

Budget Narrative

Decarbonizing the San Diego Region Project

The San Diego Association of Governments (SANDAG) respectfully submits this budget narrative as part of the Decarbonizing the San Diego Region Project proposal pursuant to the U.S. Environmental Protection Agency's (EPA) Climate Pollution Reduction Grants program (CPRG) Implementation Grants (Funding Opportunity Number EPA-R-OAR-CPRGI-23-07).

Budget Detail (Narrative for Each Budget Spreadsheet)

Grant Management

- i. Personnel: If awarded, SANDAG staff in the Planning, Financial Planning, and Contracts departments will be responsible for the overall management of this grant agreement. The Regional Planning Program Manager for Climate will serve as the main liaison between SANDAG and EPA, with the Senior Regional Planner and Associate Regional Planner responsible for day-to-day project management, coordination with sub-awardees and other project managers, as well as semi-annual progress reporting. The Data Science Analyst will address quality assurance project plan needs and review data generated by the individual GHG measure programs. The Senior Budget Program Analyst will ensure that all EPA grant funds are received and allocated appropriately, managed efficiently and properly and that financial portions of semi-annual reporting are completed on time and accurately. Lastly, the Associate Contracts Analyst will assist the Planning staff with the execution of contracts or other agreements (e.g., Memorandums of Understanding) with EPA, sub-awardees, or other involved parties as needed.
- ii. Fringe Benefits: All full-time employees of SANDAG are subject to the same fringe rate set at 75.93% of salary.
- iii. Travel: The travel budget under the grant management tab is for SANDAG staff to present or participate in conferences as identified and relevant to the measures planned in this proposal. Cost assumptions for this budget category are based on recent travel costs and pricing trends, and average per diem rates for accommodation and food/beverage from the U.S. General Services Administration.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: A contractor is anticipated to perform the quantification of GHG emissions and other relevant air co-pollutants, as well as any other quantitative analyses needed for progress reporting to EPA. The assumptions for this budget category are based on previous contracts and rates for similar work and would be conducted under the direction of the Climate Planning and Data Science staff. If the selected contractor is from a university or non-profit, then this cost would move under the "Other" category as a subawardee.
- vii. Other: There are no other costs in this budget.
- viii. Indirect Charges: All full-time employees of SANDAG are subject to the same federally negotiated indirect cost rate set at 112.65% of salary.

Regional Zero-Emission Light-Duty Vehicle Incentive Program

- i. Personnel: SANDAG staff from the Climate team in the Planning Department will oversee and manage the program, including budget tracking, coordination with the third-party program administrator, Community-Based Organizations and non-profit organizations, and any other involved stakeholders. The Regional Planning Program Manager for Climate will provide the highest level of oversight and strategic guidance for the program, including final determinations for program structure and administration. The Senior Regional Planner will serve as program manager with day-to-day support and coordination by the Associate Regional Planner. They will manage and oversee the budget, including tracking expenditures and progress toward program goals. The Associate Contracts Analyst will support the Planning staff with completing the competitive procurement process for a third-party program administrator, execution of the contract, and contract compliance/management throughout the period of performance. Their support is focused on Years 1 and 5 of the performance period per the higher level of effort needed to procure and execute a contract and to close it out at end of Year 5. Associate Legal Counsel will provide legal guidance related to procurement and contracting, as well as the structure of the incentive program throughout the period of performance, with the greatest focus on the first and last years pertaining to program launch and closeout.
- ii. Fringe Benefits: All full-time employees of SANDAG are subject to the same fringe rate set at 75.93% of salary.
- iii. Travel: There are no travel costs in this budget.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: Contractual costs are split into two lines but may be paid to one or more contractors. The first line item is for a third-party program administrator to administer the program, including the receipt and processing of rebate applications, application data tracking and reporting to SANDAG, and other administrative tasks as needed. This is budgeted at 10% of the total program cost based on previous incentive program contracts utilized by SANDAG, as well as recent research regarding other existing incentive programs conducted as part of the Caltrans Planning Grant SANDAG received to design a regional ZEV incentive program. The second line is for marketing, education, outreach (MEO), and technical assistance work that is necessary to ensure applicant success with this program. This work may be completed by the third-party program administrator in addition to their administrative duties and/or by other contractors such as Community-Based Organizations, non-profit organizations, etc., as this program will prioritize incentives for LIDAC residents and municipal fleets. This is budgeted at 5% of the total program cost based on research and input gathered during focus groups funded by our current Caltrans Planning Grant. Numerous stakeholders have stated the need for a substantial MEO and technical assistance effort to support potential program users through the application process and address any questions or concerns related to zero-emission vehicle ownership.
- vii. Other: Other costs include the Participant Support Costs (i.e., the rebates for residents, municipal fleets, and Tribal Nation fleets) to be distributed through this program.
- viii. Indirect Charges: All full-time employees of SANDAG are subject to the same federally negotiated indirect cost rate set at 112.65% of salary.

