

8. Budget Narrative
Accelerating Clean Energy Savings in Alaska's Coastal Communities (ACES-AK)
Southeast Conference (Applicant)

Total Cost - \$38,646,534.00

Federal Share: \$38,646,534.00

Non-Federal Share: \$0

Personnel (SEC) - \$784,037.00

Program personnel costs for Southeast Conference to serve as the lead applicant within the proposal on behalf of the ACES-AK Program include time from Southeast Conference's executive director, a program manager, and a program assistant. SEC intends to create two (2) new full-time positions to assist existing Southeast Conference staff in managing the overall project. Each year for the 60-month project there is a 5% adjustment in personnel cost for a cost-of-living increase. Staffing details below:

Executive Director – The Executive Director will spend 5% of his time during the 60-month project period making administrative decisions and providing executive oversight of all programs and projects within the CPRG proposal as lead applicant for a total cost of \$38,076.64.

The table below shows the Executive Director's allocated time spent on the project to include a 5% annual cost of living increase over the project period:

Name	Year 1	Year 2	Year 3	Year 4	Year 5
Robert Venables	\$ 6,890.91	\$ 7,235.46	\$ 7,597.23	\$ 7,977.09	\$ 8,375.95

CPRG Program Manager – The CPRG-PM will spend 90% of his/her time during the 60-month project period as lead project manager for a total cost of \$397,845.45. The Program Managers role is overseeing each project and sub awardee in the ACES-AK Program. The CPRG-PM will be responsible for grant reports, tracking progress on projects and outcomes, and working with each subaward recipient and contractor to ensure project goals, timelines and deliverables are being met. The CPRG-PM will also be responsible for managing staff hired by Southeast Conference to assist the organization in managing the overall project.

The table below shows the CPRG-PM's allocated time spent on the project to include a 5% annual cost of living increase over the project period.

Name	Year 1	Year 2	Year 3	Year 4	Year 5
Program Manager	\$ 72,000.00	\$ 75,600.00	\$ 79,380.00	\$ 83,349.00	\$ 87,516.45

The Program Assistant – Southeast Conference will hire a full-time program assistant that will provide 90% of their time during the 60-month project period for a total cost of \$348,114.77. The Program Assistant will support the Executive Director, and CPRG-PM for project management by managing calendars, booking travel, assisting SEC accountant with sub award review, reporting, and providing general administrative support.

The table below shows the Administrative Assistant's allocated time spent on the project to include a 5% annual cost of living increase over the project period.

Name	Year 1	Year 2	Year 3	Year 4	Year 5
Program Assistant	\$ 63,000.00	\$ 66,150.00	\$ 69,457.50	\$ 72,930.38	\$ 76,576.89

Fringe Benefits (SEC) - \$415,515

Fringe benefits for project personnel include employment taxes, leave, health care, and employee 401k for a total additional cost of \$415,515. Over the 60-month period, employment taxes will cost \$159,037.78, 401k will cost \$143,134.01 and health care will cost \$405,428.37.

The table below by employee per year of the 60-month project period:

