

Clean Commute Orange County: The Express Route to Lower GHG's
Section 7: Budget Narrative

a. Budget Detail:

Since its inception in May 1972, LYNX, the Central Florida Regional Transportation Authority, has been at the forefront of providing exemplary public transportation services to the residents of Orange, Osceola, and Seminole counties. With a partnership that extends over five decades, LYNX and Orange County have worked hand-in-hand to address the evolving transportation needs of this vibrant community. This enduring collaboration has been pivotal in planning, funding, and executing transit projects to enhance mobility, curb traffic congestion, and foster economic growth across Central Florida.

In 2019, under the visionary leadership of Mayor Jerry L. Demings, Orange County embarked on an ambitious initiative to confront the pressing transportation challenges facing the region. Through an extensive transportation survey and over 200 community meetings, the initiative sought to obtain firsthand insights into the transportation desires and concerns of its residents. Although paused due to the COVID-19 pandemic, this initiative was reinvigorated in January 2022 with an updated survey and a series of community engagement efforts. The remarkable participation of over 19,000 residents and more than 270 meetings provided critical feedback, underscoring the urgent need for expanded mass transit solutions, enhanced pedestrian and bicycle safety, and improvements to the LYNX service, including more accessible routes and increased service frequency.

Given this clear mandate from the community and the strong synergy between Orange County and LYNX, we are seeking \$34,418,477 in funding from the EPA Climate Pollution Reduction Grant program to launch Express Route 301. This project is poised to deliver a wealth of benefits to Central Florida, significantly reducing GHG and co-pollutant emissions, creating 26 high-quality, union jobs in LIDAC communities, and catalyzing a shift towards public transit through the efficiency and convenience offered by the express route.

The proposed implementation of Express Route 301 is expected to lead to a net reduction of 3,380 MT CO₂e emissions over the 2025-2030 period. This ambitious goal will be achieved through the deployment of nine new CNG-fueled buses, which will be operational for 48,614 hours, covering 966,155 miles, utilizing 2,185.48 standard cubic feet of CNG, and producing an calculated 98 MT CO₂e annually. Additionally, the enhanced frequency and accessibility of this new route are anticipated to significantly reduce reliance on gasoline-powered vehicles, projecting a total reduction of 3,871 MT CO₂e over five years. The net results of the project will be \$10,871.72 per metric ton CO₂e reduced. However, the new buses purchased to support this route will contain an engine designed to eliminate 90% of the nitrous oxide emissions. Also, through its fuel distribution service contract, LYNX has access to renewable compressed natural gas and routinely receives a report identifying the amount of RNG received. With the combination of low NO_x engines and the use of RNG for this route, it is estimated that CO₂e emissions can be reduced as much as 50%, making it possible for a better net emissions reduction and a better cost per reduction of MT CO₂e ratio. Once the new route has started, confirmation of the purchase and distribution of RNG fuel for this specific route will be obtained and equations used to calculate projected emissions will be adjusted. Following procurement and implementation of the nine new buses for the route, confirmation of engine specifications and potential NO_x emissions reduction will be determined and these same equations will be further refined. **It is anticipated that through these reduced emissions, the cost per metric ton CO₂e reduced could be closer to \$ 8,891.**

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Budget Categories:

H. Other: Cumulative Costs for the Five Years

Operational Costs for new express bus route (with increase for inflation)	\$27,211,307.00
Capital Costs	\$6,832,170.00
Cost includes the purchase of nine Compressed Natural Gas Buses cost per bus (\$759,130)	
Administrative Costs of Sub-Award	\$375,000.00
Total Project Cost:	\$34,418,477.00
EPA Federal Funding Request:	\$34,418,477.00

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Budget Table

BUDGET BY YEAR							
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Direct Costs	Personnel						
							\$0
	TOTAL PERSONNEL	\$0	\$0	\$0	\$0	\$0	\$0
	Fringe Benefits						
							\$0
	TOTAL FRINGE BENEFITS	\$0	\$0	\$0	\$0	\$0	\$0
	Travel						
							\$0
	TOTAL TRAVEL	\$0	\$0	\$0	\$0	\$0	\$0
	Equipment						
							\$0
	TOTAL EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0
	Supplies						
							\$0
	TOTAL SUPPLIES	\$0	\$0	\$0	\$0	\$0	\$0
	Contractual						
							\$0
	TOTAL CONTRACTUAL	\$0	\$0	\$0	\$0	\$0	\$0
	OTHER						
	Operational Costs for new express bus route (with inflation increase)	\$5,125,374	\$5,279,135	\$5,437,509	\$5,600,635	\$5,768,654	\$27,211,307
	Capital costs for buying 9 buses for new express route	\$6,832,170					\$6,832,170
	Administrative Costs of Sub-Award	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000
	TOTAL OTHER	\$12,032,544	\$5,354,135	\$5,512,509	\$5,675,635	\$5,843,654	\$34,418,477
	TOTAL DIRECT	\$12,032,544	\$5,354,135	\$5,512,509	\$5,675,635	\$5,843,654	\$34,418,477
Indirect Costs	Indirect Costs						
							\$0
	TOTAL INDIRECT	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FUNDING		\$12,032,544	\$5,354,135	\$5,512,509	\$5,675,635	\$5,843,654	\$34,418,477

