

# Comprehensive Decarbonization of Virginia's Transportation Systems

## Budget Narrative

### A. Budget Detail

#### i. Personnel

Key staff supported by this grant include Thomas R. Ballou, an Air Quality Planning Manager I (average 0.12 FTE at \$119,074 for five years; 3% annual salary increase in year 2) who will support CPRG project management and alignment grant implementation with climate planning activities, Angela Conroy, a Senior Planner (average 0.12 FTE at \$110,034 for five years; 3% annual salary increase in year 2) who will coordinate inter-agency project tracking implementation, Anna (Ava) Lovain, a Greenhouse Gas Inventory Specialist (average 0.12 FTE at \$70,399 for five years; 3% annual salary increase in year 2) who will support grant management activities, and Michael G Dowd, the Director of the Air & Renewable Energy Division (average 0.05 FTE at \$161,944 for 5 years; 3% annual salary increase in year 2) to support financial and operational activities and requirements under the grant.

Total Personnel for the five-year period is \$226,638.

#### ii. Fringe Benefits

Fringe is calculated based upon 47% of total personnel cost of YEAR 1, YEAR 2, YEAR 3, YEAR 4, and YEAR 5 (\$226,638) for a total of \$106,518.

Total Fringe for the five-year period is \$106,518.

#### iii. Travel

Travel for 3 staff totaling \$4,000 per year over the five-year period:

- a. Virginia Port Authority (VPA) site visits - mileage, lodging, and per diem rates for 2 nights per year totaling \$1,276 for the following: deployment of Battery Storage System at 2 VPA Facilities, implementation of New Gate Complex with Terminal Reservation System at VPA Facility, and electrification transportation projects at multiple VPA terminals over the five-year period (Total: \$6,380)
- b. 2 overnight trips to DPRT transit agencies project sites per year (e.g., Bristol, Blacksburg, NOVA (Alexandria/Fairfax,/Arlington), and Gloucester County, 2 overnight trip to VDOT truck electrification sites located at VDOT District Office Headquarters per year (e.g., Bristol, Salem, Lynchburg, Hampton Roads, Northern VA) – mileage, lodging, and per diem rates for 2 nights (based on Eastern Shore rates) per year over the five-year period. (Total: \$13,620)

Total Travel for the five-year period is \$20,000.

iv. Equipment

There are no Equipment costs.

v. Supplies

There are no Supplies costs.

vi. Contractual

There are no Contractual costs.

vii. Other

**Measure 1:**

Project 1: Electrification of Virginia Department of Transportation's (VDOT) Light-Duty Fleet  
DEQ will issue a subaward to VDOT for a total of \$3,998,760 to electrify VDOT's light duty fleet. \$60,000 will go toward 2 Research and Analysis staff contributing roughly 10% of their time (.1 FTE) to amount to \$10,000 each per year for 3 years to analyze the impact of the fleet transformation. Travel will account for \$8,760 of the subaward and will support 2 regional EV convenings and trainings for select VDOT staff from across the state. One training will be centrally located in an eastern VDOT District and one training will be centrally located in a western VDOT District. This will cover travel for a total of 30 District VDOT staff for 1 overnight at a cost of \$150/room and a per diem of \$71 each for the 2 expected travel days. While all VDOT staff operating electric trucks will undergo this training, not all staff will need to travel for a qualifying overnight stay. VDOT will assume the cost of the training plan development. Additionally, \$3,800,000 of this subaward will go toward the purchase of 50 electric trucks estimated to be about \$76,000 each. \$30,000 in supplies funding will go toward the purchase of 50 EV monitors at \$600 each. 1 contract for the installation of 50 EV chargers will be executed assuming an average installation cost of \$2,000 per charger for a total of \$100,000 in Year 2 after the EV purchases have been finalized.

Project 2: Electrification of Department of Rail and Public Transportation's (DRPT) Transit Fleet

DEQ will issue a subaward to DRPT for a total of \$84,860,829 for the electrification of their light and heavy-duty bus fleets. DRPT anticipates the total purchase of 95 heavy duty battery electric busses (BEBs) at a base cost of \$1,224,000 per bus with 1.02% annual inflation increase applied over the 5 years. DRPT is asking for only 68% of the total bus costs to be federally funded and state and local funds will cover the remaining 32% (28% DRPT state share and 4% local share) for a total federal share of \$83,153,536 for the heavy duty BEBs. DRPT also anticipates the purchase of a total of 13 light duty BEBs at a base cost of \$182,858 per bus with a 1.02% annual inflation increase applied over the 5 years. DRPT is asking for only 68% of the total bus costs to be federally funded and state and local funds will cover the remaining 32% (28% DRPT state share and 4% local share). Total federal share requested for these 13 light duty BEBs is \$1,707,293.

