



January 12, 2024

City of Bellevue
Attn: Michael Katterman
450 110th Ave NE
Bellevue, WA 98004

RE: Building Electrification Grant Program Grant #23-92201-019

Dear Michael Katterman,

Attached is your contract for the Clean Energy Fund Building Electrification grant program. This contract details the terms and conditions that will govern the agreement between us. Please review the Terms and Conditions of the contract carefully. We recommend consulting with your legal advisor before accepting this offer.

Please review and confirm this draft by replying to cef@commerce.wa.gov. Commerce will send the final documents for signing via DocuSign to the grantee representative and signatory listed on the face sheet. If others need to review the DocuSign envelope, please send a list in order with each name and email and indicate the signatory.

Commerce must receive the signed contract within 60 calendar days of the date of this letter. Failure to return the contract within this timeline may result in your project being delayed.

After Commerce has fully executed the contract, you will receive the executed document by email, along with instructions for invoicing and reporting.

We encourage you to store all pertinent documents associated with this project and grant award in a file that is readily accessible to auditors for their periodic review. You are required to maintain updated project records.

Commerce looks forward to working with you over the course of your successful project. If you have any questions about this contract, please contact me.

Sincerely,

Aaron Dumas
Program Manager, Clean Buildings Unit
Energy Division
(564) 999-1414
cef@commerce.wa.gov



Capital Agreement with

City of Bellevue

through

Building Electrification Grant Program

**Contract Number:
23-92201-019**

**For
Energy Smart Eastside**

Dated: Friday, January 12, 2024

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Face Sheet

Contract Number: 23-92201-019

Washington State Department of Commerce Energy Division Building Electrification Grant Program

1. Contractor City of Bellevue 450 110 th Ave NE Bellevue, WA 98002		2. Contractor Doing Business As (as applicable) N/A	
3. Contractor Representative Sarah Phillips Energy Smart Eastside Program Manager (425) 452-5362 saphillips@bellevuewa.gov		4. COMMERCE Representative Aaron Dumas (564) 999-1414 cef@commerce.wa.gov PO Box 42525 1011 Plum St SE Olympia, WA 98504-2525	
5. Contract Amount \$1,000,000.00	6. Funding Source Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>		7. Start Date 01/01/2024
8. End Date 03/31/2026			
9. Federal Funds (as applicable): N/A		Federal Agency: N/A	
ALN N/A		10. Tax ID # 91-6007020	
11. SWV # SWV0000347-01		12. UBI # 179-016-746	
13. UEI # DQ3JYJ78JMD5		14. Contract Purpose To support the Energy Smart Eastside heat pump installation program serving households in the cities of Bellevue, Issaquah, Kirkland, Mercer Island, and Redmond. The program will cover 100 percent of installation costs for an estimated 165-185 low-income households replacing oil and gas HVAC equipment.	
COMMERCE, defined as the Department of Commerce, and Contractor acknowledge and accept the terms of this Contract and attachments and have executed this Contract on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Contract are governed by this Contract and the following other documents incorporated by reference: Contractor Terms and Conditions including Attachment "A" – Scope of Work, Attachment "B" – Budget, Attachment "C" – Reporting, Attachment "D" – Budget Proviso Language			
FOR CONTRACTOR _____ Michael Katterman, Director of Community Development _____ Date		FOR COMMERCE _____ Michael Furze, Assistant Director Energy Division _____ Date APPROVED AS TO FORM ONLY BY ASSISTANT ATTORNEY GENERAL APPROVAL ON FILE	

DECLARATIONS

The Washington State Department of Commerce (Commerce) has been appropriated funds under Section 1064 of the 2021 Capital Budget (Substitute House Bill 1080) to provide grants to demonstrate grid-enabled, high-efficiency, all electric buildings.

CLIENT INFORMATION

Legal Name:	City of Bellevue
Contract Number:	23-92201-019
Award Year:	2023
State Wide Vendor Number:	SWV0000347-01

PROJECT INFORMATION

Project Title:	Energy Smart Eastside
Project Address:	450 110 th Ave NE
Project City:	Bellevue
Project State:	Washington
Project Zip Code:	98002

GRANT INFORMATION

Grant Amount:	\$1,000,000.00
Non-State Match (1:1)	\$2,430,000.00
Type of Match Accepted:	Cash
Earliest Date for Reimbursement:	01/01/2024
Time of Performance:	01/01/2024 – 12/31/2024

PROGRAM SPECIFIC TERMS AND CONDITIONS GOVERNING THIS GRANT

As identified herein, notwithstanding General Terms and Conditions Sections, the following Program Specific Terms and Conditions take precedence over any similarly referenced Special or General Terms and Conditions:

1. INSURANCE (REPLACES SPECIAL TERMS AND CONDITIONS #6)

The Contractor shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages or expenses arising from any loss, or negligent or intentional act or omission of the Contractor or Subcontractor, or agents of either, while performing under the terms of this contract.

