

Budget Narrative Justification

This budget narrative justification document is comprised of a discussion of the approaches to ensuring proper management of grant funds and a detailed description of proposed grant costs that are reasonable for accomplishing the proposed goals, objectives, and measurable environmental outcomes described in the application.

See Budgetcalcs_City of Stockton for budget calculation and detailed description of every itemized budget item.

City Staff Salary

- Proposing 3 full time equivalent (FTE) city staff to oversee the grant administration of all proposed projects. These positions will manage the grant implementation of awarded CPRG implementation funds as well as oversee the completion of deliverables and the tasks of contracted entities and partners. These positions will be spread across all projects with 10% allocated for Measure 1: Hybrid Electric Bus Acquisition; Sector: Transportation, 10% for Measure 2: Hydrogen Bus Pilot; Sector: Transportation, 30% for Measure 3: Community EV Charging Hub(s); Sector: Transportation, 30% for Measure 4: City Hall Solar Installation & Energy Efficiency Upgrades; Sector: Energy, and 20% for Measure 5: Household Appliance Decarbonization; Sector: Energy
- Yearly average cost of positions:
 - Program Manager III
 - Base Salary: \$128,641/year
 - Benefits: \$74,959/year
 - Senior Management Assistant
 - Base Salary: \$126,033/year
 - Benefits: \$75,531/year
 - Administrative Aid II
 - Base Salary: \$87,090/year
 - Benefits: \$56,182/year
- These salaries are based on a salary projection model provided by the City's Administrative Services Department. Each position is assumed to start at the mid-range of the salary schedule, and each position has an 8% year-over-year increase to account for cost-of-living adjustments, raises, and increased benefits costs.

Measure 1: Hybrid Electric Bus Acquisition; Sector: Transportation

- The San Joaquin Regional Transit District (RTD) tracks and reports on all grant expenditures through its accounting system One Solution Software and OpenGov and has the cash reserves to execute the project on a reimbursement basis. All partnering agencies on the project have submitted a balanced operating budget in their application for federal and state assistance and there is no financial barrier to prevent them from

implementing the project. All agencies included in this proposal are in fundable status for grant-making purposes.

- The project unit cost of the Hybrid Electric Bus is \$1,600,000 and is based on 2023–2024-year pricing. The manufacturing cost for transit buses has seen significant increasing in cost over the last 4-5 years due to the pandemic, production delays and rising cost in steel and parts. Each month the RTD Finance department prepares project budgetary reports for each grant project as well as required monthly invoicing and financial reporting to the grant funding agencies. Each project also has an assigned Project Manager. All costs listed were obtained by the manufacturer and merchants.
- These costs will support the measure’s goal of reducing Greenhouse Gas (GHG) emissions through the purchase of 11 hybrid electric buses. By investing in hybrid electric vehicles, this measure will be successful in mitigating the environmental impact of Stockton’s public transportation operations, especially in Lower Income and Disadvantaged Communities (LIDAC). These vehicles will aid RTD in its goal to zero emissions by transitioning traditional diesel buses to hybrid-electric which will reduce reliance on fossil fuels and provide economic advantages such as lower fuel costs.

Measure 2: Hydrogen Bus Pilot; Sector: Transportation

- The San Joaquin Regional Transit District (RTD) tracks and reports on all grant expenditures through its accounting system One Solution Software and OpenGov and has the cash reserves to execute the project on a reimbursement basis. All partnering agencies on the project have submitted a balanced operating budget in their application for federal and state assistance and there is no financial barrier to prevent them from implementing the project. All agencies included in this proposal are in fundable status for grant-making purposes.
- The project unit cost of the Hydrogen Fuel Cell Electric Bus \$1,600,000, Hydrogen Fueling Trailer \$3,500,000 and Maintenance Shop Hydrogen Retrofit \$2,500,000 are based 2023–2024-year pricing. The manufacturing cost for transit buses has seen significant increasing in cost over the last 4-5 years due to the pandemic, production delays and rising cost in steel and parts. Each month the RTD Finance department prepares project budgetary reports for each grant project as well as required monthly invoicing and financial reporting to the grant funding agencies. Each project also has an assigned Project Manager. All costs listed were obtained by the manufacturer and merchants.
- These costs will support the measure’s goal of reducing Greenhouse Gas (GHG) emissions through the purchase of 2 hydrogen fuel cell buses. The purchase of the hydrogen fuel cell buses will provide a significant GHG emission reduction in the transportation sector as the buses produce zero emissions. The inclusion of these buses in RTD’s fleet will provide automatic community benefits such as reduced local air pollution and workforce and economic growth with the new hydrogen technology.

