

## 7. Budget

This section provides a detailed description of the budget outlined in the SF-424A. Within the budget narrative, we discuss our approach to ensuring the proper management of grant funds, offering an itemized breakdown for each of The Santa Clara Valley Transportation Authority (VTA's) Measures that underscores our commitment to responsible fiscal practices.

### **T-2: Implement the VTA Visionary Transit Network**

Within this measure, VTA has partnered with seven cities to help with the expansion and operations of their microtransit networks. If awarded, VTA will be the recipient of the grant and will delegate the appropriate funding to each project as outlined throughout this application.

#### **City of Cupertino, Silicon Valley (SV) Hopper Microtransit Program**

##### **a) Budget Detail**

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

##### **b) Expenditure of Awarded Funds**

SV Hopper is an innovative rideshare service that transforms the community's perception of public transit in Santa Clara County. This is achieved through an app-based platform that delivers an accessible, cost-effective mobility solution. With its all-electric, zero emission vehicle fleet, SV Hopper enhances environmental sustainability. The measure enhances the quality of life by connecting residents and visitors to regional destinations and transit centers across Cupertino and Santa Clara, significantly reducing traffic congestion and advancing Cupertino's Climate Action Plan goals. The measure is fifty percent funded (50%) through the CalSTA TIRCP program, so Cupertino seeks the remaining half of the total project cost, amounting to \$4,939,988. This grant request covers the balance needed to fully fund the project's budget of \$9,879,977, ensuring the successful implementation and operation of this innovative transit solution.

The City of Cupertino has a proven history of implementing projects like this proposed measure. Cupertino's experience is highlighted by the successful operation of an 18-month pilot microtransit program, which began in October 2019. The pilot was an on demand microtransit service operating with the same service model and schedule as described in the proposed measure, which aims to enhance local transportation efficiency and connectivity. Following the pilot's success, Cupertino expanded its service in partnership with the City of Santa Clara in November 2023. This expanded service has demonstrated remarkable success and consistent growth in ridership. Notably, the project has always stayed within budget, thanks to Cupertino's effective partnership with Via. Cupertino and Via have a firm contract services agreement that ensures the program cost does not exceed a predetermined annual amount, demonstrating the City's commitment to fiscal responsibility.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: Based on the detailed scope of work outlined in the contract services agreement between the City of Cupertino and Via, the budget allocation towards the reduction measure can be justified through various aspects of the program. Firstly, the implementation of a dynamic, on demand transit service in Cupertino and Santa Clara, which adapts in real-time to optimize routes and maximize passengers per vehicle, directly contributes to greenhouse gas (GHG) reduction. This is because by increasing vehicle occupancy rates and reducing the number of individual trips, the program can operate more efficiently, leading to greater adoption and community mode shift. The allocation for tasks such as technology development, driver acquisition, and vehicle delivery and branding directly supports the operational efficiency of the program, ensuring that the service is both environmentally sustainable and effective in reducing traffic congestion. Furthermore, the budget is reasonably allocated to promote and encourage riders to utilize the existing regional transit network. The budget breakdown for marketing and community engagement efforts is also essential, as raising awareness and increasing ridership directly influences the program's success in reducing GHG emissions by encouraging alternative transportation over SOVs.

Comprehensive Budget Breakdown: Via is a comprehensive turnkey transportation solutions provider and manages all aspects of the SV Hopper microtransit program. This ensures that each budget item directly contributes to the project's objectives and emission reduction activities. The scope of work includes several key components like project management, technology development, vehicle procurement and branding, driver acquisition, and customer service enhancement. Each of these elements is intricately linked to the project narrative, focusing on creating an efficient, on demand transit service that reduces emissions by optimizing routes, increasing vehicle occupancy, and utilizing all-electric vehicles. This approach ensures that every budget item directly aligns to reduce greenhouse gas emissions while providing a high-quality transportation service.

## City of Milpitas, SMART Fleet Conversion and Expanded Service

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

The project involves transitioning Milpitas SMART to EVs and expanding its fleet, accompanied by extended service hours. The focus is on reducing GHG emissions, achieved through strategic milestones such as EV procurement, charging infrastructure installation, and deployment of the expanded fleet.