The insurance required shall be issued by an insurance company authorized to do business within the state of Washington. The insurance shall name the state of Washington, its agents, officers, and employees as additional insureds under the insurance policy. All policies shall be primary to any other valid and collectable insurance. The Contractor shall instruct the insurers to give COMMERCE thirty (30) calendar days advance notice of any insurance cancellation, non-renewal or modification.

The Contractor shall submit to COMMERCE within fifteen (15) calendar days of the Contract start date, a certificate of insurance, which outlines the coverage and limits defined in this insurance section. During the term of the Contract, the Contractor shall submit renewal certificates not less than thirty (30) calendar days prior to expiration of each policy required under this section.

The Contractor shall provide insurance coverage that shall be maintained in full force and effect during the term of this Contract, as follows:

Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of contract activity but no less than \$1,000,000 per occurrence. Additionally, the Contractor is responsible for ensuring that any Subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2. PUBLICITY (REPLACES GENERAL TERMS AND CONDITIONS #30)

The Grantee will make reasonable efforts to notify Commerce of potential publicity, including but not limited to media coverage, site signage, and public events. The Grantee agrees to include references to Commerce or the Building Electrification Grants Program as requested and approved by Commerce. The Grantee agrees to include Commerce or the Building Electrification Grants Program as a project funder. The Grantee agrees to notify and invite Commerce to any public events relating to this project, including but not limited to ground breaking ceremonies, ribbon cuttings, and public tours.

Grantee will allow Commerce to publicly share information on the project that is included in the application and contract. All other information shared will be coordinated with the Grantee, unless related to PUBLIC RECORDS ACT.

Unless addressed above, the Grantee agrees not to publish or use any advertising or publicity materials in which the state of Washington or COMMERCE's name is mentioned, or language used from which the connection with the state of Washington's or COMMERCE's name may reasonably be inferred or implied, without the prior written consent of COMMERCE.

3. SUBCONTRACTING (REPLACES GENERAL TERMS AND CONDITIONS #37)

The Grantee may only subcontract work contemplated under this Contract if it provides written notification to COMMERCE of any subcontractors who will be performing work under this Grant Agreement. The written notice must provide the names and address of the subcontractor with a brief description of which tasks within the Grantee Scope of Work (Attachment A) that will be undertaken by the subcontractor(s).

The Grantee 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 Grantee to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Grantee from subcontracting with a particular person or entity; or (c) require the Grantee to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Grantee is responsible to COMMERCE if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Grantee 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 Grantee to COMMERCE for any breach in the performance of the Grantee'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.

4. TREATMENT OF ASSETS (REPLACES GENERAL TERMS AND CONDITIONS #43)

The parties do not anticipate that COMMERCE will furnish property (other than the funds granted herein) to Grantee for use in Grantee's performance under this Contract; provided, however, that title to any other property that may be so furnished by COMMERCE shall remain in COMMERCE. COMMERCE claims no ownership for the materials, goods, or services purchased by the Grantee for the completion of this Contract, regardless of reimbursement status under this contract.

- A. Any property of COMMERCE furnished to the Grantee shall, unless otherwise provided herein or approved by COMMERCE, be used only for the performance of this contract.
- B. The Grantee shall be responsible for any loss or damage to property of COMMERCE that results from the negligence of the Grantee or which results from the failure on the part of the Grantee to maintain and administer that property in accordance with sound management practices.
- C. If any COMMERCE property is lost, destroyed or damaged, the Grantee shall immediately notify COMMERCE and shall take all reasonable steps to protect the property from further damage.
- D. The Grantee shall surrender to COMMERCE all property of COMMERCE prior to settlement upon completion, termination or cancellation of this contract

All reference to the Grantee under this clause shall also include Grantee's employees, agents or subcontractors.

SPECIAL TERMS AND CONDITIONS

1. 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.

2. COMPENSATION

COMMERCE shall pay an amount not to exceed the amount shown as grant amount on the attached declarations page for the performance of all things necessary for or incidental to the performance of work as set forth in Attachment "B" – Budget.

3. BILLING PROCEDURES AND PAYMENT

COMMERCE will pay Grantee upon acceptance of services provided and receipt of properly completed invoices, which shall be submitted to the Representative for Commerce upon satisfactory completion of milestones.

The Grantee shall provide the Representative of COMMERCE a signed electronic Invoice A19 form that includes the contract number referenced on the declarations page.

