

## BUDGET NARRATIVE

The following budget table breaks out costs across each required budget category for the five years of the grant. A narrative description of each category follows the table.

### *Budget by year*

DIRECT COSTS						
CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
<b>Personnel (costs include progressions and estimated annual increases; FTE represents estimated time spent across all projects)</b>						
<i>Division Director (\$133,448/year; 0.05 FTE)</i>	\$6,672	\$7,006	\$7,356	\$7,724	\$8,110	\$36,868
<i>Assistant Division Director (\$123,016/year; 0.05 FTE)</i>	\$6,151	\$6,458	\$6,781	\$7,120	\$7,476	\$33,986
<i>Environmental Programs Manager III (\$101,814/year; 0.05 FTE)</i>	\$5,091	\$5,345	\$5,613	\$5,893	\$6,188	\$28,130
<i>Environmental Programs Manager II (\$86,552/year; 0.15 FTE)</i>	\$12,983	\$13,632	\$14,314	\$15,029	\$15,781	\$71,739
<i>Environmental Programs Specialist IV (\$67,576/year; 0.15 FTE)</i>	\$10,136	\$10,643	\$11,175	\$11,734	\$12,321	\$56,009
<i>Environmental Programs Specialist IV (\$67,152/year; 0.30 FTE)</i>	\$20,146	\$21,153	\$22,211	\$23,321	\$24,488	\$111,319
<i>Environmental Programs Specialist IV (\$67,576/year; 0.30 FTE)</i>	\$20,273	\$21,287	\$22,351	\$23,468	\$24,642	\$112,021
<i>Environmental Programs Specialist IV (\$71,126/year; 0.20 FTE)</i>	\$14,225	\$14,936	\$15,683	\$16,467	\$17,291	\$78,602
<i>Environmental Programs Specialist I (\$47,196/year; 0.20 FTE)</i>	\$9,439	\$9,911	\$10,407	\$10,927	\$11,474	\$52,158
<i>Environmental Programs Specialist I (\$47,196/year; 1.0 FTE)</i>	\$47,196	\$49,556	\$52,034	\$54,636	\$57,368	\$260,790
<i>Environmental Programs Specialist II (\$53,186/year; 1.0 FTE)</i>	\$53,186	\$55,845	\$58,637	\$61,569	\$64,647	\$293,884
<i>Engineer Intern IV (\$67,143/year; 0.15 FTE)</i>	\$10,071	\$10,575	\$11,104	\$11,659	\$12,242	\$55,651
<i>Administrative Assistant II (\$48,696/year; 0.05 FTE)</i>	\$2,435	\$2,557	\$2,684	\$2,819	\$2,960	\$13,455
<i>Environmental Attorney III (\$74,155/year; 0.05 FTE)</i>	\$3,708	\$3,893	\$4,088	\$4,292	\$4,507	\$20,488
						\$0
<b>TOTAL PERSONNEL</b>	<b>\$221,712</b>	<b>\$232,797</b>	<b>\$244,438</b>	<b>\$256,658</b>	<b>\$269,495</b>	<b>\$1,225,100</b>
<b>Fringe Benefits (actual fringe costs charged based on estimated time spent across all projects; fringe rate not utilized)</b>						
<i>Division Director (\$45,050/year; 0.05 FTE)</i>	\$2,253	\$2,333	\$2,418	\$2,507	\$2,600	\$12,111
<i>Assistant Division Director (\$42,531/year; 0.05 FTE)</i>	\$2,127	\$2,201	\$2,279	\$2,361	\$2,447	\$11,415
<i>Environmental Programs Manager III (\$37,411/year; 0.05 FTE)</i>	\$1,871	\$1,932	\$1,997	\$2,064	\$2,136	\$10,000
<i>Environmental Programs Manager II (\$33,725/year; 0.15 FTE)</i>	\$5,059	\$5,216	\$5,380	\$5,553	\$5,735	\$26,943
<i>Environmental Programs Specialist IV (\$29,142/year; 0.15 FTE)</i>	\$4,371	\$4,494	\$4,622	\$4,757	\$4,899	\$23,143
<i>Environmental Programs Specialist IV (\$29,040/year; 0.30 FTE)</i>	\$8,712	\$8,955	\$9,211	\$9,479	\$9,761	\$46,118