Regional Zero-Emission Medium- and Heavy-Duty Vehicle Charging Infrastructure Program

- i. Personnel: There are no personnel costs in this budget. SANDAG oversight costs are addressed in the Grant Management budget.
- ii. Fringe Benefits: There are no fringe costs in this budget.
- iii. Travel: There are no travel costs in this budget.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: There are no contractual costs in this budget.
- vii. Other: There is \$11,441,996 in other costs budgeted to be provided as a subaward to the San Diego County Air Pollution Control District (SDACPD) for the implementation and management of this program. SANDAG and SDAPCD have already prepared a detailed program budget which can be provided to EPA upon request, but at a high level, this amount includes \$555,675 for personnel; \$392,382 for fringe benefits; \$10,000,000 in other costs (i.e., participant support costs, and/or incentives for the charging infrastructure); and \$493,938 in indirect costs.
- viii. Indirect Charges: There are no indirect charges in this budget.

Regional Active Transportation Program

- i. Personnel: SANDAG staff from the Grants team, including the Associate Grants Program Analyst and the Grants Program Manager, will be responsible for oversight and management of the program. This includes developing the grant program, issuing a regional Notice of Funding Opportunity or similar announcement, receiving and reviewing applications, issuing awards, and coordinating with awardees. The Senior Contracts and Procurement Analyst and Contracts and Procurement Analyst II are needed to assist with contracting with awardees (local governments and/or Tribal governments) once the program is launched. The Associate Regional Planner will serve as the liaison between the Climate Team and the Grants staff for overall monitoring of the program. The remaining staff, including the Communications Manager, Manager of Data Solutions, Senior Researcher and Modeler, Director II, Senior Public Communications Officer, and Graphic Designer II, will all provide minor support during different phases of the program. This includes work such as designing and publishing marketing, outreach, and education materials for the program, tracking and reporting program data, and providing strategic guidance. The staff time allotted is based on experience developing and managing past regional grant programs to support local bicycle and pedestrian projects.
- ii. Fringe Benefits: All full-time employees of SANDAG are subject to the same fringe rate set at 75.93% of salary.
- iii. Travel: There are no travel costs in this budget.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: Contractual costs are for a consultant to perform labor compliance monitoring for state and federal prevailing wage requirements, including Davis Bacon Prevailing Wage requirements. The assumptions for this budget category are based on the period of performance for the consultant, as well as previous contract costs for similar work and the anticipated level of effort.

- vii. Other: Other costs include the participant support costs (i.e., pass-through funds to selected subrecipients) for active transportation project implementation. The assumptions for this budget category are based on previous grant programs administered by SANDAG as well as researched costs of bike lane projects.
- viii. Indirect Charges: All full-time employees of SANDAG are subject to the same federally negotiated indirect cost rate set at 112.65% of salary.

