultural practices

Budget detail. Total for this measure: \$20,000,000.

Other: \$20,000,000. Subaward to MDA for climate-friendly agricultural practice incentives and CLC market development.

- MDA Personnel: \$500,804. Program manager (1 FTE) for years 1-5.
- MDA Fringe: \$214,294. MDA's fringe rate is 42.79%.
- MDA Contractual: \$19,121,430. MAWQCP incentive payments years 1-5 (\$9,871,430); soil health equipment grants years 1-4 (\$8,750,000); CLC market development grants years 1-2 (\$500,000).
- MDA Indirect: \$163,472. MDA's indirect rate is 22.86%.

Expenditure of funds. MPCA will establish an interagency agreement with MDA for this work. This proposal will amplify three existing programs at the MDA with readiness for award expenditure starting in 2025. The budget is front-loaded with the CLC Market Development grant funds being fully encumbered by the end of year two. The practice incentive payments will be delivered through a grant process on a rolling basis, potentially meeting the demand for funding prior to year 5 of the CPRG award. The soil health equipment grants will be granted in years 1-4 to ensure that funds are expended prior to the end of the CPRG award.

The MDA has experience administering federal grants and complying with federal requirements. MDA contracts and fiscal management staff will oversee the funds for the three programs in this proposal in partnership with project staff. Individual payments to producers will follow existing grant structures that MDA staff have experience with successfully implementing on-time and efficiently.

Reasonableness of costs. This project will scale up existing programs. The expansion from this proposal will be supported by an additional 1 FTE at the MDA. The promotion, travel, and additional expenses for delivering incentive payments will be absorbed by the MAWQCP. The MAWQCP will further support the Soil Health Financial Assistance Grant through staff and administration.

1) *MAWQCP practice incentive payments* are based on industry standards and previous successful projects. Pairing this payment with one-on-one technical assistance leveraged through the MAWQCP will be an effective and efficient approach for providing the funding and technical assistance producers need to implement new practices in their operations. The incentive payments will be made on a per-acre basis for on-farm practice implementation of activities for up to three years; a payment for land transition from row crops to grassland per acre for up to three years; and a payment per acre for continuous living cover and crop diversification for up to three years, totaling \$9,871,430.

2) *Soil health equipment grants program* demand has exceeded current funding, with many applicants seeking not only to implement soil health practices on their own acres but also to start custom agricultural businesses and equipment sharing that allow for additional practice implementation. The soil health equipment grant will be amplified with an additional \$1,750,000 per year totaling \$8,750,000. This increase in funding was determined based on demand from the state FY23 and FY24 funding rounds and MDA's capacity to administer the grant.

3) *CLC Market Development grant program* demand has exceeded current funding, which ends after the state FY25 RFP offered in fall 2024. The grant program will be amplified with an additional \$250,000 per year for two years in 2025 and 2026, totaling \$500,000. This increase in funding was based on demand from the FY24 funding round and takes into consideration a measured scaling of the program and the MDA's capacity for administration.

This \$20 million budget will deliver new conservation practices on hundreds of thousands of acres across Minnesota, with more than 95% of the funds going directly to producers and projects.

Industrial innovation

Budget detail. Total for this measure: \$59,913,403.

- Personnel: \$1,513,929. Program manager (1 FTE, \$482,967), grant specialist (1.5 FTEs, \$563,823), industrial engineer (1 FTE, \$467,139). All positions active in years 1-5.
- Fringe: \$514,736. MPCA's fringe rate is 34%.
- Travel: \$17,412. Ten engagement/outreach meetings and 100 site visits over five years: lodging for two staff at \$150/day @ 10 days/year (\$7500), meals \$43/day @ 120 trips (\$5160), parking @ \$20/day @ 10 days/year (\$1000), and in-state mileage for 1000 miles/year @ \$0.67/mile (\$3752).
- Supplies: \$2,500. Ten in-person meetings across in years 1 and 2 to include refreshments at \$150/meeting (\$1,500) and meeting supplies at \$100/meeting (\$1000).
- Contractual: \$47,244,284. Industrial decarbonization and energy efficiency grant program – industrial planning/tech assistance grants for ~73 projects @ \$100,000/project in year 1

(\$7,244,284) and ~50 implementation grants averaging \$800,000 each in year 2 (\$40,000,000).