<i>Environmental Programs Specialist IV (\$29,142/year; 0.30 FTE)</i>	\$8,743	\$8,987	\$9,245	\$9,515	\$9,798	\$46,288
<i>Environmental Programs Specialist IV (\$30,000/year; 0.20 FTE)</i>	\$6,000	\$6,172	\$6,352	\$6,541	\$6,740	\$31,805
<i>Environmental Programs Specialist I (\$24,221/year; 0.20 FTE)</i>	\$4,844	\$4,958	\$5,078	\$5,203	\$5,335	\$25,418
<i>Environmental Programs Specialist I (\$24,221/year; 1.0 FTE)</i>	\$24,221	\$24,790	\$25,389	\$26,017	\$26,677	\$127,094
<i>Environmental Programs Specialist II (\$25,667/year; 1.0 FTE)</i>	\$25,667	\$26,309	\$26,984	\$27,692	\$28,435	\$135,087
<i>Engineer Intern IV (\$29,038/year; 0.15 FTE)</i>	\$4,356	\$4,477	\$4,605	\$4,739	\$4,880	\$23,057
<i>Administrative Assistant II (\$24,583/year; 0.05 FTE)</i>	\$1,229	\$1,259	\$1,289	\$1,322	\$1,356	\$6,455
<i>Environmental Attorney III (\$30,731/year; 0.05 FTE)</i>	\$1,537	\$1,581	\$1,628	\$1,678	\$1,730	\$8,154
						\$0
<b>TOTAL FRINGE BENEFITS</b>	<b>\$100,990</b>	<b>\$103,664</b>	<b>\$106,477</b>	<b>\$109,428</b>	<b>\$112,529</b>	<b>\$533,088</b>
<b>Travel</b>						
<i>In-state travel Hydrogen/EV Fueling Station site visit (400 miles @ \$0.67/mile)</i>	\$268	\$268	\$268	\$268	\$268	\$1,340
<i>In-state travel Hydrogen Production site visits (400 miles @ \$0.67/mile)</i>	\$268	\$268	\$268	\$268	\$268	\$1,340
<i>In-state travel General CPRG Grant Outreach Meetings (3750 miles @ \$0.67/mile)</i>	\$2,513	\$2,513				\$5,026
<i>In-state travel Solar Farm Site Visits (500 miles @ \$0.67/mile)</i>		\$335		\$335		\$670
<i>In-state travel Landfill Site Visits (500 miles @ \$0.67/mile)</i>			\$335	\$335		\$670
<i>In-state travel Anaerobic Digesters Site Visit (500 miles @ \$0.67/mile)</i>			\$335	\$335		\$670
<i>In-state travel Landfill Site Visits (250 miles @ \$0.67/mile)</i>					\$168	\$168
<i>In-state travel Anaerobic Digesters Site Visit (250 miles @ \$0.67/mile)</i>					\$168	\$168
<i>Out of State travel: Hydrogen Summit, Washington DC, 4 days, 3 nights, 1 staff</i>						
<i>Per Diem \$79/day; Hotel \$258/night, Airfare \$550</i>	\$1,640					\$1,640
<i>Out of State travel: Hydrogen Expo, Houston, TX; 4 days, 3 nights, 1 staff</i>						
<i>Per Diem \$69/day; Hotel \$122/night; Airfare \$550</i>		\$1,192				\$1,192
<b>TOTAL TRAVEL</b>	<b>\$4,689</b>	<b>\$4,576</b>	<b>\$1,206</b>	<b>\$1,541</b>	<b>\$872</b>	<b>\$12,884</b>
<b>Equipment</b>						
						\$0
						\$0
<b>TOTAL EQUIPMENT</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Supplies</b>						
<i>Laptops, Monitors, Docking Stations (qty 4 @ \$2,250/each)</i>	\$4,500			\$4,500		\$9,000

