

**CITY COUNCIL AGENDA TOPIC**

Ordinance 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.

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*Community Development Department*

**EXECUTIVE SUMMARY****ACTION**

This action authorizes the execution of an amendment with Washington State Department of Commerce (Commerce) to accept \$1,100,000 in grant funding for Energy Smart Eastside (ESE) to make heat pump incentives available to Silver Glen Senior Cooperative Housing (Silver Glen), and further amends the 2025-2026 budget to increase the appropriation by that same amount to allow for the additional expenditure authority.

This is one of two actions on tonight's consent calendar related to the ESE heat pump program. The other action under separate cover is a Resolution authorizing execution to amend a reimbursement contract with Hopelink to manage the heat pump implementation expenses related to this grant.

**RECOMMENDATION**

Move to adopt Ordinance No. 6927

**BACKGROUND/ANALYSIS**

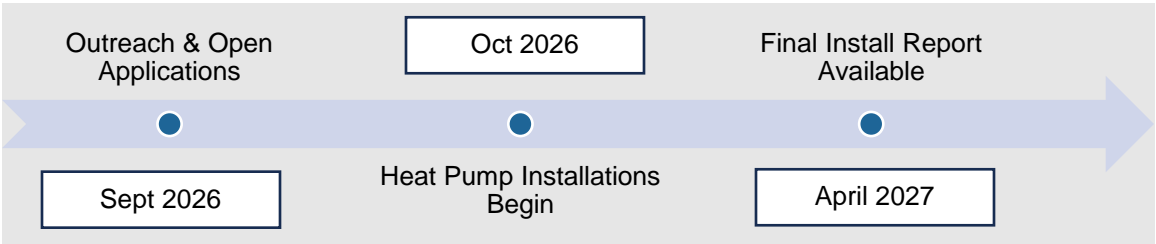
ESE is a heat pump incentive program jointly funded by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, Redmond, and Sammamish as part of the Eastside Climate Partnership (ECP) and administered by the City of Bellevue with oversight from all participating cities. In April, Bellevue was awarded an additional \$1,100,000 by Commerce from the 2024 Home Electrification and Appliance Rebate (HEAR) Program to fund the replacement of gas furnaces with heat pumps at Silver Glen.

Silver Glen is a 123-unit co-op in Bellevue for adults 55 and older. The member-run cooperative structure provides a more affordable alternative to for-profit independent senior living facilities. In 2025, Silver Glen and ESE partnered on a pilot project that brought together multiple sources of funding to replace 33 gas furnaces and 11 air conditioners with heat pumps. In this Phase II Project, ESE will engage the Silver Glen community and encourage 100% participation in the program, resulting in up to 86 gas furnaces and 21 air conditioners being replaced with ducted heat pumps.

Since 2023, over 600 low- and moderate-income households, affordable housing units, and adult family homes have utilized ESE incentives to install heat pumps. Heat pumps installed so far will result in an estimated 31,000 metric tons of greenhouse gas emissions savings over the lifetime of the equipment, as well as providing heating security and cooling in households with vulnerable residents such as seniors and the disabled. Approval of this ordinance will supplement other sources of municipal and grant funding (see table below) for this popular and effective program.

2025-2026 Energy Smart Eastside Biennium Funding Sources	Funding Amount
<i>City of Bellevue</i>	\$873,900
<i>City of Issaquah</i>	\$304,000
<i>City of Kirkland</i>	\$197,000
<i>City of Mercer Island</i>	\$113,000
<i>City of Redmond</i>	\$1,095,300
<i>City of Sammamish</i>	\$333,640
<i>Puget Sound Energy Decarbonization Program 2024 Grant</i>	\$288,363
<i>Puget Sound Energy Decarbonization Program 2025 Grant</i>	\$400,000
<i>Department of Commerce HEAR Program 2024</i>	\$3,031,600
<i>Department of Commerce HEAR Adult Family Home Program</i>	\$1,500,000
<i>Department of Commerce Building Electrification Fund</i>	\$1,000,000
<i>Department of Commerce Climate Planning Grant</i>	\$40,000
<i>Puget Sound Energy Decarbonization Program 2026 Grant</i>	\$700,000
<i>Washington State University Community Energy Efficiency Program</i>	\$500,000
<b>Subtotal</b>	<b>\$10,376,803</b>
<i>Department of Commerce HEAR Program 2024 Grant - Amendment</i>	\$1,100,000
<b>Total Budget</b>	<b>\$11,476,803</b>

As this funding supports an existing program, the project team is prepared to begin execution immediately on council authorization and execution of the funding agreement. Heat pump installations funded by this grant are expected to begin in September this year and be completed by April 2027.



## POLICY & FISCAL IMPACTS

### Policy Impact

The Ordinance supports the following Sustainable Bellevue Plan actions.

- C.1.2: Develop outreach and education programming to support residents and businesses in taking action to reduce emissions and environmental impact, with a focus on engagement with Bellevue’s most vulnerable communities.

- B.1.2: Accelerate market transformation of residential space heating away from natural gas to heat pumps.
- B.1.3: Support low- and moderate-income households in adoption of heat pumps through loans and financial incentives.
- B.1.4: Support residents accessing existing weatherization programs through Puget Sound Energy and King County Housing Authority and offer bundled weatherization measures with low-income heat pump installs.
- F.3.1: Embed equity in sustainability program design and implementation, including through prioritizing engagement with underrepresented community members and partnering with community-based organizations to co-design engagement and inform decision making.

### **Fiscal Impact**

Executing this grant agreement will provide \$1,100,000 in grant funding from HEAR to allow for additional heat pump installations.

Additionally, the action amends the 2025-2026 Operating Grants, Donations, and Special Reserve Fund budget to increase appropriations by \$1,100,000 to accommodate the grant revenue and corresponding expenditures. Administrative costs for program management will be subsidized by the grant and are otherwise covered within the existing ESE program structure and budget. The grant funding supplements other municipal and grant sources already supporting this ongoing program, allowing enhanced operations through 2027 without additional city investment.

### **OPTIONS**

1. Move to adopt the Ordinance 1) authorize execution of an amendment with Washington State Department of Commerce to accept \$1,100,000 in grant funding from the 2024 Home Electrification and Appliance Rebate Program for Energy Smart Eastside to make heat pump incentives available to the Silver Glen Senior Cooperative Housing; 2) amend the 2025-2026 budget of the Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,100,000; and authorizing expenditures of said grant funds.
2. Do not adopt the Ordinance and provide alternative direction to staff.

### **ATTACHMENTS**

Proposed Ordinance No. 6927

### **AVAILABLE IN COUNCIL LIBRARY**

Department of Commerce HEAR 2024 Grant Agreement  
 Department of Commerce HEAR 2024 Grant Amendment  
 Eastside Climate Partnership Interlocal Agreement  
 2026-30 Sustainable Bellevue Plan  
 2026-30 Sustainable Bellevue Action Plan  
 Energy Smart Eastside (ESE) 2025 Annual Report