<u>Fringe basis determination</u>						
Year 1						
Employee	Taxes	Total 401k	Healthcare	Per emp. rate	Percentage of grant	Fringe allocated to grant
Executive Director	\$ 13,781.83	\$ 12,403.65	\$ 24,457.44	27%	5%	\$ 2,532.15
Program Manager	\$ 8,000.00	\$ 7,200.00	\$ 24,457.44	33%	90%	\$ 35,691.70
Program Assistant	\$ 7,000.00	\$ 6,300.00	\$ 24,457.44	35%	90%	\$ 33,981.70
Year 2						
Executive Director	\$ 14,470.92	\$ 13,023.83	\$ 25,680.31	27%	5%	\$ 2,658.75
Program Manager	\$ 8,400.00	\$ 7,560.00	\$ 25,680.31	33%	90%	\$ 37,476.28
Program Assistant	\$ 7,350.00	\$ 6,615.00	\$ 25,680.31	35%	90%	\$ 35,680.78
Year 3						
Executive Director	\$ 15,194.47	\$ 13,675.02	\$ 26,964.33	27%	5%	\$ 2,791.69
Program Manager	\$ 8,820.00	\$ 7,938.00	\$ 26,964.33	33%	90%	\$ 39,350.09
Program Assistant	\$ 7,717.50	\$ 6,945.75	\$ 26,964.33	35%	90%	\$ 37,464.82
Year 4						
Executive Director	\$ 15,954.19	\$ 14,358.77	\$ 28,312.54	27%	5%	\$ 2,931.28
Program Manager	\$ 9,261.00	\$ 8,334.90	\$ 28,312.54	33%	90%	\$ 41,317.60
Program Assistant	\$ 8,103.38	\$ 7,293.04	\$ 28,312.54	35%	90%	\$ 39,338.06
Year 5						
Executive Director	\$ 16,751.90	\$ 15,076.71	\$ 29,728.17	33%	5%	\$ 4,044.29
Program Manager	\$ 9,724.05	\$ 8,751.65	\$ 29,728.17	36%	90%	\$ 50,115.51
Program Assistant	\$ 8,508.54	\$ 7,657.69	\$ 29,728.17	40%	90%	\$ 50,140.76

Travel (SEC) -\$204,075

The CPRG-PM and SEC staff will make four (4) trips per quarter annually to communities within the ACES-AK Program to proposed regions where projects and programs are being implemented for a total cost of \$187,200.00. The purpose of these trips will be to ensure project and programs are meeting deliverables and timelines, to meet with subaward recipients, and contractors implementing the projects/programs, and to facilitate community participation and feedback throughout the project period.

Additionally, five (5) trips are budgeted for the CPRG-PM to attend one technical conference annually for a total cost of \$16,875.

Detailed breakdown of travel costs is below:

Detailed Annual Travel Narrative for 60-month project								
Trip	Description	days	traveler	Airfare	Hotel	Per diem	Car Rental	Total Cost
Quarter 1	SWAMC region	4	1	\$ 1,200.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,740.00
	Kenai Peninsula	4	1	\$ 900.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,440.00
	Southeast Alaska region	4	1	\$ 500.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,040.00
	Prince William Sound region	4	1	\$ 600.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,140.00
Quarter 2	SWAMC region	4	1	\$ 1,200.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,740.00
	Kenai Peninsula	4	1	\$ 900.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,440.00
	Southeast Alaska region	4	1	\$ 500.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,040.00
	Prince William Sound region	4	1	\$ 600.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,140.00
Quarter 3	SWAMC region	4	1	\$ 1,200.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,740.00
	Kenai Peninsula	4	1	\$ 900.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,440.00
	Southeast Alaska region	4	1	\$ 500.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,040.00
	Prince William Sound region	4	1	\$ 600.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,140.00
Quarter 4	SWAMC region	4	1	\$ 1,200.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,740.00
	Kenai Peninsula	4	1	\$ 900.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,440.00
	Southeast Alaska region	4	1	\$ 500.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,040.00
	Prince William Sound region	4	1	\$ 600.00	\$ 200.00	\$ 85.00	\$ 100.00	\$ 2,140.00
Annual	Technical conference	5	1	\$ 950.00	\$ 300.00	\$ 85.00	\$ 100.00	\$ 3,375.00

Equipment (SEC) - \$0.00

Southeast Conference will not be purchasing any equipment for this project.

Supplies (SEC) - \$63,600

Southeast Conference will purchase printing materials, ink, paper for general project management and community engagement as well as office supplies, equipment, and computer setups for the Program Manager and Program Assistant for a total cost of \$63,600.