<i>Supplies (office supplies, printing, software, etc.)</i>	\$1,000	\$1,000	\$500	\$500	\$500	\$3,500
<b>TOTAL SUPPLIES</b>	<b>\$5,500</b>	<b>\$1,000</b>	<b>\$500</b>	<b>\$5,000</b>	<b>\$500</b>	<b>\$12,500</b>
<b>Contractual</b>						
<i>Job Creation/Workforce Development Contract</i>	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
						\$0
<b>TOTAL CONTRACTUAL</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$500,000</b>
<b>OTHER</b>						
<i>Registration Fees: Hydrogen Summit</i>	\$1,500					\$1,500
<i>Registration Fees: Hydrogen Expo</i>		\$1,500				\$1,500
<i>Meeting Space &amp; Refreshments for 2 Hydrogen/EV Fueling public meetings near possible locations</i>	\$1,200	\$1,200				\$2,400
<i>Meeting Space &amp; Refreshments for 2 Hydrogen Production public meetings near possible locations</i>	\$1,200	\$1,200				\$2,400
<i>Meeting Space &amp; Refreshments for general CPRG outreach public meetings (15 meetings across Oklahoma)</i>	\$9,000	\$9,000				\$18,000
<i>Meeting Space &amp; Refreshments for 2 Solar Farm public meetings near possible locations</i>		\$1,200				\$1,200
<i>Meeting Space &amp; Refreshments (2 public meetings based on project need)</i>			\$1,200			\$1,200
<i>Green Buildings- LED Lighting</i>			\$4,000,000			\$4,000,000
<i>Green Buildings-Energy Efficiency</i>			\$6,000,000			\$6,000,000
<i>Green Buildings- Solar Panel w/ or w/o Storage</i>				\$12,500,000		\$12,500,000
<i>Hydrogen/EV Fueling Station</i>					\$25,000,000	\$25,000,000
<i>Fleet Transition</i>					\$12,600,000	\$12,600,000
<i>Hydrogen Production Facility</i>					\$40,000,000	\$40,000,000
<i>Asphalt Technology</i>					\$1,000,000	\$1,000,000
<i>Landfill GCCS</i>					\$25,000,000	\$25,000,000
<i>Anaerobic Digesters</i>					\$15,000,000	\$15,000,000
<i>Solar Farm</i>					\$10,000,000	\$10,000,000
<i>Transmission Upgrades</i>					\$37,500,000	\$37,500,000
<b>TOTAL OTHER</b>	<b>\$12,900</b>	<b>\$14,100</b>	<b>\$10,001,200</b>	<b>\$12,500,000</b>	<b>\$166,100,000</b>	<b>\$188,628,200</b>
<b>TOTAL DIRECT</b>	<b>\$445,791</b>	<b>\$456,137</b>	<b>\$10,453,821</b>	<b>\$12,972,627</b>	<b>\$166,583,396</b>	<b>\$190,911,772</b>
<b>Indirect Costs</b>						
<i>Approved Rate for SFY2025 33.65% of salary plus fringe</i>	\$108,591	\$113,219	\$118,084	\$123,188	\$128,551	\$591,633
						\$0
<b>TOTAL INDIRECT</b>	<b>\$108,591</b>	<b>\$113,219</b>	<b>\$118,084</b>	<b>\$123,188</b>	<b>\$128,551</b>	<b>\$591,633</b>
<b>TOTAL FUNDING</b>	<b>\$554,382</b>	<b>\$569,356</b>	<b>\$10,571,905</b>	<b>\$13,095,815</b>	<b>\$166,711,947</b>	<b>\$191,503,405</b>

