



**Interagency Agreement with**

**Energy Smart Eastside**

**through**

**State Home Electrification and Appliance Rebates Program**

**Contract Number:**

**24-92701-006**

**For**

**Energy Smart Eastside- Electrification and Appliance Rebates  
Program**

**Dated:** Wednesday, May 1, 2024

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## Face Sheet

Contract Number: 24-92701-006

### Energy Division Clean Buildings Unit Home Electrification and Appliance Rebates Program

<b>1. Contractor</b> City of Bellevue 450 110 <sup>th</sup> Ave NE Bellevue, WA 98004		<b>2. Contractor Doing Business As (as applicable)</b> N/A	
<b>3. Contractor Representative</b> Sarah Phillips Energy Smart Eastside Program Manager (425) 452-5362 saphillips@bellevuewa.gov		<b>4. COMMERCE Representative</b> Aaron Dumas Program Manager (564) 999-1414 Aaron.dumas@commerce.wa.gov	
<b>5. Contract Amount</b> \$3,151,090	<b>6. Funding Source</b> Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>		<b>7. Start Date</b> 5/1/2024
<b>8. End Date</b> 6/30/2025			
<b>9. Federal Funds (as applicable)</b> N/A		<b>Federal Agency:</b> N/A	
<b>ALN:</b> N/A			
<b>10. Tax ID #</b> 91-6007020	<b>11. SWV #</b> SWV000347-01	<b>12. UBI #</b> 179-016-746	<b>13. UEI #</b> DQ3JYJ78JMD5
<b>14. Contract Purpose</b> To administer a program that provides rebates and incentives to low- and moderate-income households and small businesses to purchase and install high-efficiency electric equipment and appliances.			
COMMERCE, defined as the Department of Commerce, and the Contractor, as defined above, acknowledge and accept the terms of this Contract and Attachments and have executed this Contract on the date below and warrant they are authorized to bind their respective agencies. The rights and obligations of both parties to this Contract are governed by this Contract and the following documents incorporated by reference: Contractor Terms and Conditions including Attachment "A" – Scope of Work, Attachment "B" – Budget, Attachment "C" – Program Work Plan			
<b>FOR CONTRACTOR</b>   <hr/> Emil King, Director of Community Development  <hr/> Date		<b>FOR COMMERCE</b>   <hr/> Michael Furze, Assistant Director Energy Division  <hr/> Date   <b>APPROVED AS TO FORM ONLY BY ASSISTANT ATTORNEY GENERAL APPROVAL ON FILE</b>	

## **Special Terms and Conditions**

### **1. AUTHORITY**

COMMERCE and Contractor enter into this Contract pursuant to the authority granted by Chapter 39.34 RCW.

### **2. ACKNOWLEDGEMENT OF CLIMATE COMMITMENT ACT FUNDING**

If this Agreement is funded in whole or in part by the Climate Commitment Act, Grantee agrees that any website, announcement, press release, and/or publication (written, visual, or sound) used for media-related activities, publicity, and public outreach issued by or on behalf of Grantee which reference programs or projects funded in whole or in part with Washington's Climate Commitment Act (CCA) funds under this Grant, shall contain the following statement:

"The Home Electrification and Appliance Rebates Program is supported with funding from Washington's Climate Commitment Act. The CCA supports Washington's climate action efforts by putting cap-and-invest dollars to work reducing climate pollution, creating jobs, and improving public health. Information about the CCA is available at [www.climate.wa.gov](http://www.climate.wa.gov)."

The Grantee agrees to ensure coordinated Climate Commitment Act branding on work completed by or on behalf of the Grantee. The CCA logo must be used in the following circumstances, consistent with the branding guidelines posted at [CCA brand toolkit](#), including:

- A. Any project related website or webpage that includes logos from other funding partners;
- B. Any publication materials that include logos from other funding partners;
- C. Any on-site signage including pre-during Construction signage and permanent signage at completed project sites; and
- D. Any equipment purchased with CAA funding through a generally visible decal.

### **3. CONTRACT MANAGEMENT**

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Contract.

The Representative for COMMERCE and their contact information are identified on the Face Sheet of this Contract.

The Representative for the Contractor and their contact information are identified on the Face Sheet of this Contract.

### **4. COMPENSATION**

COMMERCE shall pay an amount not to exceed \$3,151,090, for the performance of all things necessary for or incidental to the performance of work under this Contract as set forth in the Scope of Work.