Supplies are listed in the table below:

Supply Costs			
Supply	Cost & Quantity	Additional Details	Cost
Computers	2 @ 2400	program specific.	\$ 7,200.00
Desks	2 @ 3000	program specific.	\$ 9,000.00
monitors & docking stations	4 @ 450	program specific. 2 monitors and 1 docking station per employee	\$ 2,700.00
Printers	1 @ 1,200	program specific.	\$ 1,200.00
Ink / printers	15 @ 1,400	program specific	\$ 21,000.00
Paper /office supplies	as needed 2,000 per year	paper, pens, basic office operating supplies for program specific employees.	\$ 10,000.00
Dues / subscriptions	5, \$2,500	secure collaboration w/ staff & sub awardees	\$ 12,500.00

Contractual (SEC) - \$400,000

Southeast Conference will spend a total of \$400,00 to hire several contractors for the ACES-AK Program as well as for the sub-award costs of multiple sub-recipient entities. Contractual tasks for SEC are key to support the oversight and management of the ACES-AK Program and its success. All contracts will be in accordance with federal guidelines and outlined in SEC procurement policies manual.

Southeast Conference will utilize \$400,000 during the 60-month period to hire contractors for website development and maintenance services, IT support and maintenance, legal support, data analysis and graphic design, financial and accounting support, an auditing consultant, and contract management services.

Contractual costs are detailed out below:

Contractual Costs	
Contractor	Costs
Website development and maintenance	\$ 15,000.00
IT support & maintenance	\$ 30,000.00
Legal support and review	\$ 25,000.00
Data Analysis / graphic design	\$ 25,000.00
Financial oversight & Accounting support	\$ 240,000.00
Auditing consultant	\$ 25,000.00
Contract Management & Quality Control	\$ 40,000.00

Other SEC- \$36,575,454

Additional costs for the project include rent. SEC will rent additional office space to accommodate the Program Manager and Program Assistant hired for FTE positions. Rent will be allocated based on the square footage and percentage of the program worked by each employee.

Through the ACES-AK Program, SEC will award funds to two sub-recipients, Alaska Heat Smart and Alaska Municipal League, for a total cost of \$36,503,454.37. Sub-recipients will support the state-wide implementation of the program with expenses as outlined below.

Sub Award 1: Alaska Heat Smart - \$36,277,089.77

AHS Budget	
Personnel	\$ 2,364,895.85
Fringe Benefits	\$ 1,381,845.40
Travel	\$ 203,604.00
Equipment	\$ -
Supplies	\$ 352,600.00
Contractual	\$ 518,500.00
Construction	\$ -
Other	\$ 30,961,500.00
Total Direct Charges	\$ 35,782,945.24
Indirect Charges	\$ 494,144.52
Total Project Budget	\$ 36,277,089.77

Alaska Heat Smart will provide full program implementation and execution for the ACES-AK Program. Their full budget details and justification for expenses are outlined in the next three pages.

Personnel AHS: Eight people associated with sub-awardee Alaska Heat Smart will fill the roles of program director, financial manager, executive assistant, technical advisor, and four regional program managers. The AHS executive director will act in the capacity of program director. Annual salaries reference 2080 annual hours or 1 FTE. Actual staff time on the project is accounted for in values provided for total cost/budget period.

Two FTE program outreach coordinators will address the program needs in Juneau, the program area's largest population center. One outreach coordinator will address the needs of non-Juneau communities in the southeast region, and 1 outreach coordinator will serve the communities of south-central AK from Cordova in the east to Kodiak in the west. A $\frac{3}{4}$ FTE position will provide administrative assistance to both the program director and the four outreach coordinators.

Fringe Benefits AHS: AHS calculates fringe benefits on an annual per position basis. Fringe rates per staff member are derived from a summation of each staff member's mix of leave benefits, social security contributions (6.2%), Medicare contributions (1.45%), State of AK UI tax (1%), 401K plan, payroll taxes, worker's compensation insurance, and healthcare stipend.

Travel AHS: 4.75 FTE AHS positions will implement the ACES - AK Program. Due to the remote nature of the region and the need for regular engagement with outlying communities and their advisory committee members, travel will be an essential requirement. Virtual meetings will be relied upon whenever possible, yet staff travel to varied 'partner' communities will occur four times annually. All staff will convene in Juneau twice annually over the five budget periods for strategic retreats.