### b) Expenditure of Awarded Funds

The City has included Milpitas SMART in its Capital Improvement Program (CIP). Any grant funding received will immediately be encumbered for SMART and appropriated into the SMART CIP budget to ensure that funds are only expended for the program. Funds appropriated will be allocated by fiscal year to ensure that the funding is spent in a timely manner within the grant period.

The City will also amend its existing contract with RideCo to provide greater flexibility in how vehicle revenue hours and other expenditures (i.e., marketing and staffing) are allocated. Therefore, funds will be expended as efficiently as possible while providing the greatest level of service. For example, in 2023, the City worked with RideCo to expand the weekday service hours and add Saturday service with no increase in operational cost by shifting vehicle revenue hours from times of lower demand to the new service hours.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: Personnel costs encompass the hiring of a full-time equivalent Microtransit Program Manager and 5% of the Planning Director's salary, reflecting the portion of time spent overseeing SMART. As the Planning Director manages the pilot program but cannot continue due to competing responsibilities, a dedicated Microtransit Program Manager is crucial. Other essential costs include EV charging, procurement of a level 3 charging station and EVs, marketing and outreach supplies, contractual services for software and marketing design/printing, vehicle wraps, maintenance, and indirect costs associated with City administration. While the City aims to purchase its own vehicles for lower operational costs, RideCo remains indispensable for driver provision, microtransit software services, and marketing support. These cost allocations ensure the effective implementation and sustained success of SMART's initiatives.

Comprehensive Budget Breakdown: The personnel structure includes the Planning Director spending two (2) hours per week (5% of time) overseeing the program, while a full-time Microtransit Program Coordinator manages the initiative. Fringe benefits, at 35% of personnel costs, cover both roles. Travel costs for electric charging are estimated at \$41,391, with a 7% annual increase. Equipment costs encompass the Level 3 Charging Station, and vehicle-related expenses include the purchase of seven electric vehicles, along with vehicle wraps, registration, maintenance, and repairs. Contractual costs cover vehicle branding and operational maintenance. Indirect costs for City administration, including insurance, office, and IT staff time, are set at 10% of personnel costs. These allocations ensure comprehensive financial planning for the program's success.

## City of Morgan Hill, Electrified Microtransit Service (E-MoGo)

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

### b) Expenditure of Awarded Funds

The City of Morgan Hill has experience implementing microtransit services with the 2022 launch of the MoGo service within 18 months of grant funding award. MoGo is Morgan Hill's pilot on demand rideshare service. MoGo offers trips to and from fixed points citywide. Passengers book rides via an app, website, and/or call center. Three vans offer service Mondays through Saturdays, from 6am to 9pm (7am on Saturdays). Should funding be awarded under this proposal, the City will assign a project team that can leverage the current service delivery model to quickly expand the service and convert the fleet. The City is well positioned to expend grant funding in a timely and efficient manner within the grant period

and within established guidelines and has recent, relevant experience securing partnerships and contracts for charging station installations and microtransit services. The management team will comply with the City's Grant Policy and Procedure guidelines to ensure controls are in place for the awarded grant funds, and transactions are subject to audit review as applicable.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: The scope of services and assumptions upon which the budget was based were informed by the City's experience operating a pilot microtransit service from 2022 to the present. The City then developed cost estimate projections in partnership with current software and transport vendors, publicly-available quotes and cost estimates, and recent quotes the City has on file for charging station and fleet purchases.

Comprehensive Budget Breakdown: The City of Morgan Hill has detailed a proposed budget in the attached spreadsheet. The service contract, staffing, and related equipment purchases directly support emission reduction activities of the proposed microtransit service.

## City of Gilroy, Zero Emission (ZE) Microtransit Service

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

### b) Expenditure of Awarded Funds

This is a new microtransit last mile on demand rideshare service. The proposed electrified fleet will result in immediate GHG reductions as it is expected to replace auto trips mostly by single occupants. The dynamically routed, virtual stop-based, on demand service ensures virtual stops within walking distance of higher density and key traffic generators, promoting efficient rideshare options and seamless connections to regional transportation including the fixed routes bus service provided by VTA and the rail service provided by Caltrain.

