

**CITY COUNCIL AGENDA TOPIC**

Ordinance authorizing execution of an Agreement with the Department of Commerce to accept \$1,500,000 in grant funding from the Home Electrification and Appliance Rebate (HEAR) Program for Energy Smart Eastside to implement heat pump incentives for adult family homes; and authorizing expenditures of said grant funds contingent on an appropriation increase of \$1,500,000 in the Operating Grants, Donations and Special Reserve Fund through City Council approval of the 2025-2026 proposed budget.

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*Community Development Department*

**EXECUTIVE SUMMARY****ACTION**

This Ordinance authorizes the execution of a seven-month agreement with the Department of Commerce and acceptance of grant funds for the Energy Smart Eastside program in the amount of \$1,500,000 to fund heat pump installations in Adult Family Homes. The appropriation of \$1,500,000 in the Operating Grants, Donations and Special Reserve Fund is included in the 2025-2026 proposed budget being reviewed by City Council.

**RECOMMENDATION**

Move to adopt Ordinance No. 6812

**BACKGROUND/ANALYSIS**

Energy Smart Eastside is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership and administered by the City of Bellevue with oversight from all participating cities. In July 2024, Bellevue was awarded a \$1.5 million grant from the Department of Commerce HEAR Program earmarked for Adult Family Homes. The grant will fund purchase and installation of heat pumps for licensed adult family homes. The City of Bellevue will administer the \$1,500,000 award, of which \$500,000 will be retained and utilized in Bellevue. The remaining \$1,000,000 will be split among the Eastside Climate Partnership cities of Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish.

The award will fund the following work:

- 100% cost of purchase and installation of a cold climate heat pump in 50-60 licensed adult family homes.
- Program administration required to coordinate the installs and pay contractors

This project is expected to reach 20-25% of licensed adult family homes in the Energy Smart Eastside service area. Prioritization will be given to non-profit and private operators serving low-income residents.

**Table 1: Program Budget**

Program Track	Amount
<i>Heat Pump Installations at Adult Family Homes</i>	<i>\$1,470,000</i>
<i>Program Administration</i>	<i>\$30,000</i>
<b>Total</b>	<b>\$1,500,000</b>

This grant award includes a committed match of \$7,563,510 supplied by the partner cities and previously awarded grants as detailed in Table 2. Combined with the HEAR award, this provides a total budget of \$9,063,510 to fund heat pump incentives for low- and moderate-income households.

**Table 2: Match Funding**

Funding Source	Funding Amount 2023-2024	2025-2026
<i>City of Bellevue</i>	<i>\$555,200</i>	<i>TBD</i>
<i>City of Issaquah</i>	<i>\$393,600</i>	<i>TBD</i>
<i>City of Kirkland</i>	<i>\$366,000</i>	<i>TBD</i>
<i>City of Mercer Island</i>	<i>\$49,600</i>	<i>TBD</i>
<i>City of Redmond</i>	<i>\$455,600</i>	<i>TBD</i>
<i>City of Sammamish</i>	<i>\$32,000</i>	
<i>WSU CEEP Grant</i>	<i>\$590,000</i>	
<i>DOE Energy Efficiency and Conservation Block Grant (Sammamish)</i>	<i>\$121,420</i>	
<i>Dept. of Commerce BEG Grant</i>	<i>\$300,000</i>	<i>\$700,000</i>
<i>Puget Sound Energy Grant</i>	<i>\$850,000</i>	
<i>Dept. of Commerce HEAR Grant</i>	<i>\$250,000</i>	<i>\$2,901,090</i>
<b>Match Subtotal</b>	<b>\$3,963,420</b>	<b>\$3,600,090</b>
<i>Dept. of Commerce HEAR AFH Grant</i>		<i>\$1,500,000</i>
<b>TOTAL Funding</b>	<b>\$3,963,420</b>	<b>\$5,100,090</b>
		<b><u>\$9,063,510</u></b>

If Council approves the execution of the agreement and accepts the funding, the project duration will be approximately 6 months. The heat pump installations occurring as a result of the grant are expected to drive a combined reduction in CO2 emissions of 1,920 metric tons over the lifetime of the heat pumps installed.

Work would commence in January and is projected to be complete in June 2025.

## POLICY & FISCAL IMPACTS

### Policy Impact

The Ordinance supports the following actions in the Sustainable Bellevue Plan.

- **C.1.4: Climate equity.** Prioritize climate mitigation and adaptation investments in historically underserved and underrepresented communities.
- **C.1.7: Climate outreach and education.** Develop a climate outreach and education campaign or program to support ongoing community engagement.

- **E.2.2: Home energy retrofit program.** Develop a home energy retrofit program to support retrofits and incentivize energy efficiency.
- **E.2.3: Equitable access to energy programs.** Improve access to energy efficiency programs for low-income and historically underserved and underrepresented populations.

### **Fiscal Impact**

The appropriation of \$1,500,000 in the Operating Grants, Donations and Special Reserve Fund is included in the 2025-2026 proposed budget being reviewed by City Council.

### **OPTIONS**

1. Adopt the Ordinance authorizing execution of an Agreement with the Department of Commerce to accept \$1,500,000 in grant funding from the Home Electrification and Appliance Rebate (HEAR) Program for Energy Smart Eastside to implement heat pump incentives for adult family homes; and authorizing expenditures of said grant funds contingent on an appropriation increase of \$1,500,000 in the Operating Grants, Donations and Special Reserve Fund through City Council approval of the 2025-2026 proposed budget.
2. Do not adopt the Ordinance and provide alternative direction to staff.

### **ATTACHMENTS**

Proposed Ordinance No. 6812

### **AVAILABLE IN COUNCIL LIBRARY**

Department of Commerce HEAR Grant Agreement  
 Eastside Climate Partnership Interlocal Agreement  
 Sustainable Bellevue Plan