



SAN FRANCISCO
ENVIRONMENT
DEPARTMENT

Daniel Lurie
Mayor

Tyrone Jue
Director

October 20, 2025

TO: Angela Calvillo, Clerk of the Board

FROM: Tyrone Jue, Director, San Francisco Environment Department

SUBJECT: Buildings Up/HeroX Accept and Expend Retroactive Language for Prize Winnings – Phases 1 and 2

The San Francisco Environment Department (SFE) is the lead agency responsible for developing the City's Climate Action Plan (CAP), and has a successful track record of actively seeking and winning external funding from multiple state and federal sources to support CAP strategies, including eliminating fossil fuels in San Francisco's buildings, promoting EV adoption, and facilitating urban greening.

This pair of resolutions seeks authorization for SFE to retroactively Accept and Expend two allocations of prize funds, each in the amount of \$400,000, from the United States Department of Energy (DOE).

We request retroactive authorization because:

- During 2024, SFE budgeted this revenue and associated expenditures in the FY 2024-25/FY 2025-26 budget for the first three phases of this prize, totaling \$800,000 in FY 2024-25 for the first two phases of the prize and \$400,000 in FY 2025-26 for the third phase.
- This funding from the DOE is a **prize award**. It is not considered a grant by the Federal Government and is not conditioned on SFE producing any deliverables. SFE budgeted these revenues in account 444936 (Federal Direct Contracts) based on the Department's assessment that this was the best available account for this type of funding. SFE did not budget this as a grant because the federal government is clear that it considers this award a prize, not a grant. The U.S. Department of Energy (DOE) Buildings Upgrade Prize (Buildings UP) is governed by 15 U.S.C. §3719 and is not a procurement under the Federal Acquisitions Regulations and does not result in a grant or cooperative agreement under 2 CFR 200. Hence, there is no grant agreement.
- Prize winnings come directly to the winner, up-front, and all at once. Use of the funds is not governed by a grant agreement, and SFE is not required to provide the federal government with documentation of its use of the funds. SFE is not required to expend the funds for a specific purpose or within a specific time period.
- A prize is clearly neither a traditional gift nor a grant, and, as such, the Controller's Office does not currently have a policy or procedure specific to this funding. Since there is no existing funding category



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for prize funds, the City Attorney's Office, the Controller's Office, and SFE held extensive discussions on how the prize funding should be handled.

- The discussions were protracted and required supporting research. Ultimately, after a shared meeting in March 2025 with multiple Deputy City Attorneys, it was confirmed that under our local definition of a grant, the prize should be treated as a grant. The Department is therefore following administrative policies and procedures prescribed for grants, including these Accept and Expend resolutions.
- Based on the Department's belief that it had received final appropriation authority from the final passage of the City and County of San Francisco Budget and Appropriation Ordinance (File no. 240595, Ordinance No. 190-24), as well as receipt of the prize winnings from the federal government with direction to proceed, SFE began to use the prize funds to prepare for subsequent rounds of the Buildings Up/Hero X competition, enabling the Department to win the Phase 2 prize. Accordingly, SFE is currently submitting retroactive Accept and Expend resolutions for both prizes that the Department won from the DOE.
- The City Attorney's Office has informed us that it will work with the Controller's Office to assist in clarifying the Controller's P&Ps and to simplify where possible.

Please contact me or my office if you have any questions regarding this request for retroactive authorization.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyrone Jue", written in a cursive style.

Tyrone Jue

Director

San Francisco Environment Department