### **5. BILLING PROCEDURES AND PAYMENT**

COMMERCE will pay Contractor upon acceptance of services provided and receipt of properly completed invoices, which shall be submitted to the Representative for COMMERCE not more often than monthly nor less than quarterly.

The invoices shall describe and document, to COMMERCE's satisfaction, a description of the work performed, the progress of the project, and fees. The invoice shall include the Contract Number 24-92701-006. If expenses are invoiced, provide a detailed breakdown of each type. A receipt must accompany any single expenses in the amount of \$50.00 or more in order to receive reimbursement. Payment shall be considered timely if made by COMMERCE within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the

Contractor.

COMMERCE may, in its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Contract.

No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by COMMERCE.

#### Invoices and End of Fiscal Year

Invoices are due on the 20th of the month following the provision of services.

Final invoices for a state fiscal year may be due sooner than the 20th and Commerce will provide notification of the end of fiscal year due date.

The Contractor must invoice for all expenses from the beginning of the contract through June 30, regardless of the contract start and end date.

#### Duplication of Billed Costs

The Contractor shall not bill COMMERCE for services performed under this Agreement, and COMMERCE shall not pay the Contractor, if the Contractor is entitled to payment or has been or will be paid by any other source, including grants, for that service.

#### Disallowed Costs

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

COMMERCE may, in its sole discretion, withhold ten percent (10%) from each payment until acceptance by COMMERCE of the final report (or completion of the project, etc.).

### **6. SUBCONTRACTOR DATA COLLECTION**

Contractor will submit reports, in a form and format to be provided by Commerce and at intervals as agreed by the parties, regarding work under this Contract performed by subcontractors and the portion of Contract funds expended for work performed by subcontractors, including but not necessarily limited to minority-owned, woman-owned, and veteran-owned business subcontractors. "Subcontractors" shall mean subcontractors of any tier.

### **7. INSURANCE**

Each party certifies that it is self-insured under the State's or local government self-insurance liability program, and shall be responsible for losses for which it is found liable.

### **8. FRAUD AND OTHER LOSS REPORTING**

Contractor shall report in writing all known or suspected fraud or other loss of any funds or other property furnished under this Contract immediately or as soon as practicable to the Commerce Representative identified on the Face Sheet.

### **9. ORDER OF PRECEDENCE**

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions
- General Terms and Conditions

- Attachment A – Scope of Work
- Attachment B – Budget
- Attachment C – Program Work Plan

## **General Terms and Conditions**

### **1. DEFINITIONS**

As used throughout this Contract, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Director and/or the designee authorized in writing to act on the Director's behalf.
- B. "COMMERCE" shall mean the Washington Department of Commerce.
- C. "Contract" or "Agreement" or "Grant" means the entire written agreement between COMMERCE and the Contractor, including any Attachments, documents, or materials incorporated by reference. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.
- D. "Contractor" or "Grantee" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.
- E. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- F. "State" shall mean the state of Washington.
- G. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.

### **2. ALL WRITINGS CONTAINED HEREIN**

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

### **3. AMENDMENTS**

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

### **4. ASSIGNMENT**

Neither this Contract, work thereunder, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of COMMERCE.

### **5. CONFIDENTIALITY AND SAFEGUARDING OF INFORMATION**

- A. "Confidential Information" as used in this section includes:
  - i. All material provided to the Contractor by COMMERCE that is designated as "confidential" by COMMERCE;
  - ii. All material produced by the Contractor that is designated as "confidential" by COMMERCE; and

- iii. All Personal Information in the possession of the Contractor that may not be disclosed under state or federal law.
- B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of COMMERCE or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide COMMERCE with its policies and procedures on confidentiality. COMMERCE may require changes to such policies and procedures as they apply to this Contract whenever COMMERCE reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by COMMERCE. Upon request, the Contractor shall immediately return to COMMERCE any Confidential Information that COMMERCE reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.
- C. Unauthorized Use or Disclosure. The Contractor shall notify COMMERCE within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

## **6. COPYRIGHT**

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by COMMERCE. COMMERCE shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to COMMERCE effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to COMMERCE a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to COMMERCE.

The Contractor shall exert all reasonable effort to advise COMMERCE, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide COMMERCE with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. COMMERCE shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

## **7. DISPUTES**

In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, Agreement terms and applicable statutes and rules and make a determination of the dispute. The Dispute Board shall thereafter decide the dispute with the majority



prevailing. The determination of the Dispute Board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

**8. GOVERNING LAW AND VENUE**

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

**9. INDEMNIFICATION**

Each party shall be solely responsible for the acts of its employees, officers, and agents.