The invoices shall describe and document, to COMMERCE's satisfaction, a description of the work performed and the milestone number(s) achieved.

The Grantee is required to maintain documentation to support invoiced costs and cost share obligations. The Grantee shall make these documents available to COMMERCE if requested.

COMMERCE will pay Grantee the amounts set forth in Attachment B upon full completion of each Milestone. Upon full completion of each Milestone, Grantee will provide an invoice and any required supporting documentation to the Representative of COMMERCE. Except as may be agreed by COMMERCE in its discretion, COMMERCE shall only be obligated to make payments upon demonstration of completion of all Deliverables within a given Milestone. However, it is acknowledged that in the event one or two Deliverables of a Milestone is unduly delayed (more than 3 months) due to circumstances outside Grantee's control, COMMERCE may, in its sole discretion, reasonably negotiate with Grantee regarding paying for those Deliverables of such Milestones that are completed.

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 Grantee.

COMMERCE may, in its sole discretion, terminate the contract or withhold payments claimed by the Grantee for services rendered if the Grantee fails to comply with any term or condition of this contract, in accordance with General Terms and Conditions Sections 40-42.

No payments in advance or in anticipation of services or supplies to be provided under this contract 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.

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.).

4. 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.

5. HISTORICAL OR CULTURAL ARTIFACTS

Prior to approval and disbursement of any funds awarded under this Contract, Contractor shall complete the requirements of Governor's Executive Order 21-02, where applicable, or Contractor shall complete a review under Section 106 of the National Historic Preservation Act, if applicable. Contractor agrees that the Contractor is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural resources and agrees to hold harmless COMMERCE and the state of Washington in relation to any claim related to such historical or cultural resources discovered, disturbed, or damaged as a result of the project funded by this Contract.

In addition to the requirements set forth in this Contract, Contractor shall, in accordance with Governor's Executive Order 21-02 coordinate with Commerce and the Washington State Department of Archaeology and Historic Preservation ("DAHP"), including any recommended consultation with any affected tribe(s), during Project design and prior to construction to determine the existence of any tribal cultural resources affected by Project. Contractor agrees to avoid, minimize, or mitigate impacts to the cultural resource as a continuing prerequisite to receipt of funds under this Contract.

The Contractor agrees that, unless the Contractor is proceeding under an approved historical and cultural monitoring plan or other memorandum of agreement, if historical or cultural artifacts are discovered during construction, the Contractor shall immediately stop construction and notify the local historical preservation officer and the state's historical preservation officer at DAHP, and the Commerce Representative identified on the Face Sheet. If human remains are uncovered, the Contractor shall report the presence and location of the remains to the coroner and local enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

The Contractor shall require this provision to be contained in all subcontracts for work or services related to the Scope of Work attached hereto.

In addition to the requirements set forth in this Contract, Contractor agrees to comply with RCW 27.44 regarding Indian Graves and Records; RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and WAC 25-48 regarding Archaeological Excavation and Removal Permit.

Completion of the requirements of Section 106 of the National Historic Preservation Act shall substitute for completion of Governor's Executive Order 21-02.

In the event that the Contractor finds it necessary to amend the Scope of Work the Contractor may be required to re-comply with Governor's Executive Order 21-02 or Section 106 of the National Historic Preservation Act.

6. INSURANCE (REPLACED BY PROGRAM SPECIFIC TERMS AND CONDITIONS #1)

~~The Contractor shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages or expenses arising from any loss, or negligent or intentional act or omission of the Contractor or Subcontractor, or agents of either, while performing under the terms of this Contract. Failure to maintain the required insurance coverage may result in termination of this Contract.~~

~~The insurance required shall be issued by an insurance company authorized to do business within the state of Washington. Except for Professional Liability or Errors and Omissions Insurance, the insurance shall name the state of Washington, its agents, officers, and employees as additional insureds under the insurance policy. All policies shall be primary to any other valid and collectable insurance. The Contractor shall provide COMMERCE thirty (30) calendar days' advance notice of any insurance cancellation, non-renewal or modification.~~

~~The Contractor shall submit to COMMERCE within fifteen (15) calendar days of the Contract start date OR a written request by COMMERCE, a certificate of insurance which outlines the coverage and limits defined in this insurance section. During the term of the Contract, if required or requested, the Contractor shall submit renewal certificates not less than thirty (30) calendar days prior to expiration of each policy required under this section.~~

~~The Contractor shall provide, at COMMERCE's request, copies of insurance instruments or certifications from the insurance issuing agency. The copies or certifications shall show the insurance coverage, the designated beneficiary, who is covered, the amounts, the period of coverage, and that COMMERCE will be provided thirty (30) days' advance written notice of cancellation.~~