- Other: \$10,001,800. Subaward to R&E for organics recycling (\$10,000,000) and venue rental for 6 meetings at \$300/meeting (\$1,800). Subaward detail:
 - R&E Personnel: \$69,164. Contracts support \$76,850/yr @0.3 FTE for years 3-5.
 - R&E Fringe: \$21,745. R&E's fringe rate is 31.44%.
 - R&E Other: \$9,900,000. Participant support costs for organics recycling tipping fee @ \$353,571/month for 28 months estimated to begin January 2027.
 - R&E Indirect: \$9,091. R&E's indirect rate is 10%.
- Indirect: \$618,743. MPCA's indirect cost rate is 30.5%.

Expenditure of funds. This new program will be modeled on successful grant programs at MPCA and other state agencies. The program manager, with support from grant specialists, will monitor the budget and expenditures, conducting regular reviews to identify discrepancies and ensure adherence to the overall budget. MPCA will establish timely reporting requirements to provide updates on budget utilization, project progress, and outcomes achieved, meeting reporting deadlines outlined in the grant agreement.

By proactively identifying potential risks and challenges, such as failure to obtain permits or meet deadlines for other funding sources, MPCA will develop contingency plans and mitigation strategies to ensure continuity of project activities. If grant funds are not expended after the second round of implementation grants, a process of stakeholder engagement will inform design of a third phase of implementation grants. Compliance with grant terms and conditions will be strictly enforced, with open communication channels maintained with grantors, stakeholders, and partners to foster transparency and accountability. If a particular subawardee or grantee is unable to complete their project, funds will be re-absorbed into the implementation grant program. In the case of the direct subawardee (R&E), the direct subaward shall be withdrawn and returned to the industrial innovation and decarbonization funding pool if R&E does not deliver source-separated organics and organic-rich material to an anaerobic digestion facility by June 30, 2027. An extension may be provided upon mutual agreement of MPCA and R&E. MPCA is committed to responsible financial management and successful project outcomes.

Reasonableness of costs. Over 95% of the \$59.9M budget will fund implementation of advanced technologies within Minnesota's industrial food and organic waste systems, including \$10 million to support R&E organics recycling through anaerobic digestion and biochar production, and \$47.24 million for the industrial innovation grant program.

1) The *Industrial Innovations grant program* will support over 120 projects across industrial food and organic waste system facilities. These projects will conduct comprehensive evaluations, identifying key areas for energy efficiency improvements and GHGe reductions. Moreover, the funding will facilitate the implementation of advanced industrial energy and decarbonization technologies, along with the promotion of advanced biofuel production. MPCA estimates approximately 73 food system facilities will conduct evaluations and identify opportunities for energy efficiency improvements and GHGe reductions; 45 food system facilities will implement advanced industrial energy and decarbonization technologies; and 5 food system facilities will implement advanced biofuel production with these funds. The program will provide 40% of the total project cost, with the grantee providing the remaining funds.

2) The *R&E subaward for organics recycling at an anaerobic digestion and biochar facility* (\$10M) will facilitate sustainable organics management services in Ramsey and Washington counties through a public-private partnership, redirecting food scraps, yard waste and organic-rich materials to a new anaerobic digestion and biochar production facility through a public-private partnership. This advanced technology enables the counties to increase the share of materials being recycled and recover resources, but it will likely result in higher initial tipping fees than other management methods to cover the cost of the facility. CPRG funds will offset \$9.9 million in tipping fees for 250,000 tons of organics over five years, helping to make diversion of organic materials affordable for county residents and showcasing the effectiveness of advanced industrial energy and decarbonization technologies.

To ensure successful execution and management of these activities, 4% of the budget is allocated toward essential resources. This includes funding for 3.5 new positions within MPCA, including a program manager, 1.5 FTE grant specialists, and an industrial engineer. The program manager will oversee program implementation, manage resources and budgets, coordinate stakeholder communication, and evaluate program performance. The grant specialists administer the grant application process, provide guidance to applicants, evaluate proposals, and monitor project progress and compliance with virtual and in-person site visits. They will maintain documentation for effective grant administration and accountability, such as invoicing, receipts, financial reconciliation, and grant monitoring. The engineer will serve as industrial subject matter expert on industrial decarbonization, energy efficiency and food and organic waste use technologies, and contribute to RFP development, in-person site visits, and grant projects.

Travel includes project site visits, with the bulk of visits occurring in the technical assistance and planning grant phase, early implementation phase and upon project completion. Site visits will entail one-time grant award visit for projects over \$50,000, and annual site visits for projects over \$750,000. Additional travel destinations will include visits to demonstration sites, trainings, and engagement meetings.

Low and ultra-low GWP refrigerants

Budget detail. Total for this measure is \$10,000,000.

