

CITY COUNCIL AGENDA TOPIC

Ordinance (1) authorizing execution of a sub-grant agreement with King County to accept \$387,500 in reimbursable grant funding to support the Energy Smart Eastside Heat Pump Program; (2) amending the 2023-2024 General Capital Investment Program (CIP) Fund to increase the appropriation by \$387,500; and (3) amending the 2023-2029 CIP Plan to increase the budget for the Environmental Stewardship Initiative (ESI) Plan Implementation (CIP Plan No. CD-46) by \$387,500.

Michael Kattermann AICP, Department Director, 452-6191

Emil King AICP, Planning Director, 452-7223

Sarah Phillips, Energy Smart Eastside Program Manager, 452-5362

Community Development

EXECUTIVE SUMMARY**ACTION**

This Ordinance authorizes the execution of a sub-grant agreement with King County and acceptance of reimbursable grant funds for the Energy Smart Eastside Heat Pump Program in the amount of \$387,500. The grant funds will be administered by the City of Bellevue through the Energy Smart Eastside Heat Pump Program, and will benefit residents located in Bellevue, Issaquah, Kirkland, Mercer Island, and Redmond.

RECOMMENDATION

Move to adopt Ordinance No. 6766.

BACKGROUND/ANALYSIS**Energy Smart Eastside Heat Pump Program**

The Energy Smart Eastside Heat Pump Program is a collaborative program of the cities of Bellevue, Issaquah, Kirkland, Mercer Island, and Redmond. Formed in early 2022, this collaborative program seeks to inspire the adoption of energy efficient heat pumps as both a climate mitigation tactic (reducing greenhouse gas emissions associated with residential heating/cooling) and climate adaptation tactic (installing efficient cooling into many residents' homes for the first time).

The Heat Pump Program includes several programmatic tracks:

- A \$500 equipment rebate (paired with regular outreach & education): This rebate is targeted at all residents within the participating cities and provided through a partnership with Gensco (a heat pump distributor).
- A Fuel Switch Program: A \$1500 equipment rebate to incentivize switching from gas/oil/wood heat to a heat pump. This program is targeted at middle-income residents (80-150 percent of Area Median Income).
- A Boost Program: 100 percent cost coverage for the purchase and installation of heat pumps by low-income homeowners (less than 80 percent of Area Median Income).
- And a Referral Program: This program refers affordable housing buildings to the King County

Housing Authority Weatherization Program, for whole-building retrofit with insulation and heat pumps.

As of November 2023, Energy Smart Eastside Heat Pump Program has \$3.7 million in total grant and municipal funding (including the grant funds covered by this contract) and is administered by City of Bellevue staff through the Eastside Climate Partnership interlocal agreement.

Washington State University Community Energy Efficiency Program Grant

In the summer of 2022, the Eastside cities and King County collaborated to submit a proposal for grant funding through the Washington State University Community Energy Efficiency Program (CEEP) to fund the Energy Smart Eastside program and a heat pump program managed by King County for cities in urban unincorporated King County. The team was awarded a total of \$1,200,000 in funding, split between King County and the Eastside cities. King County is the prime recipient of the grant funds, and the City of Bellevue is a subrecipient of \$387,500.

Grant Sub-Agreement with King County

The proposed sub-agreement with King County, a copy of which is included in the Council Library, prescribes the terms and condition under which the County will receive its \$387,500 allocation to reimburse costs associated with the Boost Program.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue City Code 4.28.200 requires Council approval to execute grant contracts that exceed \$350,000.

The purpose of the grant is to reduce greenhouse gas emissions by incentivizing adoption of heat pumps, to increase resilience in the community through access to cooling, and to allocate funds in a manner that increases access for residents who could otherwise not afford to make an efficient electric heating upgrade without financial support. This is consistent with Council policies related to climate and equity.

Fiscal Impact

Executing this sub-grant agreement will provide up to \$387,500 in a reimbursable grant through the Washington State University Community Energy Efficiency Program to pay the costs associated with implementing the Boost Program track of the Energy Smart Eastside Heat Pump Program. Ordinance approval would also amend the 2023-2024 General Capital Investment Program (CIP) Fund to increase the appropriation by \$387,500 and amend the 2023-2029 CIP Plan No. CD-46 to increase the budget by \$387,500. The budget cycle for 2025-2026 will authorize any carryover expenditures consistent with the remaining value of the contract.

OPTIONS

1. Adopt the Ordinance (1) authorizing execution of a sub-grant agreement with King County to accept \$387,500 in reimbursable grant funding to support the Energy Smart Eastside Heat Pump Program; (2) amending the 2023-2024 General Capital Investment Program (CIP) Fund to increase the appropriation by \$387,500; and (3) amending the 2023-2029 CIP Plan to increase the budget for

the Environmental Stewardship Initiative (ESI) Plan Implementation (CIP Plan No. CD-46) by \$387,500.

2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. CIP Project Description (CIP Plan No. CD-46)
Proposed Ordinance No. 6766

AVAILABLE IN COUNCIL LIBRARY

Electrify King County grant sub-agreement
Eastside Climate Partnership Interlocal Agreement