

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
25

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
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1 WHEREAS, Retroactive approval is being requested because this resolution was
2 determined to be the best process for seeking authority to utilize a Federal prize, following
3 discussions and clarification across multiple departments; and
4 WHEREAS, The final, approved Fiscal Year (FY) 2024-2025 and FY2025-2026 Annual
5 Appropriations Ordinance included the prize revenues and expenditures associated with these
6 prize winnings; and
7 WHEREAS, The Environment Department has submitted all the documents applicable
8 to this prize that are required in an Accept and Expend package submitted to the Board of
9 Supervisors, and those documents are on file with the Clerk of the Board of Supervisors in
10 File No. 251169; and
11 WHEREAS, The prize budget reflects planned spending of indirect costs totaling
12 \$41,227; now, therefore, be it
13 RESOLVED, That the Director of the Environment Department is hereby retroactively
14 authorized to accept and expend the United States Department of Energy - Buildings Upgrade
15 Challenge - Phase 2 prize of \$400,000 on behalf of the City, in accordance with the purposes
16 and goals for the funding.

19 Recommended:	Approved: <u>/s/ Sophia Kittler for</u> _____
20	Daniel Lurie, Mayor
21 <u>/s/</u> _____	Approved: <u>/s/ Jocelyn Quintos for</u> _____
22 Tyrone Jue, Director	Greg Wagner, Controller
23 Environment	
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