A new staff orientation in BP1 in Juneau will bring together local staff and the regional and southcentral program managers for initial program training. These two remote hires will fly to Juneau for three full days of orientation. Later in BP1, a full Juneau staff retreat will bring staff to Juneau for an end of year strategic retreat.

The regional and southcentral program managers will begin community outreach work in BP1 and incur travel expenses four times annually over outreach trips of five days each. Total staff cost for these twelve annual communities organizing efforts, in addition to Juneau retreats, is budgeted at \$195,645.00.

Two out-of-state EPA conference trips are budgeted for BP1 and BP2 for two project staff members. Total budgeted expenses for these two two-person trips are \$7,959.00.

Per diem rates for conferences / training rely on: www.gsa.gov/travel/plan-book/per-diem-rates. Rates include lodging, meals, incidental expenses, and days budgeted. Per diem rates for Alaska were calculated using the rates available at www.defensetravel.dod.mil/site/perdiemCalc.cfm. This also includes lodging, meals, and incidental expenses. Car rental rates are based on average assessments of daily cost from a sample of south central and southeast Alaska communities from Turo.com. Air travel will consist of the least expensive alternative available on a per trip basis. AK Airlines will be utilized for all travel to and from Juneau when available. Small plane travel, known as air-taxi service, is often the only way in and out of outlying communities. Rates in the ACES-AK Program budget rely on figures from www.flyalaskaseaplanes.com.

Equipment AHS: No 'equipment' should be needed for implementation of the ACES - AK Program.

Supplies AHS: The ACES - AK Program will necessitate the hiring of new AHS staff and move the organization to a hybrid office / home office balance. Equipment will be procured for out-of-town hires in addition to local staff. computers: 5 at \$2,400 each for each of three program managers and one for executive assistant

- desk / chair: 5 at \$3,000 for local program manager, project director, executive assistant.
- printers: 3 at \$1,200 each for use in office space by staff
- printer supplies: 15 at \$1,400 for ink for two printers at three sets annually
- paper and misc. office supplies: \$2,000 annually for as needed office supplies
- software licensing: \$250,000 at \$50,000 annually for licensing of proprietary software for specialized remote energy assessment work
- dues/subscriptions: 5 years at \$4,500 for dues/subscriptions for employee collaboration and incentive program coordination. These expenses will cover Citrix File Share, Airtable, WordPress, Adobe Creative Suite, Office.

Contractual AHS: AHS plans to contract seven entities (TBD) over the course of the ACES - AK Program:

- Website Development and Maintenance: \$30,000
The current WordPress website platform will require substantial upgrades and labor outsourcing to replace current staff time in the performance of such duties.
- IT Support and Maintenance: \$36,000.00
SEC and AHS staff will require robust networking and communication abilities across nearly 1000 miles of remote Alaska coastline. IT support will allow timely addressing of technical issues,

implementation of security measures, and optimizing of IT resources to minimize downtime, mitigate risks, and support effective business operations.

- Legal Support and Review: \$50,000.00
Required to ensure compliance with laws and regulations, establish sound governance practices, protect assets and intellectual property, manage risks, and address legal challenges effectively.
- Graphic Design Services: \$25,000.00
Print and social marketing, program promotion and advertising, report creation, web asset development will necessitate a strong graphics presence.
- Remote Assessment Software Development and Support: \$150,000.00
A web-deployable 'virtual assessment' software program will facilitate and enable the AHS home energy assessment process across the region and allow AHS to operate in a diversity of remote communities with little to no on-the-ground staff presence.
- Advertising and Marketing: \$27,500.00
Program awareness generating print and social marketing.
- Regional Community Survey and Baseline Study: \$200,000.00
To 'take the pulse' of the region and its current state of beneficial electrification, a region-wide survey will be conducted to develop an accurate assessment of heat pump adoption.