~~The Contractor shall provide insurance coverage that shall be maintained in full force and effect during the term of this Contract, as follows:~~

~~**Commercial General Liability Insurance Policy.** Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of contract activity but no less than \$1,000,000 per occurrence. Additionally, the Contractor is responsible for ensuring that any Subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.~~

~~**Automobile Liability.** In the event that performance pursuant to this Contract involves the use of vehicles, owned or operated by the Contractor or its Subcontractor, automobile liability insurance shall be required. The minimum limit for automobile liability is \$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.~~

~~**Professional Liability, Errors and Omissions Insurance.** The Contractor shall maintain Professional Liability or Errors and Omissions Insurance. The Contractor shall maintain minimum limits of no less than \$1,000,000 per occurrence to cover all activities by the Contractor and licensed staff employed or under contract to the Contractor. The state of Washington, its agents, officers, and employees need not be named as additional insureds under this policy.~~

~~**Fidelity Insurance.** Every officer, director, employee, or agent who is authorized to act on behalf of the Contractor for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be insured to provide protection against loss:~~

~~**A.** The amount of fidelity coverage secured pursuant to this Contract shall be \$100,000 or the highest of planned reimbursement for the Contract period, whichever is lowest. Fidelity insurance secured pursuant to this paragraph shall name COMMERCE as beneficiary.~~

~~B. Subcontractors that receive \$10,000 or more per year in funding through this Contract shall secure fidelity insurance as noted above. Fidelity insurance secured by Subcontractors pursuant to this paragraph shall name the Contractor as beneficiary.~~

7. **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.

8. **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
- Program Specific Terms and Conditions
- Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Scope of Work
- Attachment B – Budget
- Attachment C – Reporting
- Attachment D – Budget Proviso Language
- Attachment E – Site List

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 Exhibits, 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. "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. ALLOWABLE COSTS

Costs allowable under this Contract are actual expenditures according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

3. 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.

4. 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.

5. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the "ADA" 28 CFR Part 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

6. APPROVAL

This contract shall be subject to the written approval of COMMERCE's Authorized Representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

7. ASSIGNMENT

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

8. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Contract, in the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorneys' fees and costs.

9. CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building Department.

10. CONFIDENTIALITY/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.

11. CONFORMANCE

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

12. CONFLICT OF INTEREST

Notwithstanding any determination by the Executive Ethics Board or other tribunal, COMMERCE may, in its sole discretion, by written notice to the Contractor terminate this contract if it is found after due notice and examination by COMMERCE that there is a violation of the Ethics in Public Service Act, Chapters 42.52 RCW and 42.23 RCW; or any similar statute involving the Contractor in the

procurement of, or performance under this contract.

Specific restrictions apply to contracting with current or former state employees pursuant to chapter 42.52 of the Revised Code of Washington. The Contractor and their subcontractor(s) must identify any person employed in any capacity by the state of Washington that worked with the COMMERCE program executing this Contract, including but not limited to formulating or drafting the legislation, participating in procurement planning and execution, awarding contracts, and monitoring contract, during the 24-month period preceding the start date of this Contract. Identify the individual by name, the agency previously or currently employed by, job title or position held, and separation date. If it is determined by Commerce that a conflict of interest exists, the Contractor may be disqualified from further consideration for the award of a Contract.

In the event this contract is terminated as provided above, Commerce shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor. The rights and remedies of Commerce provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which Commerce makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

13. 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.

14. DISALLOWED COSTS

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

15. DISPUTES

Except as otherwise provided in this Contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with the Director of COMMERCE, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;

- state the disputed issues;
- state the relative positions of the parties;
- state the Contractor's name, address, and Contract number; and
- be mailed to the Director and the other party's (respondent's) Contract Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Director or the Director's designee and the requestor within five (5) working days.

The Director or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Director or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

16. DUPLICATE PAYMENT

Contractor certifies that work to be performed under this contract does not duplicate any work to be charged against any other contract, subcontract, or other source.

17. 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.

18. INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the state of Washington, COMMERCE, agencies of the state and all officials, agents and employees of the state, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. "Claim" as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or the destruction of tangible property including loss of use resulting therefrom.

The Contractor's obligation to indemnify, defend, and hold harmless includes any claim by Contractor's agents, employees, representatives, or any subcontractor or its employees.

The Contractor's obligation shall not include such claims that may be caused by the sole negligence of the State and its agencies, officials, agents, and employees. If the claims or damages are caused by or result from the concurrent negligence of (a) the State, its agents or employees and (b) the Contractor, its subcontractors, agents, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Contractor or its subcontractors, agents, or employees.

