

Budget Narrative

Budget and Timely Expenditure of Grant Funds

Budget Spreadsheet is included in a separate file

Budget Detail

Our sole GHG reduction strategy focuses entirely on reducing the energy consumption and GHG emissions of our public and affordable housing stock by employing standard industry best practices . This strategy consists of 5 basic elements of execution as outlined in the project summary. The individual elements we plan to execute are broken down into quantified estimates and detailed in the accompanying budget spreadsheet. All of these implementation measures maintain continuity of expenses pertaining to staff, overhead, metrics, tracking, outreach, etc and as such these expenses are only presented as total annual costs, projected over 5 years.

The proposed implementation timeline, as described in Section 3.b., includes 1 year to hire new staff and assess each property individually, followed by 3 years of installations, with the 5th year held in reserve to allow us to resolve any scheduling issues or unforeseen events impacting execution.

Personnel

Each participating Housing Authority will add 1, new FTE, Program Coordinator, to manage the execution of all 5 implementation measures across their qualifying property portfolio. Washington County will also dedicate .5 FTE of an additional Program Coordinator to manage the implementation of the grant itself, tracking each Housing Authority's progress and processing qualifying Energy Trust of Oregon incentives to fund the expanded scope. Each Housing Authority will also utilize the services of .3 FTE Financial Analyst to provide budgetary oversight and tracking, while Washington County will utilize an additional .3 FTE for purposes of grant administration and reporting. A (.5 FTE) Sustainability Coordinator will be paid by Washington County for tracking of emissions and reductions in energy use.

The expenses associated with recruitment and onboarding of new staff is listed in the attached Budget Spreadsheet as "administration overhead". As the recruitment of each new employee will stipulate the necessary knowledge and experience required of the position (construction coordination, contract administration, and residential energy efficiency) we do not expect the need for any further training or associated expenses.

A breakdown of responsibilities over 5 years for each Project Coordinator overseeing implementation for their portfolio of properties will look similar to this:

¼ of their time will be spent assessing units, quantifying scope, and planning for execution

½ of their time will be spent scheduling and managing contractors and verifying the work completed

¼ of their time will be spent on RFP review, contract administration, invoicing, and communication with the lead applicant for required reporting and progress meetings

These personnel costs will be part of the subaward provided to each subrecipient as outlined in our Intergovernmental Agreement. A breakdown of the subrecipient personnel costs are included in the budget spreadsheet. Direct personnel

costs incurred by the Lead Applicant, Washington County, for the five year implementation period including a 3% annual COLA increase are below:

Washington Project Managers (1.5 FTE)	\$ 874,965
Washington Financial Analyst (0.5 FTE)	\$ 306,594
Washington Sustainability Manager (0.5 FTE)	\$ 391,921
	\$ 1,573,479

Fringe Benefits

The fringe benefits for personnel paid by Washington County includes everything from a county issued cell phone, pension contributions, health insurance, life insurance, etc. These benefits are assessed at 43.6% of salary expenses and comes to a total five year cost of **\$686,811**

Contractual Expenses for Execution of Scope of Work

The full detailed breakdown of the individual costs for each element of the scope are included in the Budget spreadsheet. These estimates were then used to compile a total estimate for the full scope of work per implementing jurisdiction as detailed in the attached budget spreadsheet. While the subrecipients execute their own contracts and thus the associated costs are reimbursed as part of their subaward, for clarity of budget expenditures the details of those total costs are included below. The only contracts Washington County, as the lead applicant, will engage in directly is with the winner of each RFP issued by Washington County as necessary for execution of specified scope.

Specifications for each item to be purchased and installed through contract labor are included in section 1 of the Project Narrative and summarized below. Washington County will only provide contract oversight for subrecipients with reimbursement contingent upon approval of stipulated scope, amounts, and labor standards. Contract and labor standards stipulated by the EPA are addressed in section 5 of the project narrative and agreed upon by all parties in the intergovernmental agreement. Each contract will be awarded through a competitive RFP process with the lowest bidder awarded the contract provided the stipulated cost does not exceed the per unit cost estimate for the quantity specified. As the direct recipient, Washington County will issue and award RFPs directly for work on their portfolio of properties.

Each component of the scope can be executed as an independent contract, or combined with other elements of the scope for execution by the same contractor. Each implementing authority has the power to decide how best to contract and execute their designated scope of work with the intended pace of installations meeting or exceeding 33% a year.

Washington County will provide reimbursements for payments made on approved contracts, not to exceed the total sums allotted to each entity based on cost estimates included in the table above. For instance, this means that Clackamas County, with 98 gas furnaces in their portfolio of homes, will be allotted \$16,000 for each of the 98 new heat pump furnace replacements. The estimate of \$16000 covers all expected costs required to complete these installations (component

cost, labor, installation, materials). This comes to a total reimbursement for a single or multiple contracts not to exceed \$1,586,000 or \$16,000 per unit. Likewise, for the replacement of 32 existing ducted electric furnaces in their portfolio, Clackamas Housing Authority will engage in single or multiple contracts with the lowest bidder(s) for 32 ducted heat pump furnaces at a rate not to exceed \$15,500 each or \$496,000.

