

CITY COUNCIL AGENDA TOPIC

Ordinance authorizing execution of a grant agreement with the Department of Commerce to accept \$1,000,000 in reimbursable grant funding from the Clean Energy Fund Building Electrification Program for Energy Smart Eastside to implement heat pump incentives for low- and moderate-income households; amending the 2023-2024 Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,000,000 in 2024.

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Community Development Department

EXECUTIVE SUMMARY**ACTION**

This Ordinance authorizes the execution of a two-year grant agreement with the Department of Commerce (Attachment A) and acceptance of reimbursable funds for the Energy Smart Eastside program in the amount of \$1,000,000 to implement heat pump incentives for low- and moderate-income households. The Ordinance also amends the 2023-2024 Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,000,000 in 2024.

The grant will fund equipment rebates for middle-income residents (80-150 percent of Area Median Income), installation of heat pumps for qualified low-income households (less than 80 percent Area Median Income), outreach to increase awareness of the benefits of heat pumps, workforce development measures to increase area capacity to install heat pumps, and a longitudinal analysis of energy use of participants before and after installation of heat pumps. Of the \$1,000,000 award, Bellevue will retain and utilize \$330,000. The remainder will be split among the Eastside Climate Partnership cities of Issaquah, Kirkland, Mercer Island, and Redmond.

RECOMMENDATION

Move to adopt Ordinance No. 6777.

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. In April 2023, Bellevue was awarded a \$1 million reimbursable grant from the Washington State Department of Commerce Clean Energy Fund Building Electrification Program to fund the following program tracks:

Track 1: Full cost coverage of heat pump installations for qualified households below 80 percent Area Median Income.

Track 2: Heat pump rebates for moderate income households at or below 150 percent Area Median

Income.

Track 3: Marketing and outreach to make community members aware of these programs.

Track 4: Workforce development to increase qualified and knowledgeable contractors able to support home electrification on the Eastside.

Track 5: Case study analysis of energy use and energy burden (i.e. monthly energy bills) after heat pump installation for participants in the program.

Table 1: Program Budget

Funding Source	Amount
<i>Program Development and Administration</i>	<i>\$50,000</i>
<i>Workforce Development</i>	<i>\$40,000</i>
<i>Boost program (Low Income heat Pump Installation)</i>	<i>\$760,000</i>
<i>Electrification Rebates</i>	<i>\$150,000</i>
<i>Total Budget</i>	<i>\$1,000,000</i>

This grant award includes a committed match of \$2,430,000 supplied by the partner cities and a grant from the WSU Community Energy Efficiency Program (CEEP). Combined with the Commerce grant, this provides a budget of \$3,430,000 to fund the above initiatives as broken out in Table 2.

Table 2: Match Funding

Funding Source	Funding Amount 2023-2024
<i>City of Bellevue</i>	<i>\$555,200</i>
<i>City of Issaquah</i>	<i>\$393,600</i>
<i>City of Kirkland</i>	<i>\$366,000</i>
<i>City of Mercer Island</i>	<i>\$49,600</i>
<i>City of Redmond</i>	<i>\$455,600</i>
<i>WSU CEEP Grant</i>	<i>\$590,000</i>
<i>Mitsubishi Rebates</i>	<i>\$20,000</i>
Match Subtotal	\$2,430,000
<i>Dept. of Commerce Grant</i>	<i>\$1,000,000</i>
Total Budget	<u>\$3,430,000</u>

If Council approves the execution of the agreement and accepts the funding, the project duration will be approximately 13 months. The heat pump installations occurring as a result of the grant are expected to drive a combined reduction in CO2 emissions of 5000 metric tons over the lifetime of the heat pumps installed.

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

POLICY & FISCAL IMPACTS

Policy Impact

This 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 \$1,000,000 in 2024.

OPTIONS

1. Adopt the Ordinance authorizing execution of a grant agreement with the Department of Commerce to accept \$1,000,000 in reimbursable grant funding from the Clean Energy Fund Building Electrification Program for Energy Smart Eastside to implement heat pump incentives for low- and moderate-income households; amending the 2023-2024 Operating Grants, Donations, and Special Reserve Fund to increase the appropriation by \$1,000,000 in 2024.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

A. Department of Commerce Building Electrification Grant Agreement
Proposed Ordinance No. 6777

AVAILABLE IN COUNCIL LIBRARY

Eastside Climate Partnership Interlocal Agreement
Sustainable Bellevue Plan