

1 [Accept and Expend Grant - Retroactive - United States Department of Energy - Buildings
2 Upgrade Challenge, Phase 2 - \$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 March 17, 2025, from the**
6 **United States Department of Energy’s Office of Energy Efficiency and Renewable**
7 **Energy, to implement a pilot program to upgrade 20 San Francisco homes with electric**
8 **heat pump water heaters and energy efficiency measures.**

9
10 WHEREAS, The City and County of San Francisco is a long-standing leader in local

11 and regional electrification and energy efficiency program development and implementation;
12 and

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

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

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

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

23 WHEREAS, The concept aims to upgrade up to 200 single-family homes in 200 days
24 with electric heat pump water heaters (HPWH) and energy efficiency improvements; and

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

4 WHEREAS, On December 15, 2023, the Environment Department received the prize of
5 \$400,000 to conduct Phase 1, creating a plan to implement the concept; and

6 WHEREAS, On November 22, 2024, the Environment Department and its Co-
7 Applicants successfully completed Phase 1 by submitting the plan and other required
8 documents, as well as passing an oral interview with the DOE; and

9 WHEREAS, On December 5, 2024, the DOE announced another prize of \$400,000 to
10 the Environment Department to conduct Phase 2, Pilot Implementation; and

11 WHEREAS, The prize for Phase 2, Pilot Implementation, funds a pilot program that
12 aims to upgrade at least 20 single-family homes; and

13 WHEREAS, The pilot program will provide insights and lessons-learned to effectuate
14 the goal of upgrading 200 single-family homes in 200 days with HPWH and energy efficiency
15 improvements during the final phase of Buildings UP; and

16 WHEREAS, The Environment Department intends to collaborate with the San
17 Francisco Climate Equity Hub to promote and implement the pilot program; and

18 WHEREAS, If the pilot program is successful, DOE may grant the Department an
19 additional \$400,000 in Phase 3; and

20 WHEREAS, Phase 2 of this project began on March 17, 2025, when the Department
21 confirmed the payment as received from the Department of Energy, and is not associated with
22 a restricted time period; and

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

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

WHEREAS, The final, approved Fiscal Year (FY) 2024-2025 and FY2025-2026 Annual Appropriations Ordinance included the prize revenues and expenditures associated with these prize winnings; and

WHEREAS, The Environment Department has submitted all the documents applicable to this prize that are required in an Accept and Expend package submitted to the Board of Supervisors, and those documents are on file with the Clerk of the Board of Supervisors in File No. 251169; and

WHEREAS, The prize budget reflects planned spending of indirect costs totaling \$41,227; now, therefore, be it

RESOLVED, That the Director of the Environment Department is hereby retroactively authorized to accept and expend the United States Department of Energy - Buildings Upgrade Challenge - Phase 2 prize of \$400,000 on behalf of the City, in accordance with the purposes and goals for the funding.

Recommended: _____

Approved: /s/ Sophia Kittler for _____

Daniel Lurie, Mayor

Approved: /s/ Jocelyn Quintos for _____

Greg Wagner, Controller