- Personnel: \$341,733. Grants manager (0.5 FTE in year 1, 1 FTE in years 2-5 @ 10L).
- Fringe: \$116,189. MPCA's fringe rate is 34%.
- Contractual: \$9,402,412. Grants for 17 ultra-low GWP refrigeration systems @ \$500,000 per system (\$8,500,000; \$1M in year 1, \$1.5M in year 2, \$2M in years 3-5), grants for 45 low GWP refrigeration systems @ \$20,054 each (\$902,412 total; \$240,000 in years 2-4, \$182,412 in year 5).
- Indirect: \$139,666. MPCA's indirect rate is 30.5%.

Expenditure of awarded funds. MPCA successfully held 4 previous grant rounds for refrigeration projects and has collected input from businesses and contractors on installation timelines for new, ultra-low GWP systems. Funds will be spent between 2025 and 2029. Expenditure will be lower in 2025, due to fewer ultra-low GWP and small commercial projects as the program ramps up. By the end of year 5, all projects will be implemented and achieving reductions. If a grantee is unable to complete the project, the funds will be reabsorbed into the grant fund.

Reasonableness of costs. MPCA will hire a full-time grant manager in year 1 to expand capacity in the existing refrigerants program to support CPRG-funded grants. The staff member will act as subject matter expert while crafting RFPs, respond to questions from potential grantees, evaluate applications, manage, and report on grant projects. They'll develop resources for end-users and contractors, such as case studies or events and training to promote learning on emerging technologies.

1) *Ultra-low GWP systems grant RFP.* MPCA allocated \$8.5M to replace 17 refrigeration systems at mid- to large-sized commercial sites. MPCA estimates a project cost of \$500,000-\$2,500,000 per ultralow-GWP refrigerant system based on business and contractor input, assuming a 40,000 square foot grocery store. Input suggests a match of 20-50% will be necessary to make installation feasible. Grantee will be responsible for a cash match. Maximum grant award and cash match dependent on total project costs. Ultra-low GWP systems can be more expensive than the typical systems on the market. MPCA is prioritizing these systems to increase adoption, cost-effectiveness, and availability in the market and achieve high GHGe reductions due to the large refrigerant capacity of these systems.

2) *Low-GWP systems grant RFP.* MPCA allocated \$902,412 to replace existing refrigeration equipment with equipment using a lower-GWP refrigerant at small businesses and community-based organizations. The average grant award is estimated at \$20,000; potential award amount and projects costs are based on data from previous refrigeration grant projects.

Vehicle and equipment replacement

Budget detail. Total for this measure: \$20,000,000. The budget reflects the extensive transformation of gas and diesel vehicles and equipment being used around our state in food systems to electric or clean fuels.

- Personnel: \$482,967. Program Manager (1 FTE) at 17L for years 1-5.
- Fringe: \$164,209. MPCA's fringe rate is 34%.
- Contractual: \$11,655,436. Direct grants for electrification projects, split equally between the first two years of the projects (\$11,505,436 total; \$5,752,718 annually for years 1 and 2). Contracting partners (\$150,000 total; \$75,000 annually in years 1 and 2).
- Other: \$7,500,000: Subaward to MDA for electrification of agricultural vehicles and equipment.
 - MDA Personnel: \$375,882. Grants Manager @ 10L classification (1 FTE, \$375,882)
 - MDA Fringe: \$202,976. MDA's fringe rate is 54%.
 - MDA Contractual: \$6,788,815. Grants for electrification projects, split across years 1-5.
 - MDA Indirect: \$132,327. MDA's indirect rate is 22.86%.
- Indirect: \$197,389. MPCA's indirect rate is 30.5%.

Expenditure of funds. These funds will expand MPCA's existing vehicle replacement program, which has a successful track record for expending funds in a timely manner. The program manager will handle program and grant management, and MPCA will work with contracting partners to help facilitate grant applications to be able to reach as many eligible applicants as possible. This is a process which has been successful in similar programs in the past. If partners are not found, or deemed unnecessary, these funds would be added to fund additional projects. MPCA will assist MDA is setting up a similar program for electrifying agricultural equipment, advising on RFPs and grant agreement language.

Reasonableness of costs. Over 90% of the total funds will go to grants directly funding the electrification of vehicles in this project. These grant programs, and resulting emission reduction estimates, are based on existing MPCA grant programs that are consistently oversubscribed. As such, MPCA is confident that these reductions, and costs required to achieve them, are reasonable and accurate. Electrifying many vehicles will result in numerous individual projects, requiring one FTE at both the MPCA and MDA to administer the grants. Building on existing programs and capacity will limit the number of FTEs required and ensure the maximum amount of funding goes directly to successful GHG reducing grant programs.