**10. LICENSING, ACCREDITATION AND REGISTRATION**

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

**11. RECAPTURE**

In the event that the Contractor fails to perform this Contract in accordance with state laws, federal laws, and/or the provisions of this Contract, COMMERCE reserves the right to recapture funds in an amount to compensate COMMERCE for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by COMMERCE. In the alternative, COMMERCE may recapture such funds from payments due under this Contract.

**12. RECORDS MAINTENANCE**

The Contractor shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

The Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by COMMERCE, personnel duly authorized by COMMERCE, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

**13. SAVINGS**

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, COMMERCE may suspend or terminate the Contract under the "Termination for Convenience" clause, without the ten calendar day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

**14. SEVERABILITY**

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

## **15. SUBCONTRACTING**

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of COMMERCE.

If COMMERCE approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, COMMERCE in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to COMMERCE if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to COMMERCE for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that COMMERCE and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

## **16. SURVIVAL**

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

## **17. TERMINATION FOR CAUSE**

In the event COMMERCE determines the Contractor has failed to comply with the conditions of this contract in a timely manner, COMMERCE has the right to suspend or terminate this contract. Before suspending or terminating the contract, COMMERCE shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the Contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

COMMERCE reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Contractor or a decision by COMMERCE to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the Contractor: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of COMMERCE provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

## **18. TERMINATION FOR CONVENIENCE**

Except as otherwise provided in this Contract, COMMERCE may, by ten (10) business days' written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, COMMERCE shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

## **19. TERMINATION PROCEDURES**

Upon termination of this contract, COMMERCE, in addition to any other rights provided in this contract, may require the Contractor to deliver to COMMERCE any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

COMMERCE shall pay to the Contractor the agreed upon price, if separately stated, for completed work and services accepted by COMMERCE, and the amount agreed upon by the Contractor and COMMERCE for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by COMMERCE, and (iv) the protection and preservation of property, unless the termination is for default, in which case the Authorized Representative shall determine the extent of the liability of COMMERCE. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. COMMERCE may withhold from any amounts due the Contractor such sum as the Authorized Representative determines to be necessary to protect COMMERCE against potential loss or liability.

The rights and remedies of COMMERCE provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the Contractor shall:

- A. Stop work under the contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
- C. Assign to COMMERCE, in the manner, at the times, and to the extent directed by the Authorized Representative, all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case COMMERCE has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- D. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Authorized Representative to the extent the Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;
- E. Transfer title to COMMERCE and deliver in the manner, at the times, and to the extent directed by the Authorized Representative any property which, if the contract had been completed, would have been required to be furnished to COMMERCE;
- F. Complete performance of such part of the work as shall not have been terminated by the Authorized Representative; and
- G. Take such action as may be necessary, or as the Authorized Representative may direct, for the protection and preservation of the property related to this contract, which is in the possession of the Contractor and in which COMMERCE has or may acquire an interest.

## **20. TREATMENT OF ASSETS**

Title to all property furnished by COMMERCE shall remain in COMMERCE. Title to all property furnished by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in COMMERCE upon delivery of such property by the Contractor. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass to and vest in COMMERCE upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by COMMERCE in whole or in part, whichever first occurs.

- A. Any property of COMMERCE furnished to the Contractor shall, unless otherwise provided herein or approved by COMMERCE, be used only for the performance of this contract.
- B. The Contractor shall be responsible for any loss or damage to property of COMMERCE that results from the negligence of the Contractor or which results from the failure on the part of the Contractor to maintain and administer that property in accordance with sound management

practices.

- C.** If any COMMERCE property is lost, destroyed or damaged, the Contractor shall immediately notify COMMERCE and shall take all reasonable steps to protect the property from further damage.
- D.** The Contractor shall surrender to COMMERCE all property of COMMERCE prior to settlement upon completion, termination or cancellation of this contract.
- E.** All reference to the Contractor under this clause shall also include Contractor's employees, agents or Subcontractors.

**21. WAIVER**

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of COMMERCE.