Measure 3: Community EV Charging Hub(s); Sector: Transportation

- Costs associated with this measure include all costs associated with design, engineering, constructing and/or resurfacing a parking lot, installing all required utility wiring for the EV charging stations and the contractual purchase of the charging stations and any associated equipment and accessories. A commercial dual EV charging station has a unit cost of about \$3,000 plus tax. The City of Stockton will perform a competitive bidding process to hire a design consultant to develop plans and specifications and then perform a competitive bidding process to hire a general contractor to complete the work. The general contractor will provide and install all equipment and material for the project. Based on past costs for parking lots we anticipate that the design fee will be about \$250,000 for the architect and engineering team. For the general contractor agreement, we anticipate costs can be up to \$3.5M when considering the costs for materials and labor, the escalating costs of concrete and an allotment for contingencies to account for the many unknown conditions and circumstances that could arise. We also may need fast track portions of this project to complete during the good weather season and our contingency can be used to cover overtime or increased crew size if needed.

Measure 4: City Hall Solar Installation & Energy Efficiency Upgrades; Sector: Energy

- Costs associated with this measure include all required expenditures for design, engineering, installation, equipment and accessories for the installation of solar panels and required shade support infrastructure as well as costs for a competitively bid contractor and equipment for the energy upgrades. The City of Stockton will hire a contractor for the solar installation as well as a contractor to provide and install any adopted energy efficiency upgrades to the desired buildings. The costs of equipment and repairs is unknown, however the average costs of solar is approximately \$1,000,000 and up when considering the installation method, the amount and type of panels etc. We have allocated enough funds to cover the project and include contingencies for unforeseen conditions and cost escalations.

Measure 5: Household Appliance Decarbonization; Sector: Energy

- Costs associated with this measure include the contractual purchases of emission reduction appliances such as heat pump water heaters, heat pump space heating and cooling, heat pump dryers, and induction cooktops. These costs will support the measure's goal of GHG emission reduction of household appliances in LIDAC communities in Stockton. These appliances are designed with smart technology to minimize reliance on traditional fossil fuels and increase household energy efficiency. By investing in these appliances, this measure will achieve significant GHG emission reductions for household energy consumption while also providing tax credits to homeowners. Quotes for these appliances have been sourced from Lowes, however, other suppliers may be identified during the procurement process.

- Heat Pump Water Heaters
 - [Lowes heat pump water heater](#) is \$2,594.99 with a \$33.98 required installation kit. The estimated tax is \$236.61. The high-level projected total unit price is \$2,865.58. Rounded it up to \$3,000 and then padded that by \$500 to account for changes in prices. Total unit proposed unit price is \$3,500.
 - To calculate estimated labor installs, it was projected that the estimated price would be within a threshold of half the cost of the unit.
- Heat Pump Space Heating and Cooling
 - [Lowes heat pump space heating and cooling](#) is \$1,730.28 with estimated tax of \$155.73. The high-level projected total unit price is \$1,886.01 Rounded to \$2,000 and then padded that by \$500 to account for changes in prices. Total unit proposed unit price is \$2,500.
 - To calculate estimated labor installs, it was projected that the estimated price would be within a threshold of half the cost of the unit.
- Heat Pump Dryers
 - [Lowes ventless heat pump dryers](#) is \$1,499 with a required dryer power cord of \$28.98 and appliance cord of \$21.98. The estimated tax is \$97.02. The high-level projected total unit price is \$1,712.07. Rounded to \$1,800 and then padded by \$500 to account for changes in prices. Total unit proposed unit price is \$2,300.
 - To calculate estimated labor installs, it was projected that the estimated price would be within a threshold of half the cost of the unit.
- Induction Cooktops
 - [Lowes induction cooktop](#) is \$1,019.95 with estimated tax of \$78.03. The high-level projected total unit price is \$1097.98. Rounded to \$1,100 and then padded by \$500 to account for changes in prices. The total unit proposed unit price is \$1,600.
 - To calculate estimated labor installs, it was projected that the estimated price would be within a threshold of half the cost of the unit.
- Estimated a high-level cost of \$10,000/year for appliance repairs.
- Estimated contingency costs of \$20,000/year for the project.
- Estimated administrative supplies costs of \$5,000/year.