The City of Gilroy's approach to ensuring the timely and efficient expenditure of awarded grant funds involves establishing clear procedures and controls. This includes implementing a robust financial management system to track expenditures, ensuring compliance with grant requirements and regulations, and establishing internal controls to prevent fraud, waste, and abuse. Additionally, the City will adhere to a detailed budget plan and timeline, regularly monitoring spending against budgeted allocations and making adjustments as necessary to stay within budgetary constraints. Regular reporting and communication with grant administrators will also facilitate transparency and accountability in fund utilization.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: The City of Gilroy will justify the reasonableness of the budget for each GHG reduction measure by providing a detailed explanation of the proposed expenditures. This will include demonstrating how each budget item is necessary for the successful implementation of the project and contributes to achieving the desired emission reduction outcomes. Additionally, the City will

provide evidence of cost estimates based on market rates, quotes from vendors, and historical data to ensure that budgeted costs are reasonable and realistic. By aligning budget items with project objectives and activities, the applicant will ensure that funding is allocated efficiently and effectively to maximize the impact of the grant. To enhance efficiency, the City of Gilroy will also benefit from the experience of other County jurisdictions including the neighboring City of Morgan Hill already having and expanding their microtransit service.

**Comprehensive Budget Breakdown:** The City of Gilroy will provide a comprehensive breakdown of the requested funding for each work component or task related to GHG reduction measures. This breakdown will include an itemized list of budget items and costs, clearly indicating how each item contributes to the overall project. Additionally, the budget breakdown will align with the project narrative, ensuring that funding is allocated strategically to support key activities and objectives. By providing a detailed budget breakdown, the City will enhance transparency and accountability in fund utilization, enabling grant administrators to assess the reasonableness of costs and ensure that resources are utilized effectively to achieve project goals.

## San Benito County, Implementation of a Shuttle Bus Connection to San Jose

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

### b) Expenditure of Awarded Funds

entails launching a Shuttle Bus Connection managed by the Local Transit Authority, connecting Hollister to key employment hubs in San Jose. This service aims to alleviate traffic congestion and reduce GHG emissions by providing a comfortable and reliable alternative to personal automobiles. Featuring coach-style buses with enhanced amenities, the shuttle operates seven days a week, contributing to sustainability and reducing individual car usage. Any grant funding received will immediately be encumbered and appropriated into the budget for the timely use of funds. Segregation of duties between planning and accounting staff for proper monitoring of funds. Continuous monitoring and evaluation mechanisms are in place to assess the effectiveness of financial management practices. Key performance indicators are established to measure progress and ensure that resources are utilized efficiently to achieve desired outcomes. Staff will remain vigilant about compliance with all relevant regulations, policies, and grant terms. Internal systems and procedures are designed to facilitate audit readiness, with documentation readily accessible and organized for review by external auditors or grantor representatives.

### c) Reasonableness of Costs

**Justifying Budget Reasonableness:** The budget provided for the implementation of the Shuttle Bus service from Hollister to Gilroy is reasonable because it is modeled after similar, already existing services. The costs of these similar services informed our budget and process. Our budget also considered factors unique to our region and service to ensure the most accurate budget possible is produced.

## City of San Jose, ZE Microtransit Service

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

### b) Expenditure of Awarded Funds

Introducing a ZE microtransit service in East San Jose, covering 14 sq mi with a focus on disadvantaged areas. Operating seven days a week, accommodating 3-5 passengers per vehicle revenue hour.

Sustainability measures include acquiring 12 battery EVs, 12 EV chargers powered with 60% renewable energy, and affordable rates with extra discounts for low-income residents.

In addition to project management expertise, SJC DOT is familiar with federal funding requirements and administrative processes. SJC DOT has successfully implemented and closed out state and federal grants for transportation projects in recent years and has a history of successfully delivering all federally and non-federally funded projects.