The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

19. INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and its employees or agents performing under this Contract are not employees or agents of the state of Washington or COMMERCE. The Contractor will not hold itself out as or claim to be an officer or employee of COMMERCE or of the state of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Contractor.

20. INDUSTRIAL INSURANCE COVERAGE

The Contractor shall comply with all applicable provisions of Title 51 RCW. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, COMMERCE may collect from the Contractor the full amount payable to the Industrial Insurance Accident Fund. COMMERCE may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by COMMERCE under this Contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

21. LAWS

The Contractor shall comply with all applicable laws, ordinances, codes, regulations and policies of local, state, and federal governments, as now or hereafter amended.

22. 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.

23. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract.

24. LOCAL PUBLIC TRANSPORTATION COORDINATION

Where applicable, Contractor shall participate in local public transportation forums and implement strategies designed to ensure access to services.

25. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Contract, the Contractor shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this Contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with COMMERCE. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

The funds provided under this contract may not be used to fund religious worship, exercise, or instruction. No person shall be required to participate in any religious worship, exercise, or instruction in order to have access to the facilities funded by this contract.

26. PAY EQUITY

The Contractor agrees to ensure that "similarly employed" individuals in its workforce are compensated as equals, consistent with the following:

- A.** Employees are "similarly employed" if the individuals work for the same employer, the performance of the job requires comparable skill, effort, and responsibility, and the jobs are performed under similar working conditions. Job titles alone are not determinative of whether employees are similarly employed;
- B.** Contractor may allow differentials in compensation for its workers if the differentials are based in good faith and on any of the following:
 - i.** A seniority system; a merit system; a system that measures earnings by quantity or quality of production; a bona fide job-related factor or factors; or a bona fide regional difference in compensation levels.

- ii. A bona fide job-related factor or factors may include, but not be limited to, education, training, or experience that is: Consistent with business necessity; not based on or derived from a gender-based differential; and accounts for the entire differential.
- iii. A bona fide regional difference in compensation level must be: Consistent with business necessity; not based on or derived from a gender-based differential; and account for the entire differential.

This Contract may be terminated by the Department, if the Department or the Department of Enterprise Services determines that the Contractor is not in compliance with this provision.

27. POLITICAL ACTIVITIES

Political activity of Contractor's employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42.17A RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

28. PREVAILING WAGE LAW

The Contractor certifies that all contractors and subcontractors performing work on the Project shall comply with state Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable to the Project funded by this contract, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for COMMERCE's review upon request.

29. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

30. PUBLICITY (REPLACED BY PROGRAM SPECIFIC TERMS AND CONDITIONS#2)

~~The Contractor agrees not to publish or use any advertising or publicity materials in which the state of Washington or COMMERCE's name is mentioned, or language used from which the connection with the state of Washington or COMMERCE's name may reasonably be inferred or implied, without the prior written consent of COMMERCE.~~

31. 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.

32. 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.

33. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Contractor shall complete registration with the Washington State Department of Revenue.

34. RIGHT OF INSPECTION

At no additional cost all records relating to the Contractor's performance under this Contract shall be subject at all reasonable times to inspection, review, and audit by COMMERCE, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Contract. The Contractor shall provide access to its facilities for this purpose.

35. 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 business day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

36. 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.

37. SUBCONTRACTING (REPLACED BY PROGRAM SPECIFIC TERMS AND CONDITIONS #3)

~~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.~~

38. 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.

39. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Contractor's income or gross receipts, any other taxes, insurance or expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

40. 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.

41. 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.

42. 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.

43. TREATMENT OF ASSETS (REPLACED BY PROGRAM SPECIFIC TERMS AND CONDITIONS #4)

~~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.~~

44. 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: The Energy Smart Eastside (Program) provides full cost coverage heat pump installations for low-income households, and accelerates heat pump adoption with education and a market rate incentive. The Program is jointly managed by the cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond (Partners), with the City of Bellevue as the lead program administrator.

The Partners believe that enabling widespread adoption of residential heat pumps is one of the most effective ways to dramatically lower household carbon emissions, reduce stress on the electrical grid, and increase climate resiliency for homes currently without cooling. The 2023 Program is a foundation from which to launch a broader, comprehensive, collaborative and cohesive electrification program that reaches beyond space heating.

