

CITY COUNCIL AGENDA TOPIC

An Ordinance authorizing execution of an agreement with Puget Sound Energy (PSE) to accept \$850,000 in funding from the PSE Climate Commitment Act Decarbonization Program to implement heat pump incentives for low-income households; amending the 2023-2024 budget of the Operating Grants, Donations, and Special Reserve Fund to increase appropriation by \$850,000 in 2024; and authorizing expenditures of said funds.

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Community Development Department

EXECUTIVE SUMMARY**ACTION**

This Ordinance authorizes the execution of a one-year agreement with Puget Sound Energy (Attachment A) and acceptance of grant funds for the Energy Smart Eastside program in the amount of \$850,000 to fund heat pump installations in low-income households. The Ordinance also amends the 2023-2024 Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$850,000 in 2024.

The grant will fund approximately 37 heat pump installations in owner-occupied households under 80% Area Median Income through the Energy Smart Eastside Boost Program. Of the \$850,000 award, Bellevue will retain and utilize \$331,500. The remainder will be split among the Eastside Climate Partnership cities of Issaquah, Kirkland, Mercer Island, and Redmond.

RECOMMENDATION

Move to adopt Ordinance No. 6792

BACKGROUND/ANALYSIS

Energy Smart Eastside is a heat pump incentive program jointly operated by the cities of Bellevue, Issaquah, Kirkland, Mercer Island, and Redmond as part of the Eastside Climate Partnership. This program has developed partnerships with PSE and Gensco, a heat pump distributor, to leverage existing PSE incentives and a manufacturer rebate from Mitsubishi. Due to the success of this partnership, in May 2024, PSE listed Energy Smart Eastside in their recent Washington Utilities and Transportation Commission (UTC) filing as a delivery partner to implement high efficiency heat pumps in low-income homes converting from gas heat. This funding is being completely allocated to the existing Energy Smart Eastside Boost program, which funds 100% of the cost of purchase and installation of heat pumps in owner-occupied homes at or below 80% of area median income.

If Council approves the execution of the agreement (Attachment B) and accepts the funding, the project duration will be approximately 9 months. The heat pump installations occurring as a result of the grant

are expected to drive a combined reduction in CO2 emissions of 962 metric tons over the lifetime of the heat pumps installed.

Work would commence in August 2024 and is projected to be complete in March 2025. Existing Environmental Stewardship Program staff will absorb the support for this grant within their current workplan.

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

This Ordinance amends the 2023-2024 Operating Grants, Donations and Special Reserve Fund to increase the appropriation by \$850,000 in 2024.

OPTIONS

1. Adopt Ordinance authorizing execution of an agreement with Puget Sound Energy (PSE) to accept \$850,000 in funding from the PSE Climate Commitment Act Decarbonization Program to implement heat pump incentives for low-income households; amending the 2023-2024 budget of the Operating Grants, Donations, and Special Reserve Fund to increase appropriation by \$850,000 in 2024; and authorizing expenditures of said funds.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Agreement with Puget Sound Energy
Proposed Ordinance No. 6792

AVAILABLE IN COUNCIL LIBRARY

Eastside Climate Partnership Interlocal Agreement
Sustainable Bellevue Plan