Other AHS: \$30,841,500.00 Financial Incentives / \$120,000.00 Office

- AHS will move to a hybrid work balance of office and remote for new and existing staff. New office space will be acquired at the rate of \$2,000.00 / month for a total of \$120,000.00 over the five budget periods.
- A total of \$30,841,500.00 in incentive payments to qualified and income-verified program applicants will be the primary carbon-eliminating mechanism of the ACES - AK Program over the course of the five budget periods. Incentive amounts will range from \$4,000 to \$8,500 and will target differing socioeconomic levels.
 - \$4,000: 3664 incentives provided to any income level
 - \$6,000: 1832 incentives provided to incomes falling between 80% MAI and 150% MAI
 - \$8,500: 611 incentives provided to incomes falling at or below 80% MAI

Indirect Charges AHS: Alaska Heat Smart does not have a federally negotiated indirect rate and will use the 10% minimum rate in accordance with 2 CFR 200.414(f).

6A: Alaska Heat Smart Past Performance

- Healthy Homes Program (AKHHP0097-22)
 - Department of Housing and Urban Development, Office of Lead Hazard Control, CFDA 14.913
 - \$1.9M program to address health hazards in ninety lower-income homes in Juneau, Alaska.
 - Prioritization given to home heating and electrification
 - Aaron J. Salkoski (Aaron.J.Salkoski@hud.gov); Loyedi Gedeon (Loyedi.M.Gedeon@hud.gov)
 - The AHS Healthy Home Program is midway through its 42-month term.
- Clean Heat Incentive Program - CHIP (DE-EE0010121)
 - Department of Energy, Office of State Community Energy Programs
 - Senator Lisa Murkowski supported congressionally-directed spending grant to establish a \$525K program to incentivize heat pump adoption in Juneau and Sitka, Alaska
 - Home energy assessments and financial incentives for homes earning less than 125% MAI
 - Stephanie Sites (stephanie.sites@ee.doe.gov)

- The AHS CHIP program is midway through its 36-month term.

6B: Alaska Heat Smart Reporting Requirements

AHS currently runs \$2.5M in grant operations and as of June 1, 2024, will implement a \$4M statewide energy efficiency program funded by the DOE 'Renewing America's Nonprofits' program. All grants are in good standing with up to date reporting and sound administrative reviews.

6C: Alaska Heat Smart Staff Expertise

AHS staff have decades of combined experience as engineers, financial professionals, community leaders, and energy specialists. Alaska Heat Smart's mission is to reduce the cost of living and increase the use of clean energy in Alaskan households by removing barriers to the adoption of energy efficiency measures and technologies. AHS programs reach across all sectors of the socioeconomic spectrum.

Home Energy Advisory Services - ongoing

AHS core program to educate, advise, and empower homeowners as they switch from fossil fuel heating to renewable energy heating. AHS has assisted over 1000 families and has a fuel switching conversion rate of between 70 and 80%.

HUD Healthy Homes Program - ongoing

\$2M Housing and Urban Development-funded low income home remediation program, serving 90 lower income homes with fuel switching assistance, electrical upgrades, weatherization, air sealing, and ventilation improvements.

Clean Heat Incentive Program (CHIP) - ongoing

Made possible by Senator Lisa Murkowski and DOE via a congressionally directed spending grant, our CHIP serves lower to modest income households in both Juneau and Sitka, offering financial incentives to income-qualified applicants between \$1,500 and \$3,000 towards the cost of a heat pump installation.

Thermalize Juneau (TJ) - completed 2023

AHS led the first and only Alaska Thermalize Campaign from 2021 to 2023. Thermalize Juneau, funded by a competitive DOE grant, featured a strong partnership between AHS, NREL, and consultants Information Insights. TJ employed a neighborhood-centric approach and bulk purchase program to enable lower costs for heat pump installations and energy efficiency retrofits across Juneau, Alaska. TJ assessed 145 homes, installed 75 heat pumps, and catalyzed twelve home retrofits. To share lessons learned, a 'How to Thermalize' story map guidebook has been widely distributed.

Alaska Carbon Reduction Fund (ACRF) - ongoing

Developed by Alaska nonprofit Renewable Juneau and the executive director of Alaska Heat Smart Andy Romanoff, ACRF is managed by AHS and serves disadvantaged communities by directing privately raised funds towards no-cost fuel switching to qualified lower income households. AHS manages ACRF and has just completed the 46th lower income heat pump installation. New partnerships will expand ACRF services across Alaska's panhandle, extending the reach of this valuable and unique program.