## Attachment A: Scope of Work

### Purpose

Engrossed Substitute Senate Bill 5200 Section 1008 Subsection 1 states:

#### Home Electrification and Appliance Rebates (HEAR) Program

For the department (Commerce) to administer grants to eligible third-party administrators for heat pump and other high-efficiency electric equipment rebates, with a focus on low/moderate income households and small businesses. State incentives and rebates for installation of high efficiency electric equipment, including electrical panel upgrades, provide a benefit to the public consistent with the state's energy strategy and climate mandates by reducing greenhouse gas emissions from the built environment.

- (a) \$75,000,000 of the climate commitment account-state appropriation is provided solely for the department to administer ESSB 5200.PL grants to low/moderate income households and small businesses.

Commerce shall implement a statewide high efficiency electric equipment program consistent with the following:

- (a) Aid the transition of residential and commercial buildings away from fossil fuels by providing education and outreach resources for the installation of high efficiency electric heat pumps and other high efficiency electric equipment;
- (b) Provide grants, coordination, and technical assistance to eligible third-party administrators to promote the adoption of high efficiency electric heat pump equipment for space and water heating; and
- (c) Develop strategies to ensure that the program serves low income households, vulnerable populations, and overburdened communities, including dedicating a portion of the program funding for this purpose.

### Tasks and Deliverables

#### Task 1: Funding Priorities

Third-party administrators that receive funding through HEAR, must meet the following funding priorities:

1. **Provide rebates and incentives that serve the following populations:**
  - a. Low-income single- and multifamily households with household income of 80% or less of Area Median Income.
  - b. Moderate-income single- and multifamily households with household income between 80% and 150% of Area Median Income.
  - c. Small businesses with fifty (50) employees or less, or otherwise meet the definition in RCW 39.26.010(22)
2. Rebates and incentives must be for the purchase or installation of high-efficiency electric equipment, including, but not limited to:

**Table 1: Eligible High-Efficiency Electric Equipment**

Upgrade Type	Eligible Equipment
Appliance	Electric Heat Pump Water Heater
	Electric Air-source or Ground source Heat Pump for Space Conditioning
	Commercial or Residential Induction Kitchen Equipment
	Electric Heat Pump Clothes Dryer

Electric Service necessary for the installation of high-efficiency electric equipment	Electrical Service and Panel Upgrade
	Electric Wiring

- (a) All equipment must meet the following requirements:
- Remove all fossil fuel equipment where technically and economically feasible.
  - All air-source heat pumps must be listed on the Northeast Energy Efficiency Partnership's (NEEP) Cold Climate Air Source Heat Pump (ccASHP) Product List, or meet the most recent ENERGY STAR Cold Climate product criteria.
  - All equipment must be ENERGY STAR Certified or CEE North Region Certified.
  - All equipment that uses refrigerants must follow the statutory global warming potential (GWP) limits from the Washington State Department of Ecology and the U.S. Environmental Protection Agency (EPA), and where technically and economically feasible, must use low GWP refrigerants listed by the EPA's Significant New Alternatives Policy (SNAP) Program, or the California Air Resources Board (CARB).
- (b) Mechanical, electrical, and plumbing (MEP) equipment may be eligible if necessary for the installation of eligible high-efficiency electric equipment listed in Table 1.
- (c) Education and outreach resources to promote the adoption of high-efficiency electric equipment and build workforce capacity.
- (d) Program administration costs not to exceed 15 percent of grant funds.

## **Task 2: Program Work Plan and Outcomes**

Grantees must provide a work plan to COMMERCE. Work plans must address the following:

1. High-level description of the program, including goals and outcomes.
2. Description of the jurisdiction that the program will serve. This may include information on rural status, median income, and population demographics.
3. Total funding for the program – Commerce grant funds plus matching funds – and an anticipated budget that must include at a minimum:
  - a. Costs for rebates and incentives for eligible high-efficiency electric equipment
    - i. Costs should be categorized into the funding allocated to household and small business rebates and incentives, and subsequently by the eligible equipment rebates and incentives the program is providing (as described in Task 1).
  - b. Costs for outreach and education, if applicable.
  - c. Administrative costs.
4. Grantees must ensure that their program only provides rebates and incentives to the eligible rebate recipients listed in Task 1.
  - a. What populations or subsets of the listed eligible rebate recipients, does this program primarily serve? How will your jurisdiction prioritize the populations that will receive rebates and incentives?
  - b. How will the program qualify eligible households and small businesses to receive rebates or incentives? Possible methods for verifying eligibility of households may include participation in other income-qualified benefits programs (LIHEAP, SNAP, etc), tenancy in income-qualified housing units, or other methods, which verify income against the thresholds described in Task 1.
5. Describe how your jurisdiction, and any partners or subcontractors will, provide outreach and education about the program, and resources for the installation of high efficiency electric equipment.
  - a. What strategies will this program use to reach low-income households, vulnerable populations, and overburdened communities?
6. Describe the process for distributing rebates and incentives, including any application process that rebate recipients or contractors must follow.