Upon execution of the contract, this funding will augment city funds and other grants to extend access to the initial four programs that launched in 2022/2023:

- Energy Smart Eastside Boost: covering 100% of the cost of installation of a heat pump for residents below 80% area median income (AMI)
- Energy Smart Eastside Affordable Housing Weatherization & Heat Pumps: covering 100% of the cost of weatherization and installation of a heat pump in permanent affordable housing units
- Energy Smart Eastside Fuel Switch: a market rate incentive providing a \$1500 discount on qualifying equipment for residents between 80%-150% of AMI.
- Regular education and outreach to encourage heat pump adoption and connect residents with incentives and contractors.

Capital Project Objectives:

1. Reduce greenhouse gas (GHG) emissions.

- GHG emissions will be directly reduced for every heat pump implemented directly through the Program, and indirectly spurred through education and outreach. The amount of emissions reduction depends on the current energy source used to heat the home (i.e. natural gas, oil, or low-efficiency electricity). With the Clean Energy Transformation Act (CETA) requirement for carbon-neutral electricity by 2030, electric heat pumps installed today will see their carbon footprint shrink dramatically in the next seven years as PSE transitions off coal and natural gas for power generation.
- Estimated annual reduction in CO2 emissions in the first year following installation is estimated at 1,131-1,167 metric tons.

Type of Installation	Anticipated # of Installations	Estimated CO2 emissions savings per installation (Mt)	Total CO2 emissions reduction (Mt)
Natural Gas to HP	545-565	1.78	970-1006
Electric Resistance to HP	100	1.61	161
<i>Total Estimated</i>	<i>645-665</i>		<i>1,131 – 1,167</i>

2. Reduce energy burden for priority communities

- The Program will secure heat pump installations in several hard-to-reach markets such as low and moderate-income households, oil-heated (non-utility fuel) households, and rental units. The Program will also install electric heat pumps in other types of fossil-fuel households (those with natural gas heating systems), as well as installations in low-income, fixed-income senior, and First Language Not English (FLNE) households.
- The Partners have secured funding from their respective jurisdictions and other grants, allowing for over 85% of the total proposed budget to go directly towards heat pump installations. Approximately 73 percent of the program funding will go towards supporting

low-income residents, below 80% AML, and 15 percent of the program funding will go towards smaller heat pump incentives for moderate income households, with incomes ranging from 80% to 150% AML, which aligns with the Inflation Reduction Act future upfront discounts for energy efficiency.

3. Improve resident health outcomes during extreme heat/wildfire events

- The use of heat pumps can significantly improve indoor air quality due to the recirculation and filtration functions of the equipment. During the Northwest's increasingly common summer wildfire and smoke season this can be particularly beneficial to sensitive and vulnerable populations, such as children with asthma and Seniors.
- With heat pumps providing cooling, in addition to cleaner and more efficient heating, this program supports community members that are more vulnerable to extreme heat events.

4. Reduce peak demand on electrical grid

- High efficiency air source heat pumps (ASHPs) will be deployed by the Program for households currently using natural gas, heating oil, or other fossil fuel heating sources. ASHPs operate at up to 50% efficiency over traditional electrical heating, therefore reducing the impact on the grid for households switching from inefficient electric heating to a high efficiency ASHP. While our program will benefit those who are fuel switching (e.g. from oil and gas to electricity) to support decarbonization, heat pump installations will also improve energy efficiency for homes that currently have inefficient electric resistance heat.
- With warmer summers and more frequent heat waves in the Pacific Northwest, many residents are also adding a cooling option to their home. Cooling with a heat pump compared to conventional air conditioning is five times more efficient, reducing the demand on the grid during hot summer months.

Major Components

Energy Smart Eastside will provide the following services to residents of the Eastside Climate Partnership cities, through the duration of the grant. The services are expected to yield 665-685 total heat pump installation directly attributable to the program.

1. Install a ducted or ductless heat pump solution in 85-105 single-family households at 100% cost coverage.
 - This service is available to partner city residents whose total household income is below 80% Area Median Income (AMI) as defined by HUD for the Seattle-Bellevue metro area.
 - The Program contracts with Hopelink to administer the program. Hopelink's services include establishing income qualification for applicants (based on adjusted gross income), case management to coordinate and review quotes for installation, confirming contractors have filed intent to pay prevailing wage with the State of Washington department of L&I, paying contractors for completed projects, and invoicing the Program for reimbursable expenses.
 - The Program leverages all utility, manufacturer and IRA rebates available to keep per unit costs as low as possible.
 - Total volume of homes that can be served is determined by how quickly the IRA HOMES rebates are made available to the program to reduce per unit costs in 2024.
2. Install a ducted or ductless heat pump solution in 80 affordable housing units at 100% cost coverage.
 - This service will be performed by King County Housing Authority on a referral basis from the Energy Smart Eastside program.
3. Incentivize 300 moderate-income households in switching from a fossil fuel heating source to a heat pump through a \$1500 equipment rebate.
 - Equipment rebate is available to partner city residents whose household income is at or

below 150% AMI as defined by HUD for the Seattle-Bellevue metro area.