Prevention of wasted food and organics management

Budget detail. Total for this measure: \$33,411,601.

- Personnel: \$1,397,235. Program manager @ 17L classification (1 FTE in years 1-5, \$373,065), Grant managers @ 10L (2 FTE years 2-5, \$610,921), Permit engineer @ 10K (1 FTE years 2-5, \$413,250).
- Fringe benefits: \$475,060. MPCA's fringe rate is 34%.
- Travel: \$16,281. Estimated 81 site visits at 300 miles/trip at \$0.67/mile, split across years 4 and 5.
- Contractual: \$30,951,975. Prevention of Wasted Food grants (\$12,523,975) split between years 2 and 3; composting grants (\$16,000,000) split between years 2 and 3; Food to Livestock grants (\$428,000) in year 2; compost revolving loan (\$2M) in year 1
- Indirect: \$571,050. MPCA's indirect cost rate is 30.5%.

Expenditure of awarded funds. The process and procedures for awarding and managing grants will follow that of established, successful, ongoing MPCA solid waste and materials management grant programs including the Prevention of Wasted Food grants. If grantees are unable to complete projects, funds will be reabsorbed into the appropriate grant fund. MPCA manages revolving loan funds and is prepared to meet the EPA's requirements for capitalizing a revolving loan fund with CPRG dollars.

Reasonableness of costs. Based on existing programs, MPCA identified a need for four additional staff to support all activities in this measure, including a program manager to fulfill fiscal and contracting requirements for over \$30M in grant and loan funds, lead engagement, fulfill program goals, and execute

evaluation and reporting. Two grant managers, supported by existing staff, will execute agreements across programs and handle compliance, invoicing, site visits, and quality assurance. To facilitate compost facility development, MPCA will hire a permit engineer; this engineer will help expedite the permitting process and provide ongoing support to permitted facilities to ensure they are completed before the CPRG period of performance ends. All grant and loan projects will receive at least one site visit from MPCA staff during the grant timeframe to observe progress and ensure compliance with the projects' workplan and contractual obligations.

1) The *Prevention of Wasted Food and Food Rescue Grant* amount was determined by the current demand for this grant. With a minimum award of \$100,000 and a maximum award of \$6 million, the \$12.5 million grant program will fund an estimated 45 new projects focused on preventing wasted food and rescuing food for human consumption.

2) *Compost/Organics Management grant*. Grants totaling \$10M will fund approximately 4 new compost facilities at an estimated \$2.5 million each with capacity to compost approximately 2,400 tons of food waste per year each, with grantees matching 25% of MPCA's contribution. The estimate is based on construction costs and capacity of a recently constructed facility in Minnesota. \$6M will fund an estimated 20 supportive programming projects including food scrap collection, education and outreach, and finished compost market development to sustain the organics recycling system at an average of \$300,000/project.

3) *Compost/Organics Management revolving loan program*. \$2M will be used to capitalize MPCA's existing revolving loan fund to expand capacity and upgrade equipment at existing compost facilities and other organics materials operations (e.g., food to livestock). This is anticipated to finance 8 projects per 5-year loan cycle based on a review of organics processing equipment costs.

4) The *Food-to-Livestock grant program* (\$428,000) will fund an estimated four new food to livestock operations on farms with grants of up to \$107,000 per project. This number is based on consultation with Board of Animal Health staff who administer the Food to Livestock program and will cover approximately 20% the cost of initial investment in a new FTL operation, while grantees contribute ~80% of the total cost.

Tribal sovereignty and vibrant local food economies

Budget detail. Total for this measure is \$34,565,092.