7. Describe partnerships or subcontracts that the Grantee will use to complete the proposed scope of work of the program.

### **Task 3: Expenditure Reporting**

1. All Grantees are required to submit Project and Expenditure Reports
  - a. Grantees must provide COMMERCE quarterly reports with an official expenditure report/ledger from their general ledger for all expenses claimed for COMMERCE funding from the program and any backup invoice documentation requested from COMMERCE. The expenditure report/ledger must include:
    - i. Number of households and small businesses that were provided rebates and incentives to purchase or install high-efficiency electric equipment and appliances
    - ii. Site information for households and small businesses that received rebates and incentives:
      1. Address, city, and zip code
      2. Date rebate or incentive claimed or issued
      3. Household income or small business size verification
      4. Pre-rebate fuel type of the household or small business
      5. Technical specifications of the equipment and appliances purchased or installed through the program, including, but not limited to the equipment brand, certifications, and efficiency (SEER/HSPF/EER/COP)
      6. Amount of the rebate or incentive claimed or issued
      7. Applicable building and electrical permit numbers for installations fully funded by the grantee
2. Grantees must provide COMMERCE an official final/close out expenditure report/ledger from their general ledger for all expenses claimed for COMMERCE funding from the program.
3. Grantees shall also provide information for any subawards, contracts, transfers, and direct payments made using funding from the program.
4. COMMERCE will withhold 2% of the total reimbursable amount for each item listed in Attachment B: Budget until the Grantee provides the official report/ledger from their general ledger for all expenses claimed for COMMERCE funding from the program.

**Attachment B: Budget**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
1	Grant to administer a rebates and incentives program for high-efficiency electric equipment and appliances	\$3,151,090.00
	<b>Total Grant Amount</b>	<b>\$3,151,090.00</b>



## Attachment C: Program Work Plan

### Program Description

Energy Smart Eastside (ESE) is a residential electrification program administered by the City of Bellevue on behalf of the Eastside Climate Partnership cities of Bellevue, Issaquah, Kirkland, Redmond and Mercer Island. For the purposes of the HEAR grant, the City of Renton has been included in the Energy Smart Eastside service area for Track 1 as noted below.

The primary goal of the program is to reduce greenhouse gas emissions associated with heating residential single-family homes, by incentivizing the switch from natural gas furnaces to heat pumps. A secondary goal is to foster the equitable transition of residential housing to clean energy. Finally, a third goal is to test out other home efficiency incentives that may be more accessible than an HVAC upgrade and get data that can be used to scale with additional city or grant funding in the future.

For the purposes of HEAR funding, three program tracks will be funded as described below. In all cases, the target households are owner-occupied residences. The target number of appliances installed is based on average unit cost assumptions which are called out in the Program Funding section.

**Track 1: ESE Boost Program.** This track funds 100% of the cost of a heat pump installation in households at or below 80% area median income (as defined by HUD for the Seattle-Bellevue metro area) that are replacing a fossil fuel burning heat source. This program track is administered by program partner Hopelink.

Project scope funded under this track includes:

- Purchase and installation of a cold climate air source heat pump that is listed on the Northeast Energy Efficiency Partnership's Cold Climate Air Source Heat Pump Product list, or meets the most recent ENERGY STAR Cold Climate product criteria.
- Removal and disconnect of natural gas or oil furnace, if applicable
- Decommissioning of oil tank, if applicable
- For ducted systems, provide MERV 8 air filter or better
- Ductwork repair, as required for operation of the heat pump system.
- Electrical upgrades, as required for operation of the heat pump system.
- Thermostat or remote control to manage the temperature setting of the system

The program estimates funding 94-114 heat pump installations on this track. Good faith effort will be made to distribute funds proportionally across jurisdictions in the service area based on low-income population demographics.

**Track 2: ESE Fuel Switch Equipment Rebate.** Provide a \$2500 rebate for households at or below 150% area median income that are replacing a fossil fuel burning heat source with a qualifying heat pump. A qualifying heat pump is a Mitsubishi heat pump with HSPF2 rating of 8.1 or higher for a ducted system and 9.5 or higher for a ductless system and that is listed on the Northeast Energy Efficiency Partnership's Cold Climate Air Source Heat Pump Product list, or meets the most recent ENERGY STAR Cold Climate product criteria.