AHS Board of Directors

The AHS board has nine members serving three-year terms. Directors bring together expertise in architecture, finance, education, construction, energy technology, and program management. Directors represent a diversity of organizational partners, including the community-based organization Renewable

Juneau; the Southeast Alaska Building Industry Association; investor-owned electric utility, Alaska Electric Light & Power; Tlingit-Haida Regional Housing Authority (THRHA); and the University of Alaska's construction technology program. These connections and experience enable the board to inform, guide, and empower AHS' staff of six.

AHS emphasizes the value of partnerships. Key AHS partners include NREL- Alaska campus, Information Insights, the Alaska Housing Finance Corporation, regional credit unions, and the Alaska Carbon Reduction Fund. AHS works closely with Alaska foundations, community-based organizations, electric utilities, municipalities, health and housing nonprofits, and a diversity of contractors.

Sub Award 2: Alaska Municipal League - \$226,364.60

AML Budget	
Personnel	\$ 78,844.00
Fringe Benefits	\$ 24,442.00
Travel	\$ 12,500.00
Equipment	\$ -
Supplies	\$ -
Contractual	\$ 90,000.00
Construction	\$ -
Other	\$ -
Total Direct Charges	\$ 205,786.00
Indirect Charges	\$ 20,578.60
Total Project Budget	\$ 226,364.60

Alaska Municipal League will provide sub-award support and monitoring for SEC over the 60-month project period in the following areas.

Personnel AML: The personnel budget includes COLA increases of 2.5% annually, with total costs for this item are \$78,844. AML has budgeted for a Program coordinator (approx. .15 FTE of annual salary of \$90,000) – responsible for implementation of project award. This is estimated to start at \$15,000 a year.

Fringe AML: AML budgets an average fringe rate of 31% applied to each personnel line item, for a total of \$24,442 in fringe benefits. AML has calculated its fringe to include contributions to retirement, full coverage of health insurance, leave and holidays, and workers comp and other insurance, as well as federal taxes. The breakdown of fringe calculations is as follows Social Security (6.20%), Medicare (1.45%), Unemployment (1%), Health and Life Insurance (15%), Retirement (5%), and PTO/Holidays (1.81%).

Travel AML: Juneau-based staff will travel to Anchorage for monitoring and engagement activities. AML has budgeted \$2,500 annually for this, with two travelers for three days/two nights. The lodging rate used for Anchorage is \$229-279/night, flights ranging from \$385-450. A three day per diem rate in Anchorage is estimated to be \$435. Rates are based on GSA standards.

Contractual AML: AML maintains a robust contract/subrecipient monitoring system for measuring accountability, evaluating actual costs against budgets submitted, as well as by performance metrics based on scopes of work. Regular meetings with contractors and subrecipients ensure that the project is on track and milestones met. AML will follow 2 CFR 200 and its procurement policy to secure subrecipients and contractors, as necessary. AML will work with current contractors supporting the State’s CPRG GHG emissions inventory activities to produce a statewide monitoring dashboard for progress under CPRG, which successful awardees can contribute to. This expands the scope of the current activities, with up-front costs for development and then maintenance costs budgeted for the following years. Costs have been pro-rated across applicants.

Indirect AML: AML does not have a negotiated indirect rate and has applied a de minimis rate of 10% to all direct costs (MTDC), including the first \$25,000 of each contract or subrecipient.

Indirect Charges SEC - \$217,553

Southeast Conference does not have a federally negotiated indirect rate and will use the 10% de minimum rate to all direct costs in accordance with 2 CFR 200.414(f). (MTDC), including the first \$25,000 of each subrecipient per year of the grant for a total cost of \$217,553.

<u>Indirect Rate</u>	
Modified Total Direct Costs (cost base)	\$ 2,175,527.00
Indirect Rate	10%
Total Allowable Indirect Cost	\$ 217,552.70