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Orange County will subaward the funding to LYNX to operate Express Route 301. In order to implement this greenhouse gas emissions reduction measure this initiative involves acquiring nine new CNG buses, each costing \$759,130, leading to a total capital expense of \$6,832,170. To maintain a 30-minute frequency from 5 AM to midnight daily, the route will necessitate 48,614 service hours annually. With LYNX's operational cost per service hour for FY25 set at \$105.43, the first year's operational expenses for Express Route 301 amount to \$5,125,374. Anticipating inflation, a three percent annual increase has been applied, bringing the total operational costs over five years to \$27,211,307.

The initial year's operational cost per service hour of \$105.43 encompasses various expenses required to run a regional public transit service, including staff salaries and benefits, fuel, maintenance, security, utilities, insurance, and materials. As a sub-awardee, LYNX provided an estimated percentage breakdown of the components of this hourly operational rate, providing a clearer view of the expenses covered. Those percentages are shown below.

Expenses	Percentage of Hourly Service Rate
Salaries, Wages, & Fringe Benefits	72%
Contracted Maintenance/Security	9%
Fuel	7%
Materials and supplies	6%
Other Expenses	6%
Total	100%

Using these estimated percentages, breakdowns by year and category were developed to provide greater insight on what is generally covered by the hourly rate. For billing purposes, LYNX will invoice based on the actual service hours, aligned with that year's annual operational cost per service hour (annual rate increase due to inflation).

Estimated Breakdown of Operational Costs- based on expense percentages, hourly service rate, and number of annual service hours							
Operational Expenses	Percentage Breakdown	Operational Costs based on Number of Service Hours and Hourly Service Rate					
		Year 1	Year 2	Year 3	Year 4	Year 5	Total
		\$ 5,125,374	\$ 5,279,135	\$ 5,437,509	\$ 5,600,635	\$ 5,768,654	\$ 27,211,307
Salaries, Wages, & Fringe Benefits	72%	\$ 3,690,269	\$ 3,800,977	\$ 3,915,007	\$ 4,032,457	\$ 4,153,431	\$ 19,592,141
Contracted Maintenance/Security	9%	\$ 461,284	\$ 475,122	\$ 489,376	\$ 504,057	\$ 519,179	\$ 2,449,018
Fuel	7%	\$ 358,776	\$ 369,539	\$ 380,626	\$ 392,044	\$ 403,806	\$ 1,904,791
Materials and supplies	6%	\$ 307,522	\$ 316,748	\$ 326,251	\$ 336,038	\$ 346,119	\$ 1,632,678
Other Expenses	6%	\$ 307,522	\$ 316,748	\$ 326,251	\$ 336,038	\$ 346,119	\$ 1,632,678
Total	100%						

Additionally, \$75,000 has been allocated annually for grant administration for Orange County for the management of the sub-award, totaling \$375,000 over five years. These costs ensure that the project is administered effectively, adhering to all grant requirements, including fiscal, implementation, documentation, and achieving the intended outcomes.

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b. Expenditure of Awarded Funds:

Approach: Orange County is dedicated to the rigorous and responsible management of awarded grant funds for the Clean Commute Orange County project, underpinned by a commitment to transparency, accountability, and efficiency to ensure the full utilization of funds within the designated 5-year period. The county's established Office of Management and Budget, Office of Sustainability and Resilience, and the Orange County Comptroller's Office will cohesively oversee the project's execution and coordination among all stakeholders, including LYNX and community representatives. A subawardee contract will be created and signed with LYNX, including a project work plan, complemented by a phased timeline, outlining key milestones, deliverables, and budget allocations for each phase of the project, acting as a comprehensive roadmap for the project's lifecycle.

A robust financial management system will be implemented to meticulously track and monitor expenditures, ensuring efficient and transparent allocations, in-line with the rigorous standards already in place by the Orange County Comptroller's office. For instance, we will mandate documentation for all expenditures, including invoices, which will be rigorously reviewed by internal stakeholders involved in the Orange County project. Continuous oversight of the project's progress and financial health will be a priority, with regular performance reports facilitating the necessary adjustments in a timely manner. In our commitment to transparency and accountability, the county will ensure that all semi-annual progress reports and the final project report are promptly submitted to the EPA, fully meeting all reporting requirements.