Contracts will cover the purchase and installation of:

- Heat Pump Ducted Furnace or Ductless Mini-Split Heat Pump with a SEER2 value of 32 and an HSPF2 value of 10
- Heat Pump Water Heater with a UEF value of 3 or higher
- Windows with a minimum U value of 22 (or lower)
- Insulation sufficient to meet current Oregon Residential Energy Code in either batt, rigid, or cellulose form. Insulation is generally layered to achieve required R values with cellulose blown in on top of batt or rigid laid on top of rigid - so the needs of each home will differ depending upon the home's existing conditions.
- Trees that are 3-5 years old and of native species, type to be specified by occupant from a list of approved options

Contracts also cover the removal and disposal of existing components (gas furnaces, old windows, etc) along with the materials and equipment necessary to complete the installation of the replacement. Since each home in our collective portfolio is different, the scope of work involved in the installation of each element will vary. For instance, a home with a gas furnace will require termination of the gas line and (potentially) additional ampage on the circuit supporting the new heat pump unit, whereas replacement of an electric furnace with a heat pump unit will only require physical labor and materials since the existing electrical circuit (typically) has enough ampage to operate the new unit. Another example is window replacement, for single story homes window replacement does not necessitate scissor lifts or other equipment required for access, unlike a 3-4 story multi-family building where access to upper level windows will require the use of a scissor lift or other such equipment. Since windows must be replaced from the exterior of the residence each replacement will involve removal and replacement of exterior cladding. Again, this will vary from home to home as some homes may have brick cladding while others have siding or stucco. As such a definitive description of each installation is not feasible provided the inconsistent conditions of each residence. Summary versions of general conditions are provided instead.

Heat Pump Furnace Installations:

Removal and disposal of existing furnace. Installation of new heat pump furnace and associated wiring or electrical upgrades. Termination of gas line where necessary. This should take no more than 3-6 hours

Heat Pump Water Heater Installation:

Removal and disposal of existing water heater. Installation of new heat pump water heater and associated wiring or electrical upgrades as necessary. Termination of gas line where necessary. This installation should not take more than 2-5 hours.

Window Installation:

Removal and disposal of existing windows. Installation of new windows, reinstallation of exterior cladding. The timeframe

for new window installation at a scattered site residence can be completed in 1-2 days provided the weather cooperates. For our multi-family properties this can take up to 2 weeks depending upon the number of residences.

Insulation & Air sealing

The execution of this element of the scope involves several different components, including but not limited to: caulking of exterior walls, installation of weather stripping, installation of door sweeps, sealing of all ducts and seams of exterior vents. The additional installation of insulation in the attic, sub-floor, and walls is included in this contract scope. Unless the existing insulation is determined to be asbestos it's not necessary. During this process the contractor will also verify the existence of a continuous vapor barrier covering any exposed earth in the crawl space along with verification of exterior termination of all vent hoses in the attic. Depending upon the size and full extent of work required per residence the full installation time can take up to two days.

Trees

The planting of 2 trees at each property can be accomplished within 2 hours and requires minimal equipment.

Anticipated direct contract amounts for scope execution by Washington County shall not exceed:

408 Ducted Heat Pumps	NTE \$ 6,402,000
54 Ductless Heat Pumps (36 homes)	NTE \$ 1,809,000
444 Heat Pump Water Heaters	NTE \$ 2,400,000
444 Homes insulated & Air Sealed	NTE \$ 3,934,000
3,552 Window Replacements	NTE \$ 8,524,800
888 Trees	NTE \$ 133,200
Total Contracted Installation & Labor Costs for execution of scope	NTE \$22,105,000

Subawards

Indirect Costs

As a governmental entity with more than \$35M in direct Federal Funding each year, Washington County is exempt from the 10% de minimis rate for indirect charges. This means we use our internal allocation plan to establish an indirect personnel cost per county department. Washington County Housing Department has a Cost Allocation Mechanism to spread its admin and overhead costs to programs and funds under its supervision. To do this, the department takes stock of all expenses within the admin program that benefit more than one program, and distributes those costs based on personnel cost distribution of all other Housing programs and initiatives.

The indirect rate is the ratio of total amount of costs to recoup and personnel costs associated with project implementation, which in this case comes to 26% or \$.26 of every \$1.

Our total Indirect costs associated with personnel to administer this grant is calculated at a five year total of **\$587,674**

Subawards

Per EPA's Subaward Policies as outlined in 2 CFR 200.332, the total amount of each subaward issued by Washington County to the coalition members is detailed below. The total subaward is comprised of two reimbursable parts, one subaward to cover personnel, administration, indirect, and overhead expenses, while the remaining funds are reimbursed contingent upon approval of contract expenses required for scope execution. A copy of the intergovernmental agreement stipulating terms and conditions of the subaward as executed by Washington County and agreed to by each subrecipient will be provided by the July deadline.