Regional Transit Incentive Programs

- i. Personnel: SANDAG staff from the Mobility team in the Planning Department will oversee and manage the 2 incentive programs, including budget tracking, coordination with the transit operators MTS and NCTD, Community Based Organizations and non-profit organizations, and any other involved stakeholders. The Youth Opportunity Pass and the Try Transit incentive programs will be managed by the Associate Regional Planner and Senior Regional Planner respectively. The Associate Public Communications Officer will assist with marketing, outreach, and engagement for the Youth Opportunity Pass program, given the community-forward, youth-focused nature of the program.
- ii. Fringe Benefits: All full-time employees of SANDAG are subject to the same fringe rate set at 75.93% of salary.
- iii. Travel: The travel budget for this program includes mileage to set up and attend Try Transit events in communities throughout the region. The assumption for this budget category is based on current mileage rates and assumes a one-cent yearly increase in the mileage reimbursement rate.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: Supplies for this program include Pronto transit cards and accompanying public information materials for Youth Opportunity Pass and Try Transit. This comprises the actual transit incentive pass as well as accompanying educational materials for recipients. Additional supplies include one laptop, one projector, and one screen for use at Try Transit community events throughout the region and printing of event flyers for Try Transit events.
- vi. Contractual: A contractor will also be needed to assist with program management for the Try Transit program; this will supplement the time allocated by the SANDAG Senior Regional Planner. The assumptions for this cost are based on current and recent hourly contractor rates for similar work and assume a yearly rate increase.
- vii. Other: Other costs include subawards to Metropolitan Transit System (MTS) and North County Transit District (NCTD), the two transit operators in the region, to reimburse them for the fares not collected from Youth Opportunity Pass riders. Other costs also include participant support costs in the form of subsidized transit passes distributed to residents through the Try Transit program. SANDAG will cover 50% of the cost of these passes with CPRG funding, and the remaining 50% of the costs will be paid by the transit provider (MTS).
- viii. Indirect Charges: All full-time employees of SANDAG are subject to the same federally negotiated indirect cost rate set at 112.65% of salary.

Bus Rapid Transit Project

- i. Personnel: SANDAG staff from the Mobility team in the Planning Department will oversee this project. The Senior Regional Planner will serve as project manager for the planning and implementation of the bus rapid transit route in coordination with MTS. Day-to-day project support will be done by the team of Regional Planners.
- ii. Fringe Benefits: All full-time employees of SANDAG are subject to the same fringe rate set at 75.93% of salary.
- iii. Travel: The travel costs in this budget are for mileage for local travel to site visits and community workshop presentations related to the planning, construction, and operation of the bus rapid transit route.
- iv. Equipment: This budget category includes costs for four (4) Compressed Natural Gas (CNG) buses to use in operations for this route at a cost of up to \$1,500,000 per bus. Other equipment costs include the structures, signage, and other equipment needed for retrofits of existing bus stops for up to six (6) stops along the new route. Both figures are based on consultation with MTS and previous bus rapid transit project costs managed by SANDAG.
- v. Supplies: Supplies costs are for printing of public engagement materials such as fliers, handouts, posters, and other notices to increase public awareness of the new route/service.
- vi. Contractual: The contractual costs in the budget are for one or more contractors to perform three (3) different types of work, including route planning, site analysis, and engineering; environmental compliance and analysis; and outreach and engagement services.
- vii. Other: This budget category includes a subaward to the Metropolitan Transit System (MTS) for the maintenance and operation of the bus rapid transit route once completed, including staffing of bus drivers for the route and maintenance workers for the bus stops, provision of accompanying paratransit service, etc.
- viii. Indirect Charges: All full-time employees of SANDAG are subject to the same federally negotiated indirect cost rate set at 112.65% of salary.

Regional Building Electrification Program

- i. Personnel: There are no personnel costs in this budget. SANDAG oversight costs are addressed in the Grant Management budget.
- ii. Fringe Benefits: There are no fringe costs in this budget.
- iii. Travel: There are no travel costs in this budget.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: There are no contractual costs in this budget.
- ix. Other: There is \$35,999,402 in other costs budgeted to be provided as a subaward to the SDCP for the implementation and management of this program. SANDAG and SDCP have already prepared a detailed program budget which can be provided to EPA upon request, but at a high level, this amount includes \$1,134,359 for personnel; \$340,309 for fringe benefits; \$31,500,000 in equipment costs (i.e., heat pump water heaters, heating and cooling equipment for building electrification); \$1,845,000 in contractual costs for programmatic and outreach/engagement support; and \$1,179,734 in indirect costs.
- vii. Indirect Charges: There are no indirect charges in this budget.