## **a. Budget Categories**

### **Personnel**

Oklahoma DEQ has identified 14 existing and new staff members that will contribute to the projects, including senior management, legal, and technical staff who will be responsible for executive oversight, conducting outreach to engage stakeholders and partners, providing technical assistance, managing the grant, projects, contracts, and other duties as assigned. It is estimated 3.7 total FTEs spread over these staff will be needed each year to complete the projects. Staff expertise may cross over GHG reduction projects, and they may work on multiple projects over the course of the grant. Each GHG project will have a specific coordinator and will be assigned a specific project code to ensure all hours worked are appropriately coded for billing to the grant. Additional assistance will be provided by 2 additional staff to assist with the Hydrogen projects and will be paid through indirect. Financial assistance from DEQ Finance/Grants Management will also be covered by indirect costs. Total personnel costs are \$1,225,100.

### **Fringe Benefits**

A total of \$533,088 over the five years is budgeted for fringe and is calculated for each individual's salary and % man year on the grant. DEQ does not use a fringe rate for calculation. Fringe benefits are based on the actual cost of the employee's fringes for the State of Oklahoma. Included in fringe are FICA, retirement, insurance, and annuity. FICA is calculated as 7.65% of the employee's annual salary. Retirement is calculated as 16.5% of the employee's annual salary. The current insurance benefit allowance is based on the insurance plan selected by the employee and this amount may vary depending on the spouse and dependent coverages selected. Insurance is subject to change each year Insurance is estimated at \$12,500 per employee for FY25. An annual annuity of \$300 is included for each employee along with an \$18.24 annual service fee each. All annual calculated fringes are adjusted to reflect the percent man year on the grant. See the budget spreadsheet for more details.

### **Travel**

It is anticipated that staff members will need to travel in-state for outreach on each priority measure to garner community support as well as solicit applications in the first one to three years of the program. The mileage reimbursement rate as of January 1, 2024, is \$0.67 per mile. DEQ has budgeted for two in-state outreach meetings for the hydrogen fueling/EV charging priority measure in years 1 and 2. Similarly, DEQ has estimated the need for two outreach meetings for potential hydrogen production locations in years 1 and 2 and two outreach meetings for solar farm locations in year 2. DEQ has budgeted for 15 additional outreach meetings across the state in years 1 and 2, allowing for multiple visits to each planning district in the state any targeted meetings that are necessary. The purpose of these meetings will be to explain the priority projects and timing of grant solicitations for Asphalt Technology, Landfills GCCS, Anaerobic Digesters, Green Buildings, and Transmission Upgrades. DEQ will also use virtual meetings to supplement the in-person outreach efforts.

Site visits will also be conducted for some of the projects within the state in years 3, 4, and 5 to confirm progress and equipment installation. DEQ has budgeted for two in-state site visits for the hydrogen fueling/EV charging priority measure in years 3, 4, and 5. Similarly, DEQ has estimated the need for two site visits for the hydrogen production location in years 3, 4, and 5. And two outreach meetings for solar farm locations in year 2. Two site visits to landfills and two site visits to anaerobic digester wastewater systems are budgeted each year for years 3, 4, and 5. It is expected that two solar farm site visits will be needed in year 4.

DEQ also budgeted for a staff member to travel out-of-state in years 1 and 2 for hydrogen technical training at an appropriate conference, expo, or training event.

The total travel cost is \$12,884. See the Budget Spreadsheet for more details.

### **Equipment**

DEQ does not expect to buy any equipment.

### **Supplies**

The supplies include a laptop, monitors, and docking station for two new staff members in year 1 with replacement in year 4, at a cost of \$2,250 for each, with a total cost of \$9,000. Supplies also include items such as software, printing, and miscellaneous office supplies such as postage, paper, and pens at a cost of \$3,500 that will be spread equally over the five years among the eight projects. The total cost is approximately \$12,500.