This program track is administered by program partner Gensco. During the contract term, Energy Smart Eastside reserves the right to amend this work plan to change the rebate amount and/or broaden distribution partners beyond Gensco and Mitsubishi.

The program estimates funding 320 rebates for heat pumps across the ESE service territory.

**Track 3: Issaquah electrification pilot.** Pilot an electrification program in Issaquah to incentivize homeowners to switch from gas appliances to electric appliances other than heat pumps. The City will conduct outreach to the community in the summer of 2024 to identify opportunities for electrification

incentives and which appliances and what level of incentive is necessary to move the needle on home electrification. The City anticipates providing incentives in the range of \$250-750 for households with low and moderate income (150% AMI and below) for the following appliances: heat pump dryers, induction stovetops, heat pump water heaters, and electrical panel upgrades. This program will be administered by the City of Issaquah likely using a lottery system with reimbursement coming from the City. Opportunities to partner with vendors will be explored. Following assessment of needs and process in the summer of 2024, this program is expected to be implemented no later than Q1 2025. The intent is for the program to act as a pilot for expansion to the eastside. Additional City funds may supplement the incentive if needed.

The program estimates funding 75 rebates for electric appliances to residents in the City of Issaquah.

### **Program Jurisdiction**

The service area for Energy Smart Eastside is bound by the city limits of the participating cities. The participating cities vary by program track, as called out below.

#### **Track 1: ESE Boost Program**

- Bellevue
- Issaquah
- Kirkland
- Redmond
- Renton
- Mercer Island

#### **Track 2: ESE Fuel Switch Rebate**

- Bellevue
- Issaquah
- Kirkland
- Redmond
- Mercer Island

#### **Track 3: Issaquah Electrification Pilot**

- Issaquah

The service area, including Renton, is primarily suburban and is comprised of 216,000 households, about half of which are single-family homes<sup>1</sup>. The program targets owner-occupied residences that use natural gas for space heating. Per estimates from Puget Sound Energy, 90% of single-family homes in the service area use natural gas to heat their homes.

Income demographics<sup>2</sup> of homeowners within the census areas roughly corresponding to the ESE service area are below. In the combined service area ~57% of homeowners are believed to be at or below 150% AMI and ~24% are believed to be at or below 80% AMI.

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<sup>1</sup> [April 1 official population estimates | Office of Financial Management \(wa.gov\)](#)

<sup>2</sup> Source: 2022 American Community Survey (ACS) 1-Year Public Use Microdata Series (PUMS) Estimates. AMI based on 3 person household for HUD defined Seattle-Bellevue Metro area.

Geography	PUMA Code	80% AMI (\$85,800)		150% AMI (\$192,850)	
		Proportion	Proportion MOE	Proportion	Proportion MOE
Greater Bellevue City	5323304	22.7%	3.7%	54.6%	4.9%
Redmond, Kirkland Cities, Ingelwood & Finn Hill	5323303	23.0%	4.4%	58.3%	5.3%
Sammamish, Issaquah, Mercer Island & Newcastle Cities	5323305	16.3%	3.1%	44.0%	4.0%
Renton, Fairwood, Bryn Mawr, & Skyway	5323310	35.4%	4.9%	73.1%	4.9%
Combined	Combined	23.9%	1.7%	56.9%	2.0%

## Program Funding

The HEAR grant will augment other sources of Energy Smart Eastside funding that incentivize replacement of fossil fuel space heating with high efficiency heat pumps.

Program Track		
Track 1: ESE Boost Program	\$	1,860,090
Track 2: ESE Fuel Switch Equipment Rebate	\$	800,000
Track 3: Issaquah Electrification Pilot	\$	50,000
Marketing	\$	70,000
Administration / Staff	\$	370,000
<b>TOTAL HERE AWARD</b>	<b>\$</b>	<b>3,150,090</b>

Program Matching Funds			
Budget by Year	2024	2025	2026
Matching Funds - Municipal*	\$ 838,100	TBD	TBD
Matching Funds - WSU CEEP Grant	\$ 590,000		
Matching Funds - Puget Sound Energy	\$ 850,000		
Matching Funds - Commerce Building Electrification Grant	\$ 750,000	\$ 250,000	
<b>FUNDING TOTAL</b>	<b>\$3,028,100</b>	<b>\$ 250,000</b>	<b>\$ -</b>

\*Municipal budgets for 2025-2026 are not yet finalized. ESE expects to maintain or increase funding in next biennium.