- Personnel: \$1,046,790. Program manager@ 17L (1 FTE, \$482,967), grant manager @ 10L (1.5 FTE, \$563,823) for years 1-5.
- Fringe: \$355,908. MPCA's fringe rate is 34%.
- Contractual: \$30,000,000. Tribal food sovereignty grants (\$15M; with \$7.5M each in years 2 and 3), local food system grants (\$15M; with \$5M in year 2 and \$10M in year 3).
- Other: \$2,734,571. Subaward to MDH for Tribal coordination and Regional Food Network coordination and food system GHG assessments.
 - MDH Personnel: \$618, 589. Food systems coordinator (0.5 FTE years 1-3, 0.2 FTE years 4 and 5), Food systems planner (1 FTE years 1-3), American Indian Community Specialist (0.1 FTE years 1-3, 0.05 FTE years 4-5), food systems evaluator (0.2 FTE years 1-3), evaluation student worker (0.7 FTE years 2-3), finance/contract manager (0.2 FTE years 1-3).
 - MDH Fringe: \$216,506. MDH's fringe rate is 35%.
 - MDH Travel: \$15,420. Conduct 10 meetings with Tribes and RFNs per year (years 2 and 3) with 2 staff, to include lodging at \$175/night for 2 staff (\$7,000), meals at \$43/day (\$1,720), and in-state mileage at 500 miles/trip at \$0.67/mi (\$6,700).
 - MDH Supplies: \$5,000. Meeting supplies for 10 meetings/year (years 2 and 3) at 25 people/meeting and \$10/person (\$5,000).
 - MDH Contractual: \$1,515,630. Contract for 6 LPH SHIP Regional Food Coordinators at 0.25 FTE (\$788,130; six RFC @ \$43,785/yr for years 1-3), Tribal food systems planning funds (\$300,000 across years 1 and 2), six RGN food system GHG assessments at \$70,000 per

assessment (\$420,000 across years 1 and 2), graphic design contract (\$7,500 in year 1).

- MDH Other: \$129,600. Participant support costs for LIDAC member participation in 6 Regional Food Networks at 3 people/RFN, 48 hours/year, at \$50/hour in years 1-3.
- MDH Indirect: \$233,826. MDH indirect rate is 28%.
- Indirect: \$427,823. MPCA's indirect rate is 30.5%.

Expenditure of awarded funds. MPCA and MDH will establish an interagency agreement defining roles, activities, deliverables, and timelines for collaboration. MPCA will establish and administer the Tribal grants and local food systems grants modeled after similar climate grants programs such as the Local Climate Action Grants Program. The 1.5 FTE grant specialists will be part of a pool of three that will support the work in the unit. MDH has financial management infrastructure and experience working with federal funds management for meeting federal requirements.

MDH will subaward to LPH SHIP offices to fund Regional Food Coordinators to organize the 6 RFNs. The grants to LPH and subawards to Tribal Nations will likely be a sole source grant agreement. The SHIP implementation system includes a grant management system that provides staffing and processes for oversight, technical assistance, and training, monitoring and evaluation, and communications support to local SHIP grantees.

Reasonableness of costs. The proposed budget will implement projects in Tribal communities and local communities across the state that reduce GHGe in food systems and promote meaningful LIDAC engagement. Costs include: 1) Tribal food sovereignty grants informed by Tribal food system GHG assessment and planning; and 2) local food system GHG reduction grants informed by local and LIDAC priorities, and food system GHG assessments through the 6 RFNs. RFNs will conduct GHG assessments of local food systems and recommend projects. Personnel will support grant programs and associated activities. The MPCA program manager (1 FTE) will lead the grant programs including engagement, RFP development, project awarding, reporting, and communications. Grant specialists (1.5 FTE) will manage individual projects including invoicing, technical assistance, site visits, and project support. MPCA estimates ~111 total grant projects across both grants, with each FTE managing 74 projects across two years, supported by other grant specialists and the program manager. Digital design (\$7,500) will be required for web-based designed content for the program.

1) *Tribal food sovereignty grants.* As part of Tribal-state coordination, MDH will issue a competitive contract to facilitate a Tribal input process to determine food system strategies and criteria for implementation grant distribution, total \$300,000 for years 1-2. These funds are available to Tribes for a planning process to identify the most effective GHG reduction projects that also support food sovereignty. Fifteen million dollars will fund food sovereignty projects identified by Tribal Nations. If funds are distributed equally across the 11 Tribal Nations, with an additional grant for the urban Tribal community, each award would be \$1,250,000. MDH staff will visit all Tribal Nation project sites at least once during years 2-3 to observe workplan progress and contractual obligations. Meeting supplies provided for site visits will include refreshments and meeting materials.

2) *Local food system grants.* MDH will issue a competitive RFP to LPH SHIP grantees to support 0.25 FTE of time for Regional Food Coordinators who will convene and support 6 RFNs in years 1-3. The coordinators will recruit 3 LIDAC members from each region to participate in each RFN and assist community outreach. MDH will issue a competitive contract for local food system GHG assessments for each RFN to identify GHGe reduction strategies in years 1-2. The assessment will include a review of existing assessments, identification of gaps, prioritization of GHGe reduction strategies, and an action plan. After assessment completion, MDH will issue a competitive implementation grant RFP with different tiers of grant amounts to allowed for projects at different scales. MDH staff will conduct a site visit to each RFN during years 2-3 to observe workplan progress and contractual obligations. Meeting supplies for site visits will include refreshments and meeting materials.