### **Contractual**

The competitive bid provisions of the Oklahoma purchasing act (Title 74 O.S. §85.1 et seq.) of the Oklahoma State Statute and the State Purchasing Rules ensure fair competition for suppliers. Designated purchasing agents are required to obtain bids as authorized by The Central Purchasing Act for the purchase of goods, services, construction, or information services. The State Purchasing Director oversees solicitations for acquisitions by invitation to bid, request for proposal, or request for quotation, and ensures that an evaluation method is clearly identified in any solicitation. The evaluation method must be either “lowest or best” or “best value.”

DEQ’s proposal includes funding that would directly support the workforce and its development. Oklahoma has a well-developed Career and Technology Education System that provides the training and skills necessary to be successful in the workplace across sectors. Funding from this proposal would assist technology centers and comprehensive school districts in training the next generation for careers in energy production, electric power, infrastructure, and other GHG reduction technologies. The proposed implementation would contribute to high job quality due to the breadth of sectors that would be impacted by this funding. DEQ has budgeted \$100,000/year for a total cost of \$500,000 to support workforce development.

### **Other**

DEQ expects to rent meeting spaces as well as provide refreshments for outreach meetings across the state in years 1, 2, and 3 specifically for the hydrogen/EV fueling stations, hydrogen production facilities, and solar farms but also for general CPRG outreach. DEQ will also pay registration fees to send one staff member to hydrogen technical training in years 1 and 2. These costs are budgeted at \$28,200.

DEQ will administer the funds to final recipients as subawards through a competitive selection process. As projects are carried out, any allocation changes will be updated and published in the forthcoming quarterly and summary reports. Expected disbursements by project are detailed below:

*Budget by project*

Priority Measure		Estimated # Projects	Est. Award per Project	Total Award	
Green Buildings	LED Lighting Upgrades	4	\$1,000,000.00	\$4,000,000.00	\$22,500,000.00
	Solar Panel w/ or w/o Battery Storage	1	\$12,500,000.00	\$12,500,000.00	
	Energy Efficiency Programs (HVAC, windows, CVS, etc.)	20	\$300,000.00	\$6,000,000.00	
Hydrogen Production		2	\$20,000,000.00	\$40,000,000.00	
Solar Farm Development		2	\$5,000,000.00	\$10,000,000.00	
Transmission Upgrades		10	\$3,750,000.00	\$37,500,000.00	
Hydrogen/EV Fueling and Fleet Transition	EV charging and hydrogen fueling stations	1	\$25,000,000.00	\$25,000,000.00	\$37,600,000.00
	Hydrogen-Fueled Fleet Vehicle Conversion	24	\$525,000.00	\$12,600,000.00	
Asphalt Technology Advances and Use of Reclaimed Materials		1	\$1,000,000.00	\$1,000,000.00	
Landfill Gas Collection and Control		5	\$5,000,000.00	\$25,000,000.00	
Municipal Wastewater Facility Anaerobic Digesters		5	\$3,000,000.00	\$15,000,000.00	
				\$188,600,000.00	

The total cost in the Other category is budgeted at \$188,628,200.

**Indirect Charges**

DEQ negotiates the Indirect (IDC) rate with EPA on an annual basis. The IDC rate for 2025 has been set at 33.65% of salaries and fringes. Since this rate varies each year, it may change over the course of this grant, but the 2025 rate is used for all calculations. The total requested Indirect costs are \$591,633.

A more detailed breakdown of each budget item by year can be found in the attached Budget Spreadsheet.

**b. Expenditure of Awarded Funds**

After conducting a call for projects application/solicitation, DEQ will enter into a Memorandum of Agreement with selected project sponsors prior to disbursement of subaward funds. These agreements will include all applicable pass-through requirements for subrecipients in accordance with EPA's Subaward Policy and EPA's General Term and Condition for Subawards. For reimbursement-based projects, disbursement of funds will be contingent upon project completion and proper documentation. DEQ will review the submitted request for reimbursement and either approve for funding or disapprove and work with the entity to address outstanding issues. The semi-annual reports and final report will include a breakdown of expenditures associated with implementation of this proposal.