Procedures:

1. **Budget Allocation and Approval:** The stakeholder team will work to allocate the budget in alignment with project milestones and anticipated cash flow requirements. Each expenditure category will be scrutinized and approved by the team to ensure alignment with project objectives and grant conditions.
2. **Procurement Controls:** We will implement stringent procurement procedures to ensure competitive bidding, fair selection, and value for money in the acquisition of goods and services, as well as adherence to all applicable federal rules and regulations.
3. **Financial Monitoring and Reporting:** The stakeholder team will conduct regular reviews of expenditures against the budget and project progress. This includes tracking actual spending, forecasting future expenditures, and identifying any deviations from the planned budget.
4. **Risk Management:** A risk management plan will be developed to identify potential financial and project risks, with strategies for mitigation. This plan will be reviewed regularly, and adaptive measures will be implemented as necessary to address any emerging risks.
5. **Process Review and Compliance:** An independent review function will be established to review financial and operational processes, ensuring compliance with grant requirements and financial regulations. This will include periodic reviews of expenditures, procurement processes, and adherence to the project plan.

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Controls:

Documentation and Record-Keeping: Comprehensive documentation of financial transactions, contracts, and project activities will be maintained. This will facilitate auditing, reporting, and historical analysis for future projects.

By implementing these detailed approaches, procedures, and controls, we are committed to ensuring that the grant funds are managed efficiently, responsibly, and in alignment with the goals of the Clean Commute Orange County project. Our goal is to achieve the maximum possible impact from the grant, enhancing public transportation options for our community while adhering to the highest standards of fiscal management.

c. Reasonableness of Costs:

Using the estimated percentages of the components of hourly service rate, below is a breakdown of the estimated five-year cumulative cost for each and a description of what it covers. This is to demonstrate the cost-effectiveness and reasonableness of the cumulative operational costs. LYNX will submit invoices for reimbursement and progress tracking based on the hourly service rate and number of service hours performed.

1. **Salaries, Wages, and Fringe Benefits (\$19,592,141):** Five-year cost of salaries, wages, and fringe benefits for LYNX employees including the new positions created. This includes health insurance, which is covered 100% by LYNX for employees.
2. **Maintenance/Security (\$2,449,017):** This covers the maintenance for buses, bus stops and shelters, as well as security.
3. **Fuel (\$1,904,791):** Cost from the percentage of the service hour rate attributed to fuel costs over five years.
4. **Materials and Supplies (\$1,632,678):** Costs for materials and supplies associated with repairs and maintenance for buses and the bus central maintenance facility.
5. **Other (\$1,632,678):** Miscellaneous costs including but not limited to, utilities, insurance, safety and security.
6. **Capital Costs (\$6,832,170):** This includes the procurement of nine Compressed Natural Gas (CNG) buses at a cost of \$759,130 each. These buses represent a significant investment in cleaner technology that directly addresses the project's emission reduction targets by replacing older, less efficient vehicles.
7. **Administrative Costs (\$375,000):** Allocated for the management of the sub-award, these costs ensure that the project is administered effectively, adhering to all grant requirements, including fiscal, implementation, documentation, and achieving the intended outcomes.

Total Project Cost: \$34,418,477. This encompasses all planned expenditures.

Total Cost/MT CO2e reduced: \$10,181.72. This considers calculated net emissions.

Each itemized budget component is essential to the project's success, with costs meticulously calculated to ensure value for money while achieving the outlined objectives. The operational costs reflect the necessity for skilled personnel to operate and maintain the new fleet, ensuring reliability and safety. The capital expenditure on CNG buses is a strategic investment in sustainable transportation technology, pivotal for GHG reduction. Administrative costs are kept to a minimum, emphasizing the project's focus on direct service enhancements and environmental benefits. Additionally, please refer to section 7a, paragraph 4, above in this document, outlining the calculations for the Total Cost/MT CO2e reduced and

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the potential that in light of low NOx engines and the use of RNG for this route, that could be closer to \$ 8,891/MT CO₂e.

By closely aligning budget items with specific project tasks and GHG reduction measures, the Clean Commute Orange County application clearly understands the necessary resources to achieve the project's ambitious goals. In compliance with Appendix A guidance, this budget narrative details the strategic allocation of funds across essential categories, underscoring the project's commitment to fiscal responsibility and impactful environmental action. The inclusion of LYNX as a recipient of the sub-award further signifies a structured approach to project implementation, with clear delineations of responsibility and expertise in public transit operations, thereby underscoring the reasonableness and feasibility of the proposed budget.