All current and completed grant agreements require routine quarterly reports and invoices to our granting agencies. All charges are tracked through the City's Financial Management System. All grant funding received will immediately be encumbered and appropriated into the budget for timely use of funds. SJC DOT has a team of dedicated individuals experienced in delivering small and large grant projects. They are very familiar with local, state, and federal regulations, and routinely attend State Federal-Aid Trainings. SJC DOT hired a Senior Grants Manager and a Budget Analyst to support SJC DOT's efforts to effectively administer grant tasks (procurement, invoicing, RFA development, and reporting) who ensure the City adheres to state and federal requirements.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: The budget was developed in collaboration with our community partners, utilizing information provided by our microtransit operator, information shared by other public agency-managed microtransit services, our own experience purchasing vehicles and installing EV chargers, and the insights we have gleaned on how to effectively co-design projects with our community.

Comprehensive Budget Breakdown: The microtransit project includes personnel, equipment, supplies, contractual and other costs. Personnel costs are approximately \$1.2 million, including fringe and overhead, for the City of San Jose and SOMOS Mayfair staff to co-lead the project over the five years of the program. We intend to purchase 12 electric vehicles at a cost of approximately \$965,000 to operate the program, which will reduce the operating cost of the service and increase its long-term sustainability. Equipment costs also include \$109,000 for vehicle and charger maintenance. We will install 12 level 2 chargers across three City facilities in the project area at a cost of approximately \$1.3 million. Marketing materials and social media ads are \$216,000. Contractual costs include the microtransit service operator (\$12.9 million) for four years of service; a marketing consultant (\$75,000), pay for five Promotoras for five years (\$120,000), and for seven community organizations with whom we will partner on our community engagement (\$150,000). The "Other" category includes stipends for 50 community members

to participate in focus groups and work groups over the course of the grant (\$21,500); facility rental fees for those meetings (\$7,200); and language translation and interpretation (\$80,000). The total budget for the four-year program is \$17.4 million.

## City of Sunnyvale, Citywide On Demand Microtransit Shuttle Service

### a) Budget Detail

For a comprehensive understanding of the information used to calculate the Budget Detail for each measure, please refer to the Budget Spreadsheet (Budgetcalcs\_VTA.xlsx) attached to the Project Narrative Form.

### b) Expenditure of Awarded Funds

The Citywide On Demand Microtransit Shuttle Service will offer trips to and from locations in the City of Sunnyvale where passengers can book rides via an app, website, and/or call center. In the first year, ten all-electric vehicles will offer service Mondays through Fridays, from 7 am to 7 pm, and on Saturdays from 9 am to 5 pm. Should funding be awarded under this proposal, the City will hire a Project Manager and a turnkey service provider to implement the shuttle service throughout the City. The City is well positioned to spend grant funding in a timely and efficient manner within the grant period. The Project Manager will oversee and closely monitor the project's progress. Around the 25th day of each month, designated as the termination date for the working month, the Contractor must submit a progress estimate to the City. This estimate is based on contract bid items and unit bid prices, detailing work completed during the previous month. Invoices will include previous payments, itemized retention, and authorized deductions or additions through change orders. If there's a disagreement on the progress estimate, consultation with the Project Manager may be needed, and the City will make the final determination for progress payment purposes if mutual agreement cannot be reached.

### c) Reasonableness of Costs

Justifying Budget Reasonableness: The scope of services and budget were developed based on the existing microtransit service neighboring cities are currently operating, as well as their planned service expansion estimates.

Comprehensive Budget Breakdown: The budget includes hiring a Project Manager and a turnkey transit service provider, and for the service provider to operate and serve the entire City for five years. Initially deploying ten all-electric vehicles in the first year and increase up to 15 vehicles by year four. The budget also includes several components such as technology development, branding, driver acquisition, and customer service enhancement. These are key components in creating an efficient, on demand microtransit service utilizing all-electric vehicles to reduce single occupancy vehicles and greenhouse gas emissions.