Adding personnel and indirect expenses ontop of the direct implementation costs, detailed on the previous page, brings the total reimbursable subawards for the subrecipients to:

Contract amounts reimbursed to sub-recipients for execution of scope:

Clackamas Housing Authority

130 Ducted Heat Pumps	NTE \$2,082,000
145 Heat Pump Water Heaters	NTE \$882,500
23 Ductless Heat Pumps (15 homes)	NTE \$218,500
145 Homes insulated & air sealed	NTE \$1,595,000
1,160 Window replacements	NTE \$2,784,000
290 Trees	NTE \$43,500
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Total Reimbursable Installation & Labor Costs	NTE \$7,852,750
Personnel costs	NTE \$ 687,117
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Maximum Reimbursible Subaward	\$ 8,539,867

Vancouver Housing Authority

318 Ducted Heat Pumps	NTE \$4,929,000
318 Heat Pump Water Heaters	NTE \$1,930,000
2,544 Window replacements	NTE \$6,105,600
318 MF Homes insulated & air sealed	NTE \$1,908,000
636 Trees	NTE \$95,400
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Total Reimbursable Installation & Labor Costs	NTE \$14,986,000
Personnel Costs	NTE: \$ 659,721
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Maximum Reimbursable Subaward	\$ 15,645,721

Expenditure of Awarded Funds

Designated subrecipients will sign binding contracts that enumerate program requirements. HAWC will monitor the subrecipients for compliance with specific program requirements, including applicable federal requirements, such as potential conflicts of interest, workplace safety, and Davis-Bacon. In addition, HAWC will provide oversight of general management, performance goals, financial management, data collection and reporting, contractor eligibility determinations,

nondiscrimination, program outreach, timely reporting, coordination with other programs, and inspection of completed units. Monitoring will consist of both desk and on-site reviews. On-site reviews will consist of periodic site visits which will include an in-depth review of proposed installations and contractor agreements. Desk monitoring of submittals includes a review of contractual commitments, financial documentation, determination of cost eligibility, drawdown rates, and outcome/performance measurement review.

Through on-site and desk monitoring, the reviewer can determine whether the subrecipient's performance meets program requirements and improve performance by providing guidance and making recommendations if necessary. The specific purposes of monitoring are to:

- Validate the accuracy of information presented by the program participants;
- Follow-up on problems identified during the monitoring visit;
- Determine compliance for specified installations
- Evaluate the reasonableness of judgments made for those activities that necessarily involve high levels of program participant judgment;
- Ascertain the Sponsor's ability to ensure that activities carried out meet compliance requirements;
- Verify the accuracy of the program's records; and,
- Identify apparent causes of any problem(s) and offer recommendations for corrective actions.

HAWC Asset Management staff views monitoring as an ongoing process involving continuous communication with the sub-recipient and evaluation of financial records. Such a process involves frequent telephone/email contacts, written communications, analysis of reports and invoices, and periodic meetings as needed. It is the responsibility of HAWC staff to stay fully informed concerning subrecipient's compliance with program requirements and the extent to which technical assistance is needed. The overriding goal of monitoring is to determine compliance, prevent/identify deficiencies and design corrective actions to improve or reinforce subrecipient's performance. As part of this process, HAWC staff must be alert for fraud, waste and mismanagement or situations with potential for such abuse. Where possible, any identified deficiencies in need of corrective action will be handled through discussion, negotiation, or technical assistance in a manner that maximizes local discretion. Monitoring also provides opportunities to identify subrecipient's accomplishments as well as successful management, implementation, and evaluation techniques that might be replicated by other programs.

Establishing implementation timelines and review of annual RFP's will ensure that the anticipated 33% of each portfolio is on track to be completed each year.

Reasonableness of Costs

All costs outlined in our estimates for installations and personnel expenses are well within the definition of "ordinary and necessary". The installations specified are standard residential upgrades and do not involve any untested, experimental, or unorthodox methods. To obtain the estimates for the purchase and installation costs we broke down each component based on what was being replaced and the quantity necessary for each home. We then conducted local market research by calling independent contractors and collecting estimates for single unit installations for each component. With that said,

we do acknowledge that our window installation estimates do not reflect actual costs of each home as at this phase we do not know the exact size, number, or location (which floor) of each window. We have used our best efforts to create an estimate inclusive of the cost of removal and disposal of old windows, equipment needed to access windows above the ground floor, and labor and materials required for repair of exterior cladding due to window replacement.

All personnel costs are derived from actual current costs for those exiting positions and their indirect and overhead expenses based on internal provisionary rates from our allocation plans.