

1 [Accept and Expend Grant - Retroactive - United States Department of Energy - Buildings
2 Upgrade Challenge, Phase 1 - \$400,000]

3 **Resolution retroactively authorizing the Department of the Environment (“Environment**
4 **Department”) to accept and expend a prize in the amount of \$400,000, which was**
5 **confirmed as received by the Environment Department on December 12, 2023, from the**
6 **United States Department of Energy’s Office of Energy Efficiency and Renewable**
7 **Energy, to develop a pilot implementation plan to upgrade up to 200 San Francisco**
8 **homes with electric heat pump water heaters (HPWH) and energy efficiency measures;**
9 **and to execute the contracts between the City and the Co-applicants necessary to carry**
10 **out the purposes of the project for which the prize was awarded.**

11
12 WHEREAS, The City and County of San Francisco is a long-standing leader in local
13 and regional electrification and energy efficiency program development and implementation;
14 and

15 WHEREAS, On January 18, 2023, the U.S. Department of Energy (DOE) Buildings
16 Upgrade Prize (Buildings UP) released a notice of capacity-building prizes focused on
17 reducing greenhouse gas emissions in existing buildings through energy efficiency and
18 efficient electrification; and

19 WHEREAS, Buildings UP is implemented in three phases over approximately five
20 years: Plan, Pilot Implementation, and Full-scale Implementation; and

21 WHEREAS, In March 2023, air quality regulators in the San Francisco Bay Area
22 mandated phasing out the sale of residential natural gas water heaters by 2027; and

23 WHEREAS, On June 20, 2023, the Environment Department initiated a competitive
24 process and released a Request for Qualifications to identify entities to be co-applicants in the
25 Department’s application for the Buildings UP concept; and

1 WHEREAS, On July 3, 2023, the Environment Department issued a Notice of Selection
2 identifying QuitCarbon Inc., Rising Sun Center for Opportunity, and PODER (together, “Co-
3 Applicants”) as co-applicants in the Department’s submission to the DOE; and

4 WHEREAS, On July 18, 2023, the Environment Department submitted its concept
5 titled, “200 x 200: Fast Upgrades, Equitable Outcomes;” and

6 WHEREAS, The concept aims to upgrade up to 200 San Francisco homes in 200 days
7 with electric heat pump water heaters (HPWH) and energy efficiency measures; and

8 WHEREAS, As the San Francisco Bay Area has mandated the phase-out on sales of
9 residential natural gas water heaters by 2027, the concept will help ensure the electric HPWH
10 roll-out is affordable for all communities; and

11 WHEREAS, On October 11, 2023, the DOE announced a proposed award of \$400,000
12 and in-kind technical assistance from the DOE and its agents to the Environment Department
13 and its Co-Applicants, QuitCarbon Inc., Rising Sun Center for Opportunity, and PODER; and

14 WHEREAS, Phase 1 of this project began on the award date of December 12, 2023,
15 when the Department confirmed the payment as received from the Department of Energy, and
16 is not associated with a restricted time period; and

17 WHEREAS, QuitCarbon Inc. has received a \$50,000 grant for its provision of software
18 technology and equipment installation expertise in support of the prize; and

19 WHEREAS, Rising Sun Center for Opportunity has received a \$75,000 grant for its
20 provision of heat-pump installation training and workforce recruitment in support of the prize;
21 and

22 WHEREAS, PODER has received a \$75,000 grant for its efforts to engage and survey
23 the impacted communities and residents in support of the development of the implementation
24 plan; and

1 WHEREAS, The Environment Department has collaborated with the Co-Applicants to
2 develop a plan to implement a pilot program to compete in the next phase of the Buildings UP;
3 and

4 WHEREAS, The Department was awarded an additional \$400,000 prize for Phase 2 of
5 Buildings UP, dated March 17, 2025, and is submitting a separate resolution seeking Board of
6 Supervisors approval for Phase 2 of this prize; and

7 WHEREAS, The prize does not require an Annual Salary Ordinance (ASO)
8 amendment and partially funds the Environment Department for existing positions; and

9 WHEREAS, Retroactive approval is being requested because this resolution was
10 determined to be the best process for seeking authority to utilize a Federal prize, following
11 discussions and clarification across multiple departments; and

12 WHEREAS, The final, approved FY 2024-25 and FY 2025-26 AAO included the prize
13 revenues and expenditures associated with these prize winnings; and

14 WHEREAS, The Environment Department moved forward with expending the prize
15 funds to continue competing for the next round of the Buildings UP funding, based on the
16 belief that inclusion of the budget in the AAO was sufficient authority for federal prize
17 winnings; and

18 WHEREAS, The Environment Department has submitted all the documents applicable
19 to this prize that are required in an Accept and Expend package submitted to the Board of
20 Supervisors, and those documents are on file with the Clerk of the Board of Supervisors in
21 File No. 251168; and

22 WHEREAS, The prize budget reflects planned spending of indirect costs totaling
23 \$71,457; now, therefore, be it

24 RESOLVED, That the Director of the Environment Department is hereby retroactively
25 authorized to accept and expend the United States Department of Energy - Buildings Upgrade

1 Challenge - Phase 1 prize of \$400,000 on behalf of the City, in accordance with the purposes
2 and goals for the funding; and, be it

3 FURTHER RESOLVED, That the Director of the Environment Department is hereby
4 retroactively authorized to enter into and execute all agreements, and amendments thereto,
5 between the City and the Co-Applicants consistent with the aforementioned proposal and
6 necessary to carry out the purpose of the prize.

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8 Recommended:

Approved: _____ /s/ _____

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Mayor

10 _____ /s/ _____

11 Department Head

Approved: _____ /s/ _____

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Controller

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