## T-4: Implement Transit Signal Priority Programs to Reduce Wait Times and Idling for Public Transit

### a) Budget Detail

This proposal for the TRIPS project is a comprehensive strategy, aiming to deploy the Centralized Transit Signal Priority (CTSP) system across various VTA fast and frequent routes beyond the City of San Jose limits into the other Santa Clara County local jurisdictions (Cities of Campbell, Cupertino, Gilroy, Milpitas,



Morgan Hill, Santa Clara, Sunnyvale, County of Santa Clara, and Caltrans right-of-way). By expanding the use of CTSP, not only will it provide TSP (Transit Signal Priority) service on additional fast and frequent routes, but it will also replace aging TSP equipment and traffic signal controllers, ensuring continued efficiency and effectiveness in transit operations. The fast and frequent routes covered by this scope include Routes 22, 23, 25, 57, 60, 64A, 64B, 68, 70, 71, 72, 73, Rapid 522, Rapid 523, and Rapid 568.

The TRIPS project's needs included in this scope are grounded in data-driven decision-making, relying on an asset management database maintained by VTA to assess the condition of traffic signal controllers/cabinets and associated communications infrastructure. This approach ensures that resources are allocated efficiently to areas where upgrades or replacements are most urgently needed.

Moreover, leveraging the experience and cost information from similar efforts in the region, such as the City of San Jose's procurement of a CTSP system, was just one a strategy used to ensure the most reasonable cost. Other information to ensure the most reasonable cost included in this scope were derived from information gathered through a request for information to the industry on commercially available CTSP systems as part of SMART grant funded System Engineering Management Plan (SEMP) efforts.

The combination of data-driven analysis, leveraging existing experience, and gathering information from industry sources enhances the likelihood cost estimates for this effort are realistic and in line with current market conditions.

## b) Expenditure of Awarded Funds

VTA employs rigorous project management principles to ensure timely project delivery. Effective communication is prioritized through regular team and one-on-one meetings, leveraging relationships with local agencies. Clear accountability is established by documenting tasks in an action item log and using Gantt charts for visual progress tracking. Regular cost and scheduled meetings with key stakeholders keep everyone informed and address concerns, maintaining project alignment. The SEMP serves as a roadmap, outlining project purpose, needs, critical design features, and risk mitigation measures. Continuously referencing the SEMP throughout the project lifecycle ensures focus, clarity, and effective resource management.

## c) Reasonableness of Costs

The budget for each GHG reduction measure is demonstrated through a comprehensive narrative description and a detailed breakdown of requested funding for each work component or task. The project management principles emphasize effective communication, clear accountability, and regular cost and schedule meetings to ensure transparency and alignment with project objectives. Tasks are documented in an action item log with detailed descriptions, responsibilities, and deadlines, providing clarity on resource allocation. The use of Gantt charts facilitates visual progress tracking, highlighting dependencies and timelines for effective coordination. Regular meetings with key stakeholders ensure informed decision-making and address any issues that may arise. The SEMP serves as a roadmap, outlining critical design features and risk mitigation measures, contributing to the reasonableness of the budget by minimizing the risk of scope creep and ensuring alignment with project objectives throughout the lifecycle.



## Total EPA CPRG Grant Ask

The total funding requested from all measures in this application amounts to \$97,835,610.

If awarded, VTA is committed to ensuring the proper management and distribution of the grant funds to maximize their impact on the identified projects. Our approach involves rigorous oversight and adherence to established financial management practices.

Firstly, we will establish clear accountability for the grant funds by assigning dedicated project managers responsible for overseeing each funded measure. These project managers will be tasked with developing detailed budgets, monitoring expenditures, and ensuring that funds are allocated efficiently and effectively according to the project's objectives.

Additionally, VTA will implement robust financial controls to track the use of grant funds accurately. This includes maintaining thorough documentation of all expenses, conducting regular audits, and adhering to any reporting requirements specified by FTA.

Transparency will be a priority throughout the process. We will provide regular updates on the status of funded projects, including financial progress reports, to stakeholders and the FTA. This ensures that all parties involved are informed about how the funds are being utilized and the progress being made towards project goals.

VTA will also prioritize accountability and compliance with all applicable regulations and guidelines governing the use of grant funds. We will work closely with legal and compliance teams to ensure that all activities funded by the grant are conducted per relevant laws and regulations.

VTA is committed to responsibly managing and distributing grant funds to achieve the desired outcomes outlined in the grant proposal. Through diligent oversight, transparency, and compliance with regulations, we will ensure that the funds are used effectively to support the identified projects and benefit the community.