Average Unit Cost assumptions for each program track are as follows.

**Track 1: ESE Boost Program:** Average cost expected to be ~\$18,000 based on current understanding of prevailing wage rates and rebates likely to be available during contract term.

**Track 2: ESE Fuel Switch Equipment Rebate:** \$2500

**Track 3: Issaquah Electrification Pilot:** \$250-750.

## Program Population

Program tracks funded by HEAR include low-income (<80% AMI) and middle-income (<150% AMI) owner-occupied households as described in the program overview. Funding is allocated to cities in the service area called out in the program jurisdiction proportionally based on number of households in the city.

Prioritization and income qualification method vary by program track, as follows.

### **Track 1: ESE Boost Program**

Prioritization approach:

1. Renton only:
  - a. Owner-occupied households that have previously worked with the City of Renton Housing Repair Assistance Program (HRAP) and are known to have older furnaces that require replacement and meet income eligibility requirements
  - b. General public whose application indicates they meet program eligibility requirements, processed on a first come / first served basis.
2. Eastside Climate Partnership Cities:
  - a. Owner occupied homes that are part of a permanent affordable housing trust and meet program eligibility requirements.
  - b. General public whose application indicates they meet program eligibility requirements, processed on a first come / first served basis.

Income verification:

1. Renton only: Income verification will be done by City of Renton HRAP based on adjusted gross income of all residents and in compliance with existing income verification processes.
2. Eastside Climate Partnership Cities: Program partner Hopelink uses the adjusted gross income of the previous year's tax return. In the event that a tax return is unavailable, Hopelink reviews the prior 12 months of bank statements.

### **Track 2: ESE Fuel Switch Equipment Rebate**

Prioritization approach: General public whose application indicates they meet program eligibility requirements, processed on a first-come / first-served basis.

Income Verification: Self-attestation on application form

### **Track 3: Issaquah Electrification Pilot**

Prioritization approach: General public whose application indicates they meet program eligibility requirements. Lottery process expected early in Q1 2025 and incentives applied no later than Q2 2025. Lottery will select participants until funds expended.

Income Verification: Self-attestation on application form

### **Program Outreach & Assistance**

Outreach strategies vary by program track and are described below.

#### **Track 1: ESE Boost Program**

- City of Renton will prioritize outreach to homes in their HRAP portfolio known to have aging gas furnaces and who do not have air conditioning.
- Eastside Climate Partnership cities will prioritize outreach in conjunction with ARCH (A Regional Coalition for Housing) to homeowners who own homes that are part of permanent affordable housing trusts. Secondary outreach will be made through Hopelink to households who are enrolled in energy assistance programs through Puget Sound Energy.
- In either case, if the above outreach does not yield enough interested and qualified households to take advantage of the full funding in the program, additional outreach will be done through community outreach events, social media posts, and through digital marketing.
- Direct 1:1 case management is provided to all program participants, and all program participants have access to translation services as required.

### Track 2: ESE Fuel Switch Equipment Rebate

- Residents are made of aware of this program through 4-5 annual marketing campaigns, directly through HVAC contractors who are part of the Mitsubishi Diamond Dealer network, outreach by Puget Sound Energy to single-family households that use gas for space heating, tabling events hosted by Energy Smart Eastside across the community, 6 annual webinars or in-person workshops hosted by Energy Smart Eastside, the Energy Smart Eastside website, and incentive referral sources that list the ESE Fuel Switch Equipment Rebate such as the Switch is On.
- Application forms are translated into priority languages for equitable access, and marketing campaigns include outreach in simplified Chinese.
- Residents may get 1:1 advice on how to go through the heat pump purchase process by scheduling time with an ESE advisor on the website: [Public Scheduling Page — Energy Smart Eastside: Heat Pump Campaign](#)
- Translation services are available for 1:1 communication by resident request.

### Track 3: Issaquah Electrification Pilot

- The City will engage with residents in the summer of 2024 to refine program parameters. Engagement will occur at Farmers Markets, a Resource Fair, Concerts on the Green, and Welcoming Event. Engagement may also occur through City social media and distribution listservs.
- The City will share information on the incentives through our social media channels, city listserv, utility mailer, and through our partners like Hopelink and Human Services Program.
- Translation services are available for 1:1 communication by resident request.