Regional Residential Solar and Energy Storage Program

- i. Personnel: There are no personnel costs in this budget. SANDAG oversight costs are addressed in the Grant Management budget.
- ii. Fringe Benefits: There are no fringe costs in this budget.
- iii. Travel: There are no travel costs in this budget.
- iv. Equipment: There are no equipment costs in this budget.
- v. Supplies: There are no supplies costs in this budget.
- vi. Contractual: There are no contractual costs in this budget.
- x. Other: There is \$47,193,836 in other costs budgeted to be provided as a subaward to the SDCP for the implementation and management of this program. SANDAG and SDCP have already prepared a detailed program budget which can be provided to EPA upon request. At a high level, this amount includes \$1,332,532 for personnel; \$399,760 for fringe benefits; \$1,640 for local travel (i.e., mileage to site visits, and program events); \$2,473,259 in contractual costs for program management, website/IT, reporting, and outreach and engagement support; \$41,602,452 in other costs for industry partnerships and training and participant support costs (i.e., incentives for solar and energy storage); and \$1,385,833 in indirect costs.
- vii. Indirect Charges: There are no indirect charges in this budget.

Expenditure of Awarded Funds

As described in the Project Narrative under “Past Performance and Reporting Requirements”, SANDAG has extensive experience with managing grant funds and successfully completing grant deliverables for federal and state agencies. For this proposal, SANDAG will employ several methods of budget tracking to ensure consistent and accurate management of funds. This includes the use of project-specific budget tracking spreadsheets that will be continually updated by project managers and staff throughout the period of performance. SANDAG will also use its agency-wide software system called the Enterprise Resource Program (ERP) for contracts, finance, and accounting related to this proposal. This comprehensive system synchronously processes and cross-references information about contracts, budgets, invoices, and more. The ERP also has built-in approval processes for contracts, invoices, etc. that result in numerous staff members across different departments and levels of responsibility reviewing documents prior to their approval. In addition to system processes and controls, SANDAG staff overseeing the grant award will also closely manage the budget, including measure-specific budgets and subawards. This includes coordination by SANDAG’s Climate staff with wider Planning department staff, Financial Planning, Budgets, and Grants department, as well as the Contracts and Procurement Services department to ensure proper management of grant funds and adherence to all local, state, and federal requirements (e.g., Davis Bacon Prevailing Wage requirement).

In terms of timely and efficient expenditure of funds, the Budget Detail section beginning on page 2 of this document describes the roles and responsibilities for implementing the greenhouse gas (GHG) reduction measures for both SANDAG staff and sub-awardee staff at the San Diego County Air Pollution Control District (SDAPCD) and San Diego Community Power (SDCP) as the implementing agency for the San Diego Regional Energy Network. SANDAG Climate staff will coordinate with the respective project managers for SANDAG-led measures to ensure projects will be completed on time and within budget. For external subawards and partners, SANDAG Climate staff have established relationships with staff at

SDAPCD and SDCP who will be responsible for the implementation of three GHG reduction measures. Interagency communication and oversight will occur through regular (e.g., bi-weekly, or monthly) check-in meetings between staff at each agency to ensure that these programs are also being implemented on time and within budget. For more information regarding staff oversight of grant funds, see the Grant Management Budget Detail that follows.

Reasonableness of Costs

For SANDAG-led implementation of GHG measures, all costs listed in the budget are directly informed by one or more of the following: SANDAG current and projected personnel costs, fringe rates, and indirect cost rates; current and past contracts for work performed by consulting firms, community-based organizations, or other contractors; market research; and average costs of materials, supplies, etc. The Budget Detail section includes explanations by line item for every GHG reduction measure, addressing the reasonableness of costs.

For GHG reduction measures being implemented via subawards to other agencies (SDAPCD and SDCP), both agencies prepared detailed budget tables for their respective programs based on similar types of assumptions. These program budgets were reviewed and vetted by SANDAG staff prior to listing the total program cost in the Budget Table Spreadsheet attached to this proposal. These subaward program budgets are available to EPA upon request.