DEQ will conduct outreach via public meetings, webinars, website postings and direct mail/contact to disseminate information about the funding opportunities to help increase the number of applications

received. DEQ will utilize multiple funding rounds as appropriate to the project to increase subscription rates. DEQ will move funds from undersubscribed projects to more successful projects by October 1, 2027, to ensure complete drawdown of funds. DEQ will perform audits or site visits as necessary to ensure award recipients completed their funded projects as expected.

DEQ will expend and account for awarded funds in accordance with state laws and procedures for expending and accounting for the state's own funds. The financial management system for DEQ complies with the requirements of 2 CFR 200.302(b). Funds disbursed under the CPRG are subject to Davis Bacon Prevailing Wage requirements as explained in Section VI.C and to Build America, Buy America (BABA). Projects funded under this competitive grant program cannot receive funding from any other CPRG-funded program. To the extent a project under this program receives funding from another CPRG-funded program, it will be ineligible to receive funding under this program. Project sponsors must certify that they have received no other CPRG funding when applying for a grant under this program.

### **c. Reasonableness of Costs**

The salary, fringe, and indirect costs are reasonable costs for management and technical staff to administer a grant of this size and scope. Costs for travel, supplies, and other budget items are reasonable and customary for the tasks outlined in this proposal. The costs of each individual award are based on reasonable and expected costs for each project. Itemization of these costs can be found in the Budget Spreadsheet. See the attached Budget Spreadsheet and Technical Appendix for further information.

**EV/Hydrogen Fueling Hubs & Fleet Transition:** DEQ will pay up to \$25,000,000 to defray the cost after federal tax credits of installation and operation of two hydrogen refueling lanes and four 350 kW direct current fast chargers at a site within 1 mile of Interstate 35 in Central Oklahoma.

DEQ will pay up to \$12,600,000 to defray the cost after federal tax credits of replacement of heavy-duty diesel trucks with fuel-cell and battery-electric equivalents.

**Hydrogen Production:** DEQ will pay up to \$40,000,000 for reimbursement up to 25% of the cost of a centralized hydrogen plant in Oklahoma delivering low-carbon fuel across the state.

**Asphalt Technology:** DEQ will pay up to \$1,000,000 for reimbursement up to 12.5% of the cost of pavement materials for roads paved with DEQ and ODOTs greener techniques.

**Landfill Gas Collection and Control:** DEQ will pay up to \$25,000,000 for reimbursements up to 75% of the cost of installing or upgrading gas collection and control systems that reuse collected gas as an energy source at publicly or privately owned or operated municipal solid waste landfills.

**Municipal Wastewater Facility Anaerobic Digesters:** DEQ will pay up to \$15,000,000 for reimbursements up to 75% of the cost and installation of new anaerobic digesters or upgrades to digesters on municipal wastewater facilities (WWF) and use of waste gas as an energy source.

**Green Public Buildings:** DEQ will pay up to \$22,500,000 for reimbursements up to 75% of the cost of energy saving projects in public buildings. Public buildings include but are not limited to those owned by Municipalities, Universities, and Government entities.

**Solar Farm Development:** DEQ will pay up to \$10,000,000 for reimbursements up to 75% of the costs of building solar farms across Oklahoma.

**Transmission Upgrades:** DEQ will pay up to \$37,500,000 for reimbursements up to 75% of the costs of upgrading transmissions systems across Oklahoma.

DEQ will assure that all costs associated with these priority measures are reasonable. DEQ will expend and account for awarded funds in accordance with state laws and procedures for expending and accounting for the state's own funds. The financial management system for DEQ complies with the requirements of 2 CFR 200.302(b). DEQ will comply with the requirements of EPA's Appendix A for issuing subawards to implement selected projects. The semi-annual reports and final report will include a breakdown of expenditures associated with implementation of these priority measures.