Strategies to reach low-income households and vulnerable populations include outreach through partners who already work with target populations, including ARCH, Hopelink, and City of Renton HRAP. Marketing collateral strives to appeal to a diverse population. In addition, Energy Smart Eastside prioritizes hosting tabling events in overburdened communities.

### Process Flow

Process for accessing incentives varies by program track, as called out below.

#### Track 1: ESE Boost

1. Outreach to target population occurs through a community based partner, City or ESE
2. Residents fill out a web-based application form
3. Hopelink does income qualification and notifies residents as to application status
4. Program sends participant contact information to an HVAC contractor on the Energy Smart Eastside qualified roster
5. HVAC contractor visits site and creates a prevailing wage quote
6. Hopelink reviews quote for adherence to program guidelines and that all applicable rebates are applied. If required, Hopelink coordinates secondary bids.
7. Hopelink gives homeowner and contractor permission to sign contract when requirements are met
8. Participant signs contract with HVAC contractor and Hopelink terms and conditions which stipulate that Hopelink is funding the installation.
9. Contractor files for intent to pay prevailing wage, files for permits with local jurisdiction, schedules installation and provides proof of installation – including finalized permits, to Hopelink
10. Contractor files for all applicable rebates through Gensco and Puget Sound Energy
11. Contractor invoices Hopelink
12. Hopelink verifies prevailing wage acceptance by L&I and finalized permits, and pays contractor invoice
13. Hopelink invoices City of Bellevue quarterly for all completed projects.

### Track 2: ESE Fuel Switch

1. Outreach to target population occurs through digital marketing, outreach events, webinars and HVAC contractors.
2. Residents fill out an online application form
3. Qualified residents receive a unique rebate code within one business day
4. Residents provide rebate code to Mitsubishi Diamond Dealer
5. Dealer applies the code as an “instant rebate” directly on the quote
6. After purchase, dealer provides the code to Gensco in an online web form.
7. Gensco invoices the Energy Smart Eastside quarterly for all completed sales.

### Track 3: Issaquah Electrification Pilot

1. Community engagement for program needs and design.
2. (Likely next steps, pending engagement results and confirmation of City process) Outreach through various City and partner channels.
3. Resident completes an application to be entered into lottery.
4. Lottery selection made.
5. Residents notified if they were selected by lottery and the amount of rebate they will receive.
6. Resident confirms if they plan to move forward. If not, move down the wait list.
7. Residents complete the work within 2 months of notification they were selected by lottery.
8. Resident submits receipt and relevant paperwork for City to process.\*
9. Resident receives rebate.

### Program Partnerships

The program utilizes the following program partners. In addition, City of Issaquah will explore identification of one or more partners to offer instant rebates for their pilot.

1. **Gensco:** The ESE partnership with Gensco allows contractors to include a \$500 manufacturer instant rebate on all Mitsubishi heat pump installations, as well as the \$2500 Fuel Switch Equipment rebate. Gensco trains Mitsubishi Diamond Dealers in the area on how to work with Energy Smart Eastside, and ESE utilizes this network to provide incentives to residents within the ESE service area.
2. **HVAC Qualified Roster:** A subset of three contractors from the above network were selected by City of Bellevue to provide services for Track 1: ESE Boost program. The specific contractors on the roster for 2024 are:
  - All Climate Heating and Cooling
  - Evergreen Home Heating
  - Resicon, LLC
3. **City of Renton HRAP:** The City of Renton manages outreach and provides income qualification for Renton residents in Track 1: ESE Boost Program.
4. **Hopelink:** Hopelink provides case management and project close-out / funding for all heat pumps funded through Track 1: ESE Boost Program. In addition, Hopelink provides outreach and income qualification for the Eastside Climate Partnership cities for Track 1: ESE Boost Program.
5. **ARCH:** ARCH does occasional outreach on behalf of the Eastside Climate Partnership cities for Track 1: ESE Boost program.
6. **Puget Sound Energy:** Puget Sound Energy does occasional outreach on behalf of the Eastside Climate Partnership cities for Track 2: ESE Fuel Switch Equipment Rebate. In addition, the following Puget Sound Energy rebates are applied to every project in Track 1: ESE Boost Program:
  - \$4000 Downstream Efficiency Boost Rebate (single family homes only)
  - \$300-\$600 Midstream Rebate