- Equipment rebate is available for Mitsubishi equipment with HSPF2 rating >8.1 for ducted heat pumps, and >9.5 for ductless heat pumps, purchased through HVAC distributor Gensco.
- Rebate requirements are designed to stack with other rebates incentives, such as the Puget Sound Go-Electric rebate and the IRA tax credit to maximize purchasing power for this segment.

4. Incentivize an additional 200 Eastside residents to adopt heat pumps through a \$500 Mitsubishi manufacturer rebate from Gensco available to all Eastside residents.

- Program will provide regular outreach to residents through digital campaigns, tabling events and webinars promoting all incentives, including the \$500 Mitsubishi rebate.
- Redemption of the \$500 Mitsubishi rebate is tracked and reported through the program monthly.

Description of Sites

Heat pumps will be installed at qualifying single-family residences and multi-family affordable housing complexes within the Energy Smart Eastside partner cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond. Building size and age will vary, as will the number of occupants/tenants per site.

The current minimum qualification for consideration for acceptance to 100% funding of heat pump installation is combined income of all adults in a household is less than 80% AMI for the Seattle-Bellevue metro area as defined by HUD. As of July 2023, the AMI for the area is as follows, and is updated annually.

Family Size	80% Income Maximum for Seattle – Bellevue Metro
1	\$70,650
2	\$80,750
3	\$90,850
4	\$100,900
5	\$109,000
6	\$117,050
7	\$125,150
8	\$133,200
9	\$141,300
10	\$149,350

Track 2 Grant Scope of Work

1. Install high-efficiency electric equipment to reduce or replace the use of fossil fuel or inefficient electric equipment in existing buildings.
 - Over 88% of the grant funds are allocated to facilitating adoption of high-efficiency heat pumps by income qualified households.
2. Engage the community on the benefits of heat pumps, and connect residents to available incentives and to a network of qualified and vetted installers.
 - Educate 10,000 community members of all income levels on the benefits of heat pumps, provide consolidated access to available incentives, and access to a network of qualified and vetted installers.
 - Education programs will emphasize the importance of weatherization to reduce energy usage in the home prior to sizing and implementing a heat pump, set the foundation for city residents to get the most out of their heat pump investment and minimize energy usage.
3. Provide workforce development opportunities.
 - A multi-pronged workforce development component will intersect with both industry and education institutions to support women and minority owned businesses (WMBE) and

recruitment of underserved populations into the Heating, Ventilation, and Air Conditioning (HVAC) industry through local high schools, colleges, and technical institutes.

ATTACHMENT B: BUDGET

Milestone	Milestone and Task Description	Key Deliverable(s)	Activity Period	Percent of CEF Grant	\$ Applicant Match	\$ Amount of CEF Grant
A	Project Development and Confirmation					
	Workforce Development Plan	Proof of workforce development opportunities	Q3 '24 – Q4 '24	4%	\$0	\$40,000
	Program Administration	Proof of heat pump installation process	Q3 '23 - Q4 '24	4%	\$523,200	\$40,000
	Marketing and Translation	Marketing Collateral	Q3 '23 – Q4 '24	1%	\$55,000	\$5,000
			Activity A Subtotal	9%	\$578,200	\$85,000
B	Low & Moderate Income 100% Cost Coverage Heat Pump Installation					
	Purchase and Installation of Residential Heat Pumps	Proof of installations	Q3 '23 - Q4 '24	76%	\$1,384,300	\$760,000
			Activity B Subtotal	76%	\$1,384,300	\$760,000
C	Electrification Rebates					
	Rebate codes for Mitsubishi equipment purchased through Gensco for residents switching from gas, oil, or wood to Heat Pumps	Proof of Redeemed Rebate Codes	Q3 '23 - Q4 '24	15%	\$462,500	\$150,000
			Activity C Subtotal	15%	\$462,500	\$150,000
D	Analytics & Monitoring					
	Post-install Monitoring Case Study	Case Study	Q2 '24 – Q1 '25	0.5%	\$5,000	\$5,000
			Activity D Subtotal	0.5%	\$5,000	\$5,000
			Budget Total	100%	\$2,430,000	\$1,000,000