Project 3: Fund Virginia's EV Rebate Program. DEQ will issue a subaward to VA Energy for a total of \$21,000,000 to administer an estimated 5,660 EV rebates over 2 years including both EV Rebates and Enhanced EV Rebates. Virginia's EV Rebate Program will use EV Rebate rates reflective of equity and income with a higher enhanced rate for lower income residents, and they include vehicle price limits. In order to successfully kick off the EV Rebate Program, VA Energy is requesting salary support for 1 internal administrative staff at a \$98,558 salary at .5 FTE without salary increases for 2 years. Total internal administrative staff salary support costs for the 2 years will amount to \$98,558. VA Energy is also requesting fringe support for the .5 FTE Internal Administrative Staff. Their 50% fringe rate was applied for a total fringe request of \$49,278 over the 2 years. This 50% fringe rate is the highest possible rate and any savings in fringe would be applied to additional staff time on the project. To support the rollout of the EV Rebate Program, VA Energy will contract with an entity for Project Management to launch and establish the Rebate program in the first 2 years at a cost of \$500,000/year. This was determined as necessary after dialogue with peer states and institutions. They will also enter contract with an entity to provide outreach, marketing, and technical support for the EV Rebate program estimating 900 hours / year for 2 years. This was deemed necessary to maximize outreach and accessibility of the program to LIDAC communities. The total cost of this contract is anticipated to be \$82,164 using standard state rates. Contract estimates are based on state rates set by Virginia Clean Cities at James Madison University.

**Measure 2:**

Project 4: Reduce emissions from Port operations through energy load management through the deployment of battery storage systems, vehicle traffic management via a Terminal Reservation System, and large-scale equipment electrification. DEQ will issue a subaward to VPA for a total of \$89,700,000 to implement 3 emissions reductions activities at VPA facilities.

- Deploy a battery storage system at VIG and PPCY to reduce peak load fossil fuel generation. VPA will purchase of grid scale 10-15 WMh batteries for a total cost of \$10,000,000 as well as the purchase of grid scale 5-19 WMh batteries for a total of \$4,750,000. VPA will contract with at least 1 entity for the installation of the batteries at 2 facilities, which is estimated to cost \$6,250,000 based on standard rates;
- Implement a new gate complex with a Terminal Reservation System at PPCY to reduce turn times and idling hours. VPA will purchase a controlled and video monitored truck gate house for a total of \$7,942,900 in Year 2 and 3. VPA will contract out the installation of the gate system and the truck reservation system, which will total \$2,404,100. These contracts will only be for Years 2 and 3; and
- Support the electrification of vehicles and equipment across VPA's facilities and operations. VPA will purchase a variety of electric vehicles and equipment including utility tractor rigs, empty container handlers, maintenance vans, shuttle carriers, and forklifts in Year 1. VPA will purchase level 2, 3, and 4 chargers in Year 2 to accommodate

the new EVs. VPA will purchase the power and power infrastructure needed for the Mobile Harbor Crane adaptation which needs to be outfitted with the appropriate infrastructure to transition from diesel to electric. In total, all equipment purchases will amount to \$49,464,500. The VPA will need to enter into 2 contracts for 1) the installation of the grid power for the crane and 2) the installation of the chargers. Total contract costs will amount to \$7,888,500 and include standard rates. All contract cost estimates are based on the expected order of magnitude of the equipment installation needs and include any potential design costs.

Total Other for the five-year period is \$199,559,589.

*viii. Indirect Charges*

For the administration of all funds, DEQ requests a total of \$87,254 of indirect cost. DEQ's indirect costs are 38.5% of personnel cost of YEAR 1, YEAR 2, YEAR 3, YEAR 4, and YEAR 5 (\$226,638) for a total of \$87,254 over the five-year period. DEQ's negotiated indirect cost rate agreement with US EPA effective 7/1/24-6/30/25.

**B. Expenditure of Awarded Funds**

DEQ has established sound fiscal and accounting policies that govern the expenditure of grant funds. All of the processes, procedures and internal controls outlined in DEQ's policies are in compliance with the state-wide policies and authoritative guidance issued by the Virginia Department of Accounts through its Commonwealth Accounting Policies and Procedures Manual. DEQ's fiscal and accounting policies help to ensure that grant funds are expended in a timely and efficient manner. DEQ assigns a Grant Accountant to each awarded grant who reviews, tracks and monitors expenditures relative to the grant budget and project period to ensure accuracy and that funds are expended timely. Grant Accountants prepare monthly grant expenditure reports for Program Managers and upper Financial Management for an additional review for accuracy and to help inform of ongoing grant expenditure decisions. Grant accounting staff and program managers are in regular communication about expenditures. DEQ has also established procurement policies that govern the selection of contractors and vendors. All such policies are in compliance with the Virginia Public Procurement Act. These policies help to ensure that the process for selecting contractors and vendors is fair, impartial and transparent and that all third-party services, including those underwritten by grant funds, are procured at a reasonable price.