DELIVERABLES

Milestone	Project Activity and Task	Key Deliverable(s)	Deliverable Description
A	Project Development and Coordination		
	Workforce Development Plan	Proof of workforce development opportunities	Copy of contract(s) or agreement(s) demonstrating a partnership with workforce training programs or apprenticeships, or commitment(s) to employ underrepresented groups.
	Program Administration	Proof of heat pump installation process	Auditable proof of completion of all steps in the heat pump installation process, including site ownership and site occupancy verification, income verification, tenet opt-out, and agreements not to increase rents.
	Marketing and Translation	Marketing Collateral	Proof of 3-5 completed Social Media campaigns promoting incentives and outreach events.
B	Low & Moderate Income 100% Cost Coverage Heat Pump Installation		
	Purchase and Installation of Residential Heat Pumps	Proof of installations	Copy of signed contracts between home owners and HVAC contractor, copy of project completion documentation, and an updated site list provided quarterly as detailed in Attachment C – Reporting.
C	Electrification Rebates		
	Rebate codes for Mitsubishi equipment purchased through Gensco	Proof of Redeemed Rebate Codes	Copy of rebate codes for Mitsubishi equipment purchased through Gensco for residents switching from gas, oil, or wood to electric heat pumps.
D	Analytics & Monitoring		
	Post-install Monitoring Case Study	Case Study	Homes in the Boost program that opt-in to have their energy use tracked by the program, will be monitored for one year post-install to understand change in energy use and utility costs.

ATTACHMENT C: REPORTING

The Grantee must provide quarterly written reports and host regular quarterly meetings with COMMERCE for project update purposes.

- 1) The Grantee shall issue a quarterly report to COMMERCE, no later than 15 days after the end of each quarter, describing the project activity that occurred during the quarter, and using the reporting template provided by Commerce. Reports will include information including but not limited to:
 - a) A narrative summarizing project activities, risks and issues mitigated, and lessons learned;
 - b) The project milestones met to date and anticipated in the subsequent quarter;
 - c) The project expenditures to date and anticipated in the next quarter;
 - d) An updated site list to include the following information for each site installed with a heat pump through the Boost Program at 100% cost coverage:
 - i) Address, City, and Zip Code;
 - ii) Installation cost;
 - iii) Date of install;
 - iv) Pre-installation fuel type or heating source; and
 - v) Equipment specification installed, including, but not limited to, brand, system size, and efficiency rating.
 - e) An updated site list to include the following information for each site that redeemed a rebate code to switch from a fossil fuel heating system to a heat pump:
 - i) Address, City and Zip Code
 - ii) Rebate code
 - iii) Pre-installation fuel type or heating service
 - iv) Date of install
 - f) Any additional metrics required from the capital budget proviso, legislature, governor's office, or COMMERCE.
- 2) The Grantee shall host regular quarterly meetings with COMMERCE, including but not limited to:
 - a) Generating an agenda or dashboard 24 hours in advance of the meeting;
 - b) Providing summary notes of those meetings within 48 hours of hosting the meeting; and,
 - c) Providing a system for tracking risks / issues and their resolutions.
- 3) The Grantee shall submit a final report to Commerce using the final report format provided by Commerce, and with all required sections completed. Commerce may request additions or revisions to the final report to ensure it aligns with the contract scope of work. The final report will include, but not be limited to:
 - a) Reporting on the results of the Minimum Scope of Work for the application's corresponding application Track, including any analyses, assessments, plans, and designs produced.
 - b) Evidence of, and/or reporting on the results of, additional tasks included in Attachment A – Scope of Work.

- 4) Failure to submit required reports will be treated as a default, which left uncured, may result in COMMERCE's right to recoup disbursed funds and terminate any obligation to disburse additional funds.

ATTACHMENT D: BUDGET PROVISOR LANGUAGE

Section 1064 (12) of Substitute House Bill 1080 Chapter 332, Laws of 2021

(12)(a) \$10,000,000 of the state building construction account—state appropriation is provided solely for the purpose of building electrification projects that advance the goals of the 2021 state energy strategy to demonstrate grid-enabled, high-efficiency, all electric buildings.

(b) The program may include, but is not limited to: Shifting from fossil fuels to high-efficiency electric heat pumps and other electric equipment, control systems that enable grid integration or demand control, and on-site renewable generation and efficiency measures that significantly reduce building energy loads.

(c) Preference must be given to projects based on total greenhouse gas emissions reductions, accelerating the path to zero-energy, or that demonstrate early adoption of grid integration technology.

(d) Program funding may be administered to entities also receiving incentives provided according to RCW 19.27A.220 for buildings covered by the state energy performance standard, RCW 19.27A.210.

(e) \$5,000,000 of the appropriation in this section is provided solely for the purpose of supporting the transition of residential and commercial buildings away from fossil fuels through the installation of high-efficiency electric heat pumps and other electric equipment.